

## Minnesota Office of the Legislative Auditor

### Response to inquiries re: OLA Request for Proposals for Qualified Contractors to Submit Proposals to Provide Audit and Actuarial Services, posted July 29, 2013

*OLA has grouped inquiries by subject area and, in some instances, edited questions for readability or to preserve confidentiality.*

#### Licensure

##### *Questions*

1. For the Audit Services category of the RFP, is it a pass/fail requirement that the contractor be licensed in accordance with *Minnesota Statutes* 2012, chapter 326A?
2. We have submitted our application to the Minnesota Board of Accountancy to be certified as a CPA firm and our application is pending. Would documentation showing our submission for licensure satisfy the licensure requirement of the RFP?

##### *OLA Response*

Pursuant to *Minnesota Statutes* 2012, 256B.69, subd. 9(d), the contractor conducting the audit work described in the Audit Services category must be a firm licensed in accordance with *Minnesota Statutes*, chapter 326A. OLA will accept and consider proposals from any responder who documents they have applied for such licensure and approval is pending; however, the licensure must be awarded as a condition of and prior to entering into a master contract with an otherwise qualified responder. Such responders should note that OLA will not delay commencing the audit work and will proceed with awarding work order contracts to approved contractors.

#### Conflict of Interest

##### *Questions*

3. Would OLA accept proposals from a responder who does or could potentially provide services for a Minnesota state agency or managed care organization, where such services pertain to public health care programs? Would OLA disqualify these responders due to conflict of interest?
4. It is our understanding the master contracts will be valid from September 2013 to August 2016, with the option to extend an additional two years in increments determined by OLA. For which historical time periods does the OLA anticipate the contractor will provide audit and/or actuarial services?

##### *OLA Response*

Contractors working or potentially working for a managed care organization or a Minnesota state agency for Medicaid-related services will not necessarily be deemed ineligible for all work under OLA's master contracts. OLA will examine recent, current, and future business relationships to make the best use of contractors' expertise and to avoid conflicts of interest when awarding work assignments. We encourage

responders to review the description of our evaluation *Managed Care Organizations' Administrative Expenses*; *Minnesota Statutes 2012*, 256B.69 subds. 9(c) and 9(d); and *Laws of Minnesota 2013*, chapter 108, art. 6, sec. 22, for more details about the broad scope of work required today and in the future. Proposers should note that the work outlined in *Minnesota Statutes 2012*, 256B.69, subds. 9(c) and 9(d), is subject to change by the Minnesota Legislature.

Work assigned under the master contracts will focus on managed care organizations' financial information for 2012 and later years (as reported to the State in 2013 and later) and Department of Human Services' rate-setting activities for health care program contract years 2014 and later. Some smaller tasks likely will require analysis of data or methods used for health care programs contract year 2013. Please note that the RFP, page 7, requires responders to provide OLA with a list of managed care organizations for which a responder provided services during the past five years AND a list of any other potential relationships that may create the appearance of a conflict of interest.

## **Scope of Work**

### *Questions*

5. Please confirm the following programs are included in the scope of Minnesota Public Health Care Programs: Medical Assistance (MA), MinnesotaCare, Minnesota Family Planning Program, Home and Community Based Waiver Programs. Are there others?
6. When the RFP refers to Medicaid managed care organizations in the State of Minnesota, does this cover all managed care Medicaid populations including MSHO and MSC+ (Seniors populations)?

### *OLA Response*

The audit work will include examining financial information reported by managed care organizations for services they provided for Minnesota's public health care programs during 2012 and later. (That is, the scope of work excludes services via fee-for-service arrangements with the Department of Human Services.) As of 2012, the programs were MinnesotaCare and Medical Assistance, including the Prepaid Medical Assistance Program and health care programs for the elderly and disabled (Minnesota Senior Health Options, Minnesota Senior Care Plus, Special Needs Basic Care, and Preferred Integrated Networks). Similarly, the actuarial work will pertain to financial information and rate-setting for these programs. Some MA programs integrate services with services provided via the Medicare program; however, OLA audit work will focus on MA-related financial information and rate-setting activities. We note that the program structure and service arrangements for Minnesota's public health care services is evolving and, thus, these "programs" may differ in future years.

### *Question*

7. How often would OLA like to meet throughout the engagement? What format would OLA like these meetings to take place? In-person/teleconference/formal vs. in-formal?

*OLA Response*

OLA intends to work closely with the contractors, and the frequency of engagements will vary depending on the work assignment. As a general rule, OLA will engage with a contractor at least once per week during the course of work; more frequent meetings or discussions likely will be necessary during the initial phase of any assignment. OLA is sensitive to minimizing travel costs and is open to using the most cost-effective means for these engagements, including teleconferencing.

*Question*

8. Where will this work be done? At the OLA site or can it be performed at the contractor's local office?

*OLA Response*

OLA expects the work to take place either on-site at a managed care organization or at the contractor's local office.

*Question*

9. Will the OLA allow a question and answer opportunity between the contractor and managed care organizations during the course of completing the tasks within the statements of work? Will the contractor be able to prepare a data request for the managed care organizations to collect the necessary data and reports?

*OLA Response*

In general, OLA will monitor and facilitate data acquisition to ensure contractors have sufficient information to complete the assigned tasks and develop sound findings and conclusions. OLA will expect contractors to participate in identifying data/information needs—including any data deficiencies—and developing any data requests. In addition, OLA expects that the majority of work assignments will require some direct communication between a contractor and a managed care organization.

*Questions*

10. Does the OLA anticipate that the audit firm will have the expertise necessary to be responsible for designing the statistically valid sampling plans from which the sample of encounter, claims or other data is drawn? If not, can OLA provide their approach to sampling and/or testing the approximate sample size(s) that the OLA anticipates for these various tests and analyses?
11. Will the contractor be receiving all of the applicable encounter data and conduct samples on that data, or will Minnesota send the contractor specific samples of encounter data?

*OLA Response*

Contractors with expertise and experience in developing statistically valid sampling plans, testing data, and selecting samples will be viewed favorably when considering work assignments. However, OLA will be involved in—and, in some instances, be responsible for—developing the sampling methodology and extracting the records for analysis by the contractors. Please note that it is OLA's practice to limit the amount of non-public information it obtains to that which is necessary to complete the work. For data practices purposes, OLA may take steps to ensure certain data are encrypted prior to analysis.

*Question*

12. Will the managed care organizations' financial statements include lag tables to review reserve factors?

*OLA response*

Yes. Contractors will have access to all information necessary to complete the required analysis and develop sound findings and conclusions.

**RFP Process and Clarifications**

*Question*

13. In the last paragraph of Section 1, on page 7, workplans from recent projects is requested. Is the workplan merely a summary of the scope of work, or is there more detail that is needed for this workplan?

*OLA Response*

Responders should include the following information regarding their workplans from past projects: a brief summary of the scope of work, the objectives/key research questions, deliverables, and the tenure of service.

*Question*

14. Is a work plan needed for the "Actuarial Services" contract, and what would be a sample work plan address?

*OLA Response*

A work plan for the Actuarial Services category is required. Responders should provide a sample work plan(s) that illustrates your specific knowledge and expertise. For example, responders asserting their expertise in the federal Medicaid rate-certification process should provide a general workplan that addresses the processes and tasks for verifying that the Department of Human Services' rate-setting activities and information provided to the federal government comply with federal requirements. The workplan should include: a description of the scope of work, including objectives/key research questions; a logical sequence of work; clearly defined tasks and deliverables, including steps to examine high risk data and activities prone to deficiencies; staff/expertise needed for the work; any task dependencies; and a realistic completion date for the work.

*Question*

15. On the compact disc (CD) that is to be sent to OLA containing the proposal documents, which version of Microsoft Word does Minnesota prefer (97-03.doc, 07.docx)?

*OLA Response*

OLA will accept either version, although we prefer Word.docx versions.

*Question*

16. The RFP states that OLA will hire multiple contractors to perform the services on an as-requested and as-needed basis. Is it the intent of OLA to hire one contractor to perform the audit services and one to perform the actuarial services or does OLA intend to hire multiple contractors for each service category?

*OLA Response*

OLA is not limiting either of the master contracts to a single vendor and is open to hiring multiple contractors for each service category.

**Other**

*Question*

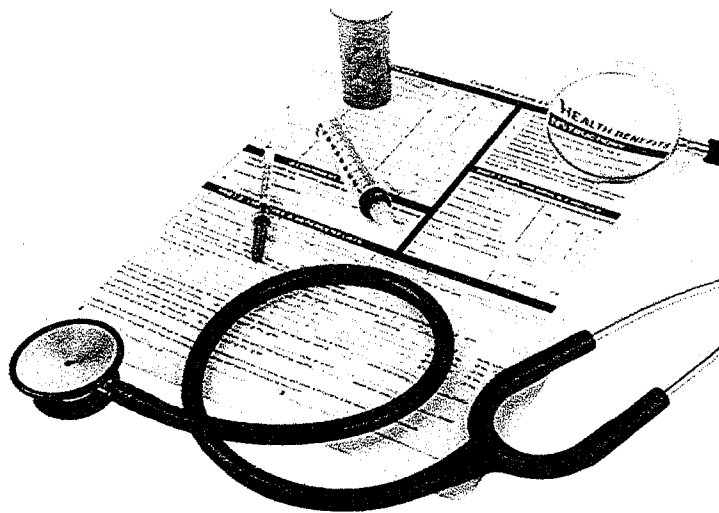
17. Is there an incumbent contractor for either the Audit or Actuarial service categories?

*OLA Response*

No, there are no incumbent contractors for this work. The RFP posted July 29, 2013, is to establish the initial master contracts.



# Cost Proposal to Provide Actuarial Services for the Minnesota Office of the Legislative Auditor



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August 23, 2013

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August 22, 2013

Valerie Bombach, Principal Program Evaluator  
Office of the Legislative Auditor  
658 Cedar St., Room 140  
St. Paul, Minnesota 55155

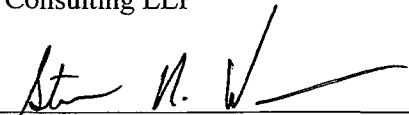
Dear Ms. Bombach,

Deloitte Consulting LLP (“Deloitte”) is pleased to submit our proposed rates as part of our response to your Request for Proposal (RFP) for Qualified Contractors to Submit Proposals to Provide Audit and Actuarial Services. This transmittal letter is executed by Steven N. Wander, Principal, Deloitte Consulting LLP, who is authorized to bind our organization contractually. Steve will serve as the point of contact for you and is available to respond to any questions at the contact information listed below.

We appreciate the opportunity to respond to this RFP and are devoted to supporting the State of Minnesota Office of the Legislative Auditor (“OLA”) on this important initiative and to continuing our successful partnership with the State of Minnesota. If you have any questions or need additional information, please contact me directly at [redacted] or via email at [redacted]

Sincerely,  
Deloitte Consulting LLP

By:

  
Steven N. Wander, Principal

# ATTACHMENT B

## COST PROPOSAL

**Responder/Organization:** Deloitte Consulting

**Service Category:** Actuarial Services

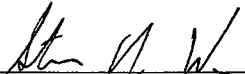
This form must be completed and submitted **separately** as the sealed cost proposal. Responder must provide one hourly rate for each staff position identified in the proposal; a range of hour compensation for a staff position will not be accepted. Do not include costs for travel and subsistence. Responder must consider all other costs in determining the proposed hourly rates. The hourly rate will be the full consideration paid for the specified time period covered by the master contract. The master contract will contain no inflationary or cost-of-living adjustment provisions. NOTE: OLA reserves the right to negotiate fee schedules with the selected Responders for the master contracts AND the work order contracts. (Attach additional sheets if more room is necessary.)

Staff Position and Professional Certification(s) (For example, Manager, Supervisor, Staff, etc.)	Hourly Rate FY 2013 <sup>1</sup>	Hourly Rate FY 2014 <sup>1</sup>	Hourly Rate FY 2015 <sup>1</sup>
Principal	\$418	\$431	\$453
Director	\$390	\$402	\$422
Senior Manager/Specialist Leader	\$359	\$370	\$389
Manager/Specialist Master	\$326	\$336	\$353
Senior Consultant	\$259	\$267	\$280
Consultant	\$220	\$227	\$238
Analyst	\$197	\$203	\$213

<sup>1</sup> Note: Deloitte's fiscal year begins June 1<sup>st</sup> of each year.

This form must be signed by an individual authorized to legally bind the Responder; the signature must include the individual's title and the date the form was signed. The cost proposal must be open for acceptance until a master contract is signed, the RFP is cancelled, or 180 days from the final submission date of the RFP, whichever is first.

*By signing this cost proposal, I do hereby certify the Responder named above wishes to enter an hourly rate for the services requested by the Office of the Legislative Auditor in its RFP for audit and actuarial services. The information submitted in this cost proposal is accurate, complete, and current as of the following date. If awarded a master contract, the hourly rates quoted above will remain in effect through the term of the master contract, unless a change is approved by the Office of the Legislative Auditor.*

  
Signature

Principal  
Title

8/22/2013  
Date

Steven N. Wander  
Print Name