

# **SEALED BID REQUEST FOR PROPOSAL**

Planning for Vermont's Health Benefits Exchange

**ISSUE DATE:** October 4, 2010

**QUESTIONS DUE BY:** October 12, 2010 4:30 PM

**DUE DATE and TIME:** October 22, 2010 3:00 PM

**LOCATION OF BID OPENING:** Department of Vermont Health Access  
312 Hurricane Lane, Suite 201  
Williston, VT

**PLEASE BE ADVISED THAT ALL NOTIFICATIONS, RELEASES, AND AMENDMENTS ASSOCIATED WITH THIS RFP WILL BE POSTED AT:**  
<http://dvha.vermont.gov/administration/requests-for-proposals-issued-in-2010>

**THE STATE WILL MAKE NO ATTEMPT TO CONTACT VENDORS WITH UPDATED INFORMATION. IT IS THE RESPONSIBILITY OF EACH VENDOR TO PERIODICALLY CHECK**  
<http://dvha.vermont.gov/administration/requests-for-proposals-issued-in-2010>  
**FOR ANY AND ALL NOTIFICATIONS, RELEASES AND AMENDMENTS ASSOCIATED WITH THE RFP.**

**Contact: Betsy Forrest**  
**Phone: 802-879-5918**  
**Email: [betsy.forrest@ahs.state.vt.us](mailto:betsy.forrest@ahs.state.vt.us)**

## **SECTION 1: INTRODUCTION**

### **1.1 PURPOSE OF REQUEST FOR PROPOSAL**

The State of Vermont, Department of Vermont Health Access (DVHA), in partnership with the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISHCA), collectively the “State,” seeks to contract with one or more contractors to assist with the first year of planning for design and implementation of a federally mandated American Health Benefits Exchange (the “Exchange”) in Vermont. Award of this bid is expressly conditioned on receipt of grant funding. Even if grant funding is awarded, the State expressly reserves the right to award no contracts pursuant to this RFP, in its entirety or in sections. Contracts awarded pursuant to this RFP will not include minimum guarantees of funding and will include payments based on actual work performed as requested.

### **1.2 BACKGROUND**

The Patient Protection and Affordable Care Act (ACA), was signed into law in March, 2010. The ACA requires each state (or the federal government acting on behalf of each state) to create an Exchange that performs a variety of functions, including offering residents of the state the means to compare information on available health benefit plans, enroll in plans, and receive tax credits if eligible. In addition, the Exchange (or an entity on behalf of the Exchange) will certify “qualified health plans” to be offered on the Exchange, rate those plans based on quality, maintain a website and toll-free number, provide a calculator for consumers to determine the amount of their tax credit, coordinate with the Medicaid/CHIP agencies to enroll applicants found eligible for Medicaid or CHIP, identify individuals exempt from the federal insurance mandate, require participating plans to justify rate increases, and contract for navigators to provide public education and facilitate enrollment. Either as part of the Exchange for individuals, or as a separate Exchange, small businesses will have the opportunity to assist their employees in enrolling in health plans offered on the Exchange. Exchanges must be operational by January 1, 2014.

Vermont has applied for federal planning grant funds for Federal Fiscal Year 2011 (October 1, 2010, through September 30, 2011). The maximum amount available to each state is \$1 million, and in Vermont this grant must cover some costs internal to the State. Please see the appendix for the Project Abstract and Project Narrative for Vermont’s grant application.

## **SECTION 2: RFP GUIDELINES**

### **2.1 ADMINISTRATION OF THE RFP**

This RFP is issued by the State of Vermont, Department of Vermont Health Access. All letters of intent, questions, and requests for clarifications should be submitted in writing to the Contract Administrator:

Betsy Forrest  
Department of Vermont Health Access  
312 Hurricane Lane, Suite 201  
Williston, VT 05495  
Telephone: (802) 879-5918  
Fax: (802) 879-5962  
E-Mail: [betsy.forrest@ahs.state.vt.us](mailto:betsy.forrest@ahs.state.vt.us)

### **2.2 PROCUREMENT TIMETABLE**

The proposed timetable is as follows:

Request for proposal issued:	October 4, 2010
Written questions due COB:	October 12, 4:30 PM
Responses to questions COB:	October 15, 4:30 PM
Closing date for receipt of proposals:	October 22, 3:30 PM
Public bid opening:	October 22, 3:30 PM
Award date:	October 29
Target date for finalized contract:	November 10, 2010

### **2.3 COMMUNICATIONS**

From the issue date of this RFP until a contractor is selected and announced, bidders may communicate only with the Contract Administrator for information and clarification. Such communication must be in writing.

## **2.4 PROPOSALS**

### **2.4.1 General Guidelines**

Costs for the development of proposals are the sole responsibility of the bidders. All proposals become the property of the State of Vermont and will be a matter of public record after a contract has been awarded.

Bidders must include a statement in the proposal certifying that the price was arrived at without any conflict of interest.

Four (4) printed copies of the proposal must be submitted in a sealed package marked "DVHA HEALTH BENEFITS EXCHANGE PLANNING PROPOSAL". The bidder shall provide one original signed copy that is marked ORIGINAL. In addition, bidders must provide an electronic copy of the proposal on a CD.

Proposals shall be mailed or delivered to Betsy Forrest, Department of Vermont Health Access, 312 Hurricane Lane, Suite 201, Williston, VT 05495.

The State reserves the right to accept or reject any or all bids.

### **2.4.2 Proposal Format**

Proposals should be prepared simply and economically, providing straightforward, concise descriptions of how the bidder proposes to meet the requirements of the RFP.

### **2.4.3 Transmittal Letter**

To be considered, the proposal must be accompanied by a transmittal letter signed in ink by an official of the bidding organization authorized to bind the bidder to the provisions of the proposal. The signed transmittal letter must be included in the proposal marked ORIGINAL. It must include a statement that any contract terms spelled out in this RFP would be acceptable if a contract were awarded. The transmittal letter must also be accompanied by a "bidder information sheet" containing the following information:

- Name of the company or individual
- Mailing address
- Street address (for FEDEX or other mail service)
- Company Federal ID Number (or if an individual, social security number)
- Vermont Department of Taxes Business Account Number (if any)
- Bid amount
- Name and title of person who would sign the contract
- Name and title of the company contact person (if different)
- For contact person:
  - direct telephone number

- fax number
- email address

Unsuccessful bidders will be notified after a contract has been secured.

#### **2.4.4 Corporate Qualifications**

Bids shall include evidence of bidder's current or past experience in any of the areas of expertise identified as necessary in this Request for Proposal. In addition, the bidder shall include the name and a one-paragraph biography of each principal person who will be assigned to this project. Bidders should answer the following questions:

1. What is your background and experience, including qualification and areas of expertise related to this request? Provide a full description of the experience you have had in this or similar work.
2. Describe your experience and your understanding of work within the context of state government. Have you had specific experience working with state government? Please describe.
3. How were prior relevant projects successful? Please provide examples.
4. Who will perform the work for each task included in your bid? Please include résumés for key personnel.
5. What is your organization's size and structure?

#### **2.4.5 References**

Proposals shall include at least three (3) business references. Each reference shall include the name, address and phone number of the client organization and of the responsible project administrator familiar with the bidder's performance. Additional references will need to be provided as requested by the State.

#### **2.4.6 Scope of Work**

The work plan should be responsive to the requirements set out in Section 3. Bidders may bid on any one or more of Sections 3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.1.5, 3.1.6, or 3.1.7. Bidders may also bid on all sections. DVHA reserves the right to award contracts to bidders of its choice for each Section 3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.1.5, 3.1.6, and 3.1.7. Bidders for Section 3.1.1 must bid on all subsections of 3.1.1.

#### **2.4.7 Cost Proposal**

Cost proposals should include estimates for each element of service requested and a total. The cost proposal should respond to the requirements set out in Section 3. If a bidder chooses to bid on more than one section, the proposed budget must include separate costs for each section. Due to the variable nature of the services required, bidders must include hourly rates for each staff class.

## **SECTION 3: BID PROPOSAL**

### **3.1 SCOPE OF WORK**

The Scope of Work is divided into six sections, described in Sections 3.1.1 through 3.1.6 below. Bidders may bid on one, several, or all of these sections. Bidders bidding on Section 3.1.1 must bid on all work included in this section, including all subsections. If a bidder intends to subcontract specific services, the bidder should identify the intent to subcontract and identify the subcontractor, including sufficient information to establish the subcontractor's expertise in the subject area. Evidence of the subcontractor's qualifications to perform subcontracted work should be included in the bid.

#### **3.1.1 Study of Exchange Options, Development, Design and Implementation Plan**

This scope of work includes those tasks associated with overall planning and analysis supporting the State in the development, design, and ultimately the creation of an implementation plan to ensure the timely and effective creation of an Exchange in Vermont. The following tasks are preliminarily identified as necessary for such planning and implementation, but it is expected that selected contractors will be assisting the State with identifying key questions, analysis, and decision points required prior to the successful implementation of an Exchange.

##### **3.1.1.1 Roadmap for planning**

As a preliminary step, the State needs to identify the goals for its Exchange, the most critical policy decisions that must be made, the data necessary for these decisions, and the order in which decisions should be made to facilitate the completion of the remaining tasks under this RFP. It is anticipated that the successful bidder will, as directed by the State, create a strategic plan identifying potential Exchange goals, key policy decisions, timelines for decision making, and issues and analysis required for each decision. This roadmap should serve as the overarching framework for all Exchange planning, design, and implementation. Such roadmap may include recommended strategies for organizing stakeholder groups and government activities, for organizing data analysis tasks, and for identifying timelines for key planning steps. This plan must identify areas where work relating to the design and implementation of the Exchange could be coordinated with on-going State initiatives relating to health care reform.

### 3.1.1.2 Exchange Design Options

Consistent with the roadmap created pursuant to Section 3.1.1.1, and informed as appropriate by the results of activities identified in the rest of this RFP, as well as Vermont's existing programs and IT infrastructure (both current and future), the successful bidder will develop a comprehensive written analysis recommending one or more models for the State's Exchange. Such model or models shall be aligned with key policy goals identified by the State and shall build on existing information and information gathered through other activities conducted pursuant to the contract(s) contemplated in this RFP. Such model or models shall be sensitive and responsive to stakeholder input obtained by the State, both through this RFP and otherwise.

The analysis shall include a thorough examination of fiscal and operational issues, including governance, cost efficiency, staffing, and contracting needs to operate the Exchange under different potential models. The analysis shall include discussion and recommendations regarding whether specific functions should be performed by existing state entities, by newly created state entities, by regional entities, or by other outside entities. Such models should include organizational charts describing recommended functions for each aspect of the Exchange model or models. It is anticipated that the successful bidder will work very closely with the State in preparing the analysis to ensure maximum coordination with other State health care reform initiatives. Bidders' responses to this RFP should describe how such coordination with the State will occur. Current State strengths and resources should be leveraged, while maximizing opportunities to improve health care delivery and financing infrastructure.

It is anticipated that such modeling shall also include an analysis of important questions necessarily implicated in the creation of an Exchange. Anticipated questions to be addressed in the modeling and recommendations may include:

- How should the Exchange be governed?
- Should the Exchange have a board of directors? If so, who should be on the board and how will they be selected? If not a Board, what is the most appropriate form of ongoing oversight?
- How will the Exchange interact with existing state government? With the federal government?
- Are there functions in the Exchange that would be more cost-effective and efficient to perform regionally?
- What are the costs and benefits of creating a Basic Health Program for people between 133% and 200%?
- Should Vermont include a public option in the Exchange?
- Should the Exchange include public employee plans?
- How should applications most effectively be processed? For example, how would applications be taken by phone, as is required by ACA? Should there be an in-person application option, in addition to the required web portal, phone, and mail options?

- How will the Exchange provide “no wrong door” service such that applicants for coverage will be enrolled in the proper program, whether Medicaid, CHIP, Basic Health Program, or private insurance plans?
- How will the Exchange determine whether an applicant has an employer plan available that provides essential coverage and is affordable?
- How will the Exchange determine if an applicant is exempt from the coverage mandate?
- Should the small employer (SHOP) Exchange be separate or integrated with the primary Exchange?
- What functions should the SHOP Exchange perform to make it attractive to small businesses? For example, should the Exchange operate as an “aggregator?” What HR functions, if any, should the Exchange provide to small businesses?
- Should the SHOP Exchange be available to businesses with 50-100 employees prior to 2016? How many businesses and employees would potentially fall into this range?
- Will physical space be needed for the Exchange?
- What are important considerations for decisions on the design of the web portal?
- What are key considerations for designing a marketing and outreach component for the Exchange?
- What is the best way to utilize the ACA-mandated Navigator function?
- What role should brokers and agents have in the new Exchange environment?
- What should be the process for resolving consumer complaints? For example, should there be one process for Medicaid/CHIP and private insurance?
- How should the consumer satisfaction surveys required by ACA be conducted and presented on the web?
- Should the Exchange connect with the Health Information Exchange, and if so, how?
- How should the Exchange be evaluated? What measures should be used to define success?
- How should the Exchange be regulated?
- Should the Exchange be implemented in phases beginning earlier than January 2014? What phases could be implemented earlier?
- How could the Exchange be used to improve population health?
- How should the Exchange drive quality and cost containment?
- How could the Exchange support prevention and wellness initiatives, including ongoing initiatives such as the Blueprint for Health?
- How could the Exchange be used to drive or support payment and health care delivery reform?
- How can the Exchange leverage existing data sources and IT infrastructure to be the most efficient and effective?

### 3.1.1.3 Creation of an Implementation Plan

After State direction concerning the best Exchange model, the successful bidder will prepare a written implementation plan for the Exchange, including key milestones,

objective measures of success, and specific dates such milestones shall be achieved. It is anticipated that the successful bidder will work very closely with the State, including stakeholders, in preparing the implementation plan to ensure maximum coordination with ongoing federal and state health care reform activities. The bidders' response to this RFP should describe how such coordination will occur.

#### 3.1.1.4 Recommendation for Exchange Financial Sustainability

The Exchange must be financially sustainable by January of 2015, and the State must determine the best way to meet this requirement. It is anticipated that the successful bidder will draft a written analysis of sustainable financing options, including a thorough discussion of the pros and cons of each option. Financing options should consider the state budgeting process, the methods by which the state collects and funds current public benefit programs, including Catamount Health, and whether such methods should be modified for the Exchange. Additionally, the financing options analysis would be expected to include consideration of the additional cost of state-mandated insurance benefits, if any, and the impact such costs would have on financing options.

#### 3.1.1.5 Recommendations relating to Exchange Finance Functions

The Exchange must perform a variety of finance-related functions, such as developing accounting and auditing standards; collecting premiums; controlling for waste, fraud, and abuse; creating transparency and reporting mechanisms for the public; and developing the technical infrastructure to comply with federal reporting requirements. It is anticipated that the successful bidder will produce a written assessment of each financial function the Exchange must, or could, perform, and a recommendation or set of options for performing these functions, as well as an estimated cost. Functions should include collecting and safeguarding premium collections; reconciling tax credits and cost-sharing subsidies; selecting accounting systems, audit procedures, and internal controls; and financial reporting to the federal government and to the public.

### **3.1.2 Study of the uninsured and underinsured**

In order to design and successfully implement an Exchange, the State must have a clear and comprehensive understanding of its uninsured and underinsured population. Work and data analysis have been performed pursuant to the Vermont Household Health Insurance Survey, but this work could be updated, expanded, or otherwise enhanced to support the development of Exchange goals and the design of the Exchange. Identifying and analyzing the demographics and needs of this population should inform Exchange design, including such aspects as web interface and benefit design. The successful bidder shall have expertise in the areas of survey design, planning, implementation, and analysis, including technical and statistical expertise in those areas.

Bidders should specify how they would work with the State to identify necessary data and, after the identification of such data, how the bidder will sample and analyze data

elements. It is possible that additional data will not be collected for this analysis, and current available data will require further analysis.

Bidders shall include timelines and cost estimates for each phase of such a study. A range of cost estimates is appropriate based on unanswered questions regarding the breadth of the study. Bidders are encouraged to be mindful of the State's needs regarding timeliness of such analysis and should tailor bid proposals, including timelines, accordingly.

### **3.1.3 Actuarial Services in Support of Exchange Planning**

It is anticipated the State will need a wide variety of actuarial services to support the work in Section 3.1.1 above, as well as to analyze numerous issues that will arise during the exchange planning and development process. These services will be provided on an as-requested basis. The successful bidder for ad hoc actuarial services will have sufficient credentials to be able to model and analyze the impact of various legal and policy decisions on insurance rates and markets as the Exchange is in the planning stages and becomes operational. It is anticipated that the successful bidder for this Section 3.1.3 work will work closely with the successful bidder for the Section 3.1.1 work (if such bidders are not the same). The response to this RFP should include a discussion of how that coordination would occur. Examples of anticipated issues to be addressed may need to include:

- Looking at open enrollment strategies and modeling the impact such strategies could have on the insurance market, in and outside of the Exchange
- Analyzing risk adjustment methodologies and recommending best approaches to comply with state and federal goals
- Assessing reinsurance options
- Analyzing various reforms and the impact such reforms, potential and actual, will likely have on premiums in different markets
- Modeling the impact of merging small and nongroup markets
- Modeling the impact of increasing the small group market to employers up to 100 employees
- Modeling likely behavior in nongroup, small group, and large group market in response to specified market changes and policy decisions
- Modeling the impact of the self-insured market on the Exchange and recommending various approaches to mitigate adverse impact
- Recommending methodologies for standardizing and operationalizing the actuarial valuation of different benefit levels in the Exchange, in accordance with state and federal laws
- Recommending methodologies for standardizing and enforcing the new federal medical loss ratio requirements in federal law
- Assessing the adverse selection impacts of various legislative and policy decisions
- Developing methodologies to measure the cost of state-mandated benefits and to ensure that no federal funding supports insurance coverage for abortions

### **3.1.4 Formal Stakeholder Study**

As part of the Exchange planning and design, the State shall engage the public in policy development and implementation planning. In addition to ongoing work soliciting stakeholder involvement performed by the State, the State seeks a contractor to conduct a formal analysis and assessment of individual stakeholder needs and goals for the design of an Exchange. Stakeholders include, but are not limited to, members of the public from a variety of political, cultural and socioeconomic perspectives; people covered by both public and private health insurance programs; state legislators; individuals with disabilities and special health needs; small and large employers; nonprofit organizations; insurance companies; insurance producers; community-based organizations; health care providers (including primary care, as well as other physical and mental health providers); brokers and agents; and stakeholders involved in public health. Stakeholder input should come from all geographic regions within the state.

It is anticipated that the successful bidder will provide a formalized mechanism to solicit meaningful feedback from stakeholders and provide the State with a written summary of such feedback, as well as identifying key points and recommendations for how such feedback could be incorporated into the Exchange design and implementation.

Bidders should have expertise in communications and inclusive public policy development. It is anticipated this bidder would work with the successful bidder for Section 3.1.1. Bidders should include a description of how it is anticipated that such work will be coordinated.

### **3.1.5 Study of the Current Insurance Market**

To inform the work performed under Section 3.1.1, the State must analyze the current insurance market, including a comprehensive review of available plan designs and payment models. The successful bidder will design and conduct a formal analysis of the current health insurance market, including modeling the impact that ACA changes will have on that market. Such analysis shall be used to inform Exchange design decisions, and the successful bidder shall provide the State with guidance on how best to use data to inform Exchange design and implementation decisions. Examples of anticipated issues that will need to be addressed are the quality and quantity of grandfathered plans within the State, the premium impact of reforms, the present breadth and anticipated future of the limited medical benefit plan market, and the pros and cons of allowing a catastrophic health plan. Bidders shall describe how they would approach this work and describe timelines, recognizing that much of the work performed herein will need to be completed before key Exchange policy decisions can be made.

### **3.1.6 Assessment of Current Programs and Integration Opportunities**

The successful bidder will assist the State in developing a comprehensive assessment of health care benefit programs across the public and private sectors, with the anticipated goal of aligning or standardizing benefit packages to minimize coverage disruptions and

maximize care continuity. Such integration should consider benefit design, outreach, funds flow, eligibility determinations, enrollment/disenrollment, care coordination, claims payment, information systems, and applicable quality standards where feasible and appropriate. Where such integration is not feasible, the State may also require assistance in examining the best methods to explain benefit and other program feature differences to maximize consumer understanding and participation. A successful bidder may also be required to study how different populations interact with health coverage distribution channels and whether, beyond benefit integration, communication tools associated with the acquisition of health care coverage need to be standardized or customized for specific populations. It is anticipated that this work will culminate in a written report comparing benefits as discussed above, with one or more recommendations relating to the standardization of benefits across programs.

Examples of questions that must be answered are:

- How does the “essential health benefit” package as described in ACA compare to current coverage in Vermont for Medicaid and CHIP beneficiaries, beneficiaries with income between 100% FPL and 133% FPL (currently enrolled in Vermont’s VHAP program), and federally-defined “benchmark coverage.” How do other programs, such as Catamount Health, compare to ACA benefit packages that may be designed for the Exchange?
- How can Vermont standardize plans, or approach standardization, such that beneficiaries moving among plans will have maximum continuity of coverage?
- Would the adoption of the Basic Health Plan for people between 133% and 200% most likely provide more continuity than would private plans offered on the Exchange? What are the costs and benefits of developing a Basic Health Option in Vermont?

It is anticipated that a successful bidder will work closely with the State and other stakeholders to examine and answer these questions, and the bid response should include a detailed discussion of how the bidder will work with the State, how the bidder will gather data regarding these issues (including ways in which currently available data and reports can be used to achieve maximum cost effectiveness) and identify the manner in which this data and analysis will be coordinated with ongoing efforts. Bidders should also identify timelines by which components of this analysis will be completed.

### **3.1.7. Formal Assessment of “Churning”**

Vermont, as do most states, experiences a large volume of “churning” where individuals move among different public and private programs on a sometimes monthly basis because of moderate changes in income or familial circumstances or due to a failure to pay premiums. The State must develop strategies aimed at decreasing this “churn” rate, since frequent movement on and off existing programs is disruptive to beneficiaries and program administrators alike and creates administrative inefficiencies. Absent proactive strategies to address churning, it is anticipated this problem will remain an issue when the Exchange is operational unless proactive churn mitigation measures are identified and

implemented. The successful bidder will issue a report that will answer questions such as the following, as well as provide recommendations to reduce churning:

- What are the most frequent reasons for churning?
- What is the churn rate in other states with programs roughly comparable to Vermont's programs?
- What have other states done to reduce the churn rate?
- What are some recommended options for Vermont to consider?
- Given that some degree of churn is inevitable, how can Vermont mitigate the disruption to beneficiaries and the administrative burden to the Exchange and the Medicaid agency?

This work will need to be done in a timeframe which is consistent with the needs of work performed under Section 3.1.1 and bidders should identify anticipated timelines. Furthermore, this work shall be closely coordinated with such work, and bidders should address how, if it is not the same entity, the bidder will coordinate with the contractor selected to perform work under Section 3.1.1.

## **3.2 COST PROPOSAL**

The bidder shall offer a cost proposal, distinct from the Scope of Work proposal in Section 3.1. Cost proposals should include the anticipated price for each component and a total bid price for all work. Bidders shall provide one hourly rate for each staff class identified in the proposal. A blended rate, whereby a proposal identifies one hourly rate for all categories of services, is not acceptable. The State will also not accept a range of hourly compensation for the same staff level or function. Cost bids must be related to the functions and responsibilities outlined in section 3.1.

## **SECTION 4: OTHER DUTIES OF THE CONTRACTOR**

### **4.1 LIAISON**

The contractor shall effect and maintain liaison and cooperate fully with designated State personnel with respect to the direction and performance of the Contractor's contractual responsibilities.

### **4.2 PROBLEM DISCOVERY AND REPORTING REQUIREMENTS**

The contractor shall, no later than three (3) days from discovery of any problem which may jeopardize the successful completion of its obligations, notify the DVHA in writing of the problem, including in such notice the Contractor's recommendation for expeditious resolution of the problem.

### **4.3 SECURITY**

The Contractor shall provide for the safe and secure storage of all files and records.

## **SECTION 5: DEPARTMENT OF VERMONT HEALTH ACCESS RESPONSIBILITIES**

### **5.1 PAYMENT**

The State will make payment to the Contractor within thirty (30) days of receipt of a properly completed invoice for services consistent with the contract provisions. Final payment will be made subject to successful completion of the contract. The State will withhold 10% of each payment pending satisfactory completion of the contract. Contractor must submit all invoices by the 30<sup>th</sup> day following the end date of the contract.

### **5.2 TERM OF THE CONTRACT**

The term of the Contract is expected to be from November 1, 2010 through September 30, 2011.

## **SECTION 6: OTHER CONTRACT PROVISIONS**

### **6.1 CONTRACT**

The contract between the State of Vermont and the Contractor shall include the Request for Proposal (RFP) and any amendments thereto, and (2) the Contractor's proposal submitted in response to the RFP and any amendments subsequently negotiated between the Department of Vermont Health Access and the bidder. The State reserves the right to clarify any contractual relationships in writing, with the concurrence of the contractor.

### **6.2 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 both parties.

### **6.3 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 of the contract is capable of performance, it shall not be affected by such declaration or finding and shall be fully performed.

### **6.4 TERMINATION OF THE CONTRACT**

The Contract may be terminated by:

1. Mutual written agreement of the State and Contractor.
2. By the State, in whole or in part, whenever the Contractor shall materially default in the performance of the Contract terms and shall fail to cure such default within a period of thirty (30) days (or such longer periods as the State may allow) after receipt of notice from the State specifying the default.
3. By the State, in whole or in part, whenever for any reason the State shall determine that such termination is in the best interest of the State. The State shall provide Contractor thirty (30) days notice of such action.

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

1. Stop work under the contract on the date and to the extent specified in the Notice.
2. 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 Contractor under the orders or subcontracts so terminated, in which case the State shall have the right to settle or pay any or all claims arising out of the termination of such orders and subcontracts.
3. With the approval of the Contract Administrator, 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 in part, in accordance with the provision of the contract.
4. Transfer title to the State (to the extent that the title has not been transferred) and deliver all files, processing systems, data manuals and other documentation that relate to the work terminated by the Notice, as directed by the Contract Administrator.
5. Complete the performance of such part of the work as shall not have been terminated by the Notice.
6. Take such action as may be necessary for the protection and preservation of the property related to this contract which is in the possession or control of the Contractor, and in which the State has or may acquire an interest.

The Contract Administrator shall receive any termination claim from the Contractor in the form and with the certification prescribed by the Contract Administrator. Claims shall be submitted promptly and no later than one month from the effective date of termination.

## **6.5 CONTRACTOR PERSONNEL**

The DVHA shall approve any permanent or temporary changes to or deletions from the Contractor's management, supervisory, and key professional personnel, unless such personnel are no longer employed by or under contract to the Contractor.

## **6.6 OWNERSHIP OF INFORMATION**

### **6.6.1 General Terms of Ownership**

The State shall own and retain unlimited rights to use, disclose, or duplicate all information and data developed, derived, documented, stored, or furnished by the contractor under this contract.

### **6.6.2 Confidentiality of Information**

The Contractor, its officers, agents and employees, and subcontractors, shall treat all information, which is obtained by it through its performance under this Contract, as confidential information to the extent required by the laws of the State of Vermont and the United States. Individual identifiable information shall not be disclosed without prior written approval of the Contract Administrator. The use of information obtained by the Contractor in the performance of its duties under this agreement shall be limited to purposes directly related to the requirements of the contract.

### **6.6.3 Publication of Information**

Any publicity given to the services provided by the Contractor under this contract, including but not limited to notices, information pamphlets, press releases, research, reports, or other publications prepared by or for the contract shall not be released in written or oral form without prior approval from the Contractor Administrator. In no way shall the contractor represent itself directly or by inference as a representative of the state except within the confines of its role as contractor.

### **6.6.4 Inspection of Work Performed**

The State or an authorized representative shall, at all reasonable times, have the right to enter into Contractor's premises, or such other places where duties under the contract are being performed, to inspect, monitor, or otherwise evaluate the work being performed. The Contractor and all subcontractors must provide access to all reasonable facilities and assistance for State representatives. All inspections and evaluations shall be performed in such a manner as will not unduly delay work.

## **6.7 OTHER TERMS AND CONDITIONS**

### **6.7.1 Disputes**

Any dispute concerning performance of the contract shall be decided by the Contract Administrator. This decision shall be final and conclusive unless within thirty days from the date of service the Contractor files a petition for administrative hearing addressed to the Secretary of the Agency of Human Services.

### **6.7.2 Attorney's Fees**

In the event that either party deems it necessary to take legal action to enforce any provision of the contract, and 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.

## **SECTION 7: PROPOSAL EVALUATION AND SELECTION**

### **7.1 PROPOSAL EVALUATION**

The State will conduct a comprehensive, fair, and impartial evaluation of proposals received in response to this RFP.

#### **7.1.1 Phases of the Evaluation**

The evaluation will consist of the following elements:

1. Evaluation of Minimum Requirements
2. Evaluation of References and Qualifications
3. Evaluation of the Scope of Work
4. Evaluation of the Cost Proposal

#### **7.1.2 Phase 1: Evaluation of Minimum Requirements**

The purpose of this phase is to determine if each proposal is sufficiently responsive to the RFP to permit a complete evaluation of the organization and its experience. Proposals must comply with the instructions to bidders contained in Sections 2 and 3. Failure to comply with the instructions shall deem the proposal non-responsive and subject to rejection without further consideration. The State reserves the right to waive minor irregularities.

The minimum requirements for a proposal to be given consideration are:

1. The proposal must have been received as provided in Section 2 before the closing of acceptance of proposals and in the number of copies specified.
2. The proposal must contain a transmittal letter as provided in Section 2.4.3.
3. The proposal must respond to the applicable requirements as provided in Section 3.1 and include a cost proposal as outlined in Section 3.2.
4. RFP General Terms and Conditions and other Contract terms must be accepted (Sections 6, Appendices A, B, and C).

### **7.1.3 Phase 2: References and Qualifications**

The State will evaluate bids to confirm evidence of bidders' current or past certification and assess the experience, corporate resources, and qualifications of the bidders and any subcontractors. If necessary, additional references will be requested.

### **7.1.4 Phase 3: Evaluation of Scope of Work**

For each proposal considered, the scope of work will be examined to determine the extent to which they will meet the requirements of the RFP and objectives of the State. Any work plan that is incomplete or in which there is significant inconsistency or inaccuracy may be rejected by the State. The State reserves the right to reject all proposals.

### **7.1.5 Phase 4: Evaluation of Cost Proposal**

For each proposal considered, the cost proposal will be examined to determine the extent to which they will meet the requirements of the RFP and objectives of the State. Any cost proposal that is incomplete or in which there is significant inconsistency or inaccuracy may be rejected by the State. The State reserves the right to reject all proposals.

## **7.2 PROPOSAL SELECTION**

The DVHA Commissioner, in consultation with the BISHCA Commissioner or designee, will make the final selection of the contractors. The selected contractors will be requested to enter into negotiation with the State on detailed work plans, deliverables, and timetables. If negotiations do not result in a signed contract, the State will make another selection. Bidders will be notified of the selection. If all proposals are rejected, all bidders will be notified. Proposals made by bidders will not be made available to other bidders until after a contract is completed and filed with the appropriate state agency.

**ATTACHMENT C**  
**CUSTOMARY PROVISIONS FOR CONTRACTS AND GRANTS**

1. **Entire Agreement.** This Agreement, whether in the form of a Contract, State Funded Grant, or Federally Funded Grant, represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. **Applicable Law.** This Agreement will be governed by the laws of the State of Vermont.
3. **Definitions:** For purposes of this Attachment, “Party” shall mean the Contractor, Grantee or Subrecipient, with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement.
4. **Appropriations:** If appropriations are insufficient to support this Agreement, the State may cancel on a date agreed to by the parties or upon the expiration or reduction of existing appropriation authority. In the case that this Agreement is funded in whole or in part by federal or other non-State funds, and in the event those funds become unavailable or reduced, the State may suspend or cancel this Agreement immediately, and the State shall have no obligation to fund this Agreement from State revenues.
5. **No Employee Benefits For Party:** The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers compensation or other benefits or services available to State employees, nor will the state withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
6. **Independence, Liability:** The Party will act in an independent capacity and not as officers or employees of the State.

The Party shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit. The Party shall notify its insurance company and the State within 10 days of receiving any claim for damages, notice of claims, pre-claims, or service of judgments or claims, for any act or omissions in the performance of this Agreement.

After a final judgment or settlement the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment.

The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party.

The Party shall indemnify the State and its officers and employees in the event that the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party.

7. **Insurance:** Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverage is in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the state through the term of the Agreement. No warranty is made that the coverage and limits listed herein are adequate to cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

**Workers Compensation:** With respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

**General Liability and Property Damage:** With respect to all operations performed under the Agreement, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations  
Products and Completed Operations  
Personal Injury Liability  
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence  
\$1,000,000 General Aggregate  
\$1,000,000 Products/Completed Operations Aggregate  
\$ 50,000 Fire/ Legal/Liability

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

**Automotive Liability:** The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than:  
\$1,000,000 combined single limit.

Party shall name the State of Vermont and its officers and employees as additional insureds for liability arising out of this Agreement.

**Professional Liability:** Before commencing work on this Agreement and throughout the term of this Agreement, the Party shall procure and maintain professional liability insurance for any and all services performed under this

Agreement, with minimum coverage of \$ N/A per occurrence, and \$ N/A aggregate.

8. **Reliance by the State on Representations:** All payments by the State under this Agreement will be made in reliance upon the accuracy of all prior representations by the Party, including but not limited to bills, invoices, progress reports and other proofs of work.
9. **Requirement to Have a Single Audit:** In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, and if this Subrecipient expends \$500,000 or more in federal assistance during its fiscal year, the Subrecipient is required to have a single audit conducted in accordance with the Single Audit Act, except when it elects to have a program specific audit.

The Subrecipient may elect to have a program specific audit if it expends funds under only one federal program and the federal program's laws, regulating or grant agreements do not require a financial statement audit of the Party.

A Subrecipient is exempt if the Party expends less than \$500,000 in total federal assistance in one year.

The Subrecipient will complete the Certification of Audit Requirement annually within 45 days after its fiscal year end. If a single audit is required, the sub-recipient will submit a copy of the audit report to the primary pass-through Party and any other pass-through Party that requests it within 9 months. If a single audit is not required, the Subrecipient will submit the Schedule of Federal Expenditures within 45 days. These forms will be mailed to the Subrecipient by the Department of Finance and Management near the end of its fiscal year. These forms are also available on the Finance & Management Web page at: <http://finance.vermont.gov/forms>

10. **Records Available for Audit:** The Party will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the Agreement and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Agreement.
11. **Fair Employment Practices and Americans with Disabilities Act:** Party agrees to comply with the requirement of Title 21V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990 that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement. Party further agrees to include this provision in all subcontracts.

**12. Set Off:** The State may set off any sums which the Party owes the State against any sums due the Party under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

**13. Taxes Due to the State:**

- a. Party understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.
- b. Party certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Party is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
- c. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.

Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.

**14. Child Support:** (Applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date the Agreement is signed, he/she:

- a. is not under any obligation to pay child support; or
- b. is under such an obligation and is in good standing with respect to that obligation; or
- c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Party makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Party is a resident of Vermont, Party makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

**15. Sub-Agreements:** Party shall not assign, subcontract or subgrant the performance of his Agreement or any portion thereof to any other Party without the prior written approval of the State. Party also agrees to include in subcontract or subgrant agreements a tax certification in accordance with paragraph 13 above.

Notwithstanding the foregoing, the State agrees that the Party may assign this agreement, including all of the Party's rights and obligations hereunder, to any successor in interest to the Party arising out of the sale of or reorganization of the Party.

- 16. No Gifts or Gratuities:** Party shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Agreement.
- 17. Copies:** All written reports prepared under this Agreement will be printed using both sides of the paper.
- 18. Certification Regarding Debarment:** Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs or programs supported in whole or in part by federal funds.

State of Vermont – Attachment C  
Revised AHS - 4-06-09

**ATTACHMENT F**  
**AGENCY OF HUMAN SERVICES' CUSTOMARY CONTRACT PROVISIONS**

1. **Agency of Human Services – Field Services Directors** will share oversight with the department (or field office) that is a party to the contract for provider performance using outcomes, processes, terms and conditions agreed to under this contract.
  
2. **2-1-1 Data Base:** The Contractor providing a health or human services within Vermont, or near the border that is readily accessible to residents of Vermont, will provide relevant descriptive information regarding its agency, programs and/or contact and will adhere to the "Inclusion/Exclusion" policy of Vermont's 2-1-1. If included, the Contractor will provide accurate and up to date information to their data base as needed. The "Inclusion/Exclusion" policy can be found at [www.vermont211.org](http://www.vermont211.org)

3. **Medicaid Program Contractors:**

**Inspection of Records:** Any contracts accessing payments for services through the Global Commitment to Health Waiver and Vermont Medicaid program must fulfill state and federal legal requirements to enable the Agency of Human Services (AHS), the United States Department of Health and Human Services (DHHS) and the Government Accounting Office (GAO) to:

Evaluate through inspection or other means the quality, appropriateness, and timeliness of services performed; and Inspect and audit any financial records of such Contractor or subcontractor.

**Subcontracting for Medicaid Services:** Having a subcontract does not terminate the Contractor, receiving funds under Vermont's Medicaid program, from its responsibility to ensure that all activities under this agreement are carried out. Subcontracts must specify the activities and reporting responsibilities of the Contractor or subcontractor and provide for revoking delegation or imposing other sanctions if the Contractor or subcontractor's performance is inadequate. The Contractor agrees to make available upon request to the Agency of Human Services; the Office of Vermont Health Access; the Department of Disabilities, Aging and Independent Living; and the Center for Medicare and Medicaid Services (CMS) all contracts and subcontracts between the Contractor and service providers.

**Medicaid Notification of Termination Requirements:** Any Contractor accessing payments for services under the Global Commitment to Health Waiver and Medicaid programs who terminates their practice will follow the Office of Vermont Health Access, Managed Care Organization enrollee notification requirements.

**Encounter Data:** Any Contractor accessing payments for services through the Global Commitment to Health Waiver and Vermont Medicaid programs must provide encounter data to the Agency of Human Services and/or its departments and ensure that it can be linked to enrollee eligibility files maintained by the State.

4. **Non-discrimination Based on National Origin as evidenced by Limited English Proficiency.** The Contractor agrees to comply with the non-discrimination requirements of Title VI of the Civil Rights Act of 1964, 42 USC Section 2000d, et seq., and with the federal

guidelines promulgated pursuant to Executive Order 13166 of 2000, which require that contractors and subcontractors receiving federal funds must assure that persons with limited English proficiency can meaningfully access services. To the extent the Contractor provides assistance to individuals with limited English proficiency through the use of oral or written translation or interpretive services in compliance with this requirement, such individuals cannot be required to pay for such services.

5. **Voter Registration.** When designated by the Secretary of State, the Contractor agrees to become a voter registration agency as defined by 17 V.S.A. §2103 (41), and to comply with the requirements of state and federal law pertaining to such agencies.

6. **Drug Free Workplace Act.** The Contractor will assure a drug-free workplace in accordance with 45 CFR Part 76.

7. **Privacy and Security Standards.**

**Protected Health Information:** The Contractor shall maintain the privacy and security of all individually identifiable health information acquired by or provided to it as a part of the performance of this contract. The Contractor shall follow federal and state law relating to privacy and security of individually identifiable health information as applicable, including the Health Insurance Portability and Accountability Act (HIPAA) and its federal regulations.

**Substance Abuse Treatment Information:** The confidentiality of any alcohol and drug abuse treatment information acquired by or provided to the Contractor or subcontractor shall be maintained in compliance with any applicable state or federal laws or regulations and specifically set out in 42 CFR Part 2.

**Other Confidential Consumer Information:** The Contractor agrees to comply with the requirements of AHS Rule No. 08-048 concerning access to information. The Contractor agrees to comply with any applicable Vermont State Statute, including but not limited to 12 VSA §1612 and any applicable Board of Health confidentiality regulations. The Contractor shall ensure that all of its employees and subcontractors performing services under this agreement understand the sensitive nature of the information that they may have access to and sign an affirmation of understanding regarding the information's confidential and non-public nature.

**Social Security numbers:** The Contractor agrees to comply with all applicable Vermont State Statutes to assure protection and security of personal information, including protection from identity theft as outlined in Title 9, Vermont Statutes Annotated, Ch. 62.

8. **Abuse Registry.** The Contractor agrees not to employ any individual, use any volunteer, or otherwise provide reimbursement to any individual in the performance of services connected with this agreement, who provides care, custody, treatment, transportation, or supervision to children or vulnerable adults if there is a substantiation of abuse or neglect or exploitation against that individual. The Contractor will check the Adult Abuse Registry in the Department of Disabilities, Aging and Independent Living. Unless the Contractor holds a valid child care license or registration from the Division of Child Development, Department for Children and Families, the Contractor shall also check the Central Child Abuse Registry. (See 33 V.S.A. §4919(a)(3) & 33 V.S.A. §6911 (c)(3)).

9. **Reporting of Abuse, Neglect, or Exploitation.** Consistent with provisions of 33 V.S.A. §4913(a) and §6903, any agent or employee of a Contractor who, in the performance of services connected with this agreement, has contact with clients or is a caregiver and who has reasonable cause to believe that a child or vulnerable adult has been abused or neglected as defined in Chapter 49 or abused, neglected, or exploited as defined in Chapter 69 of Title 33 V.S.A. shall make a report involving children to the Commissioner of the Department for Children and Families within 24 hours or a report involving vulnerable adults to the Division of Licensing and Protection at the Department of Disabilities, Aging, and Independent Living within 48 hours. This requirement applies except in those instances where particular roles and functions are exempt from reporting under state and federal law. Reports involving children shall contain the information required by 33 V.S.A. §4914. Reports involving vulnerable adults shall contain the information required by 33 V.S.A. §6904. The Contractor will ensure that its agents or employees receive training on the reporting of abuse or neglect to children and abuse, neglect or exploitation of vulnerable adults.

10. **Intellectual Property/Work Product Ownership.** All data, technical information, materials first gathered, originated, developed, prepared, or obtained as a condition of this agreement and used in the performance of this agreement - including, but not limited to all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and printouts, notes and memoranda, written procedures and documents, which are prepared for or obtained specifically for this agreement - or are a result of the services required under this grant - shall be considered "work for hire" and remain the property of the State of Vermont, regardless of the state of completion - unless otherwise specified in this agreement. Such items shall be delivered to the State of Vermont upon 30 days notice by the State. With respect to software computer programs and / or source codes first developed for the State, all the work shall be considered "work for hire," i.e., the State, not the Contractor or subcontractor, shall have full and complete ownership of all software computer programs, documentation and/or source codes developed.

The Contractor shall not sell or copyright a work product or item produced under this agreement without explicit permission from the State.

If the Contractor is operating a system or application on behalf of the State of Vermont, then the Contractor shall not make information entered into the system or application available for uses by any other party than the State of Vermont, without prior authorization by the State. Nothing herein shall entitle the State to pre-existing Contractor's materials.

11. **Security and Data Transfers.** The State shall work with the Contractor to ensure compliance with all applicable State and Agency of Human Services' policies and standards, especially those related to privacy and security. The State will advise the Contractor of any new policies, procedures, or protocols developed during the term of this agreement as they are issued and will work with the Contractor to implement any required.

The Contractor will ensure the physical and data security associated with computer equipment - including desktops, notebooks, and other portable devices - used in connection with this agreement. The Contractor will also assure that any media or mechanism used to store or transfer data to or from the State includes industry standard security mechanisms such as continually up-to-date malware protection and encryption. The Contractor will make

every reasonable effort to ensure media or data files transferred to the State are virus and spyware free. At the conclusion of this agreement and after successful delivery of the data to the State, the Contractor shall securely delete data (including archival backups) from the Contractor's equipment that contains individually identifiable records, in accordance with standards adopted by the Agency of Human Services.

12. **Computing and Communication:** The Contractor shall select, in consultation with the Agency of Human Services' Information Technology unit, one of the approved methods for secure access to the State's systems and data, if required. Approved methods are based on the type of work performed by the Contractor as part of this agreement. Options include, but are not limited to:
1. Contractor's provision of certified computing equipment, peripherals and mobile devices, on a separate Contractor's network with separate internet access. The Agency of Human Services' accounts may or may not be provided.
  2. State supplied and managed equipment and accounts to access state applications and data, including State issued active directory accounts and application specific accounts, which follow the National Institutes of Standards and Technology (NIST) security and the Health Insurance Portability & Accountability Act (HIPAA) standards.

The State will not supply e-mail accounts to the Contractor.

13. **Lobbying.** No federal funds under this agreement may be used to influence or attempt to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, continuation, renewal, amendments other than federal appropriated funds.
14. **Non-discrimination.** The Contractor will prohibit discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act of 1973, on the basis of sex under Title IX of the Education Amendments of 1972, or on the basis of race, color or national origin under Title VI of the Civil Rights Act of 1964. No person shall on the grounds of sex (including, in the case of a woman, on the grounds that the woman is pregnant) or on the grounds of religion, be excluded from participation in, be denied the benefits of, or be subjected to discrimination, to include sexual harassment, under any program or activity supported by state and/or federal funds.
15. **Environmental Tobacco Smoke.** Public Law 103-227, also known as the Pro-children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, child care, early childhood development services, education or library services to children under the age of 18, if the services are funded by federal programs either directly or through state or local governments, by federal grant, contract, loan or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such Federal funds.

The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where Women, Infants, & Children (WIC) coupons are redeemed.

Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000 for each violation and/or the imposition of an administrative compliance order on the responsible entity.

Contractors are prohibited from promoting the use of tobacco products for all clients. Facilities supported by state and federal funds are prohibited from making tobacco products available to minors.

*Attachment F - Revised AHS -12-08-09*

**RFP/PROJECT:**

**DATE:**

**CERTIFICATE OF COMPLIANCE**

**This form must be completed in its entirety and submitted as part of the response for the proposal to be considered valid.**

**TAXES:** Pursuant to 32 V.S.A. § 3113, bidder hereby certifies, under the pains and penalties of perjury, that the company/individual is in good standing with respect to, or in full compliance with a plan to pay, any and all taxes due to the State of Vermont as of the date this statement is made. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes.

**INSURANCE:** Bidder certifies that the company/individual is in compliance with, or is prepared to comply with, the insurance requirements as detailed in Section 7 of Attachment C: Standard State Contract Provisions. Certificates of insurance must be provided prior to issuance of a contract and/or purchase order. If the certificate(s) of insurance is/are not received by the Office of Purchasing & Contracting within five (5) days of notification of award, the State of Vermont reserves the right to select another vendor. Please reference the RFP and/or RFQ # when submitting the certificate of insurance.

**CONTRACT TERMS:** The undersigned hereby acknowledges and agrees to Attachment C: Standard State Contract Provisions.

**TERMS OF SALE:** The undersigned agrees to furnish the products or services listed at the prices quoted. The Terms of Sales are Net 30 days from receipt of service or invoice, whichever is later. Percentage discounts may be offered for prompt payments of invoices, however such discounts must be in effect for a period of 30 days or more in order to be considered in making awards.

**FORM OF PAYMENT:** Would you accept the Visa Purchasing Card as a form of payment? Yes \_\_\_ No \_\_\_

Insurance Certificate(s): Attached \_\_\_\_\_ Will provide upon notification of award \_\_\_\_\_

Delivery Offered: \_\_\_\_\_ days after notice of award                      Terms of Sale: \_\_\_\_\_

(If Discount)

Quotation Valid for: \_\_\_\_\_ days    Date: \_\_\_\_\_

Name of Company: \_\_\_\_\_ Contact Name: \_\_\_\_\_

Address: \_\_\_\_\_ Fax Number: \_\_\_\_\_

E-mail: \_\_\_\_\_

By: \_\_\_\_\_ Name: \_\_\_\_\_  
Signature (Bid Not Valid Unless Signed)    (Type or Print)

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All returned quotes and related documents must be identified with our request for quote number.

## APPENDIX

### State of Vermont Grant Application Narrative

#### **Project Abstract**

The State of Vermont has a long history of proactively addressing health care delivery and health care system financing. In 1992 the Vermont General Assembly mandated that the individual and small group health insurance markets be community rated and sold on a guaranteed issue basis. Vermont's public programs likewise provide high-quality, affordable health care to a wide range of its citizens. The Dr. Dynasaur program serves children in families with income below 300% FPL, and the Vermont Health Access Plan (VHAP) provides coverage for childless adults up to 150% FPL and adults with children up to 185% FPL.

In 2006 the General Assembly passed comprehensive health care reform legislation that created the Catamount Health program. Catamount Health, a private insurance product offered by two Vermont non-profit insurance carriers, is available to Vermonters who have been uninsured for 12 or more months. For individuals with incomes below 300% FPL, a premium subsidy is available. Implementation of Catamount Health was the culmination of a highly successful partnership among several state agencies (including the Department of Vermont Health Access (DVHA) and the Department of Banking, Insurance, Securities, and Health Care Administration (BISHCA)), private insurance carriers, and many community organizations. This strong working partnership still exists today and puts Vermont in an excellent position to create an American Health Benefit Exchange pursuant to the Affordable Care Act of 2010.

This grant application is the result of the collaborative effort of DVHA and BISHCA. Under this grant, Vermont is proposing to accomplish the following tasks:

- Develop a roadmap for planning for the Exchange
- Analyze data from a 2009 Vermont household health insurance survey to gain a better understanding of the uninsured population
- Analyze the current insurance market to determine the quality and type of health insurance coverage, the appropriate regulatory environment for implementing the Exchange, and the potential impacts on the market of various options.
- Conduct focus groups to obtain stakeholder input on the goals for the Exchange
- Assess current programs and integration opportunities in both the public and private sectors
- Analyze the effects of “churning” in current programs and strategies for decreasing the churn rate
- Assess various Exchange organizational models and the policy and fiscal implications of each, as well as resources needed to operate the Exchange
- Model potential funding mechanisms to achieve Exchange sustainability
- Develop proposed legislation for the 2011 and 2012 sessions

- Create an implementation plan for the chosen Exchange design.

The budget for the tasks described above for the first planning year is estimated to be \$1 million. We are confident that Vermont can build on its existing program and market infrastructure to create a successful American Health Benefit Exchange.

## **Project Narrative**

The State of Vermont has a long history of proactively addressing health care delivery and health care system financing. In 1992 the Vermont General Assembly mandated that the individual and small group health insurance markets be community rated and sold on a guaranteed issue basis. Vermont's public programs likewise provide high-quality, affordable health care to a wide range of its citizens. In 1989 Vermont implemented the Dr. Dynasaur program, which now serves children in families with income below 300% FPL, and in 1995 the Vermont Health Access Plan (VHAP) began providing coverage for childless adults up to 150% FPL and adults with children up to 185% FPL.

More recently, in 2006, the Vermont General Assembly passed Act 191, An Act Relating to Health Care Affordability for Vermonters. Act 191 had three primary goals: increase health care access, improve health care quality, and contain health care costs. Most relevant to this grant application, Act 191 created the Catamount Health program. Catamount Health, a private insurance product offered by two Vermont non-profit insurance carriers<sup>1</sup>, is available to Vermonters who have been uninsured for 12 or more months.<sup>2</sup> For individuals with incomes below 300% FPL, a premium subsidy is available on a sliding scale. Additionally, Act 191 created an income-sensitive subsidy for certain individuals with access to employer-sponsored insurance.

Catamount Health (and the employer-sponsored insurance premium assistance program), significantly expanded existing programs, and implementation was the culmination of a highly successful partnership among several state agencies (including the Department of Vermont Health Access<sup>3</sup> (DVHA) and the Department of Banking, Insurance, Securities, and Health Care Administration (BISHCA)), private insurance carriers, and many community organizations. This strong working partnership still exists today and puts Vermont in an excellent position to create an American Health Benefit Exchange pursuant to the Affordable Care Act of 2010.

This grant application is the result of the collaborative effort of DVHA and BISHCA. It should be understood that in the nature of all planning, questions identified as key issues today may change as answers are revealed by research undertaken. In this grant application we attempt to identify where we are today in our priorities and analysis, but we emphasize that it is our intention to use our research and analysis to inform further planning to ensure the best possible health insurance Exchange for Vermonters. As a

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<sup>1</sup> Blue Cross Blue Shield of Vermont and MVP Health Plan.

<sup>2</sup> There are several exceptions to the 12 month uninsured requirement, such as losing health care due to loss of employment or divorce. See 8 V.S.A. § 4080f.

<sup>3</sup> The Department of Vermont Health Access was the Office of Vermont Health Access until July 1, 2010.

small state, Vermont faces unique challenges relating to market fragmentation and destabilization, and the Exchange creation process must be acutely focused on these risks. Below, we address the nine topics identified in the grant application. Topics preceded by an underline indicate specific areas where we hope to utilize grant funding.

**a. Background Research**

Generally, Vermont has very robust data on our health care delivery and financing systems. Vermont has created a multi-payer database that provides detailed information about claims paid by private insurers and Medicaid. Health insurers in Vermont must submit supplemental market data regarding enrollment and premiums collected in the comprehensive health insurance market (including the small group and nongroup markets). Vermont publishes ever-expanding sets of hospital quality and pricing data. Vermont collects and analyzes extensive data relating to inpatient and outpatient hospital budgets, as well as extensive categories of data about beneficiaries of state-sponsored health care programs, such as individual income and sources, demographics, and health care utilization. However, the creation of an Exchange will require a greater understanding of our health insurance market and our health care delivery system.

DVHA is already in the process of working with our legislative Joint Fiscal Office to estimate enrollment in 2014 in health care programs and Exchange plans and to estimate cost/savings to Vermont under the new structure. Below we identify some areas where we currently anticipate the additional need for study.

Roadmap for Planning for the Exchange: Although the projects listed below must occur, as a preliminary step Vermont intends to enter into a short-term contract with an entity to assist us in identifying the most critical policy decisions that must be made and the anticipated order in which such decisions should be made. This contract will result in an essential framework for all other planning activities.

Uninsured and Underinsured: In 2000, 2005, 2008, and 2009, BISHCA contracted to conduct a comprehensive survey of Vermonters to determine their insurance status, as well as their income and other circumstances. The 2009 survey results revealed that Vermont's health care reform efforts have been successful in reducing the number of uninsured Vermonters, even in the face of higher unemployment due to the recession. From 2005 to 2009, Vermont's uninsured rate decreased from 9.8% to 7.6%, leaving a total of 47,460 individuals still uninsured. Of the 47,460 uninsured individuals, 53% are eligible for, but not enrolled in, Vermont's existing public health care programs. Vermont intends to build on this research to understand not only the uninsured, but also to gain a greater understanding of the underinsured and how the availability of insurance through the Exchange (and the impact of the grandfathering regulations) may impact Vermonters. We are also interested in more completely understanding why individuals eligible for current programs have not accessed those programs, in the hopes that such lessons will inform a better design for the Exchange.

Current insurance market: All health insurance rates charged and forms sold in Vermont must be approved by BISHCA prior to implementation. However, Vermont generally does not collect product-specific data once a product form is approved for sale, nor does Vermont currently fully understand the breadth of the "limited benefit" insurance market. Some additional study of the quality and type of health insurance coverage, both from the carrier perspective and the insured perspective, should help

inform the development of the Exchange and the appropriate regulatory environment implementing the Exchange (and the market that will exist outside of the Exchange).

Further, we need to understand the impact of numerous decisions that must be made prior to implementation of the Exchange. Examples of such questions include: 1) What would be the impact of changing the definition of “small employer” from 50 to 100 employees prior to 2016? 2) What would be the impact of having an open enrollment period in Vermont? 3) How will the grandfather rules and regulations impact our insurance market going forward? 4) What would be the impact on the insurance market of allowing a catastrophic plan for individuals under age 30? 5) How aggressive should Vermont be in defining standards for plans offered both inside and outside of the Exchange? 6) How will Vermont mitigate the potential for adverse selection?

**b. Stakeholder Involvement**

Vermont is in the process of organizing a series of stakeholder meetings to gather information pertaining to different interest groups’ goals for, and concerns about, an Exchange. These stakeholders include key legislators, health insurers, independent agents and brokers, “exempt” associations,<sup>4</sup> the Health Care Ombudsman, health care provider trade organizations, large and small employers, the Public Oversight Commission, current VHAP and Catamount Health premium subsidy beneficiaries, current privately insured individuals (particularly in the nongroup market) and consumer advocacy organizations. Not only will these conversations help guide the development of the goals of Vermont’s Exchange, but will likely also inform the best approach to consumer education, marketing initiatives, and the navigator program. In light of Vermont’s consistent commitment to public process, we anticipate this stakeholder dialogue to continue throughout the Exchange development process. All sites for stakeholder meetings and focus groups will meet ADA requirements for accessibility.

Formal stakeholder study: In addition to the above-noted, ongoing stakeholder meetings, Vermont is also interested in formally obtaining stakeholder input across different perspectives through the use of a contractor and a defined analytical process for evaluating stakeholder feedback. The key questions to be answered include: 1) What are your current greatest struggles with health care delivery and health care financing? 2) What are the most important elements you would like to see in an Exchange? and 3) How could the state best encourage and facilitate your use of the Exchange?

**c. Program Integration**

Program integration will be a guiding principal in the development of Vermont’s Exchange. Vermont currently has an integrated eligibility system to provide Medicaid, CHIP, VHAP, Catamount Health premium assistance, and employer-sponsored insurance premium assistance to individuals; all programs are included under the umbrella name of “Green Mountain Care.” Individuals may use a screening tool on the Green Mountain Care website to determine their potential eligibility for state-sponsored coverage, and may download a simplified application form; eligibility for any of the above programs is determined based on the completed application. Beginning this fall, individuals will be able to complete and submit applications on line. Vermont’s automated eligibility system transmits Catamount Health enrollment and disenrollment data to insurance carriers via the HIPAA-compliant 834 format, and premium payments to the carriers are transmitted

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<sup>4</sup> Vermont’s unique association market is by definition “small group” insurance and encompasses a large percentage of the impacted market.

by EFT with accompanying remittance via HIPAA-compliant 820 format. The eligibility system currently has automated verification processes in place, such as Bendex, IRS 1099, new-hire wage match, quarterly wage match, PARIS, and unemployment insurance.

We plan to build on our current capacities as described above to incorporate Exchange functions, such as MAGI verification, eligibility determination for tax subsidies, eligibility for waiver of the mandate, exemption from the requirement to enroll in an employer plan, electronic communication with insurance plans and employers, and SHOP functions.

Assessment of current programs and integration opportunities: We hope to contract with an outside vendor to develop a comprehensive assessment of health care benefit programs across the public and private sectors with the ultimate goal of standardizing benefit packages as much as possible (recognizing the complete standardization may not be possible). Where such integration is not feasible, Vermont may also examine the best methods to explain benefit and program feature differences so that people can clearly understand these differences and make the best choices in light of their circumstances, and so that policy decisions can be informed by these differences. We may also be interested in studying how different populations interact with health coverage distribution channels and whether, beyond benefit integration, communication tools associated with the acquisition of health care coverage need to be standardized or customized for specific populations.

Formal assessment of “churning”: Vermont, as most states, experiences a large volume of “churning” where individuals move between different programs on a sometimes monthly basis because of moderate changes in income or familial circumstances or failure to pay premiums. We would like to develop strategies aimed at decreasing the “churn” rate, since frequent movement on and off our existing programs has been disruptive to beneficiaries and program administrators alike and will remain an issue when the Exchange is operational.

#### **d. Resources and Capabilities**

Numerous functions envisioned by the Exchange are currently performed by BISHCA or DVHA, and our private and public health coverage markets are beginning to integrate. However, new functionality will need to be developed. Currently, conceptual approaches to manage these new functions are being discussed, but are still in the preliminary stages, since details about Exchanges remain to be established, and numerous questions remain unanswered. It is quite clear that current staff and organizational structures will not be sufficient to run an insurance Exchange as defined in the ACA. Although the Legislature and the in-coming Governor will ultimately decide what structure the Exchange will take, it is the goal of the DVHA and BISHCA team to create a proposal to provide a framework for that discussion. Much of this work is being done with current state resources, with the exception of the considerable increase in travel funding needed to provide education to state staff.

Formal assessment of organizational models, including assessment of policy and fiscal implications of different models: We hope to contract with an outside consultant to develop possible models for Vermont’s Exchange, to help analyze key policy and fiscal issues, and to assist in the determination of staffing and contracting needs to operate the Exchange. Such analysis would inform decisions on whether specific functions should

be performed by existing state entities, by newly created state entities, or by outside entities. The consultant would also assist in answering other questions, such as whether a Basic Health Program would be advantageous in Vermont, the pros and cons of potential design options for the SHOP function, how the ACA employer assessment would affect Vermont's existing employer assessment, and how existing Catamount Health and employer-sponsored insurance premium assistance programs would fit or not fit into the new structure. It is our intent to leverage our current strengths and resources, while maximizing our opportunities to improve health care delivery and financing infrastructure. Finally, the consultant would assist in the development of an implementation plan for the chosen program design.

**e. Governance**

Vermont is well positioned, because of the structure of its current programs, to operate the Exchange as a state-run entity. Currently, we believe that a state-run Exchange will likely be more efficient, more fully integrated with existing health care programs, more responsive to consumer needs, and less administratively expensive than an Exchange operated by an independent nonprofit organization. Nonetheless, such assumptions must be tested, and we hope to use Exchange planning grants for such analysis.

Assess models and approaches to the Exchange: As noted above, we intend to contract with a consultant to help us determine the actual governance structure for the Exchange and answer questions such as: 1) Should the Exchange be operated by the state or an independent nonprofit? 2) Should the Exchange be an independent state agency, or should it reside within an existing agency? 3) Should the Exchange have a board of directors? If so, what will be its composition and how will members be appointed? 4) How should the Exchange be regulated? Our intention is that the consultant with whom we contract to develop a governance structure will also be examining needed resources, such as staff and contracts.

**f. Finance**

Obviously, with the structure of the Exchange and the related functions performed by different governmental entities still the subject of inquiry, specific plans relating to the financing features of the Exchange, as well as the financial sustainability of the Exchange itself, remain very much in flux. However, Vermont has identified sustainable funding of the Exchange as one of the most important decision points, and we expect it to be a primary factor in many choices made relating to the infrastructure and features of the Exchange. Furthermore, we expect there will be numerous finance-related features, as noted in the grant application, which will need to be developed regardless of the final organizational approach developed for performing Exchange functions, including functions to minimize potential waste, fraud, and abuse

Formal study of sustainable Exchange funding: Vermont expects to contract with a consultant or group of consultants to model different potential funding mechanisms associated with the Exchange, with a particular emphasis on not increasing health care costs or the financial burden borne by Vermonters supporting the health care delivery and health care financing systems. We anticipate a great deal of stakeholder input in designing such a study and formulating the appropriate questions and criteria associated with the decision-making process.

Design and Development of Exchange Financial Functions: In addition to the issues associated with the financing of the Exchange, the Exchange, or an entity on behalf of the Exchange, will need to perform a variety of finance-related functions identified in the grant application, such as developing accounting and auditing standards, creating transparency and reporting mechanisms for the public, and developing mechanisms and infrastructure to comply with federal reporting requirements. We may also want to develop “aggregator” functions to help small businesses make the most of the Exchange and its features. It would be our hope to contract with one or more vendors to identify the pros and cons of various design options for these and related functionalities. Development and design should happen as soon as sufficient planning has occurred; it would be our hope that certain functionalities could be created prior to a final organizational Exchange design.

Measure the cost of state mandates: As part of our planning process, Vermont will need to assess the cost of state mandates if such mandates are not included in the federal “essential health benefits” definition. The assessment of such costs will be a key piece of data necessary for the Legislature to determine whether such mandates should continue to be supported, or whether such mandates are no longer appropriate in light of new financial realities.

**g. Technical Infrastructure**

Vermont has issued an RFP to procure and install essential components of a service oriented architectural design as a foundation for its new eligibility system, known as the Vermont Integrated Workflow Eligibility System, or VIEWS. VIEWS will include automated support for all Vermont’s health care programs, as well as other assistance programs such as TANF and SNAP. We anticipate having the infrastructure components in place by the spring of 2011. In early 2011 Vermont will issue an RFP for an implementation vendor, with a target of the summer of 2012 for a fully operational eligibility system.

We anticipate leveraging VIEWS (which will be developed with a focus on flexibility) to incorporate Exchange functions in the new eligibility system. Additionally, there are numerous Exchange-related technology requirements, such as the web portal and voice response system, for which we will need to procure vendors to design and install; however, this activity will most likely occur in 2011. We may build on our current Green Mountain Care website or create an entirely new web portal. Although we currently employ voice response technology in our current call center, we will most likely need to procure more sophisticated technology to process phone applications efficiently and in a consumer-friendly manner.

**h. Business Operations**

The nature of the Exchange business operations will necessarily be dependent on numerous other decision points which have been discussed in other parts of this application. For example, at this time, it is anticipated that eligibility determinations will be made utilizing an enhanced version of DVHA’s eligibility systems, as that would appear to be the most efficient (and least expensive) option. It is currently anticipated that such a system would be run through DVHA, with the Exchange web portal being one of the primary ways in which individuals learn about eligibility options. However, technical assessments and additional planning may reveal that this is not the most effective way perform this function and, as such, business operations housed within the

Exchange would be modified accordingly. Vermont has made similar assumptions relating to the other Exchange features noted in the grant application in relation to business operations, such as eligibility determination (DVHA), quality rating systems (BISHCA), rate review (BISHCA), premium credits/cost sharing (the Exchange), and risk adjustment (BISHCA). Again, these functions may be performed by the entity named above, or may change as study reveals better solutions.

**i. Regulatory and Policy Actions**

DVHA and BISHCA intend to introduce legislation in January 2011 that will facilitate the process of developing an Exchange design. Although much planning remains to be done, we currently anticipate such legislation will define specific overarching policy goals that an Exchange design must accomplish, as well as fund a small number of Exchange-dedicated employees to serve as the first phase in building the infrastructure. Ongoing legal analysis at BISHCA will assess what regulatory and statutory changes should be made to maximize the effectiveness of the private insurance market (including the Exchange) going forward. Some of this legislation may be proposed in 2011, but likely more of these changes will be proposed for the 2012 legislative session. Programmatic and legal analysis at DVHA will be necessary to examine current and future benefit programs, as well as how to best enhance the numerous delivery and IT health reform activities already ongoing in light of federal initiatives. Except for possibly covering some of the cost of current state employees, at this time it is not expected grant funding would be used for such analysis.

**Conclusion**

Vermont is seeking \$1 million in grant funding to support the collaborative activities identified above in order to ensure the best possible health insurance Exchange for Vermonters.