



Department of Administration  
Purchasing Division  
2019 Washington Street East  
Post Office Box 50130  
Charleston, WV 25305-0130

## State of West Virginia Delivery Order

Order Date: 11-22-2022

CORRECT ORDER NUMBER MUST APPEAR  
ON ALL PACKAGES, INVOICES, AND  
SHIPPING PAPERS. QUESTIONS  
CONCERNING THIS ORDER SHOULD BE  
DIRECTED TO THE DEPARTMENT  
CONTACT.

Order Number:	CDO 0511 2914 BSS2300000001 1	Procurement Folder:	1135633
Document Name:	Specialized Managed Care for Children and Youth	Reason for Modification:	
Document Description:	Specialized Managed Care for Children and Youth		
Procurement Type:	Central Delivery Order		
Buyer Name:	Crystal G Hustead		
Telephone:	(304) 558-2402		
Email:	crystal.g.hustead@wv.gov		
Shipping Method:	Best Way	Master Agreement Number:	CMA 0511 BMS2000000004 1
Free on Board:	FOB Dest, Freight Prepaid		

VENDOR	DEPARTMENT CONTACT																				
Vendor Customer Code: VS0000010164 COVENTRY HEALTH CARE OF WEST VIRGINIA INC 500 Virginia St E  Charleston WV 25301-2135 US Vendor Contact Phone: 304-348-2041 Extension: Discount Details: <table><thead><tr><th></th><th>Discount Allowed</th><th>Discount Percentage</th><th>Discount Days</th></tr></thead><tbody><tr><td>#1</td><td>No</td><td>0.0000</td><td>0</td></tr><tr><td>#2</td><td>No</td><td></td><td></td></tr><tr><td>#3</td><td>No</td><td></td><td></td></tr><tr><td>#4</td><td>No</td><td></td><td></td></tr></tbody></table>		Discount Allowed	Discount Percentage	Discount Days	#1	No	0.0000	0	#2	No			#3	No			#4	No			Requestor Name: Anthony J Walizer Requestor Phone: (304) 356-2915 Requestor Email: anthony.j.walizer@wv.gov  <b>23</b> FILE LOCATION _____
	Discount Allowed	Discount Percentage	Discount Days																		
#1	No	0.0000	0																		
#2	No																				
#3	No																				
#4	No																				

INVOICE TO	SHIP TO
ADMINISTRATIVE SERVICES ASSISTANT - 304-356-4528 HEALTH AND HUMAN RESOURCES  BCF - COMMISSIONER'S OFFICE  350 CAPITOL ST, RM 730  CHARLESTON WV 25301-3711  US	ADMINISTRATIVE SERVICES ASSISTANT - 304-356-4528 HEALTH AND HUMAN RESOURCES  BCF - COMMISSIONERS OFFICE  350 CAPITOL ST, RM 730  CHARLESTON WV 25301-3711  US

Purchasing Division's File Copy

Total Order Amount: \$1,101,429.36

**ENTERED**

PURCHASING DIVISION AUTHORIZATION

DATE: *Tara H 12/5/2022*  
ELECTRONIC SIGNATURE ON FILE

ENCUMBRANCE CERTIFICATION

DATE: *Beverly Jones 12-5-23*  
ELECTRONIC SIGNATURE ON FILE

**Extended Description:**

Administrative Services(SNS)  
Year 3  
For July 1, 2022 to June 30, 2023

Line	Commodity Code	Quantity	Unit	Unit Price	Total Price
1	84131602	0.00000		\$0.0000	\$1,101,429.36
Service From	Service To	Manufacturer	Model No	Delivery Date	
2022-07-01	2023-06-30				

**Commodity Line Description:** Vendor's Bid Amount for Administrative Services(SNS)

**Extended Description:**

Vendor's Bid Amount for Administrative Services(SNS) - per attached Cost Proposal - Year 3  
\$1,101,429.36-fixed cost for year, 12 monthly payments of \$91,785.78.

**West Virginia Department of Health and Human Resources - Specialized Managed Care for Children and Youth Request for Proposal (RFP)****1. Instructions****Vendor: <Insert Name>**

Vendors will be paid a capitated per member per month (PMPM) rate set by the State for managed care organization (MCO) physical and behavioral health services, which shall be firm and fixed for the period of the contract, subject to any adjustments warranted for modifications including, but not limited to, State or federal regulation, waiver amendments, and State Plan amendments.

Vendors will be paid a fixed monthly amount for administrative services organization (ASO) administration of socially necessary services (SNS), which shall be firm and fixed for each contract year, subject to any adjustments warranted for modifications including, but not limited to, State or federal regulation, waiver amendments, and State Plan amendments.

The vendor shall submit a bid that is within the range outlined below for both MCO that is PMPM. Total annual cost will auto-calculate in cell F9.

The vendor shall submit a fixed monthly cost for SNS administration, which shall be multiplied by 12 for an annual cost. Total annual cost will auto-calculate in cells F12-F15.

**Table 1: Costs by Contract Item**

Contract Item	Lower Bound	Upper Bound	Total Projected Monthly Membership	Total Cost
Managed Care Services	\$913.23	\$913.28	19,000	
Vendor's Bid Amount for Managed Care	\$913.23		19,000	\$ 208,216,440.00

Contract Item	Bid Amount	Contract Months	Total Cost
Vendor's Bid Amount for Administrative Services (SNS) - Year 1	\$ 99,663.13	6	\$ 597,978.78
Vendor's Bid Amount for Administrative Services (SNS) - Optional Year 1	\$ 86,816.43	12	\$ 1,041,797.16
Vendor's Bid Amount for Administrative Services (SNS) - Optional Year 2	\$ 89,265.85	12	\$ 1,071,190.20
Vendor's Bid Amount for Administrative Services (SNS) - Optional Year 3	\$ 91,785.78	12	\$ 1,101,429.36

\*9,320 children accessed SNS services over an 18 month span in 2017-2019.

Total Cost	\$ 212,028,835.50
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**Cost Proposal Supplemental Information**  
**Aetna Better Health® of West Virginia**

Per Attachment A, "The Vendor's response should provide sufficient information to allow the Department to assess the reasonableness of the Vendor's cost for the project as detailed in the Cost Workbook". Below is the supplemental information supporting Aetna Better Health of West Virginia ("Aetna")'s cost proposal as provided in spreadsheet **A\_Cost\_Proposal.xlsx**:

**1. Vendor's Bid Amount for Managed Care**

Aetna's bid rate is \$913.23 PMPM, the lower bound of the rate range as provided in **A\_Cost\_Proposal.xlsx**. Aetna's bid rate was based on information provided in **08\_SFY20 Foster Care Rate Databook Exhibits.xlsx**:

- **Base data:** Aetna relied on the base data as summarized in tab "**Foster Care Dev**". Validation against the member level Redacted data was performed for reasonableness.
- **Program adjustments:** Aetna relied on the actuarial soundness of the program adjustment factors provided in tab "**ProjAdjFactors**". While awaiting receipt of Appendix B of the draft contract, Aetna has not been able to review the appropriateness of the program adjustment factors.
- **IBNR adjustment factors:** Aetna relied on the actuarial soundness of the IBNR factors provided in tab "**Trend, IBNR, MC Factors**". While awaiting receipt of Appendix B of the draft contract, Aetna has not been able to review the appropriateness of the IBNR adjustment factors.
- **Trend assumptions:** Aetna reviewed the trend assumptions provided in tab "**Trend, IBNR, MC Factors**" for reasonableness.
- **Managed care savings assumptions:** Aetna reviewed the managed care savings assumptions provided in tab "**Trend, IBNR, MC Factors**" for reasonableness.
- **Administrative cost load assumption:** Aetna reviewed the administrative cost load assumption provided in tab "**Admin**" for reasonableness.
- **Margin load assumption:** Aetna reviewed the margin load assumption provided in tab "**Admin**" for reasonableness.
- **Residential Payment:**
  - Per "08\_SFY20 Foster Care Rate Databook Exhibits.xlsx", the \$308.70 residential payment PMPM is outside of capitation.
  - However, it appears that the \$913.23 lower bound of the rate range is the sum of i) capitation rate of \$604.53 provided in tab "**Rates Exhibit**", and ii) the \$308.70 residential payment PMPM from tab "**Residential**", which is based on SFY2018 experience without adjustments for IBNR, trend, program changes, managed care, or admin/risk margin.



- Aetna assumed that the \$308.70 residential PMPM for the room and board and supervision component of the rate will be a passthrough payment outside of capitation rates subject to final reconciliation.

## **2. Vendor's Bid Amount for Administrative Services (SNS)**

Aetna intends to sub-contract with Keystone Peer Review Organization (KEPRO) to provide the administrative services organization (ASO) support for all individuals accessing SNS in West Virginia. The ASO cost submitted was developed based on the subcontractors proposed rate to ensure compliance with contractual requirements and the payroll and related costs for key staff mandated in the RFP.

- **Year 1:** A monthly bid rate of \$99,663.13 with a 6 month total bid of \$597,978.78.
- **Optional Year 1:** A monthly bid rate of \$86,816.43 with a 12 month total bid of \$1,041,797.16.
- **Optional Year 2:** A monthly bid rate of \$89,265.85 with a 12 month total bid of \$1,071,190.20.
- **Optional Year 3:** A monthly bid rate of \$91,785.78 with a 12 month total bid of \$1,101,429.36.



STATE OF WEST VIRGINIA  
DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bill J. Crouch  
Cabinet Secretary

Bureau for Social Services  
Deputy Commissioner Office of Operations  
Division of Procurement  
350 Capitol Street, Room 730  
Charleston, West Virginia 25301-3711  
Telephone: (304) 352-4492 Fax: (304) 558-4198

Jeffrey M. Pack  
Commissioner

**TO:** DHHR Purchasing

**FROM:** Tony Walizer, BCF Purchasing Director

**SUBJECT:** Late Justification CDO BSS23\*01 PF1135633

Please accept this memorandum as late justification for CDO BSS2300000001 for Coventry Health Care of West Virginia Inc. We had two main issues causing the delay of this CDO. The first issue we had to wait on the parent document CMA BMS2000000004 to be renewed. This renewal was finalized on 10/24/22. The second issue was with the funding. We had to wait on a budget adjust to be made for the CDO document to validate. This budget adjust was finalized on 11/22/2022 and we submitted our CDO on the same day 11/22/2022.

Thank you for your consideration of this request.

A handwritten signature in black ink that reads "Tony Walizer".

Tony Walizer

A handwritten signature in blue ink that reads "Robert Price".

Robert Price  
Agree