Recovery Audit Contractor

State of Nevada
Department of Administration
Purchasing Division

MASTER

Part II – Cost Proposal	
RFP Title:	Recovery Audit Contractor
RFP:	3266
Vendor Name:	Health Management Systems, Inc.
Address:	5615 High Point Drive, Irving, TX 75038
Opening Date:	9/29/16
Opening Time:	2:00 PM

5615 High Point Drive
Irving, TX 75038
Telephone: 208.639.8202
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Cost Proposal

HMS is pleased to present our Cost Proposal to DHCFP in response to the Request for Proposal (RFP) it issued for Recovery Audit Contractor (RAC) services. We value our long-term service partnership with DHCFP and other State agencies that support the cost containment and program integrity goals of Nevada. Our commitment to maximizing RAC results over the short and long terms reflects in our proposed cost of the full-service RAC solutions described in the RFP.

HMS Proposed Cost: Request for Proposal 3266

We itemize our proposed cost for the services described in our Technical Proposal in Exhibit 1. We also include RFP Attachment H in this proposal section.

Exhibit 1 ▸ ***HMS Proposed Cost: RAC Services***

Item	*Cost*
Improper Overpayments and Underpayments	*12.5% contingency fee*
Managed Care Organization Commercial Insurance Billings	*10.9% contingency fee*

Nevada-Specific Recovery Audit Experience Matters

Our proposed cost for the State reflects the value of our experience as a leader in providing RAC and third party liability (TPL) come-behind services to Medicaid programs nationwide. It also reflects our Nevada-specific knowledge and expertise, which includes familiarity with the following:

- ***Project-related data***
- ***Nevada providers***
- ***Reimbursement methodology and processes***
- ***Reimbursement rules and regulations***

As the incumbent vendor, we understand how best to provide the services requested in the RFP scope of work (SOW). We already possess the resources required to deliver accurate, high-quality results.

Often, inexperienced vendors submit extremely low-price bids to capture market share. These vendors respond to RFP SOW requirements by repositioning service qualifications and experience that might be tangentially relevant but cannot offer real proof that their proposed, untested solution will match the level of recoveries produced by a Best Value vendor such as HMS.

HMS currently provides the RAC SOW described in the RFP. Since 2011, our services have produced more than $19 million in recoveries.

Unlike other vendors, we have demonstrated the value of our contract-specific qualifications, experiences, and resources—we delivered more than $19 million in recoveries in the current RAC contract term for DHCFP. These real dollars support the ongoing

financial viability of the State's healthcare programs. We have the in-place people, processes, and tools needed to maintain and, more importantly, grow recoveries and overall results in the forthcoming contract term.

Cost Considerations

After careful review of the RFP SOW requirements, we have identified two service areas that affect our proposed pricing:

1. ***Security background checks for Project team members***
2. ***Come-behind recovery efforts specific to managed care organizations (MCOs)***

Our completion of Nevada-specific background checks for specific Project team members is new to the SOW. Therefore, the current contract does not cover the cost of this requirement. Having fulfilled similar requirements on behalf of other state agency contracts, we understand the considerable amount of resources required to accomplish this service requirement for Nevada. Because the background check will be a cost-intensive process, we present two different contingency fees for the State's consideration (Exhibit 1). It is our goal to present pricing options to maximize value as defined by the State.

Also new to the SOW is an expansion in the come-behind recovery efforts specific to MCOs. Come-behind recovery is a more-complex process than is primary commercial insurance recovery because it requires us to implement additional work steps to avoid duplicating efforts already made by each MCO. Implementing such steps to prevent duplicate recovery actions will ensure that the State's recovery efforts have minimal-to-no abrasion on carriers. Such abrasion is a potential result of the production of duplicative billings. HMS has effectively proven that a successful RAC SOW that includes both come-behind billings and provider audits yields the greatest results. We look forward to applying these scope-specific resources during the forthcoming contract term for DHCFP.

Questions for the State to Ask its Prospective Recovery Audit Contractors

- ***Can your organization identify improper-payment scenarios among multiple provider types beyond inpatient and outpatient claims?***
- ***Can your organization implement encounter data recoveries? Has your organization done so for another state agency as a new service to drive additional recoveries?***
- ***Can your organization provide Medicaid experience in both recovery audits and safety-net recovery for commercial insurance billings that demonstrates successful interactions with the providers and carriers?***

Attachment H – Cost Proposal
RFP 3266 Recovery Audit Contractor

Vendor Name: _____*Health Management Systems, Inc. (HMS)*

Comply: YES:____***X***_____
NO:_____

5.1 The vendor shall be compensated as a percentage of successful reconciled recoveries at a rate not to exceed the highest contingency fee currently in effect for a Medicare RAC (currently 12.5%). This contingency fee will be paid to the vendor when they have successfully recovered the overpayment from the provider, the appeals process has been exhausted, and they have provided the DHCFP Recovery Unit, in a mutually agreed upon format, a listing of specific claims to be adjusted for each payment received and for each offset to be applied.

5.2 If an underpayment is discovered the Contractor will propose a rate structure for discovering that underpayment.

ATTACHMENT I – COST PROPOSAL CERTIFICATION OF COMPLIANCE WITH TERMS AND CONDITIONS OF RFP

I have read, understand and agree to comply with ***all*** the terms and conditions specified in this Request for Proposal.

YES ***X*** I agree to comply with the terms and conditions specified in this RFP.

NO _____ I do not agree to comply with the terms and conditions specified in this RFP.

If the exception and/or assumption require a change in the terms in any section of the RFP, the contract, or any incorporated documents, vendors ***must*** provide the specific language that is being proposed in the tables below. If vendors do not specify in detail any exceptions and/or assumptions at time of proposal submission, the State will not consider any additional exceptions and/or assumptions during negotiations. ***Note: Only cost exceptions and/or assumptions should be identified on this attachment. Do not restate the technical exceptions and/or assumptions on this attachment.***

Health Management Systems, Inc. (HMS)

Company Name

Signature

Douglas Williams ***September 23, 2016***

Print Name Date

Vendors MUST use the following format. Attach additional sheets if necessary.

EXCEPTION SUMMARY FORM

EXCEPTION #	RFP SECTION NUMBER	RFP PAGE NUMBER	EXCEPTION (Complete detail regarding exceptions must be identified)
			None
			None

ASSUMPTION SUMMARY FORM

ASSUMPTION #	RFP SECTION NUMBER	RFP PAGE NUMBER	ASSUMPTION (Complete detail regarding assumptions must be identified)
			None
			None

This document must be submitted in Tab III of vendor's cost proposal.
This form MUST NOT be included in the technical proposal.