

**STATE OF ARKANSAS
ARKANSAS INSURANCE DEPARTMENT
PUBLIC EMPLOYEE CLAIMS DIVISION**

P-13-2

**REQUEST FOR PROPOSAL
Managed Care Organization Contract**

January 25, 2013

SECTION 10

ADMINISTRATIVE OVERVIEW

10.1 Background

Pursuant to Ark. Code Ann. 11-9-508 (Cum. Supp. 1993) Rule 33 was implemented by the Arkansas Worker's Compensation Commission (AWCC) on July 1, 1995. Also, pursuant to Ark. Code Ann. 11-9-517 (1987) Rule 30 was implemented by the AWCC on September 15, 1992.

Rule 33 requires an establishment of managed care organizations (MCOs) relating to the management and delivery of medical, surgical, and hospital services to injured employees under the Arkansas Worker's Compensation Act. Rule 30 requires a technical and professional health review program for all workers' compensation claims in the state of Arkansas.

10.2 Purpose

The purpose of the Request for Proposal is to solicit proposals to provide a medical cost containment and managed care program for the public employees of the state of Arkansas worker's compensation claims. The Public Employee Claims Division (PECD) of the Arkansas Insurance Department manages these claims.

10.3 Issuing Office

Public Employees Claims Division
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

Issuing Officer - Nathan C. Culp (501) 371-2708
FAX (501) 683-3361

10.4 Contract Administrator

Nathan C. Culp, Director
Public Employee Claims Division
1200 West Third Street
Little Rock, AR 72201

10.5 Procurement Timetable

RFP Issued	January 25, 2013
Closing date for receipt of questions	February 15, 2013
Closing date and time for receipt of proposals and public opening of proposals	February 28, 2013 2:00 PM
Completion of proposal review and contract selection	March 22, 2013
Award Issued	March 29, 2013

10.6 Submission of proposals

No later than February 28 at 2:00 p.m., three copies of the Request for Proposal should be mailed or delivered to:

Public Employee Claims Division
Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201

The envelope should be labeled:

Proposal Number: P-13-2
Title: Managed Care Program
Proposal Opening: 2/28/2013 2:00 p.m.

Addenda or amendments, if any, should be signed, dated and included with the offeror's proposal submission. Failure to do so may be cause for rejection of the proposal.

Any confidential, proprietary, copyright or financial material submitted by offerors must be marked as such and submitted under separate cover.

Facsimile proposals are not acceptable.

A proposal submitted by express/overnight services must be in a separate inner envelope, sealed, and identified with the Request for Proposal number and the date and time of the proposal opening.

Properly identified proposals will be securely kept unopened until opening time. The PECD accepts no responsibility for premature opening of a proposal not properly identified or late arrival of a proposal for whatever reason.

10.7 Rejection of Proposals

The PECD reserves the right to disqualify any proposals received as a result of the Request for Proposal:

- Failing to furnish all information requested.
- Failing to comply with the requirements, terms and conditions established in the Request for Proposal.
- If the offeror takes exceptions to the Request for Proposal which are not acceptable to the PECD.

10.8 Contracting Condition

The successful offeror and any entity or person directly or indirectly controlled by, under common control with, or controlling the offeror will not have any financial interest in any entity providing services to PECD.

10.9 Public Opening Dates

A public opening of all proposals will be held at 2:00 p.m. on 2/28/2013 at:

Conference Room
Public Employee Claims Division
Arkansas Insurance Department
225 S. Pulaski
Little Rock, AR 72201

10.10 Contract Awarding and Signing

Contract awarding and signing will be contingent upon the PECD receiving advice from the State Legislature and approval from the Arkansas Insurance Department, as necessary.

SECTION 20 SCOPE

20.1 This chapter describes the scope of work to be completed under this contract.

20.2 General Requirements

- The contractor must abide by all applicable rules and regulations of the Arkansas Workers' Compensation Commission, particularly sections of Arkansas Worker's Compensation Commission Rules 30, 33, and any subsequent revisions to thereto.
- The contractor will provide a medical cost containment program for the public employees of the state of Arkansas worker's compensation claims. The Public Employee Claims Division (PECD) of the Arkansas Insurance Department manages these claims.
- The contractor must be a Managed Care Organization (MCO) certified by the Medical Cost Containment Division of the AWCC.

PECD may send pharmacy bills to the contractor for review but reserves the right to issue a contract for a pharmacy benefit program including review of pharmacy bills outside of this contract. PECD may also make arrangements for diagnostic services and physical therapy outside of this contract.

PECD manages workers' compensation claims for state employees and some residual school, city and county employee claims. We have covered employees in all 75 counties of the state. Accordingly, additional weight will be given to this factor in evaluating the preferred provider organization.

20.3 Specific Contractor Requirements

A. Utilization Review Program

The contractor must conduct an ongoing or retrospective utilization review, as indicated, of medical bills to identify over-utilization of services and improper billing using the Medical Fee Schedule promulgated by the Arkansas

Worker's Compensation Commission and any pertinent MCO fee schedules. Bills provided to the contractor by PECD that were submitted for payment from medical providers to PECD pertain to this review. The contractor shall make determinations concerning utilization of medical care for a covered injury.

There will be approximately 20,000 bills to review yearly. Accuracy of billing codes will be determined by the contractor. If the procedure is incorrect or incompletely coded, the contractor will re-code the procedure and notify the provider of the reason(s) for the re-coding in writing, within 30 days, of receipt of the bill.

The contractor must determine that the amount billed for a procedure does not exceed the maximum allowable payment under AWWC Rule 30. If a determination is made that the amount billed for a procedure exceeds the maximum allowable payment, the contractor shall reduce the bill to the maximum allowable payment for that procedure. The contractor will notify the provider of the changes(s) by item in writing within 30 days of receipt of the bill. The contractor must have the reviewed bills completed and returned to PECD with 2 copies of the EOB attached within 7 working days of receipt.

The contractor will be responsible for reconsidering disputed reimbursements based on documentation submitted by the provider. A written response will be sent to the provider and a copy to PECD. If this dispute can't be resolved and is litigated the contractor will be required to defend their decision throughout the appeals process.

The contractor may at any time be asked to review any case record or bill which PECD or any other entity believes may involve over-utilization or inappropriate billing, or patterns of abuse. If over-utilization, inappropriate billing, or patterns of abuse are found, the contractor must report to PECD immediately.

B. Professional Review Program

The contractor will conduct reviews and evaluations of multiple or sequential health care by different types of medical care providers. This will be done according to accepted medical procedures and protocol. All cases involving inpatient hospital care will be reviewed.

During the bill audit, the contractor will determine if the provided health care is inappropriate or otherwise inconsistent with accepted protocol. The provider will be notified in writing of the decision. A copy of the decision will be sent to PECD.

Peer review will be initiated at the specific request of PECD.

C. Pre-hospitalization Certification

The contractor shall provide a procedure for requesting pre-authorization in accordance to Chapter X, Section II of the AWCC Medical Fee Schedule.

Pre-hospitalization Certification Charges will be invoiced to the Public Employee Claims Division within 30 days of the services being provided.

D. Medical Case Management

The contractor shall provide medical case management of appropriate cases involving compensable injuries. The contractor may provide case management services at the specific request of PECD.

The role of the case manager will be in accordance with applicable sections of Arkansas Workers' Compensation Rule 33. Adjusting of claims will be the sole responsibility of PECD unless specifically requested otherwise by PECD.

Medical Case Management Charges will be invoiced to the Public Employee Claims Division within 30 days of the date the service was provided. All medical case management charges will be itemized. Expenses to be reimbursed to a third party which have been advanced by the managed care company shall be invoiced separately.

E. Electronic Data Interchange

The contractor shall provide Explanation of Benefits Data to the Public Employee Claims Division for importation into the Public Employee Claims Division's claim database in a format satisfactory to the Public Employee Claims Division, in addition to providing a paper copy of the EOB attached to the original bill.

20.4 Reporting Requirements

The contractor will submit reports to the Contract Administrator at least, but not limited to, the provisions of Part IV C 3 of Rule 33. The contractor will submit at least, but not limited to, monthly reports of number of bills reviewed, amount reduced, total cost of review, and the return on investment. Additionally, the contractor will submit monthly reports listing the number of cases referred for Medical Case Management, number of cases referred for Pre-Authorization Review and number of cases referred for Peer Review and a listing of all open cases in Medical Case Management as of the date of the report.

20.5 Records Retention

The contractor will retain all pertinent records for five years after final payment is made under this contract. In the event of any audit, litigation or other action involving these pertinent records is started before the end of the five year period, the contractor will retain these records until all issues arising out of the action are resolved or until the end of the five year period, whichever is later.

20.6 Access to Contractor's Records

In accordance with State statutes governing audits the contractor will allow access to pertinent records. This access will be granted, upon request, to the Arkansas Legislative Joint Auditing Committee, or any other entity authorized by PECD for auditing purposes. Access will be given to any books, documents, papers or records of the contractor which are directly pertinent to any services performed under the contract.

SECTION 30 REQUIREMENTS

30.1 Personnel

Personnel providing medical case management, peer review and utilization review must be licensed, registered, or certified health care professionals. Certification must be by the applicable state agency and/or professional organization.

30.2 Experience

The contractor must have suitable occupational injury or disease expertise, or both, to render an informed clinical judgement of the medical appropriateness of the services provided.

30.3 Documentation

The contractor will retain, for a minimum of five years, documentation concerning all audits conducted for the purposes of this contract.

30.4 Time and Place of Contracted Services

The time and place where the contractual services are to be performed will be determined by where the contractor's resources are available to best perform the service.

30.5 Terms and Conditions

Billing for services will be by individual claimant. Contractor must provide PECD with a valid Tax Identification Number with proposal. Electronic invoicing is preferred.

Penalty for failure to meet turn-around time for bill review is 18% reduction of the charges invoiced by the contractor for that individual bill. Penalty for poor performance is 18% reduction of the bill(s) affected by the poor performance. Poor performance is defined as but not limited to:

- Erroneously denying all or part of more than 3 bills per month.
- Conducting improper utilization review on more than one case per year.

- Following improper protocol to manage a claim more than one time in one year.
- Implementing services not called for in AWCC Rules 30 or 33 without the expressed permission of PECD.
Penalties exercised more than twice in one calendar year may result in cancellation of the contract

SECTION 40

TECHNICAL AND BUSINESS PROPOSAL

40.1 Introduction

The Technical and Business proposal will include the following tabbed sections:

- I. Transmittal Letter
- II. Executive Summary
- III. Agency Background and Experience
- IV. Independent Price Determination
- V. Certification Statement
- VI. Proposal Price Certifying Statement
- VII. Proposal Price
- VIII. Equal Employment Opportunity Statement

40.2 Transmittal Letter

An individual who is authorized to legally bind the offeror will sign the Transmittal Letter. It will state that the offeror is a legal entity that will meet the specifications set forth in this Request for Proposal. The offeror will certify that the prices proposed were arrived at independently, without collusion, consultation, communication or agreement with any other offeror or competitor.

40.3 Executive Summary

The Executive Summary will condense and highlight the contents of the Request for Proposal.

40.4 Agency Background and Experience

This section will include details of the background of the agency, its size and resources and details of experience relevant to this Request for Proposal.

Each offeror must submit a minimum of three (3) letters of recommendation. Letters of recommendation must be submitted on the letterhead of the party submitting the recommendation. Each offeror must submit the names, addresses, and telephone numbers of three (3) additional references. Recommendations and references must be parties who can attest to the offeror's qualifications relevant to providing the services outlined in the Request for Proposal.

Organizational or professional recommendations and references must be submitted; personal recommendations and references will not be accepted. Recommendations and references may be verified.

40.5 Independent Price Determination Certification Statement

A proposal will not be considered for award if the price in the proposal was not arrived at independently without collusion, consultation, communication or agreement as to any matter relating to such prices with any other offeror or with any competitor.

The offeror must include a certified statement in the proposal certifying that the price was arrived at without any conflict of interest, as described above. Should conflict of interest be detected any time during the contract, the contract shall be null and void and the contractor shall assume all costs of this project until such time that a new contractor is selected.

40.6 Proposal Price Certifying Statement and Proposal Price

The proposal price will include services and requirements as described in this Request for Proposal for a period of one year from the date of signing of a contract. The offeror will include a statement certifying that all services properly requested would be performed as required. The proposal price must be stated in individual claim/case increments for bill review (amount per line for bill review), cost for preferred provider access, telephonic case management, utilization management review, field case management, physician consultation fee, IME/Peer Review Charges, and precertification. See Appendix A: Official Proposal Price Sheet. The proposal price sheet must be submitted in a separate sealed envelope in the proposal. The proposal price sheet shall contain the name of the offerer and the signature of an individual authorized to make the offer.

40.7 Sample Pricing

Please provide in Microsoft Excel® format a copy of the sample pricing for the CPT codes contained in Attachment No. 1 to this Request for Proposal.

40.8 Equal Opportunity Employment Statement

The proposal will include a copy of the offeror's Equal Employment Opportunity Statement.

SECTION 50

GENERAL TERMS AND CONDITIONS

50.1 Legal Considerations

The contract shall be construed according to the laws of the State of Arkansas. Any legal proceedings against the State regarding this Request for Proposal or any resultant contract shall be brought in the State of Arkansas administrative or judicial forums. Venue will be in Pulaski County, Arkansas.

50.2 Terms of the Contract

The contract period begins on July 1, 2013, and terminates one year later. By mutual agreement, the State and the contractor may elect in writing to extend the contract for a maximum of six one-year renewal periods or any portion thereof, but not less than monthly increments, at the contract compensation for those renewal periods. In no case will the contract be extended to a period greater than seven years after the day the contract is signed by the State.

The State shall notify the contractor in writing at least thirty (30) days prior to the end of the contract period or extension thereof if the State intends to renew the contract. If notification is not made, the contract will terminate at the end of the contract period or current extension thereof.

50.3 Payment Schedule

Payment to the contractor will be made monthly. Electronic invoicing along with paper copies are preferred.

50.4 Termination of Contract

The contract resulting from this Request for Proposal shall be subject to the following termination provisions. The contract may be terminated by the state:

- *For default* (See Section 30.5 and 50.10)
- *For convenience*(See Section 50.11)
- *For unavailability of funds*(See Section 50.12)

50.5 Termination for Default

The State may terminate this contract in whole or in part whenever Public Employee Claims determines that the contractor or subcontractor has failed to satisfactorily perform its contracted duties and responsibilities and is unable to cure such failure within a reasonable period of time specified by the State, taking into consideration the gravity and nature of the default. Such termination shall be referred to herein as "Termination for Default".

Upon determination by the State that the contractor has failed to satisfactorily perform its contractor duties and responsibilities, the State shall notify the contractor of the failure and establish a reasonable time period in which to cure such failure. If the contractor is unable to cure the failure within the specified time period, the State will notify the contractor that the contract in full or part has been terminated for default.

In the event of termination for default, in full or in part as provided by this clause, the State may procure, upon such terms and in such manner as the State may deem appropriate, supplies or services similar to those terminated, and the contractor shall be liable to the State for any excess cost for such similar supplies or services. In addition, the contractor shall be liable to the State for administrative costs incurred by the State in procuring such similar supplies or services.

In the event of termination for default, the contractor shall be paid for those services, which the contractor has delivered to the State. Payments for completed services delivered to and not yet approved by the State shall be an amount determined by the State.

If, after notice of termination for default, it is determined by the State or a court that the contractor was not in default or that the contractor's failure to perform or make progress in performance was due to causes beyond the control and without error or negligence of the contractor or any of their subcontractors, the notice of termination shall be deemed to have been issued as a termination for the convenience of the State and the rights and obligations of the parties shall be governed accordingly.

The rights and remedies of the State provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under the contract.

50.6 Termination for Convenience

The State may terminate performance of work under the contract in whole or in part whenever the State shall reasonably determine that such termination is in the best interest of the State.

Upon receipt of notice of termination for convenience, the contractor shall be paid the following:

At the contract price(s) for completed services delivered to and accepted by the State.

At a price mutually agreed by the contractor and the State for partially completed services.

50.7 Termination for Unavailability of Funds

In the event that Federal and/or State funds for the contract become unavailable, the State shall have the right to terminate the contract without penalty and upon the same terms and conditions as a termination for convenience. Availability of funds will be determined at the sole discretion of the State.

50.8 Procedure on Termination

Upon delivery by certified mail to the contractor of a Notice of Termination specifying the nature of the termination and the date upon which such termination becomes effective, the contractor shall:

- Stop work under the contract on the date and to the extent specified in the Notice of Termination.
- Place no further orders or subcontracts for materials or services.
- Terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination.

- Assign to the State in the manner and to the extent directed by the Contract Administrator all of the right, title, and interest of the contract under the orders or subcontracts so terminated, in which case the State shall have the right, in its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.
- With the approval or ratification of the Contract Administrator, the contractor shall settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, the cost of which would be reimbursable in whole or part, in accordance with the provision of the contract.
- Transfer title to the State (to the extent that the title as not already been transferred) and deliver in the manner, at the time, and extent directed by the Contract Administrator, all files, processing systems (excluding equipment and operating systems), data manuals or other documentation, in any form, that relate to the work terminated by the Notice of Termination.
- Complete the performance of such part of the work as shall not have been terminated by the Notice of Termination.
- Take such action as may be necessary, or as the contract Administrator may direct, for the protection and preservation of the property to the contract which is in the possession of the contractor and in which the State has or may acquire an interest.
- The contractor shall proceed immediately with the performance of the above obligations notwithstanding any delay in determining or adjusting the amount of any item of reimbursable price under this clause.

50.9 Termination Claims

After receipt of a Notice of Termination, the contractor shall submit to the Contract Administrator any termination claim in the form and with the certification prescribed by the Contract Administrator. Such claims shall be submitted promptly. The contractor and the State may agree upon the amounts to be paid to the contractor by reason of the total

or partial termination of work pursuant to this article. The contract shall be amended accordingly.

In the event of the failure of the contractor and the State to agree in whole or in part as to the amounts with respect to costs to be paid to the contractor in connection with the total or partial termination of work pursuant to this article, the State shall determine, on the basis of information available, the amount, if any, due to the contractor by reason of termination and shall pay to the contractor the amount so determined.

The contractor shall have the right of appeal, as stated under Disputes, from any such determination made by the Contract Administrator.

50.10 Contractor

It is expressly agreed that the contractor and any subcontractors and agents, officers, and employees of the contractor or any subcontractors in the performance of this contract shall act in an independent capacity and not as officers or employees of the State. It is expressly agreed that this contract shall not be construed as a partnership or joint venture between the contractor or any subcontractor and the State of Arkansas.

No official or employee of the Arkansas Insurance Department and no other public official of the State of Arkansas or the Federal government shall participate directly or indirectly in any proceeding or application; request for ruling or other determination; claim or controversy; or other particular matter pertaining to any contract or subcontract, and any solicitation or proposal thereto in government shall participate directly or indirectly in any proceeding or application; request for ruling or other determination; claim or controversy; or other particular matter pertaining to any contract or subcontract, and any solicitation or proposal thereto in which, to the employee's knowledge:

1. The employee or any member of the employee's immediate family has a financial interest;
2. A business or organization has a financial interest in which business or organization the employee, or any member of the employee's immediate family has a financial interest; or:

1. Any other person, business, or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment. Direct or indirect participation shall include but not be limited to involvement through decision, approval, disapproval, recommendation, preparation of any part of a procurement request, influencing the content of any specification or procurement standard, rendering of advice, investigation, audit, or in any other capacity.

2. Where an employee or any member of the employee's immediate family holds a financial interest in a blind trust, the employee shall not be deemed to have a conflict of interest with regard to matters pertaining to that financial interest, provided that disclosure of the existence of the blind trust has been made to the Director of the State of Finance and Administration.

The offeror will provide a disclosure statement as required by Arkansas Governor Executive Order EO-98-04 prior to approval of the contract.

50.11 Force Majeure

The contractor will not be liable for any excess cost to the State of Arkansas if the failure to perform the contract arises out of causes beyond the control and without the fault or negligence of the contractor. Such causes may include, but are not restricted to, acts of God, fires, quarantine restriction, strikes and freight embargoes. In all cases, the failure to perform must be beyond the control and without fault or negligence of the contractor.

50.12 Disputes

The Contract Administrator who shall reduce his decision in writing and serve a copy to the contractor shall decide any dispute concerning performance of the contract. The decision of the Contract Administrator shall be final and conclusive unless within thirty (30) days from the date on service the contractor files with the Contract

Administrator a petition for administrative hearing addressed to the Insurance Commissioner.

Pending final determination of any dispute hereunder, the contractor shall proceed diligently with the performance of the contract and in accordance with the Contract Administrators direction.

50.13 Confidentiality of Information

The contractor shall treat all healthcare and personal information of claimants (address, phone number, date of birth, social security number), which is obtained by it through its performance under the contract as confidential information to the extent that confidential treatment is provided under State law, and shall not use any information so obtained in any manner except as necessary for the proper discharge of its obligations and securement of its rights hereunder.

50.14 Confidentiality of Claimant Information

All information as to personal facts and circumstances concerning claimants obtained by the contractor shall be treated as privileged communications, shall be held confidential, and shall not be divulged without the written consent of the State, provided that nothing herein shall prohibit the disclosure of information in summary, statistical, or other form which does not identify particular individuals. The use of disclosure of information concerning recipients will be limited to proposals directly connected with the administration of the contract.

50.15 Public Disclosure

Upon signing of the contract by all parties, terms of the contract shall become available to the public, following the provisions of Ark. Code Ann., Sections 25-19-101 et seq.

50.16 Inspection of Work Performed

The State of Arkansas or their authorized representatives shall, at all reasonable times, have the right to enter into contractor's premises, or such other places where duties under the contact are being performed, to inspect, monitor, or otherwise evaluate the quality, appropriateness

and timeliness of work being performed. The contractor and all subcontractors must provide access to all reasonable facilities and assistance. All inspections and evaluations shall be performed in such a manner as will not unduly delay work.

50.17 Subcontracts

The contractor is fully responsible for all work performed under the contract.

The contractor may, with consent of the State, enter into written subcontract(s) for performance of certain of its functions under the contract. The Contract Administrator prior to the effective date of any subcontract must approve subcontracts in writing.

No subcontracts that the contractor entered into with respect to performance under the contract shall in any way relieve the contractor of any responsibility for performance of its duties.

The contractor shall give the Contract Administrator immediate notice in writing by certified mail of any action or suit filed and prompt notice of any claim made against the contractor by any subcontractor or vendor which in the opinion of the contractor may result in litigation related in any way to the contract or the State. The Public Employee Claims Division encourages the employment of small business and minority business enterprise pursuant to the provisions of Part 19 of the Federal Acquisition Regulations.

50.18 Indemnification

The contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from:

Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials, or supplies in connection with the performance of the contract.

Any claims or losses to any person or firm injured or damaged by the erroneous or negligent acts, including without limitation disregard of State Workers'

Compensation rulings or statutes of the contractor, its officers, employees, or subcontractors in the performance of the contract.

Any claims or losses resulting to any person or firm injured or damaged by the contractor, its officers, or employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data processed under the contract in a manner not authorized by the contract, or by State regulations or statutes.

Any failure of the contractor, its officers, employees, or subcontractors to observe Arkansas laws, including but not limited to labor laws and minimum wage laws.

50.19 Assignment

The contractor shall not assign the contract in whole or in part or any payment arising therefrom without the prior written consent of the Contract Administrator.

50.20 Employment Practices

The contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age (except as provided by law), marital status, political affiliation, or handicap. Such action shall include, but not be limited to, the following:

- employment,
- promotion,
- demotion or transfer,
- recruitment or recruitment advertising,
- layoff or termination,
- rates of pay or other forms of compensation, and
- selection of training, including apprenticeship.

The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this clause. The contractor shall, in all solicitations of advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, age (except as provided by law), marital status, political affiliation, or handicap, except where it relates to a bona fide occupational qualification.

The contractor shall comply with the non-discrimination clause contained in Federal Executive Order 11246, as amended by Federal Executive Order 11375, relative to Equal Employment Opportunity for all persons without regard to race, color, religion, sex or national origin, and the implementing rules and regulations prescribed by the Secretary of Labor and with Title 41, CFR, Chapter 60. The contractor and subcontractors shall comply with Arkansas Act 954 of 1977.

The contractor shall comply with regulations issued by the Secretary of Labor of the United States in Title 20, CFR, Part 741, pursuant to the provisions of Executive Order 11753 and the Federal Rehabilitation Act of 1973. The contractor shall be responsible for insuring that all subcontractors comply with the above-mentioned regulations.

The contractor and its subcontractors shall comply with the Civil Rights Act of 1964, and any amendments thereto, and the rules and regulations thereunder, and Section 504 of Title V of the Vocational Rehabilitation Act of 1973 as amended.

The offeror must provide a copy of its Equal Employment Opportunity statement with the proposal.

50.21 Waiver

No covenant, condition, duty, obligation or undertaking contained in or made a part of the contract will be waived except by the written agreement of the parties, and forbearance or indulgence in any other form or manner by either party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation, or undertaking to be kept, performed, or discharged by the

party to which the same may apply; and until complete performance or satisfaction of all such covenants, conditions, duties, obligations, and undertakings, any other party shall have the right to invoke any remedy available under law of equity, notwithstanding any such forbearance or indulgence.

50.22 State Property

The contractor shall be responsible for the proper custody and care of any State owned property furnished for contractor's use in connection with the performance of this contract and the contractor will reimburse the State for its loss or damage, normal wear and tear excepted.

50.23 Contract Variations

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

50.24 Attorney's Fees

In the event that either deems it necessary to take legal action to enforce any provision of the contract, in the event the State prevails, the contractor agrees to pay all expenses of such action, including attorney's fees and costs at all stages of litigation as set by the court or hearing officer. Legal action shall include administrative proceedings.

50.25 Environmental Protection

The contractor shall be in compliance with all applicable standards, orders, or requirements issued under Section 305 of the Clean Air Act (42 USC 1875(h)), Section 508 of the Clean Water Act (33 USC 368), Executive Order 11738 and Environmental Protection Agency regulations (40 CFR Part 15) which prohibit the use under non-exempt Federal contracts, grants or loans of facilities included on the EPA list of Violating Facilities. The contractor shall

report violations to both the State of Arkansas and to the U.S. EPA Administrator for Enforcement.

50.26 Antitrust Assignment

As part of the consideration for entering into any contract pursuant to this invitation for bid, the bidder named on the front of this invitation for bid, acting herein by the authorized individual or its duly authorized agent, hereby assigns, sells and transfers to the State of Arkansas all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this state for price fixing, which causes of action have accrued prior to the date of this assignment and which relate solely to the particular goods or services purchased or produced by this State pursuant to this contract.

50.27 Disclosure

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

SECTION 60 PROCUREMENT

60.1 Rules of Procurement

To facilitate the Request for Proposal procurement, various rules have been established; they are described in the following paragraphs.

60.2 Contact

The Issuing Officer (or if it becomes necessary, his designee) is the sole point of contact from the date of release of this Request for Proposal until the selection of the successful offeror(s). Offerors wishing to submit questions and requests for clarification should mail or E-Mail all such correspondence to the Issuing Officer at nathan.culp@arkansas.gov

60.3 Written Questions Concerning the Request for Proposal

Written questions must be submitted to the Issuing Officer and marked "QUESTIONS P-13-2 ". The closing date for receipt of questions will be February 15, 2013. The questions will be answered in written form and posted on the Public Employee Claims Division's webpage.

60.4 Request for Proposal Amendments

The PECD reserves the right to amend the Request for Proposal prior to the date for proposal submission. Amendments will be sent to all organizations requesting copies of the Request for Proposal. Amendments must be signed, dated and included with the offeror's proposal submission.

60.5 Cost of Preparing proposal

Costs for preparing the proposals are solely the responsibility of the offerors. The State of Arkansas will provide no reimbursement for such costs. Any costs associated with any oral presentations to the State will be the responsibility of the offeror and may not be billed to the State.

60.6 Disposition of proposals

All proposals become the property of the State of Arkansas and will be a matter of public record. If the proposal includes material, which is considered by the offeror to be proprietary or confidential under Arkansas law, the offeror shall so designate the material. The successful proposal will be incorporated into the resulting contract and will be a matter of public record subject to the provisions of Arkansas law.

60.7 Proposal Amendments and Rules of Withdrawal

Before the proposal due date, a submitted proposal may be withdrawn by submitting a written request for its withdrawal to the department, signed by the offeror.

Unless requested by the Public Employee Claims Division, the division will not accept any amendments, revisions, or alterations to the Request for Proposal after the proposal due date.

60.8 Acceptance of Proposals

The Public Employee Claims Division will accept all proposals properly submitted. However, the division reserves the right to request necessary amendments, reject any or all proposals received, or cancel this Request for Proposal according to the best interest of the State.

The division also reserves the right to waive minor irregularities in proposals providing such action is in the best interest of the State.

Where the division may waive minor irregularities, such waiver shall in no way modify the Request for Proposal requirements or excuse the offeror from full compliance with the Request for Proposal specifications and other contract requirements of the offeror is awarded the contract.

60.9 Evaluation of Proposals

Submission of a proposal implies vendor acceptance of the evaluation technique and recognition that subjective judgments must be made by the Evaluation Team during the assignment of rating points.

Proposals will be evaluated by the Public Employee Claims Division to determine if the mandatory requirements as described in this Request for Proposal have been agreed to and/or met. Failure to comply will deem a proposal non-responsive. The division may reject any proposal that is incomplete. However, the division may waive minor irregularities.

Proposals will be evaluated in two phases as outlined in 60.10 (phase one), agency background, past performance, experience, staffing and ability to provide service to every county in the state and in 60.11 (phase two), proposal price. The contract will be awarded to the offeror whose proposal receives the highest cumulative point total for phase one and two evaluations.

60.10 Phase One: Evaluation Method and Criteria

All areas of evaluation will be graded utilizing a point scale. A maximum of 120 points will be available for phase one. The following explanation is meant to clarify how each area will be evaluated.

A. Agency Background and Experience - 45 points

This area will include details of the background of the agency, its size and resources and details of experience relevant to this Request for Proposal.

- Each offeror must submit a minimum of three (3) letters of recommendation. Letters of recommendation must be submitted on the letterhead of the party submitting the recommendation.
- Each offeror must submit the names, addresses and telephone numbers of three (3) additional references. Persons making recommendations and references must be parties who can attest to the offeror's qualifications relevant to providing the services outlined in the Request for Proposal. Organizational or professional

recommendations and references must be submitted; personal recommendations and references may be verified.

B. Project Organization, Staffing, and Coverage - 75 points

Organization and Staffing - This area will describe, in detail, the offeror's organizational plan for meeting the requirements in this Request for Proposal.

- It will include organizational charts of proposed personnel at all levels of the organization.
- Staffing information will detail the tasks performed and the qualifications and certification of each.
- Availability of contact person locally.

Coverage - This area will describe the counties covered and the resources available in those counties to accomplish the requirements of this Request for Proposal. Weight will be given to this segment due to employees in all 75 counties of the state.

60.11 Phase Two: Evaluation Method and Criteria

This phase of evaluation will be graded utilizing a point scale. A maximum of 100 points per vendor will be available.

Proposal Price - The proposal price will include services and requirements as described in this Request for Proposal. The proposal price must be stated as outlined in Appendix A: Official Proposal Price Sheet. The Proposal Price Sheet shall contain the name of the offer and the signature of an individual authorized to make the offer.

<u>Service</u>	<u>Possible Points</u>
Bill Review:	20
CPT Code Pricing*	15
PPO Access Fee:	20
Telephonic Case Management:	10
Utilization Management:	5
Field Case Management:	10
Physician Consultation Fee:	5
IME Peer Review Charges:	5
Precertification:	<u>10</u>

Total Possible: 100

Provide CPT Code Pricing for the codes contained in the spreadsheet titled Attachment No. 1. Please provide this data in a spreadsheet in Microsoft Excel® format.

* For the example CPT Code Pricing please place the amount of final allowable charge for the particular CPT code in column labeled **Final Allowed Amount to be paid to provider after PPO discounts in** Attachment No. 1. If allowable charges for the CPT code vary then please use average pricing or provide basic information as to assumptions used for the price given in column n of the spreadsheet.

60.13 Award Notice

The notice of intended contract award shall be posted on the Public Employee Claims Division's webpage.

The pricing sheet must be included in a separate sealed envelope from the rest of the proposal.

APPENDIX A

P-13-2 OFFICIAL PROPOSAL PRICE SHEET

Offeror Name: _____

Proposal Pricing Sheet must be submitted no later than by the time and date as outlined in Section 10.5. Addenda or amendments, if any, should be signed, dated and included with the respondent's proposal submission.

Respondent must include a breakdown of the following cost areas:

- 1) Bill Review (including hospital): \$
Price per line must state minimum number of lines

- 2) CPT Code Pricing (include spreadsheet with CD containing file)

- 3) PPO Access Fee (% of PPO Savings)

- 4) Telephonic Case Management (Rate per hour) \$
(state billing increments & minimum or maximums)

- 5) Utilization Management Review Fee

- 6) Field Case Management (rate per hour): \$
(state billing increments & minimum or maximums)
 - Wait time \$
 - Travel time \$

- 7) Physician Consultation Fee \$

- 8) IME/Peer Review Charges \$

- 9) Precertification \$

Signature

NOTE: Vendor may use backside of this form when needed to address any of the above line items.