Attachment H
Cost Proposal for RFP 3290 Dental Benefits Administrator

Vendor Name: UnitedHealthcare Insurance Company

Vendors must provide detailed fixed prices for all costs associated with vendor responsibilities and related services. Clearly specify the nature of all expenses anticipated.

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,

$0.51 PMPM – direct cost to administer all dental services and related programs for eligible recipients, establishing, managing and maintaining a dental network, achieving quality standards/quality improvement efforts, operational performance execution, program integrity and support of the technical requirements of the solicitation

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.).

$0.02 PMPM – costs to support the administration of the program that are allocable to a direct activity (incremental to PMPM noted in 5.1.2.1)

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).

$0.06 PMPM – cost (both direct and indirect) representative of the medical administrative costs outlined in 5.1.3.1 (incremental PMPMs noted in 5.1.2.1 and 5.1.2.2)

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,

1.5% profit

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.

0.3% of revenue to account for risk and contingency or $0.03 PMPM

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. .

Noted and agreed.