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DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

February 12, 2016

Dear Interested Parties:

CALIFORNIA DENTAL MEDICAID MANAGEMENT INFORMATION SYSTEM FISCAL INTERMEDIARY SERVICES REQUEST FOR PROPOSAL 13-90270

ADMINISTRATIVE BULLETIN 10, ADDENDUM 5

Administrative Bulletin 10, Addendum 5, issued by the California Department of Health Care Services (DHCS), Office of Medi-Cal Procurement (OMCP), announces release of information pertaining to Request for Proposal (RFP) #13-90270 for the California Dental Medicaid Management Information System (CD-MMIS) Fiscal Intermediary (FI) Services procurement. DHCS provides notification to interested parties of the following:

- 1) Enclosed with this Administrative Bulletin is the fourth release of DHCS' official responses to questions submitted by prospective Proposers. Prospective Proposers are reminded that no additional questions will be accepted, with the exception of questions or inquiries as described in RFP Section G, Proposer Questions.
- 2) Concerning the Cost Proposal Submission Requirements, pertaining specifically to Section Q.4.d. of the RFP Main, Page 47, it is indicated that the bid sheets (Attachments 12-1 to 12-8) are required to be signed. Attachments 12-1 to 12-8 do **not** require signatures. The signed Cost Proposal Transmittal Letter binds the Proposer and acknowledges submission of the required forms. In addition, Attachment 2b is signed by the Proposer to certify submission of the required completed Attachments.
- 3) Addendum 5 incorporates changes to the following RFP sections:
 - Attachment 2b, Certification Checklist
 - Exhibit A, Attachment I Takeover

These changes are being made to modify or clarify sections in the RFP. Within the text of the documents, changes are indicated as red text strikethroughs (deletions) and/or underlined blue text (additions) to denote revisions. For Americans with Disabilities Act purposes, text deletions

will be preceded and ended with an asterisk (*), while text additions will be preceded and ended with a double asterisk (**). The locations of revisions will be indicated by a vertical line in the right margin of the page where applicable. Language modifications supersede prior published language. It is the responsibility of the Proposer to assure they are working from the latest version of all sections and subsections of the RFP.

In order to configure the internet version of the RFP to accurately reflect the current requirements and considerations, remove the existing pages and insert the appropriate replacement pages as shown in the chart below.

REMOVE EXISTING PAGES	INSERT REPLACEMENT PAGES
Attachment 2b (Cost Proposal Certification Checklist) - Page 1 of 1	Attachment 2b (Cost Proposal Certification Checklist) - Page 1 of 1
Exhibit A, Attachment I (Turnover) - Page 77	Exhibit A, Attachment I (Turnover) - Page 77

Prospective Proposers can view and download the CD-MMIS FI Services RFP and other material relative to this procurement from the following internet site:
http://www.dhcs.ca.gov/provgovpart/rfa_rfp/Pages/OMCPDentalFiDNLD.aspx

If unable to obtain the RFP, Administrative Bulletins, Addenda, etc., via the internet, prospective Proposers are encouraged to contact OMCP at (916) 552-8006 or omcprfp2@dhcs.ca.gov to request disk or hard copy versions of the document(s).

Thank you for your continued interest in the CD-MMIS FI Services procurement.

Sincerely,

Original Signed by *Kevin Morrill*

Kevin Morrill, Chief
Office of Medi-Cal Procurement

Enclosure

Q #	RFP Reference	Section	Question-Issue	Remedy Sought	DHCS Response
1	Addendum 2	Various related to the Checkwrite changes	There are no requirements for provider support in regard to checks that are lost, stolen or returned or the reissuance of payments associated with these situations. We assume that this support would be the responsibility of the ASO contractor but the FI will reissue payments as needed.	Please add information that the ASO will be responsible to resolve provider's inquiries for lost, stolen or returned checks and to notify the FI if a reissuance is required.	No RFP change required. Yes, the ASO Contractor is responsible for the administrative responsibilities to resolve provider's inquiries and requesting reissuance of checks that are lost, stolen, or returned. The FI contractor will be responsible for producing any necessary replacement checks. The State will provide the funds necessary to pay the provider for services rendered.
2	Addendum 2	Various related to the Checkwrite changes	What are the State's requirements regarding the processing of cash receipts such as personal checks? The ASO RFP indicates, as part of Adjustment Processing, that the ASO contractor will accept these, make the necessary adjustments and notify the provider of the outcome. However, these checks should be forwarded to the FI for deposit to the bank account.	Please include information that indicates the ASO will forward personal checks to the FI to deposit into the bank account.	No RFP change required. No, the ASO will forward checks to the State for resolution. Cash receipts and payables will continue factored into the weekly check write.
3	Addendum 2 RFP Main	2.d, pg 8	Please confirm that these new check write requirements are also subject to the same service location requirements as other services (Exhibit A, Section B and Exhibit E, section 40).	Please confirm that this requirement applies to the services added in this addendum.	No RFP change required. Yes, location of contractor facilities, as Referenced in Exhibit A, Section B and Exhibit E, 40, do apply to the check write responsibilities.
4	Exhibit A, Attachment I,	7) c) Pg 76	The RFP States: "As part of the payment	Based on the Takeover schedule, the first payment cycle is month 13 when	No RFP change required. The section of Exhibit A, Attachment I, was

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	Addendum 2		<p>reimbursement process, the Contractor shall bill the Department weekly on a cost-reimbursement basis. The Contractor shall include as a part of the invoice a report of essential adjudicated claim service line (ACSL) and month of service (MOS) data.</p> <p>c) Be submitted starting with the first payment cycle after assumption of claims processing responsibilities nine (9) months after contract effective date and continue through the end of the prior contractor's Contract Closeout period; and"</p>	claims are being processed.	modified in in Addendum 3 to correct this issue under FI question 360. The first payment cycle is the first day of the thirteenth (13) month.
5	Exhibit A, Attachment I	A. 34. e. 7) (Addendum 3) Page 77 of 81	<p>The updated RFP section states, "As part of the payment reimbursement process, the Contractor shall bill the Department weekly on a <u>cost-reimbursement basis</u>. The Contractor shall include as a part of the invoice a report of essential adjudicated claim service line (ACSL) and month of service (MOS) data."</p> <p>Additionally, Exhibit E, 40. b. 6) (Addendum 2) (page 58) states, "The Contractor is required to mail checks and process EFT transactions within twenty-four (24) hours after the State provides the Contractor funds for</p>		<p>DHCS will correct the RFP reference(s) in a future addendum.</p> <p>There will be no circumstance where the contractor will have to issue provider payment prior to receiving payment from the State.</p> <p>The State does need to receive the invoice necessary to fund the provider payment in a timely manner, as specified in the RFP, including section E, Additional Provisions.</p>

Q #	RFP Reference	Section	Question-Issue	Remedy Sought	DHCS Response
			<p>the weekly check write process, or such longer period as authorized by the Contracting Officer.”</p> <p>Please clarify whether any circumstances exist in which the FI contractor would be responsible for paying providers from its own funds, should the State not fund the check write process in a timely manner.</p>		
6	Exhibit A, Attachment I	A.34. e. 7) c) (Addendum 3) Page 77 of 81	<p>The updated RFP section states, “Be submitted starting with the first payment cycle after assumption of claims processing responsibilities <u>nine (9) months</u> after contract effective date and continue through the end of the prior contractor’s Contract Closeout period.”</p> <p>According to other sections the assumption of claims processing begins on the first day of the <u>thirteenth (13th) month</u> after CED.</p> <p>Please clarify when the first payment cycle occurs.</p>		<p>DHCS will correct the RFP reference(s) in a future addendum.</p> <p>The first payment will begin on the first day of the Thirteenth month after CED.</p>
7	Exhibit A Attachment II	Section 2 f pg 24 of 217	The RFP states: Create a check write invoice, along with supporting documentation to be submitted to the appropriate state agencies (e.g. DHCS accounting, State Controllers		<p>No RFP change required.</p> <p>The timing of the invoice submission, SCO funding, and EFT/Check release will be discussed with the Contractor and a schedule, which adheres to DHCS policy</p>

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			(SCO)). What are the requirements of the supporting documentation? Do the existing CD-MMIS reports satisfy this requirement?		and all applicable federal and State laws and regulations, will be mutually agreed upon during the Takeover period.
8	Exhibit A Attachment II	Section 2 f pg 24 of 217	Does the invoice require supporting documentation to be split by funding categories or will this be done as part of the transition to SCO?	Recommendation that reporting changes for funding categories be included as part of the SCO project.	No RFP change required. The timing of the invoice submission, SCO funding, and EFT/Check release will be discussed with the Contractor and a schedule, which adheres to DHCS policy and all applicable federal and State laws and regulations, will be mutually agreed upon during the Takeover period.
9	Exhibit A Attachment II	Section 18 a.7) pg 38 of 217	The RFP states: Prepare the check write invoice(s) in department specified format and deliver to DHCS accounting and SCO according to the department approved check write schedule.	Please provide a completed example of the invoice in the Department specified format or a list of the information required. Additionally, please provide an example of the anticipated check write schedule including the required invoice submission day, state funding day, check release day, EFT settlement day. Will the EFT settlement date be the same as the check date (mail date)? How does the Department envision the funds will be transferred from the SCO to the contractor bank account? Will the contractor provide a weekly checkwrite report	No RFP change required. The Contractor will provide the State the required invoice, along with supporting documentation. The State will review and approve the invoice, allowing the SCO to issue the Contractor a paper check covering the expense of the weekly check write. It is the Contractors responsibility to deposit the funds into the Contractor's bank account. EFT transactions must be released the same day checks are released. The Contractor will be responsible for the account reconciliation, and if needed the State will assist as necessary. The timing of the reconciliation process. invoice submission, SCO funding, and

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				<p>with a Cost Reimbursed invoice to DHCS Accounting approval? Once approved, would DHCS Accounting send an authorization to the SCO to initiate a funds transfer from the SCO bank to the contractor bank? Will DHCS accounting handle the fund reconciliation with the SCO for the funds that were transferred or will the contractor need to assist with that process?</p>	<p>EFT/Check release will be discussed with the Contractor and a schedule, which adheres to DHCS policy and all applicable federal and State laws and regulations, will be mutually agreed upon during the Takeover period.</p>
10	Exhibit A Attachment II	Section 18. a. 8) pg 38 of 217	<p>The RFP states: In cases where a scheduled delivery day is a state holiday, delivery shall be the following state work day by 8 A.M. PT.</p> <p>For non-holiday delivery days, is there a delivery time requirement? The current CD-MMIS check write schedule may need to be modified based on the required delivery time.</p>	<p>Please define the schedule so we can identify what changes need to be made and the work effort required.</p>	<p>No RFP change required.</p> <p>The timing of the invoice submission, SCO funding, and EFT/Check release will be discussed with the Contractor and a schedule, which adheres to DHCS policy and all applicable federal and State laws and regulations, will be mutually agreed upon during the Takeover period.</p>
11	Exhibit E Attachment II	Section 39 b) 6	<p>The RFP states: The contractor is required to mail checks and process EFT transactions within twenty-four (24) hours after the state provides the contractor funds for the weekly check write process, or such longer period as authorized by the Contracting Officer.</p>	<p>Will the funding day occur on a regular prescribed day of the week or will it fluctuate from week to week. Fluctuations will require on-going Operational and System changes from week to week. Please add language to help the bidder determine the lever of effort</p>	<p>No RFP change required.</p> <p>The timing of the invoice submission, SCO funding, and EFT/Check release will be discussed with the Contractor and a schedule, which adheres to DHCS policy and all applicable federal and State laws and regulations, will be mutually agreed upon during the Takeover period.</p>

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				required for these fluctuations.	
12	Exhibit E, Addendum 2	40, b. 6 pg 58	<p>The RFP requires the following:</p> <p>The Contractor is required to mail checks and process EFT transactions within twenty-four (24) hours after the State provides the Contractor funds for the weekly check write process, or such longer period as authorized by the Contracting Officer.</p> <p>In the case where the EFT transaction fails for critical errors, the bank would notify the account owner of the failure. Typically these payments would then default to a check payment until the EFT issue is resolved. It is important to resolve the NOC's quickly otherwise the bank may impose fees/fines.</p> <p>In these situations, the providers EFT will need to be discontinued. This is done by changing the EFT information on the provider's record in the CD-MMIS. We recommend, that since the FI is managing the bank account and to reduce the risk of fines/fees, that the FI be given the authority to update the providers EFT information.</p>	<p>Include requirements that the FI will update the Provider's record to discontinue EFT payments for failed EFT transactions and to notify the ASO of this change.</p> <p>Please also include that the provider will then have to re-enroll in EFT which is managed by the ASO contractor.</p> <p>NOTE: There are no actual operational requirements in Attachment II to generate EFT. Its only noted in Exhibit E. Do we want to include that as part of this question?</p>	<p>No RFP change required.</p> <p>The ability to update the providers EFT information is a current function of CD-MMIS, and will be available to and the responsibility of the ASO Contractor.</p>

Q #	RFP Reference	Section	Question-Issue	Remedy Sought	DHCS Response
13	Addendum 2 Exhibit E	57. Provider Claims Payment, Check Write, and Check Distribution; pg 81 of 100	General Question: It is not explicitly stated in this section but we want to confirm that the postage for mailing out these checks will be cost reimbursed.	Please provide clarification by enhancing this section.	No RFP change required. Yes, the postage for mailing the checks will be cost reimbursable as stated in Exhibit B, Section 5, A Cost Reimbursement Categories, 1) Postage.
14	Addendum 2 Exhibit E	57. Provider Claims Payment, Check Write, and Check Distribution; pg 81 of 100	General Question: The Section does not require bank reconciliation reports showing the funds paid from the account. It is our experience that expert oversight is required to insure after each check and EFT processing cycle that the bank payments from the account reconcile with the expected payout generated from the CD-MMIS reports.	Please provide clarification by enhancing this section.	No RFP change required. As stated in Exhibit E, 57 Provider Claims Payment, Check Write, and Check Distribution, the Contractor is responsible for working with MDSD and the SCO to develop a reconciliation process to insure the account is not over or under funded and to return unclaimed funds to the State.
15	Addendum 2 Exhibit E	57. Provider Claims Payment, Check Write, and Check Distribution; c. establishing contractor bank account pg 81 of 100	Will the contractor sign the checks from the account? What letterhead will be on the checks the contractor or the State? We are trying to determine the level of corporate involvement in managing a separate account for this specific purpose.	If required, please provide clarification by enhancing this section.	No RFP change required. The RFP language sufficiently states the requirements with regard to Contractor's checkwrite responsibility, including distributing state funds to providers for payment of claims on Contractor produced checks, as well as establishing a reconciliation process to insure the account is not over or under funded, among other requirements.

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16	Exhibit E Addendum 2	57, c) Pg 81	<p>The RFP requires the contractor to: "Establishing a Contractor owned bank account to deposit State funds, provided to the Contractor on a weekly basis by the State Controller's Office (SCO), to fund the weekly check write.</p> <p>There are no requirements regarding additional fund protections (collateralization) beyond the FDIC limit. This poses a risk for the program in the event the bank were to go into default. We assume the State would require contractors to secure these protections which will be an additional expense.</p> <p>Our experience within Medicaid FI contracts with similar requirements, is the State typically owns the bank account, but grants authority to the contractor. This provides the State control over the account but enables the FI to do the necessary banking and reconciliation activities.</p> <p>Additionally, if the State leveraged an existing State banking institution they would potentially have lower costs than the FI would, particularly in regard to any collateralization</p>	<p>The State procure the bank and grant the FI contractor authority to manage it on their behalf.</p> <p>Please modify the requirements to indicate this change.</p>	<p>No RFP change required.</p> <p>The RFP language sufficiently states the requirements with regard to Contractor's checkwrite responsibility, including distributing state funds to providers for payment of claims on Contractor produced checks, as well as establishing a reconciliation process to insure the account is not over or under funded, among other requirements.</p>

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			costs associated with the account.		
17	Exhibit E Addendum 2	57, f) Pg 81	<p>The RFP requires the contractor to: "Developing with MDSD, SCO and the Contractor a reconciliation process to insure the account is not over or under funded and to return unclaimed funds to the State."</p> <p>What is the State's requirement as to when this reconciliation is to occur, e.g. weekly, monthly?</p> <p>Also, can the State provide the aging requirements as far as when a payment to a provider is considered unclaimed?</p>	Please provide clarification by enhancing this section.	<p>No RFP change required.</p> <p>The reconciliation process, timing of the invoice submission, SCO funding, and EFT/Check release will be discussed with the Contractor and a schedule, which adheres to DHCS policy and all applicable federal and State laws and regulations, will be mutually agreed upon during the Takeover period.</p>
18	Exhibit E Addendum 2	57, c) Pg 81	<p>The RFP requires the contractor to: "Establishing a Contractor owned bank account to deposit State funds, provided to the Contractor on a weekly basis by the State Controller's Office (SCO), to fund the weekly check write.</p> <p>There may be banking fees associated with the account. Can the vendor assume that the funding for the fees will be provided by the state?</p>	Please confirm that the state will provide for the account fees.	<p>No RFP change required.</p> <p>Yes, the State will cost reimburse the contractor for these fees per the terms of Exhibit B, 5 Cost Reimbursements, Miscellaneous.</p>

Cost Proposal Required Attachment / Certification Checklist

Proposer Response	My firm has complied with the requirements in accordance with RFP Main, Cost Proposal Submission, Format and Content Requirements:	Confirmed by the State
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	The Cost Proposal Bid Sheets, Transmittal Letter, all required Cost Proposal Attachments and the Cost Proposal Required Attachments/Certification Checklist, RFP Attachment 2b, are submitted separate from the Narrative Proposal.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	The Cost Proposal package includes one original printed version (marked "Original Cost Proposal"), five printed copies and one CD-R/DVD-R copy in Microsoft Excel spreadsheet format.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	The CD-R/DVD-R "Original Cost Proposal" is placed in a protective sleeve that bears the RFP number and title, and is secured into the original Cost Proposal binder.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	The original Cost Proposal and all copies are in a sealed box(es), packed separate from the Narrative Proposal.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	The box(es) containing the Cost Proposal is distinctly marked "COST PROPOSAL FOR RFP 13-90270" on the exterior of the box(es).	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	The Cost Proposal Transmittal Letter, required Cost Proposal Attachments and the original RFP Attachment 2b, Cost Proposal Required Attachments/Certification Checklist, are submitted in a sealed envelope, affixed to the outside of the sealed box(es) that contains the Cost Proposal.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> No	All original Cost Proposal documents that require a 'wet' signature are signed in a color other than black ink by the person authorized to bind the Proposer to the Cost Proposal.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> No	All original-signed documents are placed in the Cost Proposal set marked "Original Cost Proposal", except for the Cost Proposal Transmittal Letter, required Cost Proposal Attachments, and RFP Attachment 2b.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Proposer Response	All hard copies and the CD-R/DVD-R of my firm's Cost Proposal are exact copies of the Cost Proposal that is marked "Original Cost Proposal" and assembled in the following order:	Confirmed by the State
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	Attachment 12-1 Takeover Bid Sheet	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	Attachment 12-2 Expansion Item Bid Sheet	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	Attachment 12-3 Scanned Claim/TAR Document Bid Sheet	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	Attachment 12-4 Systems Group Blended Person Hourly Rate Bid Sheet	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	Attachment 12-5 Turnover and Runout Bid Sheet	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	Attachment 12-6 Total Cost Proposal Bid Sheet	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	Attachment 12-7 Check Write Services Yearly Bid	<input type="checkbox"/> Yes <input type="checkbox"/> N/A
<input type="checkbox"/> Yes <input type="checkbox"/> N/A	Attachment 12-8 Check Write Services Early Termination	<input type="checkbox"/> Yes <input type="checkbox"/> N/A

Name of Proposing Firm (as listed on RFP Attachment 1, Proposal Cover Page)

Mailing Address (Street address, P.O. Box, City, State, Zip Code)

Printed Name		Title	
Signature	Date Signed		
Telephone number	Email Address	Fax Number	
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Exhibit A, Attachment I
Scope of Work- Takeover

- 5) For a claim/NOA with multiple dates of service, if at least one date of service is on or after the first day of claims processing, the Contractor shall process the document, even though the services were authorized by the prior Contractor;
- 6) Processing responsibilities for claims which are not NOAs with dates of service prior to, on, or after the first day of claim processing:
 - a) Services rendered prior to the first day of claims processing are part of the prior Contractor's underwriting responsibility but shall be processed by the Contractor.
- 7) As part of the payment reimbursement process, the Contractor ~~*shall bill the Department weekly on a cost-reimbursement basis*~~ **shall provide the Department weekly invoices, in a timely manner, to allow the Department to issue advance payment to the Contractor. This invoice and payment will total the provider check write for claims payment.** The Contractor shall include as a part of the invoice a report of essential adjudicated claim service line (ACSL) and month of service (MOS) data.

The report shall:

- a) Be a weekly CP-0-052 report or equivalent;
 - b) Only reflect those services paid which occurred prior to the first day of claims processing and are part of the prior contractor's payment liability;
 - c) Be submitted starting with the first payment cycle after assumption of claims processing responsibilities ~~*nine (9)*~~ **thirteen (13)** months after contract effective date and continue through the end of the prior contractor's Contract Closeout period; and
 - d) Ensure the format for this report be designed and submitted to the Department for review and approval four (4) months after contract effective date;
- 8) All administrative payments to the Contractor for claims/NOAs with dates of service prior to the startup of claims processing shall be made through the document bid rates; and
 - 9) Starting the first day of the nineteenth (19th) month the Contractor shall process all claims/NOAs regardless of date of service.

f. Duplicate Payment Procedures

The Contractor shall:

- 1) Check for duplication of payment for claims and NOAs, and payment of procedures with service limitations, which were submitted to and processed by both the Contractor and the prior Contractor. If the prior Contractor has paid for the same procedure with the same date of service or if both the Contractor and the prior Contractor have paid for a procedure which has service limitations and fails the history cross check after receipt of processing