

DATE: November 20, 2009
TO: All Proposers
FROM: Delores R. Pertee
RE: Actuarial Services For Hilltop – RFP-BC-20638-P
ADDENDUM #3

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The following clarifies some of the requirements of the above referenced RFP documents. Receipt of this addendum must be acknowledged by completing the enclosed "**Acknowledgement of Receipt of Addenda**" Form and returning it along with your proposal.

The due date and time for the Technical Proposals to be submitted to the University remains the same, Tuesday, November 24, 2009 by 2:00 p.m. to the issuing office.

1. QUESTION: Please indicate whether the current capitation structure follows a state determined or competitive bid process.
ANSWER: The current capitation structure follows a state determined process.
2. QUESTION: Please advise whether this RFP is due to current noncompliance of incumbent contractor or part of the regular competitive bidding structure in place for this contract.
ANSWER: The current contract for Actuarial Services expires early next year, and the University is re-bidding.
3. QUESTION: Please indicate the duration that the current contractor has been providing actuarial services to UMBC Hilltop and/or DHMH.
ANSWER: The current contractor has provided Actuarial Services to the University for approximately 10 years. The contract consisted of one initial year and 4 renewal terms, which allows continuity of services.
4. QUESTION: Please explain the HSCRC and its role within the HealthChoice managed care program.
ANSWER: The HSCRC (Hospital Services Cost Review Commission) is the rate regulator of all hospital payers (Medicare, Medicaid, Commercial, etc.) in the State of Maryland. Their main role with regard to HealthChoice managed care rate setting is to provide DHMH, Hilltop, and the actuarial firm under contract with both projected and actual Maryland hospital charge per case data used in the development of HealthChoice rating trends.

5. **QUESTION:** Please explain the "RAC assignment methodology applied by Hilltop" in the context of the HealthChoice capitation rates.

ANSWER: With the exception of a few small population groups within the HealthChoice program and individuals new to HealthChoice, recipients in HealthChoice are assigned a diagnostic-based risk score based upon their Medicaid eligibility and health status determined using the Johns Hopkins ACG grouper. This methodology adjusts the overall payments levels to MCOs taking into account the mix of individuals they serve.

6. **QUESTION:** Please explain the level of data and information that will be provided to the contractor for reporting and analysis. For example, will the contractor have access to detailed claim and eligibility data from which to create reporting and analysis? Will the data and information be limited to summary reports generated by Hilltop?

ANSWER: The data and information provided to the selected firm will be limited to summary reports mainly generated by Hilltop and on occasion by other Maryland agencies such as DHMH and the HSCRC.

7. **QUESTION:** Are copies of, or samples, available for the current actuarial contractor's deliverables (e.g., actuarial rate certification letter, data book, rate methodology, etc.)?

ANSWER: No. These copies are considered confidential.

8. **QUESTION:** Is it possible to receive a copy of the current actuarial contractor's scope of work?

ANSWER: No. The current contract was awarded several years ago. The scope of work may differ from that which is needed now. The scope of work for this new contract is based on the requirements as stated in the RFP documents.

9. **QUESTION:** How long should a proposer allow for the mailroom to deliver mail to purchasing? Is one day sufficient?

ANSWER: There are many variables that are involved that we cannot state the delivery time from our mail room. There is no priority mail delivery system within the University. To insure it is received by the due date and time, you may want to deliver your proposal via a method that provides you with a date and time stamped receipt directly from the Procurement Office, such as courier, FedEx, etc.

10. QUESTION: Has The Hilltop Institute (formerly the Center for Health Program Development and Management) worked with any outside actuarial firms in the development of actuarial rates for the HealthChoice and Primary Adult Care Programs? If so, can the names of those firms, the nature of the work completed and the associated consulting fees be provided?
- ANSWER: Yes, the actuarial firm contracted to work on the development of the initial HealthChoice rates (effective July 1, 1997) was “Actuarial Research Corporation”. The Primary Adult Care Program (PAC) is relatively new (implemented in July of 2006) and was developed in conjunction with our current actuarial firm.
11. QUESTION: Can The Hilltop Institute describe the data which will be available to the firm selected to complete the work outlined in the RFP? For what time periods will the data be available? In what formats will the data be available?
- ANSWER: The selected firm will be provided with encounter lag reports for trend development, HSCRC data (described in question #4 above), consolidated MCO financial information, state enrollment projections, analysis and data to support any program or base adjustments needed in the rate development process. Since there are always issues unique to any rate setting period, data specific to those issues would also be provided to the selected firm. In the initial year of this contract, the selected firm will be involved in the development of CY 2011 HealthChoice and PAC rates. The time period of the data that will be available will be calendar years 2008, 2009, and early 2010 (actual) and projected information through Maryland state fiscal year 2012. All data would be provided to the selected firm in an Excel format.
12. QUESTION: Will the firm hired to complete the work outlined in the RFP be responsible for validating and auditing data received from The Hilltop Institute, or will The Hilltop Institute provide data to that firm which has already been validated and audited for accuracy?
- ANSWER: The selected firm will not be responsible for auditing data received from Hilltop, although the selected firm will provide peer review of selected analysis. Hilltop will provide the selected firm with independently reviewed base data annually as well as other data that has been reviewed and validated by Hilltop.

13. QUESTION: Would it be possible to extend the deadline for submitting RFP responses by one week, from November 24 to December 1?
ANSWER: No. Unfortunately, the University needs to maintain the current schedule which is Tuesday, November 24, 2009 for the Technical Proposals.

Enclosures:

Acknowledgement of Receipt of Addenda Form

Cc: Procurement File

END OF ADDENDUM #3 - DATED 11/20/09

(This Addendum and enclosure were posted on the University's eBid Board and eMaryland Marketplace on 11/20/09)
(Originals were not mailed via U.S. Mail)

RFP #: BC-20638-P
PROPOSAL DUE DATE: TUESDAY, NOVEMBER 24, 2009
PROPOSAL FOR: ACTUARIAL SERVICES FOR HILLTOP
NAME OF BIDDER: _____

ACKNOWLEDGEMENT OF RECEIPT OF ADDENDA

The undersigned, hereby acknowledges the receipt of the following addenda:

Addendum No. 1 dated 10/30/09
Addendum No. 2 dated 11/06/09
Addendum No. 3 dated 11/20/09
Addendum No. dated
Addendum No. dated

As stated in this Addendum, this form must be completed and returned along with your Proposal.

Signature

Printed Name

Title

Date

END OF FORM