



Solicitation Information  
August 31, 2015

RFP #7549849

TITLE: Consultant Services for the Rhode Island State Employees Workers Compensation Study

Submission Deadline: September 28, 2015 at 2:00 PM (ET)

Pre-Bid conference: No

Questions concerning this solicitation may be addressed to [Gail.walsh@purchasing.ri.gov](mailto:Gail.walsh@purchasing.ri.gov). Questions should be submitted in a *Microsoft Word attachment* no later than **Friday, September 11, 2015 at 5:00 PM (ET)**. Please reference RFP #7549849 Consultant Services for the Rhode Island State Employees workers Compensation Study on all correspondence. Questions received, if any, will be answered and 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

GAIL WALSH  
CHIEF BUYER

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 RIVIP Generated Bidder Certification Form attached may result in disqualification.

THIS PAGE IS NOT A BIDDER CERTIFICATION FORM

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## SECTION 1- INTRODUCTION

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The Department of Administration, by and through its Division of Purchases seeks qualified consultant firms with expertise in the evaluation of in-house and third party administration of employee workers compensation programs to submit proposals for evaluation of the operations and administration of Rhode Island's State Employees Workers Compensation program ("SEWC"), in accordance with the terms of this Request for Proposals and the State's General Conditions of Purchase, which may be obtained at the Rhode Island Division of Purchases website at [www.purchasing.ri.gov](http://www.purchasing.ri.gov).

The scope of work is as described herein and includes, *inter alia*, a formal study of current SEWC operations that results in recommendations for possible strategies, programs, and actions to improve the administration of and to decrease the overall expenditures associated with workers compensation claims submitted by State employees.

### INSTRUCTIONS AND NOTIFICATIONS TO OFFERORS:

This is a Request for Proposals, not an Invitation for Bid. Responses will be evaluated on the basis of the relative merits of the proposal, in addition to price; there will be no public opening and reading of responses received by the Division of Purchases pursuant to this Request, other than to name those offerors who have submitted proposals.

This solicitation is issued pursuant to the Division of Purchases 'request for proposals ("RFP") procedures. All responses to this solicitation must be received by Division of Purchases on or before the date and time indicated on the first page of this solicitation. No award will be made until all applications are received, reviewed and ranked in accordance with the evaluation process described herein.

Potential respondents are advised to carefully review all sections of this solicitation and-to follow instructions completely, as failure to-make a complete submission as described elsewhere herein may result in rejection of the proposal.

Proposals which depart from or materially alter the terms, requirements, or scope of work defined by this solicitation will be rejected as being non-responsive.

All costs associated with developing or submitting a proposal in response to this solicitation, or to provide oral or written clarification of its content shall be borne by the respondent. The State assumes no responsibility for these costs.

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.

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 clock is in the reception area of the Division of Purchases.

All pricing submitted will be considered to be firm and fixed unless otherwise indicated herein.

It is intended that an award pursuant to this RFP will be made to a prime vendor, or prime vendors in the various categories, who will assume responsibility for all aspects of the 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.

All proposals should include the vendor's FEIN or Social Security number as evidenced by a W9, downloadable from the Division's website at [www.purchasing.ri.gov](http://www.purchasing.ri.gov).

The purchase of services under an award made pursuant to this RFP will be contingent on the availability of funds.

Vendors are advised that all materials submitted to the State for consideration in response to this RFP will be considered to be Public Records as defined in Title 38, Chapter 2 of the General Laws of Rhode Island, without exception, and will be released for inspection immediately upon request once an award has been made.

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.

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 the State. This policy applies in all areas where State dollars are spent, in employment, public service, grants and financial assistance, and in State licensing and regulation. For further information, contact the Rhode Island Equal Employment Opportunity Office, at 222-3090 or via email [raymond.lambert@doa.ri.gov](mailto:raymond.lambert@doa.ri.gov).

In accordance with Title 7, Chapter 1.2 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 selected bidder.*

The vendor should be award 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 visit the website at [www.mbe.ri.gov](http://www.mbe.ri.gov).

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## SECTION 2- PROJECT DESCRIPTION

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The Rhode Island Department of Administration (“DOA”) requests proposals from qualified consultants to conduct a review of the operation and administration of Rhode Island’s State Employees Workers’ Compensation program (the “SEWC”).

The Department seeks a consultant with a thorough knowledge of the administration of workers compensation programs and the ability to extract and evaluate data from legacy data processing systems.

Respondents to this solicitation may be individuals, sole proprietors, professional consultants or companies with multiple employees. Proposals may be submitted by firms, individuals, or as a team with more than one firm or individuals partnering to provide the necessary breadth of skills to complete the scope of work.

The selected consultant will be responsible for performing the tasks specified within the scope of work outlined in this solicitation.

### BACKGROUND

The State of Rhode Island is self-insured for workers compensation claims and administers the self-insurance program with in-house staff within the State Employees Workers’ Compensation Division (the “Division”).

The Division is responsible for the administration of the SEWC. The Division essentially is an in-house insurance company which administers worker compensation insurance benefits provided to State employees. The Division was transferred to DOA from the Department of Labor and Training in mid-1980’s. The Division is responsible for all aspects of SEWC claims from initial reporting to return to work. The Division operates a 1980’s-era computer system that is used to track claims, pay all claims-related provider invoices and indemnity claims. The Division handles the workers compensation insurance for approximately 14,000 State workers and handles about 2,000 new claims per year.

The SEWC consultant shall develop appropriate data and methodologies, undertake modeling and analysis, and perform peer research that will support recommendations for improvement, including, if advisable, a request for proposals for third party administration of the SEWC. The consultant shall recommend possible strategies, programs, and actions to improve the operations and administration of SEWC, including the advisability of privatizing the function.

## SCOPE OF WORK

The Department has identified the following tasks that require consultant services:

### Task 1: Review and Evaluate Division Operations

The SEWC consultant shall evaluate the existing claim handling and management procedures. Areas to be considered in this evaluation include, but may not be limited to the following:

- Claims reporting and investigation
- Provider payment process
- Indemnity payment process
- Loss mitigation procedures
- Claims management
- Claims settlement
- Return to work program
- Workplace safety program

The SEWC Consultant shall utilize its knowledge of workers compensation processes to evaluate the current condition of the SEWC program and provide an analysis of the systems that are in place.

The SEWC consultant shall gather, organize, and logically structure the SEWC processes and procedures through interviews with SEWC program managers and employees and an examination of available data and written rules, regulations and procedures.

The SEWC consultant should not limit its analysis of the program to the areas listed above but should use its expert knowledge of workers compensation administration to develop an all-inclusive analysis of the existing program.

*Task 1 Deliverable: Written summary of SEWC operations and management strengths and opportunities for improvement. Adequacy of staffing levels should be considered.*

### Task 2: Benchmark Data for Rhode Island vs. Peers

The SEWC consultant shall identify a peer group of similar employers and prepare a benchmarking analysis of the performance of the SEWC program using performance indicators that are considered standard to the measurement of the effectiveness of a workers compensation program. Performance indicators may include items such as:

- Average cost per lost time claim
- Average cost per medical only claim
- Time lapse between injury and first report
- Number of claims to total number of employees
- Length of lost time claims
- Average cost to total employees

The SEWC consultant should use its expert knowledge of workers compensation administration to develop an appropriate set of key performance indicators that can be evaluated using the available SEWC data and meaningful peer comparison data.

The Division operates a 1980's-era computer system that is used to track claims, pay all claim-related provider invoices and indemnity payments. All claims data resides in this system. The SEWC consultant shall utilize its expert knowledge of legacy data structures to provide the Division's SEWC information technology support group with detailed requirements for extraction of data that will be needed for the above analysis. SEWC technical support will be made available to the SEWC consultant to explain the data that is available and how it is structured. SEWC technical support will provide data extract to the SEWC consultant in a flat file format of use by the consultant for its analysis.

*Task 2 Deliverable: Succinct written work product and detailed spreadsheet work product providing results of the benchmarking comparison*

### Task 3: Develop Process Improvement Recommendations

The SEWC consultant shall use the information gathered in Task 1& 2 of this scope of work to develop recommendations for process improvements for the SEWC program. These process improvements should be focused on improving the Division's operations and reducing overall cost of the SEWC program.

The recommendations for improvement should include an analysis of the staffing levels and skill sets needed to implement the improvement as well as an analysis of any potential net savings or net costs that may be realized with the implementation of each of the recommendations. The financial analysis should consider the potential for immediate savings as well as a projection of future savings.

*Task 3 Deliverable: Written work product providing a quantitative and qualitative description of each process improvement recommendation*

### Task 4: Privatization of State Services

The SEWC consultant shall consider the possible privatization of the SEWC program. Privatization will be considered as an alternative to implementing the recommendations expressed in Task 3 of this scope of work. The privatization of state services must comply with all applicable statutes and must satisfy any additional requirements that may be contained within applicable collective bargaining agreements. In particular, the SEWC consultant is expected to familiarize itself with the provisions and requirements of "Privatization of State Services Act", R. I. Gen. Laws § 42-148-1, and R. I. Gen. Laws § 42-149-3.1.

The SEWC consultant shall prepare a pre-closure analysis as defined in R. I. Gen. Laws § 42-148-3. The pre-closure analysis must include a thorough cost comparison analysis and an evaluation of the quality performance concerns. In addition, the pre-closure analysis must include the following;

- Documentation of the current in-house costs of providing the SEWC services with a detailed budget breakdown. The in-house costs shall include any departmental overhead and other costs that would continue even if the SEWC services are contracted out.

- A statement of work and performance standards which shall form the basis for the requests for proposals for privatization services and which shall include the following:
  - A clear statement of work with measurable performance standards including qualitative as well as quantitative standards that bidders must meet or exceed;
  - Requirements that contractors meet affirmative action, disability and other nondiscriminatory and service standards currently required of state agencies.
  - A clear format that will enable comparison of competitive bids and in-house bids. The format must require detailed budget breakdowns.

The SEWC consultant should review R. I. Gen. Laws § 42-148-3 for a detailed explanation of the requirements of the privatization process which State agencies must follow.

*Task 4 Deliverable: Written work product providing the Director of Administration with all information and analysis needed to proceed with the privatization of SEWC.*

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### SECTION 3- PROPOSAL REQUIREMENTS

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## General Submission Requirements

Responses (**an original plus five (5) copies**) should be mailed or hand-delivered in a sealed envelope marked **RFP # 7549849-**

**“Consultant Services for the Rhode Island State Employees Workers Compensation Study”** to:

**RI Department of Administration  
 Division of Purchases, 2nd floor  
 One Capitol Hill  
 Providence, RI 02908-5855**

NOTE: Proposals received after the above-referenced due date and time (first page of this solicitation) 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 may 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.

Responses will be evaluated in two parts for a maximum score of 100 points. Part One is a Technical proposal (70 points max) and Part Two is a Professional Fee proposal (30 points max). Both the Technical and Professional Fee proposals are required on the due date listed on page **1** of this solicitation, they are to be submitted in **separated sealed envelopes**.

Proposals should include the following:

- A completed and signed three-page RIVIP Bidder Certification Cover Form, available at [www.purchasing.ri.gov](http://www.purchasing.ri.gov).
- A completed and signed W-9 (taxpayer identification number and certification) in proposal marked "Original" only. Form is downloadable at [www.purchasing.ri.gov](http://www.purchasing.ri.gov).
- **A separate Technical Proposal** describing the qualifications and background of the applicant and experience with and for similar projects, and all information described below.
- **A separate, signed and sealed Cost Proposal** reflecting the hourly rate, or other fee structure, proposed to complete all of the requirements of this project.
- In addition to the multiple hard copies of the proposals required, Respondents are requested to provide their proposal in electronic format (CD-Rom, disc, flash drive). Microsoft Word / Excel or .pdf format is preferable. Only 1 electronic copy is requested and it should be placed in the proposal marked "original."

## TECHNICAL PROPOSAL

Narrative and format: The separate technical proposal should address specifically each of the required elements:

1. Staff Qualifications – Provide staff resumes/CV and describe qualifications and experience of key staff who will be involved in this project, including their experience in the field of benefits administration in general and workers compensation administration in particular, if any.
2. Capability, Capacity, and Qualifications of the Offeror - Please provide a detailed description of the Vendor's experience as a benefits administration process consultant, including experience in workers compensation. A list of relevant client references must be provided, to include client names, addresses, phone numbers, dates of service and type(s) of service(s) provided.
- 3 Work plan - Please describe in detail, the framework within which requested operations and financial review services will be performed. The following elements must be included: 1) methods used to review workers compensation operations; 2) Plan for extracting and compiling data for comparison with peers 3) method used to select appropriate statistics and organizations for comparison 4) methods used to evaluate possible improvements and their potential operational and financial impact.
- 4 Approach/Methodology – Define the methodology to be used for the submission of the information required. What procedures will be used to ensure the state of Rhode Island will receive a factually reliable product whose recommendations can be relied upon to deliver the predicted results when implemented?

## COST PROPOSAL

Detailed Budget and Budget Narrative:

Provide a proposal for fees charged for the workers compensation operations review outlined in this proposal. Please explain the basis and rationale of your fee structure. Alternative fee schedule proposals will be considered; however, you must provide an understandable fee structure and explain the benefits of the alternative approach.

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### SECTION 4- EVALUATION AND SELECTION

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Proposals will be reviewed by a Technical Review Committee comprised of staff from state agencies. To advance to the Cost Evaluation phase, the Technical Proposal must receive a minimum of 60 (85.7%) out of a maximum of 70 technical points. Any technical proposals scoring less than 60 points will not have the cost component opened and evaluated. The proposal will be dropped from further consideration.

Proposals scoring 60 technical points or higher will be evaluated for cost and assigned up to a maximum of 30 points in cost category, bringing the potential maximum score to 100 points.

The Department of Administration reserves the exclusive right to select the individual(s) or firm (vendor) that it deems to be in its best interest to accomplish the project as specified herein; and conversely, reserves the right not to fund any proposal(s).

Proposals will be reviewed and scored based upon the following criteria:

Criteria	Possible Points
Staff Qualifications	15 Points
Capability, Capacity, and Qualifications of the Offeror	25 Points
Quality of the Work plan	15 Points
Suitability of Approach/Methodology	15 Points
<b>Total Possible Technical Points</b>	<b>70 Points</b>
Cost calculated as lowest responsive cost proposal divided by (this cost proposal) times 30 points *	30 Points
<b>Total Possible Points</b>	<b>100 Points</b>

\*The Low bidder will receive one hundred percent (100%) of the available points for cost. All other bidders will be awarded cost points based upon the following formula:

$$(\text{low bid} / \text{vendors bid}) * \text{available points}$$

For example: If the low bidder (Vendor A) bids \$65,000 and Vendor B bids \$100,000 for monthly cost and service fee and the total points available are Thirty (30), vendor B's cost points are calculated as follows:

$$\$65,000 / \$100,000 * 30 = 19.5$$

Points will be assigned based on the offeror's clear demonstration of his/her abilities to complete the work, apply appropriate methods to complete the work, create innovative solutions and quality of past performance in similar projects.

Applicants may be required to submit additional written information or be asked to make an oral presentation before the technical review committee to clarify statements made in their proposal.

Notwithstanding the above, the State reserves the right not to award this contract or to award on the basis of cost alone, to accept or reject any or all proposals, and to award in its best interest.

Proposals found to be technically or substantially non-responsive at any point in the evaluation process will be rejected and not considered further.