



Cost

RFP Reference Section Five Vendor Proposal, page 75 (with Addendum 4 updated requirements)

Complete Attachment C: Cost Sheet included in this RFP and submit in a separate sealed envelope. Cost should be clearly marked. Vendor should provide an all-inclusive cost for providing operations and maintenance of the software and their office facility. The Unit Cost should be the all-inclusive monthly rate. Vendor may provide additional documentation to show the itemization of these costs. This monthly Unit Cost shall be firm for the first two years of the Contract. Vendor should also provide the similar monthly cost which will be firm for BOTH of the two optional renewal years of the contract.

Vendor should include the costs for providing the 100,000 Software Modification Pool hours for the contract periods indicated; Unit Cost should be the average hourly rate that will cover all staffing assignments. Unit Cost shall be firm for Contract Years 1 and 2 (the initial Contract Period); likewise, Unit Cost shall be firm for BOTH optional renewal years.

Bidders should multiply the given Quantity by their bid Unit Cost to calculate the Extended Cost, then total all four Extended Costs to calculate their Grand Total for the Cost Proposal.

Bidders may, but are not required to, provide different cost for different Contract Periods (ie, a bid of the same Unit Cost for the entire life of the Contract is acceptable).

Initial Contract award will be based upon the bidder's proposed Maintenance and Operations/Facility Extended Cost and Software Modification Hours Pool Extended Cost for Contracts Years 1 and 2 (the initial contract term). Subsequent years' Facility Costs and Software Modification Hours Pool Extended Cost(s) will be incorporated, one year at a time (ie, 12 months of Maintenance and Operations/Facility and 100,000 Software Modification Hours), upon the formal approval of contract change orders for renewal. If applicable, Agency may require vendor to reconcile actual hours used from the Software Modifications Pool from the previous Contract period at the time of renewal.

Addendum 4 Addendum 4 Documents Revision and Summary, page 3

4. Replaced the Cost Sheet, Attachment C: This final version of the Cost Sheet is to be used. It revises the pricing structure to be firm for the first two years, and firm for the latter two optional renewal years.

It includes a reference to the base Monthly Cost including Maintenance and Operations costs as well as Facility Costs. Given that 2.7,8 was revised to mandate that Change Orders would use the Unit Cost rather than individual classification hourly rates, the Cost Sheet was consolidated down from three separate "schedules" to just the single schedule found on the attached.

Deloitte provides the State of West Virginia, Department of Health and Human Resources (DHHR) this cost proposal based on a project team with unmatched qualifications to provide system application operations, maintenance, and modifications as described in your RFP. As an innovator and the nation's leader in transforming Health and Human Services delivery, we understand the unique complexities associated with implementing a modernization strategy and providing business services continuity simultaneously. Our team of experienced professionals coupled with our proposed approach provides DHHR the best value for the money.



Deloitte offers excellent value for your scope of services:

- Un-matched staff qualifications
- Continuity of Business Services
- Deloitte serves as a single-point-of-contact for modernizing DHHR's key business systems for Integrated Eligibility, Child Welfare, Child Care and Child Support Enforcement.

This section of Deloitte's proposal contains our presentation of the costs associated with providing the services described in the Centralized Request for Proposal (CRFP) 0511 HHR150000009, for system application operations, maintenance, and modifications services. The high-level scope is described as follows:

- Maintenance and Operations of the RAPIDS integrated eligibility solution, which includes the legacy RAPIDS mainframe application, the eRAPIDS worker portal, the inROADS client self-service portal and the RAFT data warehouse and reporting solution.
- Maintenance and Operations of the DHHR enterprise services developed as part of the Medicaid Eligibility and MITA Compliance change order, which includes the Enterprise Service Bus and the Master Data Management solution.
- Support a pool of one hundred thousand (100,000) hours per year for the life of the contract for software modification, enhancement and/or maintenance and operations activities. Twenty thousand (20,000) hours will be



designated for modifications and/or enhancement to RAPIDS. Sixty thousand (60,000) hours will be divided equally between Child Support, Child Welfare, and Child Care and is intended to be used to modernize their current systems, or to maintain and operate the resulting solutions. The remaining twenty thousand (20,000) will be designated for DHHR-wide initiatives, such as the continued expansion of the Enterprise Service Bus or the Master Data Management solution.

- Provide a secure facility for vendor and Agency staff with the required features and services (e.g., furniture, office equipment, supplies, etc.).
- Provide software tools to enable the tracking of a specific defect from identification through correction and a system to monitor and report on application performance response times.

We are confident that the Agency will find our costs fair and complete. We will welcome the opportunity to provide any necessary clarifications or explanations regarding the Cost Component or any other portions of our Proposal. If the Agency identifies portions of our proposal which do not accurately reflect the intended scope of the RFP, we will modify our Cost Component appropriately. The below costs are provided on forms that were provided by the Agency in the RFP, Attachment C – Cost Sheet.

Assumptions

Deloitte has made the following assumptions in the development of our technical and cost response to this RFP.

#	Assumption
1	DHHR will conduct all end-user training.
2	Deloitte is responsible for the Maintenance and Operations (M&O) of the RAPIDS Suite of solutions, which includes the RAPIDS legacy system, eRAPIDS, inROADS, the Enterprise Service Bus (ESB) and the Master Data Management solution. Any M&O services related to FACTS, the FACTS web application or any newly developed Child Care solutions will be allocated from the corresponding Software Modification Pool (SMP) hours. The State will continue to support the M&O of OSCAR.
3	If the State requests that Deloitte support the M&O of the FACTS legacy PowerBuilder application, the State will participate in a mutually agreed to knowledge transfer and transition plan.
4	This Software Modification Pool of hours (100,000 hours per contract year) are intended to support software modification, enhancement and/or maintenance and operations activities for RAPIDS, FACTS, OSCAR and/or DHHR enterprise services (e.g., the Enterprise Service Bus, Master Data Management solution, data warehouse and reporting, etc.). In the event that the Agency requests to use the hours for an alternate type of service, Deloitte would need to estimate the cost of the services and allocate a corresponding number of SMP hours.
5	To maximize efficiency, the utilization of SMP hours and the corresponding resources needs to proceed in a consistent and planned manor.
6	We have proposed that our project remain at our current project site. The installation of new carpeting, the relocation and re-cabling of cubicle workstations will be achieved using a phased approach; this will limit disruptions to project work while site enhancements and modifications occur.
7	As required in the RFP, Deloitte Consulting has secured the Bid Bond and a Performance Bond for each year of the contract. Deloitte Consulting will pay the cost of the Performance Bond for the first two years of the contract during the first year of the contract period.
8	The State will be responsible for the procurement and provisioning of any software/hardware required as part of the solutions.
9	The State is responsible for scheduling and providing the necessary environments to support any disaster recovery testing initiatives.
10	The State will provide Virtual Private Network (VPN) access to the project development resources in order for them to perform development, testing, and production support activities in a timely manner. Remote access will be provided on a 24x7 basis for the Deloitte's project team during the duration of this project.



#	Assumption
11	Splunk will be used for the correlation of the log files to monitor application performance.
12	The Atlassian product suite (e.g., JIRA) will be used for the new Application Lifecycle Management tool.
13	Deloitte will work with DHHR to define a vision for each program area and a corresponding strategic plan.
14	The State will be responsible for provision of the required security hardening (e.g. operating system, application server, etc.), which are in compliance with CMS/NIST 500-53 hardening requirements.
15	Deloitte's cost assumes the use of offsite delivery centers. If at any point in the project the use of offsite resources becomes unacceptable to the State, an adjustment to our pricing will be required.
16	Any significant issues with the functionality/quality of third party vendors, software, and dependencies not within Deloitte's developed software could affect Deloitte's estimates, timeline, and resources.
17	Other existing and planned STATE initiatives, which are not defined to be within the scope of the project, will be managed by STATE in a manner that does not adversely affect the overall project timeline. Resource conflicts and issues, as well as availability/readiness of legacy systems, shall be promptly escalated and managed by the STATE Leadership.
18	In the event of any change, deviation from, or failure of any stated assumptions in the Response, Deloitte's ability to perform may be impacted and an equitable adjustment to cost and schedule will be warranted to account for the impact.



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ATTACHMENT C:

Cost information below as detailed in the Request for Proposal and submitted in a separate sealed envelope. Cost should be clearly marked.

**CRFP 0511 HHR150000009
 Pricing Page**

Contract Cost	UOM	Unit Cost	Extended Cost
1. Contract Year 1 & 2 Maintenance and Operations, Facility cost as referenced in section 2.6, 5.1 and 5.2.	24 months	\$1,516,667	\$36,400,008
2. Contract Year 1 & 2 The Software Modification Hours Pool referenced in to Section 2.7	200,000 hours*	\$125	\$25,000,000
3. Renewal Years 1 & 2 Maintenance and Operations, Facility cost as referenced in section 2.6, 5.1 and 5.2.	24 months	\$1,578,420	\$37,882,080
4. Renewal Years 1 & 2 The Software Modification Hours Pool referenced in to Section 2.7	200,000 hours*	\$130	\$26,000,000
		Grand Total	\$125,282,088

****Software modification hours pool is 100,000 hours per each year. This is not implied as a guarantee the state will utilize the total hours; this is a not-to-exceed quantity, barring approved change order (See 2.7,8). Unit Cost for Contract Year 1 & 2 is firm for that period; Unit Cost for Renewal Years 1 & 2 (Contract Years 3 and 4 is firm for both years). Unit Cost for Software Modification Hours Pool in effect at the time of any change order to increase quantity shall apply.***

WV Department of Health and Human Resources
Management Information Services RAPIDS Project
CRFP 0511 HHR150000009



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Exceptions and Clarifications

Deloitte Consulting has reviewed RFP CRFP 0511 HHR150000009 (Management Information Services Rapids project) and in accordance with Section 2, Instructions to Vendors, subsection 11 (Exceptions and Clarifications), Deloitte Consulting has identified the issues that it seeks to discuss, clarify and/or modify in the final agreement.

For any mandatory items included in the list below, Deloitte Consulting does not take exception to those mandatory terms or requirements, but does request certain clarifications as outlined below.

In the event other issues are identified based on the project as finally awarded, we will identify those issues for discussion promptly.

#	General Terms and Conditions
1	Section 1, Contractual Agreement: Our proposal is subject to reaching mutual agreement on a definitive contract that addresses the exceptions and clarifications described herein.
2	Section 4, Notice to Proceed: Deloitte Consulting understands that this applies once Deloitte Consulting and the State execute a definitive contract.
3	Section 8, Performance Bond: Deloitte Consulting understands that "contract value" for purposes of the performance bond is the funded value of the contract for the first two year period. The performance bond costs have been included in Deloitte Consulting's rates for all four years using the initial contract value. Deloitte Consulting will confirm insurance coverage with the State in contract discussions. Deloitte Consulting's coverage has been determined acceptable for all prior contracts with the State.
4	Section 11, Liquidated Damages: Certain sections of this clause are incomplete or not clear. In contract discussions, Deloitte Consulting will seek to clarify: what milestones/deliverables are subject to liquidated damages and how those deadlines are established; how the acceptance process applies for timeliness purposes; that collected liquidated damages constitute the remedy for the same event; that Deloitte Consulting is not responsible for liquidated damages where it is not the sole cause of the event giving rise to the liquidated damage assessment (including where a fixed level of effort or other prioritized services impact Deloitte Consulting's performance); and, the process for addressing disagreements around the applicability of this provision or an actual assessment. In addition, we would like to discuss a cap(s) on liquidated damages as well as our ability to earn back assessments based on corrected or future compliant performance.
5	Section 12, Acceptance/Rejection: Deloitte Consulting does not taken exception to any Mandatory terms of the RFP and in compliance with RFP Section 2, subsection 11, Deloitte Consulting has identified its exceptions, clarifications and proposed modifications.
6	Section 13, Funding: Deloitte Consulting accepts the provision but would seek to add a notice requirement for purposes of cancellation and would like to clarify the State's obligations around payment for work in progress and unrecovered facilities and other costs.
7	Section 16, Cancellation: Deloitte Consulting requests this section be revised to include a 30 day cure period wherein the written cure notice would identify the alleged material breach so as to allow Deloitte Consulting the ability to respond/cure the breach/or initiate the correction where a cure is not susceptible of being completed within the 30 days. For all non-performance related terminations, we also request a reasonable notice period be added and that payment for services in progress and facility and other unrecovered costs be addressed in the contract.
8	Section 17, Time: Deloitte Consulting requests this provision be removed from the contract given the volume and nature of the services, the inclusion of liquidated damages, and the State's right to terminate for default.
9	Section 19, Compliance: To the extent this section is intended to pertain to performance requirements, Deloitte Consulting understands any such requirements will be called out in the scope (for example as part of the delivery order, SOW, design, etc.). We would also seek to clarify that changes in applicable law that impact performance would be treated as changes (resulting in modifications to scope, schedule, pricing, etc).



#	General Terms and Conditions
10	Section 26, Warranty: This section requires discussion as it appears to contain warranties that are not consistent with the services to be provided and its application to the project is not clear.
11	Section 29, Confidentiality: Deloitte Consulting recognizes the importance of protecting PII and confidential information. Deloitte employs robust protocols and security measures to protect PII and looks forward to finalizing, as part of contract discussions, the specific protective standards to apply based on the nature of our services, should we be awarded the services.
12	Section 35, Vendor Relationship: Deloitte Consulting understands the indemnity in this section pertains to the scope / context of this section and would seek to confirm the same in the contract. We also request the process (including notice, control etc.) be added.
13	Section 36, Indemnification: Deloitte Consulting request this section be revised consistent with the prior indemnity in the existing RAPIDS contract at Section 1.2.5, which is excerpted below: <p style="margin-left: 40px;">1.2.5 Indemnification: <i>Deloitte agrees to indemnify and hold harmless the State, as well as officers, Agents, and employees of the State, from all claims losses, or suits for bodily injury or death to individuals or physical damage to real or tangible personal property, discrimination claims, failure to observe State and federal laws with respect to labor, minimum wage, Social Security obligations and payment of worker's compensation accruing or resulting to any contractors, subcontractors, laborers or employees and any person, firm, or corporation who may be injured or damaged by erroneous or negligent acts of Deloitte or any Deloitte subcontractors during the performance of this Agreement. The State shall give Deloitte written notice of each such claim or suit and full right and opportunity to conduct its own defense thereof, together with full information and reasonable cooperation.</i></p>
14	Section 38, Additional Agency and Local Government Use: Deloitte Consulting is happy to permit Other Government Entities to use this Contract on a case-by-case basis, subject to mutual agreement.
15	Section 39, Conflict of Interest: In addition to clarifying what constitutes a conflict for purposes of Deloitte Consulting's compliance, we would seek to limit the obligation to make inquiries to the team assigned to work the project given the overall size of our organization. Any changes in this section should also apply to the certification in Section 33.
16	Section 41, Background Check: Deloitte Consulting understands that the State would like to conduct these Background Checks. We would seek to confirm the process as part of contract discussions.
17	In accordance with WV-96A, Agreement Addendum for Software that was included with the RFP, we request that a damages disclaimer be included in the contract. We also request the limitation of liability be adjusted consistent with the current contract that is in place between the parties.

#	Clarifications
1	RFP Section 2.7, Software Modifications Hours Pool: The following items require discussion/clarification to confirm scope and approach and Deloitte Consulting understands these provisions apply as follows: the target date in item #5 will be consistent with the vendor's estimated hours and timeframe; any deadlines that are subject to liquidated damages will be agreed to and called out as such in the SOW; and, in the event a task/deliverable/initiative is cancelled, Deloitte Consulting will be paid for the services/hours performed up to the effective date of cancellation.
2	RFP Section 2.8, Deliverables: The following items require discussion/clarification to confirm scope and approach: the introductory paragraph of this section requires discussion to confirm the State's intent and to confirm it reconciles with the RFP and the planned approach to the project; the process and use of conditional acceptance as referenced in subsection 3 requires discussion; subsections 5, 6 and 7 should be clarified to provide that where the review process repeats, it is in context of the previously identified nonconformities; and, subsection 7 should be clarified to provide that any termination of an initiative is in context of a material noncompliance that was identified in the State's initial written notice as requiring correction.
3	RFP Section 2.9.1, Order of Precedence: Deloitte Consulting assumes that any clarifications or other negotiated items will be included in the contract document.
4	RFP Section 2.9.2 and 2.9.3, Software Ownership and Rights in Data: Deloitte Consulting requests that all intellectual



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property grants as described in these sections be effective upon full and final payment to Deloitte Consulting and that the parties agree to and include the contract provision that identifies and protects Deloitte Consulting's pre-existing technology (or technology otherwise created outside of this contract) so as to permit the introduction of such pre-existing technology for use on the project without the need for future approval by the State.

- 5 **RFP Section 2.9.6, IRS Publication 1075:** To the extent this section is applicable to Deloitte Consulting; for purposes of subsections 4 and 6, Deloitte Consulting will not be required to receive, process, store or transmit federal tax information on Deloitte Consulting systems; subsection 6 applies to Deloitte Consulting's computer systems; and, it is understood that the execution of the contract confirms the State has obtained IRS' written approval (if required).
- 6 **RFP Section 5.3 through 5.13, Project Responsibilities:** The following items require discussion/clarification to confirm scope and approach to M&O: Deloitte Consulting is to utilize a fixed level of effort wherein Deloitte Consulting will work with the State to prioritize activities and allocate the available resources to provide the services; Deloitte Consulting will not add additional resources except as agreed to via a change order; and, in connection with the reference to completing State recommended changes at no additional costs, Deloitte Consulting understands that to mean these services will be prioritized within the maintenance activities and services and not treated as a separate change order.
- 7 **Attachment K:** We appreciate the State's acknowledgment for a need to review the KPI's prior to putting them into operation for the Rapids M&O support. Below are areas where additional discussion and clarification are warranted:
 - Deloitte Consulting has identified (and priced) a proposed tool to be used for monitoring and reporting purposes. In connection with providing that tool, our request is that the State purchase the tool (deducting the amount allocated in Deloitte Consulting's proposal) but if the State cannot, Deloitte Consulting can purchase the tool subject to clearance through its internal independence processes, inclusion in the contract of resell contract terms, use of Deloitte Consulting Product Services LLC as the reseller, and, execution of the of the third party license terms directly between the State and the third party. Deloitte Consulting can act as a payment agent for resell purposes.
 - Once the purchase is completed and the tool made available, the State will need to authorize an initiative for the M&O support team to implement the tool which will be tested to confirm that it has the appropriate functions to log/call/report the data for purposes of the KPIs and reporting.
 - The operation of system components that are subject to the KPIs (for all SLAs) will need to be confirmed and base lined/benchmarked to establish current KPI compliance such that prior to operationalizing the KPIs, the subject KPIs can be modified to reflect current operation or the underlying system components can be modified to conform to the KPI (using either software modification hours or agreed to prioritized work as part of M&O). As part of this process, the State's responsibilities and other dependencies will be identified. We assume that services that support compliance with the KPIs will be designated as the highest priority for purposes of resource allocation.
 - The SLAs require clarification to provide that Deloitte Consulting will not be responsible for any noncompliance with the KPIs (and thus any holdbacks on the associated SLAs) where it is not the sole cause of the noncompliance or the noncompliance is outside of Deloitte Consulting's control. We would also want to discuss earn back rights for corrected or good performance.
 - We also want to discuss the Corrective Action Report, including clarifying the process and timing, as well as the State's requirement that corrective action not be implemented until approved by the State.
 - In connection with the System Availability KPI (and in addition to the above), we agree that "negotiated downtime" will not be included in calculation and also agree that system maintenance during off peak hours will not be included. Items that require discussion and clarification include: the parties should discuss and agree to a minimum negotiated downtime, subject to adjustments for additional down time when circumstances warrant; we understand that "Unscheduled Production Downtime" is to be applied to the "Rapids Hours of Operation" and to the "Other Components of Hours of Operation", such that the minimum 100% availability requirements are calculated after giving consideration to the scheduled and unscheduled downtime allotments. For clarification, we understand the other RAPID components (which should be defined in the contract) will each be subject to a monthly 1% unscheduled production downtime allocation.
 - In connection the System Performance KPI (and in addition to the above), we will want to: clarify the 100% availability requirement consistent with the discussion above; confirm the areas where Deloitte Consulting has responsibility and control; agree on the effective date for application of the SLAs (which will be dependent upon implementation of the tool and benchmarking as described above); validate the performance standards as described above; and, identify the State's responsibilities and dependencies.
 - In connection with the Operational Problem Management KPI (and in addition to the above), it appears the KPI and SLAs are structured in way that are not consistent with current use (and industry practice) of utilizing releases to address various performance issues/fixes and requires further discussion. The parties also need to discuss and



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confirm the State's role, including how approvals are timely provided and fixes deployed, including what constitutes "resolution". As stated above, all KPI and SLA related activities will require prioritization given the potential penalties. In addition, it is assumed that any pre-existing errors (i.e., the backlog) as of the effective date the SLAs go into operation are excluded from the SLAs and new errors will be given priority over existing/backlog errors. The parties will need to confirm the system components that are subject to this KPI. In addition, the OMIS Operational Management Policy requires review and validation in context of the agreed to KPI and SLAs. Finally, the particulars around when KPI "clocks" start for a given error as well as the processes around identification, notification, report and tracking require discussion.

Deloitte Consulting will work in good faith with the State to address the areas and issues identified above. It is important that the final contract accurately and clearly address these matters. We respect the State's decision to introduce liquidated damages and SLAs and are committed to working with the State to implement the same. Given the size, complexity and scope of the support and services, it will be necessary to address control, responsibility, and process issues in sufficient detail to make application of the liquidated damages and SLAs a known and fair process. We value our relationship with the State and look forward to building upon our prior mutual success and supporting the State and its citizens on these important programs.