SCION DENTAL, INC
A SKYGEN USA COMPANY

Part II — Cost Proposal
Scion Dental PUBLIC REDACTED Response

State of Nevada, Purchasing Division Request for Proposal

Dental Benefits Administrator

December 15, 2016

RFP 3290

Scion Dental, Inc.
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SCION DENTAL RESPONSE

STATE OF NEVADA
RFP 3290

SECTION 5:

Cost/Financial

December 15, 2016

Scion Dental, Inc.

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RFP 3290
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December 15, 2016

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9.6 SECTION 5: Cost/Financial

All cost information must be submitted in Section 5, Cost, and must not be included in any other section of the proposal. The cost proposal must not be marked "confidential". Only information that is deemed proprietary per NRS 333.020(5) (a) may be marked as "confidential".

The Cost section must include and be organized as follows:

9.6.1 Cost Schedule

Vendors must provide detailed fixed prices for all costs associated with the responsibilities and related services. Clearly specify the nature of all expenses anticipated (refer to Attachment H, Cost Schedule).

Scion Dental's proposal is estimated to save DHCFP over $4M per year in dental claim costs, while also reducing administrative costs by almost $2.6M, versus the rates proposed by the Milliman model—a total savings to DHCFP of $6.6M annually. Please see the details in **Section 5.2.2** below.

9.6.2 Cost Proposal Certification of Compliance with Terms and Conditions of RFP.

9.6.2.1 Attachment I Cost Proposal Certification of Compliance with Terms and Conditions of RFP 3290 with an original signature by an individual authorized to bind the organization must be included in this section.

9.6.2.2 In order for any cost exceptions and/or assumptions to be considered, vendors must provide the specific language that is being proposed in Attachment I Cost Proposal Certification of Compliance with Terms and Conditions of RFP 3290.

9.6.2.3 Only cost exceptions and/or assumptions should be identified on Attachment I Cost Proposal Certification of Compliance with Terms and Conditions of RFP 3290. Do not restate the technical exceptions and/or assumptions on this form.

9.6.2.4 The State will not accept additional exceptions and/or assumptions if submitted after the proposal submission deadline. If vendors do not specify any exceptions and/or assumptions in detail at time of proposal submission, the State will not consider any additional exceptions and/or assumptions during negotiations.

Scion Dental's **Attachment I: Cost Proposal Certification of Compliance with Terms and Conditions** is submitted in **SECTION 5: Cost/Financial**.

5. Cost

*Vendors must provide detailed fixed prices for all costs associated with the responsibilities and related services. Clearly specify the nature of all expenses anticipated (refer to **Attachment H, Cost Schedule**).*

5.1 Administrative costs

There are two separate cost components in administrative costs:

5.1.1 Non-Medical Administrative Costs:

5.1.2 Those costs (both direct and indirect) necessary to administer the Medicaid managed care program.

5.1.2.1 Direct Expenses: Those expenses that can be charged directly as a part of the overall administrative costs; and,

5.1.2.2 Indirect Expenses: Those elements of costs necessary in the performance of administering the program that are of such a nature that the amount applicable to the program cannot be determined accurately or readily (i.e., rent, heat, electrical power, salaries and benefits of management personnel which are allocated to different programs, etc.).

5.1.3 Medical Administrative Costs:

5.1.3.1 Costs, either direct or indirect, related to recipient medical care management (i.e., development of physician protocols for disease management, utilization review activities, case management costs, and medical information management systems).

5.1.3.2 DHCFP will review Medical Administrative Costs for reasonability and in the context of the benefit received by the client and DHCFP (i.e., is the cost of developing physician protocols for disease management less than or equal to the fiscal and health outcome benefit received).

5.2 Non-medical costs

The following are not considered administrative costs. They are, however, included in the overall percentage of non-medical costs, and will be reviewed for reasonableness by DHCFP:

5.2.1 Profit: The percentage of profit which the Contractor anticipates receiving after expenses (net income, divided by total revenues received from DHCFP); and,

5.2.2 Risk and contingencies: That amount which the Contractor anticipates setting aside (as a percentage of the revenues received) for potential unknown risks and contingencies.

Requirements:

Consideration shall be paid on a risk-based capitated rate basis. The methodology used to determine rates is certified to be actuarially sound.

Each Vendor is required to submit a not-to-exceed Administrative rate bid for calendar year 2017 relative to the rates effective at the time of the proposal. The DHCFP reserves the right to further negotiate this Administrative Rate prior to contract signing. Note that this process may result in the participating health plans having different rates.

An actuarially sound rate will be developed by DHCFP's actuary and certified by CMS. In addition to a capitated rate to cover the costs of required medical services, an Administrative rate is paid to cover organizational costs.

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Scion Dental has a well-established provider network, which has been in effect and used to service Nevada's Medicaid and Check Up dental members since 2010. Given our experience in Nevada, Scion Dental is able to propose a solution for DHCFP which is estimated to save the State $4M annually in dental claim costs. This will more than pay for the expense that Scion Dental is proposing to administer the program.

Dental Claim Costs	Scion Dental Proposal	Milliman Rate	10/2016 Membership	Estimated Annual Savings
TANF	$8.43	$9.12	437,575	$3,595,000
Check Up	$18.87	$20.40	22,197	$408,000
			459,772	***$4,003,000***
Total Dental Claims and Administrative Savings				***$6,600,000***

Administrative Costs	Scion Dental Proposal	Milliman Rate @ 10.5%	Estimated Annual Savings
Direct Non-Medical	$0.36		
Indirect Non-Medical	$0.06		
Medical Administrative	$0.06		
Profit	$0.03		
Risk & Contingency	$0.03		
Total Administrative Costs	$0.54	$1.01	$0.47
Total Membership	459,772		
Estimated Annual Cost	***$2,999,000***	***$5,596,000***	***$2,597,000***

6. Financial

6.1 Payment

6.1.1 Upon review and acceptance by the State, payments for invoices are normally made within 45 – 60 days of receipt, providing all required information, documents and/or attachments have been received.

Scion Dental acknowledges that payments for invoices–upon review and acceptance by the State–are normally made within 45 to 60 days of receipt, provided all required information, documents and/or attachments are received.

6.1.2 Pursuant to NRS 227.185 and NRS 333.450, the State shall pay claims for supplies, materials, equipment and services purchased under the provisions of this RFP electronically, unless determined by the State Controller that the electronic payment would cause the payee to suffer undue hardship or extreme inconvenience.

Scion Dental is happy to receive all payments electronically.

6.2 Billing

6.2.1 The State does not issue payment prior to receipt of goods or services.

Scion Dental acknowledges that the State Does not issue payment prior to receipt of goods or services.

6.2.2 The vendor must bill the State as outlined in the approved contract and/or payment schedule.

Scion Dental will comply with all State invoicing requirements.

6.2.3 Vendors may propose an alternative payment option. Alternative payment options must be listed on Attachment I, Cost Proposal Certification of Compliance with Terms and Conditions of the RFP. Alternative payment options will be considered if deemed in the best interest of the State, project or service solicited herein.

Scion Dental will not require alternative payment options.

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Attachment I: Cost Proposal Certification of Compliance with Terms and Conditions

Scion Dental's **Attachment I: Cost Proposal Certification of Compliance with Terms and Conditions** follows on the next page.

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.

Scion Dental, Inc.
Company Name

John C. Schaak
Signature

John C. Schaak, President
Print Name

12/12/16
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)

ASSUMPTION SUMMARY FORM

ASSUMPTION #	RFP SECTION NUMBER	RFP PAGE NUMBER	ASSUMPTION (Complete detail regarding assumptions must be identified)

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

BENEFIT MANAGEMENT SOLUTIONS READY FOR THE FUTURE

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