



**State of West Virginia
Public Employees Insurance Agency
(PEIA)**

**Auditing & Recovery Services
Request for Proposals**

August 15, 2008

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CHAPTER 1 – INTRODUCTION

1.1 Purpose

The West Virginia Public Employees Insurance Agency, hereinafter referred to as “PEIA,” is soliciting proposals for Auditing & Recovery Services. This solicitation serves as notice, pursuant to West Virginia Code §5A-3-10b, of the commodity or service being sought and is to be considered the opportunity for Vendors to indicate their interest in bidding on such commodity or service.

1.2 Project

Retrospective auditing is a key component in the PEIA’s efforts to ensure healthcare compliance and to contain healthcare expenditures. As the PEIA’s internal audit activities are in the early stages of development, the need for a more robust method of analyzing eligibility and claims data and recovering overpayments is evident.

The mission or purpose of this project is to:

- reconcile policyholder enrollment to payroll data;
- identify ineligible policyholders and/or dependents;
- identify billing, procedural and/or program inconsistencies as compared to nationally accepted coding and healthcare standards, PEIA benefits, policies, procedures and reimbursement methodologies;
- identify and recover credit balances;
- report improper payments and recover overpayments; and
- obtain assistance in improving processes to identify and prevent future enrollment/eligibility discrepancies and improper payments.

1.3 Background

The Public Employees Insurance Agency (PEIA) is the agency of the State of West Virginia which administers benefits for approximately 190,000 active State and local public employees and eligible dependents, retired employees and eligible dependents, surviving dependents, and COBRA participants.

A comprehensive self-insured Preferred Provider Benefit (PPB) plan is offered to all eligible participants statewide and is administered by a TPA. PEIA also offers managed care plan options statewide, and PEIA currently contracts with two (2) managed care organizations offering four (4) plan options. At present, 9,000 policyholders are enrolled in managed care plans; and 75,000 are enrolled in the PPB Plan.

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In the PEIA PPB plan, participants are responsible for cost sharing in the form of an annual medical deductible, coinsurance, and copayments; they also pay a separate prescription drug deductible and copayments. Amounts paid by the individual in the prescription program do not apply to the maximum annual medical out-of-pocket amount. The prescription drug program is administered by a separate vendor. The PEIA benefit plan also includes a lifetime maximum medical benefit provision, which also excludes drug costs.

Participants in the PPB Plan may use any provider in West Virginia that they choose; they are not required to use a select group of providers, nor must they go through primary care providers to gain access to more specialized providers. By law, all providers in West Virginia who treat PEIA insureds must accept assignment of benefits, and cannot bill PEIA patients for any amount by which their charges exceed the maximum fees established by PEIA for each service.

The PPB Plan currently has out-of-state provider networks that consist of: Medical Mutual of Ohio SuperMed Plus Network (Ohio only), the OneNet Network (Maryland, Washington D.C., and North Carolina only), and Beech Street (all other states). These PPO networks are available to all PEIA PPB members who reside more than one county outside the State. Members who reside in a county that borders West Virginia may also utilize PPO providers in counties that border West Virginia. Otherwise, services are considered out-of-network and result in higher out-of-pocket expenses for the member.

PEIA employs a variety of techniques that are characteristic of managed care programs:

- utilization review, consisting of precertification of specified inpatient admissions and certain outpatient procedures, and case management for high cost patients;
- a provider fee schedule reflecting a resource-based, relative value scale (RBRVS) system which represents a discount from most providers' usual charges and which, as noted above, is backed by a statute prohibiting in-state providers from billing PEIA beneficiaries for charges other than applicable copayments, coinsurance, deductibles and for non-covered services;
- an outpatient prescription drug plan that utilizes a national network of participating pharmacies throughout the state which have agreed to discount prices, and which submit claims electronically to a separate pharmacy benefit manager (PBM);
- a contracted network of hospitals and surgeons, both inside and outside the state, that perform organ transplant services for pre-negotiated prices;
- a prospective payment system (PPS) for inpatient hospital reimbursement; and
- a prospective payment system (PPS) for outpatient hospital reimbursement.

Premiums or cost-sharing mechanisms are set annually by the PEIA Finance Board, as recommended by the plan's actuary, based upon anticipated utilization and participation.

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Open enrollment is held each Spring for plan selection. The fiscal year under which the State allocates funding is July 1 through June 30; this is also the PEIA benefit plan year. The PEIA reserves the right to implement any changes affecting benefits and premium contribution within the plan, as deemed appropriate, or as mandated by legislative action.

For more information regarding PEIA, potential Bidders may research our website at www.wvpeia.com.

1.4. General Information

1.4.1 Verbal and Written Inquiries

The Procurement Officer (PO) named below is the sole contact for any and all inquiries from the date of release of this Request For Proposal (RFP), until the selection of the successful Bidder.

All communications related to this RFP are restricted to written communications except as set forth under Section 3.3.

Bidders may submit, in writing to the PO, any specification questions or clarifications prior to the Pre-Bid Conference. Written questions received later than the date and time shown in Section 1.4.3, shall not be answered. All questions with responses will be provided to all potential Bidders who are known by the PO on the date and time shown in Section 1.4.3. The questions may be submitted via fax or email; however, the PEIA assumes no liability for assuring accurate/complete FAX/email transmission/receipt and will not acknowledge receipt except by addressing the question.

The Procurement Officer for the Auditing and Recovery Services RFP will be:

Mr. J. A. Haught, CPA
Chief Financial Officer
West Virginia Public Employees Insurance Agency
State Capitol Complex, Building 5, Room 1001
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0710
(304) 558-6244, Ext. 242
Fax: 304/558-5611

Other than the exceptions listed in Section 3.3, under no circumstances will questions be entertained, except in writing or at the Mandatory Pre-Bid Conference. Violations may result in rejection of the bid.

1.4.2 Oral Statements and Commitments

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

1.4.3 Procurement Schedule (Subject to Change)

ACTIVITY	DATE/TIME
Release of RFP	Friday, August 15, 2008
Mandatory Pre-Bid Conference	Friday, August 29, 2008 – 10:00 a.m. EDT
Bidders' Written Questions Due	Friday, August 29, 2008 – 4:00 p.m., EDT
PEIA Response to Written Questions	Friday, September 5, 2008
Proposal Submission Deadline	October 10, 2008 – 4:00 p.m., EDT
Proposal Evaluations and Recommendations to Director	October 14 - 31, 2008
Begin Contract Negotiations with Successful Bidder	November 3, 2008
Contract Signed & Implemented	To Be Determined

1.4.4 Mandatory Pre-Bid Conference

A mandatory pre-bid conference will be conducted on the date specified above, in the PEIA Conference Room, on the 10th floor of Building 5, at the State Capitol Complex, in Charleston, WV. **All interested Bidders are required to be present at this meeting. Failure to attend the mandatory pre-bid conference shall automatically result in disqualification. No one person can represent more than one Vendor. Each Vendor may be represented by no more than two individuals.**

Bidders will have the opportunity to ask questions at the Mandatory Pre-Bid Conference and the PEIA will make a reasonable attempt to answer all questions presented. Answers to questions raised at the Conference will be sent via email by 4 p.m., on Friday, September 5, 2008, to all potential Bidders who attended the Conference. Oral answers will not be binding on the PEIA. The Bidders are responsible for all costs associated with attending the Pre-Bid Conference.

1.4.5 Overview of Mandatory Requirements

Any specification or statement in this RFP containing the word “must”, “shall”, or “will” is mandatory. Chapter 2 contains mandatory deliverables required upon contract execution. By signing and submitting a response to this RFP, the Vendor agrees to all mandatory deliverables described herein. Chapter 3 describes RFP response requirements, which may be mandatory. The Vendor is required to meet all mandatory requirements in order to be eligible for consideration and to continue in the evaluation process. Failure to meet or agree to mandatory items shall result in disqualification of the Vendor’s proposal and the evaluation process will be terminated for that Vendor. Decisions regarding compliance with any mandatory requirement shall be at the sole discretion of the PEIA.

1.4.6 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.

1.4.7 Incurred 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 pre-bid meeting or oral presentations.

1.4.8 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 of contract.

1.4.9 Purchasing Affidavit

West Virginia 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.

1.4.10 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.

CHAPTER 2 - PROCUREMENT SPECIFICATIONS AND DELIVERABLES

2.1 Details of Procurement Offer

The PEIA desires to have auditing and recovery services to ensure that the Agency pays only covered services for truly eligible members; that these services are appropriate, justified and provided in accordance with Plan policies and procedures; that the services are billed within standard coding conventions, including, but not limited to ICD-9, HCPCS, and NCCI; and to identify member or prescriber outliers that may indicate potential fraud, waste or abuse.

As a result of these audits, the PEIA seeks identification and reporting of improper payments for substantiation by the TPA, with subsequent recovery of overpayments. Throughout this document, the term "improper payment" is used to refer collectively to overpayments and underpayments. For purposes of this project, an eligibility error, incorrect code, or other discrepancy, that does not change claim(s) payment amount when corrected, is NOT considered an improper payment.

In addition, the PEIA wishes to secure services that encourage providers to self-report, on a regular basis, credit balances due the PEIA via a computer-based credit balance tracking system that will function in conjunction with our TPA. The PEIA wishes to utilize this review to obtain

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guidance on mitigating prospective issues with the TPA through enhancement of contract stipulations, performance measures, audit procedures, pricing methodology, etc.

The PEIA is issuing this RFP for auditing and recovery services from *one* bidder for an initial twelve (12) month period with possible annual renewals thereafter.

The contract is scheduled to be awarded no later than November 1, 2008, with an effective date of December 1, 2008. Subcontracting portions of the Bidder's key functions will be permitted by the PEIA as long as the contract is in place at the time of the proposal submission. The winning Bidder will be solely responsible for all subcontractors. Subcontractors have no appeal rights under this RFP.

In addition, the PEIA expects the successful Bidder to identify fully all of its revenue sources, and enter into a contingency fee relationship with the PEIA.

Recognizing the complexities of verifying eligibility, plan benefits, and reimbursement, the PEIA intends to work closely with the successful Bidder to assure the best possible results. Therefore, Bidders will be evaluated as to their flexibility, creativity and capacity. The successful Bidder must demonstrate its ability and willingness to work with the TPA.

Bidders should note that other State payors (WV Children's Health Insurance Program and AccessWV) may require the services provided under this contract. It is the PEIA's expectation that these payors' covered lives, claims volume and other purchased services will be included in calculating volume-related discounts and cost savings. Further, cost proposals must provide separate pricing for each of these entities. Billing will be sent directly to these agencies, not to the PEIA.

The number of covered lives, processed claims and dollars paid for each State payor's most recent complete Plan Year (July 1, 2007 to June 30, 2008) are as follow:

Payor	Estimated Covered Lives	Number of Healthcare Claims	Healthcare Claims Dollars Paid
PEIA	154,343	2,041,082	\$347,381,057
PEIA's Medicare-Primary Retirees (Advantra Freedom Plan)	35,799	N/A	\$390,197,870
CHIP	24,500	38,500	\$32,566,736
AccessWV	600	15,241	\$2,023,948

Please refer to each of the Payors' websites to view a Summary Plan Description (SPD) of current benefits: PEIA @ www.wvpeia.com, CHIP @ (www.wvchip.org) and AccessWV @ <http://www.wvinsurance.gov/accesswv/>.

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The PEIA will select one bidder after evaluating the responses to this RFP. Bidders are expected to examine carefully all documentation, schedules, and requirements stipulated in this RFP and respond to each requirement in the prescribed format. The successful Bidder must provide all staffing, systems, and procedures required to perform the services described herein.

The Contract awarded as a result of this solicitation will be a fixed-fee-plus-performance contingency arrangement. The pricing methodology the Bidder must provide is detailed further in the Cost Proposal.

In addition to the provisions of this RFP, information provided during any finalist's presentation (if requested by PEIA) and the successful proposal will be incorporated by reference in the contract. Any additional clauses or provisions required by federal or state law or regulation in effect at the time of execution of the contract will also be included.

The PEIA reserves the right to make a contract award without any further discussion with potential Bidders regarding the proposals received. Therefore, proposals should be submitted initially on the most favorable terms available to the PEIA from a price and technical standpoint. The PEIA reserves the right to conduct discussions with all responsible parties who submit proposals that pass the Mandatory Proposal Requirements described in this RFP. At the PEIA's discretion, the PEIA may also contact some, or all, of the Bidders to request additional information or clarification. All materials submitted by Bidders pursuant to such requests will be considered to be part of their proposals.

2.2 General Requirements

Overall, the services performed as a result of this RFP should provide the PEIA with reasonable assurance of the following:

- Policyholders and their dependents who are participating in the plan are eligible to participate in accordance with the Plan Document;
- Claims paid by the PEIA's third party administrators are only for eligible participants for covered services as defined in the Plan Document.
- Reimbursement to hospitals and other providers is determined and paid in accordance with the Plan Document, including compliance with copay or coinsurance provisions, fee schedules, medical necessity and pre-certification or pre-authorization requirements.
- Healthcare providers who render service for the PEIA members have access to a computer based system for self-reporting of credit balances.
- Current claim edits meet industry standards to identify and prevent possible fraud, waste and abuse.
- Data on all potential overpayments identified through the various tasks associated with this RFP have been provided to the PEIA and its TPAs and recoveries have been initiated.
- Future process and/or system improvements identified under the contract are available to PEIA. The Vendor shall submit proposals and suggestions of additional fraud detection methods in which data may be manipulated to identify erroneously paid claims.

2.3 Scope of Work

The scope of work requested by the PEIA will include the following specifications, as well as those listed in the subsections that follow:

1. The Vendor will be required to provide toll free communications (fax/telephone) for member/provider inquiries.
2. The Vendor shall have a contact person, as requested, to be available Monday through Friday 8:30 a.m. - 4:30 p.m., EDT.
3. An initial meeting/conference call will be scheduled within the first two weeks of the date of the award to introduce key members of the project staff; discuss the timeframes for the weekly conference calls; briefly outline the resources and time frame for the initial project tasks, such as data sharing, etc.
4. A written project plan will be prepared that outlines the resources and time frames for the first year of the contract. It will be the responsibility of the Vendor to update this project plan. The project plan shall serve as a snapshot of everything the Vendor is identifying at the time. As new issues arise the project plan shall be updated.
5. The Vendor will develop a member and provider outreach plan to ensure that all potential members/providers are aware of audits and/or recoveries. The PEIA shall approve all presentations and written information shared with the member/provider before use.
6. If requested by the PEIA, the Vendor's Project Manager for the PEIA contract shall attend any member or provider group meeting(s), PEIA Finance Board or legislative sessions where the Auditing and Recovery Services project is the focus.
7. On a weekly basis, the Vendor's key project staff will participate in a conference call with the PEIA, its TPAs, IT staff, etc., to discuss the progress of work, evaluate any problems, and discuss plans for immediate next steps of the project. The Vendor will be responsible for setting up the conference calls, preparing an agenda, documenting the minutes of the meeting and preparing any other supporting materials as needed. At the PEIA's discretion, conference calls may be required more frequently.
8. The Vendor will submit monthly progress reports outlining all work completed during the previous month. These reports shall include:
 - a. Complications completing any task
 - b. Upcoming outreach effort, meetings (other than standing weekly meetings)
 - c. Customer service/call center activity

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- d. Appeal statistics
- e. Overpayments identified, collected and reversed due to appeal
- f. Any findings recommended for further investigation of fraud/abuse

The standardized report will be in a mutually agreed upon format. Each monthly report shall be submitted by the close of business on the fifth business day following the end of the preceding month by email to the PEIA Project Manager.

- 9. The Vendor shall provide design layouts of all reports to be used for the purpose of notifying providers of audit results. All reports will be subject to the PEIA's approval prior to mailing.
- 10. The Vendor will use an electronic database for tracking all communication with the member/provider, to include the date of call, name of caller, notes regarding the communication, etc.
- 11. The Vendor shall maintain an ongoing project database that includes, at a minimum, claims-related data, member eligibility data, and overpayment recovery data. The database will include access to any and all imaged documentation received from providers in regards to recovery requests. This database should be linked to the communication database such that any activity related to a claim is concurrently accessible.
- 12. To the greatest extent possible, the Vendor will use electronic storage of documents. This database will include a copy of all request/response letters, medical records, etc.
- 13. The Vendor shall provide access to all pertinent books, documents, papers and records related to the contract.
- 14. Upon the end of the contract, the Vendor shall prepare a final report for the entire contract period, to include a listing of all recoveries identified and demanded, collected and amounts outstanding; a brief description of the identification methods used during the project; and any recommendations on future audits. In addition, all imaged records must be shared with the PEIA.

2.3.1 Eligibility Audits

The focus, population, timeframe, etc. of the PEIA eligibility audits may vary. The Vendor will describe its methodology to address the audits listed below and describe other types of eligibility analyses that may be of interest to the PEIA or the other State Payors.

- 1. Enrollment Reconciliation Analysis – a snapshot comparison of payroll and eligibility data for all PEIA policyholders to validate that the employing agency is in compliance

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with criteria for participation in the PEIA and that the policyholder is eligible for coverage through his/her employment with the agency.

2. Dependent Eligibility Audits - A comparison of payroll, eligibility and claims data for all PEIA insureds to identify ineligible dependents through analysis of member demographics, dependents with overlapping birthdates, spouses with age difference greater than 20 years, etc.
3. Tobacco-free Premium Differential Audits – Vendor will compare claims data to eligibility attribute for tobacco-free premium differential to determine members with diagnosis of tobacco use who are receiving discounted tobacco-free premium.
4. Third-Party Liability – Analysis of eligibility data to identify Medicare-eligible members who are not enrolled in Medicare, members with other health insurance coverage, etc.

2.3.2 Claim Audits

Using information and data supplied by the PEIA, the Vendor shall identify claims and/or providers with aberrant billing patterns through the use of standard or ad hoc algorithms, or other tools, such as National Correct Coding Initiative (NCCI), Medically Unlikely Edits (MUE), Outpatient Code Editor (OCE), etc. Analytic tools may require customization to the PEIA's specifications. If a method is accepted and approved by the PEIA, it will be used on paid claims histories in accordance with the terms of the contract.

Specifically, analysis of claims data under this project may include, but not be limited to:

1. Benefit or provider specific audits
2. Episode of care analysis
3. DRG, APC, and other coding validation
4. Duplicate claims analysis
5. Improbable procedure frequencies

The Vendor shall propose additional methods of fraud, waste and/or abuse detection that may be implemented at the PEIA's discretion.

Vendors must also:

1. Have the ability to accept eligibility data and paid claim histories on their own equipment in their own facility and under their own software license.
2. Analyze the PEIA's claim data to identify the provider(s) or provider types, services or claims types, etc., that will be subject to review.

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3. Recommend priorities for post-payment review activities over the term of the contract.
4. Provide training and assistance to the PEIA staff regarding the methodology used to identify providers targeted for recovery efforts.
5. Conduct claim-by-claim review to validate that claims were adjudicated according to the PEIA benefits and reimbursement.
6. Work with the PEIA and TPA staff to validate audit findings and if needed, reconfigure the analysis.

In addition, the PEIA highly desires a user-friendly, web-based query tool capable of accessing all data provided to the Vendor, such that the PEIA staff may generate standard and ad hoc reports based on suspect coding, patterns of billing, etc., encountered during daily operations. Training of PEIA staff and technical assistance for use of the query tool will be necessary. While access to a query tool is not a mandatory requirement, the PEIA will consider this capability when evaluating best value purchasing.

2.3.3 Medical Management Analysis

With the exception of a few programs, the PEIA's medical management is provided by its TPA. Vendor will be responsible for:

1. Analysis of TPA utilization review processes
2. Verifying that participants are eligible to participate in medical management programs, such as precertification, case management and disease management.
3. Analyzing the medical management programs to determine if these are being administered based on the PEIA policies and procedures.

2.3.4 Recovery of Overpayments

A listing and description of the tasks that the Vendor will perform to assist the PEIA in the effort to recover funds from providers shall be included in this proposal. The Vendor shall initiate collection of all identified overpayments as determined by any or all of the methods mutually agreed upon. It is also desired that the Vendor facilitate such recovery with minimal staff resources required of the PEIA.

In regards to recovery of overpayments, the Vendor shall:

1. Assist the PEIA in developing the procedures for recovery of overpayments/management of underpayments.

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2. Identify and report claims with potential recovery to the PEIA and its TPAs, in a mutually agreed upon format.
3. Provide TPA-validated claim errors and overpayments to the PEIA, and upon obtaining approval, proceed to recovery of any overpayments.
4. Issue a demand letter to the provider. The demand letter shall clearly explain the reason for recovery and include all information necessary for provider to research claim. The PEIA shall approve all demand letters to the provider, before any letters can be sent.
5. Employ the appropriate staff to handle direct inquiries from providers and to review documentation submitted by providers challenging the recovery results.
6. Support the PEIA by actively participating in the steadfast defense of the audit methodology and audit findings; conducting further analysis following TPA response to findings; and by providing additional evidence to support findings. At any member/provider conference call or meeting held in connection with recovery efforts, the Vendor shall have in their possession, written documentation that explains the basis for the recoupment. This material along with subject matter experts will be made available for defense of findings at any level of the appeals process.
7. Maintain and preserve all records of recovery effort during the life of the contract and deliver a compilation of all such records within 3 months of the date of contract's end.

2.3.5 Credit Balance Recovery

For credit balance recoveries, the PEIA desires a computer-based credit balance tracking program that will function in conjunction with our TPA. The system must allow providers to self-report credit balances due the PEIA on a regular basis and return those payments when self-reports are due.

The Vendor must:

1. Provide the computer-based tracking system to allow for self-reporting and crediting of payments to the appropriate accounts.
2. Produce provider communications and any relevant forms to be used.
3. Provide training for the PEIA and TPA staff on the system.
4. Conduct periodic reviews of TPA's performance as it relates to the credit balance tracking system.
5. Resolve credit balance accounts and recovery overpayments in a timely manner.

2.3.6 Analysis and Reporting

The Vendor's reporting process must be flexible and timely. The Bidder must include samples of reports and recommendations for proper reporting.

The Bidder must provide electronic reports of all audit/analysis results, in a file layout acceptable to the PEIA and its TPA. The reports must include a summary explanation of findings and a data dictionary that includes reference to the TPA data used. The reports must be visually appealing and user-friendly. Documentation supporting the audit results must accompany the report submitted to the parties above and should be in electronic format, if possible. A report for each State Payor and a combined Payor report will be required.

The Bidder may be required to send this information to additional Vendors at a later time at the request of the PEIA.

The Vendor shall agree that all reports, schedules and data generated from the paid claims files or any other files obtained through the agency shall be the property of the PEIA and shall not be used in any activity unrelated to the provision of services in the contract,. The PEIA shall have the right to reproduce, publish or otherwise use and to authorize others to use these reports, schedules or data as the PEIA deems fit.

CHAPTER 3 - PROCUREMENT PROCESS

3.1 Legal Basis

The procurement process for this RFP will be conducted in accordance with the procurement policies and procedures established by the PEIA. Pursuant to W. Va. Code §5-16-9(e), the procurement procedures established by the West Virginia Division of Purchasing, do not apply to the PEIA nor to this RFP process.

3.2 RFP Issuance and Amendments

Officials within the PEIA have reviewed this RFP. The contents represent the best statement of the requirements and needs of the PEIA. Final approval of the Contract rests with the PEIA once all individual requirements have been met.

3.3 Restrictions on Communications with PEIA Personnel

From the issue date of this RFP, shown in Section 1.4.3, until a Bidder is selected and announced, Bidders are prohibited from communicating with any PEIA representatives regarding this procurement, except for the contact listed as the Procurement Officer. This provision is not intended to restrict existing Bidders from communicating with the PEIA staff regarding ongoing operational matters. **All communications related to this RFP are restricted to written communications except as set forth below.**

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Bidders may not engage in attempting to influence, or lobbying activity, to influence the selection process via any unauthorized contact with any employee or officer of the PEIA or the state of WV. Violation of this requirement shall disqualify the Bidder from further consideration. Any Bidder, by submitting its proposal, acknowledges that it will refrain from lobbying with, or otherwise contacting any of the above referenced individuals to try to influence the outcome of the selection process.

The only *exceptions* to these restrictions are:

- the Procurement Officer for the sole purpose of addressing non-RFP clarification questions, such as inquiry regarding availability of RFP in electronic format or a Bidder calling to confirm PEIA's receipt of Proposal.
- the PEIA staff and/or Bidder staff present at the Pre-Bid Conference for the purpose of addressing questions; or
- the PEIA personnel involved in Oral Presentations by the Bidder

As described in this RFP, any clarification regarding the RFP will be issued in writing by the PEIA. No statements, clarifications, or opinions regarding this RFP are valid or binding except those issued in writing by the PEIA. **Other than the exceptions listed above, under no circumstances will questions be entertained except in writing or at the Mandatory Pre-Bid Conference.**

3.4 Acceptance of Proposals

The PEIA will accept all proposals submitted according to the requirements and deadlines specified in this RFP. Each Bidder may submit only one proposal. The PEIA reserves the right to reject any or all proposals received. It is understood that all proposals, whether rejected or not, will become the property of the PEIA. After receipt of proposals, the PEIA reserves the right to sign a contract, without negotiation, based on the terms, conditions, and premises of this RFP and the proposal of the selected Bidder(s) or to negotiate with a finalist or finalists.

All proposals must be responsive to all requirements in the RFP in order to be considered for contract award.

After the opening of proposals, the PEIA may ask any Bidder for written clarification of their proposal. In the event this clarification is requested, submission of the clarification shall be considered part of the original proposal.

The PEIA reserves the right to waive any or all minor irregularities in proposals, providing such action is in the best interest of the PEIA. Where the PEIA may waive minor irregularities, such waiver shall in no way modify the RFP requirements or excuse the Bidder from full compliance with RFP specifications and other Contract requirements if the Bidder is awarded the Contract. The PEIA also reserves the right to reject any and all proposals received, or cancel this RFP, according to the best interest of the PEIA.

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Proposals must be valid for 180 days following the close date of this RFP. This period may be extended by written mutual agreement between the Bidder and the PEIA.

3.5 Proposal Submission Requirements

Late submissions shall not be accepted. **Proposals that arrive late will not be accepted and will be returned to the sender unopened.** Delivery of the proposals shall be at the Bidder's expense and all proposals for the PEIA shall be sent to the issuing office. The time of receipt at the designated office is the time-date stamp on the proposal wrapper or other documentation of receipt maintained by the PEIA. The PEIA accepts no responsibility for mislabeled mail. Any and all damage that may occur due to shipping shall be the Bidder's responsibility. Each Technical Proposal and each Cost Proposal shall be enclosed in a separately sealed envelope or package.

One copy of each proposal shall be signed, in blue ink, by an official authorized to legally bind the Bidder, and shall be marked:

"ORIGINAL"

The original, five (5) bound copies (three-ring binders are acceptable), one (1) unbound copy, and one electronic copy in a compact disc (CD) format of the Technical Proposal must be submitted under sealed cover and labeled on the outside as follows:

"PEIA Auditing and Recovery Services"
"Technical Proposal"

The original, five (5) bound copies (three-ring binders are acceptable), one (1) unbound copy, and one electronic copy in a CD format (using Microsoft Word and Excel) of the Cost Proposal must be submitted under separate sealed cover and labeled on the outside as follows:

"PEIA Auditing and Recovery Services"
"Cost Proposal"

The Technical Proposal must not contain any mention of the dollar amounts in the Cost Proposal. However, information such as labor hours and categories, materials, subcontracts, and so forth, shall be contained in the Technical Proposal so that the Bidder's understanding of the scope of the work may be evaluated. The Technical Proposal shall disclose the Bidder's technical approach in as much detail as possible, including, but not limited to, the information required by the Technical Proposal instructions.

The face of the package containing the original and copies, whether mailed or hand-delivered, shall bear the following legend, "PEIA PROPOSAL – CONFIDENTIAL – OPEN BY ADDRESSEE ONLY."

The Technical Proposal should be as brief and concise as possible. It is required that this be no more than fifty (50) pages, plus any attachments. Responses that are unduly lengthy or verbose will be scored less favorably than those that are brief and concise. Bidders must use 12-point font, and line spacing must be 1.5. Every page of the proposal, except for Section dividers, must

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be numbered, starting at “1” and continuing sequentially throughout the entire proposal. This requirement applies to exhibits and tables, as well as narratives.

Each proposal part (Technical and Cost) must be bound separately on standard 8 ½” by 11” paper, except that charts and diagrams may be on fold-outs which, when folded, fit into the 8 ½” by 11” format. Figures and tables must be numbered and referenced in the text by that number. Any financial information provided on spreadsheets must be provided in Excel. Gantt charts must be provided where applicable.

The format and content requirements for the Technical and Cost Proposals must adhere to the instructions contained in this section of the RFP. Failure to respond to a specific requirement may be used as a basis for rejection of the proposal from further consideration, or result in a score of “zero” or a “fail” for a particular item. Emphasis should be placed on conformance to the RFP instructions, responsiveness to requirements, and completeness and clarity of content. Elaborate proposals are neither necessary nor desired. If the proposal is presented in a fashion that makes evaluation difficult or overly time consuming, it is likely that points will be lost in the evaluation process. Bidders shall not include any personal use items with the proposal. Bidders must restate the requirement or question prior to their response throughout the proposal.

All proposals must be delivered no later than the date shown in Section 1.4.3 of this RFP and only to the Procurement Officer at the address shown in Section 1.4.1.

3.6 Proposal Withdrawal

Prior to the proposal due date, a Bidder may withdraw their proposal by submitting a written request for its withdrawal signed by the Bidder’s authorized agent. The written withdrawal request will be directed to the Procurement Officer at the address listed in Section 1.4.1.

3.7 Oral Presentation

At the option of the PEIA, oral presentations by selected Bidders may be required. Bidders will be notified if an oral presentation is required. Any cost incidental to an oral presentation shall be borne entirely by the Bidder and the PEIA shall not compensate the Bidder.

The Bidders should present complete, comprehensive proposals **without** relying on oral presentations, because the PEIA reserves the right to award a contract without further discussions or an oral presentation. The Bidders may be requested to provide demonstrations of their proposed systems as part of their presentations. Presentations will be recorded and any representations made during the oral presentation will become part of the Bidder’s proposal and are binding if a contract is awarded.

3.8 Site Visits

While it is not anticipated that a site visit will be necessary, the PEIA may request to review the Bidder’s facilities or its subcontractors’ facilities. This may include, but not be limited to, a review of policies and procedures, and any other area of operation that directly or indirectly affects the provisions of the RFP, Contract or the delivery of auditing and recovery services.

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Any cost incidental to the site visit by the Bidder shall be borne by the Bidder. The PEIA will be responsible for its own travel and accommodations.

A readiness review may also be conducted on-site at the selected Bidder's facilities following execution of the Contract and before implementation of the Auditing and Recovery services.

3.9 Contract Award Notice

The notice of the intended contract award shall be sent by certified mail or overnight mail to all Bidders who submitted a proposal. A contract award is contingent on approval by the PEIA Director.

3.10 Protest of Intended Award

Bidders that have submitted a litigation bond may protest the award in accordance with the following procedure. Protests based on the contract award must be submitted in writing to the Director of the West Virginia PEIA within five (5) working days from the date of the Contract Award Notice. Protests should be sent to:

Ted Cheatham, Director
West Virginia Public Employees Insurance Agency
Building 5, Room 1001
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0710
Telephone: (304) 558-6244, ext. 225

Protests may be submitted via FAX at (304) 558-4969

All protests must contain:

1. The name and address of the protesting proposer.
2. A statement of the grounds of the protest (See *Legal Standard* below).
3. Supporting documentation (if available).
4. The resolution or relief sought.

Failure to submit all of this information shall be grounds for rejection of the protest by the Director of the PEIA.

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The PEIA may refuse to review any protests when the matter involved is the subject of litigation before a court of competent jurisdiction; if the merits have previously been decided by a court of competent jurisdiction; or if it has been decided in a previous protest by the Director of PEIA. Subcontractors under a proposer's proposal do not have standing to file a protest.

The Director will respond to the protest within five (5) days of receipt of the written notice at the offices of the PEIA.

Proposers in disagreement with the response of the Director may ask for further review of the protest by the Cabinet Secretary of the West Virginia Department of Administration. The request for further review should be sent to the address below within five (5) days of the Director's response:

**Robert W. Ferguson, Jr., Cabinet Secretary
West Virginia Department of Administration
State Capitol Complex, Building 1, Room E-119
1900 Kanawha Boulevard, East
Charleston, WV 25305**

Further review requests may be submitted by FAX at (304) 558-2999

If the protesting Vendor believes that due to the nature of the contract award an expedited determination is required, a request that the matter be directed immediately to the Department of Administration Cabinet Secretary should be in the original protest submitted to the Director of PEIA. If the Director is in agreement with the reasons for the expedited request, the Director will forward the protest to the Department of Administration Cabinet Secretary and inform the requesting proposer of his/her actions.

Decisions by the Department of Administration Cabinet Secretary shall be considered to be the final level of administrative relief. Any further appeal of the administrative decision of the Department of Administration Cabinet Secretary must be directed to the Circuit Court of Kanawha County, Charleston, West Virginia.

3.11 Legal Standard

A protesting Vendor should be advised, that the legal standard for a successful challenge has been established by the W. Va. Supreme Court as follows:

“A State agency which awards a public contract upon criteria other than price is clothed with a heavy presumption that the contracting agency has properly discharged its duties and exercised discretionary powers in a proper and lawful manner; accordingly, the burden of proof in any action challenging the award of a contract by an unsuccessful bidder or taxpayer is upon the challenger who must show fraud, collusion, or such an abuse of discretion that it is shocking to the conscience.” Syl. Pt.3 State ex rel. E.D.S. Federal Corp. v. Ginsberg, 163 W.Va. 647, 259S.E.2d (1979).

3.12 Mandatory Proposal Requirements

THESE ARE ABSOLUTE REQUIREMENTS. FAILURE TO MEET ANY ONE OF THE REQUIREMENTS LISTED BELOW SHALL RESULT IN DISQUALIFICATION FROM FURTHER CONSIDERATION IN THIS BID PROCESS.

The Bidder must have at least five (5) years experience, within the past ten (10) years, of auditing health insurance companies of similar size and scope. If an audit firm has acquired or merged with another, that firm's previous experience may count toward this time requirement. If this is the case, describe the relevant history.

All of the following are key statistics that must be met by the Bidder:

- Audited health plans or TPAs that administer benefits for clients with more than 150,000 covered lives;
- Audited health plans or TPAs that process more than 2 million claims per year; and
- Performed a minimum of 3 audits of health plans or TPAs of the above parameters.

Additional specific requirements are:

1. The Bidder must demonstrate, through its proposal, that its program includes the following elements:
 - a. An operational electronic audit process that is in compliance with all Federal and State regulations and mandates, as described herein.
 - b. An automated system that can interface with the PEIA and TPA systems, for transfer of files such as those with eligibility, claims, and provider data.
 - c. Proposed implementation timeline following execution of a contract.
2. The Bidder must accept the performance standards, corrective actions, Chapter 5, Contractual Services Terms and Conditions, and liquidated damages identified in this RFP. Performance standards are attached to this RFP.
3. Identify all owners and subsidiaries that own or exert control of more than five (5) percent of the organization. Additionally, provide the names of organizations for which you own or control more than five (5) percent. Provide this information for sub-contractors as well.
4. The Bidder must identify all subcontractors and the subcontractor's scope of work, as specified, and include all relevant disclosures.
5. The Bidder must meet all other submission requirements.

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6. The Bidder must identify all clients that compose more than 10% of their business portfolio and the percentage.
7. The Bidder must provide resumes of all staff that will be involved in the audit with an explanation as to their involvement and their current physical location. This section must also denote whether the proposed staff has participated on previous audits for the PEIA.
8. The Bidder should describe:
 - Any claims data mining, analysis and credit balance recovery experience, including potential cost savings or recoveries identified by the Bidder as collectible.
 - The entities for which Bidder has performed such services.
 - The general framework, conditions and processes used in claims data mining, eligibility analysis, medical management analysis and recovery activities.
 - The processes the Vendor will use to incorporate PEIA plan design, cost sharing, coordination of benefits, and other required elements into its software.
 - Provide a timeline that outlines and describes in some detail the work activities that the Bidder would perform over the initial term of the contract.

3.13 Systems

The Bidder must include a full description of its systems environment including technical platform, software, back-up procedures, staffing, overall capacity, and security. The Bidder must accept the eligibility, provider and claims data in the formats as provided by the PEIA.

1. The Bidder's system shall provide, electronically, a complete package (detail and summary) of monthly, quarterly, or yearly audit/analysis reports that shall be mutually agreed upon by the PEIA and the Bidder.
2. Bidder must also agree to provide all requested ad-hoc reports at no additional charge.
3. The Bidder shall provide examples of the types of project management reports available in its current system.
4. The Bidder shall provide any additional recommendations for analysis and reporting.

The Bidder must have access to all subcontractors' systems that perform key functions of your organization.

3.14 Information Required from Bidders

The proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those considered by the Bidder to be essential to a complete understanding of the proposal submitted. Each section of the proposal should be clearly identified and sequentially numbered with appropriate headings.

3.15 Format

Applicants must organize the General Technical section of their proposals as follows:

- Transmittal Form (B-1)
- Transmittal Letter
- Compliance with Participation Standards
- Other Technical Submission Forms (Forms B-2 to B-5)

3.16 Technical Proposal

Only proposals meeting the Mandatory Proposal Requirements will have their Technical Proposals reviewed. This review includes:

- Bidder Capability, Qualifications and Experience
- Qualified Personnel and Location
- Approach and Methodology for Audit/Analysis
- Scope of Work Specifications and Deliverables
- Overall Appropriateness of Response

3.17 Transmittal Form

The Transmittal Form (B-1) should be placed at the very beginning of the General Technical section. It must be signed by an individual duly authorized to make commitments on the applicant's behalf. **Reminder:** *All original signatures must be signed in blue ink.*

3.18 Transmittal Letter

A transmittal letter signed in blue ink by an official authorized to bind the Bidder to proposal provisions, must accompany the proposal. The transmittal letter must be placed immediately behind the Transmittal Form of the General Technical section. The letter must include a

statement that the RFP terms are accepted. Bidders must also include a statement in the letter certifying that the price was arrived at without any conflict of interest.

3.19 Bidder's Organization

The following items must be included in a document titled "Business Organization" and must accompany the transmittal letter.

- The full name and address of the Bidder organization and, if applicable, the branch office or other subordinate element which shall perform, or assist in performing, the work hereunder.
- Indicate whether it operates as an individual, partnership, or corporation; if as a corporation, include the state in which it is incorporated.
- If appropriate, specify whether it is licensed to operate in the state of WV.
- List all subcontractors that perform key functions of your organization (For example, do not provide information for subcontractors that perform menial tasks such as housekeeping, etc.); include firm name and address, contact person, and complete description of work to be subcontracted. Include descriptive information concerning subcontractor's organization, abilities, and commitment to the contract period.
- Provide annual audited financial reports for the past three (3) years for the Bidder and any subcontractor(s).
- Identify all owners and subsidiaries that own or exert control of more than five (5) percent of the organization. Additionally, provide the names of organizations of which the Bidder owns or controls more than five (5) percent. Provide this information for sub-contractors as well.
- If the Bidder or subcontractor is an affiliate of another organization, submit the financial information for the parent company and describe the relationship.

3.20 Location

Indicate the site or sites from which the Bidder and subcontractors, if any, will perform the relevant tasks listed in this proposal.

Specifically identify where the following activities will take place:

- Auditing and Recovery Services;
- Project/Account Management; and
- Generation of Reports of Audit Results.

3.21 Affiliations

Describe all affiliations or ownership relationships (of 5% or more), with potential suppliers of healthcare or health insurance services to the PEIA, including Wells Fargo TPA, ESI, Curascript, beBetter and any other Vendors used by PEIA.

Explain how the Bidder can assure the PEIA that these relationships will not create a conflict of interest with the PEIA.

3.22 Relevant Experience

Proposals shall include at least three (3) business references that demonstrate the Bidders' prior experience in areas for which services are being offered. Each reference shall include the contact name, address and telephone number of the client, organization, and the responsible project administrator familiar with the firm's performance. Include a description of the services the Bidder is providing to these clients and the number of covered lives as well the initial date of the business relationship. If the Bidder is presently providing these or similar services for other states, those references should be included. The PEIA reserves the right to request additional references.

Include the same information as above for the 3 largest former clients that have terminated their contracts with your organization since December 31, 2005. Points will be deducted for failure to supply this requested information in its entirety. This information must be provided using forms B-2 and B-3 from Appendix B.

3.23 Bidder's Staffing

The Bidder is responsible for providing all resources necessary to develop, implement and perform the mandatory requirements as specified in this RFP. Notwithstanding this general requirement, the PEIA requires that the Bidder commit certain dedicated staff resources that will act as single points-of-contact, as specified below.

The PEIA shall not designate the specific qualifications of the staff that support this contract but shall require the assurance that the staff performing the work specified in this RFP have the qualifications and experience necessary.

The Bidder must provide a dedicated Project/Account Manager who will act as the single point-of-contact representing the Bidder during the development and implementation phase as well as during the on-going relationship of the contracting period. The term 'dedicated' is used to indicate that the Project/Account Team is/are committed full-time to the development and implementation and is/are accessible to the PEIA during work hours during the development and implementation phases.

The Bidder must also identify one individual on the Project/Account Team who will be the primary contact person for day-to-day management of the PEIA auditing and recovery services throughout the life of the contract. This individual must be authorized to commit the resources

of the Bidder in matters pertaining to performance of the contract. The Bidder must confirm that this individual's primary responsibility will be managing the PEIA auditing and recovery services during the implementation and throughout the life of the contract.

The Bidder must clearly indicate the extent its staff will be dedicated to the PEIA account. Forms B-4 and B-5 from Appendix B must be used to provide this information.

CHAPTER 4 - COST PROPOSAL

Do NOT include cost or cost savings information in the technical proposal, but only in the price/cost proposal.

4.1 General Information

A description of how Bidders should structure the cost proposal is provided in Appendix C of this RFP. The Cost Proposal must be submitted under separate cover and will be evaluated separately using the form in Appendix C. Vendors wishing to request preference for residency status must complete the Vendor Preference Certificate in Appendix F.

Since there may be no opportunity for Bidders to revise the pricing, the Bidder should carefully calculate and propose its prices for the services requested herein. Notwithstanding this provision, the PEIA reserves the right to discuss with and negotiate with any or all of the Bidders.

4.2 Configuration of Price/Cost Proposal

Since the engagement between the Bidder and the PEIA will be a contingency fee, fixed fee or hourly rate arrangement based on the particular service provided, the Bidder must propose a separate rate as noted in the subsections below, which would remain in effect throughout the contract term, including all possible renewal periods.

The prices and rates quoted shall be effective through the Contract period and shall be placed in writing in the submitted cost proposal. The cost proposal must be detailed using the form in Appendix C.

Requests for renewal price changes must be received in writing at least one hundred twenty (120) days prior to the renewal date, and are subject to approval by the PEIA before becoming effective. Annual price increase must not exceed 5%. In the event new prices are not acceptable, the Contract may be canceled.

It should be noted that price changes in any given fiscal year are contingent upon enactment of legislative appropriations and approval of the PEIA.

4.2.1 Contingency Fee

Claim audits and credit balance recoveries will be reimbursed based on a contingency fee. The contingency fee will be determined by the overpayments collected without consideration given to the underpayments identified (i.e. without netting the underpayments against the overpayments).

The Bidder shall not receive any payments for the identification of overpayments or underpayments.

The Bidder shall receive 100% of the contingency percentage of the amount that is actually collected through its recovery efforts. A bidder's recovery efforts are defined as a recoupment received through a demand letter or telephone call or some other form of contact that result in a check from the provider.

The Bidder shall receive 50% of the contingency percentage for either of the following recovery efforts:

- Recovery efforts accomplished through offset by the TPA
- Recoveries made through a self-disclosure by a provider as a result of Bidder's previous demand letter or request for medical records.

4.2.2 Fixed Fee

For eligibility audits, the Bidder shall receive a fixed fee based on the number of members included in the audit.

4.2.3 Hourly Rate

Medical management analyses, that do not include review of eligibility or claims review, such as analysis of the TPA's utilization review processes, will be based on a fixed hourly rate to be proposed by the Bidder based on the resources for that particular analysis.

4.3 Evaluation Process

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 highest point score of all Vendors shall be awarded the contract. The selection of the successful Vendor will be made by a consensus of the evaluation committee.

Vendor's failure to provide complete and accurate information may be considered grounds for disqualification. The PEIA reserves the right, if necessary, to ask Vendors for additional information to clarify their proposals.

4.4 Method of Evaluation

The purpose of this section is to explain the criteria that will be used in evaluating the proposals. Each proposing entity will be evaluated using these criteria. As stated earlier, each proposing entity must submit the following items to be evaluated:

- Response to the Mandatory Proposal Requirements;
- Response to Specifications & Deliverables (Technical Proposal);
- Signature Page (to be submitted under separate cover with the technical proposal);
- Cost Proposal (to be submitted sealed under separate cover); and
- Signature Page (to be submitted under separate cover with the cost proposal).

A point evaluation system will be utilized to score proposals. A total score of 100 points is possible for the technical and cost proposals combined. The technical proposal will represent 70 points (70%) of the total evaluation score while the cost proposal will represent 30 points (30%). Finalist presentations and site visits may be used to validate the information presented in the proposal. As such, information obtained during oral presentations and/or site visits may be used to adjust the technical scores.

The following are the evaluation factors and maximum points possible for technical point scores:

1. Approach and Methodology to Data Mining and Analysis
(Total of 40 Points, as assigned below)

Claim Audits	20 points
Credit Balances	10 points
Eligibility Audits	5 points
Medical Management Audits and Others Proposed by Bidder	5 points
2. Approach and Methodology to Recovery of Overpayments	10 points
3. Prior Experience of the Proposed Personnel in Auditing Claims, Eligibility Data & Third Party Administrators	10 points
4. Experience with ability to do the specific work, including working on similar projects with self-insured state employee health benefit plans	10 points
Total Possible for Technical Score	70 points

4.5 Price of Proposal Being Evaluated

The PEIA will select the successful Vendor's proposal based on best value purchasing which is not necessarily the Vendor with the lowest price. 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 PEIA.

4.6 Minimum Acceptable Scores

All Vendors not attaining the minimum acceptable score (MAS) shall be disqualified and removed from further consideration. The minimum acceptable score for each technical proposal will be set at 70% (70 points X 70% = **49 points**) of the total technical score.

Proposing entities may be selected for a finalist presentation only if they obtain a minimum acceptable score for the service(s) they propose.

CHAPTER 5 - CONTRACTUAL SERVICES TERMS AND CONDITIONS

5.1 Term of Contract

The duration of the contract is an initial twelve (12) month period, with possible annual renewals thereafter.

5.2 Contract Administrator

Upon approval of a Contract, and following execution of said Contract, the PEIA shall direct the Bidder to administer the Contract on a day-to-day basis during the term of the Contract. However, administration of any Contract resulting from this Request implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such Contract. That authority is retained by the PEIA and other authorized representatives and these appointees are subject to change.

5.3 Cost Liability

The PEIA assumes no responsibility or liability for costs incurred by the successful Bidder prior to the signing of any Contract resulting from this RFP. The PEIA's responsibility and liability is limited to the terms and conditions of any Contract resulting from this RFP.

5.4 Bidder Responsibilities

The Bidder shall be required to assume responsibility for all contractual activities offered in this proposal whether or not that Bidder performs them. Further, the PEIA shall consider the Primary Bidder to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, responses to this RFP should include a list of subcontractors, including firm name and address, contact person, complete description of work to be subcontracted, and descriptive

information concerning subcontractor's organizational abilities. The PEIA reserves the right to approve subcontractors for this project and to require the Primary Bidder to replace subcontractors found to be unacceptable. The Bidder is totally responsible for adherence by the subcontractors to all provisions of the Contract.

The Bidder and any subcontractors must commit to the entire contract period stated within this RFP, unless the PEIA specifically agrees to a change of subcontractors. The Agreement between the Bidder and the PEIA will not be assignable to another party without prior written permission from the PEIA. The Bidder shall provide advance notice to the PEIA on any intended sale of the contracting entity. The PEIA will have the option of terminating the Contract with the Bidder upon the sale of the contracting entity.

5.5 Freedom of Information/Disclosure

All documents in this RFP process are subject to West Virginia's Freedom of Information Act (FOIA) and may be disclosed upon request. The Bidder must clearly identify which data are considered proprietary. If the PEIA receives a FOIA request for data, labeled by the Bidder as proprietary, the PEIA will notify the Bidder, in writing, of the request to allow the Bidder time to obtain the appropriate court order to prevent the release of the information. Otherwise, the PEIA will be compelled by state law to release such information.

5.6 HIPAA Compliance

The Bidder must agree to become a business associate of the PEIA, it must have policies and procedures in place consistent with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) standards for privacy and security of protected health information (45 CFR Parts 160 and 164) and any other applicable state or Federal law related to the privacy or security of information. The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at the Purchasing Division's website (<http://www.state.wv.us/admin/purchase/vrc/WvBaaAgApproved.pdf>) is hereby made part of the agreement.

5.7 Data Sales

Data sales will be prohibited under the contract between the successful Bidder and the PEIA, unless a specific agreement is made for those details:

- Revenue sharing from data sales
- Data content (i.e., Patient, Physician, Facility)
- The customers
- Time frame and scope
- Compliance with Federal HIPAA Privacy and Security Rules

5.8 Independent Price Determination

1. By submission of a proposal, the Bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:
 - a. The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to these prices with any other Bidder or with any competitor; and
 - b. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the Bidder and shall not knowingly be disclosed by the Bidder prior to award directly or indirectly to any other Bidder or to any competitor; and
 - c. No attempt has been made or shall be made by the Bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.
2. Each person signing the proposal certifies that she/he:
 - a. Is the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and shall not participate) in any action contrary to 1.a., b., and c. above; or
 - b. Is not the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized to act as agent for the persons responsible for such decision in certifying that they and such persons have not participated (and shall not participate) in any action contrary to 1.a., b., and c. above.
3. Should a Bidder be awarded a Contract resulting from this RFP, and be found to have failed to abide by the provisions set forth in this Section, said acts shall be in default of the Contract. Consequences may include cancellation of the Contract.

5.9 Gratuities or Kickbacks

By submission of a proposal, the Bidder represents that it has not retained any person, agency, or entity to solicit or secure a PEIA contract upon an agreement or understanding for a commission or a percentage, brokerage, or contingent fee. The PEIA will not pay any brokerage fees for securing or executing any of the services outlined in this RFP. Therefore, all proposed fees must be net of commissions and percentage, contingent, brokerage, service, or finder's fees.

5.10 Retainage

The Bidder shall include an affirmative statement in the proposal agreeing to a retainage of five percent (5%) of the total contract amount. Retainage may be made on each payment to the selected Bidder as described in this RFP, if required by any contracting entity.

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Should the contract be terminated for any reason related to the Bidder's failure to perform Contract duties to the satisfaction of the PEIA, this retainage shall revert to the PEIA as liquidated damages in addition to the other penalties and/or damages stated in this RFP.

5.11 Appropriations

If the contract extends into more than one fiscal year (July 1 to June 30), and if appropriations are insufficient to support the contract, the PEIA may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority.

5.12 Litigation Bond

Each Bidder responding to this RFP is required to submit a litigation bond in the amount of 5% of submitted bid, made payable to the West Virginia Public Employees Insurance Agency. A surety company licensed to do business in the State of West Virginia with the West Virginia Insurance Commission, on a form acceptable to the State, and countersigned by a West Virginia Resident Agent must issue this bond. The only acceptable alternate forms of the bond are (1) company certified check (not an individual) and (2) a cashier's check.

The purpose of the litigation bond is to discourage unwarranted or frivolous lawsuits pertaining to the award of a contract from this RFP. Secondly, the bond provides a mechanism for the State of West Virginia, the Agency, and its officers, employees, or agents thereof to recover damages, including (but not limited to) attorney fees, loss of revenue, loss of grants or portions thereof, penalties imposed by the federal government and travel expenses which may result from any such litigation. A claim against the bond will be made if the Bidder contests the award in a court of competent jurisdiction and the grounds are found to be unwarranted or frivolous based on the facts of the award or applicable law as determined by the court.

In lieu of the litigation bond, Bidders may complete and submit the Litigation Waiver Form (Appendix E).

The bond or alternate form must remain in effect for two years from the proposal submission date. After six (6) months, each Bidder may request, and the State anticipates granting, a release of the litigation bond. However, the Bidder will be required to provide a release (signed and notarized in a form that is acceptable to the State) prior to release of the bond which states that the Bidder will not sue.

Failure to submit an appropriate bond or Litigation Waiver Form with the proposal at the time of bid opening will result in automatic disqualification of the Bidder's proposal and the proposal will be considered non-responsive.

5.13 Performance Bond

A Performance Bond must be provided by the selected Bidder before execution of a contract with the PEIA. The bond must be in the amount of one-hundred percent of the first year's total payments under the contract. The bond must provide for the forfeiture of that amount to the PEIA if the successful Bidder does not perform its obligation under the contract. The bond must

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be in a form acceptable to the PEIA and issued by an insurer licensed by the West Virginia Insurance Commissioner.

5.14 Miscellaneous Provisions

The following provisions will be incorporated into any agreement entered into between the PEIA and the successful bidder. The successful bidder will be asked to sign a form accepting the provisions described below.

5.14.1 Arbitration

Any references to arbitration contained in the agreement are hereby deleted. Claims against the PEIA or the State of West Virginia arising out of the agreement shall be presented to the West Virginia Court of Claims.

5.14.2 Hold Harmless

Any clause requiring the Agency to indemnify or hold harmless any party is hereby deleted in its entirety. The successful bidder must indemnify and hold harmless the State of West Virginia and the PEIA for its acts or omissions arising out of the contract.

5.14.3 Governing Law

The agreement shall be governed by the laws of the State of West Virginia. This provision replaces any references to any other State's governing law.

5.14.4 Taxes

Provisions in the agreement requiring the Agency to pay taxes are deleted. As a State entity, the Agency is exempt from Federal, State, and local taxes and will not pay taxes for any Vendor including individuals, nor will the Agency file any tax returns or reports on behalf of Vendor or any other party.

5.14.5 Payment

Any references to prepayment are deleted. Payment will be in arrears. As per West Virginia State Law, the PEIA will pay all uncontested invoices within sixty days of receipts at the PEIA offices.

5.14.6 Interest

Should the agreement include a provision for interest on late payments, the Agency agrees to pay the maximum legal rate under West Virginia law. All other references to interest or late charges are deleted.

5.14.7 Recoupment

Any language in the agreement waiving the Agency's right to set-off, counterclaim, recoupment, or other defense is hereby deleted.

5.14.8 Fiscal Year Funding

Service performed under the agreement may be continued in succeeding fiscal years for the term of the agreement, contingent upon funds being appropriated by the Legislature or otherwise being available for this service. In the event funds are not appropriated or otherwise available for this service. The agreement shall terminate without penalty on June 30. After that date, the agreement becomes of no effect and is null and void. However, the Agency agrees to use its best efforts to have the amounts contemplated under the agreement included in its budget. Non-appropriation or non-funding shall not be considered an event of default.

5.14.9 Statute of Limitations

Any clauses limiting the time in which the Agency may bring suit against the Vendor, lessor, individual, or any other party are deleted.

5.14.10 Similar Services

Any provisions limiting the Agency's right to obtain similar services or equipment in the event of default or non-funding during the term of the agreement are hereby deleted.

5.14.11 Attorney Fees

The Agency recognizes an obligation to pay attorney's fees or costs only when assessed by a court of competent jurisdiction. Any other provision is invalid and considered null and void.

5.14.12 Assignment

Notwithstanding any clause to the contrary, the Agency reserves the right to assign the agreement to another State of West Virginia agency, board or commission upon thirty (30) days written notice to the Vendor and Vendor shall obtain the written consent of Agency prior to assigning the agreement.

5.14.13 Limitation of Liability

The Agency, as a State entity, cannot agree to assume the potential liability of a Vendor. Accordingly, any provision limiting the Vendor's liability for direct damages or limiting the Vendor's liability under a warranty to a certain dollar amount or to the amount of the agreement is hereby deleted. In addition, any limitation is null and void to the extent that it precludes any action for injury to persons or for damages to personal property.

5.14.14 Right to Terminate

Agency shall have the right to terminate the agreement upon Ninety (90) written notice to Vendor.

5.14.15 Termination Charges

Any provision requiring the Agency to pay a fixed amount or liquidated damages upon termination of the agreement is hereby deleted. The Agency may only agree to reimburse a Vendor for actual costs incurred or losses sustained during the current fiscal year due to wrongful termination by the Agency prior to the end of any current agreement term. Upon termination of this agreement, or any extension thereto, the Bidder has the duty to continue to provide any reports required by the agreement or any law or regulation.

5.14.16 Renewal

Any reference to automatic renewal is hereby deleted. The agreement may be renewed only upon mutual written agreement of the parties.

5.14.17 Insurance

Any provision requiring the Agency to insure equipment or property of any kind and name the Vendor as beneficiary or as an additional insured is hereby deleted. The Successful Bidder must maintain comprehensive general and professional liability insurance in at least the amount of one million dollars per occurrence.

5.14.18 Right to Notice

Any provision for repossession of equipment without notice is hereby deleted. However, the Agency does recognize a right of repossession with notice.

5.14.19 Acceleration

Any reference to acceleration of payments in the event of default or non-funding is hereby deleted.

5.14.20 Amendments

All amendments, modifications, alterations or changes to the agreement shall be in writing and signed by both parties.

Appendix A - Performance Standards and Penalties

The Bidder must agree to abide by the Performance Standards and Penalties specified in the following table.

Service Performance Guarantees	Standard	Penalty
1. Reporting Requirements	Bidder guarantees that monthly audit results will be available for electronic reporting within 5 business days after the end of the audit month.	\$2,000 for any month in which this standard is not met. This guarantee will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.
2. Turnaround time on Correspondence	Bidder shall respond to all correspondence from the PEIA and the TPA within an average of five (5) business days.	\$2,000 for any month in which this standard is not met. This guarantee will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.
3. Data Security	Bidder shall allow no data breaches.	Minimum of \$10,000 per incident or cancellation of contract.
4. Adequate Maintenance of PEIA data transfers	Bidder shall maintain data provided by PEIA or its agents through retention and weekly backups.	\$1000 for a repeat data transfer requiring 5 or more hours of programming.

Appendix B – Transmittal Forms

B-1 Transmittal Form

I hereby attest to the following on behalf of _____:

- We have read, understand, and are able and willing to comply with all standards and participation requirements described in the RFP for the programs in which we are applying to participate, as well as in the corresponding contracts;
- All of the information contained in this proposal is accurate and truthful to the best of our knowledge;
- This proposal will be held firm until at least December 31, 2008; and
- Neither we, nor any of our representatives have paid, agreed to pay, or will pay directly or indirectly to any person, firm, or corporation any money or valuable consideration for assistance in procuring or attempting to procure the agreement(s) referred to herein.

_____ Signature	_____ Name (Print)
_____ Title	_____ Date

Applicant point of contact regarding proposal:

Name: _____

Title: _____

Tel: _____

Fax: _____

B-2 Top Three Clients Form

Instructions to Bidders: Complete the chart, listing your top 3 clients/groups starting with the largest number of covered lives (other than the PEIA). Include current phone number and address for contact persons. Points will be deducted for failure to provide contact information.

	Client/Group	Number of Enrollees	Initial Offer Date	Contact Name	Address	Telephone Number
1						
2						
3						

B-3 Terminated Contracts Form

Instructions to Bidders: Complete the chart below, listing the 3 largest groups that have terminated their contracts with your plan since December 31, 2005. Include current phone number and address for cooperative contact persons. Points will be deducted for failure to provide contact information.

	Client/Group	Number of Enrollees	Initial Offer Date	Contact Name	Address	Telephone Number
1						
2						
3						

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B-4 Plan Management Form

Instructions to Applicants: Identify the Account Team that will be devoted to the PEIA. Also indicate whether the position is salaried or contracted. Include up-to-date resume for each individual (or a job description for vacant positions) behind this form.

Position	Name	Date of Hire	% FTE PEIA	Check the Appropriate Box	
				Salaried	Contracted
CEO/Executive Director					
CFO					
*Account Manager					
*Audit Manager					
IT Director					
Other: _____					
Other: _____					

* Bidder must provide an Account Manager and Audit Manager

B-5 Staffing Form

Instructions to Applicants: Indicate the number of non-clerical, non-secretarial FTEs employed or contracted in each of these areas. Also indicate the number of additional FTEs anticipated for hire/contracting if awarded a contract.

Function	Current FTE Count	Additional to Hire	Total	% of Total to be Devoted to the PEIA
Accounting and Budgeting				
Auditor(s)				
IT				

Appendix C - Cost Proposal

The questions in this section have been carefully crafted in order to ensure an accurate and fair comparison of proposals. The instructions and notes at the beginning of each section detail the PEIA’s Cost Proposal requirements for each component of its auditing and recovery services contract. Please keep these requirements in mind when constructing your financial proposal. Complete all tables in this section using the provided format. Use footnote references to clearly explain all qualifications or conditions in your response. Financial Proposals that do not use these formats will not be considered.

A. PEIA Cost Proposal Requirements

1. Indicate your organization’s acceptance of the PEIA Cost Proposal requirements by completing the table below.

Proposal Element	PEIA Requirement	Bidder Acceptance (Y/N)
Contingency Fee	Bidder must propose a contingency percentage of the amount that is actually collected through its recovery efforts as defined in 4.2.1. The contingency fee must include: all administrative and clinical resource fees; loading of eligibility, claims data and other files; benefit design (co-pay, networks, etc.); analysis, reporting and recommendations.	
Fixed Fee	Bidder must propose a fixed fee on a per member basis as defined under 4.2.2. The fixed fee must include: all administrative resource fees; loading of eligibility, payroll data and other files; eligibility design (dependents, termination timeframes, etc.); and collect and store documents of eligibility verification, analysis, reporting and recommendations.	
Hourly Rate	Bidder must propose an hourly rate for audits such as those defined under 4.2.3. The hourly fee must include: all administrative and clinical resource fees; loading of eligibility, claims data and other files; benefit design (precertification, case management, out-of-area care, etc.); acquisition and storage of medical records, analysis, reporting and recommendations.	
Guarantees	Bidder agrees that all of its performance guarantees shall be reconciled consistent with Appendix A and 5.14.	

B. Fees Table

Complete the table below with the proposed contingency, fixed and hourly fees for the PEIA as described under 4.2. There will be no direct costs billed to the PEIA (i.e., postage costs, such as the cost of stamps or meters, will not be charged to the PEIA).

Implementation/Auditing and Recovery		Fee	Basis
1.	PEIA Claims Auditing & Recovery Design, Development & Implementation (DDI)	\$	Percent of actual dollars recovered by the PEIA
2.	Fixed Fee	\$	Per member record audited
3.	Hourly Rate	\$	Per hour rate with maximum number of hours per project

Appendix D – Purchasing Affidavit

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 owed 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 exceed 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 for the Notice of Agency Confidentiality Policies.

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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: _____

Purchasing Affidavit (Revised 06/15/07)

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Appendix E - Bidder's Litigation Waiver Form

_____, hereinafter "Bidder," wishes to submit a Proposal in response to the Request For Proposals for Auditing & Recovery Services (the RFP) issued on August 15, 2008 by the Public Employees Insurance Agency for the State of West Virginia (PEIA). The Bidder acknowledges that a mandatory requirement of the RFP is that the Bidder submit a litigation bond or waiver with its proposal.

In consideration of the waiver of said litigation bond requirement by the PEIA, and in lieu of such bond, the Bidder agrees:

That the Bidder completely waives and foregoes any and all legal right or ability it may now have, or in the future acquire, to initiate any sort of challenge to or against the selection of a Bidder and/or the ultimate award of a contract or contracts pursuant to the RFP. This Waiver is entered voluntarily by a representative authorized to legally bind the Bidder and shall be binding on the Bidder, its successors, assigns, heirs and any others claiming under the legal rights of the Bidder. This Waiver shall apply to any and all types of action, in challenge to or seeking to attack, in any way, the RFP selection process, or the subsequent award of contract(s) to the successful Bidder, including but not limited to, administrative, judicial, or collateral actions.

<i>Legal Name of Bidder</i>

By:		
	<i>Authorized Signature</i>	<i>Date</i>

Title:	
	<i>Title</i>

Approved:

Public Employees Insurance Agency for the State of West Virginia

By:		
	<i>Authorized Signature</i>	<i>Date</i>

APPENDIX F - Vendor Preference Certificate

Certification and application* is hereby made for Preference in accordance with West Virginia Code, §5A-3-37.

West Virginia Code, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The PEIA will make the determination of the Resident Vendor Preference, if applicable.

A. Application is made for 2.5% preference for the reason checked:

___ 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

___ Bidder is a partnership, association or corporation resident vendor and 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 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

___ Bidder is a 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.

B. Application is made for 2.5% preference for the reason checked:

___ 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;

or

___ 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 Bidder's 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.

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Bidder understands if the Secretary of Tax & 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 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.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the PEIA and authorizes the Department of Tax & Revenue to disclose to the PEIA Director 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.

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.

*Check any combination of preference consideration(s) in either "A" or "B", request up to the maximum of 5% preference for both "A" and "B".