



**STATE OF WASHINGTON
WASHINGTON STATE HEALTH CARE AUTHORITY
REQUEST FOR PROPOSAL (RFP)
NO. K1807**

AMENDMENT No. 4

1. PROCUREMENT SCHEDULE

The Procurement Schedule found in the RFP is hereby deleted in its entirety and replaced with the following:

Activity	Due date/time
Pre-Bid Conference #1	July 22, 2016
Pre-Bid Conference #2	September 7, 2016
RFP Released	November 21, 2016
Letters of Intent and DSA for Data Files Due	December 16, 2016
Round 1 - Bidder Questions Due	January 4, 2017
Anticipated Release of Responses to Bidder Questions	January 20, 2017
Round 2 - Bidder Questions Due	February 24, 2017
Repricing Files Due to Milliman	March 1, 2017
Anticipated Release of Responses to Bidder Questions	March 15, 2017
Complaints Deadline	April 14, 2017
Repricing Files Finalized	April 21, 2017
Proposals Due	April 21, 2017 – 3:00 pm PT
Evaluation Period	April 24 – July 7, 2017

Activity	Due date/time
Finalist Announcement for Oral Presentations	July 7, 2017
Finalist Oral Presentations	July 17 – 21, 2017
Oral Presentation Evaluation Period	July 24 – 28, 2017
Best and Final Offer Period	July 31 – November 30, 2017
Anticipated Announcement of ASB	December 15, 2017
Debrief Period	December 18 – December 21, 2017
Protest Period End Date	December 28, 2017
Contract Signed	December 29, 2017

2. Section 1.20 Mandatory Contractual Terms

Section 1.20 of the RFP is hereby deleted in its entirety and replaced with the following:

By submitting a Proposal, a Bidder, if selected for Award, shall be held to all statements within the Proposal, model Contract, oral presentation(s), and BAFO Response (defined below). This RFP and these documents, records, and materials will be made a part of any Contract resulting from this RFP.

A draft Contract included as Appendix 6, Attachment 2, will serve as the basis for the Best and Final Offer process outlined in Section 3.2.C. for Bidder(s) selected to participate in that phase of the HCA's evaluation. Bidders must be prepared to agree to all terms of the attached draft Contract as presented or the Proposal may be rejected. Bidders must include a redlined copy of the Contract with its Proposal that shows the changes Bidder proposes be discussed during the Best and Final Offer process if it is selected to advance to that stage. **If the Bidder fails to identify or object to any particular term or condition, that term or condition will be deemed agreed to by the Bidder, and will not be further discussed by the HCA.** The HCA reserves the right to discuss any Bidder proposed change to terms or conditions and to clarify and supplement such proposal.

Bidders are reminded that this is a competitive solicitation for a public contract and that the HCA cannot accept a Proposal, or enter into a contract, that substantially changes the material terms and specifications published in this RFP. Accordingly, proposed changes to any particular term or condition of the Contract will be used to determine the responsiveness of the Proposal. Proposals that are contingent upon the HCA making substantial changes to the material terms and specifications published in the RFP may be disqualified. The HCA will consider the number and nature of the terms and conditions the Bidder is objecting to in determining the likelihood of completing a Contract with the Bidder. Unresolved issues regarding the material business terms of the Contract and project documents may affect the HCA's selection of Bidders to advance to the next stage of the procurement.

If, after the announcement of the ASB, and after a reasonable period of time, the ASB and HCA cannot reach agreement on acceptable terms for the Contract, the HCA may cancel the selection and Award the Contract to the next most qualified Bidder.

The services to be performed by the ASB will involve the use of information that is protected by HIPAA. As such, the ASB must agree, as a component of the final Contract, to abide by the Business Associate Agreement (BAA) included as part of the Contract.

3. Section 3.2.A. Written Proposal

Table 3.2.1 found in Section 3.2.A. of the RFP is amended by deleting the row for “Draft Contract Redlining” in its entirety, and by replacing the “Weights” and “Maximum Points” for the exhibits under “3. Administration Services” with the following:

3	ADMINISTRATION SERVICES	100	500
3.1	Medical Benefit Drug Management Program	5	25
3.2	Claims Services	10	50
3.3	Disabled Dependent Certifications	5	25
3.4	Health Technology Clinical Committee	6	30
3.5	UMP CDHP Plan Administration	5	25
3.6	ACN Administration	9	45
3.7	Appeals and Complaints	6	30
3.8	Overall Account Management Administration	9	45
3.9	Work Orders	4	20
3.10	Reporting Requirements	5	25
3.11	Member or Customer Service	5	25
3.12	Member Communications	5	25
3.13	Online Services	5	25
3.14	Conversion Offering	2	10
3.15	Implementation Plan	5	25
3.16	Administrative Performance Guarantees	10	50
3.17	Request for Renewal	4	20

4. Section 3.2 Evaluation of Proposals

Subsection C, Best and Final Offer, to Section 3.2 is hereby deleted in its entirety and replaced with the following:

C. Best and Final Offer

Following the evaluation of written Proposals and oral presentations (if any), the HCA reserves the right to invite one or more Bidders to participate in a BAFO process in order to determine the Proposal providing the best value to the HCA. The BAFO process will include negotiation, with one or more Bidders, of the Contract terms and conditions, pricing, or any other appropriate subject in Bidder’s final Proposal, as solely determined

by the HCA. Bidders will be responsible for their own costs and expenses related to the BAFO process.

The objective of the BAFO is to allow selected Bidders to refine and document changes to their Proposals for submission to the HCA for final review and evaluation. However, this process may not be used to turn a non-responsive Proposal into a responsive one. Each Bidder will be provided a document identifying areas, topics, or issues the HCA would like to see refined by the Bidder (each a BAFO Request). The HCA reserves the right for each BAFO Request to be different for each Bidder invited to participate as each Proposal will be unique, with its own strengths, weaknesses, and proposed changes to the Contract. The BAFO Request will include additional details and instructions on the form, format, and timing for the Bidder to provide a response (BAFO Response).

After receipt and review of timely BAFO Responses, the HCA reserves the right to contact one or more of such Bidders for further discussion and revision of the BAFO Response. The HCA and such Bidder(s) may discuss alterations to the Contract, the Proposal, or the RFP requirements, provided they do not substantially change the scope of work and material terms in the RFP or substantially increase the cost to the HCA above that contained in the original bid. The scope of these negotiations will be determined by the HCA in its sole discretion. Bidders will not be permitted to make changes to terms included in the proposed Contract that were not identified and included with its Master Letter of Transmittal (see, Sections 1.20 and 5.K.).

At the conclusion of the BAFO process, the HCA will evaluate the revised BAFO Responses and select an ASB. This evaluation approach described is intended to identify the Proposal that offers the greatest benefit to the HCA and the Members based on consideration of the total best value, including, but not limited to, the responsiveness of the Proposal to the requirements as set forth in the RFP, the competence and responsibility of the Bidder, quality of service, breadth and depth of offering, the strength and form of contractual commitments made by Bidder to the HCA, and total cost, which may not necessarily be the Proposal with the highest score during the written or oral evaluation, or the lowest cost.

5. Exhibit 5.1 Claims Repricing

In the HCA's final review of the claim repricing file, it was discovered that the scoring target of \$430 Million is overstated. The HCA's intent has always been to include a certain percentage margin above the actual allowed cost for the claims included in the repricing files.

Additional data quality checks to exclude claims that might be a challenge to reprice was conducted after release of the RFP. After excluding certain claims identified during this review, the total actual allowed cost dropped approximately \$30 Million. Keeping a consistent margin would mean that the corresponding scoring target should also be lowered from \$430 Million to \$400 Million.

Accordingly, the "Evaluation and Scoring Insight" section of Exhibit 5.1 is hereby deleted and replaced with the following:

Evaluation and Scoring Insight

Bidder's score will be based on a Claims target pricing amount of \$400 million ("Claims Target") for all Claims in the files provided by Milliman. While the actual allowed cost was not included within the Claim files, the HCA's historical results were used to inform the Claims Target. Bidders submitting a Claim pricing file ("Bidder Pricing") for less than

the Claims Target amount will receive the full points available for this exhibit as listed in Section 3.2.A.1.

Bidder Pricing in excess of the Claims Target will be awarded points based on the following formula:

$$1,250 - \left\{ \left(\frac{\text{Bidder Pricing}}{\text{Claims Target}} - 1 \right) \times 125,000 \right\} = \text{Bidder's Points}$$

The Bidder's points awarded for this section will be rounded to the whole point value and then added to the Non-Cost Elements and the remaining Cost Elements of the RFP to determine overall score for this stage of the HCA's evaluation. Negative points will be awarded once Bidder Pricing exceeds the Claims Target by one percent.

Here are two examples of the scoring results for Bidder Pricing in excess of the Claims Target:

Bidder A

$$1,250 - \left\{ \left(\frac{\$403,000,000}{\$400,000,000} - 1 \right) \times 125,000 \right\} = 312.50 \text{ rounded to } 313$$

Bidder B

$$1,250 - \left\{ \left(\frac{\$405,000,000}{\$400,000,000} - 1 \right) \times 125,000 \right\} = - 312.5 \text{ rounded to } - 313$$

As the above example for Bidder B demonstrates, if Bidder Pricing is above the Claims Target by more than 1%, that Bidder will be awarded negative points. There is no cap on the number of negative points that can be awarded.

6. Miscellaneous

All capitalized terms used in this amendment will have the meaning ascribed to them in the RFP.

All other terms and conditions of the RFP remain unchanged.