STATE OF ARKANSAS

Department of Human Services
Office of Procurement
700 Main Street, Little Rock, AR 72201
Little Rock, Arkansas 72201-4222

INVITATION FOR BID

BID SOLICITATION DOCUMENT

SOLICITATION INFORMATION			
Bid Number:	0710-17-1005R	Solicitation Issued:	02/24/2017
Description:	Third Party Liability and Recovery Services		
Agency:	Department of Human Services (DHS)/Division of Medical Services (DMS) by Office of Procurement (OP)		

SUBMISSION DEADLINE FOR RESPONSE			
Bid Opening Date:	03/01/2017	Bid Opening Time:	11:00 am CT

Bids **shall not** be accepted after the designated bid opening date and time. In accordance with Arkansas Procurement Law and Rules, it is the responsibility of vendors to submit bids at the designated location on or before the bid opening date and time. Bids received after the designated bid opening date and time **shall** be considered late and **shall** be returned to the vendor without further review. It is not necessary to return "no bids" to OP.

DELIVERY OF RESPONSE DOCUMENTS	
Delivery Address:	Department of Human Services Office of Procurement 700 Main Street Little Rock, AR 72201 Delivery providers, USPS, UPS, and FedEx deliver mail to OP's street address on a schedule determined by each individual provider. These providers will deliver to OP based solely on the street address.
Bid's Outer Packaging:	Outer packaging **must** be sealed and should be properly marked with the following information. If outer packaging of bids submission is not properly marked, the package may be opened for bid identification purposes. • Bid number • Date and time of bid opening • Vendor's name and return address

OFFICE OF STATE PROCUREMENT CONTACT INFORMATION			
Agency Buyer	Warren Jensen	Buyer's Direct Phone Number:	501-537-1066
Email Address:	warren.jensen@dhs.arkansas.gov	OP's Main Number:	501-324-9316
DHS Website OSP Website DMS Website	http://humanservices.arkansas.gov/Pages/default.aspx http://www.arkansas.gov/dfa/procurement/bids/index.php https://www.medicaid.state.ar.us/provider/logon.aspx		

SECTION 1 - GENERAL INSTRUCTIONS AND INFORMATION

1.1 PURPOSE

This Invitation for Bid (IFB) is seeking bids for a contractor to conduct aspects of other available liable third party benefit identification and recovery activities. The primary objective is to identify and maximize private health insurance and Medicare coverage. This will enable the State and local governments to achieve cost avoidance savings and/or recover Medicaid funds. The contractor is expected to perform comprehensive third party identification and post payment recovery reviews. The contractor must have the ability to accommodate process enhancements, improvements, and/or expansion into new work areas to accomplish the mission of DHS.

1.2 TYPE OF CONTRACT

A. A Term contract will be awarded to a single vendor.

B. The term of this contract **shall** be for one (1) year. The anticipated starting date for the contract is 07/01/2017.. Upon mutual agreement by the vendor and agency, the contract may be renewed by DMS on a year-to-year basis, for up to six (6) additional one-year terms or a portion thereof.

C. The total contract term **shall not** be more than seven (7) years.

1.3 ISSUING AGENCY

OP, as the issuing office, is the sole point of contact throughout this solicitation.

1.4 BID OPENING LOCATION

Bids submitted by the opening time and date **shall** be opened at the following location:

Department of Human Services
Office of Procurement
700 Main Street
Little Rock, AR 72201

1.5 DEFINITION OF REQUIREMENT

A. The words "**must**" and "**shall**" signify a Requirement of this solicitation and that vendor's agreement to and compliance with that item is mandatory.

B. Exceptions taken to any Requirement in this *Bid Solicitation*, whether submitted in the vendor's bid or in subsequent correspondence, **shall** cause the vendor's bid to be disqualified.

C. Vendor may request exceptions to NON-mandatory items. Any such request **must** be declared on, or as an attachment to, the appropriate section's *Agreement and Compliance Page*. Vendor **must** clearly explain the requested exception and should reference the specific solicitation item number to which the exception applies. (See *Agreement and Compliance Page.*)

1.6 DEFINITION OF TERMS

A. The State Procurement Official has made every effort to use industry-accepted terminology in this *Bid Solicitation* and will attempt to further clarify any point of an item in question as indicated in *Clarification of Bid Solicitation*.

B. The words "bidder" and "vendor" are used synonymously in this document.

C. The terms "Invitation for Bid", "IFB" and "Bid Solicitation" are used synonymously in this document.

1.7 RESPONSE DOCUMENTS

A. *Bid Response Packet*

1. An official authorized to bind the vendor(s) to a resultant contract **must** sign the *Bid Signature Page*.

2. Vendor's signature on this page **shall** signify vendor's agreement that either of the following **shall** cause the vendor's bid to be disqualified

   a. Additional terms or conditions submitted intentionally or inadvertently.
   b. Any exception that conflicts with a Requirement of this *Bid Solicitation.*

3. The following items **shall** be submitted in the original Bid *Response Packet*.

   a. EO 98-04 Disclosure Form. (See *Standard Terms and Conditions*)

   b. Copy of Vendor's *Equal Opportunity Policy*. (See *Equal Opportunity Policy*.)

4. DO NOT include any other documents or ancillary information, such as a cover letter or promotional/marketing information. **Submit one (1) electronic copy of the response packet on a flash drive. Submit one (1) copy in hard copy format.**

B. *Official Bid Price Sheet*. (See *Pricing.)*

1. Vendor's original *Official Bid Price Sheet* **must** be submitted in hard copy format.

1.8 AGREEMENT AND COMPLIANCE PAGES

A. Vendor **must** sign all *Agreement and Compliance Pages* relevant to each section of the *Bid Solicitation Document.* The *Agreement and Compliance Pages* are included in the Bid *Response Packet*.

B. Vendor's signature on these pages **shall** signify agreement to and compliance with all Requirements within the designated section.

1.9 SUBCONTRACTORS

A. Vendor **must** complete, sign and submit the *Proposed Subcontractors Form,* included in the *Bid Response Packet* to indicate vendor's intent to utilize, or to not utilize, subcontractors.

B. Additional subcontractor information may be required or requested in following sections of this *Bid Solicitation*. **Do not** attach any additional information to the *Proposed Subcontractors Form*.

1.10 PRICING

A. Vendor(s) **must** include all pricing on the Official Price Bid Sheet(s) only**.** Any cost not identified by the successful vendor but subsequently incurred in order to achieve successful operation **shall** be borne by the vendor.

B. To allow time to evaluate bids, prices **must** be valid for 120 days following the bid opening.

C. Failure to complete and submit the *Official Bid Price Sheet* **shall** result in disqualification.

D. All bid pricing **must** be in United States dollars and cents.

E. The Official Bid Price Sheet may be reproduced as needed.

1.11 PRIME CONTRACTOR RESPONSIBILITY

A. A joint bid submitted by two (2) or more vendors is acceptable. However, a single vendor **must** be identified as the prime contractor.

B. The prime contractor **shall** be held responsible for the contract and **shall** be the sole point of contact.

1.12 INDEPENDENT PRICE DETERMINATION

A. By submission of this bid, the vendor certifies, and in the case of a joint response, each party thereto certifies as to its own organization, that in connection with this bid:

- The prices in the bid have been arrived at independently, without collusion.
- No prior information concerning these prices has been received from, or given to, a competitive company.

B. Evidence of collusion **shall** warrant consideration of this bid by the Office of the Attorney General. All vendors **shall** understand that this paragraph may be used as a basis for litigation.

1.13 PROPRIETARY INFORMATION

A. Response documents pertaining to this *Bid Solicitation* become the property of the State and are subject to the Arkansas Freedom of Information Act (FOIA).

B. One (1) complete copy of the submission documents from which any proprietary information has been redacted should be submitted on a flash drive.

C. Except for the redacted information, the redacted copy **must** be identical to the original hard copy, reflecting the same pagination as the original and showing the space from which information was redacted.

D. The vendor **shall** be responsible for identifying all proprietary information and for ensuring the electronic copy is protected against restoration of redacted data.

E. The redacted copy **shall** be open to public inspection under the Freedom of Information Act (FOIA) without further notice to the vendor.

F. If a redacted copy of the submission documents is not provided with vendor's response packet, a copy of the non-redacted documents, with the exception of financial data (other than pricing), **shall** be released in response to any request made under the Arkansas Freedom of Information Act (FOIA).

G. If the State deems redacted information to be subject to FOIA, the vendor will be contacted prior to release of the documents.

1.14 CAUTION TO VENDORS

A. Prior to any contract award, all communication concerning this *Bid Solicitation* **must** be addressed through OP.

B. Vendor **must not** alter any language in any solicitation document provided by the State.

C. Vendor **must not** alter the Official Bid Price Sheet.

D. All official documents and correspondence related to this solicitation **shall** be included as part of the resultant contract.

E. Bids **must** be submitted only in the English language.

F. The State **shall** have the right to award or not award a contract, if it is in the best interest of the State to do so.

G. Vendor **must** provide clarification of any information in their response documents as requested by OP.

H. Bids **must** meet or exceed all defined specifications as set forth in this *Bid Solicitation*.

I. Bids **must** meet all terms and conditions of this Invitation for Bid and the laws of the State of Arkansas.

J. Vendors may submit multiple bids.

1.15 REQUIREMENT OF ADDENDUM

A. This *Bid Solicitation* **shall** be modified only by an addendum written and authorized by OP.

B. An addendum posted within three (3) calendar days prior to the bid opening **shall** extend the bid opening and may or may not include changes to the Bid Solicitation.

C. The vendor **shall** be responsible for checking the websites, http://humanservices.arkansas.gov/Pages/default.aspx https://www.medicaid.state.ar.us/provider/logon.aspx http://www.arkansas.gov/dfa/procurement/bids/index.php, for any and all addenda up to bid opening.

1.16 AWARD PROCESS

A. Vendor Selection

1. Award **shall** be made on an ALL OR NONE basis.

B. Anticipation to Award

1. Once an anticipated successful vendor has been determined, the anticipated award will be posted on the websites at http://www.arkansas.gov/dfa/procurement/pro_intent.php, http://humanservices.arkansas.gov/Pages/default.aspx https://www.medicaid.state.ar.us/provider/logon.aspx

2. The anticipated award will be posted for a period of fourteen (14) days prior to the issuance of a contract. Vendors and agencies are cautioned that these are preliminary results only, and a contract will not be issued prior to the end of the fourteen day posting period.

3. OP **shall** have the right to waive the policy of Anticipation to Award when it is in the best interest of the State.

4. It is the vendor's responsibility to check the OSP website for the posting of an anticipated award.

C. Issuance of Contract

1. Any resultant contract of this Bid Solicitation shall be subject to State approval processes which may include Legislative review.

2. An Office of Procurement Official will be responsible for award and administration of any resulting contract.

1.17 MINORITY BUSINESS POLICY

A. Minority is defined by Arkansas Code Annotated § 15-4-303 as a lawful permanent resident of this State who is:

- African American
- American Indian
- Asian American
- Hispanic American
- Pacific Islander American
- A Service Disabled Veterans as designated by the United States Department of Veteran Affairs

B. The Arkansas Economic Development Commission conducts a certification process for minority businesses and disabled veterans. The vendor's Certification Number should be included on the vendor's *Bid Signature Page*.

1.18 EQUAL EMPLOYMENT OPPORTUNITY POLICY

A. In compliance with Arkansas Code Annotated § 19-11-104, OSP is required to have a copy of the vendor's *Equal Opportunity (EO) Policy* prior to issuing a contract award.

B. *EO Policies* may be submitted in electronic format to the following email address: eeopolicy.osp@dfa.arkansas.gov, but should also be included as a hardcopy accompanying the solicitation response.

C. The submission of an *EO Policy* to OSP is a one-time Requirement. Vendors are responsible for providing updates or changes to their respective policies, and for supplying *EO Policies* upon request to other State agencies that must also comply with this statute.

D. Vendors, who are not required by law by to have an *EO Policy*, **must** submit a written statement to that effect.

1.19 PROHIBITION OF EMPLOYMENT OF ILLEGAL IMMIGRANTS

A. Pursuant to Arkansas Code Annotated § 19-11-105, prior to the award of a contract, selected vendor(s) **must** have a current certification on file with OSP stating that they do not employ or contract with illegal immigrants.

B. OSP will notify the selected vendor(s) prior to award if their certification has expired or is not on file. Instructions for completing the certification process will be provided to the vendor(s) at that time.

1.20 PAST PERFORMANCE

In accordance with provisions of State Procurement Law, specifically OSP Rule R5:19-11-230(b)(1), a vendor's past performance with the State may be used to determine if the vendor is "responsible". Bids submitted by vendors determined to be non-responsible **shall** be disqualified.

1.21 COMPLIANCE WITH THE STATE SHARED TECHNICAL ARCHITECTURE PROGRAM

The respondent's solution must comply with the state's shared Technical Architecture Program which is a set of policies and standards that can be viewed at: http://www.dis.arkansas.gov/policiesStandards/Pages/default.aspx. Only those standards which are fully promulgated or have been approved by the Governor's Office apply to this solution.

1.22 VISA ACCEPTANCE

A. Awarded vendor should have the capability of accepting the State's authorized VISA Procurement Card (p-card) as a method of payment.

B. Price changes or additional fee(s) **shall not** be levied against the State when accepting the p-card as a form of payment.

C. VISA is not the exclusive method of payment.

1.23 PUBLICITY

A. Vendors **shall not** issue a news release pertaining to this *Bid Solicitation* or any portion of the project without OP's prior written approval.

B. Failure to comply with this Requirement **shall** be cause for a vendor's bid to be disqualified.

1.24 RESERVATION

The State **shall not** pay costs incurred in the preparation of a bid.

1.25 Schedule of Events

Public Notice of IFB	February 24, 2017
Date and Time for Opening Bids	March 01, 2017 11:00 am CT
Intent to Award Announced On or About	March 07, 2017
Contract Start, (Subject to State Approval)	July 1, 2017

SECTION 2 – MINIMUM REQUIREMENTS

2.0 Introduction

This Invitation for Bid (IFB) is issued by the Office of Procurement (OP) for the Department of Human Services (DHS) Division of Medical Services (DMS) to obtain pricing and a contract for Third Party Liability and Recovery Services.

Medicaid, by Law, is the payor of last resort and all other health care coverage must be exhausted before Medicaid is billed. For years, the State and local governments have successfully identified and recovered third party resources to reduce the financial burden to the tax payers for Medicaid recipient's health care and enforced appropriate payee obligations. Following is a brief description of the methods for identifying other payor sources as well as the use of this information in pre-payment claims processing and post payment review and recovery.

2.1 Minimum Qualifications

a. Bidders must have a minimum of five (5) years' experience with similar programs

b. Bidders shall have at least three (3) years cumulative experience working on similar third party liability projects for at least three (3) other state Medicaid programs or similar human services programs.

c. If the Vendor proposes to use subcontractors, the Vendor's proposed subcontractors shall have the experience working on similar projects with other State Medicaid or human services programs.

d. The Vendor shall have experience managing subcontractors if the Vendor proposes to use subcontractors.

e. The Vendor shall have the ability to interact and exchange data electronically with the State.

f. The contractor must have carrier matching agreements in place with all major insurance carriers prior to the start of the contract.

2.1.2 Identification of Third Party Insurance

Currently, there are two main methods for determining if a recipient has a third party insurance coverage:

1. Identification of insurance during the Medicaid eligibility intake process at the local county office; and
2. A State contractor identifies client third party insurance not reported during intake.

Third party insurance coverage (Medicare and/or commercial) should be identified during the intake process at the local county office. Applicants for Medicaid complete an application at the local county office and/or online, and identify any third party health insurance coverage they have, including policy information. In addition, a State contractor routinely processes matches with Centers for Medicare and Medicaid Services (CMS) and commercial insurance carriers to identify third party insurance coverage. Unknown third party information identified by the contractor is used to update the client eligibility file with the information.

The information entered in the client subsystem is used by both Arkansas Verification Eligibility System and during claims processing. The eligibility response the provider receives includes third party liability information, if present.

Application of Third Party Insurance

Currently, the State uses two approaches to ensure the application of third party coverage for Medicaid recipients: (1) claims processing edits, and (2) post-payment review and recovery.

1. The Medicaid Management Information System (MMIS) applies edits that identify the existence of recipients' other insurance during claims processing. Medicaid claims for these recipients are denied when available third party insurance has not been used.

   These front-end edits prevent inappropriate payment from being made in cases where a third party carrier could cover part or all of the services provided.

2. A post-payment review of paid Medicaid claims is done by a State contractor who tests claims for the existence of third party payments. The availability of third party insurance for the specific services provided is verified and, where determined appropriate, Medicaid recovery activities are undertaken.

These functions are currently under contracts which require re-procurement. Department of Human Services (DHS) and the successful respondent to this IFB must ensure that this re-procurement does not delay the identification and updating of available third party coverage as well as continue the post payment activities without loss of recoveries.

To that end, the successful respondent will be required to have third party matching agreements in place with all major insurance carriers and be able to perform all required post payment recovery activities at the start of the agreement. This will ensure that there is no interruption of updates to third party insurance coverage for Medicaid recipients, therefore allowing a continuous cost avoidance and recovery process. The cost avoidance and recovery processes are crucial to maximize savings and minimize Medicaid expenditures.

Improvements, enhancements and/or variations to these activities may be necessary, at the time of procurement or in the future, for the functions to be up to date and effective. This will be a comprehensive contract that involves all aspects of other payer identification and third party recovery efforts related to commercial insurance, TRICARE (CHAMPUS and CHAMVA), Medicare Parts A, B, and D, as well as other requested payment integrity initiatives. This function requires the resources and technical skills to manipulate large data files and interface with the State's computer systems as well as have experience and knowledge in the third party laws and requirements. It is necessary to have expertise and access to the insurance industry and CMS to broker agreements and conduct computer matches to accomplish the verification of third party coverage. A strong provider relations team is also necessary to engage providers with questions and provide clarification regarding work processes. It is also necessary that the contractor work with as little intrusion of State staff as possible, thereby supporting DHS/DMS initiatives without increasing the workload of the State units.

2.1.3 Purpose

This invitation for Bid (IFB) is seeking bids for a contractor to conduct aspects of other available liable third party benefit identification and recovery activities. The primary objective is to identify and maximize private health insurance and Medicare coverage. This will enable the State and local governments to achieve cost avoidance savings and/or recover Medicaid funds. The contractor is expected to perform comprehensive third party identification and post payment recovery reviews. The contractor must have the ability to accommodate process enhancements, improvements, and/or expansion into new work areas to accomplish the mission of DHS.

2.2 Scope of Service

The objective is to maximize cost avoidance and third party recoveries from all sources to ensure Medicaid is payor of last resort. The contractor will be required to perform the following functions to enhance and supplement the DMS with minimal impact on State staff and resources:

Cost Avoidance

Arkansas is required to provide Medicaid reimbursement for covered medical services only as the payor of last resort. DMS operates a Third Party Liability (TPL) unit to ensure that all other possible sources of payment are pursued. TPL uses the Medicaid Managements Information System (MMIS) and a TPL contractor to match third party data and cost avoid or deny payment of claims and recover Medicaid payments. A contracted fiscal agent operates the MMIS.

1. The Division of Medical Services (DMS) of the Arkansas Department of Human Services (DHS) Is seeking a qualified contractor to perform automated data matches with commercial insurers, credit bureaus, and other alternative databases that the contractor may propose.

2. The contractor must have carrier matching agreements in place with all major insurance carriers, as measured by the top available carriers in Arkansas, prior to the start of the contract. Additional commercial insurance carriers nationwide are currently matched under agreements with the existing contractor as well as TRICARE/CHAMPUS and CHAMPVA. Medicare matches are conducted utilizing the Federal Eligibility Data Base Finder File (EDB), BENDEX , Sarbanes-Oxley Act 2002 SOX, Medicare Part B Buy-in files and Medicare Part D data to identify Medicare coverage . If these files are not provided by the State of Fiscal Agent, the bidder will need to obtain these files independently.

3. The contractor will be responsible for contacting the insurance organizations and arranging for data matches. DMS will assist and endorse the contractor's efforts at its discretion. The contractor will also be responsible for payment of any and all costs incurred in securing necessary files from DMS's MMIS contractor, performing the data matches and returning the output of data matches to DMS for input to the MMIS and Interchange.

4. All contractor functions and procedures must be in full compliance with Federal and State laws and regulations. The contractor must have the technical capability to interface with necessary computer systems in specified formats necessary to accomplish third party recoveries. This also requires online FTP transfers of large data files

5. The contractor will maintain online internet website capability for distribution of credit balance audit reports to providers, comprehensive reporting, insurance verifications, tort casualty research and tracking of function for the DMS and other State and local government offices.

6. The contractor will notify DMS of the commercial or other databases with which it intends to match and the time frames for completing such matches. The Contractor must present rationale for selection of these commercial or other data bases with which it intends to match. Respondents are encouraged to present evidence of the carrier's willingness to participate and how the Deficit Reduction Act (DRA) of 2005 has affected data matching cooperation.

7. The contractor, as determined by TPL, will specify which of the Department's data files are needed and the frequency with which they will be required to perform data matches and recover against previously unidentified Third Party \ Resources. The Contractor's frequency shall not be such as to undercut or impede the efforts of DMS. DMS has the first right to pursue.

8. The contractor will provide data matches on a monthly basis with the largest commercial insurance carriers operating in the State of Arkansas including, but not limited to, Arkansas Blue Cross Blue Shield and its affiliates.

9. The contractor will coordinate with the Arkansas Office of Child Support Enforcement to identify cases where medical support is ordered that provides for health insurance coverage if it is available to Medicaid dependent children.

10. The contractor will maintain a system that tracks and provides live update information on all cases. The contractor should allow system access via the Internet to DMS staff or any designated agent(s) working on its behalf for credit balance audit purposes. The system should track at the minimum the following information:

    - Commercial insurance data match dates and results,
    - Employer surveys and Medical Support Notices sent and received, and
    - Individual insurance verification results.

11. The contractor will insure that data match criteria include full name, date of birth, sex, and social security number of recipient for the identification of valid matches and present full criteria to the Department for approval prior to initiating any data matches.

12. The contractor will present to and receive approval from DMS of its electronic and manual procedures for verifying the accuracy of its matches, the individuals matched, and their complete coverage, prior to updating Medicaid's eligibility file.

13. The contractor will present the full results of data matches conducted to DMS for review prior to initiating any recoveries.

14. The contractor will provide DMS with an automated means of updating the MMIS file with the new Complete TPL information. This mechanism shall conform to DMS prescribed specifications. The update to the DMS-MMIS file must occur within a time frame specified by the Code of Federal Regulations.

15. If subsequently, the Contractor ascertains the previous update of verified TPL information was erroneous, the Contractor must have the capability of transmitting this corrected information within thirty (30) days to the MMIS Contractor.

16. The contractor will receive individual paid claims histories only after successfully updating the DMS file with verified TPL information. The Contractor will be responsible for all costs associated with the MMIS contractors' modifications to the MMIS in the development of a mechanism to identify and extract paid claims from DMS current MMIS history files whose dates of service and types of coverage correspond to the newly identified coverage. Estimates of the cost of such modifications may be obtained from the MMIS contractor. DMS-MMIS and Interchange history files contain seven years of on-line paid claims history. Paid claims whose records already indicate TPL activity including attachments and explanations of benefits indicating coverage for an identical insurer may not be pursued by the Contractor.

17. The contractor will conduct on-going third party liability (TPL) file maintenance consisting of reverse matching and working with the known TPL file to identify insurance policies that have been terminated and provide this information back to the MMIS and Interchange system via electronic media. The contractor will perform complex data analysis and matching on the known TPL file to identify cases where insurance is available to one member of a family but the other members in the family are not covered. Once identified, the vendor should contact the insurance carrier to ascertain if other family members are enrolled or not. The contractor will ensure that the insurance information remains accurate by conducting a data matching process on at least a quarterly basis to re-verify insurance coverage information. The contractor will ensure that appropriate enrollment necessitated by the changes are processed and create and provide an update file.

Post Payment Recovery

1 The contractor will be responsible for post payment recoveries at the discretion of DMS.

2 The contractor will avoid duplicate billings. A priority of DMS is the assurance that the Contractor's activities will not overlap, interfere with, and duplicate any past, present, or ongoing TPL activities of DMS or its MMIS and Interchange contractor.

3 At no cost to DMS, the contractor will modify its billing media to comply with requirements for filing claims with the third party resources (Prescription Benefits Managers, Plan Administrators, etc.). The MMIS and Interchange contractor will compare all paid claim from the electronic file which is called “Billings and Posting” to the existing paid claims file to determine if any recovery action is needed. The MMIS and Interchange contractor will advise TPL by the 15th of each month by posting the results to the MMIS and Interchange the method of reporting will be determined by TPL. The MMIS and Interchange contractor will advise DMS regarding the disposition of these recovery actions, emphasizing the transactions which were requested and not recovered or requested but recovered this could occur up to three times for each paid claim. DMS will advise the Contractor of any action taken.

4 At no cost to DMS, the contractor will modify its billing media to comply with requirements for filing claims with the third party resources for Medicare Parts A and B recoveries. The Contractor will implement in an approved electronic and paper media recoupment and disallowance cycle(s) (cycle is defined by every 30 calendar days) for the MMIS and Interchange contractor to adjust and void claims. The MMIS and Interchange contractor will advise DMS regarding the disposition of these recovery actions, emphasizing the transactions which were requested and recovered or requested but refuted. DMS will advise the Contractor of any action taken. This action will be completed every 30 calendar days and a monthly report will be sent electronically from the contractor to MMIS and Interchange for adjustments and voids.

5 The contractor will establish, maintain, and update accounts receivable file for claims which the contractor identifies and bills to other insurance carriers. The accounts receivable file must be sufficient to provide an audit trail for State and Federal documentation requirements and shall be transferred to DMS at its request or at the termination of any contract resultant to this IFB in electronic and paper media. This accounts receivable file must be compatible with and capable of updating the TPL accounts receivable files on the MMIS and Interchange operated by the Medicaid fiscal intermediary.

6 After 180 calendar days following the initial billing, the contractor will close out all claims for which no response was received. The contractor may obtain an additional 120 calendar days beyond the 180 calendar days period if the contractor shows it has re-billed the claim to the insurer between the 120th and 180th initial period. Following the second period, the contractor shall issue a zero payment transaction to the MMIS and Interchange contractor cancelling their rights to the recovery. Vendor cannot bill after 300 days.

7 The contractor will investigate reasons for nonpayment by other insurers and resubmit claims when appropriate. Specific reasons for nonpayment will be included in the accounts receivable file.

8 The contractor will report to DMS all instances in which an insurance carrier has already paid an insured individual, a provider, or DMS for subsequent follow-up by DMS or the MMIS and Interchange contractor.

9 The contractor will deduct from its billings any refunds of previous recoveries made to DMS in instances where incorrect or disallowed payments are made by third party resources. The total amount to be refunded should be shown on the contractor's monthly billing statement as the amount to be deducted from the current month's bill.
Each claim that results in incorrect or disallowed payments made by the Third Party Resources must be identified by billing cycle and month, State claim ICN, recipient name, Medicaid number, DOS, provider number, amount billed Medicaid, amount paid by Medicaid, amount paid by Third Party Resource , and amount to be refunded for the claim.

10 The contractor will identify all refunds owed to Third Party Resources to correct recoveries or other overpayments with appropriate documentation. Upon receipt of this information, the Third Party Liability will verify its accuracy and request one single warrant to reimburse the contractor for the total amount of all refunds. The contractor will provide disbursement to the appropriate insurance carriers affected.

11 The contractor will transmit to the State, records of previously unidentified Third Party recoveries in a format acceptable to the Medicaid Fiscal Intermediary within 90 calendar days after the effective date of the contract and at least every 30 calendar days thereafter. The data will be transmitted within 30 calendar days following discovery of the resource.

12 The contractor will review provider responses including EOMBs (Explanation of Medicaid Benefits), documentation, refund requests for all or part of the Medicaid payment, remittance statements, and any other documentation the provider may submit refuting third party liability.

13 The contractor will determine incomplete or inadequate responses resulting in the provider being notified in writing that the claim remains in a void status. Based on the adequacy of the provider documentation, updates are made to the database to preclude voiding of claims where no third party coverage exists.

14 The contractor will respond to provider inquiries regarding the initial mailings and provide explanations before and after the Medicaid recovery has occurred.

15 The contractor will investigate and resolve provider disagreements resulting from voiding of claims.

16 The contractor will perform queries of the third party database as requested or necessary. This third party data base will need to be created by the Vendor to hold TPL information.

17 The contractor will prepare void and adjustment files for DMS submission and fiscal reporting.

18 The contractor will reconcile void and adjustment files to DMS output reports.

19 The contractor will troubleshoot with DMS staff to accurately make recoveries and adjustments to provider claims to maintain the integrity of the DMS claiming system.

20 The contractor will investigate and resolve denial reasons such as but not limited to:

- Untimely filing
- Duplicate claim and payment
- Client not eligible at time of service
- No prior authorization
- Formulary not on file, etc.

21 The Contractor will be responsible for conducting on-going credit balance audits of Arkansas Medicaid determine Medicaid credit balances and recover those credit balances for DMS. The contractor will identify those providers which routinely review their credit balances and return payments to DMS.

- The contractor will develop a methodology to identify Medicaid provider inpatient and outpatient overpayments.
- The contractor will prepare and execute a notification process to inform the providers that the credit balance audits are planned and give them an opportunity to voluntarily return any credit balances to Medicaid.
- The contractor will design and execute patient account review and payment audit programs in conformance with this IFB and in consultation with DMS.
- The initial credit balance audit for each provider shall encompass the review of payment history data up to at least one (1) year old and shall be completed within the term of the contract.

22 The contractor shall identify credit balances owed to DMS and request payment from the Medicaid provider.

23 The contractor must identify to DMS providers which routinely review their credit balances and return payment to DMS. "Routinely" is defined as at least quarterly. Based on the contractor's finding, providers which routinely review their credit balances and make payment to DMS may continue to process their own credit balances without subsequent contractor review. DMS reserves the right to have contractor review provider credit balances as deemed necessary.

24 The contractor shall provide training as requested to DMS staff on software or hardware used for reporting, analysis, crediting and other processes of the provider credit balance activity.

Tort Casualty

- The contractor will be responsible for performing all pay and chase activities on behalf of DMS with the exception of Estate recovery identification and associated recoveries conducted by state staff. The exception to the Estate recovery will be casualty and mass torts. Mass tort cases are usually handled through a regional or national lien resolution administrator. Mass Tort recoveries will be performed by the contractor as deemed necessary by DMS. Casualty claims are cases in which a Medicaid beneficiary is injured and Medicaid has paid claims and seeks reimbursement from a third party payer. Casualty cases will be performed by the contractor as deemed necessary by DMS.

Work Plan

Prior to actual work engagement, the contractor will provide a detailed work plan that identifies the project manager and staff assigned as well as describing the detailed steps, geographic location, required local district interface, other State agency involvement, and any and all other facets of the project. A work plan may be disapproved or modified if DMS determines that such a plan will interfere with existing or planned State or other contractor revenue initiatives or may threaten the receipt of Federal financial participation for ongoing State activities. An approved work plan will clearly identify the scope of work, detailed steps, and the time periods for review. The contractor's scope of work is limited to activities strictly stated and authorized in the approved plan. The scope of work may be changed by DMS, in writing, as determined by and in the best interests of DMS. Work plans will be reviewed and approved prior to the start of each activity. No claim or invoice will be submitted or paid unless an approved current work plan is on file with DMS.

Disaster Recovery

The contractor agrees to provide a DMS approved plan for disaster recovery and internal controls relevant to the services to be provided. The contractor shall provide the DHS/DMS with access to the results of any tests of the contractor's disaster recovery facilities conducted by the contractor or any third party, if requested.

General Contract Requirements

The contractor shall:

1. Provide a system for effective communication with a variety of entities including but not limited to employers, providers, recipients and insurance carriers, etc.
2. The Contractor must be available 8:00 a.m. – 5:00 p.m. Central Standard Time, Monday-Friday exclusive of state holidays. TPL must be notified in writing and by the next business day of all reasonable exceptions to regular business hours. The Contractor must provide a toll-free number (i.e. 800-888) to answer inquiries.
3. Provide staff and necessary equipment to offset the increased workload of DMS due to the Contractor's activities during the term of the contract and for a period of 180 calendar days after the expiration of the contract. The staff and equipment will be provided as requested by DMS.
4. Secure any necessary approvals, clearance, and information from CMS and other State agencies (i.e. Data Match Agreements, Waivers for timely filings, State Insurance Commission Approvals, etc.).
5. Attend regularly scheduled status meetings with DMS. The schedule for status meetings will be determined in conjunction with DMS.
6. When credit balances owed to DMS are found, request payment from the provider and deposit recoveries within 24 hours of receipt to an Arkansas bank account (lock-box type account) designated by DMS. The contractor will provide access to electronical transactions of deposit slips, with actual deposit slips forwarded by mail to DMS.
7. Post recoveries to its accounts receivable files for receipt by DMS within seven (7) calendar days after recovery, to allow for independent reconciliation by DMS of deposits to recoveries recorded.
8. Propose and provide assurances of adequate cash control procedures in the contractor's processes of deposit of funds and disposition of recoveries to the accounts receivable files. These procedures must include separation of staff deposit and disposition functions, security of receipts during working and non-working hours and balancing deposits to the accounts receivable files within seven (7) calendar days of receipt of recoveries. Any unresolved variances must be reported to DMS within seven (7) calendar days of receipt.
9. Submit monthly invoices to DMS based on finalized recoveries (those that the provider does not challenge or that have completed the administrative appeals process) and that include the number of newly verified insurance policies added to MMIS and Interchange by the contractor (Adds).
10. Send recoveries and accounts receivable files to DMS within 150 calendar days following the effective date of the contract and subsequent receipts of recoveries at least every 30 calendar days thereafter.
11. Maintain data processing equipment capable of accumulating the credit balance report data. The data must be sent to DMS in an automated format approved by DMS for its use in recovery activities analysis. Therefore,

the contractor's equipment must be compatible with and able to interface with DMS's computer hardware and software as well as the MMIS and Int`erchange. The contractor must provide a secure web portal for transmitting and receiving data information.

12. Use DMS files for the sole purposes of this contract. Any other use will be cause for cancellation of the contract and forfeiture of any payments due and made.
13. Maintain and organize working papers in a professional manner agreeable to DMS.
14. During the course of this contract, maintain all data, material and working papers in a location convenient to DMS. DMS requires that all data, material and working papers be retained and available for possible audit for a period of seven years after final payment is made to the contractor. DMS must approve the destruction of any data, material or work papers that have been developed in performance of this contract.
15. Demonstrate compliance with the Health Insurance Portability and Accountability Act (HIPPAA) of 1996 and all regulations pertaining thereto.
16. Upon termination of the contract, the contractor shall have 120 calendar days to complete recoveries initiated before the termination date. The contractor may initiate no new collection claims during the 120 calendar day period. After 120 calendar days the contractor shall not be paid for further collection of outstanding claims and the full amount of subsequent recoveries shall revert to DMS.

Reporting Requirements

Lockbox Reporting

The contractor will maintain reports for monthly and annual reporting to Third Party Liability Section, including the following:

- Detailed Report of Actual Recoveries – Including date of check receipt, client name, Medicaid ID number, carrier, and date of deposit. This information should balance to the deposits made to the bank account for each date. If any unidentified payments remain as of a given date, they shall be included on the report.
- Annual Report of Collections – This report must include the total amount billed and recovered, percentage of recovery and number of claims involved. These totals should not be duplicative.

Third Party Liability Reporting

The contractor will submit the following monthly reports:

- Data Match Progress Reports – Narrative reports by carrier specifying benchmarks, problems, and proposed solutions. The report will be submitted monthly.
- Periodic Accounts Receivable Summaries – Report by carrier, including detailed claims billed and re-billed, detailed claims and dollars paid, detailed claims and dollars outstanding, percentage of claims paid for initial and re-billings, with appropriate totals. This report will be submitted monthly.
- Reports of Carrier Payments to Other Entities – Detailed listings specifically identifying payee, recipient, paid claims affected, on a weekly basis. Additionally, DMS will require summary reporting which indicates by carrier, number and percentages of claims billed and dollar amounts requested and payments made. Outstanding claims should be 30, 60, 90, 120 and over 120-day intervals. This report will be submitted monthly.
- Newly Identified Resources by Carrier – Verified data match results by carrier indicating number of recipients with newly identified coverage by type of coverage, due within thirty (30) calendar days of match completion.
- Comprehensive Recovery Report by Carrier – This will be a detailed report produced after all significant Recoveries have been effected which will specify recoveries billed and paid, claims by procedure code, diagnosis and place of service. This report will be submitted monthly.
- Monthly Report of Recoveries – This report must include the total amount billed and recovered, and the number of unduplicated claims.
- Provide a monthly status report that includes the number of newly identified and verified health insurance segments.

Provider Credit Balance Audit and Recovery Reporting

Within thirty (30) calendar days of completion of the initial audit of a provider, the contractor shall submit to DMS a report identifying the provider as one that routinely reviews its own credit balances and returns these monies to DMS. The contractor will list, by provider, monthly credit balances for the review period which contain the following:

a) Recipients' names (last name and first name)
b) Recipients' Medicaid numbers
c) Provider account numbers
d) Date of service
e) Amount of credit balances
f) Reasons for credit balances including the names of the insurance carriers and any other insurance information available to the contractor
g) The report shall indicate why the accounts identified as paid in error were not identified and returned by the provider
h) Amount of credit balances recovered

Within thirty (30) calendar days of completion of the initial and subsequent semi-annual audits of those providers not routinely completing credit balance audits, the contractor will submit to DMS a report containing the following:

a) Recipients' names (First name and Last name)
b) Recipients' Medicaid numbers
c) Provider account numbers
d) Dates of service
e) Amount of credit balances
f) Reasons for credit balances including the names of the insurance carriers and any other insurance information available to the contractor
g) The report shall indicate why the accounts identified as paid in error were not identified and returned by the provider
h) Amount of credit balances recovered

At least annually , or more often if required by DMS, report and make recommendations concerning the detection and correction of all improper , unallowable and unusual costs to DMS associated with Medicaid credit balances and at the discretion of DMS the contractor will provide reporting of mass tort, tort casualty and other identified cost savings initiatives.

Communication Plan

The contractor will submit a communication plan that is designed to promote clear, comprehensive and effective communication with clients, providers and the State.

The contractor will develop and maintain a State-approved communication process including letter templates for clients, providers and other local and State programs. Process to include, at a minimum, correspondence regarding case initiation, case status, and case closure. Link all communication documents to each client's case record. Develop program specific form letters and templates for provider communications with content and in a media, format, and timeframe approved by the State.

The contractor will perform semi-annual review of all letters and templates to ensure accuracy, consistency, and completeness. Submit documentation confirming completion of this activity and secure State approval for any recommended changes. During the approval process ensure that all updates are dated and formatted so that it is apparent to the reader what changes have been recommended.

The contractor will notify DMS in advance of any correspondence to providers. Advance notification and approval from DMS is required before corresponding with providers.

2.3 PERFORMANCE STANDARDS

A. State law requires that all contracts for services include Performance Standards for measuring the overall quality of services provided. *Attachment D: Performance Standards* identifies expected deliverables,

performance measures, or outcomes; and defines the acceptable standards a vendor **must** meet in order to avoid assessment of damages.

B. The State may be open to negotiations of Performance Standards prior to contract award, prior to the commencement of services, or at times throughout the contract duration.

C. The State **shall** have the right to modify, add, or delete Performance Standards throughout the term of the contract, should the State determine it is in its best interest to do so. Any changes or additions to performance standards will be made in good faith following acceptable industry standards, and may include the input of the vendor so as to establish standards that are reasonably achievable.

D. All changes made to the Performance Standards **shall** become an official part of the contract.

E. Performance Standards **shall** continue throughout the term of the contract.

F. Failure to meet the minimum Performance Standards as specified **shall** result in the assessment of damages.

In the event a Performance Standard is not met, the vendor will have the opportunity to defend or respond to the insufficiency. The State **shall** have the right to waive damages if it determines there were extenuating factors beyond the control of the vendor that hindered the performance of services. In these instances, the State **shall** have final determination of the performance acceptability.

Should any compensation be owed to the agency due to the assessment of damages, vendor **shall** follow the direction of the agency regarding the required compensation process.

SECTION 3 – GENERAL CONTRACTUAL REQUIREMENTS

3.1 PAYMENT AND INVOICE PROVISIONS

A. All invoices **shall** be forwarded to: see attachment F

B. Payment will be made in accordance with applicable State of Arkansas accounting procedures upon acceptance goods and services by the agency.

C. The State **shall not** be invoiced in advance of delivery and acceptance of any goods or services.

D. Payment will be made only after the vendor has successfully satisfied the agency as to the reliability and effectiveness of the goods or services purchased as a whole.

E. The vendor should invoice the agency by an itemized list of charges. The agency's Purchase Order Number and/or the Contract Number should be referenced on each invoice.

F. Other sections of this *Bid Solicitation* may contain additional Requirements for invoicing.

G. Selected vendor **must** be registered to receive payment and future *Bid Solicitation* notifications. Vendors may register on-line at https://www.ark.org/vendor/index.html.

3.2 GENERAL INFORMATION

A. The State **shall not** lease any equipment or software for a period of time which continues past the end of a fiscal year unless the contract allows for cancellation by the State Procurement Official upon a 30 day written notice to the vendor/lessor in the event funds are not appropriated.

B. The State **shall not** contract with another party to indemnify and defend that party for any liability and damages.

C. The State **shall not** pay damages, legal expenses or other costs and expenses of any other party.

D. The State **shall not** continue a contract once any equipment has been repossessed.

E. Any litigation involving the State **must** take place in Pulaski County, Arkansas.

F. The State **shall not** agree to any provision of a contract which violates the laws or constitution of the State of Arkansas.

G. The State **shall not** enter a contract which grants to another party any remedies other than the following:

- The right to possession.
- The right to accrued payments.
- The right to expenses of de-installation.
- The right to expenses of repair to return the equipment to normal working order, normal wear and tear excluded.
- The right to recover only amounts due at the time of repossession and any unamortized nonrecurring cost as allowed by Arkansas Law.

H. The laws of the State of Arkansas **shall** govern this contract.

I. A contract **shall not** be effective prior to award being made by a State Procurement Official.

J. In a contract with another party, the State will accept the risk of loss of the equipment or software and pay for any destruction, loss or damage of the equipment or software while the State has such risk, when:

- The extent of liability for such risk is based upon the purchase price of the equipment or software at the time of any loss, and

- The contract has required the State to carry insurance for such risk.

3.3 CONDITIONS OF CONTRACT

A. The vendor **shall** at all times observe and comply with federal and State of Arkansas laws, local laws, ordinances, orders, and regulations existing at the time of, or enacted subsequent to the execution of a resulting contract which in any manner affect the completion of the work.

B. The vendor **shall** indemnify and save harmless the agency and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order or decree by an employee, representative, or subcontractor of the vendor.

C. The vendor agrees to pro forma contract as presented in Attachment C, DHS Standard Terms and Conditions as presented in Attachment A, the Business Associate Agreement as presented in Attachment E, and the Performance Based Contracting standards as presented in Attachment D.

3.4 STATEMENT OF LIABILITY

A. The State will demonstrate reasonable care but will not be liable in the event of loss, destruction or theft of vendor-owned equipment or software and technical and business or operations literature to be delivered or to be used in the installation of deliverables and services. The vendor **shall** retain total liability for equipment, software and technical and business or operations literature. The State **shall** not at any time be responsible for or accept liability for any vendor-owned items.

B. The vendor's liability for damages to the State **shall** be limited to the value of the Contract or $5,000,000, whichever is higher. The foregoing limitation of liability **shall not** apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the vendor; to claims covered by other specific provisions of the Contract calling for damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract. The vendor and the State **shall not** be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability **shall not** apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the vendor; to claims covered by other specific provisions of the Contract calling for damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract.

C. Language in these terms and conditions **shall not** be construed or deemed as the State's waiver of its right of sovereign immunity. The vendor agrees that any claims against the State, whether sounding in tort or in contract, **shall** be brought before the Arkansas Claims Commission as provided by Arkansas law, and **shall** be governed accordingly.

3.5 RECORD RETENTION

A. The vendor **shall** maintain all pertinent financial and accounting records and evidence pertaining to the contract in accordance with generally accepted principles of accounting and as specified by the State of Arkansas Law. Upon request, access **shall** be granted to State or Federal Government entities or any of their duly authorized representatives.

B. Financial and accounting records **shall** be made available, upon request, to the State of Arkansas's designee(s) at any time during the contract period and any extension thereof, and for five (5) years from expiration date and final payment on the contract or extension thereof.

C. Other sections of this *Bid Solicitation* may contain additional Requirements regarding record retention.

3.6 CONFIDENTIALITY

A. The vendor, vendor's subsidiaries, and vendor's employees **shall** be bound to all laws and to all Requirements set forth in this *Bid Solicitation* concerning the confidentiality and secure handling of information of which they may become aware of during the course of providing services under a resulting contract.

B. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of a resulting contract, and the State **shall** have the right to cancel the contract on these grounds.

C. Previous sections of this *Bid Solicitation* may contain additional confidentiality Requirements.

3.7 CONTRACT INTERPRETATION

Should the State and vendor interpret specifications differently, either party may request clarification. However if an agreement cannot be reached, the determination of the State **shall** be final and controlling.

3.8 CANCELLATION

A. In the event the State no longer needs the service or commodity specified in the contract or purchase order due to program changes, changes in laws, rules, or regulations, relocation of offices, or lack of appropriated funding. The State **shall** give the vendor written notice of cancellation, specifying the terms and the effective date of contact termination. The effective date of termination **shall** be 30 days from the date of notification, unless a longer timeframe is specified in the notification.

B. Upon default of a vendor, the State **shall** agree to pay only sums due for goods and services received and accepted up to cancellation of the contract.

3.9 SEVERABILITY

If any provision of the contract, including items incorporated by reference, is declared or found to be illegal, unenforceable, or void, then both the agency and the vendor **shall** be relieved of all obligations arising under such provision. If the remainder of the contract is capable of performance, it **shall not** be affected by such declaration or finding and **shall** be fully performed.