



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

# Request for Quotation

RFQ NUMBER  
**INS07073**

PAGE  
**1**

ADDRESS CORRESPONDENCE TO ATTENTION OF:  
**RON PRICE**  
**304-558-0492**

RFQ COPY  
 TYPE NAME/ADDRESS HERE

VENDOR

SHIP TO

**INSURANCE COMMISSION**  
  
**1124 SMITH STREET**  
**CHARLESTON, WV**  
**25305-0540 304-558-3707**

DATE PRINTED <b>11/16/2006</b>	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
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BID OPENING DATE: **12/13/2006** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		961-20		
<p><b>CLAIMS ADMINISTRATION</b></p> <p>CLAIMS ADMINISTRATION SERVICES TO PROVIDE WORKERS' COMPENSATION CLAIMS MANAGEMENT AND MANAGED CARE SERVICES FOR OLD WORKERS' COMPENSATION CLAIMS PER THE ATTACHED SPECIFICATIONS</p> <p><b>VENDOR PREFERENCE CERTIFICATE</b></p> <p>CERTIFICATION AND APPLICATION* IS HEREBY MADE FOR PREFERENCE IN ACCORDANCE WITH WEST VIRGINIA CODE, 5A-3-37 (DOES NOT APPLY TO CONSTRUCTION CONTRACTS).</p> <p>A. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>( ) BIDDER IS AN INDIVIDUAL RESIDENT VENDOR AND HAS RESIDED CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p> <p>( ) BIDDER IS A PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR AND HAS MAINTAINED ITS HEAD-QUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR 80% OF THE OWNERSHIP INTEREST OF BIDDER IS HELD BY ANOTHER INDIVIDUAL, PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR WHO HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

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**GENERAL TERMS & CONDITIONS  
REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)**

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. All quotations are governed by the *West Virginia Code* and the *Legislative Rules* of the Purchasing Division.
4. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125.00 registration fee.
5. All services performed or goods delivered under State Purchase Orders/Contracts are to be continued for the term of the Purchase Order/Contract, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods, this Purchase Order/Contract becomes void and of no effect after June 30.
6. Payment may only be made after the delivery and acceptance of goods or services.
7. Interest may be paid for late payment in accordance with the *West Virginia Code*.
8. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
9. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
10. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
11. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern all rights and duties under the Contract, including without limitation the validity of this Purchase Order/Contract.
12. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
13. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, this contract is automatically null and void, and is terminated without further order.
14. **HIPAA Business Associate Addendum** - The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's web site (<http://www.state.wv.us/admin/purchase/vrc/hipaa.htm>) is hereby made part of the agreement. Provided that, the Agency meets the definition of a Covered Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor.

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**INSTRUCTIONS TO BIDDERS**

1. Use the quotation forms provided by the Purchasing Division.
2. **SPECIFICATIONS:** Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications.
3. Complete all sections of the quotation form.
4. Unit prices shall prevail in cases of discrepancy.
5. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
6. **BID SUBMISSION:** All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications.

**SIGNED BID TO:**

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



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<p>( ) BIDDER IS A CORPORATION NONRESIDENT VENDOR WHICH HAS AN AFFILIATE OR SUBSIDIARY WHICH EMPLOYS A MINIMUM OF ONE HUNDRED STATE RESIDENTS AND WHICH HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA CONTINUOUSLY FOR THE FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION.</p> <p>B. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>( ) BIDDER IS A RESIDENT VENDOR WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES WORKING ON THE PROJECT BEING BID ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID;</p> <p>OR</p> <p>( ) BIDDER IS A NONRESIDENT VENDOR EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS OR IS A NONRESIDENT VENDOR WITH AN AFFILIATE OR SUBSIDIARY WHICH MAINTAINS ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES OR BIDDERS' AFFILIATE'S OR SUBSIDIARY'S EMPLOYEES ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID.</p> <p>BIDDER UNDERSTANDS IF THE SECRETARY OF TAX &amp; REVENUE DETERMINES THAT A BIDDER RECEIVING PREFERENCE HAS FAILED TO CONTINUE TO MEET THE REQUIREMENTS FOR SUCH PREFERENCE, THE SECRETARY MAY ORDER THE DIRECTOR OF PURCHASING TO: (A) RESCIND THE CONTRACT OR PURCHASE</p>						

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<p>ORDER ISSUED; OR (B) ASSESS A PENALTY AGAINST SUCH BIDDER IN AN AMOUNT NOT TO EXCEED 5% OF THE BID AMOUNT AND THAT SUCH PENALTY WILL BE PAID TO THE CONTRACTING AGENCY OR DEDUCTED FROM ANY UNPAID BALANCE ON THE CONTRACT OR PURCHASE ORDER.</p> <p>BY SUBMISSION OF THIS CERTIFICATE, BIDDER AGREES TO DISCLOSE ANY REASONABLY REQUESTED INFORMATION TO THE PURCHASING DIVISION AND AUTHORIZES THE DEPARTMENT OF TAX AND REVENUE TO DISCLOSE TO THE DIRECTOR OF PURCHASING APPROPRIATE INFORMATION VERIFYING THAT BIDDER HAS PAID THE REQUIRED BUSINESS TAXES, PROVIDED THAT SUCH INFORMATION DOES NOT CONTAIN THE AMOUNTS OF TAXES PAID NOR ANY OTHER INFORMATION DEEMED BY THE TAX COMMISSIONER TO BE CONFIDENTIAL.</p> <p>UNDER PENALTY OF LAW FOR FALSE SWEARING (WEST VIRGINIA CODE 61-5-3), BIDDER HEREBY CERTIFIES THAT THIS CERTIFICATE IS TRUE AND ACCURATE IN ALL RESPECTS; AND THAT IF A CONTRACT IS ISSUED TO BIDDER AND IF ANYTHING CONTAINED WITHIN THIS CERTIFICATE CHANGES DURING THE TERM OF THE CONTRACT, BIDDER WILL NOTIFY THE PURCHASING DIVISION IN WRITING IMMEDIATELY.</p> <p>BIDDER: -----</p> <p>DATE: -----</p> <p>SIGNED: -----</p> <p>TITLE: -----</p>						

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<p>* CHECK ANY COMBINATION OF PREFERENCE IN EITHER "A" OR "B", OR BOTH "A" AND "B" WHICH YOU ARE ENTITLED TO RECEIVE. YOU MAY REQUEST UP TO THE MAXIMUM 5% PREFERENCE FOR BOTH "A" AND "B". (REV. 12/00)</p> <p style="text-align: center;">NOTICE</p> <p>A SIGNED BID MUST BE SUBMITTED TO:</p> <p style="text-align: center;">DEPARTMENT OF ADMINISTRATION          PURCHASING DIVISION          BUILDING 15          2019 WASHINGTON STREET, EAST          CHARLESTON, WV 25305-0130</p> <p>THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:</p> <p>SEALED BID</p> <p>BUYER: 41</p> <p>RFQ. NO.: INS07073</p> <p>BID OPENING DATE AND TIME</p> <p>PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:</p>						

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11/16/2006				

BID OPENING DATE: **12/13/2006** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
-----						
CONTACT PERSON (PLEASE PRINT CLEARLY):						
-----						
***** THIS IS THE END OF RFQ INS07073 ***** TOTAL: _____						

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**REQUEST FOR PROPOSAL**  
West Virginia Offices of the Insurance Commissioner  
**INS07-073**  
Rev. 11/16/2006

**PART 1 GENERAL INFORMATION/TERMS AND CONDITIONS**

**1.1 Purpose:**

The West Virginia Department of Tax and Revenue, Offices of the Insurance Commissioner, ("State") is soliciting proposals from qualified claims administration firms to provide workers' compensation claims management and managed care services for Old Fund Workers' Compensation claims in the State of West Virginia.

**1.2 Project:**

The State of West Virginia enacted its first workers' compensation law and created the West Virginia Workers' Compensation Fund in 1913. The State agency that has administered that Fund has undergone several name changes, and was most recently referred to as the West Virginia Workers' Compensation Commission. Until very recently, West Virginia relied upon a monopolistic state fund to provide workers' compensation coverage. On January 29, 2005, the Legislature passed Senate Bill 1004, which included the following reforms in regard to workers' compensation in West Virginia: (1) effective January 1, 2006, segregated all claims liability and the associated deficit resulting from injuries and exposures prior to July 1, 2005, into a separate fund, which is known as the "Old Fund"; (2) transferred numerous regulatory duties regarding workers' compensation from the Workers' Compensation Commission to the Insurance Commissioner, including oversight of the various funds created by S.B. 1004; including the Old Fund.

The purpose of this request for proposal is to retain qualified claims administration firm(s) to provide third party administrator and managed care services for a subset of old fund claims which are likely to require medical management.

**1.3 RFP Format:**

This RFP has four parts. "Part 1" contains general information/terms and conditions, "Part 2" describes the background and working environment of the project, "Part 3" is a statement of the specifications for the services requested pursuant to this RFP, contractual requirements, and special terms/conditions and "Part 4" explains the required format of the Bidder's response to the RFP, the evaluation criteria the State will use in evaluating the proposals received, and how the evaluation will be conducted.

1.4 **Inquiries:**

Additional information inquiries regarding specifications of this RFP must be submitted in writing to the State Buyer with the exception of questions regarding proposal submission which may be oral. The deadline for written inquiries is identified in the Schedule of Events, Section 1.16. All inquiries of specification clarification must be addressed to:

Ron Price, Senior Buyer  
Purchasing Division  
2019 Washington Street, East  
P.O. Box 50130  
Charleston, WV 25305-0130  
Fax: (304) 558-4115

**Absolutely NO contact shall be made by the vendor with any member of the evaluation committee.** Violation may result in rejection of the bid. The State Buyer named above is the sole contact for any and all inquiries after this RFP has been released.

1.5 **Vendor Registration:**

Vendors participating in this process should complete and file a **Vendor Registration and Disclosure Statement** (Form WV-1) and remit the registration fee. Vendor is not required to be a registered vendor in order to submit a proposal, but the **successful bidder must** register and pay the fee prior to the award of an actual purchase order/contract.

1.6 **Oral Statements and Commitments:**

Vendor must clearly understand that any verbal representations made or assumed to be made during any oral discussions held between Vendor's representatives and any State personnel is **not** binding. Only the information issued in writing and added to the Request for Proposal specifications file by an official written addendum are binding.

1.7 **Economy of Preparation:**

Proposals should be prepared simply and economically, providing a straightforward, concise description of Vendor's abilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

1.8 **Labeling of RFP Sections:**

The sections within this RFP contain instructions governing how the Vendor's proposal is to be arranged, submitted and to identify the material to be included therein.



### 1.8.1 *Mandatory Requirements.*

The mandatory sections included in part 3 and 4 require a response, and they describe the minimum requirements requested in this RFP. Any specification or statement containing the word "must", "shall, or "will" are mandatory. The vendor is required to meet the mandatory specifications in order to be eligible for consideration and to continue in the evaluation process. A simple "yes" or "no" response to these sections is not adequate. Failure to meet mandatory items shall result in disqualification of the vendor's proposal and the evaluation process terminated for that vendor. Decisions regarding compliance with the intent of any mandatory specification shall be at the sole discretion of the State.

### 1.8.2 *Contract Terms and Conditions:*

This Request for Proposals contains all the contractual terms and conditions under which the State of West Virginia will enter into a contract.

### 1.8.3 *Informational Sections:*

All information specifications do not require a response from the vendor. They are intended to aid the vendor in structuring an effective proposal capable of meeting the needs of the issuing agency.

## 1.9 **Proposal Format and Submission:**

1.9.1 Vendors must complete a response to all mandatory specifications in order to be considered. Each proposal should be formatted as per the outline in Part 4 of this RFP. No other arrangement or distribution of the proposal information may be made by the bidder. Failure on the part of the bidder to respond to specific requirements detailed in the RFP may be basis for disqualification of the proposal. The State reserves the right to waive any informality in the proposal format and minor irregularities.

1.9.2 State law requires that the original technical and cost proposal be submitted to the Purchasing Division. All proposals must be submitted to the Purchasing Division **prior** to the date and time stipulated in the RFP as the opening date. All bids will be date and time stamped to verify official time and date of receipt.

1.9.3 Vendors mailing proposals should allow sufficient time for mail delivery to ensure timely arrival. Requests for time extensions may be granted if the request is received in a timely fashion and the request is determined to be justified by the State. The State cannot waive or excuse late receipt of a proposal which is delayed for any reason. Any proposal received after the bid opening date and time will be immediately disqualified.

### **Submit:**

The original proposal (signed in blue ink by an authorized member of the vendor's firm); five (5) convenience copies and an electronic copy shall be submitted to the address below. Each proposal shall consist of two parts; a

technical proposal and a cost proposal.

The cost proposal must be submitted in a separately sealed envelope and clearly marked "Cost Proposal" on the outside of the envelope. The vendor may submit both the technical proposal and the cost proposal in the same mailing envelope.

One original technical and cost  
plus (5) convenience copies to:

Purchasing Division  
2019 Washington Street, East  
P.O. Box 50130  
Charleston, WV 25305-0130

The outside of the envelope or package(s) must be clearly marked:

Buyer: Ron Price  
Req#: INS07-073  
Opening Date: 12-13-06  
Opening Time: 1:30 P. M.

#### 1.9.4. **Best Value Purchasing Standard Format**

All Requests for Proposals should follow the standard format defined by the Purchasing Division. This format addresses required areas and enables the agency to modify the background and scope of work to meet its needs.

1.9.4.1 *Evaluation Criteria*: All evaluation criteria must be clearly defined in the specifications section and based on a 100 point total score. Based on a 100 point total, cost shall represent a minimum of 30 of the 100 total points in the criteria.

1.9.4.2 *Proposal Format and Content*: Proposals shall be requested and received in two distinct parts: Technical and Cost. The cost portion shall be sealed in a separate envelope and will not be opened initially.

1.9.4.3 *Technical Bid Opening*: The Purchasing Division will open only the technical proposals on the date and time specified in the Request for Proposal. The Purchasing Division representative will read aloud the names of those who responded to the solicitation. The Purchasing Division Buyer will confirm that the original packages contain a separately sealed cost proposal prior to providing the courtesy copies to the agency to begin the evaluation process.

1.9.4.4 *Technical Evaluation*: The pre-selected, approved evaluation committee will review the technical proposals, deduct appropriate points for deficiencies and make a final written consensus recommendation to the Purchasing Division Buyer. If the Buyer approves the committee's

recommendation, the technical evaluation will be forwarded to an internal review committee within the Purchasing Division.

1.9.4.5 *Cost Bid Opening*: Upon approval of the technical evaluation from the internal review committee, the Purchasing Division shall schedule a time and date to publicly open and read aloud the cost proposals. The agency and the vendors shall be notified of this date.

1.9.4.6 *Cost Evaluation*: The evaluation committee will review the cost proposals, assign appropriate points and make a final consensus recommendation to the Purchasing Division.

1.9.4.7 *Contract Approval and Award*: After the cost proposals have been opened, the evaluation committee completes its review and prepares the final evaluation making its recommendation for contract award based on the highest scoring vendor. The final evaluation is submitted to the Purchasing Division buyer. Once approved by the buyer, the final evaluation must be reviewed and approved by the Purchasing Division internal review committee. The contract is prepared and signed in the Purchasing Division, forwarded to the Attorney General's Office for approval as to form, encumbered and mailed to the appropriate parties.

#### 1.10 **Rejection of Proposals:**

The State shall select the best value solution according to the evaluation criteria. However, the State reserves the right to accept or reject any or all proposals, in part or in whole at its discretion. The State reserves the right to withdraw this RFP at any time and for any reason. Submission of, or receipt by the State of proposals confers no rights upon the bidder nor obligates the State in any manner.

A contract based on this RFP and the Vendor's proposal, may or may not be awarded. Any contract resulting in an award from this RFP is not valid until properly approved and executed by the Purchasing Division and approved as to form by the Attorney General.

#### 1.11 **Incurring Costs:**

The State and any of its employees or officers shall not be held liable for any expenses incurred by any bidder responding to this RFP for expenses to prepare, deliver the proposal, or to attend any mandatory prebid meeting or oral presentations.

#### 1.12 **Addenda:**

If it becomes necessary to revise any part of this RFP, an official written addendum will be issued by the State to all bidders of record.

**1.13 Independent Price Determination:**

A proposal will not be considered for award if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to prices with any competitor unless the proposal is submitted as a joint venture.

**1.14 Price Quotations:**

The price(s) quoted in the bidder's proposal will not be subject to any increase and will be considered firm for the life of the contract unless specific provisions have been provided for adjustment in the original contract.

**1.15 Public Record:**

*1.15.1 Submissions are Public Record.*

All documents submitted to the State Purchasing Division related to purchase orders/contracts are considered public records. All bids, proposals, or offers submitted by bidders shall become public information and are available for inspection during normal official business hours in the Purchasing Division Records and Distribution center after the award is complete and documents have been microfilmed.

*1.15.2 Written Release of Information.*

All public information may be released with or without a Freedom of Information request, however, only a written request will be acted upon with duplications fees paid in advance. Duplication fees shall apply to all requests for copies of any document. Currently the fees are \$0.50/page, or a minimum of \$10.00 per request which ever is greater.

*1.15.3 Risk of Disclosure.*

The only exemptions to disclosure of information are listed in West Virginia Code §29B-1-4. Primarily, only trade secrets as submitted by a bidder are the only exemption to public disclosure. The submission of any information to the State by a vendor puts the risk of disclosure on the vendor. The State will make a reasonable effort not to disclose information that is within the guidelines of §29B-1-4 and is properly labeled "proprietary information not for public disclosure". The State does not guarantee non-disclosure of any information to the public.

**1.16 Schedule of Events:** (Dates to be set upon mutually agreed upon (TBA) after submission and approval of the RFP by Purchasing. Events not required may be deleted.)

Release of the RFP	11-17-06
Vendor's Written Questions Submission Deadline	12-01-06

Bid Opening Date	12-13-06
<b>Anticipated Contract Award Date</b>	01-01-07
<b>Anticipated Contract Start Date</b>	01-01-07

1.17 **Mandatory Pre-bid Conference:** None Required

1.18 **Affidavit:**

West Virginia State Code §5A-3-10a requires that all bidders submit an affidavit regarding any debt owed to the State. The affidavit must be signed and submitted prior to award. It is preferred that the affidavit be submitted with the proposal.

1.19 **General Terms and Conditions:**

By signing and submitting their proposal, the successful Vendor agrees to be bound by all the terms contained in this RFP.

1.19.1 **Conflict of Interest:**

Vendor affirms that it, its officers or members or employees presently have no interest and shall not acquire any interest, direct or indirect which would conflict or compromise in any manner or degree with the performance or its services hereunder. The Vendor further covenants that in the performance of the contract, the Vendor shall periodically inquire of its officers, members and employees concerning such interests. Any such interests discovered shall be promptly presented in detail to the Agency.

1.19.2 **Prohibition Against Gratuities:**

Vendor warrants that it has not employed any company or person other than a bona fide employee working solely for the vendor or a company regularly employed as its marketing agent to solicit or secure the contract and that it has not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gifts or any other consideration contingent upon or resulting from the award of the contract.

For breach or violation of this warranty, the State shall have the right to annul this contract without liability at its discretion, and/or to pursue any other remedies available under this contract or by law.

1.19.3 **Certifications Related to Lobbying:**

Vendor certifies that no federal appropriated funds have been paid or will be paid, by or on behalf of the company or an employee thereof, to any person for purposes of influencing or attempting to influence an officer or employee of any Federal entity, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension,

continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Vendor shall complete and submit a disclosure form to report the lobbying.

Vendor agrees that this language of certification shall be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this contract was made and entered into.

#### **1.19.4 Vendor Relationship:**

The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by the parties to this contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents.

Vendor shall be responsible for selecting, supervising and compensating any and all individuals employed pursuant to the terms of this RFP and resulting contract. Neither the Vendor nor any employees or contractors of the vendor shall be deemed to be employees of the State for any purposes whatsoever.

Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension or other deferred compensation plans, including but not limited to Workers' Compensation and Social Security obligations, and licensing fees, etc. and the filing of all necessary documents, forms and returns pertinent to all of the foregoing.

Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including but not limited to the foregoing payments, withholdings, contributions, taxes, social security taxes and employer income tax returns.

The Vendor shall not assign, convey, transfer or delegate any of its responsibilities and obligations under this contract to any person, corporation, partnership, association or entity without expressed written consent of the Agency.

**1.19.5 Indemnification:**

The Vendor agrees to indemnify, defend and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person or firm performing or supplying services, materials or supplies in connection with the performance of the contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use or disposition of any data used under the contract in a manner not authorized by the contract, or by Federal or State statutes or regulations; (3) Any failure of the Vendor, its officers, employees or subcontractors to observe State and Federal laws, including but not limited to labor and wage laws.

**1.19.6 Contract Provisions:**

After the successful Vendor is selected, a formal contract document will be executed between the State and the Vendor. In addition, the RFP and the Vendor's response will be included as part of the contract by reference. The order of precedence is the contract, the RFP and the Vendor's proposal in response to the RFP.

**1.19.7 Governing Law:**

This contract shall be governed by the laws of the State of West Virginia. The Vendor further agrees to comply with the Civil Rights Act of 1964 and all other applicable laws (Federal, State or Local Government) regulations.

**1.19.8 Compliance with Laws and Regulations:**

The vendor shall procure all necessary permits and licenses to comply with all applicable laws, Federal, State or municipal, along with all regulations, and ordinances of any regulating body.

The Vendor shall pay any applicable sales, use, or personal property taxes arising out of this contract and the transactions contemplated thereby. Any other taxes levied upon this contract, the transaction, or the equipment, or services delivered pursuant here to shall be borne by the contractor. It is clearly understood that the State of West Virginia is exempt from any taxes regarding performance of the scope of work of this contract.

**1.19.9 Subcontracts/Joint Ventures:**

The Vendor is solely responsible for all work performed under the contract and shall assume prime contractor responsibility for all services offered and products to be delivered under the terms of this contract. The State will consider the Vendor to be the sole point of contact with regard to all contractual matters. The Vendor may, with the prior written consent of the State, enter into written subcontracts for performance of work under this contract; however, the vendor is totally responsible for payment of all subcontractors.

**1.19.10 *Term of Contract & Renewals:***

This contract will be effective (date set upon award) and shall extend for the period of one (1) year, at which time the contract may, upon mutual consent, be renewed. Such renewals are for a period of up to one (1) year, with a maximum of two (2) one year renewals, or until such reasonable time thereafter as is necessary to obtain a new contract. The "reasonable time" period shall not exceed twelve (12) months. During the "reasonable time" period the vendor may terminate the contract for any reason upon giving the Agency ninety (90) days written notice. Notice by Vendor of intent to terminate will not relieve Vendor of the obligation to continue to provide services pursuant to the terms of the contract.

Any change in Federal or State law, or court actions which constitute binding precedent in West Virginia, and which significantly alters the Vendor's required activities or any change in the availability of funds, shall be viewed as binding and shall warrant good faith renegotiation of the compensation paid to the Vendor by the Agency and of such other provisions of the contract that are affected. If such renegotiation proves unsuccessful, the contract may be terminated by the State upon written notice to the Vendor at least thirty (30) days prior to termination of this contract.

**1.19.11 *Non-Appropriation of Funds:***

If the Agency is not allotted funds in any succeeding fiscal year for the continued use of the service covered by this contract by the West Virginia Legislature, the Agency may terminate the contract at the end of the affected current fiscal period without further charge or penalty. The Agency shall give the vendor written notice of such non-allocation of funds as soon as possible after the Agency receives notice. No penalty shall accrue to the Agency in the event this provision is exercised.

**1.19.12 *Contract Termination:***

The State may terminate any contract resulting from this RFP immediately at any time the Vendor fails to carry out its responsibilities or to make substantial progress under the terms of this RFP and resulting contract. The State shall provide the Vendor with advance notice of performance conditions which are endangering the contract's continuation. If after such notice the Vendor fails to remedy the conditions contained in the notice, within the time period contained in the notice, the State shall issue the Vendor an order to cease and desist any and all work immediately. The State shall be obligated only for services rendered and accepted prior to the date of the notice of termination.

The contract may also be terminated upon mutual agreement of the parties with thirty (30) days prior notice.

**1.19.13 *Changes:***

If changes to the original contract become necessary, a formal contract change



order will be negotiated by the State, the Agency and the Vendor, to address changes to the terms and conditions, costs of work included under the contract. An approved contract change order is defined as one approved by the Purchasing Division and approved as to form by the West Virginia Attorney General's Office, encumbered and placed in the U.S. Mail prior to the effective date of such amendment. An approved contract change order is required whenever the change affects the payment provision and/or the scope of the work. Such changes may be necessitated by new and amended Federal and State regulations and requirements.

As soon as possible after receipt of a written change request from the Agency, but in no event more than thirty (30) days thereafter, the Vendor shall determine if there is an impact on price with the change requested and provide the Agency a written statement to identifying any price impact on the contract or to state that there is no impact. In the event that price will be impacted by the change, the Vendor shall, provide a description of the price increase or decrease involved in implementing the requested change.

**NO CHANGE SHALL BE IMPLEMENTED BY THE VENDOR UNTIL SUCH TIME AS THE VENDOR RECEIVES AN APPROVED WRITTEN CHANGE ORDER.**

1.19.14 ***Invoices, Progress Payments, & Retainage:*** (Agency Option if appropriate.)

The Vendor shall submit invoices, in arrears, to the Agency at the address on the face of the purchase order labeled "Invoice To" pursuant to the terms of the contract. Progress payments may be made at the option of the Agency on the basis of percentage of work completed if so defined in the final contract. Any provision for progress payments must also include language for a minimum 10% retainage until the final deliverable is accepted.

If progress payments are permitted, Vendor is required to identify points in the work plan at which compensation would be appropriate. Progress reports must be submitted to Agency with the invoice detailing progress completed or any deliverables identified. Payment will be made only upon approval of acceptable progress or deliverables as documented in the Vendor's report. Invoices may not be submitted more than once monthly and State law forbids payment of invoices prior to receipt of services.

1.19.15 ***Liquidated Damages:***

According to West Virginia State Code §5A-3-4(8), Vendor agrees that liquidated damages shall be imposed at the rate of \$ 50,000. per day for failure to fulfill the contract. This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other additional remedy to which the State or Agency may have legal cause for action including further damages against the Vendor.

**1.19.16 Record Retention (Access & Confidentiality):**

Vendor shall comply with all applicable Federal and State of West Virginia rules and regulations, and requirements governing the maintenance of documentation to verify any cost of services or commodities rendered under this contract by Vendor. The Vendor shall maintain such records a minimum of five (5) years and make available all records to Agency personnel at Vendor's location during normal business hours upon written request by Agency within 10 days after receipt of the request.

Vendor shall have access to private and confidential data maintained by Agency to the extent required for Vendor to carry out the duties and responsibilities defined in this contract. Vendor agrees to maintain confidentiality and security of the data made available and shall indemnify and hold harmless the State and Agency against any and all claims brought by any party attributed to actions of breach of confidentiality by the Vendor, subcontractors, or individuals permitted access by Vendor.

## **PART 2 OPERATING ENVIRONMENT**

### **2.1 Location:**

Agency is located at the Offices of the Insurance Commissioner, 1124 Smith Street, Charleston, WV 25301.

### **2.2 Background:**

The purpose of this request for proposal is to retain qualified claims administration firm(s) to provide third party administrator and managed care services for a subset of old fund claims which are likely to require medical management. A **preliminary** pool of 4,254 claimants (excluding overlap in categories) has been selected utilizing the following criteria:

- (1) Traumatic diagnoses (730 claimants)
- (2) Bedsore diagnoses (251 claimants)
- (3) \$150,000 or more in total medical paid (831 claimants)
- (4) More than \$10,000 in medical paid in the past 12 months (2,319 claimants)
- (5) Extended use of Schedule II narcotics (1,077 claimants)\*

\*Extended use is defined to be more than 3 prescriptions filled for Schedule II narcotics during period January 1, 2005 through March 31, 2006. Breakdown by date of injury is as follows: 1/28/64 through 12/31/79 17 claimants; 1/1/80 through 12/31/89 164 claimants; 1/1/90

through 12/31/99 561 claimants; 1/1/00 through 6/30/03 271 claimants; 6/30/03 through 6/30/05 64 claimants.

Exhibit I contains two tables: one giving breakdown by county for those claimants residing in West Virginia and another giving breakdown by state.

There are 19,366 total claims in the Old Fund universe (some of which are closed) for these 4,254 claimants.

The Agency is conducting a brief review of the claimants in the preliminary pool, eliminating claimants if it is apparent that the claimant is no longer in need of medical management. It is **expected that transfer to the successful respondent(s) will include approximately 3,000 claimants** with average of 4.5 claims per claimant.

The Agency seeks qualified third party administrator firm(s) to provide industry best practices medical care to injured workers in a managed care and cost effective environment. Qualified firms may respond for services for one or more of the above five categories.

### **PART 3 PROCUREMENT SPECIFICATIONS**

#### **3.1 General Requirements:**

The State requests responses from qualified firms to provide third party administrative and managed care services for old fund claims including claims management/investigation, legal case management, medical case management, access to a West Virginia Offices of the Insurance Commissioner (OIC) approved Preferred Provider Organization (PPO), computer system and reporting capability, assistance in light duty return to work and vocational rehabilitation programs. If the successful respondent does not have access to an OIC approved PPO at the time of bid, then the successful respondent shall have an OIC approved PPO in place no later than 120 days from date of award.

The State will require that medical case managers be registered nurses, with a minimum of five years experience in medical case management for workers' compensation claims. Monthly reporting will be required to permit the State to monitor effectiveness.

The State will require that a dedicated claim unit service the old fund claims. Claims professionals in this dedicated unit must be knowledgeable about current and historical WV Worker's Compensation Statutes and Rules, as appropriate claims management will be in part determined by date of injury and applicable law at the time of injury.

All claim data, documents, electronic files, notepads shall be the property of the State of WV.

The State will require separate reporting for regular subscriber claims, self insured claims and uninsured claims.

The State will require that all payments to claimants and vendors within this RFP be issued by the State. On a bi-weekly basis, pursuant to a schedule prescribed by the State, certain information required to accomplish this must be transmitted electronically to the Offices of the Insurance Commissioner or its designee.

All necessary information for actuarial analysis and financial reporting must be provided to the OIC.

The Agency will require that the TPA issue 1099s as required to vendors.

Statistical reporting to NCCI will be required.

The TPA must be able to receive essential components from the existing Old Fund database. In addition, the TPA must be able to transmit data securely to the OIC. The OIC will make available a secure FTP site for flat file data transmission but will work with the TPA if other secure methods of transport are required. There are three additional requirements that **may** be necessary: have a minimum of 50 gigabytes of data storage capacity; support a secure transport system; read and transmit data in an Oracle 10g or later version.

The State will require full disclosure of any fees, contingent income, profit sharing arrangements, etc., in connection with services provided related to an RFP award.

The following will be considered the minimum content of the vendor's technical proposal:

- A. Submit in chronological order a legal history listing predecessor corporations and/or organizations, mergers, reorganizations and changes of ownership. Be specific as to dates and parties involved.
- B. Submit evidence of your company's experience in providing workers' compensation third party administrator services, especially in West Virginia and especially for claims requiring medical management.
- C. Provide the names, titles and contact information for five (5) references familiar with your company's business organization, services, finances and operational style. Please include any clients in West Virginia for which your company has provided workers' compensation TPA services including name, address and phone number for reference contact.
- D. Provide any examples of run-off work your firm has handled during the past five years for large claims portfolios.

- E. Identify the three largest clients for whom you have handled the greatest number of claims (during the past three years) and set forth the number of claims which your firm has handled at the high point.
- F. Provide a general explanation and chart that specifies project leadership and reporting responsibilities. If use of Subcontractors or Subconsultants is proposed, identify their placement in the primary management structure, and provide internal management description for each Subcontractor or Subconsultant. The State reserves the right to approve or disapprove any Subcontractors or Subconsultants which Respondent engages or plans to engage.
- G. Describe the resources within your organization dedicated to management and treatment of workplace injuries. If your firm intends to partner with other firms for medical management, please provide detailed experience and resource information for those firm(s) also.
- H. Provide the names, addresses, official capacities, primary office locations and resumes of all officers, directors, managers, administrators responsible for services described in this RFP.
- I. Provide a detailed explanation that specifies the responsibilities or functions of any Subcontractors or Subconsultants or any other organizations providing services proposed, and provide a resume or professional qualifications and related educational backgrounds of all Subcontractors or Subconsultants who will be participating with your company on this account.
- J. Provide a detailed organizational chart with responsibilities, adjuster levels, caseloads, etc., for the dedicated unit for the services to be provided. Be specific as to which resources would be located in West Virginia.

### 3.2 Scope of Work

#### A. File Management/Supervision/Quality Control

As part of the transition process, review each claimant's medical and legal situation and provide a claim summary/ evaluation form for each file to be agreed as to content between the OIC and the successful respondent. Include an action plan for medical management and litigation management. This must be completed within 120 days of contract start date.

Create and maintain complete documented files on each reported claim incident of sufficient quality to support worker's compensation hearings, benefit denial, appeals and subrogation claims. Document and update each file clearly, completely and timely with results of all investigation, medical reports, evaluations, reserve changes,

correspondence, successful and unsuccessful contact attempts and claim management plan of action in the electronic adjuster notes section of the electronic claim files.

Close files in accordance with WV Statutes.

Keep all open files on a current diary system which provides for monthly review of all open cases by the adjuster and supervisor.

Provide direction for individual claim files by unit supervisor and/or branch manager and have this direction reflected in the electronic claim file.

**B. Claims Management Services**

Receive and record reports of all medical and other services provided to injured employees.

Perform continuing medical investigations and occupational assessments to confirm continuing disabilities, schedule IME's when necessary and work with the employer and physician to identify alternative employment opportunities for disabled employees and report this to the Agency monthly.

For injured employees receiving workers' compensation benefits, collect information regarding applicable earned income offsets and claimant over payments; reconcile records as required by the State.

Provide a flat file on at least a biweekly basis (or more frequently as may be required) pursuant to a schedule set by the State Treasurer's office for payment of all bills including medical and indemnity benefits. Explanation of benefits corresponding to medical provider payments must also be transferred.

No later than July 1 of each year, provide the State with a comprehensive review of all open claims, which identifies claims that should be reevaluated to determine if the claimant is still unable to work in some capacity.

The vendor is required to request access from the Offices of the Insurance Commissioner's Claim Index on all lost time claims.

**C. Medical Case Management**

Review medical records and provide summary reports monthly.

Provide medical case management for every employee injury using a three level triage approach. Level 1 addresses the review of claims information by an experienced medical manager, who will direct the care

of the injured worker and monitor the employee's progress. Level 2 occurs with the Provider, where the injury is assessed, the treatment plan established and care delivered. Level 3 addresses the most complex and serious cases where a visiting medical case manager in conjunction with a physician managing the case.

All claimants for permanent and total disability must have IMEs scheduled in accordance with State IME law.

Work with specialists to develop a treatment plan based on the patient's first visit to them, which must include diagnosis, prognosis, projected return to work if applicable, number of weeks of ancillary care (i.e. physical therapy) required, and any restrictions in accordance with Series 85 Rule 20 and other approved national standards of care.

**D. Medical Management/Cost Containment**

Review 100% of the medical bills and reduce and pay at levels prescribed by the State's approved fee schedule or the negotiated discount which ever is lower.

Review all medical bills for inappropriate services.

Organize a health care delivery system to treat injured workers. This will include hospitals, physicians, therapists and other ancillary service providers and must be reasonably accessible to workers.

Compile documentation of employee's condition prior to injury and past medical history, when applicable.

Inform the Medical Care Provider of employee's job duties and requirements to enable Medical Care Provider to appropriately determine duty status and/or physical capacities.

**E. Reserving**

Set initial reserves as soon as possible after receiving claim, but no later than 120 days from start date of the contract. (Old Fund claim files do not have adjuster-set reserves, only MIRA-generated reserves.) The Agency should be notified of any case with a gross reserve of \$100,000 or higher.

Evaluate reserve adequacy every time the file is reviewed, and provide file documentation of basis and calculation of reserves.

Identify and evaluate the cases that represent estimated long term future payments and/or significant expected future financial obligations and make recommendations about the benefit to the State's designee of settlement either through structured settlement or commutation of such liabilities.

**F. Fraud**

Establish a procedure for detecting, potential fraud claims and refer files with indicators of potential fraud to the OIC Office of Inspector General for review.

Please detail criteria used by your organization in determining claims which may require external investigatory attention.

**G. Reporting**

Produce loss reports on a periodic basis inclusive of accounting and statistical data so that the State can analyze and monitor the expenditures and loss profiles of the claims as well as TPA performance.

**H. Litigation Case Management**

Utilize appropriate techniques to accomplish thorough and aggressive litigation management and cost control. The successful respondent may be required to retain counsel to defend contested issues and/or may be required to utilize counsel selected by the client.

**I. Respondent Solution**

Define in detail the approach your firm would propose for the existing claim book of the contract. Provide all details and additional information you deem necessary to evaluate your proposal. Response should provide a specific staffing model including organizational structure and number of employees with experience levels and qualifications specified. Please be specific about those to be located in WV and elsewhere, giving location of dedicated unit personnel located outside of WV.

Please provide detailed experience and education background for the person you identify as the State's key contact for administration of this program.

The selected respondent shall assure that there is adequate staffing to support all claims processing and support services required by the State. It is expected that the selected vendor will assure that examiner caseloads be consistent with industry standards. To the extent caseloads are determined by the State to be in excess of that necessary to provide the services required by the State, it is expected that the State and the third party administrator will meet and reach a consensus as to appropriate caseloads to assure appropriate services are provided. In the event that consensus cannot be achieved the recommendations of the State with adequate industry data for support will be the determining factor.

Detail the extra resources your company will provide during the setup and transition phase of assuming the administration of the program, including specifics about numbers of personnel and their experience levels and expected roles.



## **1. Health Care**

Provide a listing of the locations of all health care providers in the network including, but not limited to hospitals, pharmacies, free-standing outpatient facilities, specialists (physicians and other professionals), DME suppliers, labs.

Describe the physician organizations special competencies and abilities to provide occupational injury and illness treatment medical care service.

How will you measure or evaluate quality of health care?

Describe your plan to handle employee complaints concerning quality of treatment.

Describe your current approach to designing and administering patient survey programs which provide an essential indicator of quality of care.

How will you insure that patients are referred to appropriate specialists and for only those diagnostic procedures necessary?

Please indicate the turnaround time that you will require for specialists to report on patient visits to the primary physicians.

Describe your strategy to ensure continuity of care for injured employees.

## **2. Claims Management and Case Management**

What types of case management services will you be providing?

What are the specific goals for medical case management under workers' compensation?

Describe work flow, case management, and electronic path of treatment requests, referrals either authorizing or denying, payment authorization against appropriateness, and for procedures not requiring pre-authorization.

Describe how case managers address undirected care and poor return to work planning.

What are the criteria for cases forwarded for review for medical case management?

What national utilization, treatment guidelines and resources are utilized in case management?

Provide a copy of the policy and procedure for utilization review. Include mechanisms to assure that a course of treatment is medically necessary and diagnostic procedures are not unnecessarily duplicated. Also include review procedures to assure that frequency, scope and duration of treatment is appropriate, and that continued treatment is reasonable, appropriate and medically necessary. Also include procedures for review of pharmaceuticals for appropriateness.

How will the case managers control cases that are being treated outside the network?

Describe the type of information, reporting mechanisms, and evaluation tools will be utilized to assure that the health care provider, claims manager, work site supervisor, and employee efforts are being coordinated.

What are your qualifications for case managers?

Confirm that you will maintain separate claim information on each work-related occurrence as reported. Please detail current procedures used by your organization in establishing and monitoring claims information. The State would expect that all claims for a particular claimant be handled by the same adjuster in order to ensure proper coordination of care. If this is not always the case for your organization, please define criteria for exception situations.

Outline the criteria used in deciding which claims are to be treated as severe in nature. Please describe special protocols for making certain that quality of care for these claimants are appropriate.

Please detail standard cost control and internal loss procedures utilized by your organization during routine claims adjudication.

Please detail actions taken and recommendations made by your organization with regard to the control of overall work injury costs (both direct and indirect) in your administration of other accounts.

When a primary care physician refers a patient to a specialist, describe how this vendor will remain responsible for maintaining medical management of the case. Please provide your rationale.  
Describe the medical case management process.

What are your protocols and procedures for handling claims with psychological components and do you have specialty resources to assist in managing these cases?

What are your protocols and procedures for handling claims requiring pain management? Please be specific about your experience and success in this regard as well as entities in WV that you would propose contracting with to assist in this regard.

Describe your chiropractic review process. Do you have clinical protocols for the type and length of treatment? What procedures are followed if a provider disagrees with the standards?

Describe your approach to return to work management.

Describe your approach to training/monitoring home health care providers who are family members for a claimant.

Define your criteria for necessity of field versus telephonic medical management and the role of adjuster versus medical case manager.

How do you evaluate the effectiveness of medical management, both medically and cost? Provide sample of reports used to measure the effectiveness.

How will you handle providing medical care to claimants in rural spread out areas of West Virginia? Also what about care for claimants who have relocated to other states?

Please describe your firm's experience with pain management programs, including some measurement of success. Provide a detailed approach to pain management activity, including providers in West Virginia.

Explain your approach to prevent potential abuse situations for Schedule II drugs, including system/adjuster authorization procedures. Also discuss ways to identify and deal with potential abuse situations.

Please specify resources in your firm with expertise in pain management, and outline their role in providing services in connection with this RFP.

Please detail hypothetical circumstances for a claim that your company would recommend to the state for structured settlement. Please provide specific reasons why your company would recommend such a case for structured settlement and the analysis you would provide in determining a recommendation as to the appropriate amount. Please provide the same information for hypothetical case that you would recommend to the State for lump sum settlement/commutation.

Please provide the following as attachments: process maps of your recommended claim system work flow; a copy of your claim handling services standards, policies and procedures; a copy of your fraud

detection and handling program; a copy of your litigation management program; your claims procedures manual reflecting your standards for claim handling (This will be treated as proprietary information.)

### **3. Reserving**

Provide a copy of your reserving policy and procedures.

### **4. Reporting and Systems**

Please define the data elements and document history that you will want transferred to your computer system.

Please confirm the information that you will maintain in your database. Please be specific as to information that will be maintained in an electronic file only including what material will be available as hard copy.

Please provide copies of sample management reports (other than monthly, quarterly, and year-end loss reports) you make available in conjunction with the administration of similar plans.

Please provide samples of your current standard reports and of all reports required by the RFP.

The Agency will require access and capability to develop and produce ad hoc reports in addition to standardized reports mentioned in this RFP. The Agency will require the ability to have real-time access to individual claim file information and to run current financial reports during the month. Advise of your claim management information system's ability to provide real-time access in these areas.

The State requires the ability to interface with your database to access and retrieve information and produce reports for in-house claims review, audit analysis and statistical purposes. Be specific as to what is necessary to accomplish this and as to what, if any, these costs are.

Please describe completely the operation of your data systems as they would relate to the administration of the contract.

Describe in detail how you plan to load information of open claims. Which closed claims, if any, would you load onto your system?

Please include in this description information on your current computer system (e.g., type of hardware, software, etc.) and information regarding the compatibility of your present data systems with other systems. Specifically detail how your organization will handle data transfer during transition. Please identify those factors that may delay data transfer and provide information on how your organization would address these

obstacles.

Describe how your medical cost management services are integrated into your computerized claims administration system (e.g., do the persons responsible for medical case management have online access to the claims administration system, is their documentation kept in the electronic claims file, are there automatic "triggers" to flag a claim for medical case management review, etc.).

At the present time, 75% of all prescriptions are billed through Point of Sale. POS is a software program that has been located within pharmacies throughout West Virginia. This system automatically submits requests for authorization, and charges into the present claim system. This information is edited against data in the present claim system and charges are paid weekly if properly authorized. Medical bills and prescription bills paid directly by the injured worker are submitted to the present claim operation and are input manually by JCDC, an off-site subcontractor. In the system these bills are edited for proper authorization and against the State fee schedule. Please discuss your abilities to work within these parameters and any alternative you would suggest.

Can you report Incurred and Paid medical claims by diagnostic codes?

Can you report Incurred and Paid medical claims by type of service (inpatient, office visit, PT, Chiropractic, specialist, x-ray, lab) and by in or out of network?

### **5. Medical Bill Review**

Describe the organizational structure of your cost management program and its integration with bill payment. Please provide a flow chart indicating the flow of claims and bills through the system.

Describe your procedures to insure that all bills are reviewed for fee schedule and/or usual and customary re-pricing.

Describe current procedures regarding bill review to advise if vendor completes utilizing an internal system or a subcontractor. Advise of the current system utilized to perform this service.

Does the bill review system identify and re-price for unbundling, up-coding and duplicity?

How do you ensure that examiners authorize payment at the repriced level and not at the original billed level?

Describe procedures for handling provider challenges of repricing.

Please describe in detail adjuster involvement/computer edits as checks for appropriateness of treatment with respect to the work-related injury. Describe how you monitor provider directed utilization of services to prevent over-utilization of services. Is there a computer link between utilization review process and bill review?

The State will require monthly reports detailing savings from each specific bill review activity and network savings.

### **6. Transition**

Indicate your ability to assume the complete inventory of takeover claims on the program inception date.

Provide a detailed strategy regarding review and handling of the takeover claims, being cognizant of the summary information provided in the Background section of this RFP.

Provide details of your transition plan, a timeline, a notification plan and needed involvement of the State. Be specific as to how you would plan the transition of open and closed injury cases as part of your transition plan.

Please comment on your experience in taking over similar programs as to the number of such programs and provide a brief description of each program.

Describe your estimated staffing requirements during a transition period for the contract.

### **7. Systems Capability and Reports**

Please provide samples of reports which you would propose to provide the State on a specified periodic basis so that the State can analyze and monitor expenditures and loss profiles of the workers' compensation program.

The OIC also requests that any new images relevant to old fund claims created by the TPA(s) be submitted to the OIC for incorporation into the primary imaging repository

Please provide information on the computer system which you intend to use, and be specific about hardware and software, fields of data captured, online access features and report capabilities

### **8. Additional Services**

If you believe that the State should consider additional services not contemplated in this RFP, please indicate clearly in your proposal as an attachment with separate costs identified as being in addition to fees

proposed.

### 3.3 Special Terms and Conditions:

3.3.1 ***Bid and Performance Bonds:*** None Required.

#### 3.3.2 ***Insurance Requirements:***

The successful vendor must maintain, and provide evidence thereof, for the duration of the agreement, and any extensions thereof, insurance issued by a company or companies qualified to do business in the State of West Virginia in the following types and amounts:

- A. Worker's Compensation Insurance covering all liability of the vendor arising under the Worker's Compensation Act.
- B. Comprehensive General Liability insurance in a broad form, written on an "occurrence" basis, with a combined single limit of not less than One Million Dollars (\$1,000,000) to include coverage for the following where exposure exists:
  - 1. Premises/operations
  - 2. Independent Contractors
  - 3. Products/Completed Operations
  - 4. Personal Injury
- C. Professional Liability Insurance:
  - 1. Limit of Liability: \$10,000,000 with a deductible not to exceed \$50,000.
  - 2. Coverage: Errors and Omissions including liability assumed under this contract.
  - 3. Professional Liability Insurance may be written on a claims-made basis provided that coverage for occurrences arising out of the performance of the services required under the contract shall be maintained in full force and effect under the policy or "tail" coverage for a period of at least two (2) years after termination of the services.
- D. Vendor agrees that with respect to the insurance requirement referenced above, the State shall be provided with certificates of insurance naming the Offices of the Insurance Commissioner as an additional insured prior to commencement of the agreement and thereafter upon request with certificates evidencing renewals or replacements of said policies of insurance at least fifteen (15) days prior to the expiration of or the cancellation of any policies. Said notices of insurance shall be provided to:

Tim Whitener, Director of Administration  
West Virginia Offices of the Insurance Commissioner  
1124 Smith Street  
P. O. Box 50540  
Charleston, WV 25305-540

- E. The vendor shall comply with the West Virginia Human Rights Act, as amended, and any rules and regulations promulgated in accordance therewith, including, but not limited to the Equal Employment Opportunity Clause, West Virginia Code.
- F. In case of default by the vendor, the State may procure the services from other sources and hold the vendor responsible for any excess cost occasioned thereby.
- G. Invoices shall be submitted to the State office address herein; payment to be made within thirty (30) days of receipt. Payments are to be made after the delivery and receipt of services.
- H. The selected vendor will be required to assume responsibility for all services offered in this proposal. The State will consider the selected vendor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the agreement. Sub-agreements will be permitted only upon specific written permission of the State.
- I. Interpretation or Correction of the RFP:
  - 1. Vendors shall promptly notify the State in writing, of any ambiguity, inconsistency or error they may discover upon examination of the RFP.
  - 2. Interpretations, corrections and changes to the RFP will be made by addendum. Interpretations, corrections or changes made in any other manner will not be binding.
- J. Any agreement resulting from this RFP shall be governed by and construed according to the laws of the State of West Virginia.
- K. Vendor agrees to retain all books, records and other documents relevant to any agreement resulting from this RFP for a period of not less than five (5) years.
- L. Vendor agrees that any information concerning the management of claims or services provided in the course of this engagement shall remain confidential. Except as may be required by State or federal law, regulation, or order, the vendor agrees not to release any information concerning said claim services without prior approval of the Insurance Commissioner, or his/her designee or the consent of



the claimant.

- M. Proposals must include the complete name of the third party administrator that will provide the services (Holding Company Names are NOT ACCEPTABLE.)

### 3.3.3 *License Requirements:*

The successful respondent must be appropriately licensed in the State of West Virginia with respect to all contract activities pursuant to the RFP award.

### 3.3.4 *Litigation Bond: Not Required*

## **PART 4 PROPOSAL FORMAT**

### **4.1 Vendor's Proposal Format:**

This part of the RFP outlines the format that the vendor must follow and the information that the vendor must include when preparing the proposal. The proposal must be formatted in the same order, providing the information requested as listed below:

Title page - Must state the RFP Subject and number, the name of the vendor, vendor's business address, telephone number, name of authorized contact person to speak on behalf of the vendor, dated and signed.

Table of Contents - Clearly identify the material by section and page number.

Section I - A statement of the objectives, goals and tasks to show or demonstrate the vendor's view of the nature of the agreement.

Section II - The vendor shall provide a description of the deliverables and the time frame for delivery.

Section III - An outline of the vendor's background and experience with documentation outlining similar services provided for other regulatory jurisdictions during the past three years and provide the name, address and telephone number of three current references familiar with such services.

Section IV - A detailed work plan that will identify the major tasks to be accomplished and be used as a scheduling and managing tool, as well as the basis for invoicing.

Section V - A schedule of fees for each level of prospective participant on an examination as well as expenses (travel, lodging, etc.) based upon staffing levels, hours and rates for each phase of the engagement. The vendor must provide a list of personnel who will conduct the project, detailing their training, work experience and hourly fees.

Section VI - Vendor must enclose completed copies of the following forms (copies attached):

1. WV - 96 - Agreement Addendum
2. Affidavit
3. WV - 1 - Vendor Registration

#### 4.2 Evaluation Process:

##### 4.2.1 Method of Evaluation:

The proposals will be evaluated by a committee of three (3) or more individuals in accordance with the criteria stated. The Vendor who meets all the mandatory specifications and attains the final highest point score of all vendors (possible one-hundred (100) points maximum) shall be awarded the contract. The selection of the successful vendor will be made by a consensus of the evaluation committee.

#### 4.3 Evaluation Criteria

	<u>Score</u>
Technical Competence of the Firm(s)	10
Managed Care	10
Case File Management	10
Staffing	10
Computer System	10
Transition	10
Acceptance of Contractual Requirements and Terms/Conditions	10
Cost Proposal	30
Total	<hr style="width: 100%; border: 0.5px solid black;"/> 100

#### 4.4 Minimum Acceptable Score:

Vendors must score a minimum of 70% of the total technical points possible (if doing oral presentation may require it for technical criteria not including the oral, in order to avoid interviewing non-qualified vendors). The minimum qualifying score would be 70% of 70 points or a technical score of 49 points or greater to be eligible for further consideration and to continue in the evaluation process. All vendors not attaining the minimum acceptable score (MAS) shall be disqualified and removed from further consideration.

The State will select the successful vendor's proposal based on best value purchasing which is not necessarily the low bidder. Cost is considered but is not the sole determining factor for award. The State does reserves the right to accept or reject any or all of the proposals, in whole or in part, without prejudice if to do so is felt to be in the best interests of the State.

Vendor's failure to provide complete and accurate information may be considered grounds for disqualification. The State reserves the right if necessary to ask

vendors for additional information to clarify their proposals. Nothing may be added to alter the written solution or method contained in the original proposal after the bid opening.

**4.5 Cost Proposal Format/Bid Sheets---Narrative**

Please provide two or three proposed compensation arrangements. Be specific about costs and resource commitments for various components of the program. Also provide specifics about transition pricing. The Agency is open to considering proposals with reasonable incentives for performance.

Please price separately transition services and ongoing annual services. There will be fixed costs and variable costs determined by the number of claimants/claims transferred. For purposes of pricing the variable costs, please assume 3,000 claimants with average 4.5 claims (open and closed) per claimant as described in the RFP background section.

**TRANSITION PRICING**

Information Systems

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Initial file review including completion of OIC file summary/claims evaluation form including medical and litigation action plans

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Other transitional activities (please list with costs) as per transitional plan/timeline submitted

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**ONGOING PRICING**

For adjuster personnel, please specify per claimant caseload per adjuster and adjuster salary and benefit level (i.e., provide detail staffing model with

associated  
costs)

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**4.5.1 Cost Proposal Format/Bid Sheets**

Please refer to information provided in the RFP, including but not limited to:

All claims have date of injury prior to 7/1/2005;

**ANNUAL COSTS\***

*Total annual cost for claims handling as per staffing model provided in RFP response*

\_\_\_\_\_ claimants per adjuster \$ \_\_\_\_\_

*Other annual costs:*

Information Systems \$ \_\_\_\_\_

PPO Access Fee \$ \_\_\_\_\_

Medical Bill Review/Repricing  
(Assume 40,000 bills/month for pricing purposes) \$ \_\_\_\_\_

Overhead  
(Specify categories but provide total annual cost only) \$ \_\_\_\_\_

Other ULAE Costs  
(Specify categories but provide total annual cost only) \$ \_\_\_\_\_

**TOTAL ANNUAL COST** \$ \_\_\_\_\_

**ONE TIME TRANSITION FEES FIRST YEAR ONLY**

*Total cost for transition as per transition plan provided in RFP response*

Cost for planning meetings/program design  
(Specify number of meetings and travel costs) \$ \_\_\_\_\_

Cost to provide training to Office of the Insurance  
Commission employees/consultants \$ \_\_\_\_\_

Cost to populate systems with West Virginia specific  
data and claims information (Provide detail of costs  
comprising this line item on an attached page). \$ \_\_\_\_\_

Cost to train dedicated client team on State of West  
Virginia program requirements \$ \_\_\_\_\_

Other (Specify categories but provide total cost only) \$ \_\_\_\_\_

**TOTAL TRANSITION COST (FIRST YEAR-ONE TIME)\*** \$ \_\_\_\_\_

**TOTAL FIRST YEAR ANNUAL COST** \$ \_\_\_\_\_

**\*Please indicate which of the above costs, if any, are fixed irrespective of the number of claims to be handled, and which will be adjusted downward if the claims handling is awarded to more than one vendor.**

## Exhibit I

Table 1 Distribution of Claimant by County

COUNTY	# of SSN	Percent
BARBOUR	28	0.66
BERKELEY	69	1.62
BOONE	116	2.73
BRAXTON	27	0.63
BROOKE	50	1.18
CABELL	146	3.43
CALHOUN	15	0.35
CLAY	28	0.66
DODDRIDGE	13	0.31
FAYETTE	145	3.41
GILMER	13	0.31
GRANT	15	0.35
GREENBRIER	78	1.83
HAMPSHIRE	6	0.14
HANCOCK	44	1.03
HARDY	18	0.42
HARRISON	101	2.37
JACKSON	41	0.96
JEFFERSON	18	0.42
KANAWHA	390	9.17
LEWIS	27	0.63
LINCOLN	80	1.88
LOGAN	236	5.55
MARION	72	1.69
MARSHALL	58	1.36
MASON	37	0.87
MCDOWELL	100	2.35
MERCER	117	2.75
MINERAL	14	0.33
MINGO	181	4.25
MONONGALIA	90	2.12
MONROE	17	0.40
MORGAN	14	0.33
NICHOLAS	98	2.30
OHIO	61	1.43
PENDLETON	6	0.14
PLEASANTS	10	0.24
POCAHONTAS	33	0.78

COUNTY	# of SSN	Percent
PRESTON	58	1.36
PUTNAM	83	1.95
RALEIGH	274	6.44
RANDOLPH	59	1.39
RITCHIE	24	0.56
ROANE	36	0.85
SUMMERS	29	0.68
TAYLOR	29	0.68
TUCKER	13	0.31
TYLER	11	0.26
UPSHUR	39	0.92
WAYNE	103	2.42
WEBSTER	38	0.89
WETZEL	21	0.49
WIRT	5	0.12
WOOD	89	2.09
WYOMING	167	3.93
OUT OF STATE	563	13.23
<b>Total</b>	4,254	



Table 2 Distribution of Claimant by State

ST	# of SSN	Percent	Cumulative Frequency	Cumulative Percent
AL	3	0.07	3	0.07
AR	2	0.05	5	0.12
AZ	2	0.05	7	0.16
CA	1	0.02	8	0.19
FL	36	0.85	44	1.03
GA	3	0.07	47	1.10
IL	4	0.09	51	1.20
IN	3	0.07	54	1.27
KY	89	2.09	143	3.36
LA	1	0.02	144	3.39
MD	23	0.54	167	3.93
MO	1	0.02	168	3.95
MT	1	0.02	169	3.97
NC	29	0.68	198	4.65
NJ	1	0.02	199	4.68
NM	1	0.02	200	4.70
NY	2	0.05	202	4.75
OH	195	4.58	397	9.33
OK	2	0.05	399	9.38
OR	1	0.02	400	9.40
PA	52	1.22	452	10.63
SC	7	0.16	459	10.79
TN	11	0.26	470	11.05
TX	3	0.07	473	11.12
VA	90	2.12	563	13.23
WV	3,691	86.77	4254	100.00

# A F F I D A V I T

**West Virginia Code §5A-3-10a states:**

No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owned is an amount greater than one thousand dollars in the aggregate

**DEFINITIONS:**

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions. "Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities. "Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

**EXCEPTION:**

The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

**LICENSING:**

Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agencies or political subdivision. Furthermore, the vendor must provide all necessary releases to obtain information to enable the Director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

**CONFIDENTIALITY:**

The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendors should visit [www.state.wv.us/admin/purchase/privacy](http://www.state.wv.us/admin/purchase/privacy) for the Notice of Agency Confidentiality Policies.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), it is hereby certified that the vendor acknowledges the information in this said affidavit and are in compliance with the requirements as stated.

Vendor's Name: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_