South Carolina Department of
Health & Human Services

Request for Information (RFI)

November 29, 2012

Instructions for Responses

1. South Carolina Department of Health and Human Services (SCDHHS) would like to receive responses to this RFI by **December 19, 2012**. Please send your response via e-mail to fbo@scdhhs.gov .

2. SCDHHS may copy your response to other storage media to facilitate review by its staff.

3. Vendors may mark portions of their responses as confidential in accordance with South Carolina Code of Laws and Regulations. Guidance on the proper marking of your response can be found at:

   http://www.mmo.sc.gov/MMO/webfiles/MMO_Legal/Documents/FOIA_page.pdf .

   While the referenced document is intended for vendor bids, the general guidance and references to statutes and rules are relevant to an RFI response. If you submit a response containing confidential material, *please submit a redacted version* that the State can use to respond to Freedom of Information Act requests.

4. This RFI is issued solely for market research, planning, and informational purposes and is not to be construed as a commitment by the State to acquire any product or service or to enter into a contractual agreement.

5. Any costs incurred by a party in preparing or submitting information in response to the RFI are the sole responsibility of the submitting party.

1   Purpose

The State is seeking information and sources for performing the Administrative Services (AS) including both the information technology (IT) and business operations associated with supporting the fee-for-service (FFS) populations in its Medicaid program. Services to be provided include, but are not limited to, claims payment, provider management (enrollment/screening/validation), prior approval of certain services, care coordination, call center services and other services currently performed through current contracts, various subcontractors, and Department staff.

The State encourages vendors and other interested parties to provide feedback in response to this RFI or any part thereof.

The State has also published a sister RFI, Replacement MMIS RFI #5A, seeking information and on a technology framework to support managed care and data analytics needs. Respondents may respond to one or both of the RFIs.

This document is not a Request for Proposals (RFP). The State is not seeking proposals at this time.

2   Background

On August 17, 2012, the State published a "No Award" notice concerning its Replacement Medicaid Management Information System (MMIS) procurement. In that notice, the State identified that the movement of a substantial portion of its Medicaid members to managed care was driving a re-evaluation of the Department's organizational and system requirements.

The challenge the State wishes to address at this time concerns the best approach to managing a small FFS population in conjunction with a large MC population. The State has a responsibility to serve all members with access to high quality healthcare services; however, because of the drastically reduced future FFS population compared to today (estimated to be less than 10% of the overall members), SCDHHS wishes to better match the solutions and their costs to the need. At this point, assuming that South Carolina does not pursue Medicaid expansion, the total Medicaid population in 2014 is expected to be approximately 1.2 million members and for planning purposes the FFS population should be expected to be less than 120,000. Currently, FFS members generate approximately 33 claims per member per year.

The State envisions that services provided by an Administrative Services Organization (ASO) for the FFS population would include, but not necessarily be limited to, the following: provider screening, enrollment and validation; provider servicing and education; provider call center, grievance and appeals processes for providers; claims adjudication and payment; prior approval of certain services (in coordination with State's policies and oversight by the State's Medical Director); program integrity and fraud prevention activities (in coordination with the State's Program Integrity program) and pharmacy benefit management (including drug rebate).

The State's goals for its future FFS solution are:

- Keep administrative costs low while simultaneously reducing the FFS population.
- Improve the State's ability to understand and favorably influence the health of its FFS population.

- Use technology and improved operations services to positively impact the relationship of members and providers to the State's Medicaid enterprise.
- Reduce the State's involvement in the day-to-day operational details so that the staff can focus more effort on outcomes, policies, and finances.

As of September 2012, the State's current Medicaid FFS population is roughly 31% of all members. In addition, roughly 19% of members are part of a Medicaid Homes Network (MHN) whose providers currently bill claims as fee-for-service. In the future, the State expects this cumulative FFS population to decrease to 12-15% of total members initially, and potentially as low as 6-8%. This substantial reduction in FFS population changes the scale of FFS operations so substantially that neither full-scale classic solutions nor the State's current multi-vendor solution may be cost-effective or administratively-streamlined enough to be effective and viable.

The State sees the following concepts as being key to deriving the optimum FFS solution for its future:

- The State and its agents must continue to be compliant with laws and regulations regardless of the solution chosen.

- The State has interest in a services-based approach for both business operations and IT system operations. The State will be willing to accept a more hands off approach to managing the FFS population as long as transparency and performance standards are in place and are enforced and the contract costs are reasonable and traceable.

- The State has numerous contracts and systems contributing to its FFS solution. The State would like to consolidate as many of those contracts as is practical, while still retaining a high-quality solution (see Attachment 1 and the information request in Section 4).

- The State does *not* need to own its MMIS; however, due to the requirement for periodic reprocurement, the transition costs between vendors cannot comprise an excessive percentage of the overall contract cost (whether paid as an initial implementation expenditure or amortized over the service costs for the term of the contract). Additionally, the State will require intellectual property rights in software and documentation developed using State and Federal funds.

- Requirements for Federal Financial Participation (FFP) are very important to the State:
  - Obtaining the maximum allowable FFP, particularly for software and operations, is crucial. In recent discussions, CMS has reiterated the statutory tie between FFP and IT automation. Some form of system certification is likely to be required; however, the concept of certification for a fully-outsourced fixed or a cloud-based MMIS is not fully developed. Respondents are strongly encouraged to consult applicable sections of the U.S. Code (USC), the Code of Federal Regulations (CFR), the State Medicaid Manual (SMM), and the Medicaid Enterprise Certification Toolkit (MECT) concerning FFP and certification. Additionally, respondents should review Section 11225 of the SMM concerning "demonstrable conceptual equivalence." This approach may be necessary in order to create a certifiable "system of systems" to meet Federal requirements for enhanced FFP.
  - The "Seven Conditions and Standards" are now codified in 42 CFR 433.112. Meeting these requirements may be challenging in a fully outsourced environment; however,

the State believes that there may be suitable methods to demonstrate compliance with the intent of the Seven Conditions.

CMS has expressed some reservations concerning any solution that effectively eliminates the concept of an MMIS because of the statutory tie of FFP to a "mechanized claims payment and information retrieval system." The provision for demonstrable conceptual equivalence may provide some flexibility, but any viable solution will likely have to demonstrate efficiencies driven by the use of IT as well as Medicaid Information Technology Architecture (MITA) maturity, consistent with Federal requirements, in order to receive enhanced FFP.

Additionally, enhanced FFP for operations is ***not*** tied to the use of enhanced FFP for design, development, and installation (DDI) (per Section 1903 (a)(3)(B) of the Social Security Act). There may be viable solutions that retain favorable cost-benefit relationships but that do not qualify for enhanced FFP for implementation. These situations are most likely to occur where implementation timelines can be substantially shortened and where such implemented solutions can save on healthcare costs using more sophisticated claims adjudication methodologies not practical in the State's existing MMIS (in other words, the State saves enough on healthcare costs to offset the loss of enhanced FFP for implementation).

3   Market Research and Procurement

The State is initiating formal market research via this RFI. The State will carefully consider the RFI responses when establishing its strategy.

In addition, the State plans to conduct interviews and demos with select vendors. These interactions will likely occur in early 2013.

The State will plan any necessary procurements after finalizing a strategy. SCDHHS is sensitive to the fact that the previous procurement was terminated with a "No Award," and it is working to ensure that any future procurement processes are conducted in a timely manner.

4   Submission Request

The State requests that vendors respond to the following items in writing by **December 19, 2012**:

General Question:

1. Please describe your organization and the products and services you provide.

Administrative Services Questions:

2. Do you agree or disagree with the concepts described in this RFI, and why?

3. What solution(s) would you suggest to address managing the fee-for-service Medicaid population within South Carolina?

4. What information and assistance would the State need to supply for this solution to work?

    a. What information and assistance would need to be supplied by the State pre-solicitation?

    b. What information and assistance would need to be supplied by the State post-contract award?

5. What is a realistic time needed to implement this solution, and what assumptions are associated with that timeline?

6. What contract performance standards would be typical for your suggested solution?

7. What type of pricing scheme would you recommend for your suggested approach to FFS administrative services (e.g., fixed or sliding price per claim, fixed or sliding price per member-month, separately priced services, etc.)?

8. What existing contracts/systems would you recommend consolidating into your recommended solution (see Attachment 1 for the list of current FFS-related contracts/systems)?

9. How does the inclusion or exclusion of the services associated with the contracts in Attachment 1 influence the viability and cost-effectiveness of an ASO contract?

10. What would be your greatest concerns in responding to a solicitation (request for proposals) for administrative services?

11. What requirements, terms and conditions, or other provisions in a solicitation, and what aspects of the procurement process would influence your decision to compete?

12. What requirements, terms and conditions, or other provisions in a solicitation, and what aspects of the procurement process would influence your decision *not* to compete?

13. What unique challenges associated with South Carolina would an ASO contractor have in serving the State?

Other Question:

14. Is there any other information that you think is important for the State to know?

Thank you for your interest in the State of South Carolina

Attachment 1

Current MMIS-Related Contracts/Systems
Medicaid Management Information System (MMIS)
Medicaid Operations (claims processing support, provider management, etc.)
National Correct Coding Initiative
Dental ASO
Pharmacy Benefits Management
Quality Improvement Organization (including prior authorizations)
High Tech Radiology Prior Authorizations
Third Party Liability
Care Call (electronic visit verification)
Business Intelligence System (DSS/SURS)