

REQUEST-FOR-INFORMATION

- FOR -

DURABLE MEDICAL EQUIPMENT and SUPPLIES

**State of Vermont
Office of Vermont Health Access**

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Response Due Date: March 28, 2008

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I. OVERVIEW AND PURPOSE OF THE RFI (REQUEST FOR INFORMATION)

1. Introduction

The State of Vermont through its Medicaid Office, the Office of Vermont Health Access (OVHA) is issuing this Request for Information (RFI) from Providers that supply DME and supplies. The purpose of the RFI is to gather information from DME vendors to assist OVHA in the development of a Request-for-Proposals that will be issued in the future. The timeline for the issuing of a RFP has not been determined at this time and may be affected by responses received to this RFI.

OVHA, through the New England States Consortium Systems Organization has been collaborating on the development of this RFI. Interested New England states will be involved in the review of RFI responses and may individually or in concert with other states participate in any Request for Proposals (RFP) procurement process resulting from this RFI.

The State's general schedule with respect to this RFI is as follows:

- State issues RFI
- Interested Providers review and respond to the RFI
- Providers are invited to meet individually with Vermont and staff of other interested New England States to describe the services they are able to offer, discuss their response, and ask and answer questions.
- Based on the above process, the State(s) will prepare a RFP to select a Provider(s)/vendor (s) to be the designated Provider for the specified services.
- Each State will enter into a Provider agreement with the Provider(s) selected as a result of the RFP process.

2. Vermont History

Vermont Medicaid is the largest insurer in Vermont, covering 141,454 individuals, and paying some or all of the health care costs for 25% of the state's population. Of the nearly \$4 billion dollar health care industry in Vermont, OVHA Medicaid programs represents fully 18.7% of spending in that system.

The State Medicaid program has been designated a Managed Care Organization (MCO) under the CMS approved "Global Commitment to Health" 1115 waiver. Under the Global Commitment waiver, OVHA is a Managed Care Organization, and must meet rules for Medicaid managed care organizations. OVHA has interagency agreements with Vermont Agency of Human Services departments that provide or fund Medicaid covered services. These agreements make these departments part of the MCO within the framework of the Global Commitment. Consequently, services provided by those departments pursuant to the terms of the agreements are MCO services. Included in the MCO are all Medicaid funded services, except long term care services included in the other State 1115 waiver called

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“Choices for Care” Also not included in the Global Commitment are approximately 3,000 children funded in Vermont through the State Child Health Insurance Program (SCHIP). These children live in families with incomes between 225% and 300% of FPL.

Total Medicaid expenditures (state and federal) in SFY '07 (July 06 – June -07) totaled \$1.052 billion including administrative expenses. Some examples of provider payment amounts are: hospitals - \$125.8 million; physicians - \$62.1 million; nursing homes - \$109.1 million; pharmacy - \$109 million (before rebates); dental payments - \$15.4 million; and personal care - \$16.9 million.

As an MCO, Medicaid has the opportunity to select preferred and exclusive vendors for some services, particularly to the extent to which such a designation will result in higher quality, improved access and lower costs.

3. Purpose of the Request for Information (RFI)

The purpose of the RFI is to gather information from interested parties' on their ability as qualified vendor(s) to provide a more systematic, cost saving and comprehensive approach for providing medical supplies and equipment. In particular, there is interest in understanding the extent to which discounts for volume purchasing may be available, at what volume thresholds, and for what DME products and supplies. The goal is to designate a Provider(s) that will render cost effective, improved, coordinated and higher quality services in providing DME to Vermont's Medicaid beneficiaries, and Medicaid beneficiaries in other states that may choose a similar approach.

OVHA has established a staff team that will review all submissions to understand how they might meet our broad objectives of providing quality products and services, and reasonable and competitive pricing. Of particular interest is the extent to which the Provider is able to offer statewide and/or multi-state access for beneficiaries to the service(s) that are offered.

Given the current system, the increasing number and needs of the population and the proposed growth in the Medicaid population, the need for change in the delivery of services in this area is an absolute necessity.

4. Use of the terms "State" and "Provider"

The term "State" is used throughout this RFI. This term describes the State of Vermont that is issuing this RFI. The Office of Vermont Health Access is managing this RFI on behalf of the State and other interested states.

The term "Provider" is used throughout this RFI. This term refers to the entity that is responding to this RFI.

5. Goals and Objectives

OVHA is seeking Provider input as to how to improve the quality, delivery and cost of providing one or more of the categories of products and services listed in Attachment A.

Below are actual examples of quality and access issues that present concerns in the manner in which business is currently conducted. Providers are asked in their response to the RFI to identify mechanisms to resolve these quality, access, product management and payment issues. Responses can be incorporated in the appropriate response category set out in RFI Section “**III. Information Requested**”.

The most frequently encountered concerns are:

- Lack of appropriate access
- Unreasonable cost
- Low quality products
- Inappropriate equipment for the impairment or for the beneficiary’s environment
- Lack of adequate documentation to demonstrate medical need
- Untimely provision of services
- Billing beyond the point where the service is no longer needed
- Billing Medicaid rather than billing a primary insurer
- Distribution of appropriate product quantity based on need and utilization history
- Extended rentals in lieu of a purchase based on an assessment of long term use

The following are some specific case examples:

Issue: Assure access to quality and cost effective products and services

Example: Providing aged and very used rental equipment rather than new or equipment in good condition. Improper equipment delivered; for example, a Hoyer lift sling and four months later the correct sling has still not been provided.

Issue: Supplies products based on medical necessity/appropriateness

Example: Not assuming an active role in working with prescribers to ensure that a beneficiary gets the least costly and most appropriate product.

Issue: Lacks systems for product utilization oversight

Example: Continued billing for products that are no longer needed or used; not down grading of products when the same level of product is no longer clinically indicated.

Issue: Use cost effective principles and system efficiencies in meeting beneficiary need

Example: Billing Medicaid for multi hours for deliveries of inexpensive items - 5 hours billed to deliver 2 WC batteries.

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Issue: Provide services and products that place maximum emphasis on the efficacy of services and adherence to Medicaid criteria based on evidence based practice

Example: Appropriate and accurate billing by submitting correct information; use of appropriate coding; use of generic codes when an appropriate code exists; billing Medicare and other insurers appropriately with accurate information to maximize reimbursement from those payers; billing for long duration rentals in lieu of changing to a purchase based on assessment of long term need.

Issue: Distribution of quantity limits.

Example: Quantity limit is 6 pairs of support hose in 12 months. All 12 are given at once rather than distributed based on reasonable need. The diaper limit is 300/month; 300 are routinely distributed each month rather than on monthly actual use and assessed need.

OVHA believes that a restructured system will be accessible, coordinated and person-centered. The system will support and promote personal responsibility; provide services/products that meet consumer needs; provide quality products and services, and ensure accountability, efficiency and affordability. More specifically, OVHA is interested in having a Provider that can:

- Assure coordination, continuity and consistency of service;
- Assure access to quality and cost effective products and services;
- Supply products based on medical necessity;
- Use cost effective principles in meeting Beneficiary needs;
- Support the development of a system that is fiscally predictable, stable and sustainable over time;
- Provide services and products that place maximum emphasis on the efficacy of services and adherence to Medicaid criteria and evidence based service; and
- Ensure statewide access for beneficiaries.

The goal of the RFI process is to create a foundation for a Request for Proposals (RFP) and through a competitive procurement, to select a preferred Provider(s) who will offer a pricing structure for selected DME and medical supplies that will result in savings to the State(s) without compromising product quality or client access. OVHA is thus issuing this RFI as a first step in the competitive procurement process.

Attachment A includes a summary listing of DME/medical supplies subject to this RFI and currently covered by the Medicaid programs in the interested New England States.

The DME/medical supplies and expenditures contained in the Attachment should not be construed as an affirmation that these services will continue to be covered benefits of the Medicaid program. Changes are always subject to Legislative authorizations, changes in medical practice and technology.

II. SCHEDULE

The following describes the schedule that will be followed in relation to this RFI.

1. Issue Date

The RFI has been released on February 27, 2008. To obtain copies or ask questions, contact:

Patricia Densmore
Office of Vermont Health Access
312 Hurricane Lane, Suite 201
Williston, Vermont 05495
Telephone: 802-879-5988
E-mail: Patricia.Densmore@ahs.state.vt.us

The RFI can also be downloaded from the OVHA web site. Click on Administration/Requests for Proposals at the OVHA home page <http://ovha.vermont.gov/>.

2. Response Date

Responses to this RFI are due by 4:00 PM on Friday, March 28, 2008. Providers are asked to send 5 copies of their response to Patricia Densmore at the above address. Include one additional copy on a CD in MS Word format.

3. Interviews

Companies that submit responses to the RFI will be able to meet with OVHA staff and officials from other participating New England states. Participation in a meeting is not required of those who submit a response to the RFI but is welcomed and encouraged. These meetings will last at least one hour. Only one company will participate at a time, so information will not be shared with potential competitors. The date scheduled for the meetings is:

Monday, April 21, 2008
Conference Room
Veterans Hospital
White River Junction, Vermont

Meetings will begin at 9:00 am on the 21st of April, if time does not permit to meet with all interested parties additional meetings will be scheduled for Tuesday, April 22..

The deadline to schedule an one hour meeting with the State is Monday, **March 31, 2008.**

4. RFP

Based on the material submitted and the discussions with interested Providers, a decision will be made if a RFP will be issued, and if so the extent and method of participation by other New England States. If an RFP is issued, it is expected that it will be released by early summer.

III. INFORMATION REQUESTED

1. Organization and Location

Provide the name of your company and the name, address, and telephone number and e-mail address of a person with whom our office can communicate regarding this RFI. Identify the retail and other locations that the Company has that are relevant to offering services in Vermont and other New England States. Describe your company's years of experience and other relevant information to help this Office understand your company's size, resources and the nature of your business. Tell us if your company participates or has participated in any unique programs with other government or commercial health insurance programs. Describe your company's experience (past, current or proposed) with Medicaid.

2. Services

Please provide information describing the services and supplies your company offers. You may include marketing material but if you do, please include it at the back of your response. In identifying the products you offer, please identify if you can supply all of those included in Attachment A. If you do not offer products on the list, they can be identified by category i.e. we do not offer wheel chairs, orthotics, or lifts, for example.

3. Service Area

Describe the geographic area your company currently covers. If you have the ability to expand this area, describe what you could cover and how long it would take to expand into these additional areas. Describe any challenges that will need to be addressed in terms of beneficiary services with an expanded service area.

4. Cost and Product Delivery

A. Cost: Identify payment models you would suggest, and the categories of DME or medical supplies to which they might apply. Also comment on the feasibility that a Provider be paid a negotiated fixed amount per individual (capitation), and if so for what products or services would such an arrangement be appropriate. Have you have had any experience with that type of payment arrangement?

Please provide information on volume purchasing which may be available. Specifically identify the products that can be offered at volume discounts, and at what volume thresholds

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discounts might apply. If discounts increase with volume, please identify the thresholds where the discount will change.

If you have comments or suggestions as to how requests for pricing should be solicited in the RFP, please include them and be as detailed and specific as possible.

B: Delivery: Describe the method(s) you employ to deliver the product to the beneficiary in need. Do you use a preferred delivery method? Do the methods differ by product and if so describe the methods by product category? What is the usual turnaround time from order to shipping date? Are some products only available in a retail outlet, and if so which ones? Do you provide in home services for beneficiary education, fitting or adjustment, or repairs? If so, for which products?

5. Quality Management and Utilization Management (QM and UM)

In general, responses to the RFI should assist OVHA in understanding how quality assurance is addressed in the delivery of services and products including: accessibility, efficiency, appropriate products and services based on professionally accepted standards/medical necessity, and in a coordinated and responsive manner.

Provide a description of the quality and utilization management programs your company currently employs. Describe the areas of clinical and product expertise you can provide and what you believe distinguishes your company from others in terms of quality. Describe how you can ensure coordination and continuity of care and the appropriate utilization of medically necessary services. Has your company adopted a continuous quality improvement approach and method for product utilization oversight? If so, please describe it. Do you have a process for adopting practice guidelines that are based on valid and reliable clinical evidence? Do you have a process for guarding against over utilization?

Provide any recommendations as to the requirement in terms of QM and UM the State should include in a RFP.

Provide specific information on your company's ability to screen for and provide services covered by Medicaid within clinical criteria established by OVHA or by evidence based practice, and to adhere to HIPPA coding requirements.

6. Reporting

Provide a description of your reporting capacity. What reporting requirements should the State include in the RFP? Are you able to provide periodic (quarterly) quality and utilization reports?

7. Beneficiary and Provider Education

Provide a description of your current patient and provider education activities. What requirements should the State include in the RFP?

ATTACHMENT A

SUMMARY OF 2007 DME AND SUPPLY EXPENDITURES

Note: The following expenditure summaries are provided for four states without specific identification of the state in question. N/A means not available.

STATE I

Category	HPCPS	Allowed Amount	Billed Amount	Amount Paid	Units of Service
Beds	E0250- E0304	\$105,684.76	\$121,007.75	\$103,988.39	153
Enteral	B4034- B9998	\$544,333.36	\$907,774.07	\$542,136.67	349,684
Incontinence Supplies	T4522- T4542	\$780,436.87	\$976,227.16	\$776,449.27	1,284,222
Lifts	E0621- E0635	\$28,632.33	\$36,285.22	\$24,782.64	93
Orthotics	K0630- L8699	\$1,405,035.12	\$1,719,744.58	\$1,310,974.93	8,303
Oxygen	A4483- 14626 & E0428- E1390	\$1,314,591.95	\$1,994,137.00	\$1,285,409.49	30,373
Wheelchairs	E0950- E1298 & K0001- K0877	\$837,145.11	\$998,478.81	\$709,240.51	5,842
Totals		\$5,025,859.50	\$6,753,654.59	\$4,752,981.90	1,678,670

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STATE II

Category	HPCPS	Allowed Amount	Billed Amount	Amount Paid	Units of Service
Beds	E0250- E0304	\$2,787,420.39	\$2,995,690.75	\$1,971,193.23	17,744
Enteral	B4034- B9998	N/A	N/A	N/A	N/A
Incontinence Supplies	T4522- T4542	\$2,877,110.24	\$2,924,544.83	\$2,873,008.57	5,578,233
Lifts	E0621- E0635	N/A	N/A	N/A	N/A
Orthotics	K0630- L8699	\$5,101,814.22	\$5,525,701.41	\$3,059,719.33	62,837
Oxygen	A4483- 14626 & E0428- E1390	\$7,197,520.40	\$7,530,646.19	\$3,170,076.72	61,873
Wheelchairs	E0950- E1298 & K0001- K0877	N/A	N/A	N/A	N/A
Totals		\$17,963,865.25	\$18,986,583.18	\$11,073,997.85	5,720,687

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STATE III

Category	HPCPS	Allowed Amount	Billed Amount	Amount Paid	Units of Service
Beds	E0250- E0304	\$1,474,600.53	\$1,078,222.74	\$1,073,804.01	1,719
Enteral	B4034- B9998	N/A	N/A	N/A	N/A
Incontinence Supplies	T4522- T4542	N/A	N/A	N/A	6,018,018
Lifts	E0621- E0635	N/A	N/A	N/A	N/A
Orthotics	K0630- L8699	\$3,098,771.15	\$4,638,846.57	\$3,029,891.34	41,485
Oxygen	A4483- 14626 & E0428- E1390	\$2,058,709.16	\$3,478,842.12	\$2,058,709.16	39,506
Wheelchairs	E0950- E1298 & K0001- K0877	\$13,069,111.19	\$13,363,113.34	\$12,545,144.42	13,621
Totals		\$19,701,119.03	\$22,559,024.77	\$18,707,548.93	6,114,349

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STATE IV

Category	HPCPS	Allowed Amount	Billed Amount	Amount Paid	Units of Service
Beds	E0250- E0304	N/A	N/A	\$112,808.81	1,912
Enteral	B4034- B9998	N/A	N/A	\$1,559,773.16	4,997,075
Incontinence Supplies	T4522- T4542	N/A	N/A	\$817,580.96	985,505
Lifts	E0621- E0635	N/A	N/A	\$12,960.27	290
Orthotics	K0630- L8699	N/A	N/A	\$1,209,290.13	9,910
Oxygen	A4483- 14626 & E0428- E1390	N/A	N/A	\$1,777,880.19	114,657
Wheelchairs	E0950- E1298 & K0001- K0877	N/A	N/A	\$287,880.19	9,978
Totals		N/A	N/A	\$5,778,280.06	6,119,327

**LIST OF COMMONLY USED ACRONYMS
AND DEFINITIONS OF TERMS**

ACRONYMS

AHS	Vermont Agency of Human Services
COB	Coordination of Benefits
DME	Durable Medical Equipment
EOB	Explanation of Benefits
FFS	Fee-For-Service
FPL	Federal Poverty Level
CMS	Centers for Medicare and Medicaid Services
GC	Vermont's Global Commitment to Health
HIPAA	Health Insurance Portability and Accountability Act of 1996
IT	Information Technology
LTC	Long-Term Care
MARS	Management and Administrative Reporting System
MCO	Managed Care Organization
MMIS	Medicaid Management Information System
MSU	Member Services Unit
OBRA '90	Omnibus Budget Reconciliation Act of 1990
Other Insurance;	also called Third Party Liability or Coordination of Benefits
OVHA	Office of Vermont Health Access
PA	Prior Authorization
PI	Program Integrity
RA	Remittance Advice
SCHIP	State Children's Health Insurance Program
SURS	Surveillance & Utilization Review System
Third Party Liability;	also called Other Insurance or Coordination of Benefits
VHAP	Vermont Health Access Plan

DEFINITIONS

Claim	A bill rendered by a provider to the State for a procedure, drugs, medical supplies and equipment, or services rendered for a given diagnosis or a set of related diagnoses.
Data Element	A specific unit of information having a unique meaning.
EVS	EVS (Eligibility Verification System) is the provision of eligibility status information by the selected Provider to providers of medical services for those individuals seeking services.

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History Claim	Claims that have been adjudicated and appear in the adjudicated claims history file.
Provider	A person, organization, or institution certified to provide health or medical care services authorized under the State Medicaid Program.
State	the State of Vermont, or other state issuing the RFP