5. Cost

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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. .

In the section that follows, Delta Dental presents the cost information according to the instructions in RFP section 5 Cost and RFP 9.6 Section 5: Cost/Financial.

5.1 COST PROPOSAL

DELTA DENTAL ATTACHMENT H - COST PROPOSAL FOR RFP 3290 DENTAL BENEFITS ADMINISTRATOR			
	PMPM	TOTAL PMPM	% of RATE
NON-MEDICAL ADMINISTRATIVE COSTS			
Direct Expense			
Personnel Expense	$0.104		
Communication Expense	$0.004		
Marketing Expense	$0.001		
Depreciation	$0.007		
Occupancy/Equipment	$0.013		
Provider/Member Materials	$0.073		
Fees/Dues/Bank Charges	$0.013		
EDI & Interest Expense	$0.004		
Travel & Meal Expense	$0.005		
Direct Expense Excluding Premium Tax		**$0.224**	**1.9%**
Indirect Expense		**$0.010**	0.1%
TOTAL NON-MEDICAL ADMINISTRATIVE COSTS, excluding PREMIUM TAX		**$0.239**	**2.0%**
Premium Tax PMPM		$0.412	3.5%
TOTAL NON-MEDICAL ADMINISTRATIVE COSTS, including PREMIUM TAX		**$0.651**	**5.5%**
MEDICAL ADMINISTRATIVE COSTS			
Development of Protocols for Disease Management	$0.019		
Utilization Review Activities	$0.117		
Case Management Costs	$0.011		
Medical Information Management Systems	$0.172		
TOTAL MEDICAL ADMINISTRATIVE		**$0.319**	**2.7%**
TOTAL ADMINISTRATIVE PMPM, including PREMIUM TAX		**$0.970**	**8.2%**
PROFIT			2.5%
RISK & CONTINGENCIES			2.5%

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).

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.

The following is a signed copy of Attachment I – Cost Proposal Certification of Compliance with Terms and Conditions of RFP in accordance with RFP section 9.6 Section 5: Cost/Financial.

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.***

Delta Dental Insurance Company
Company Name

Signature

Joseph F. Ruiz
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.