

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



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.