

**Responder Questions and Answers Relating to  
The Minnesota Department of Human Service (DHS)**

**REQUEST FOR PROPOSALS  
FOR  
A QUALIFIED CONTRACTOR(S) TO**

**SUBMIT PROPOSALS TO PROVIDE ACTUARIAL SERVICES AND ANALYSIS  
EVALUATING RATE SETTING FOR PUBLIC SECTOR HEALTHCARE PROGRAMS**

1. Q: What is the anticipated number of hours and/or projected budget for the tasks outlined in the RFP?

A: We have a budget but are also trying to answer critical questions. We are looking for the responder to propose budget options based on potential alternative approaches.

2. Q: Tasks/Deliverables item #2 requires an “opinion as to the actuarial soundness of the set rates”. Determinations of actuarial soundness often involve the independent development of actuarially sound rate ranges to determine if the set rates are within the independently developed actuarially sound rate ranges. We do not believe actuarially sound rate ranges can be independently developed within the 60 day timeframe. An alternative approach would be to provide an opinion regarding whether the process and methodologies used to develop the rates were in accordance with commonly used actuarial principles and practices, appeared to be completed in accordance with actuarial standards of practice promulgated by the Actuarial Standards Board, and appeared to be reasonably appropriate for the populations to be covered and the services to be furnished under the contract. Can you verify that the second approach is acceptable to meet the requirements of the RFP?

A: The second approach listed in the question would be an acceptable methodology.

3. Will the successful vendor be able to meet with DHS staff, consultants and prior actuaries that were involved in the rate setting process from FY2003– FY2011 to discuss any questions the vendor may have?

A: While some staff and consultants may no longer be available to participate (primarily as a result of changes in employment), DHS will facilitate discussion with available key personnel of consultants and prior actuaries where critical information is needed or questions remain after reviewing documentation.

4. Our understanding is that the actuaries that certified the rates from FY2003 – FY2011 relied on data provided by DHS. It appears that the proposed scope of work does not include a detailed verification of the accuracy or completeness of the data relied upon to complete those rate certifications. Can you verify that this interpretation is correct?

A: Correct. The data has been previously verified. Verification is not expected but if missing steps are discovered which should have been completed or inaccuracies are found, any deficiencies should be reported.

5. If it is required to verify the accuracy or completeness of the data, what

information will be provided in order to perform this task?

A: Not applicable per response to Question 4, above.

6. Will there be sufficient documentation provided to the consultant awarded this engagement describing why certain adjustments were applied and how the values of those adjustments were determined?

A: DHS will supply relevant documentation that is known and available.

7. During the rate setting process there may be adjustments that were considered, but not applied. Would documentation or correspondence be made available to the consultant awarded this engagement that would describe the adjustments considered but that were not applied and why?

A: DHS will supply relevant documentation that is known and available.

8. Page 4, Section II, Paragraph B.2. - Can the State expand on the specific criteria to be used in determining the rates to be actuarially sound? For example, is this inclusive of CFR 438.6(c), the CMS rate-setting checklist, actuarial standards of practice and/or other federal or State regulations?

A: Responders should propose keys to their proposed approach that is to be used in determining actuary soundness. Please also see response to Question 2, above.

9. Page 4, Section II, Paragraph B.3. - The State requests work be completed within 60 days of the agreed upon starting date. Will the State consider the agreed upon starting date to be the date when all requested information necessary to conduct the review is provided or made available to the successful bidder?

A: Exact dates for the provision of necessary information, work completion deadlines, and report due dates may be negotiated with the chosen responder.

10. Page 7, Section III, Paragraph B.4.d - The paragraph refers to a conflict check conducted by the Department of Human Services. What types of prior work or relationships would the Department of Human Services consider to be unsatisfactory?

A: Avoidance of conflict is a priority in the selection of a responder for this project. DHS will conduct a conflict review both as to responding firms and as to proposed individual staff for the project. Conflicts arising from prior work or relationships will be evaluated on a case by case basis.

11. Page 9, Section III, Paragraph D.2. - The paragraph indicates the bidder can propose exceptions to the standard contract language provided by the State. Would the State be willing to negotiate a limitation on liability for successful bidder?

A: DHS does not favor such a provision and notes that this is a function of the required liability insurance, the cost of which should be built into the proposal.

12. General Question - Can the State make available previous rate certification letters so respondents can access the specific nature of the actuarial tasks to be performed and to be evaluated?

A: Yes.

13. General Question - Will the vendor be allowed to speak directly to the State's current actuarial consultants to gain insight and understanding given time is of the essence?

A: While some staff and consultants may no longer be available to participate (primarily as a result of changes in employment), DHS will facilitate discussion with available key personnel of consultants and prior actuaries where critical information is needed or questions remain after reviewing documentation.

14. We would like clarification as to what is being requested in Appendix G, the Cost Proposal Sheet – Proposed Rate. The only line is for “Rate(s)”? Is this meant to be the total flat fee for the project, like \$400,000? Or is the State looking for an hourly rate, like \$400 per hour? Or is that state looking for an hourly rate with anticipated hours to do the project for \$400 per hour with 1,000 expected hours for \$400,000 total fee? Also, if hourly rate, can they vary by level? Please clarify.

A: Responders should provide a total amount to be billed under the contract for the project as well as hourly rate and anticipated hours for the project. Hourly rates may vary by level.

15. In Section B. Tasks and Deliverables, it does not appear to have any component related to auditing or reviewing the data utilized in the rate development. Is an evaluation of at least one sample year of data anticipated in the project?

A: The data has been previously verified. Verification is not expected but if missing steps are discovered which should have been completed or inaccuracies are found, any deficiencies should be reported.

16. In Section B.2 Proposed Work Plan, there is a section that states the “Responder should include its risk assessment/management plan”? Could you please elaborate on what is expected with this requirement?

A: Responder’s proposed Work Plan should identify risk exposures and recommended courses of action for any findings.

17. In Section B.2 Proposed Work Plan, there is no data made available from which the rates are being built. Is it the intent of the RFP to have the actuary provide a reasonableness check on the data utilized? Should the actuary anticipate any review of the MLR reports and what goes into the financial statements?

A: Part 1: Yes. The responder should provide a reasonableness check on the data utilized.  
Part 2: No. Financial submissions have been previously reviewed and validated. However, if any inaccuracies are discovered, any deficiencies should be reported.

18. We have employees that recently joined our firm with reference from similar work while at another firm. Is it acceptable to have reference for those members from work completed at a prior firm, assuming they were the primary actuary responsible for the work and signed the appropriate reports?

A: For individual team members or lead staff resumes, yes. However, responders should have similar reference work as a vendor/company beyond that of their “recent hires” who have performed similar work at other firms.

19. If we ever were to receive “protected information,” will they enter into negotiations about Section 7 “Information Privacy and Security;” especially those related to Business Associates? (Again, this only applies if they want “Option 2” for this section.)

A: Assuming “they” refers to DHS: The Information Privacy and Security section of the model contract is a required contractual term and DHS would be unlikely to favor any material exception, though a reasonable request would be subject to negotiation. Any exceptions to the required terms and conditions, including terms of the sample contract should be noted by responders on Appendix B “Exceptions to Terms and Conditions” with the caveat that any material deviation from may be grounds for rejection of the proposal.

20. Will they negotiate regarding Intellectual Property Rights and Ownership? As we are consultants, our intellectual property is our main asset and we need to maintain ownership over any pre-existing intellectual property that is incorporated into any work/deliverable produced?

A: Assuming “they” refers to DHS: During contract negotiations, language to protect what was previously developed by a responder (as their own intellectual property) can be included, so long as the State retains the rights to materials created and paid for under the contract. References to responders’ material will need to be cited in any resulting contract. DHS expects to use and retain rights to use or reuse documents or work product created under the contract. Ownership of materials can be delineated within the contract (ensuring that ownership of pre-owned materials and materials created under the contract is established so long as they aren’t inextricably intermingled).

21. Are they willing to limit the indemnification provisions to “intentional, willful, or negligent acts or omissions; or actions that give rise to strict liability”? This removes their third category of indemnification – “Breach of Contract or Warranty,” which we feel is overly broad.

A: Assuming “they” refers to DHS: The Indemnification section of the model contract is a required contractual term and DHS would be unlikely to favor any material exception, though a reasonable request would be subject to negotiation. Any exceptions to the required terms and conditions, including terms of the sample contract should be noted by responders on Appendix B “Exceptions to Terms and Conditions” with the caveat that any material deviation from may be grounds for rejection of the proposal.

22. Was the actuary that conducted the work for the PMAP program, in any of the years specified in the RFP, also conducting work on behalf of DHS to set rates for non-PMAP programs? If so, will the state expect the auditing actuary to provide insight comparing the methods, adjustments.....applied to all healthcare rates established during a particular period?

A: Yes, to both questions.