

## **Response to Questions Regarding Simplified RFP 03410-106-13 Cost Report Auditing and Cost Settlement Services**

Q: Chapter 3: We are unclear about the scope of work. There are references to “examinations”, “audits”, “reviews”, “limited desk reviews”, “cost settlement desk audits”, and “field audits”. Is the DVHA seeking the performance of limited desk reviews for RHCs & FQHCs, and cost settlements for Hospitals, with the possibility of field audits of RHCs & FQHCs should the limited desk reviews identify significant audit risks?

A: DVHA only anticipates field audits in the event the limited desk review shows significant findings that would justify this course of action. DVHA wants the language in the scope of work if it is necessary. At this point in time, DVHA has not used this course of action to date.

Q: Chapter 3: The RFP on page 9 of 23 states “In addition the State, in order to calculate Upper Payment Limit (UPL) and Disproportionate Share Hospital (DSH) payments, the contractor may be requested to provide the Department of Vermont Health Access a copy of the revised Medicare cost report and audit adjustment report for each Medicare certified hospital facility listed below or any new facility receiving Medicare certification during the period covered by the contract.” This statement is not entirely clear on the scope of review required for hospitals. Will the contractor only have to obtain the Medicare cost report and adjustment report from the fiscal intermediary? Or, will desk reviews or field reviews be required? How will the audit scope be determined?

A: In the past, NGS has provided DVHA with copies of MCR reports submitted by hospitals for the DSH data collection processes. MCR reports are used by DVHA to determine UPL and DSH payments each year.

Q: Chapter 3: Page 7 of 23 states “Interim Settlements which are done for certain providers, specifically dental providers, which are often completed after every quarter, is a function that will be required by the new contractor.” Which provider types will require quarterly interim settlements? How may dental or other providers will require quarterly interim settlements? How many quarterly settlements will be required on an annual basis?

A: Please see attached Dental Interim Payment Request Form. FQHC dental clinics received payments for dental services via fee for service through claims submission. The fee schedule may not cover dental cost for the Medicaid program. FQHC dental clinics can request interim quarterly payments to cover dental costs through the provider’s fiscal year by completing the attached form. Reimbursement for dental services is determined by the lessor of costs or charges for Medicaid dental services.

Q: Chapter 2 #1: The RFP states that assigned staff must have “3 years experience completing Medicare and Medicaid Cost Reports, or 3 years Medicare Cost Report (MCR) audit experience.” May the contractor assign staff that do not have these qualifications, but have them be supervised by someone who does?

A: Yes, but DVHA would prefer to have an auditor with experience

Q: Chapter 3: In a previous procurement (RFP 03410-106-12) for what appears to be the same services, the Questions and Answers dated May 8, 2012 included limited desk review programs for RHCs and FQHCs. Does the DVHA wish for the contractor to use these?

A: Please see Audit Program Documents provided by NGS.

Q: Chapter 3 #7: For pricing purposes, could the DVHA give an estimate of the number of field audits anticipated during each contract year?

A: DVHA only anticipates field audits in the event the limited desk review shows significant findings would justify this course of action. DVHA wants the language in the scope of work if it is necessary. At this point in time, DVHA has not used this course of action to date.

Q: Chapter 3 #8 & #11: For pricing purposes, could the DVHA give an estimate of the number of incomplete desk reviews that will need to be completed by the successful bidder?

A: Please see current Update on Status of Cost reports as of 9/30/2012

Q: Insurance: On page 12 of 23, the amount for Professional Liability is marked as NA. Is this correct or should there be an amount indicated?

A: This is correct – Professional Liability is marked as “Not Applicable” for this contract. Our legal office prefers that Attachment C remain intact, but the dollar amounts be “silent” if they are not applicable. Any modifications to Attachment C or F will be reflected in an Attachment D. Any potential contractor will not be required to hold professional liability insurance.

Q: Information from the Bidder: In Section 3.2.3 (page 6 of 23), are you looking for sample documents to be included in the proposal submission?

A: Yes.

Q: Criteria for Scoring: The “Criteria for Scoring” contains different/additional items then outlined in the detailed description on pages 5-6. For example, the Criteria asks for board of directors, an organizational chart, district office, etc., and conversely, the detailed description asks for personnel, litigation details, etc. Can you please define which should be followed?

A: Please follow the detailed description in Chapter 2. The criteria for scoring contains more broad guidelines for the scoring categories and Chapter 2 on pages 5 and 6 further defines the material we need from the bidder. Both the Criteria for Scoring and the detailed description ask for the bidder to describe their organizational structure, whether with a chart or other means of presentation. The criteria asks to identify members of the board of the directors but not in the detailed description – if this is not applicable, and then indicate this on your proposal.

Q: Criteria for Scoring: The “Criteria for Scoring, Program Costs” refers to Schedule A, B, and C. In addition the Pricing Section (page 6, section 4) references Appendix A. Could you please provide clarification as to which we are to use for our fees and provide necessary documents.

A: Please disregard the reference to Schedule A on page 6 as it applies to Standard RFP’s, and we did not include a template Schedule A. Please address categories A, B, and C of the “Program Cost” portion of the scoring using whatever format you deem appropriate.

Q: Program Costs: Many CPA firms utilize all-inclusive hourly rates, which factors salary, benefits, and direct and administrative expenses. May a bidder submit the proposed program cost using these hourly rates?

A: Yes

Q: Program Costs: In Section 4.2 on page 6 of 23, it is indicated that there is a maximum amount for this engagement. Can you provide information on what that amount is?

A: The maximum amount for this engagement is \$100,000.

Q: General: Who is the incumbent auditor?

A: National Government Services, Inc.

Q: Considering the fact that the answers to questions will not be posted until October 23, 2012 does the State of Vermont anticipate extending the due date for the proposal?

A: Yes, we are extending the deadline for submissions to Friday, November 2<sup>nd</sup> by 4:30 PM. An amended RFP notification will be posted online to reflect this.

Q: The RFP states that insurance certificates must be included with the bid. Can the successful bidder cure an issue of not meeting the minimum insurance level after winning the bid and before entering into a contract with the State of Vermont or does the State of Vermont expect bidders to have the minimum insurance in place at the time of their bid?

A: The bidder may wait to procure these insurance coverages until after they are selected as the winning bidder. As stated before, Professional Liability insurance is not required for this contract.

Q: Is the successful bidder expected to have an office in the State of Vermont?

A: No

Q: What is the maximum dollar amount payable under this contract?

A: This amount will be negotiated with the winning bidder. The ceiling for this simplified RFP is \$100,000.

Q: With regards to transition, can you be more specific as to the amount of uncompleted work from the existing contractor that the successful bidder is expected to complete?

A: Please see current Update on Status of Cost reports as of 9/30/2012.

Q: Is the cost of the uncompleted work from the existing contractor to be included in our bid?

A: Yes

Q: Can we get a copy of the contract with the existing contractor and any audit plans, work plans, budgets utilized, so we can be more informed and able to submit a realistic bid?

A: We will attach a copy of the current contract and its amendments

Q: Can we get a copy of the desk review programs and audit programs for the different types of facilities?

A. Please see Audit Program Documents provided by NGS.

Q: Can you give guidance as to how many or what percentage of facilities and organizations go to audit versus desk review only?

A: Currently, the contract is primarily focused on limited desk reviews and with the option for a complete audit in the event findings from limited desk review indicate the need for this. At this point in time, DVHA has not used this course of action to date.

Q: Can you tell us the current year budgeted hours by task?

A: In the current contract year there is a total of 347.25 hours broken into Hospital, FQHC & transition hours; 54 hours for hospitals, 155.25 hours for FQHC's, and 138 for miscellaneous and transition hours. Copies of all contract amendments with hours breakdowns are posted on the bid website.

Q: Will the winning bidder be subjected to a single audit?

A: No, however, performance standards within the contract should be met.

Q: Will the contract be a Grant that is funded in whole or in part by federal funds?

A: Yes

Q: Can this proposal be bid as a joint venture?

A: Yes, but only if there is a clear primary contractor to award one contract to, with a subcontractor identified and approved by the State.

Q: What criteria will need to be met in order to receive approval to subcontract a portion of the work under this contract?

A: The criteria is identified in Section 15 of Attachment C, on page 14 of the RFP.

Q: Are electronic work papers acceptable?

A: Yes

Q: Why is the State of Vermont replacing the existing contractor?

A: NGS has been our contractor for a many years; they choose not to rebid because it did not fit into their business plan.

Q: Do you anticipate a large carryover in settlements not completed by NGS?

A. Please see Audit Program Documents provided by NGS.

Q: In order to gain a better understanding of the VT Medicare cost report audit RFP for hospitals, RHCs and FQHCs requirements, I was wondering if the previous Contractor was utilizing the following for audit procedures for you:

9 Intermediary Procedures for Provider Audits MIM-4, Chapter 2  
10 Provider Statistical & Reimbursement Report MIM-2, Chapter 3 MIM = Medicare Intermediary Manual, CMS Pub 13, e.g., MIM-1 is Part 1 of CMS Pub 13 MCM = Medicare Carrier Manual, CMS Pub 14, e.g., MCM-2 is Part 2 of CMS Pub 14

This will aid us in developing a proper settlement budget and cost report review/settlement procedures.

A. Please see Audit Program Documents provided by NGS. It appears the procedures listed above may have been superseded. NGS has indicated they follow guidelines which are in place today. One of the manuals mentioned above was specific to Provider Statistical & Reimbursement Report (PSR). This report and manual is specific to Medicare and not used for Medicaid. The PSR contains the Medicare settlement data, similar to the HP (DVHA's fiscal intermediary) provides the claims data for Medicaid.