



**Solicitation Information  
23 Jan 12**

**LOI # 7449406**

**Title: Affordability Standards Technical Assistance**

**SUBMISSION DEADLINE: FEBRUARY 17, 2012 @ 11:00 AM (EASTERN TIME)**

Questions concerning this solicitation must be received by the Division of Purchases at [rfp.questions@purchasing.ri.gov](mailto:rfp.questions@purchasing.ri.gov) no later than **January 31, 2012**. Questions should be submitted in a *Microsoft Word attachment*. Please reference the LOI # on all correspondence. Questions received, if any, will be posted on the Internet as an addendum to this solicitation. It is the responsibility of all interested parties to download this information.

**SURETY REQUIRED: No**

**BOND REQUIRED: No**

**Daniel W. Majcher  
Assistant Director, Special Projects**

**Vendors must register on-line at the State Purchasing Website at [www.purchasing.ri.gov](http://www.purchasing.ri.gov)**

Note to Vendors:

**Offers received without the entire completed three-page Rhode Island Vendor Information Program (RIVIP) Generated Bidder Certification Form attached may result in disqualification.**

**THIS PAGE IS NOT A BIDDER CERTIFICATION FORM**

## TABLE OF CONTENTS

<b>SECTION I. INTRODUCTION</b> .....	<b>3</b>
INSTRUCTIONS AND NOTIFICATIONS TO VENDORS.....	3
<b>SECTION II. BACKGROUND</b> .....	<b>5</b>
<b>SECTION III. SCOPE OF WORK</b> .....	<b>7</b>
OBJECTIVE.....	7
TASK ONE: ADVISE HIAC ON COMMERCIAL HEALTH INSURANCE EXPENSE TREND TARGETS .....	7
TASK TWO: REVIEW AND ASSESS OHIC’S AFFORDABILITY STANDARDS .....	8
TASK THREE: ADVISE AND SUPPORT OHIC IN THE RATE REVIEW PROCESS .....	8
TASK FOUR: OPTIONAL TASKS .....	9
<b>SECTION IV. MINIMUM CONTRACT REQUIREMENTS</b> .....	<b>10</b>
4.1 VENDOR REQUIREMENTS .....	10
4.2 VENDOR RESPONSIBILITIES.....	10
4.2.1 <i>Single Award</i> .....	10
4.2.2 <i>Conditions Governing Subcontracting</i> .....	10
4.2.3 <i>Compliance with Statutory, Regulatory and Other Standards</i> .....	10
4.2.4 <i>Confidentiality and Protection of Public Health Information and Related Data</i> .....	11
4.2.5 <i>Computers</i> .....	11
4.2.6 <i>Data and Reports</i> .....	11
4.2.7 <i>Office Space and Equipment</i> .....	11
4.2.8 <i>Travel</i> .....	11
4.3 CONTRACT TERM.....	12
<b>SECTION V. PROPOSAL SUBMISSION</b> .....	<b>13</b>
5.1 TECHNICAL PROPOSAL.....	14
5.1.1 <i>Executive Summary</i> .....	14
5.1.2 <i>Relevant Experience and Expertise</i> .....	15
5.1.3 <i>Work plan/Proposed Approach</i> .....	15
5.1.4 <i>Capacity to Accomplish Tasks</i> .....	16
5.2 COST PROPOSAL.....	16
<b>SECTION VI. EVALUATION AND AWARD</b> .....	<b>17</b>
EVALUATION CRITERIA .....	17
AWARD .....	18
FEDERAL AND STATE APPROVALS .....	18
<b>SECTION VII. GOVERNING TERMS AND CONDITIONS</b> .....	<b>19</b>
<b>SECTION VIII. PROCUREMENT LIBRARY</b> .....	<b>19</b>
<b>ATTACHMENT A – TECHNICAL PROPOSAL: LEVEL OF EFFORT</b> .....	<b>20</b>
<b>ATTACHMENT B – COST PROPOSAL</b> .....	<b>21</b>

## SECTION I. INTRODUCTION

The Rhode Island Department of Administration, Division of Purchases (“Division”), on behalf of the Office of the Health Insurance Commissioner (“OHIC”), is soliciting proposals from qualified vendors to provide assistance in setting, revising, and implementing the Affordability Standards, as described with the terms herein, in the vendor certification form and in the State’s General Conditions of Purchase available at [www.purchasing.ri.gov](http://www.purchasing.ri.gov).

This is a request for Letters of Interest (“LOI” or “Request”); responses will be evaluated on the basis of the technical merits of the proposals received in addition to the cost proposed. There will be no public opening and reading of the responses received by the Division of Purchases pursuant to this request, other than to name those vendors who have submitted an LOI.

### INSTRUCTIONS AND NOTIFICATIONS TO VENDORS

1. Potential vendors are advised to review all sections of this Request carefully and to follow instructions completely, as failure to make a complete submission as described elsewhere herein may result in rejection of the proposal.
2. Alternative approaches and/or methodologies to accomplish the desired or intended results of this procurement are solicited. However, proposals which depart from or materially alter the terms, requirements, or scope of work defined by this Request will be rejected as being non-responsive.
3. All costs associated with developing or submitting a proposal in response to this Request, or to provide oral or written clarification of its content shall be borne by the vendor. The State assumes no responsibility for these costs.
4. Proposals are considered to be irrevocable for a period of not less than sixty (60) days following the opening date, and may not be withdrawn, except with the express written permission of the State Purchasing Agent.
5. All pricing submitted will be considered to be firm and fixed unless otherwise indicated herein.
6. Proposals misdirected to other state locations, or which are otherwise not present in the Division of Purchases at the time of opening for any cause will be determined to be late and will not be considered. For the purposes of this requirement, the official time and date shall be that of the time clock in the reception area of the Division of Purchases.
7. It is intended that an award pursuant to this Request will be made to a prime Vendor, who will assume responsibility for all aspects of work. Joint venture and cooperative proposals will not be considered. Subcontracts are permitted, provided that their use is clearly indicated in the vendor’s proposal and the subcontractor(s) to be used is identified in the proposal.
8. All proposals should include the vendor’s FEIN or Social Security number as evidenced by a W9, downloadable from the Division of Purchases website at [www.purchasing.ri.gov](http://www.purchasing.ri.gov)
9. The purchase of services under an award made pursuant to this Request will be contingent on the availability of funds.

10. Vendors are advised that all materials submitted to the State for consideration in response to this Request will be considered to be Public Records as defined in Title 38 Chapter 2 of the Rhode Island General Laws, without exception, and will be released for inspection immediately upon request once an award has been made.
11. Interested parties are instructed to peruse the Division of Purchases website on a regular basis, as additional information relating to this solicitation may be released in the form of an addendum to this RFP.
12. Equal Employment Opportunity (RIGL 28-5.1) – 28-5.1-1 Declaration of policy – (a) Equal opportunity and affirmative action toward its achievement is the policy of all units of Rhode Island state government, including all public and quasi-public agencies, commissions, boards and authorities, and in the classified, unclassified, and non-classified services of state employment. This policy applies to all areas where State dollars are spent, in employment, public services, grants and financial assistance, and in state licensing and regulation. For further information, contact the Rhode Island Equal Opportunity Office at (401) 222-3090 or [Raymond.lambert@hr.ri.gov](mailto:Raymond.lambert@hr.ri.gov).
13. In accordance with Title 7, Chapter 1.1 of the General Laws of Rhode Island, no foreign corporation, a corporation without a Rhode Island business address, shall have the right to transact business in the State until it shall have procured a Certificate of Authority to do so from the Rhode Island Secretary of State (401-222-3040). *This is a requirement only of the successful Vendor.*
14. The vendor should be aware of the State's Minority Business Enterprise (MBE) requirements, which address the State's goal of ten percent (10%) participation by MBE's in all State procurements. For further information, contact the MBE Administrator at (401) 574-8253 or visit the website [www.mbe.ri.gov](http://www.mbe.ri.gov) or contact [dorinda.keene@doa.ri.gov](mailto:dorinda.keene@doa.ri.gov)

## SECTION II. BACKGROUND

OHIC was established by legislation in 2004 to broaden the accountability of health insurers operating in the state of Rhode Island. Under this legislation, OHIC is dedicated to:

1. Protecting consumers
2. Encouraging fair treatment of medical service providers
3. Ensuring solvency of health insurers
4. Improving the health care system's quality, accessibility and affordability

OHIC sets and enforces standards for health insurers in each of these four areas.

In pursuit of this mission, OHIC applied for grant funds from the United States Department of Health and Human Services ("HHS"), Center of Information and Insurance Oversight ("CCIIO"). OHIC first received grants funds from the Health Insurance Rate Review Grant Program in September 2010 to enhance OHIC's rate review process. Subsequent to the state's progress made on the Cycle I activities, OHIC applied for and received funding under Cycle II of the Health Insurance Rate Review Grant Program to institutionalize the rate review program and engage health plans in delivery system transformation through implementation of OHIC's Affordability Standards.

Through this LOI and using funds from the Cycle II grant, the State is seeking assistance to set, revise, and implement the Affordability Standards as part of a larger goal to engage health plans in delivery system transformation using the rate review process.

In 2006, OHIC established an annual rate factor review process for all carriers in both the small and large group markets. OHIC can approve, reject, or modify the inflation factors that insurers use to calculate the rates paid by consumers and once these rate components are determined, insurers use rating formulas to calculate an employer-specific year long, fixed rate based on that employer's benefit plan and demographic mix. Rhode Island's rate review process addresses rate factors – not individual product pricing - to encourage the health insurers and other stakeholders to focus on systemic costs and cost drivers. These rate factors include administrative costs, reserves and profit, and five medical expense categories (hospital inpatient care, hospital outpatient care, pharmacy, primary care, and all other medical which includes specialty care, behavioral health, diagnostic testing, and ancillary services).

OHIC, in conjunction with the Health Insurance Advisory Council ("HIAC"), developed the Affordability Standards in 2009 to establish measurable standards for insurers to meet regarding the requirement that they implement policies that promote system-wide "affordability" of coverage. The Affordability Standards require insurers to:

- (1) Increase each insurer's proportion of medical expenses on primary care by one percentage point per year from 2010-2014;
- (2) Support expanding the medical home initiative in Rhode Island;
- (3) Fund the adoption and maintenance of electronic medical records as a percentage of market share; and

- (4) Participate in an on-going dialogue about comprehensive state-wide provider payment reform.

Standard Four was refined in 2010 to require that insurers include specific hospital contracting requirements as a condition of OHIC's rate factor decision.

Compliance with affordability standards is assessed annually through OHIC's rate factor review process. Additionally, OHIC monitors compliance on a quarterly basis.

Additional background information about the status of Rhode Island's commercial insurance markets may be found in Section VIII of this LOI, which includes links to the premium rate review Cycle II project narrative and documentation on OHIC's Affordability Standards.

## SECTION III. SCOPE OF WORK

### OBJECTIVE

OHIC seeks to contract with a vendor to provide services to assist OHIC and HIAC with setting, revising, and implementing the Affordability Standards. The tasks in this LOI will be under the direct supervision of OHIC.

The objective of this LOI is to competitively procure assistance from a qualified vendor with extensive experience in health care policy, health care financing and payment, and project management. The vendor must also meet the minimum requirements described in Section 4.1 of this LOI.

The vendor's scope of work will include the following tasks:

- (1) Advise HIAC on setting commercial health insurance expense trend targets
- (2) Assist in the review and assessment of OHIC's Affordability Standards
- (3) Advise and support OHIC in the rate review process

Vendors must identify deliverables and timelines for each task in their response.

A fourth task, "Special Projects," is included for the bidder to provide the State with additional resources as needed in response to the State's changing needs and requirements as funding allows.

### **TASK ONE: ADVISE HIAC ON SETTING COMMERCIAL HEALTH INSURANCE EXPENSE TREND TARGETS**

The vendor shall advise HIAC on setting commercial health insurance expense trend targets. Advising OHIC will include identifying appropriate benchmarks and working with OHIC to define targets that may go beyond those that are norm-referenced. OHIC expects the vendor to begin with advising OHIC on the resources, structures and processes that would be necessary in setting and enforcing a target for *medical expenses*. Future work may include advice on the setting of the targets themselves, as well as consideration of administrative costs and contributions to reserves.

The successful bidder will be expected to identify and work with key stakeholders from participating groups, including providers, insurers, employers, and consumers.

Successful implementation of this task will include but not be limited to:

- Developing a shared definition of "medical expense trend"
- Identifying relevant benchmarks for process and structure from other regulatory bodies.
- Developing an analytical framework and set of resources for setting medical expense trends, including reconciling actual experience to what was filed and approved.
- Creating a methodology for defining the maximum medical expense trend assumption to be used by commercial insurers when setting premiums for insured health products

- Contributing to HIAC's work on developing approaches for setting medical expense trend targets for 2014 rates
- Advising HIAC on the strengths and weaknesses of each potential approach
- Proposing methodology for refining the medical expense trend target over time
- Communicating this work to HIAC and facilitating their deliberations.

## **TASK TWO: ASSIST IN THE REVIEW AND ASSESSMENT OF OHIC'S AFFORDABILITY STANDARDS**

The vendor shall provide ongoing assistance and expertise in evaluating and reviewing the effectiveness and impact of the Affordability Standards. The successful bidder will expand on the preliminary review completed by OHIC and will work with interested parties in order to increase resources for evaluating the effects of the Affordability Standards.

Activities related to this task could include:

- Working with OHIC staff and HIAC to assess the impact of the Affordability Standards and to develop and implement strategies to improve their effectiveness as necessary, including but not limited to:
  - Advising OHIC Staff as they conduct overall monitoring of plan activities for each of the four Affordability Standards
  - Working with OHIC staff to develop metrics to assess their impact.
  - Presenting this material to HIAC
  - Facilitating periodic planning by OHIC staff and the HIAC with regard to the Standards.
  - Assisting OHIC staff in the implementation of any changes resulting from that planning process.

## **TASK THREE: ADVISE AND SUPPORT OHIC IN THE RATE REVIEW PROCESS**

The successful bidder will work with an OHIC team to support the ongoing annual rate factor review process. This team consists of: OHIC's consulting actuary, OHIC's legal consultant, OHIC's Chief of Analytics, OHIC's Community Partner and the Commissioner.

On this team, the role of the bidder will include but not be limited to:

- Advise the Commissioner on a workplan for the entire review process.
- Revise existing standards for rate factor review.
- Assist in the assessment of filings relative to those standards, particularly those requiring the compilation of regional and national benchmarks.
- Develop an analytical framework for assessing the filings and the cost drivers in them, to be completed by the Actuary, the Chief of Analytics and the bidder. This analytical framework will both be objective and subjective in nature, allowing OHIC to assess the nature of cost drivers in the filings and the effects of its Affordability Standards.
- Advise on the development of analytical databases for the continuation of this work. (Note – the Vendor will have access to all information filed by carriers as part of the rate filing)

- Assist in the execution of this analytical framework in the course of the rate factor review.
- Develop materials with the findings of that analysis.
- Work with the Community Partner to create a dissemination plan for the analysis of the filings.
- Work with the team to conduct an assessment post review for how to improve the process next year.

#### **TASK FOUR: OPTIONAL TASKS**

The vendor will have available additional resources for related activities as needed. In addition to the activities described under Tasks 1-3, the State reserves the option to direct the vendor to conduct additional work directly related to the scope defined under Tasks 1-3.

The Vendor must be able to demonstrate the capacity, capability, flexibility and responsiveness in response to the State's need for assistance to perform additional tasks that require similar expertise and work functions as required for Tasks 1-3. The State will specify a contractual allowance to be included in the contract for this purpose, and to be used at the state's option.

It is the State's intent to utilize these additional resources/enhanced activities as needed in response to the State's changing needs and requirements and as funding allows. This may include the use of new funding from federal or foundation grants or other sources.

The decision to utilize contract services under Task 4 will be at the State's request for specific enhancement activities, not already included under Tasks 1-3, but related. Any additional related work must be defined and agreed to in writing, by both OHIC and the vendor, before the enhancement work begins. There is no commitment on the part of the State to specifically utilize any or all of the optional tasks.

The optional tasks section will be bid and paid on a fully loaded time and materials basis up to the limits provided in Attachment B, Cost Proposal Summary.

## **SECTION IV. MINIMUM CONTRACT REQUIREMENTS**

### **4.1 VENDOR REQUIREMENTS**

The Vendor must have at least 10 years of state health policy and/or industry experience, with a preference for vendors with Rhode Island-specific experience in commercial insurance regulation.

The Vendor selected as a result of this LOI will be required to have the following minimum credentials:

- Successful track record at managing complex projects.
- Deep knowledge of health insurance underwriting, pricing and marketing in general and as developed in Rhode Island.
- Deep knowledge of the health insurance marketplace and industry stakeholders in Rhode Island.
- Familiarity with health industry and health insurance regulation practices across the country and the ability to apply those experiences to the Rhode Island setting.
- Understanding of commercial insurance regulation in Rhode Island, including OHIC's rate review process and the implementation of the Affordability Standards
- Demonstrated ability to facilitate the work of Advisory Committees and stakeholder identification and consultation
- The ability to conduct sophisticated analyses including but not limited to:
  - o Health insurance premium expense drivers
  - o Health plan provider payment contracting terms.
  - o Medical care cost and utilization trends
- Familiarity with the process of developing and implementing public policy in health care.

The selected Vendor will demonstrate sufficient experience and capacity necessary to successfully complete all tasks.

### **4.2 VENDOR RESPONSIBILITIES**

#### **4.2.1 Single Award**

One contract will be awarded for the work.

#### **4.2.2 Conditions Governing Subcontracting**

If the Vendor intends to use any subcontractors, the Vendor must clearly identify the subcontractor in the response to the LOI. The Vendor retains responsibility for the completion and quality of any work assigned to subcontractors. The Vendor is expected to supervise the activities of subcontractors and employees in order to ensure quality.

#### **4.2.3 Compliance with Statutory, Regulatory and Other Standards**

The Vendor must comply with all applicable State and Federal regulations and statutes.

#### **4.2.4 Confidentiality and Protection of Public Health Information and Related Data**

OHIC does not anticipate providing any protected health information to the successful vendor. However, in the event that protected health information or other confidential data must be shared by OHIC with the vendor, the vendor shall be required to execute a Business Associate Agreement Data Use Agreement, among other requirements, shall require the successful vendor to comply with 45 C.F.R 164.502(e), 164.504(e), 164.410, governing Protected Health Information (“PHI”) and Business Associates under the Health Insurance Portability and Accountability Act of 1996 (P.L. 104-191), 42 U.S.C. Section 1320d, et seq., and regulations promulgated thereunder, and as amended from time to time, the Health Information Technology for Economic and Clinical Health Act (HITECH) and its implementing regulations, and regulations promulgated thereunder, and as amended from time to time, and the Rhode Island Confidentiality of Health Care Information Act, R.I. General Laws, Section 5-37.3 et seq. The successful Vendor shall be required to ensure, in writing, that any agent, including a subcontractor to whom it provides Protected Health Information received from or created or received by and/or through this contract, agrees to the same restrictions and conditions that apply through the above-described Agreements with respect to such information. Any information provided by OHIC to the Vendor for the completion of the project may not be sold, given or otherwise shared with outside parties.

#### **4.2.5 Computers**

Computer hardware, software, and other such technology required to complete the work of the contract are the sole responsibility of the Vendor.

#### **4.2.6 Data and Reports**

Data, information, and reports collected or prepared by the Vendor as well as equipment purchased by the Vendor in the course of performing its duties and obligations and paid by the State under this contract shall be deemed to be owned by the State of Rhode Island. This provision is made in consideration of the Vendor’s use of public funds in collecting and preparing such data, information, and reports, and in purchasing equipment.

#### **4.2.7 Office Space and Equipment**

Office space and equipment required to complete the work of the contract are the sole responsibility of the Vendor.

#### **4.2.8 Travel**

All travel costs for Vendor staff, including in-state and out of state travel necessary to carry out the tasks within the contract, shall be included in the vendor’s cost proposal.

### **4.3 CONTRACT TERM**

Services under the contract are subject to approval of the State's Chief Purchasing Officer and the Health Insurance Commissioner or his or her designee. Services shall commence upon completion of the award, contract, and the issuance of a state Purchase Order, and will run through three years. The contract shall include the possibility of two one-year extensions, to be exercised at the sole option of the State. Any work conducted during the two option year extensions shall be completed at the fully loaded hourly rates proposed in the cost proposal for Year 3, and the total contract award of any option shall not exceed the value of Year 3.

## SECTION V. PROPOSAL SUBMISSION

**The Division, within the Department of Administration, shall be the primary point of contact for all vendors from the date of release of the LOI until the contract is fully executed and signed.** Any attempt by a vendor to contact any State employees regarding this procurement, other than those named above, may cause rejection of a bid submitted by that party. Additionally, no work shall commence until, nor shall the State be responsible for any work performed prior to, the issuance a fully executed Purchase Order or Notice of Agreement is issued by the Division.

Questions concerning this LOI may be emailed to the Division at [rfp.questions@purchasing.ri.gov](mailto:rfp.questions@purchasing.ri.gov) no later than the date and time indicated on page one of this solicitation. Questions should be submitted in a *Microsoft Word attachment*. Please reference the LOI number for all correspondence. Questions received, if any, will be posted on the Division's website as an addendum to this LOI. It is the responsibility of all interested parties to download this information. For computer technical assistance, call the Help Desk at (401) 574-8100.

Vendors should recognize that the only official answers to any questions are those made in writing and issued by the Division to prospective vendors.

Interested vendors may submit proposals to provide the services covered by this LOI on or before the date and time indicated on page one of this solicitation. Proposals received after this time and date will not be considered.

Responses (**one original plus 5 copies**) and two electronic copies on CDs or flash drives should be mailed or hand-delivered in a sealed envelope marked "**LOI #7449406: Affordability Standards Technical Assistance**" to:

### RHODE ISLAND DEPARTMENT OF ADMINISTRATION

Division of Purchases, 2<sup>nd</sup> Floor  
One Capitol Hill  
Providence, RI 02908-5855

NOTE: Proposals received after the above-referenced due date and time will not be considered. Proposals misdirected to other State locations or which are otherwise not presented in the Division of Purchases by the scheduled due date and time will be determined to be late and will not be considered. Proposals faxed, or emailed to the Division of Purchases will not be considered. The official time clock is located in the reception area of the Division of Purchases.

Proposals should include the following:

- A signed and completed three-page RIVIP Vendor Certification Form with a letter of transmittal signed by an owner, officer or authorized agent of the firm or organization, acknowledging and accepting the terms and conditions of this Request, and tendering an offer to the Office of the Health Insurance Commissioner. The signature of the official

with legal authority to bind an organization into a contractual agreement should also be included. This form is downloadable at [www.purchasing.ri.gov](http://www.purchasing.ri.gov)

- A Technical Proposal describing the Vendor's relevant experience and expertise, subcontracts, and experience with similar programs, as well as the workplan or approach proposed, including completion of Attachment A. The technical proposal should include preliminary project timeline, including a description of the schedule, tasks, deliverables, and milestones of the work associated with this contract. The technical proposal shall be limited to 20 pages using a Times New Roman font not smaller than 12 point **not** including attachments.
- A separate signed and sealed Cost Proposal reflecting the hourly rates and other fee structures proposed for this scope of services as described below, including completion of Attachment B enclosed. The cost proposal shall be limited to 5 pages using a Times New Roman font not smaller than 12 point **not** including attachments.
- In addition to the original and 5 hard copies of the proposals required, vendors are requested to provide their proposal in electronic format (CD ROM, Flash Drive). Microsoft Word, Excel, or PDF format is preferable. Two electronic copies are requested. The CDs or flash drives shall be included in the proposal marked "original."

**The Technical Proposal and Cost Proposal shall be separately sealed and clearly marked. There shall be no reference to price(s) in the Technical Proposal. The review team will not be provided the cost proposals until such a time as the evaluation of the technical proposals is complete.**

## **5.1 TECHNICAL PROPOSAL**

The Technical Proposal must contain the following sections:

### **5.1.1 Executive Summary**

The Executive Summary is intended to highlight the contents of the Technical Proposal and to provide the State evaluators with a broad understanding of the vendor's technical approach and ability. The executive summary should include the following:

- A clear and concise summary of the vendor's understanding of the project and the State's needs.
- A clear and concise summary of the proposed approach.
- A brief summary of the vendor's experience and ability to perform this project.
- A general description of the capabilities and role of any subcontractors.

### **5.1.2 Relevant Experience and Expertise**

This section shall include the following information:

- **Qualifications:** Provide a summary within the technical proposal. In an attachment to the technical proposal, please include resume(s) for the applicant's staff to be assigned to the project team, and also for consultants or subcontractor staff to be assigned to the project team. These resumes should be included in addition to (not within) the 20 page limit for the technical proposal.
- **Relevant experience:** Describe experience with prior or current projects related to the scope of work in this LOI.
- A brief description of the vendor's financial position and solvency.
- The vendor's status as a Minority Business Enterprise (MBE), certified by the Rhode Island Department of Economic Development, and or a subcontracting plan which addresses the State's goal of ten percent participation by MBE's in all State procurements. Further questions may be directed to the State's MBE officer at (401) 574-8253 or [www.mbe.ri.gov](http://www.mbe.ri.gov)
- The vendor shall provide at least three (3) references for projects that are of comparable size and complexity. For each reference the vendor should include the following information:
  - Name of the organization
  - Relevance to this proposal
  - Brief summary of project
  - Timeframe for the project
  - Original contract amount

### **5.1.3 Work plan/Proposed Approach**

This section shall describe:

1. The vendor's understanding of the State's requirements, including the result(s) intended and desired the approach and/or methodology to be employed within the scope of work, and
2. A work plan for accomplishing each task, and the results proposed. The work plan description shall include a list of activities and/or milestones that will be employed to successfully administer the project. Within the 20 page limit, the vendor should include a high-level timeline/workplan for achieving key milestones associated with this LOI. A detailed timeline/workplan may be included as an attachment that will NOT be included in the 20-page limit for the technical proposal.

### **5.1.4 Capacity to Accomplish Tasks**

This section should include:

- **Level of Effort**

This section will indicate the amount of time the vendor anticipates dedicating to each task. Please list staff as well as any subcontractors, indicating level of effort as well as duties and responsibilities in relation to the scope of work. Attachment A should be completed in support of this section.

- **Organization**

This section should include a description of how any Vendor staff or subcontractors will be organized and supervised. Please include an organizational chart.

## **5.2 COST PROPOSAL**

The vendor must prepare a cost proposal reflecting the proposed cost for each Task 1 - 3 using the Cost Proposal Form in Attachment B. Tasks 1-3 will be scored on cost. The total costs of Tasks 1-3 of the Contract must not exceed \$250,000 (not including the optional tasks), as shown in the Cost Proposal summary of Attachment B. The maximum dollar amount for Year One is \$100,000, and the maximum dollar amount for Years Two and Three is \$75,000 each, again, not including the optional tasks which may be included at the discretion of the State.

Task 4 will be paid on a time and materials basis in accordance with the annual and/or hourly rates provided in Attachment B, up to the limits provided in Attachment B, Cost Proposal Summary (\$25,000 per year) if/when the State elects to commission optional tasks. The vendor should provide a list of positions, fully loaded hourly rates and staff qualifications for staff/contractors that could be brought on for the optional tasks.

The contract will include a firm fixed limit for Tasks 1-3 in Years 1-3 to be utilized by the vendor on a time and materials basis. The contract will specify a contractual allowance for optional tasks for each year of the contract. Any work conducted during the two option year extensions shall be completed at the fully loaded hourly rates proposed in the cost proposal for Year 3, and the total contract award of any option shall not exceed the value of Year 3.

The state expects to issue an initial Purchase Order/Agreement that reflects funding only for Years 1-3, and only for Tasks 1-3. The vendor should be aware that optional work in each year and utilization of option years are not being committed to by the state, and will be at the state's option, depending on the state's need and funding levels.

## SECTION VI. EVALUATION AND AWARD

The State will commission a review team to evaluate and score all proposals that are complete and minimally responsive using the criteria described below. The evaluation of any item may incorporate input from sources other than the vendor's response and supplementary materials submitted by the vendor. Those other sources could include assessments made by evaluators based on findings recorded from reference checks (including but not limited to those supplied by the Vendor), prior experience with or knowledge of Vendor's work, responses to follow-up questions posed by the State and/or oral presentations by the vendors if requested by the state. The State may elect to use any or all of these evaluation tools.

### EVALUATION CRITERIA

#### *Technical Evaluation*

Any proposal that does not score at least 52 points out of a possible 70 points for the technical evaluation (criteria 1, 2, and 3) will not be considered for the cost evaluation.

1. Relevant Experience and Expertise 25 Points

The Vendor must have at least 10 years of health policy and/or industry experience, preferably with Rhode Island-specific experience in commercial insurance regulation. Evaluators will consider prior experience and expertise in the tasks described and the extent to which the vendor meets the minimum criteria defined in Section 4.1 of this LOI. Level of expertise, experience and qualifications of proposed positions, proposed key staff, and proposed subcontractors will be considered significantly. Evaluators will strongly consider recommendations from other clients utilizing the vendor for similar work to be performed under the contract. Negative feedback from other clients will be cause for significant point deductions. Vendor or subcontractor status as an MBE will also be considered.

2. Technical Approach and Understanding of Work 25 Points

The State will evaluate the vendor's written proposal describing how it intends to organize and accomplish the tasks and activities in the Scope of Work. The State will score vendors highly who demonstrate a clear, complete understanding of each task and activity and who present an effective work plan for accomplishing them.

3. Capacity, Resources, and Level of Effort to Accomplish Tasks 20 Points

The State will score highly, vendors who present a plan for resources and level of effort that, in the State's best judgment, will accomplish each task effectively and efficiently.

### ***Cost Evaluation***

4. Cost

30 Points

The lowest costing vendor will automatically receive 30 points, with every additional vendor receiving cost points on a proportional basis compared to the lowest cost. The cost score is calculated based on the following formula:  $((\text{lowest cost}/[\text{proposed cost of other vendor}]) \times \text{cost points available})$ .

### **AWARD**

The review team will present written findings, including the results of all evaluations, to the State Purchasing Agent or designee, who will make the final selection for this solicitation. When a final decision has been made, a notice will be posted on the Rhode Island Division of Purchases web site.

In order for the Cost Proposal to be reviewed, all technical proposals must meet a minimum technical evaluation score of 52 total points. Any technical proposals scoring less than 52 points will not have the cost component either opened or evaluated and the proposal will be dropped from further consideration.

Because the evaluation takes into consideration both the technical and cost components in a value based approach, the lowest costing vendor may not necessarily be awarded the contract.

Notwithstanding anything above, the State, and its agents reserve the right to either accept or reject any, or all, bids, proposals, award on cost alone, cancel the solicitation and to waive any technicality in order to act in the best interest's of the State and to conduct additional negotiations as necessary.

Proposals found to be technically or substantially non-responsive, at any point in the evaluation process, will be rejected and not considered further. The State, at its sole option, may elect to require presentation(s) by offerors in consideration for the award. An award will not be made to a contractor who is neither qualified nor equipped to undertake and complete required work within a specified time.

### **FEDERAL AND STATE APPROVALS**

Final contract approval is contingent upon Federal and State approvals. Every effort will be made by the State to facilitate rapid approval upon award.

## SECTION VII. GOVERNING TERMS AND CONDITIONS

---

The State's General Conditions of Purchase contain the specific contract terms, stipulations and affirmations to be utilized for the contract awarded to the LOI. The State's General Conditions of Purchases/General Terms and Conditions can be found at the following website:

[www.purchasing.ri.gov](http://www.purchasing.ri.gov)

Click on Vendor Information (left column)

Click on General Information

Click on Rules and Regulations

Click on Attachment A – General Terms and Conditions

## SECTION VIII. PROCUREMENT LIBRARY

Office of the Health Insurance Commissioner: [www.ohic.ri.gov](http://www.ohic.ri.gov)

Health Insurance Advisory Council:

[http://www.ohic.ri.gov/Committees\\_HealthInsuranceAdvisoryCouncil.php](http://www.ohic.ri.gov/Committees_HealthInsuranceAdvisoryCouncil.php)

Affordability Priorities and Standards for Health Insurers in RI:

[http://www.ohic.ri.gov/Committees\\_HealthInsuranceAdvisoryCouncil\\_Affordability%20Report.php](http://www.ohic.ri.gov/Committees_HealthInsuranceAdvisoryCouncil_Affordability%20Report.php)

2011 Affordability Standards Assessment:

<http://www.ohic.ri.gov/documents/Insurers/Reports/2011%20Affordability%20Standards%20Assessment/2011%20Affordability%20Standards%20Assessment.pdf>

May 2011 Health Insurance Rate Factor Review for 2012

<http://www.ohic.ri.gov/2011%20May%20RateFactorReview.php>

Project Narrative for RI's Rate Review Cycle I Grant:

<http://www.ohic.ri.gov/documents/Health%20Reform/RI%20Rate%20Review%20Project%20Narrative.pdf>

Project Narrative for RI's Rate Review Cycle II Grant:

[http://www.ohic.ri.gov/documents/Rate%20Review%20II/1\\_Rate%20Review%20II%20Project%20Narrative.pdf](http://www.ohic.ri.gov/documents/Rate%20Review%20II/1_Rate%20Review%20II%20Project%20Narrative.pdf)

## ATTACHMENT A – TECHNICAL PROPOSAL: LEVEL OF EFFORT

### List Proposed Staff for Task 1-3

% FTE Staffing Proposed for Tasks 1-3  
 Please define # of hours for 1 Full-time  
 Equivalent (FTE)

FTE=\_\_\_\_\_

Task	1	2	3	Total
Staff position titles (and names if applicable)				
<b>Example Only</b> John Doe, Data Analyst	20%	60%	20%	100%
Total FTEs proposed				

### List Proposed Subcontractors for Tasks 1-3

Estimated Level of Effort: # Hours by Task

Task	1	2	3	Total
Subcontractors (Type of business or name of business)				
<b>Example Only</b> Jane Doe, Policy Specialist	60 hrs	30 hrs	10 hrs	100 hours
Total Subcontractor level of effort proposed (hours)				

## ATTACHMENT B – COST PROPOSAL

1) Please provide a cost proposal for each task by the timeframe specified in left-hand column. Please also estimate any additional direct costs associated with this LOI and provide estimates by Task and by Year.

Tasks	Task 1	Task 2	Task 3	Total
February 2012				
March 2012				
April 2012				
May 2012				
June 2012				
July 2012				
August 2012				
September 2012				
November 2012				
December 2012				
<b>2012 Subtotal</b>				<b>Not to exceed \$100,000 (not including optional tasks)</b>
Jan – Mar 2013				
Apr – Jun 2013				
Jul – Sept 2013				
Oct – Dec 2013				
<b>2013 Subtotal</b>				<b>Not to exceed \$75,000(not including optional tasks)</b>
Jan – Mar 2014				
Apr – Jun 2014				
Jul – Sept 2014				
Oct – Dec 2014				
<b>2014 Subtotal</b>				<b>Not to exceed \$75,000(not including optional tasks)</b>
<b>3 year total</b>				
<b>Total</b>				<b>Not to exceed \$250,000</b>

All travel costs for Vendor staff, including in-state and out of state travel necessary to carry out the tasks within the contract, shall be included in the vendor’s cost proposal.

2) Please provide a separate list of positions, fully loaded hourly rates and staff qualifications for

positions (staff/contractors) that could be brought on for Task 4 (Optional Tasks) if requested by the state. Years 4 and 5 shall not exceed the amount expended in Year 3.

**Cost Proposal Summary**

<b>Cost Proposal Summary</b>				
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>TOTAL</b>
Task 1-3:				
Staff	\$	\$	\$	\$
Subcontractors	\$	\$	\$	\$
Other Direct Costs	\$	\$	\$	\$
<b>TOTAL TASKS 1-3</b>	<b>\$100,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$250,000</b>
<b>Task 4 (Optional Tasks)</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$75,000</b>
<b>TOTAL CONTRACT</b>	<b>\$125,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$325,000</b>