



Oct. 4, 2018

To: All Potential Bidders

From: Ken Discher, Issuing Officer

Subject: RFP1219005003 – Worker’s Compensation Third Party Administration

Amendment One

Please amend the subject RFP to include answers to the following timely received questions. This Amendment One shall supersede, modify and/or change all requirements to the contrary in the RFP and associated documents.

1. **Question 1 (Q1):** Whether companies from Outside USA can apply for this? (like from India or Canada.)

Answer 1 (A1): Contractors must be able to comply with all RFP requirements and with all provisions of the planned contract terms and conditions as found within the RFP document.

2. **Q2:** Whether we need to come over there for meetings?

A2: Onsite meetings will be negotiated with the successful vendor.

3. **Q3:** Can we perform the tasks (related to RFP) outside USA? (like from India or Canada.)

A3: See Answer to Question #1.

4. **Q4:** Can we submit the proposals via email?

A4: No. Proposals must be submitted in the manner prescribed in RFP Section 3.1, Instructions.

5. **Q5:** Our organization doesn’t currently have an office in Des Moines, but would be willing to open one if awarded this contract. In that context, does the fact that we doesn’t currently have a physical office in Des Moines, as outlined in RFP Section 4.1.1, preclude us from bidding to the extent that currently having one is a mandatory requirement?

A5: An existing office in the Des Moines IA metro area is not a requirement for submitting a proposal per se. However, per RFP Section 4.1.1, the awarded contractor’s “office location of assigned claim personnel must be in the Des Moines, IA metro area.”

6. **Q6:** Concerning Page 6, RFP Section 1.4, Background Information. Please provide definitive insight into the statement: “the program’s most recent three (3) year period of FY16-FY18...” Is the start date of the State’s fiscal year July 1st. If so, should we interpret the foregoing statement as representing 7/1/15 to 7/1/18? If that’s incorrect please provide clarification.
A6: Yes, the State’s fiscal year goes from July 1 through June 30. As an example, FY16 is the period of 7/1/15 – 6/30/16.
7. **Q7:** Concerning Page 6, RFP Section 1.4, Background Information. The State provides average claim counts for medical only and indemnity claims. Question. Do these claim counts include zero-dollar claims defined as claim accepted and closed, but without any payments being made?
A7: Yes, medical only claims would also include claims that are opened, investigated and then closed without payment in the event no medical care is sought.
8. **Q8:** Does the State use a nurse triage service to take in new claims? Perhaps for just several states agencies as a pilot program to test its viability?
A8: See Answer to Question Q44.
9. **Q9:** Please provide medical provider bill repricing outcomes (percentage of savings) for the following categories: reduction to the State fee schedule (bill review); PPO network savings; Out of Network savings.
A9: The State does not plan to provide this information as part of the RFP.
10. **Q10:** What company is the State’s current Pharmacy Benefits Management services provider?
A10: Express Scripts is the current PBM.
11. **Q11:** We note on page 7 (RFP Section 1.4, Background Information) that the State does not anticipate releasing loss runs. It would be helpful if the State did provide loss runs to the extent we may analyze it, and subsequently benchmark it against our Iowa workers’ compensation claims administration outcomes.
A11: The State does not plan to provide further loss runs.
12. **Q12:** Concerning Page 22, RFP Section 4.1.6, Financial. Please provide insight/workflow into the State’s current process. Specifically, at any point are funds transferred from a State bank account to the account of the third party administrator?
A12: The State’s workers’ compensation trust account is a State-owned account which the current Third Party Administrator (TPA) has ability to upload daily check runs to. At no point are funds transferred from a State-owned account to the account of the TPA.
13. **Q13:** Concerning Page 24, RFP Section 4.2.2, Claim Intake. Just to clarify – we’d be taking First Reports of Injury (FROI) from four (4) different sources, correct?
A13: Yes. The majority of State of Iowa agencies utilize our TPAs proprietary online FROI portal. The University of Iowa, Iowa State University and the Department of Transportation currently feed FROIs to our TPA from their respective Human Resource Information Systems.

- 14. Q14:** Concerning Page 24, RFP Section 4.2.3.1, Administrative Capabilities. How many State users currently access the incumbent's system? Of this number, how many of these users only have "look-up" privileges v. full-user IDs that would include report writing capabilities?
A14: **Approximately 54 current users have access to the TPA's client-view system of which 10 have query/reporting capability and 44 have view-only capability.**
- 15. Q15:** Concerning Page 24, RFP Section 4.2.3.3, Interface Capabilities. Please identify the State's HRIS platform.
A15: **Central Payroll is operating with an internally developed HRIS system.**
- 16. Q16:** Concerning Page 24, RFP Section 4.2.3.3, Interface Capabilities. Can the State provide a roster/list of the monthly management reports currently produced by its incumbent TPA? We like to be able to comment on our ability to satisfy these same needs.
A16: **Monthly Litigation Report, Daily Check Report, Weekly Indemnity Report for all agencies, Weekly PPD Report, Monthly Safety Report, Settlement Tracking Report, Quarterly Stewardship Report, Annual Stewardship Report, ad hoc reporting at the State's request.**
- 17. Q17:** Concerning Page 25, RFP Section 4.2.4.2, Quality Practices. Does the State currently have a Performance Guarantee or "fee at risk" arrangement with the incumbent? If so, please provide insight into what Key Performance Indicators (KPI) are being measured.
A17: **Items currently measured are: Timely 3-point contacts, subsequent claimant contacts, timeliness of compensability note, action plan review, reserve reviews, supervisory reviews, timeliness of indemnity payments, timeliness of medical bill review, timeliness of misc. payments.**
- 18. Q18:** Concerning Page 25, RFP Section 4.2.4.3, Customization Practices. Can the State provide insight into the number of mediations the incumbent TPA has attended in the last one-year period?
A18: **The average would be 8-10 mediations per month throughout the State of Iowa.**
- 19. Q19:** Concerning Page 31, RFP Section 6.4, Insurance. Do bidders need to include Certificates of Insurance with their responses, or is the table in this section simply notice of the State's expectations of the winning bidder?
A19: **As stated in RFP Section 6.4 this refers to the "successful Contractor."**
- 20. Q20:** Concerning Page 41, RFP Exhibit 1 (within Attachment #5 Cost Proposal). The Total Fee Amount requests six (6) years of pricing, but the form only has lines for three (3) years. Should we take the liberty of simply expanding the table?
A20: **Yes expand as needed.**
- 21. Q21:** Concerning Page 6, RFP Section 1.4, Background Information. a) Who is the current third party administrator (TPA)? b) Who is the current TPA's Medical Bill Review vendor?
A21: a) **Sedgwick**
b) **Sedgwick**

22. **Q22:** Concerning Page 6, RFP Section 1.4, Background Information. Is the States definition of an indemnity claim inclusive of denied and subrogated claims, i.e. claims requiring additional or more comprehensive investigation?

A22: Yes, indemnity claims may also include claims that are in a denied, subrogated and/or litigated status.

23. **Q23:** Concerning Page 7, RFP Section 1.5, Scope of Work – Claims Administration. a) Who currently provides the Registered Nurses for Field Case Management (FCM)? b) What is the approximate number of hours allocated to FCM each year? c) What are the approximate expenses for FCM annually? d) Is FCM charged on an hourly or task basis? e) Are the fees for FCM allocated to the claim file? f) Can Respondents quote services for FCM?

A23: a) Vendors selected and utilized by the TPA.

b) The State is unable to provide this information.

c) \$84,299.05 during FY18.

d) Mixed, however primarily hourly.

e) Yes.

f) Yes.

24. **Q24:** Concerning Page 7, RFP Section 1.5, Scope of Work – Claims Administration. Who is the current Pharmacy Benefit Manager (PBM)?

A24: See Answer to Question Q10.

25. **Q25:** Concerning Page 7, RFP Section 1.5, Scope of Work – Claims Administration. Which PPO Medical Networks are used by the current Medical Bill Review vendor?

A25: The State does not intend to provide additional information during this RFP.

26. **Q26:** Concerning Page 8, RFP Section 1.5, Scope of Work – Data Management. How many DAS//State agency representative USERS will the State authorize for access to the claims data system?

A26: See Answer to Question Q14.

27. **Q27:** Concerning Page 9, RFP Section 2.2, Restriction on Communication. Does the State have a participation goal or requirement related to Targeted Small Businesses?

A27: Concerning this specific RFP, there is no participation goal or requirement related to Targeted Small Businesses.

28. **Q28:** Concerning Page 10, RFP document – “Contracts-Services-State General T&Cs-eff 5-1-16”, Section 1.9, Insurance. Is a “claims made” E&O policy satisfactory?

A28: The State of Iowa is willing to consider a “claims made” E&O policy as satisfactory under Section 1.9; however, the State reserves the right to make a final determination as to whether any policies are compliant with Section 1.9 based upon documentation, including but not limited to certificates of coverage, submitted by awarded Contractor in accordance with that Section.

29. **Q29:** Concerning Page 10, RFP document – “Contracts-Services-State General T&Cs-eff 5-1-16”, Section 1.9.4, Waiver of Subrogation Rights. The Contractor can indemnify the State for its proportionate share of the alleged negligence. If the State accepts that, the Contractor can waive subrogation. Is that acceptable to the State?

A29: Contractors may take exception to the State of Iowa general terms and conditions in accordance with the instructions set forth in the RFP and the State will evaluate the acceptability of the exceptions in the context of the actual exception(s) made within Contractor’s proposal.

30. **Q30:** Concerning Page 10, RFP document – “Contracts-Services-State General T&Cs-eff 5-1-16”, Section 1.9, Insurance. Who is the State’s excess carrier?

A30: The State of Iowa does not have an “excess carrier.”

31. **Q31:** Concerning Page 10, RFP document – “Contracts-Services-State General T&Cs-eff 5-1-16”, Section 1.9, Insurance. What is the State’s self-insured retention (SIR)?

A31: There is no self-insured retention applicable to the State of Iowa.

32. **Q32:** Concerning Page 4, RFP document – “State of Iowa Security Terms & Conditions”, Section 2.3.2. Please define encryption in transit. The contractor utilizes multiple measures for data security purposes. Data interchanges are done using secure channels. The Contractor complies with Health Insurance Portability and Accountability Act (HIPAA) rules regarding personal information or Protected Health Information (PHI). The claim system is fully supported by authorized Information Technology staff that has full rights to all aspects of database management. Security is control by Oracle/Unix administrators, and security setting within the application. The application provides secure real-time online access using SSL encryption on a 24-hour basis. This supplies full security for all data imported and or exported for the entire session. Is this acceptable to the State?

A32: Contractors may take exception to the State of Iowa terms and conditions in accordance with the instructions set forth in the RFP and the State will evaluate the acceptability of the exceptions in the context of the actual exception(s) made within Contractor’s proposal.

33. **Q33:** Concerning Page 4, RFP document – “State of Iowa Security Terms & Conditions”, Section 2.3.2. FIPS 140-2 level 2 compliant is a governmental requirement for encryption. Would FIPS 140-2 Level 3 and 4 compliance be acceptable to the state?

A33: Contractors may take exception to the State of Iowa terms and conditions in accordance with the instructions set forth in the RFP and the State will evaluate the acceptability of the exceptions in the context of the actual exception(s) made within Contractor’s proposal.

34. **Q34:** Concerning Page 4, RFP document – “State of Iowa Security Terms & Conditions”, Section 2.4.1, Compliance/Audits. Are all or just one or some of the audits satisfactory?

A34: Contractors may take exception to the State of Iowa terms and conditions in accordance with the instructions set forth in the RFP and the State will evaluate the acceptability of the exceptions in the context of the actual exception(s) made within Contractor’s proposal.

35. Q35: Concerning Page 4, RFP document – “State of Iowa Security Terms & Conditions”, Section 2.4.1.1.5, Compliance/Audits. Our firm is SSAE 16 (SOC 1) Type 2 compliant. Please confirm if a SOC 2 is required, if yes, is compliance for SOC 2 available by 9/1/19 acceptable? SSAE 16 (SOC 1) Type 2 is acceptable for all major self-insureds, major carriers and other jurisdictional and regulatory agencies.

A35: Contractors may take exception to the State of Iowa terms and conditions in accordance with the instructions set forth in the RFP and the State will evaluate the acceptability of the exceptions in the context of the actual exception(s) made within Contractor’s proposal.

36. Q36: Concerning Pages 4 & 5, RFP document – “State of Iowa Security Terms & Conditions”, Sections 2.4.1.1.4 & 2.4.1.3, Compliance/Audits. It appears the OCIO or its Authorized Contractor(s), if desired, may perform unannounced penetration and security tests. To create a separate environment for the State of Iowa could cost \$700,000 or more. To prepare operations for this to be conducted on only the State of Iowa would be a financial burden for the majority of third party administrators or may increase costs to the State. Would the State accept attestation from an independent, Third Party penetration test provider retained by the Contractor?

A36: Contractors may take exception to the State of Iowa terms and conditions in accordance with the instructions set forth in the RFP and the State will evaluate the acceptability of the exceptions in the context of the actual exception(s) made within Contractor’s proposal.

37. Q37: Concerning Pages 4 & 5, RFP document – “State of Iowa Security Terms & Conditions”, Section 2.4.1, Compliance/Audits. It appears that these all these requirements may be required by the State, but that does not seem to be reasonable or industry standard for this type of contract. If all these items are required it will severely limit the vendors or service providers that are highly qualified to provide these services and would ultimately benefit the State. In fact, some of these requirements are 400 page documents that may not be applicable to our environment and will cause unnecessary review and response to these requirements during this RFP process. Is it the intention for the State to make all these items an immediate requirement? Is there a time frame for any of the items above that allows the Contractor to comply?

A37: Contractors may take exception to the State of Iowa terms and conditions in accordance with the instructions set forth in the RFP and the State will evaluate the acceptability of the exceptions in the context of the actual exception(s) made within Contractor’s proposal.

38. Q38: Concerning Pages 9 & 10, RFP document – “State of Iowa Security Terms & Conditions”, Section 2.9, Transition Assistance. This indicates assistance for 365 days. Typically our firm will assist with minor activities, historical reports, etc. as requested in the normal course of business; however, should claim handling be required our firm would expect to be paid for such services as agreed upon with the State. Please confirm the State agrees.

A38: Contractors may take exception to the State of Iowa terms and conditions in accordance with the instructions set forth in the RFP and the State will evaluate the acceptability of the exceptions in the context of the actual exception(s) made within Contractor’s proposal.

- 39. Q39:** Please provide the current staffing model. Please include:
- a) Number of supervisors
 - b) Number of indemnity/lost time claim adjusters
 - c) Number of medical only claim adjusters
 - d) Number of clerical staff
 - e) Identity of any other team members such as dedicated nurse case manager, account manager, etc.
- A39:**
- a) **One supervisor.**
 - b) **Five indemnity adjusters and one litigation specialist.**
 - c) **Total of two medical only adjusters of which one is dedicated to State of Iowa.**
 - d) **Clerical staff are utilized by the TPA, however they are not fully dedicated to State of Iowa.**
 - e) **Positions involved with, but not wholly dedicated to, the State of Iowa program: One VP of Operations, One Director of Claims, One Asst. Claims Manager, One subrogation specialist.**
- 40. Q40:** Concerning staffing. Define a litigation specialist. What level of education experience are you looking for? In what capacity do you see them interacting with the claims team?
- A40:** **The level of formal education is not defined. However, AIC or WCLA designations are beneficial. The litigation specialist has the primary responsibility of handling the majority of litigated claims (specifically complex litigation), conducting roundtable meetings with defense counsel, coordinating and attending mediations, attending hearings and providing summary materials to client and defense counsel ahead of mediations.**
- 41. Q41:** On the staffing model; you mentioned this was a minimum level. Are there times when you need more staff or do you see deviations to this model?
- A41:** **There are times of the year (i.e. winter) when the number of incoming claims may increase.**
- 42. Q42:** Concerning Page 22, RFP Section 4.1.4, Claim File Management and Intake. On the FROI, are you going to want to use the vendor's FROI EDI specs or do you have your own specs? Please supply your specs if you would like yours used.
- A42:** **If this question is referring to the Electronic Data Interchange (EDI) requirements for making filings with Iowa Workforce Development-Division of Workers' Compensation, please note that the State of Iowa's workers' compensation program currently complies with Iowa Administrative Code 876—3.1.**
- 43. Q43:** Concerning Page 22, RFP Section 4.1.4, Claim File Management and Intake. To clarify, are you looking for a Payroll feed or an FROI feed?
- A43:** **Designated State of Iowa users will need the capability to file FROIs online with the TPA. The TPA's FROI reporting system may also have the capability to automatically populate demographic and payroll information of claimants from the State's payroll/HRIS systems.**

44. **Q44:** Concerning Page 22, RFP Section 4.1.4, Claim File Management and Intake. Do you/have you used a 24/7 triage program? Are you interested in using one?
A44: The State of Iowa does not currently use and is not interested in a 24/7 triage program. However, we do require the capability of FROIs to be reported online 24/7.
45. **Q45:** Concerning Page 22, RFP Section 4.1.4, Claim File Management and Intake. How are your FROI reported now and input into your system?
A45: The State of Iowa does not have a claim system. The system to report FROIs to the TPA and the TPA's claim handling system are owned and maintained by the TPA.
46. **Q46:** Concerning Page 22, RFP Section 4.1.4, Claim File Management and Intake. Do you want an 800# for FROI reporting?
A46: A back-up number for online FROI reporting is not prohibited.
47. **Q47:** Concerning Financial. What bank is the bank account with for the WC payments?
A47: Wells Fargo.
48. **Q48:** Concerning Financial. Is there an Excess Carrier? If so, can you tell us who that is?
A48: The State of Iowa has no insurance carrier (primary nor excess) for its workers' compensation program. The program is fully self-funded.
49. **Q49:** Concerning Claims Management System. How many id's does the State anticipate needing?
A49: See Answer to Question Q14.