



State of Montana

Department of Public Health and Human Services

Provider Services Module

Cost Proposal
RFP #DPHHS-RFP-2018-0127JT

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Response to Section 5: Cost Proposal

5.1 ESTIMATED BUDGET

DPHHS has established the following estimated budget amount for the Provider Services module. This estimate is based on the amounts approved in the DPHHS modularity I-APD but the estimated budget does not represent a budgeted amount for Option A or Option B Services or a maximum budget for Provider Services. Table 5.1 outlines the Provider Services module estimated budget:

Table 5.1 Estimated Provider Services Module Budget by Phase and Duration

Phase	Duration in Months	Total Amount
DDI, Integration, Implementation & Certification	19 (7 month DDI / 12* month Certification)	\$3,796,875
Operations and Maintenance (Base years)	48	\$2,347,917
Operations and Maintenance (Optional years)	60	\$3,110,990
System Enhancement Hours (1,500 DDI Hours)		\$180,000
System Enhancement Hours (500*9 Operations years)		\$562,500
Total Estimated Budget		\$9,010,709
*The 12 months of Certification overlaps the first 12 months of Operations		

Optum has read, understands, and will comply with each requirement in this section.

5.2 PRICE SCHEDULES

Offerors must complete the Price Schedules provided in Attachment G. Offerors shall propose a firm fixed price for each of the fields contained on the pricing schedules. These schedules serve as the representation of Offeror's price. Offeror should include additional information as necessary to explain the Offeror's price. The Offeror's complete cost proposal shall be represented in Attachment G – Provider Pricing Schedules which includes the costs required in Attachment L - Technology Matrix. The requirements and schedules are detailed in Table 5.2 Pricing Schedule List:

Table 5.2 Pricing Schedule List (These schedules are provided in Attachment G, Provider Pricing Schedules).

List of Schedules	
Schedule	Title
Schedule A	Cost Summary
Schedule B - Schedule B-1 - Schedule B-2 - Schedule B-3	DDI Payment Milestone by Phase - Provider Services Base Scope of Work Design Development & Implementation (DDI) Payment Milestones By Phase - Provider Services Option A Scope of Work Design, Development and Implementation (DDI) Payment Milestones By Phase - Provider Services Option B Scope of Work Design, Development and Implementation (DDI) Payment Milestones By Phase Note: Schedule B - DDI Payment Milestone by Phase calculations shall be

	based on a hypothetical scenario for a Participating State that has 65,000 Total Providers or 65,000 Total Owners.
Schedule C	Cost of Operations
Schedule D	Enhancement Pool Hours
Schedule E	Resource Hourly Rates
Schedule F - Schedule F-1 - Schedule F-2 - Schedule F-3 - Schedule F-4	Provider Services Base Scope of Work Cost - Provider Services DDI Cost - Provider Services Operations Cost - Provider Services DDI Enhancement Pool Hour Cost - Provider Services Operations Enhancement Pool Hour Cost
Schedule G - Schedule G-1 - Schedule G-2 - Schedule G-3 - Schedule G-4	Provider Services Option A Scope of Work Cost - Provider Services DDI Cost - Provider Services Operations Cost - Provider Services DDI Enhancement Pool Hour Cost - Provider Services Operations Enhancement Pool Hour Cost
Schedule H - Schedule H-1 - Schedule H-2 - Schedule H-3 - Schedule H-4	Provider Services Option B Scope of Work Cost - Provider Services DDI Cost - Provider Services Operations Cost - Provider Services DDI Enhancement Pool Hour Cost - Provider Services Operations Enhancement Pool Hour Cost

All schedules must be completed in full at the time of submittal. Montana state law dictates a contract limit of 10 years. The Contract term will include DDI and operations years for the MPATH project.

The preferred technical standards for the State of Montana Department of Public Health and Human Services (Department) have been provided in the procurement library. The Department does not have excess licenses for these components. Therefore, if the Contractor chooses to include any of these components in their solution, the Contractor shall include the costs of these components in their proposal.

Schedule A: This is a summary of the all-inclusive cost of the proposal. These totals should be taken from Schedules F (tabs F-1 thru F-4). Cost summary for Option A services should be taken from Schedule G (tabs G-1 thru G-4). Cost summary for Option B services should be taken from Schedule H (tabs H-1 thru H-4). Offerors are only required to complete Schedules G-1 thru G-4 and/or H-1 thru H-4 if choosing to bid on services outlined in Option A and/or Option B.

Schedule B: This schedule represents the percentage of the total cost for Design, Development and Implementation. Do not include operations costs in this schedule. This schedule reflects payment milestones for each phase of the project. The offeror must complete matrix B-1 and if applicable matrices B-2 and B-3 by inserting a dollar amount for each payment milestone/phase such that the total percentages by phase are within the minimum and max percentage for each phase. Offerors are only required to complete Schedules B-2 and/or B-3 if choosing to bid on services outlined in Option A and/or Option B. Schedule B - DDI Payment Milestone by Phase calculations shall be based on a hypothetical scenario for a Participating State that has 65,000 Total Providers or 65,000 Total Owners.

Schedule C: This schedule represents the total cost of operations including four base years and five optional years. This will be completed as an attachment to a Participating Addendum. Schedule C does not need to be completed as a part of the Offeror's proposal submission. Operations year one begins the first day of the month following the implementation of the MPATH module.

Schedule D: This schedule represents the cost for enhancement pool hours for both the DDI and Operations phases of the proposal. This will be completed as an attachment to a Participating Addendum. Schedule D does not need to be completed as a part of the Offeror's proposal submission. Operations year one begins the first day of the month following the implementation of the MPATH module.

Schedule E: This schedule represents the hourly rates for resources in both the DDI and Operations phases.

NOTE: Offerors are only required to complete Schedules G-1 thru G-4 and/or H-1 thru H-4 if choosing to bid on services outlined in Option A and/or Option B. Schedules F, G and H can be completed automatically or manually. Offerors completing Schedules F-H manually must enter values in each field highlighted in green and orange. Offerors completing Schedules F-H using the automated formulas must enter values in each field highlighted in green and blue. All other fields are protected and must not be changed. Offerors must use only Providers throughout all schedules and worksheets in schedules F, G, and H or use only Owners consistently throughout the schedules and

worksheets in F, G, and H to compute cost. Examples have been provided in workbook tabs labeled Example F-1 Prov Svcs DDI Costs, Example F-2 Prov Svcs Ops Cost, Example F-3 Prov Svcs DDI Hour Pool and Example F-4 Prov Svcs Ops Hour Pool. The examples provided are for demonstration purposes only and do not represent the State's expected costs for offerors cost proposal.

Schedule F (includes tabs F-1 thru F-4): This schedule represents the Provider Services Base Scope of Work Cost by Providers or Owners. Offerors must use only Providers or use only Owners consistently throughout the entire Schedule to compute cost. The Offeror must complete Schedule F based on the number of Providers or by the number of Owners for each tab (F-1 thru F-4) of Schedule F. Schedule F will only be considered complete and valid if the Offeror completes each tab for the same pricing method selected (Providers or Owners) and when all of the green and all of the orange highlighted cells have a value in the Provider Section of F-1 thru F-4 or the Owner Section of F-1 thru F-4. The base and variable costs identified in tabs F-1 thru F-4 must include the costs necessary to support the technology detailed in Attachment L - Technology Matrix.

Schedule G (includes tabs G-1 thru G-4): This schedule represents the Provider Services Option A Scope of Work Cost by Providers or Owners. Offerors are only required to complete Schedules G-1 thru G-4 if choosing to bid on services outlined in Option A. Offerors must use only Providers or use only Owners consistently throughout the entire Schedule to compute cost. The Offeror must complete Schedule G based on the number of Providers or by the number of Owners for each tab (G-1 thru G-4) of Schedule G. Schedule G will only be considered complete and valid if the Offeror completes each tab for the same pricing method selected (Providers or Owners) and when all of the green and all of the orange highlighted cells have a value in the Provider Section of G-1 thru G-4 or the Owner Section of G-1 thru G-4. The base and variable costs identified in tabs G-1 thru G-4 must include the costs necessary to support the technology detailed in Attachment L - Technology Matrix.

Schedule H (includes tabs H-1 thru H-4): This schedule represents the Provider Services Option B Scope of Work Cost by Providers or Owners. Offerors are only required to complete Schedules H-1 thru H-4 if choosing to bid on services outlined in Option B. Offerors must use only Providers or use only Owners consistently throughout the entire Schedule to compute cost. The Offeror must complete Schedule H based on the number of Providers or by the number of Owners for each tab (H-1 thru H-4) of Schedule H. Schedule H will only be considered complete and valid if the Offeror completes each tab for the same pricing method selected (Providers or Owners) and when all of the green and all of the orange highlighted cells have a value in the Provider Section of H-1 thru H-4 or the Owner Section of H-1 thru H-4. The base and variable costs identified in tabs H-1 thru H-4 must include the costs necessary to support the technology detailed in Attachment L - Technology Matrix.

Cost proposals will be evaluated for all offerors who passed the minimum score in Step 2 of the evaluation process for the Base Provider Services scope of work.

NOTE: The following information is provided to help the Offeror understand how a Participating Entity will use Schedules F, G, and H to determine DDI cost and annual Operations cost.

DDI Costs

The State will use the following method to compute State Specific Total DDI Costs:

1. Determine the number of total active de-duplicated providers (Total Providers) by computing the total active de-duplicated providers on the last day of each month. Then compute an average of the monthly active de-duplicated providers over the first twenty-four (24) months of the last twenty seven (27) months. This will be completed as an attachment to a Participating Addendum.
2. Determine the net active de-duplicated providers (Variable Providers)
 - a. Variable Providers = the total active de-duplicated providers (Total Providers) minus the 25,000 active de-duplicated providers included in base (Base Providers).
3. Identify the applicable Group using the Total Providers and select the corresponding Group Variable Rate.
4. Calculate the total variable DDI Costs (Variable DDI Costs) by multiplying the Variable Providers by the Group Variable Rate.
5. Calculate the Total DDI Costs by adding Base DDI Cost plus Variable DDI Costs.

Operations

Each year, the State will use the following method to compute State Specific Total Monthly Operations Costs:

1. Determine the number of total active de-duplicated providers (Total Providers) by computing a twenty four (24) month average of the monthly total active de-duplicated providers for the first twenty four (24) of the last twenty seven (27) months. This will be completed as an attachment to a Participating Addendum.

2. Determine the net active de-duplicated providers (Variable Providers)

a. Variable Providers = Total Providers minus the 25,000 active de-duplicated providers included in base (Base Providers).

3. Identify the applicable Group using the Total Providers and select the corresponding Group Variable Rate.
4. Calculate the total variable monthly operations costs (Variable Monthly Operations Costs) by multiplying the Variable Providers by the Group Variable Rate.
5. Calculate the Total State Monthly Operations by adding Base Operations Cost plus the Variable Monthly Operations Costs.

A similar method will be used to determine the cost of System Enhancement pool hour cost for DDI and System Enhancement pool hour cost for each year of Operations.

Optum has read, understands, and will comply with each requirement in this section.

5.2.1 Adjusting DDI and Operational Costs One or More Years After the Effective Date of the Master Agreement

For Participating Addenda signed one year or more years after the effective date of the Master Agreement, the base cost and the initial variable rate for DDI and Operations will be adjusted using the Consumer Price Index Urban (CPI-U) to account for economic changes that may impact cost.

For DDI costs outlined in Attachment G – Provider Pricing Schedules, Schedule F-1 Provider Svcs DDI Cost, Schedule G-1 Provider Svcs DDI Cost, Schedule H-1 Provider Svcs DDI Cost:

For (Tab F-1 Provider Svcs DDI Cost: for Provider pricing cell C11 and cell C17 and for Owner pricing cell C29 and cell C35), (Tab G-1 Provider Svcs DDI Cost: for Provider pricing cell C11 and cell C17 and for Owner pricing cell C29 and cell C35), (Tab H-1 Provider Svcs DDI Cost: for Provider pricing Cell C11 and cell C17 and for Owner pricing Cell C29 and cell C35) can be adjusted using the inflation factor derived by utilizing the CPI-U calculation noted below. If a Participating Addendum is signed one year or more following the effective date of the Master Agreement, the cells noted above will be multiplied by the CPI-U inflation factor E. The CPI-U adjustment only applies to the cells referenced and only occurs at the initiation of the Contract. Following the execution of a Participating Addendum the cost will receive additional CPI-U adjustments.

For Operation costs outlined in Attachment G – Provider Pricing Schedules, Schedule F-2 Provider Svcs Ops Cost, G-2 Provider Svcs Ops Cost, and H-2 Provider Svcs Ops Cost:

For (Tab F-2 Provider Svcs Ops Cost: for Provider pricing cell C11 and cell C25 and for Owner pricing cell C36 and cell C50), (Tab G-2 Provider Svcs Ops Cost: for Provider pricing cell C11 and cell C25 and for Owner pricing cell C36 and cell C50), and (Tab H-2 Provider Svcs Ops Cost: for Provider pricing cell C11 and cell C25 and for Owner pricing cell C36 and cell C50) can be adjusted using the inflation factor derived by utilizing the CPI-U calculation noted below. If the Participating addenda is signed one year or more following the effective date of the Master Agreement, the cells would be multiplied by CPI-U inflation factor E. The CPI-U adjustment only applies to the cells referenced and only occurs at the initiation of the Contract. Following the execution of a Participating Addendum the cost will receive additional CPI-U adjustments.

CPIU for United States Adjustment Factor Calculation:

CPI-U Index for the month and year of the execution of a Participating Addendum: A

Less the CPI-U Index for the month and year of the Effective Date of the Master Agreement: B

Equals Index Point Change: C

Divided by CPI-U Index B: $C/B = D$

Equals: D

Result multiplied by 100: $D*100 = E$

Equals CPI-U Inflation Percentage: E

Optum has read, understands, and will comply with each requirement in this section.

5.3 PAYMENTS

During the DDI phase of the Contract, the Contractor will be paid for each successful payment milestone identified in Attachment G, Pricing Schedule B – DDI Payment Milestones, based on the approval and acceptance of the milestone by DPHHS. The Contractor will submit an invoice for each milestone after DPHHS acceptance. The Department shall pay such invoices within 30 calendar days following receipt of an acceptable invoice.

During operations, Contractor may submit monthly invoices equal to 1/12 of the fixed price proposed for that contract year as identified in Attachment G, Pricing Schedule C – Cost of Operations. The Contractor will submit an invoice at the beginning of the month following the month for which services were performed. The Department shall pay such invoices within 30 calendar days following receipt of an acceptable invoice.

Enhancement pool hours for both the DDI and Operations phase will be paid for each enhancement upon acceptance and approval by DPHHS. The Contractor will submit a monthly System Enhancement Pool Report itemizing the hours for accepted and approved enhancements during the previous month. The Department shall pay for associated hours in the approved System Enhancement Pool Report within 30 calendar days based on the proration of rates provided in Attachment G, Pricing Schedule D – Enhancement Pool Hours.

Optum has read, understands, and will comply with each requirement in this section.

Additional Price Information

In accordance with RFP Section 5.2 instructions, Optum submits the following information to explain the Offeror's price.

General Assumptions
Base cost is based on Group 1 volume of 25,000 providers.
• DDI = seven months • Contract = four years • Options = five one-year options • Total Contract Years = nine years
The Contractor's staff shall be available Monday through Friday as early as 7:00 AM and as late as 6:00 PM in the time zone of the participating state.

Base Assumptions
SLA 88 drives a staffing level that could be reduced if the requirement was relaxed. We assume that is the onus will be on Optum to verify the accuracy of the provider data prior to updating the provider records versus on the providers themselves.
Provider revalidation is every five years.
Montana expects the vendor's Provider Services solution to deliver correspondence to providers primarily via a provider inbox. Montana has an average of 14 paper enrollments per month.
Montana has an average of 14 paper enrollments monthly and a total of 127 paper enrollments received since January 1, 2017. Montana expects nearly 100 percent of enrollments to be completed online.
Montana anticipates that there may be a small backlog of paper enrollments awaiting processing at the time of implementation.
The Contractor can expect zero to five out-of-state site visits per year. Out-of-state site visits will generally be conducted within border states.
The Department estimates that there is a one to one phone call volume per enrollment application.
Less than 10 percent discrepancy rate for SLA92 (Contractor's Call Center staff will notify the provider of discrepancies within one business day of any discrepancies identified regarding the Backup Withholding "B" notices, 1099s, including FEINs).
Fifteen day retention of inbound paper mail and then secure destruction.
Outbound fulfillment is not in scope and will be handled by the State's vendor.
Providers will be trained virtually.
Optum will use "train-the trainers" concept for State users.
Optum has included 15 State users of the Provider Enrollment System

Option A Assumptions

- 834 Member Eligibility
- 270/271 Member Eligibility Inquiry and Response: 400,000 annual Transaction
- 837 Claims File: 100,000 Annual Transaction
- 276/277 Claims Status Inquiry and Response: 100,000 Annual Transactions
- 278 Prior Authorizations (Inbound and Outbound): 50,000 Transactions
- 835 Claims Remittance

Data sources for the Claims Based Medical History requirements will be defined in coordination with the Department during DDI. We anticipate that data will be read from the data source (legacy MMIS). We do not anticipate that there will be a need to convert and store member claims history outside of the legacy environment. (RFP Section 3.10.13.4, PSER21)

We will work with the Department to identify the data elements required for Encounter & Roster billing during the DDI phase. (RFP Section 3.10.13.8, PSER29)

Real-time front end claim editing refers to the verification of valid values and not clinical editing. (RFP Section 3.10.13.8, PSER30)

The training development and delivery will include training specific to Option A: e.g., self-service claims tasks, file maintenance, appeals. Implementation hours include the initial curriculum build, production hours include any up training based on system enhancements (production support plus delivery.)

Option B Assumptions

- Average talk time is five Minutes
- 470 calls/month
- Average Speed of Answer is <60 seconds
- 500 provider site visits/year
- 470 provider applications/month

Training Assumptions for Option B

Providers will be trained virtually.

Optum will use "train-the trainers" concept for State users.

Production training support includes training on all of the system releases in Option B, and training DPHHS, MPATH, State trainers, and call center agents on the changes.

Annual HIPAA training – Optum Operations Training will only cover this in the operations training class. The greater project team will assign a person to track and report on annual HIPAA training. OOT can support with necessary communications.

Included two implementation trips for the Instructional Design and Development (IDD) lead

Included one annual production trip for the Instruction Delivery lead