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Department of Health Care Services



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November 19, 2014

TO: ALL INTERESTED PARTIES

**SUBJECT: CALIFORNIA DENTAL MEDICAID MANAGEMENT INFORMATION SYSTEMS (CD-MMIS) STATEMENT OF INTENT FOR PROCUREMENT OF DENTAL CONTRACT(S)**

The California Department of Health Care Services (DHCS) announces information related to the procurement of the Medi-Cal Dental Fiscal Intermediary contract. The attached Statement of Intent is being released to provide information to interested parties regarding the direction DHCS intends to take with this procurement.

The purpose of the attached Statement of Intent is to highlight and communicate to all prospective proposers and other interested parties the Department's current plan for procuring a CD-MMIS contract and its vision for the future of the dental program. It is DHCS' intent to release three procurement documents, one as stated in the attached document for a Fiscal Intermediary (FI) and one for an Administrative Services Organization (ASO) and a second ASO approximately two (2) years after the release of the initial procurement documents. The Department is taking this approach in order to achieve the objectives of an evolving and improved Medi-Cal dental program.

The attached Statement of Intent discusses very broad timelines for release of the procurement documents in addition to discussing the primary objectives for the dental program and the procurement process. While we do encourage comments and questions during this period, please keep in mind that DHCS will not respond to any questions until the official question and response period after release of the Final procurement documents.

Thank you for your interest in this important project.

Sincerely,

Original signed by *K. Morrill*

Kevin Morrill, Chief  
Office of Medi-Cal Procurement

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*(The information contained in this document is subject to revision or removal.)*

**Background**

The California Department of Health Care Services (DHCS) is the single State agency responsible for the administration of the Medicaid program in California (Medi-Cal). As part of that administration, California administers two separate Medicaid Management Information Systems (MMIS) with two Fiscal Intermediaries (FI), one for medical provider types (CA-MMIS) and the second for dental provider types (CD-MMIS). This document is intended to communicate to prospective proposers and interested parties the Department's current intent for procuring new CD-MMIS contract(s).

In August 2013, DHCS conducted a survey of interested parties and prospective proposers concerning current dental FI services and requested input on the proposed procurement approach. The input received has been very valuable in developing the Department's tentative strategy for securing the future of the dental program. The strategy discussed in this paper is the result of that input as well as the efforts of DHCS staff in determining the best course of action for the dental program. This announcement must not be considered as the final strategy for the procurement process as there is likely additional input that may have an effect on the final procurement document(s).

The Department is seeking a two-year extension of the current dental contract which expires in June 2015. Procurement activities have already begun in anticipation of the expiration of the extended current contract. While the timelines leading to approval and implementation of the new dental contract(s) are tentative and subject to change, it is essential that the procurements be completed as quickly as possible.

**Primary Objectives for CD-MMIS Procurement**

One reason for the need to consider a new strategy for CD-MMIS is concern voiced by the Centers for Medicare & Medicaid Services (CMS) regarding certain elements of the existing program and dental FI contract. One of the primary objectives of this Statement of Intent is to address the concerns raised by CMS as well as to meet Department objectives, all of which are addressed below *(not in priority order nor all inclusive)*:

1. Compliance with MMIS requirements under Title 45, Code of Federal Regulations (CFR), Part 95 and with 42 CFR 423.
2. Compliance with Medicaid Information Technology Architecture (MITA) Seven Standards & Conditions.
3. Elimination of underwriting shared risk requirements.

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4. Elimination of Knox-Keene licensing requirements.
5. Elimination of the use of a hybrid model of MMIS and administration within one FI contract.
6. Secure additional administrative services that will provide for additional beneficiary protections, more effective education, ensure access to care, maximize effective dental services and outcomes, and ensure utilization of dental services for enrolled beneficiaries meets or exceeds established benchmarks.
7. Provide for takeover and enhancement of the current CD-MMIS.
8. Provide a path for the eventual consolidation of claims processing capabilities for all claim types (medical and dental) on a single enterprise MMIS.
9. Allow for State implementation of policy and system changes quickly, at minimum cost.
10. Limit the business risk to both the medical and dental programs associated with the consolidation of claims processing capabilities.
11. Enhance the competitive environment for this and future dental procurements.
12. Provide flexibility for contractors to utilize their own systems in working with dental providers in order to provide the most cost effective and high quality dental services to beneficiaries.

### **Procurement Strategy**

DHCS intends to pursue an incremental procurement strategy that involves taking over the existing CD-MMIS and providing a gradual transition to a single enterprise MMIS capability. This strategy will provide for a consistent dental claims processing capability while addressing the concerns expressed by CMS and realizing the Department's objectives as described above.

The procurement strategy envisioned will result in DHCS procuring two contracts initially, one for dental administrative services (a two-year ASO contract, including Takeover) and one for dental fiscal intermediary services (a four-year FI contract). The ASO contractor will be required to operate with the dental FI contractor using the existing CD-MMIS. A second ASO contract, procured prior to the end of the first two-year ASO contract, will require the Contractor to utilize its own claims processing/utilization management system that will interface with the existing CD-MMIS. Once the existing CD-MMIS consolidates with the replacement CA-MMIS, the ASO

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contractor will, using its own claims processing/utilization management system, interface with the new CA-MMIS.

All of these contracts will be multi-year contracts with DHCS-initiated extension options contained within the contracts. The FI contract is intended to span the time required to implement the ongoing system replacement project at CA-MMIS and achieve the envisioned MMIS consolidation. The ASO contracts will be designed to transfer existing CD-MMIS functions currently performed by the dental FI, including but not necessarily limited to, member services and outreach, prior authorization of services and utilization management in order to improve dental health services delivery and eliminate the gaps that are a part of the existing system.

In order to effectively implement the procurement strategy, DHCS is planning to release draft Requests for Proposal (RFP) for both the FI and first ASO contract, followed at a later date by release of the final RFP documents, as shown by the tentative release plan below. A draft and final RFP will be developed for the second ASO, as well, and tentatively released according to the release plan below.

The purpose of releasing draft RFP documents is to ensure that all of the elements required for the dental business model, as will be described in detail in the RFP documents, are included. The draft documents will be an opportunity for prospective proposers and interested parties to ask questions and offer solutions that may be of importance to the dental program. However, please understand that during the draft process, DHCS will not respond to questions or comments. There will be a formal process during the final RFP processes where formal responses will be made.

### **Additional Considerations**

The procurement strategy envisioned by DHCS is an opportunity for the Department, CMS, prospective proposers and stakeholder groups to partner to achieve the objectives that are important to the future of the Medi-Cal dental program. By taking the approach summarized in this document (with more detail to be provided in the procurement documents), DHCS will be in a position to capture opportunities to increase competition thus giving prospective proposers the opportunity to thoroughly consider how to approach their proposals and to provide detailed responses to the qualifications and requirements for the services requested. This approach will also provide the mechanism for DHCS to achieve one of CMS' longstanding desires to consolidate two management information systems into one to help achieve success for the Department as a whole.

In addition, this approach provides added benefit to beneficiaries, stakeholders and DHCS by expanding dental services and minimizing risk wherever possible by consolidating many of the services now performed by the Dental FI into a new ASO contract.

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**Procurement Documents Release Plan**

Draft Procurement Documents Release – The focus of the draft procurement documents will be to provide additional detail on the direction of the Medi-Cal dental program and to solicit input on that direction. It is intended that the draft documents will be as close to complete as possible with little or only minor changes being made to what will become the final procurement documents, depending, of course, on the depth and breadth of comments and suggestions received. There may be some Exhibits, Appendices and Attachments that are not included with the drafts but these will not have any effect on the nature of the procurement documents nor on the development of responses submitted by proposers. It is tentatively expected that the drafts of the FI and first ASO will be released as soon as possible and the draft for the second ASO released prior to the end of the first ASO contract.

*DHCS will entertain questions, comments and suggestions during the draft process, but will provide no formal response during this time.*

Final Procurement Documents Release – The complete and final procurement documents, including all Submission Requirements, Evaluation Criteria and required “boiler plate” language in final form will be provided. This will include pro forma contracts comprising all requirements of both the FI and ASO contracts. The final documents are tentatively scheduled for release as soon as possible following receipt of comments from the draft documents for the FI and first ASO and following receipt of comments from the second draft ASO.

*The formal Question and Response Process will occur during the final RFP process.*

**Additional Resources**

Office of Medi-Cal Procurement (OMCP) Website – Communication with the prospective proposer and stakeholder community on all information necessary to comment and produce effective proposals will occur through the OMCP website, located at: [http://www.dhcs.ca.gov/provgovpart/rfa\\_rfp/Pages/OMCPHomePage.aspx](http://www.dhcs.ca.gov/provgovpart/rfa_rfp/Pages/OMCPHomePage.aspx) .

CD-MMIS Procurement Data Library – A Data Library will be established to provide prospective proposers with the manuals and system documentation that specify the policies and procedures currently used to support the dental program and its claims processing activities.