



State of Rhode Island  
Department of Administration / Division of Purchases  
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October 30, 2013

**ADDENDUM # 2**

**RFP#7514372**

**Title: Development and Implementation of a Cost Allocation Plan for the Rhode Island Medicaid Program**

**Bid Closing Date & Time: Thursday, November 21, 2013 @ 10:00 AM (ET).**

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**Notice to Vendors: Attention All Bidders**

**1. Scope of Work Expansion:**

The original RFP# 7514372 scope of work has been expanded to include the Departments of Health (DOH), Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) and the *Division* of Elderly Affairs (DEA) (or the Departments). Please see below for additional information.

**2. Extension of Question Period:**

The original RFP # 7514372-Development and Implementation of a Cost Allocation Plan for the Rhode Island Medicaid Program question period closing date has been changed from **Friday, October 4, 2013 @ 10:00 AM (ET) to Wednesday, November 6, 2013 @ 10:00 AM (ET).**

**Please continue to monitor the Purchasing website for all posted addenda.**

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**David J. Francis**  
**Interdepartmental Project Manager**

*Interested parties should monitor this website, on a regular basis, for any additional information that may be posted.*

## **SCOPE OF WORK EXPANSION INCLUDES DOH, BHDDH AND DEA COST ALLOCATION PLANS AND INDIRECT COST RATES:**

The Departments of Health (DOH), Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) and the *Division* of Elderly Affairs (DEA) (or the Departments) need assistance in the preparation, submission and negotiation of indirect cost allocation plans and/or indirect cost rates. With this procurement the Departments look to enhance federal funding for administrative costs.

Currently, BHDDH has approximately 12 grants worth a total of \$15.7 million. DEA has approximately 17 grants worth a total of \$8.1 million. DOH has approximately 115 grants worth a total of \$70 million. Acceptance of a proposal will be dependent upon the quality of applications, total funds requested, and time allotted for the submission of the ICAP to the Departments.

### **Scope of Work:**

1. The vendor will prepare the ICAP and calculate the annual indirect cost rates for each Department in accordance with 2 CFR Part 225 and other applicable federal regulations and requirements and submit to the Division of Cost Allocation (DCA) in the US Department of Health and Human Services. The ICAP consists of actual indirect costs incurred by the Departments for the 12-month period beginning July 1, annual costs allocated to the Departments through the State's statewide cost allocation plan, and any other costs approved by the federal government. Indirect cost rates are calculated from the same cost sources.
2. The vendor will work with Departments' staff to assure that costs captured in the ICAP and indirect cost rates are not duplicated in the Departments' cost allocation process. *For DEA, the vendor will need to determine how the addition of DEA impacts the RI Department of Human Services existing cost allocation plan.*
3. The vendor will work with the Departments to maximize the recovery of indirect costs, provide feasible and defensible methodologies and improvements to processes and recover indirect costs on a current basis.
4. The first ICAP and indirect cost rate proposals will be based on State fiscal year 2013<sup>1</sup> (July 1, 2012 – June 30, 2013) and is due to the State by December 31, 2013 for review prior to submission to DCA. The vendor will conduct a review of the current cost allocation process for the various federal programs for each Department to identify and recommend improvements to the current process and to claim indirect costs on a current basis.
5. After State submission of the ICAP and indirect cost rate proposals to the DCA, the vendor shall be available to answer questions about the submission, update the submission as necessary, and negotiate approval.
6. The vendor will assist the Departments' with the development of a quarterly and annual indirect cost reporting process.

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<sup>1</sup> The Department of Health state FY14 indirect cost rate based on FY 13 has been completed; the FY2015 rate will need to be established.

**Deliverables:**

1. The vendor shall submit an assessment of current cost allocation processes and recommendations for modifications to such processes and methodologies including a cost impact analysis for any proposed modifications.
2. The vendor shall submit to the Departments no later than December 30, 2013 an ICAP and indirect cost rate proposal in compliance with 2 CFR Part 225 and other applicable federal regulations and requirements. The Departments understand that the vendor's ability to meet this deadline is contingent on the Departments' ability to submit requested information to the vendor in a timely manner. The vendor shall negotiate with federal agencies to finalize approval of an ICAP and indirect cost rate.
3. The vendor shall finalize a quarterly cost allocation report process for the Departments within 3 months of the submission of deliverable number 2.

Note: Each proposal must be accompanied by a detailed line item budget for each contract year and a budget narrative for the first contract year.