Colorado Department of
Health Care Policy and Financing

Proposed Procurement Strategy

Colorado Medicaid Management Innovation and Transformation Project (COMMIT)

Released: April 6, 2012

SECTION 1.0 INTRODUCTION AND OVERVIEW

1.1. PURPOSE

The Colorado Department of Health Care Policy and Financing (Department) is responsible for administering the Medicaid program in the State of Colorado, and is currently in the process of a procurement that will redefine systems and business processes for the Colorado Medicaid Program. The overall goal is to replace the legacy MMIS with a service delivery model that is both flexible and adaptable, with Business Intelligence and Analytics tools that will provide easy access to data and comprehensive reporting. In addition, the Department will seek Fiscal Agent services with the expectation of excellent customer service and improved operational automation for providers and the Department. This document outlines several proposed options that are being considered for the new Medicaid systems and services procurement strategy. It also includes a proposed timeline for procurement and implementation activities. The purpose of this document is to provide vendors who may bid on the proposed scope(s) of work with visibility to the procurement options that the Department is considering.

The Department would like to encourage vendors to provide feedback and insight regarding the options being considered before making a final decision regarding the procurement approach. The feedback form provided in section 5.0 should be used to provide comments. Vendors should submit feedback by 5:00 PM MDT on April 23, 2012. Vendors are advised not to make any direct contact with Department staff during this time, other than through the email address provided in Section 5.0 of this document.

1.2. BACKGROUND AND INTERFACES

The State's current MMIS is over 20 years old, with components that are over 30 years old based on mainframe technology. Many workarounds and manual processes have been developed to accommodate the antiquated system. The upcoming procurement will allow the Department to streamline the Department's business processes, modernize technology, and support the integration with external systems. The following list identifies new or existing systems that interface and/or support the Medicaid Program.

- Statewide Data Analytics Contractor (SDAC) – Assists the Department in assuring that the ACC Program goals are consistently met in an effective and efficient manner. The SDAC provides data analytics and reporting activities to the Department and authorized stakeholders via the ACC Web Portal. For more information please visit: http://www.colorado.gov/cs/Satellite/HCPF/HCPF/1233759745246

- Business Utilization System (BUS) – the Case Management system for Home-and-Community-Based Long Term Care clients and Nursing Facilities. The Department is currently investigating the replacement of this legacy system.

- All Payer Claims Database (APCD) – will collect, aggregate and report on claims data from dozens of insurance carriers, including Colorado Medicaid. A unique element of the Colorado APCD will be the requirement that carriers provide fully identified Personal Health Information (PHI). The State is currently in the process of implementing an APCD. For more information please visit: civhc.org

- Health Information Exchange – the Statewide Health Information Exchange through CORHIO offers the Department the opportunity to leverage a transport protocol and information exchange infrastructure to enhance and augment existing Medicaid initiatives in a scalable, repeatable fashion, facilitating current and future business requirements. For more information please visit: corhio.org

- Colorado Health Benefits Exchange (COHBE) – is scheduled to launch in October 2013 and will establish a marketplace for Coloradans to shop for and purchase health insurance based on quality and price. more information please visit: getcoveredco.org

- Colorado Benefits Management System (CBMS) – is the state's integrated eligibility system used to support eligibility determination and benefit calculations for state benefit programs.

1.3. PROPOSED APPROACH

The Department is currently considering three (3) procurement options for the RFPs that will be released during the fourth quarter of 2012. The potential options are outlined below:

- **Option 1**: Release a total of five (5) RFPs. This option would include separate RFPs for Electronic Data Interchange (EDI), core Medicaid Management Information System (MMIS), Fiscal Agent services (FA), Business Intelligence/Data Analytics Services (includes Decision Support System (DSS) and Data Warehouse), and Pharmacy Benefits Management (PBM).

  If this option were pursued, the Department would release the RFP and award the EDI contract, followed by the RFP release and award for the core MMIS, followed by the RFP release and award for the FA services contract. The Business

Intelligence/Data Analytics Services and PBM RFPs would be released at the same time as the EDI RFP, and would not have any timing dependencies for contract award.

- **Option 2**: Release a total of four (4) RFPs. This option would include a combined RFP for the core MMIS and EDI, and separate RFPs for FA services, Business Intelligence/Data Analytics Services, and PBM.

  If this option were pursued, the Department would release the RFP and award the EDI/MMIS contract, followed by the RFP release and award for the FA services contract. The Business Intelligence/Data Analytics Services and PBM RFPs would be released at the same time as the EDI/MMIS RFP, and would not have any timing dependencies for contract award.

- **Option 3:** Release a total of three (3) RFPs. This option would include a combined RFP for the core MMIS, EDI, FA services and separate RFPs for Business Intelligence/Data Analytics Services and PBM.

  If this option were pursued, the Department would release the RFP for the EDI/MMIS/FA contract, as well as the RFPs for the Business Intelligence/Data Analytics Services and PBM. The RFPs could be released at the same time and awarded independently without any timing dependencies.

System components for each RFP are outlined in Section 3.0 of this document, Services and Outcomes Desired.

1.4. GOALS AND OBJECTIVES

The Department's goal for this procurement is to provide Department staff with the information management and analytics tools and business partners that can enable the Department to manage and transform the Medicaid program through the next decade of major health care reform. This will require new information technology systems and services, as well as modification to current business processes to improve MITA maturity levels. Effective professional services will be crucial to the success of program improvements.

The COMMIT project has established the following guiding principles, which will be used as the backdrop to the procurement project. Decisions regarding the procurement will be assessed against these principles on an ongoing basis to ensure that risks are mitigated appropriately, that the procurement is successful, and minimal impact to the provider community and other stakeholders is experienced.

- **Adaptability:** Implement flexible, rules-based, modular, configurable solution to enhance decision-making and increase management efficiencies.
- **Business Intelligence and Data Analytics:** Implement Business Intelligence and data analytics to enable accurate, real-time data and reporting that will meet changing business and management needs. The solution should be enterprise centric, which would enable other Medicaid and program data typically not found in an MMIS to support enterprise decision-making.
- **Service Focused:** Structure the procurement to focus on the delivery of services to provide an enhanced customer service experience for providers and clients.
- **Performance-based Contract:** Implement an incentive-based contract management structure that enables the Department to manage to performance-based service levels for all state and contractor Medicaid administrative services.
- **Information Sharing:** Implement a solution that provides an easy to access and comprehensive 'one stop shop' for providers.
- **Realistic Project Schedule:** Structure the schedule project activities to ensure a quality procurement and a successful implementation of the contracted services and supporting technology.

Specific objectives for this procurement are included below. The procurement strategies identified later in this document are intended to bring to culmination the following objectives, as well as align with the project guiding principles described earlier:

- **Maximize Enhanced Federal Funding:** Maximize qualification for enhanced federal financial participation (FFP) for MMIS development, implementation and operations.
- **Ensure Federal Standards Compliance:** Comply with the Centers for Medicare & Medicaid Services (CMS) Medicaid IT Supplement, 11-01, Seven Conditions and Standards.
- **Obtain Federal Certification.** Implement project management controls for the development and implementation for all systems to ensure CMS certification. Contractors will receive financial incentives for supporting timely certification in order for the state to fully qualify for enhanced federal funding.
- **Integrate with Statewide IT Systems.** Ensure that the MMIS is designed for integration with the state Medicaid eligibility system, Health Information Exchange as defined in the Affordable Care Act, and subsequent federal policies and regulations.

1.5. IMPLEMENTATION TIMELINE

The Department is targeting completion of procurement activities during the third quarter of 2013. The proposed implementation strategy is outlined below:

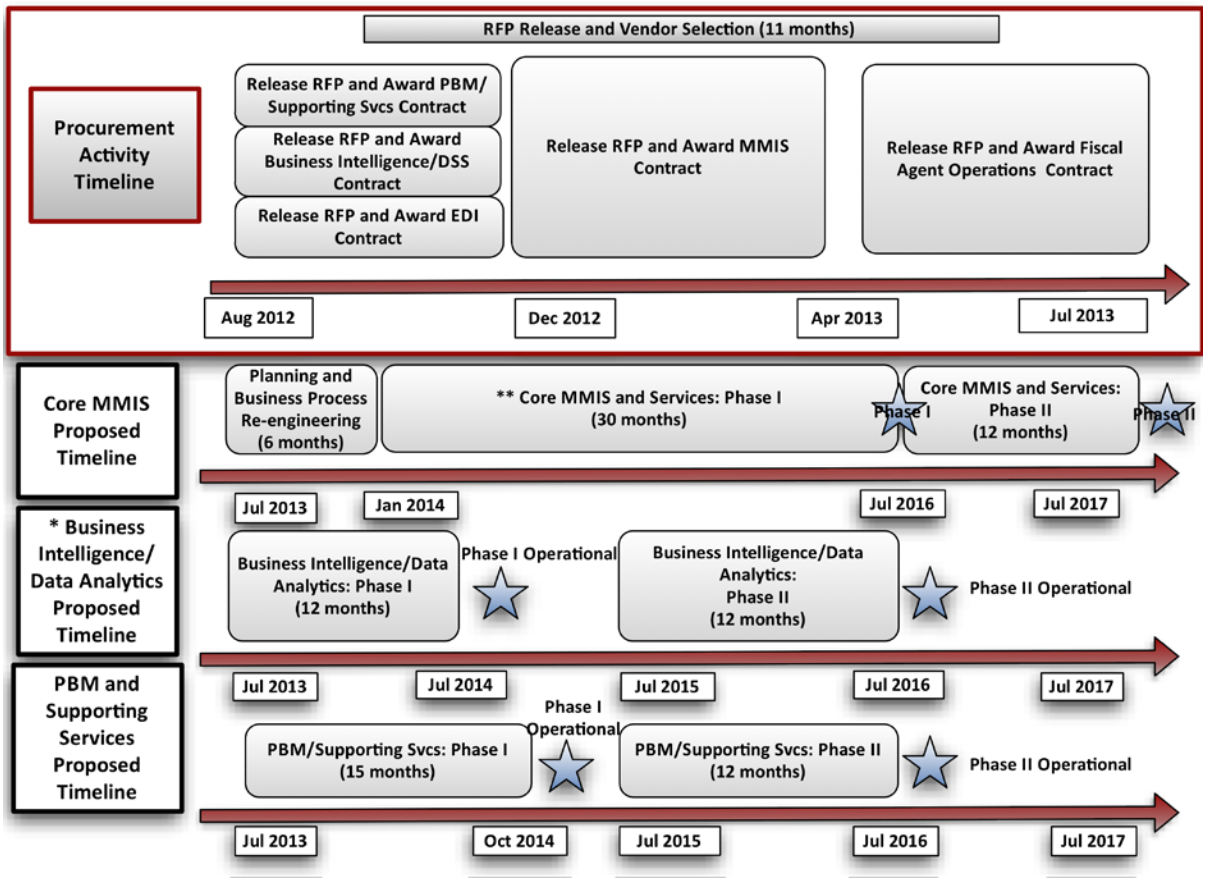
- **Core MMIS Functions and Fiscal Agent services:** Regardless of how the contracts and/or bid elements for the core MMIS are split out, the Department is considering a solution that could be implemented in two phases. Phase 1 would consist of capabilities that meet current processing capabilities (i.e. basic functionality to pay claims and be compliant) and federal certification requirements; Phase 2 would entail changes to meet future processing capabilities. Phase 1 would be completed within 36 months when claim processing would begin, followed by Phase 2 implementation 12 months later. The first 6 months of Phase I would be specifically dedicated to planning and business process re-engineering including a comprehensive review of Colorado Medicaid payment and business processes. If there are separate RFPs for core MMIS and fiscal agent services, the fiscal agent services implementation time line could also be split out separately (and implemented earlier).

- **Business Intelligence/Data Analytics Services:** The Business Intelligence Services includes the DSS and Data Warehouse and would also be implemented in two phases. Phase 1 would include implementation of the data warehouse and decision support system and integration with the current legacy MMIS within 12 months; Phase 2 would entail integration of the solution with the new core System in approximately another 12 months.

- **Pharmacy Benefit Management (PBM) System and Supporting Services**: The PBM and Supporting Services would also be implemented in two phases. Phase 1 would consist of implementation of the pharmacy systems and integration with the current legacy MMIS. The contractor should be prepared to implement pharmacy services within 15 months; Phase 2 would require integration of the PBM with the new core MMIS Solution.

A sample timeline for procurement and implementation activities is illustrated in Figure 1 below. The actual timeline will depend on final strategy selected.

Figure 1: Procurement Timeline



* Business Intelligence/Data Analytics includes the DSS and DW components
** Core MMIS Phase I includes functionality necessary to pay claims and be compliant

SECTION 2.0 PROCUREMENT FRAMEWORK

The procurement phase of the COMMIT Project is made up of a number of tasks and activities that will culminate in contract(s) with vendor(s) to provide services and system components necessary to operate Colorado's Medicaid program. Specific services and outcomes are described in the next section. In order to address the priorities and constraints of this procurement, the following strategies have been identified:

1. **Acquire a MMIS**. The decision to procure a MMIS instead of broker claims processing services or participate in a multi-state approach clears the path for the State to select a previously certified MMIS or a recently developed MMIS**.**

2. **Structure the procurement and RFP process to separate fiscal agent operations and services from the technical core MMIS component**. This will allow the State to acquire a MMIS and leverage fiscal agent services, while separating out the contracts for other services, such as PBM, EDI, and Business Intelligence/Data Analytics services.

3. **Structure the implementation timeline to include a 6 – 8 month planning phase after the contract award.** This phase will include a comprehensive review of Colorado Medicaid payment and business processes with a recommendation on how the Department can streamline or simplify the processes to reduce DDI costs. The Department will consider training staff to conduct business process review and redesign efforts or utilize an independent vendor experienced in business process redesign to ensure process changes best reflect the needs of the state.

4. **Release maximum information to the vendor community.** The Department intends to release procurement considerations and solicit feedback from vendors on potential strategies. In addition, the Department intends to release the RFPs in draft form for vendor comment prior to officially releasing them for proposal response.

5. **Structure the procurement to leverage opportunities for future innovations to meet CMS' conditions and standards.** The Department intends for this procurement to be aligned with potential future innovations such as establishing a multi-state MMIS and/or services approach with Colorado as a visionary leader.

SECTION 3.0 SERVICES AND OUTCOMES DESIRED

This section provides the Department's desired functions and requirements for inclusion in each of the following RFPs:

- Electronic Data Interchange (EDI)
- MMIS Core System and Services
- Fiscal Agent Services
- Business Intelligence/Data Analytics services (includes DSS and Data Warehouse)
- Pharmacy Benefit Management (PBM) System and Services

Table 1: Desired Functions and Requirements

3.1. ELECTRONIC DATA INTERCHANGE (EDI) RFP	
Requirements	• Manage HIPAA mandated transactions • Maintain HIPAA compliance • Electronic claims submission • Process inbound and outbound transactions in HIPAA compliant transaction formats • Translate non-standard transactions into HIPAA compliant formats for entry into the MMIS • Interface with MMIS Core System and Services
Justification	Can be implemented separately from other components.
Contract Length	Three (3) year base contract, with up to two (1) year extensions

3.2. CORE MMIS SYSTEM AND SERVICES RFP	
Requirements	• Professional Services including implementation, testing, configuration management, and maintenance support • Claims Processing using a modern, flexible rules engine • Processing of all related electronic transactions (claims, authorizations, remittance, etc.) • Provide and support electronic interfaces (internal and external) • Provider Web Portal, including ACC Provider Web Portal • Client Web Portal (access to claims and Client Explanation of Medicaid Benefits notices) • Support single sign-on for contractors, providers and clients between various systems administered by the State and its contractors • NCCI and fraud detection capabilities (pre-processing) • Clinical claims editing capabilities • Provide and support an Electronic Data Management System (EDMS) that can be expanded to be utilized by all employees in Department • Workflow management, that is integrated with EDMS • Provide and support an electronic client Case Management System that can be utilized by Department, Providers and Medicaid Eligibility Technicians (replaces current BUS) • Services Oriented Architecture • Client Management MITA Business Area • Provider Management MITA Business Area • Authorize Services/Prior Authorizations (PAR) MITA Business Process • Reference Data Management (including procedure, diagnosis, fee schedule, and all other reference files needed to approve, process and pay claims) • Flexibility in establishing multiple payment methodologies for a single provider type • Provide the Third Party Liability (TPL) system of record • Security and Privacy • Federal Reporting • Financial Management • Support Accounting Services
Justification	This component is the most complex and has time and resource requirements that necessitate a longer implementation window. In addition, other components are dependent on this.
Contract Length	Five (5) year base contract, with up to three (1) year extensions

3.3. FISCAL AGENT SERVICES RFP	
Requirements	• Mail room and print center • Provider Call Center • Provide and support a Provider Customer Relationship Management (CRM) that can be expanded to be utilized by all employees in Department • Claims receipt and adjudication • Claims payment and adjustments • Maintenance of Client Records, including response to client inquiries (call center activity) regarding information available on Client Web Portal • Support all business processes under the Provider Management MITA Business Area • Support Program Integrity case assistance • Financial accounting and reporting • Generate hospital cost settlements • Support revenue collection (HIBI), TPL file maintenance and cost-avoidance • Outside auditors coordination (e.g., PERM) • Medical Management supporting services (i.e., Utilization Management, Health Management and Disease Management)
Justification	The Fiscal Agent contractor will assume responsibility for business functions once the core MMIS component is implemented.
Contract Length	Three (3) year base contract, with up to five (1) year extensions

3.4. BUSINESS INTELLIGENCE/DATA ANALYTICS SERVICES RFP	
Requirements	• DSS and Data Warehouse • Business Intelligence software with geomapping for Department and Fiscal Agent use • Business Intelligence and Data Analytics for Department and Provider use (SDAC) • Predictive modeling, with analytical consulting services • Management and Administrative Reporting System (MARS) • Support Program Integrity services, utilizing Surveillance and Utilization Review (ESURS) and Fraud Detection Capabilities (post-adjudication) • Interfaces with and the ability to store and merge data from various external systems (MMIS, All Payor Claims Database, Health Information Exchange, Health Benefits Exchange, Colorado Benefits Management System, registry information, medical data and claims data)
Justification	Standalone and independent of other components based on time and resource availability.
Contract Length	Two (2) year base contract, with up to three (1) year extensions

3.5. PHARMACY BENEFIT MANAGEMENT (PBM) SYSTEM AND SERVICES RFP	
Requirements	• Point of Sale • Pharmacy Benefit Management System Support and Operations • Call Center Operations • Prospective Drug Utilization Review (Pro-DUR) • Retrospective Drug Utilization Review (Retro DUR) • Prior Authorizations, manual and automated • Drug Rebate Administrative Management System (DRAMS) • Maintenance of the Preferred Drug List (PDL) and Pharmacy Reference File • Supplemental Drug Rebate • Create and Maintain an Interface with the MMIS to generate provider payments
Justification	Standalone and independent of other components based on time and resource availability.
Contract Length	Two (2) year base contract, with up to three (1) year extensions

SECTION 4.0 PROCUREMENT STRATEGIES ACTION PLAN

The Procurement Strategy Action Plan below includes activities and timelines for how the Department's strategy will be executed.

Table 2: Procurement Strategy Action Plan

Procurement Strategies Action	Description of Action	Status[1]	Target Date
1) Release Draft Procurement Strategies for vendor comment	The draft Procurement Strategies document outlines options for RFP bundling.	●	April 6, 2012
2) Receive Procurement Strategies comments from vendors	Collect comments on RFP bundling options from vendors.	●	April 23, 2012
3) Finalize Procurement Strategy	Based on comments from vendors, update the Procurement Strategy and finalize approach with COMMIT leadership.	●	May 2012
4) Release draft Request for Proposals (RFPs) for vendor and CMS comment	The draft RFPs will be released to vendors the same time they are submitted to CMS for review. The final Procurement Strategy will be released with draft RFPs.	●	August 2012
5) Receive draft RFPs comments from vendors	Collect comments from vendors on draft RFPs.	●	September 2012
6) Receive draft RFPs comments from CMS	Collect comments from vendors on draft RFPs.	●	October 2012
7) Begin releasing RFPs consistent with final Procurement Strategy	Release RFPs on the schedule outlined in the final Procurement Strategy.	●	November/December 2012

[1] *Legend*: ● Action on target ● Some Issues with the Action

● High Risk to Procurement Schedule ☑ Complete

SECTION 5.0 VENDOR RESPONSES AND PROPOSAL EVALUATION

5.1. VENDOR RESPONSE TO THIS PROCUREMENT STRATEGY DOCUMENT

Vendors are invited to respond to this Proposed Procurement Strategy according to the schedule of events and instructions below.

The Department does NOT intend to respond to vendor questions during this process. The Department may provide written responses to vendor questions in the Final Procurement Strategy which is expected to be released in August 2012.

5.1.1. The content of the vendor's response is limited to the following:

- A one-page summary overview of the vendor's recommendations and response to the strategies presented here.
- Responses to the five questions included in the response table.
- Summary and responses provided to the Department are not to exceed ten pages.

5.1.2. Please do not submit marketing materials or corporate descriptions of your services.

5.1.3. Email your response (electronic submission is mandatory) to: COMMITstrategy@gmail.com

5.1.4. Responses are respectfully requested by 5:00 PM MDT on Monday, April 23, 2012.

Note: Information received from the vendors in response to the procurement strategy will be utilized for Department-use only and will not be publicly shared.

Table 3: Response Format for VENDORS

Response Question	Vendor Response
1) How does what you consider part of a core MMIS differ or align with the requirements included in Section 3.0 of this document?	
2) Please provide input on the EDMS, Electronic Client Case Management System, and CRM. Should these systems be components of the CORE MMIS System and Services RFP or Fiscal Agent Services RFP?	
3) Please rank the 3 options in order of preference. The ranking should consider effectiveness in eliciting cost savings, maximizing vendor participation, impact to timeframes, and your assessment of how the options can result in meeting the State's objectives and desired outcomes for each component.	
4) Do you have alternative suggestions for the RFP release phase approach shown in the timeline in Section 1.0?	
5) What are the cost drivers for vendors and for the Department that should impact the eventual procurement strategy?	
6) Do you have any additional strategy recommendations for the Procurement Framework based on your experiences and understanding of the MMIS, Medicaid Fiscal Agent and supporting services industry?	

5.2. SOLICITATION AND EVALUATION

The Department plans to issue the Request for Proposals in the fourth quarter of 2012 (October through December).

Proposals will be evaluated according to pre-defined criteria and assessed for minimum mandatory requirements, which will be published in the RFP's. *Nothing provided by vendors during this process will be considered in the final evaluation of proposals for the services and technology components described here*.