



JAMES E. MCGREEVEY
Governor

State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY
PURCHASE BUREAU
P.O. Box 230
TRENTON, NJ 08625-0230

JOHN E. MCCORMAC, CPA
State Treasurer

April 13, 2004

TO: All Potential Bidders

RE: RFP #: 05-X-36839
RFP Title: Audit Compliance Reviews: Pharmacy, Inpatient, Trauma/TPL Claims

Enclosed please find a complete set of bid documents for the above referenced solicitation.

The following are the key dates for the project:

Date	Time	Event
04/28/04	10:00 AM	Mandatory Pre-Bid Conference (Refer to RFP Section 1.3.3 for more information)
05/12/04	2:00 PM	Bid Submission Due Date (Refer to RFP Section 1.3.4 for more information)

All questions concerning the RFP contents and the bidding process must be directed to the undersigned.

Sincerely,

David S. Kern
Senior Buyer

E-Mail Address: david.kern@treas.state.nj.us
Phone: 609-292-3689
Fax: 609-292-5170

ATTENTION VENDORS

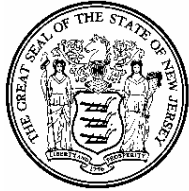
Vendor Information and Bidding Opportunities

The Purchase Bureau maintains a bidders mailing list. You as a vendor may have basic information about your firm added to the bidders mailing list by visiting our website at <http://www.state.nj.us/treasury/purchase/forms/forms.htm> and submitting a bidders mailing list application online. You may also download the application and instructions and submit the application by mail. Applications submitted online are processed more quickly than mailed applications.

A bidders mailing list application gives you the opportunity to identify yourself as a potential bidder for the types of goods and services that your firm provides. The Purchase Bureau attempts (but does not guarantee) to provide firms on the bidders mailing list with notice of bidding opportunities related to the goods and services identified in the application.

If you are already on the Purchase Bureau's bidders' mailing list and you need to change your information, contact Bid List Management at (609) 984-5396

Note: If you are an awarded State contractor and payments are not being directed to your proper remit-to address, you must send a letter on company letterhead to the Office of Management and Budget, Vendor Control Unit, PO Box 221, Trenton, NJ 08625 or fax that letter to 609-292-4882. In the letter you must include the current incorrect remit-to address and your new correct remit-to address. If you have any questions about this process you may call (609) 292-8124 for more information.



STATE OF NEW JERSEY
REQUEST FOR PROPOSAL

BID NUMBER: 05-X-36839

FOR: AUDIT COMPLIANCE REVIEWS:
PHARMACY, INPATIENT,
TRAUMA/TPL CLAIMS

TERM CONTRACT #: T-1083
REQUESTING AGENCY: DEPT. OF HUMAN SERVICES

ESTIMATED AMOUNT: N/A
CONTRACT EFFECTIVE DATE: 08/01/04
CONTRACT EXPIRATION DATE: 07/31/07
COOPERATIVE PURCHASING: NO
SET ASIDE: N/A

DIRECT QUESTIONS CONCERNING THIS RFP TO:
BUYER NAME: David S. Kern
PHONE NUMBER: 609-292-3689
FAX NUMBER 609-292-5170
E-MAIL ADDRESS: david.kern@treas.state.nj.us

TO BE COMPLETED BY BIDDER:

Firm Name: _____ Address: _____

PURSUANT TO N.J.S.A. 52:34 - 12 AND N.J.A.C. 17:12 - 2.2, PROPOSALS WHICH FAIL TO CONFORM WITH THE FOLLOWING REQUIREMENTS WILL BE AUTOMATICALLY REJECTED:

- 1) PROPOSALS MUST BE RECEIVED AT OR ON BEFORE THE PUBLIC OPENING TIME OF 2 PM ON 05/12/04 AT THE FOLLOWING PLACE: DEPARTMENT OF THE TREASURY, PURCHASE BUREAU, PO BOX-230, 33 WEST STATE STREET, 9TH FLOOR, TRENTON, NEW JERSEY 08625-0230. TELEPHONE, TELEFACSIMILE OR TELEGRAPH PROPOSALS WILL NOT BE ACCEPTED.
2) THE BIDDER MUST SIGN THE PROPOSAL.
3) THE PROPOSAL MUST INCLUDE ALL PRICE INFORMATION. PROPOSAL PRICES SHALL INCLUDE DELIVERY OF ALL ITEMS, F.O.B. DESTINATION OR AS OTHERWISE PROVIDED. PRICE QUOTES MUST BE FIRM THROUGH ISSUANCE OF CONTRACT.
4) ALL PROPOSAL PRICES MUST BE TYPED OR WRITTEN IN INK.
5) ALL CORRECTIONS, WHITE-OUTS, ERASURES, RESTRIKING OF TYPE, OR OTHER FORMS OF ALTERATION, OR THE APPEARANCE OF ALTERATION, TO UNIT AND/OR TOTAL PRICES MUST BE INITIALED IN INK BY THE BIDDER.
6) THE BIDDER MUST SUBMIT WITH THE PROPOSAL BID SECURITY IN THE AMOUNT OF \$ _____ OR _____. CHECK THE TYPE OF BID SECURITY SUPPLIED: ANNUAL BID BOND ON FILE: _____ BID BOND ATTACHED: _____ CERTIFIED OR CASHIERS CHECK ATTACHED: _____ LETTER OF CREDIT ATTACHED: _____
7) THE BIDDER MUST COMPLETE AND SUBMIT, PRIOR TO THE SUBMISSION OF THE PROPOSAL, OR ACCOMPANYING THE PROPOSAL, THE ATTACHED OWNERSHIP DISCLOSURE FORM. (SEE N.J.S.A. 52:25-24.2). SEE ATTACHMENT 1
8) THE BIDDER MUST ATTEND THE MANDATORY PRE-BID CONFERENCE(S) AT THE FOLLOWING DATE(S) AND TIME(S): 04/28/04 - 10am.

ADDITIONAL REQUIREMENTS

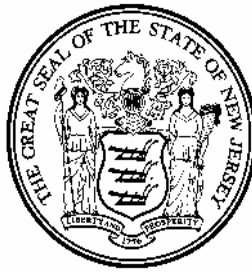
- 9) PERFORMANCE SECURITY: _____ OR _____% 10) PAYMENT RETENTION 10%
11) AN AFFIRMATION ACTION FORM (ATTACHMENT 3 OF RFP) 12) A MACBRIDE PRINCIPALS CERTIFICATION (ATTACHMENT 2 OF RFP)
13) REQUESTED DELIVERY: SEE DETAILS ELSEWHERE IN RFP
14) CERTIFICATION OR NOTIFICATION OF REGISTRATION WITH THE SECRETARY OF STATE IF A FOREIGN (NON-NJ) CORPORATION, IF NECESSARY (SEE N.J.S.A 14A:13-1 ET SEQ. AND N.J.A.C. 17:12-2.12).
15) FOR SET ASIDE CONTRACTS ONLY, N.J. DEPARTMENT OF COMMERCE CERTIFICATION OF REGISTRATION AS A SMALL, MINORITY OR FEMALE BUSINESS (SEE N.J.A.C. 17:13-3.2).

TO BE COMPLETED BY BIDDER

- 16) DELIVERY CAN BE MADE _____ DAYS OR _____ WEEKS AFTER RECEIPT OF ORDER.
17) CASH DISCOUNT TERMS (SEE RFP) _____%, _____ DAYS: NET _____ DAYS. 18) BIDDER PHONE NO: _____
19) BIDDER FAX NO. _____ 20) BIDDER E-MAIL ADDRESS. _____
21) BIDDER FEDERAL ID NO. _____ 22) YOUR BID REFERENCE NO. _____

SIGNATURE OF THE BIDDER ATTESTS THAT THE BIDDER HAS READ, UNDERSTANDS, AND AGREES TO ALL TERMS, CONDITIONS, AND SPECIFICATIONS SET FORTH IN THE REQUEST FOR PROPOSAL, INCLUDING ALL ADDENDA, FURTHERMORE, SIGNATURE BY THE BIDDER SIGNIFIES THAT THE REQUEST FOR PROPOSAL AND THE RESPONSIVE PROPOSAL CONSTITUTES A CONTRACT IMMEDIATELY UPON NOTICE OF ACCEPTANCE OF THE PROPOSAL BY THE STATE OF NEW JERSEY FOR ANY OR ALL OF THE ITEMS BID, AND FOR THE LENGTH OF TIME INDICATED IN THE REQUEST FOR PROPOSAL. FAILURE TO ACCEPT THE CONTRACT WITHIN THE TIME PERIOD INDICATED IN THE REQUEST FOR PROPOSAL, OR FAILURE TO HOLD PRICES OR TO MEET ANY OTHER TERMS AND CONDITIONS AS DEFINED IN EITHER THE REQUEST FOR PROPOSAL OR THE PROPOSAL DURING THE TERM OF THE CONTRACT, SHALL CONSTITUTE A BREACH AND MAY RESULT IN SUSPENSION OR DEBARMENT FROM FURTHER STATE BIDDING. A DEFAULTING CONTRACTOR MAY ALSO BE LIABLE, AT THE OPTION OF THE STATE, FOR THE DIFFERENCE BETWEEN THE CONTRACT PRICE AND THE PRICE BID BY AN ALTERNATE VENDOR OF THE GOODS OR SERVICES IN ADDITION TO OTHER REMEDIES AVAILABLE.

Table with 2 columns and 2 rows: 23) ORIGINAL SIGNATURE OF BIDDER, 24) NAME OF FIRM, 25) PRINT/TYPE NAME AND TITLE, 26) DATE



Bid Number: 05-X-36839

REQUEST FOR PROPOSAL FOR:

**AUDIT COMPLIANCE REVIEWS: PHARMACY, INPATIENT, TRAUMA/TPL
CLAIMS FOR:**

THE DEPARTMENT OF HUMAN SERVICES

DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES

Date Issued: April 13, 2004

Purchasing Agency

State of New Jersey
Department of the Treasury
Division of Purchase and Property
Purchase Bureau
PO Box 230
33 West State Street
Trenton, New Jersey 08625-0230

Using Agency

State of New Jersey
Department of Human Services
Div. of Medical Assistance and Health Services
P.O. Box 712
Trenton, New Jersey 08625-0712

Table of Contents

1.0 INFORMATION FOR BIDDERS	8
1.1 PURPOSE AND INTENT	8
1.2 BACKGROUND	8
1.3 KEY EVENTS	9
1.3.1 QUESTIONS AND INQUIRIES	9
1.3.1.1 CUT-OFF DATE FOR QUESTIONS AND INQUIRIES	9
1.3.1.2 QUESTION PROTOCOL	9
1.3.2 MANDATORY SITE VISIT	9
1.3.3 MANDATORY PRE-BID CONFERENCE	10
1.3.4 SUBMISSION OF BID PROPOSAL	10
1.3.5 DOCUMENT REVIEW ROOM	10
1.4 ADDITIONAL INFORMATION	11
1.4.1 REVISIONS TO THIS RFP	11
1.4.2 ADDENDUM AS A PART OF THIS RFP	11
1.4.3 ISSUING OFFICE	11
1.4.4 BIDDER RESPONSIBILITY	11
1.4.5 COST LIABILITY	11
1.4.6 CONTENTS OF BID PROPOSAL	11
1.4.7 PRICE ALTERATION	11
1.4.8 JOINT VENTURE	12
2.0 DEFINITIONS	13
2.1 STANDARD DEFINITIONS	13
2.2 CONTRACT SPECIFIC DEFINITIONS	14
3.0 SCOPE OF WORK	15
3.1 GENERAL AUDIT REQUIREMENTS	15
3.2 CLAIM SUBMITTALS	15
3.3 CLAIMS TO BE AUDITED AND SUBMITTAL TYPES	15
3.4 TPL/TRAUMA AUDITING	15
3.5 BASIC REQUIREMENTS - TASKS	16
3.5.1 TASK 1 - PHARMACEUTICAL SERVICES AND DURABLE MEDICAL EQUIPMENT - AUDIT	16
3.5.2 TASK 2 - DRG AUDITS	19
3.5.3 TASK 3 INPATIENT HOSPITAL AUDITS OF BILLS BEARING TRAUMA-RELATED DIAGNOSES	20
3.5.4 TASK 4 - PRE- AND POST-PAYMENT MONITORING	20
3.5.5 TASK 5 - COUNSEL AND EDUCATE PROVIDERS	20
3.5.6 TASK 6 - AUDIT REPORTS	20
3.5.7 TASK 7 - IDENTIFICATION OF INCORRECT PAYMENTS AND CALCULATION	21
OF PENALTIES; ISSUANCE OF LETTERS OF DEMAND; RETROSPECTIVE PHARMACY	21
ADJUSTMENTS	21
3.5.8 TASK 8 - LEGAL PROCEEDINGS	21
3.5.9 TASK 9 - CONSULTATIONS	21
3.5.10 TASK 10 - POLICY AND PROCEDURES CRITERIA	21
3.6 TRANSITION	21
3.7 SUMMARY OF DELIVERABLES	22
3.8 COMPLIANCE WITH HIPAA	22
3.9 CLAIMS COVERED BY THIS RFP	22
4.0 PROPOSAL PREPARATION AND SUBMISSION	23
4.1 GENERAL	23
4.2 PROPOSAL DELIVERY AND IDENTIFICATION	23
4.3 NUMBER OF BID PROPOSAL COPIES	23
4.4 PROPOSAL CONTENT	23
4.4.1 SECTION 1 – FORMS	24
4.4.1.1 OWNERSHIP DISCLOSURE FORM	24
4.4.1.2 MACBRIDE PRINCIPLES CERTIFICATION	24
4.4.1.3 AFFIRMATIVE ACTION	24
4.4.1.4 SET ASIDE CONTRACTS	24

4.4.1.5 BID BOND	25
4.4.2 SECTION 2 - TECHNICAL PROPOSAL	25
4.4.2.1 MANAGEMENT OVERVIEW	25
4.4.2.2 CONTRACT MANAGEMENT	25
4.4.2.3 CONTRACT SCHEDULE	25
4.4.2.4 MOBILIZATION AND IMPLEMENTATION PLAN	25
4.4.2.5 POTENTIAL PROBLEMS	25
4.4.3 SECTION 3 - ORGANIZATIONAL SUPPORT AND EXPERIENCE	26
4.4.3.1 LOCATION	26
4.4.3.2 ORGANIZATION CHART (CONTRACT SPECIFIC)	26
4.4.3.3 RESUMES	26
4.4.3.4 BACKUP STAFF	26
4.4.3.5 ORGANIZATION CHART (ENTIRE FIRM)	26
4.4.3.6 EXPERIENCE OF BIDDER ON CONTRACTS OF SIMILAR SIZE AND SCOPE	26
4.4.3.7 FINANCIAL CAPABILITY OF THE BIDDER	27
4.4.3.8 SUBCONTRACTOR(S)	27
4.4.4 SECTION 4 - COST PROPOSAL	27
5.0 SPECIAL TERMS AND CONDITIONS	28
5.1 PRECEDENCE OF SPECIAL TERMS AND CONDITIONS	28
5.2 PERFORMANCE BOND	28
5.3 BUSINESS REGISTRATION	28
5.4 CONTRACT TERM AND EXTENSION OPTION	28
5.5 CONTRACT TRANSITION	28
5.6 AVAILABILITY OF FUNDS	28
5.7 CONTRACT AMENDMENT	28
5.8 CONTRACTOR RESPONSIBILITIES	29
5.9 SUBSTITUTION OF STAFF	29
5.10 SUBSTITUTION OR ADDITION OF SUBCONTRACTOR(S)	29
5.11 OWNERSHIP OF MATERIAL	30
5.12 DATA CONFIDENTIALITY	30
5.13 NEWS RELEASES	30
5.14 ADVERTISING	30
5.15 LICENSES AND PERMITS	30
5.16 CLAIMS AND REMEDIES	30
5.16.1 CLAIMS	30
5.16.2 REMEDIES	31
5.16.3 REMEDIES FOR NON-PERFORMANCE	31
5.17 LATE DELIVERY	31
5.18 RETAINAGE	31
5.19 STATE'S OPTION TO REDUCE SCOPE OF WORK	31
5.20 SUSPENSION OF WORK	31
5.21 CHANGE IN LAW	32
5.22 CONTRACT PRICE INCREASE (PREVAILING WAGE)	32
5.23 ADDITIONAL WORK AND/OR SPECIAL PROJECTS	32
5.24 FORM OF COMPENSATION AND PAYMENT	33
6.0 PROPOSAL EVALUATION/CONTRACT AWARD	33
6.1 PROPOSAL EVALUATION COMMITTEE	33
6.2 ORAL PRESENTATION AND/OR CLARIFICATION OF BID PROPOSAL	33
6.3 EVALUATION CRITERIA	33
6.3.1 GENERAL CRITERIA	33
6.3.2 THE BIDDER'S COST PROPOSAL	34
6.4 CONTRACT AWARD	34
7.0 ATTACHMENTS AND APPENDICES	35
ATTACHMENT 1 - OWNERSHIP DISCLOSURE FORM	36
ATTACHMENT 2 - MACBRIDE PRINCIPLES FORM	37
ATTACHMENT 3 - AFFIRMATIVE ACTION SUPPLEMENT	38
ATTACHMENT 4 - PRICE SCHEDULE	41
SCHEDULES A AND B	42
SCHEDULE A	42

SCHEDULE B	43
YEAR ONE (1).....	43
YEAR TWO (2).....	47
YEAR THREE (3)	51
APPENDIX 1 NJ STATE STANDARD TERMS AND CONDITIONS.....	56
APPENDIX 2 - SET-OFF FOR STATE TAX NOTICE.....	63

1.0 INFORMATION FOR BIDDERS

1.1 PURPOSE AND INTENT

This Request for Proposal (RFP) is issued by the Purchase Bureau, Division of Purchase and Property, Department of the Treasury (the "Division"), on behalf of the State of New Jersey, Department of Human Services, Division of Medical Assistance and Health Services (DMAHS).

The purpose of this RFP is to solicit bid proposals for the purpose of hiring a contractor to perform a variety of audit functions for various DHS and DHSS programs.

The intent of this RFP is to award a contract to that responsible bidder whose bid proposal, conforming to this RFP, is most advantageous to the State, price and other factors considered.

The expected products are described in [RFP Section 3.0](#) (Scope of Work).

1.2 BACKGROUND

The New Jersey Medicaid program was established in accordance with Title XIX of the Social Security Act. The program provides a full array of health care benefits and pays the medical bills of participating health care providers on behalf of low-income people who are aged, blind, disabled, or members of families with dependent children. The program is jointly financed by federal and State funds.

This program is administered by the DMAHS, a State agency under the N.J. Department of Human Services, through its Central Office and Medical Assistance Customer Centers (MACC) located throughout the State.

The NJ FamilyCare/NJ KidCare program is established by State law and in accordance with Title XIX and Title XXI of the Social Security Act. It was created to meet the needs of adults and children who are unable to obtain affordable health coverage. It is financed by federal and/or State funds.

Pharmaceutical Assistance to the Aged and Disabled (PAAD) and Senior Gold are State programs which make payment for prescription medication and insulin supplies through participating pharmacies on behalf of New Jersey residents whose incomes are within limits set by the State Legislature. The AIDS Drug Distribution Program (ADDP) is 100 % federally funded. These programs are administered by the Department of Health and Senior Services (DHSS).

The General Assistance (GA) program makes payment for eligible health care expenses of persons with low income and limited resources who are generally not eligible for other public assistance programs. This program is administered by municipal governments in the State under the supervision of the Division of Family Development (DFD) within the N.J. Department of Human Services.

DMAHS, DFD and DHSS contracts with duly licensed health care providers, both institutional and non-institutional, to make payment for services rendered by said providers to individuals who are eligible for benefits under the programs mentioned above. The DMAHS fiscal agent also processes claims from providers under these programs.

Providers of pharmaceutical services are subject to regular desk audit and related on-site reviews of claims payment, to include follow-up activities related thereto. These audits include, but are not necessarily limited to, the identification of incorrect payments, calculation of interest and other civil penalties as authorized by the State Contract Manager, issuance of letters of demand to providers for reimbursement for such incorrect payments, provider educational contact, and any other appropriate audit activity required by DMAHS.

DMAHS also conducts, under contract, routine audits of hospital inpatient billings to the Medicaid Program to ensure that the providers use the appropriate Diagnosis-Related Grouping (DRG). Said activities include desk audits and related on-site review of hospital records as well as follow-up activities such as the identification of incorrect payments, calculation of interest and other civil penalties as authorized by the State Contract Manager, issuance of letters of demand to providers for reimbursement for such incorrect payments, provider educational contact and any other appropriate audit activity required by DMAHS.

DMAHS also conducts, under contract, routine audits of all hospital claims bearing a diagnosis indicating trauma for which another party is or may be liable for payment. Said third party liability (TPL) activities include desk audit and related on-site reviews of hospital records to include reporting/referral to DMAHS of any Trauma/TPL situation where such audit or on-site review has indicated the likelihood of a primary source of payment in lieu of or prior to the expenditure of public funds.

DMAHS conducts prepayment reviews of certain pharmacy claims where there is evidence of fraud, abuse, over utilization, and /or other wrongdoing which may affect the validity of the claims submitted.

The DMAHS conducts reviews on a prepayment and post payment basis of billings submitted by pharmacy providers, to verify the accuracy of the billings with the person or entity who initiated the prescription. Such reviews include original, refill and telephone prescriptions, along with all persons or entities, including hospital-based.

1.3 KEY EVENTS

1.3.1 QUESTIONS AND INQUIRIES

It is the policy of the Division to accept questions and inquiries from all potential bidders receiving this RFP.

Written questions can be, e-mailed, faxed or mailed to the Purchase Bureau to the attention of the assigned Purchase Bureau buyer at the following address:

Attn: David S. Kern
State of New Jersey
Division of Purchase and Property
Purchase Bureau
PO Box 230
Trenton, New Jersey 08625-0230

E-Mail: david.kern@treas.state.nj.us
Phone Number: 609-292-3689
Fax Number: 609-292-5170

1.3.1.1 CUT-OFF DATE FOR QUESTIONS AND INQUIRIES

A Mandatory Pre-Bid Conference has been scheduled for this procurement. The cut-off date for submission of questions will be the date of the Mandatory Pre-Bid Conference. While all questions will be entertained at the Mandatory Pre-Bid Conference, it is strongly urged that questions be submitted in writing prior to the Mandatory Pre-Bid Conference. It is requested that bidders having long, complex or multiple part questions submit them in writing as far in advance of the Mandatory Pre-Bid Conference as possible. This request is made so that answers can be prepared by the State by the time of the Mandatory Pre-Bid Conference.

1.3.1.2 QUESTION PROTOCOL

Questions must be submitted in writing to the attention of the assigned Purchase Bureau buyer. Written questions should be directly tied to the RFP by the writer. Questions should be asked in consecutive order, from beginning to end, following the organization of the RFP. Each question should begin by referencing the RFP page number and section number to which it relates.

Short procedural inquiries may be accepted by telephone by the Purchase Bureau buyer, however, oral explanations or instructions given over the telephone shall not be binding upon the State. Bidders shall not contact the Using Agency directly, in person, or by telephone, concerning this RFP.

1.3.2 MANDATORY SITE VISIT

Not applicable to this procurement.

1.3.3 MANDATORY PRE-BID CONFERENCE

A Mandatory Pre-Bid Conference has been scheduled for this procurement. The date, time and location are provided as follows:

Date:	April 28, 2004
Time:	10:00 a.m.
Location:	DEPARTMENT OF THE TREASURY DIVISION OF PURCHASE AND PROPERTY PURCHASE BUREAU BID OPENING ROOM, 9TH FLOOR 33 WEST STATE STREET TRENTON, NJ 08625-0230 Directions to the Pre-bid Conference can be found at the following website: http://www.state.nj.us/treasury/purchase/directions.shtml

CAUTION: Bid proposals will be automatically rejected from any bidder that was not represented or failed to properly register at the Mandatory Pre-Bid Conference.

The purpose of the Mandatory Pre-Bid Conference is to provide a structured and formal opportunity for the State to accept questions from bidders regarding this RFP.

Any revisions to the RFP resulting from the Mandatory Pre-Bid Conference will be formalized as a written addendum to the RFP. Answers to deferred questions will also be formalized as a written addendum to the RFP. See RFP Section 1.4.1 for procedure to obtain addenda.

1.3.4 SUBMISSION OF BID PROPOSAL

In order to be considered for award, the bid proposal must be received by the Purchase Bureau of the Division of Purchase and Property at the appropriate location by the required time. **ANY BID PROPOSAL NOT RECEIVED ON TIME AT THE RIGHT PLACE WILL BE REJECTED. THE DATE, TIME AND LOCATION ARE:**

DATE:	May 12, 2004
TIME:	2:00 PM
LOCATION:	BID RECEIVING ROOM - 9TH FLOOR PURCHASE BUREAU DIVISION OF PURCHASE AND PROPERTY DEPARTMENT OF THE TREASURY 33 WEST STATE STREET, P.O. BOX 230 TRENTON, NJ 08625-0230 Directions to the Purchase Bureau can be found on the following website: http://www.state.nj.us/treasury/purchase/faqdirs.htm

1.3.5 DOCUMENT REVIEW ROOM

Not applicable to this procurement.

1.4 ADDITIONAL INFORMATION

1.4.1 REVISIONS TO THIS RFP

In the event that it becomes necessary to clarify or revise this RFP, such clarification or revision will be by addendum.

ALL RFP ADDENDA WILL BE ISSUED ON THE PURCHASE BUREAU WEB SITE. TO ACCESS ADDENDA THE BIDDER MUST SELECT THE BID NUMBER ON THE PURCHASE BUREAU'S BIDDING OPPORTUNITIES WEB PAGE AT THE FOLLOWING ADDRESS:

<http://www.state.nj.us/treasury/purchase/bid/summary/bid.shtml>

There are no designated dates for release of addenda. Therefore, interested bidders must check the Purchase Bureau's "Bidding Opportunities" web site on a daily basis from the time of RFP issuance through the opening of bid proposals.

Bidders are solely responsible to be knowledgeable of all addenda related to this procurement.

1.4.2 ADDENDUM AS A PART OF THIS RFP

Any addenda to this RFP shall become part of this RFP and part of any contract resulting from this RFP.

1.4.3 ISSUING OFFICE

This RFP is issued by the Purchase Bureau, Division of Purchase and Property. The buyer noted in Section 1.3.1 is the sole point of contact between the bidder and the State for purposes of this RFP.

1.4.4 BIDDER RESPONSIBILITY

The bidder assumes sole responsibility for the complete effort required in this RFP. No special consideration shall be given after bids are opened because of a bidder's failure to be knowledgeable of all the requirements of this RFP. By submitting a bid proposal in response to this RFP, the bidder represents that it has satisfied itself, from its own investigation, of all the requirements of this RFP and any addenda hereto.

1.4.5 COST LIABILITY

The State assumes no responsibility and bears no liability for costs incurred by bidders before the award of the contract resulting from this RFP.

1.4.6 CONTENTS OF BID PROPOSAL

The entire content of every bid proposal will be publicly opened and becomes a public record. This is the case notwithstanding any statement to the contrary made by a bidder in its bid proposal.

All bid proposals, as public records, are available for public inspection. Interested parties can make an appointment with the Purchase Bureau buyer to inspect bid proposals received in response to this RFP.

1.4.7 PRICE ALTERATION

Bid prices must be typed or written in ink. Any price change (including "white-outs") must be initialed. Failure to do so may preclude an award being made to the bidder.

1.4.8 JOINT VENTURE

If a joint venture is submitting a bid proposal, the agreement between the parties relating to such joint venture should be submitted with the joint venture's bid proposal. Authorized signatories from each party comprising the joint venture must sign the bid proposal. A separate Ownership Disclosure Form, Affirmative Action Employee Information Report, MacBride Principles Certification, and business registration must be supplied for each party to a joint venture.

2.0 DEFINITIONS

The following definitions shall be part of any contract awarded or order placed as result of this RFP.

2.1 STANDARD DEFINITIONS

Addendum – Written clarification or revision to this RFP issued by the Purchase Bureau.

Amendment – A change in the scope of work to be performed by the contractor. An amendment is not effective until it is signed by the Director, Division of Purchase and Property.

Bidder - An individual or business entity submitting a bid proposal in response to this RFP.

Contract - This RFP, any addendum to this RFP, and the bidder's proposal submitted in response to this RFP, as accepted by the State.

Contractor - The contractor is the bidder awarded a contract.

Director - Director, Division of Purchase and Property, Department of the Treasury. By statutory authority, the Director is the chief contracting officer for the State of New Jersey.

Division - The Division of Purchase and Property

Evaluation Committee - A committee established by the Director to review and evaluate bid proposals submitted in response to this RFP and to recommend a contract award to the Director.

Fully Loaded Firm Fixed Price (Hourly Rate) - For each Hourly Rate proposed, a price that is all-inclusive of direct cost and indirect costs, including, but not limited to, direct labor costs, overhead, fee or profit, clerical support, equipment, materials, supplies, managerial (administrative) support, all documents, reports, forms, travel, reproduction and any other costs. No additional fees or costs shall be paid by the State unless there is a change in the scope of work.

May - Denotes that which is permissible, not mandatory.

Project - The undertaking or services that are the subject of this RFP.

Request for Proposal (RFP) – This document which establishes the bidding and contract requirements and solicits bid proposals to meet the purchase needs of the using Agencies as identified herein.

Shall or Must – Denotes that which is a mandatory requirement. Failure to meet a mandatory requirement will result in the rejection of a bid proposal as materially non-responsive.

Should - Denotes that which is recommended, not mandatory.

State Contract Manager – The individual responsible for the approval of all deliverables, i.e., tasks, sub-tasks or other work elements in the Scope of Work.

Subtasks – Detailed activities that comprise the actual performance of a task.

State - State of New Jersey.

Task – A discrete unit of work to be performed.

Using Agency or Agency - The entity for which the Division has issued this RFP and will enter into a contract.

Work Day (Business Day) - Monday through Friday, excluding State Holidays.

2.2 CONTRACT SPECIFIC DEFINITIONS

ADDP - AIDS Drug Distribution Program

CAP - Corrective Action Plan.

DFD - Division of Family Development.

DRG- Diagnosis Related Grouping

DHS - Department of Human Services

DHSS - Department of Health and Senior Services

DMAHS - Division of Medical Assistance and Health Services.

Drug Diversion – Inappropriate or illegal transfer of prescription pharmaceuticals to individuals for whom they were not intended.

Expired Drug Audit - An on-site inspection of outdated high dollar pharmaceuticals in the pharmacy's active drug inventory. This shall also include a portion as a sample of the entire active drug inventory for outdated pharmaceuticals.

Fiscal Agent – The entity, currently the UNISYS Corporation, authorized to process and adjudicate claims and perform other functions on behalf of DMAHS.

GA - General Assistance.

Invoice Audit - Inspecting, obtaining and copying acquisition records of selected pharmaceuticals purchased by the pharmacy and/or a pharmacy purchasing group or agent, to assist the State in determining the pharmacy's acquisition cost of said pharmaceuticals.

MACC - Medical Assistance Customer Center.

NJMMIS - New Jersey Medicaid Management Information System.

NDC - National Drug Code, which is a national, recognized numeric value assigned to all pharmaceuticals approved by the U.S. Food and Drug Administration for use in the United States.

PAAD - Pharmaceutical Assistance to the Aged and Disabled.

POS - Point of sale, an online real time computer system by which the DMAHS fiscal agent processes and adjudicates pharmacy claims.

PSN - Provider Servicing Number.

TPL - Third Party Liability.

URO - Utilization Review Organization.

3.0 SCOPE OF WORK

The contractor shall perform functions which include:

- (1) audit of paid claims submitted by pharmacy providers to the Medicaid, PAAD, New Jersey FamilyCare, New Jersey KidCare, Senior Gold, ADDP and GA programs;
- (2) audit of paid claims submitted by hospital providers to the Medicaid program for inpatient services, specific to the determination of whether the appropriate DRG coding was utilized by the hospital in its billing to the Medicaid program;
- (3) audit of paid claims submitted by hospital providers to the Medicaid program for inpatient services where such claims bear indication that other parties may have been or potentially will be liable for payment for such services;
- (4) perform claim adjustments as required, and
- (5) review billings submitted by pharmacies defined by DMAHS as being "under review", either pre- or post-payment.

In addition to all of the preceding functions, the contractor shall be required to perform specific duties and tasks attendant to same, including:

- (1) provider education and counseling (pursuant to the nature of their audit findings, on the specific rules and regulations of the programs involved);
- (2) preparation of audit reports;
- (3) testifying at various proceedings arising from audit/review activity;
- (4) serving as consultant to DMAHS in the audit and review program specified in this RFP; and
- (5) suggesting revisions to the statutes, rules, regulations, and policy directives governing the areas to be audited/reviewed specified in this RFP.

3.1 GENERAL AUDIT REQUIREMENTS

The contractor shall perform routine, periodic audits of records and other information relating to payments made in return for claims submitted for payment under the New Jersey Medicaid Program, the New Jersey KidCare and New Jersey FamilyCare Programs, PAAD, ADDP and Senior Gold program, and GA . These audits shall be performed in order to ensure that payments for pharmaceutical services, inpatient hospital services where third party liability is or may be present (including claim payments reflective of trauma-related diagnoses OICD-9-M series 800-999!), and of inpatient hospital services where DRGs are utilized by the billing provider, are appropriate, correct, and in accord with all applicable federal and State laws and regulations.

3.2 CLAIM SUBMITTALS

All such payments that are made in response to claim submittals by health care providers who contractually participate in the New Jersey Medicaid, New Jersey FamilyCare, New Jersey KidCare, PAAD, ADDP, Senior Gold programs, and/or GA Programs shall be subject to audit by the contractor.

3.3 CLAIMS TO BE AUDITED AND SUBMITTAL TYPES

Claims to be audited by the contractor may be submitted by providers in hard-copy, electronic, magnetic, or other modes. The contractor shall audit all types of claim submittals, regardless of mode of submission.

3.4 TPL/TRAUMA AUDITING

Concerning the TPL/Trauma auditing task, this RFP does not include any follow-up by the contractor with the potentially liable third party. However, the contractor shall provide educational follow-up with the provider to

ensure appropriate provider knowledge of proper billing policies and procedures. The contractor will also provide notice to DMAHS in any case involving TPL or potential TPL.

3.5 BASIC REQUIREMENTS - TASKS

The contractor must provide the following specific services, although it is anticipated that some of the tasks described in the RFP will overlap with other tasks within the RFP, The contractor shall obtain paid claims tapes from the DMAHS fiscal agent.

The contractor shall be allowed access to the following files within the New Jersey Medicaid Management Information System (NJMMIS) in order to access the data needed to provide the tasks required by this RFP: the paid claims file, the provider file, and the Drug Master file.

The contractor must have knowledge of claims submittal, processing and payment, to and by the New Jersey Medicaid, New Jersey FamilyCare, New Jersey KidCare programs, PAAD, Senior Gold, ADDP and GA .

3.5.1 TASK 1 - PHARMACEUTICAL SERVICES AND DURABLE MEDICAL EQUIPMENT - AUDIT

3.5.1.1 In order to ensure that payments are properly requested by participating providers, the contractor shall conduct desk audits of pharmacy claim payments followed by on-site reviews of pharmacies, both retail and institutional, and durable medical equipment (DME) providers that have received claim payments under the Medicaid, PAAD, New Jersey FamilyCare, New Jersey KidCare, Senior Gold, ADDP and GA programs. Desk audits may be conducted for any participating provider, regardless of geographic location. All on-site visits shall be to pharmacies and DME providers located within the State, and to pharmacies and DME providers located within sixty (60) miles from the New Jersey border. Out-of-state pharmacies and DME providers located more than sixty (60) miles from the New Jersey border, but receiving in excess of one million dollars in Medicaid, PAAD, New Jersey FamilyCare, New Jersey KidCare, GA and/or Senior Gold payments, shall be audited at the DMAHS' request. The current number of participating pharmacies in these programs is approximately two thousand one hundred (2,100).

3.5.1.2 All Audits and On-site Reviews Shall Be Conducted By Licensed Pharmacists.

The contractor shall submit an audit plan that details all the elements of both the desk audit and the on-site review. The audit plan must address, but not be limited to, the following factors, which shall be considered and acted upon by the licensed pharmacists conducting the audits:

- (1) review of original prescriptions including monitoring for potential forgery;
- (2) review of refill documentation, review of patient certifications (i.e., compliance with N.J.A.C. 10:49-9.9); proper completion and maintenance of patient profiles;
- (3) filling with brand versus generics, use of appropriate NDC codes;
- (4) comparing of stocked drugs with claims submitted, "high cost" prescription review;
- (5) billing for compound prescriptions;
- (6) review of usual and customary fees (actual versus reported);
- (7) stocking of outdated drugs;
- (8) documentation of patient counseling (offered and provided);
- (9) sanitation issues;
- (10) review of special factors requested by DMAHS; and
- (11) compliance with other regulatory requirements as specified in N.J.A.C. 10:49, N.J.A.C 10:51, and N.J.A.C. 10:69A.

3.5.1.3 The contractor shall conduct desk audits and on-site reviews based upon a schedule approved by the State.

Bid Proposal Note: The all inclusive firm fixed price for this task MUST be based on a minimum of eleven hundred (1,100) desk audits and eleven hundred (1,100) on-site reviews for each year of the contract.

In addition, the contractor shall conduct twenty-five (25) claim post-payment desk audits of all new pharmacy providers. It is estimated that there will be approximately two hundred (200) such reviews in any calendar year.

The contractor may combine claims to different programs into a single audit where appropriate. Each audit must include a minimum of two hundred (200) claims, or a greater number if required by DMAHS. However, it may be determined upon post-audit review by the contractor and the State Contract Manager that a significant deviation of a nature suitable for further audit employing a statistically valid sampling methodology is present. In such circumstances the contractor may be authorized by the State Contract Manager to perform such further audit employing audit hours that would have been used in performance of the audits required in Section 3.5.1 of this RFP (see also RFP Section 3.5.12 regarding valid sampling and RFP Section 3.5.1.5).

The contractor shall determine, with State approval, specific providers the contractor shall audit each calendar year based on the following factors:

A. Providers submitting claims:

1. Providers submitting claims must be audited at least once during the three (3) year term of the contract.
2. Providers who upon audit have been found to have achieved less than 75% compliance shall be referred to DMAHS' Bureau of Program Integrity for appropriate action.
3. Providers who upon audit have been found to have achieved between 75% and 95% compliance shall be referred to the Audit Committee of the Bureau of Program Integrity and audited every six (6) months.
4. Providers who upon audit have been found to have achieved greater than 95% compliance shall not be audited more than once every two (2) calendar years, unless DMAHS has received allegations or evidence of fraud or abuse.
5. Institutional pharmacies must receive a complete audit at least once each calendar year.
6. DME providers with Medicaid earnings exceeding \$50,000 annually must receive a complete audit at least once every two (2) years, or more frequently if requested by DMAHS, with audits to be scheduled and approved by the DMAHS DME consultant.
7. Providers that are going out of business must be audited within sixty (60) days prior to closing, or within thirty (30) days of the date DMAHS receives actual notice of closing, whichever is earlier.

B. Exceptional Providers:

Retail providers who deviate by more than 20% from county average claims statistics in any of the following areas:

1. Average Payment per Claim
2. Average # of claims per beneficiary
3. Average Total Payment per beneficiary
4. Average # of "brand certifications"

These statistics will be obtained from raw data supplied by the fiscal agent, analyzed by the contractor to generate the required averages, and reviewed and approved by DMAHS. Providers serving nursing facilities may be compared on a statewide basis using the same criteria as above.

C. Compound prescription providers

The contractor shall randomly audit ten (10) percent of claims for compound prescriptions paid to providers to ensure that program payments are in accordance with N.J.A.C. 10:51-1.8.

D. Providers not submitting usual and customary prices for paid prescriptions, including compound prescriptions, consistent with program policy. DMAHS will supply any necessary data to the contractor, when appropriate.

E. Providers referred by the DMAHS.

3.5.1.4 Audits of pharmacy acquisition records

As a component of retail and institutional pharmacy audits, the contractor shall review a pharmacy's inventory/acquisition records to determine if the appropriate National Drug Code (NDC) number has been reported on Medicaid, New Jersey FamilyCare, New Jersey KidCare, Senior Gold, PAAD, ADDP and GA pharmacy claims for service dates during the period in which the acquired drug inventory was available for dispensing.

The contractor, as a component of the audit process, shall review acquisition records corresponding to the service dates or ten (10) percent of sample claims reviewed during the audit.

As part of this review, the contractor shall determine whether the appropriate eleven (11) digit NDC number for the manufacturer of the dispensed drug has been reported on a pharmacy claim, which includes the labeler code (first five positions of the NDC number) and a package code (last two positions of the NDC number).

For the claims in which the labeler or package size is incorrectly reported, the contractor shall calculate any necessary adjustments to these claims, and submit adjustment requests to the State for NJMMIS processing using procedures established by the State. For those claims in which the incorrect NDC code has been reported, the contractor shall calculate adjustments based on the difference in cost between the NDC of the acquired drug product and the NDC of the drug product reported on the pharmacy claim. For those claims in which the incorrect package size has been reported on a pharmacy claim, the contractor shall calculate any necessary adjustments based on the difference in cost between the acquired package size inventoried and the package size reported on the claim.

3.5.1.5 Since the contractor may be required to perform audit activity pursuant to special DMAHS initiatives, the State Contract Manager may at his/her discretion, reduce the number of required audits associated with the minimum eleven hundred (1,100) audits required per contract year on an hour-for-hour basis.

3.5.1.6 The specific audits to be conducted by the contractor shall be reviewed and revised on a quarterly basis and the timeframe for completing all scheduled audits in the quarter must be submitted for State approval ten (10) calendar days prior to the start of the calendar quarter.

3.5.1.7 The contractor shall attend monthly screenings at DMAHS' Central Office, and shall present for review any audit exceeding a primary error rate of 5%. The contractor shall also be required to present for review, any case in which there are allegations or evidence of potential and/or actual fraud and/or willful misrepresentation, or any other issue that the contractor believes should be brought to DMAHS' attention.

3.5.1.8 The contractor shall process any and all adjustments related to the acquisition process for pharmacy services.

3.5.1.9 The contractor shall adjust or void claims exceeding pharmacy audit standards, including those situations in which the unit(s) of measure are reported incorrectly. In these situations, the contractor shall adjust the unit(s) of measure to ensure that the adjusted claim is paid appropriately.

3.5.1.10 After review and approval by the State Contract Manager, the contractor shall complete and submit an FD-999 Adjustment Claim Form directly to the State's Fiscal Agent, UNISYS, in connection with any and all adjustments related to the audit process.

3.5.1.11 The contractor shall obtain from the pharmacy and/or the pharmacist-in-charge, a Corrective Action Plan (CAP) to address errors found in the audit. The contractor shall present the CAP to DMAHS for review at the monthly DMAHS Audit Compliance meeting.

3.5.1.12 The contractor shall assess compliance with the CAP within a sixty (60) day period following approval of the CAP by DMAHS, and shall report non-compliance immediately to DMAHS.

3.5.1.13 The contractor shall, at DMAHS' direction, place pharmacies on pre-payment monitoring for serious violations, including violations of the CAP. The pre-payment monitoring shall include a review of claims after adjudication by the Point-of-Sale (POS) system, but prior to payment by UNISYS. The pre-payment monitoring will consist of a minimum of a fifty (50) claim sample, and will be completed and reviewed by DMAHS within sixty (60) days of its initiation.

3.5.1.14 The contractor shall produce and distribute in both electronic and hard copy formats, the Provider Servicing Number (PSN) Directory to providers that it audits, and to other providers as required by DMAHS.

3.5.1.15 The contractor shall monitor and report variations in the pharmacist-to-technician ratio at the pharmacy site, based upon standards set by the New Jersey State Board of Pharmacy.

3.5.1.16 The contractor shall monitor the "to call" bin at pharmacies to determine if claims which have been submitted and paid for have been adjusted if they relate to prescriptions which were not picked up.

3.5.1.17 The contractor shall conduct an expired drug audit at the pharmacy site. DMAHS will provide the contractor with a list of high dollar medications involved in drug diversion. The expired drug audit shall include inspection and observation of these medications, as well as a portion (a minimum of 25%) of the entire active drug inventory, to determine if outdated pharmaceuticals are in the pharmacy's active drug inventory.

3.5.1.18 As a component of selected retail and institutional pharmacy audits, the contractor shall conduct "invoice audits" at the request and direction of DMAHS. This invoice audit shall involve obtaining and copying acquisition records of selected pharmaceuticals purchased by the pharmacy and/or a pharmacy purchasing group or agent. These records may need to be obtained subsequent to the on-site audit. Copies of these records shall be provided to DMAHS at the monthly screening meetings. The contractor's sole responsibility for this task shall be obtaining/copying the requested acquisition records, and providing these records to DMAHS.

3.5.1.19 The contractor shall verify whether certain representations contained on the FD-70 Form, specifically, whether:

- (a) the impact allowance is warranted;
- (b) twenty-four (24) hour service is being provided; and
- (c) there is a separate consultation area in the pharmacy.

The Form FD-70 is submitted annually by all pharmacies, and determines whether the pharmacy is entitled to certain increments or add-ons to the prescription dispensing fee. One of those increments, the impact area location or impact allowance, is given if a retail pharmacy's prescription volume is equal to or greater than 50% of the pharmacy's total prescription volume.

3.5.2 TASK 2 - DRG AUDITS

DRG audits consist of a desk audit and on-site review of in-patient hospital records to determine whether the appropriate DRGs were used by hospital providers when billing the Medicaid program. The contractor is required to audit all DRG inpatient hospital service providers participating in the New Jersey Medicaid Program (currently there are approximately 83 acute care hospital systems including affiliated providers). The contractor must have the capability of auditing on-site, twenty percent (20%) of all Medicaid paid claim records. During each contract year, the contractor shall audit all acute care providers at least once. Specific DRGs to be audited shall be determined by the contractor, subject to DMAHS approval, based upon whether those DRGs are vulnerable to fraud, abuse, error and/or overpayment.

The contractor must present cases in which DRG assignment would change to the hospital representatives in writing. If the hospital representatives disagree, they must provide citations or further documentation to support

their assignment. Appeals must be heard by a recognized Utilization Review Organization (URO). URO decisions shall be final.

DRG auditors shall supply ICD-9-CM coding guidelines and references to hospitals with problem coding patterns. As appropriate, potentially abusive error trends shall be referred to DMAHS. The contractor shall provide DMAHS with access to the most current DRG grouper.

There are also approximately one-hundred (100) paid claims annually that need desk audits only for DRG assignments changed by the Fiscal Agent based on the information submitted on the claims. These claims are sent to DMAHS by the Fiscal Agent. DMAHS forwards these claims to the contractor for DRG verification.

3.5.3 TASK 3 INPATIENT HOSPITAL AUDITS OF BILLS BEARING TRAUMA-RELATED DIAGNOSES

The contractor shall perform audits of all inpatient hospital claims where TPL is or may be present as indicated by billings bearing trauma-related diagnoses (ICD-9M series 800-999). A minimum of fifty (50) claims with an indication of a trauma-related diagnosis where no TPL is indicated submitted by each hospital provider on an annualized basis shall constitute good cause to audit a provider for this purpose. DMAHS estimates this task involves approximately eighty-five (85) separate on-site audits per year involving approximately ten (10) person hours per audit. If during the course of such an audit, the contractor discovers unbilled TPL of any kind or an overpayment resulting from any form of TPL, whether tort/casualty/trauma or health insurance, then DMAHS must be notified.

3.5.4 TASK 4 - PRE- AND POST-PAYMENT MONITORING

The contractor shall review billings submitted by pharmacies and DME providers defined by DMAHS as "under review", either on a prepayment or post-payment basis, as directed by DMAHS, to include verification with the prescriber of the validity and accuracy of the prescription. The review shall include original, refill and telephone prescriptions, and shall include all types of prescribers, including hospital-based. The contractor shall maintain records for each pharmacy and DME provider under review to demonstrate the results of such verification activities. DMAHS estimates that approximately fifty (50) pharmacies and fifty (50) DME providers will be subject to such reviews annually, involving approximately twenty (20) person hours per review.

3.5.5 TASK 5 - COUNSEL AND EDUCATE PROVIDERS

The contractor shall counsel and educate audited providers as to the rules and regulations of the Medicaid, New Jersey FamilyCare, New Jersey KidCare, PAAD, Senior Gold, ADDP and GA programs, on-site, telephonically, and by correspondence, as the agent authorized by DMAHS for that purpose.

3.5.6 TASK 6 - AUDIT REPORTS

The contractor shall report all findings and make appropriate recommendations regarding audit results to the DMAHS State Contract Manager and/or designee as deemed appropriate. Findings and recommendations resulting from each individual audit shall be submitted by the contractor within thirty (30) days of completion of field work at the provider site.

The contractor shall attend monthly screenings / meetings at DMAHS' Central Office, and shall present for review any audit findings exceeding a primary error rate of 5%. The contractor shall also be required to present for review any case in which there are allegations or evidence of potential and/or actual fraud and/or willful misrepresentation, or any other issue that the contractor believes should be brought to DMAHS' attention.

The Contractor shall provide detailed, in-depth analyses of the results of audits, prepayment/post payment monitoring activities, and pharmacy prospective and/or retrospective review and adjustments. These shall include monthly, annual, special reports, and meetings as required by the State Contract Manager, and in media specified by DMAHS. Audit reports submitted by the contractor must include at a minimum, detailed provider information disclosing the identity and nature of the provider pharmacy, the provider staff on-site as well as management and ownership information, detailed description of the items audited, and the nature and value of any audited items found to have been performed/billed in a manner contrary to the regulations governing the programs.

The Contractor shall respond to DMAHS requests for special programming/reports to support its responsibilities under this RFP.

3.5.7 TASK 7 - IDENTIFICATION OF INCORRECT PAYMENTS AND CALCULATION OF PENALTIES; ISSUANCE OF LETTERS OF DEMAND; RETROSPECTIVE PHARMACY ADJUSTMENTS

The contractor shall initiate the identification of incorrect payments made to program providers, calculate interest and other civil penalties as authorized by the State Contract Manager, and issue recovery letters to providers requesting reimbursement pursuant to said identification and calculation. The contractor shall also prepare the necessary document(s) for DMAHS to perform reconciliation of accounts pursuant to the results of the DRG audits. The contractor shall adjust individual claims submitted by retail and institutional pharmacies found to be aberrant on audit, after review and approval by the State.

3.5.8 TASK 8 - LEGAL PROCEEDINGS

The contractor shall testify, as required, at any administrative, civil, and/or criminal proceedings arising from an audit activity or any review activity.

3.5.9 TASK 9 - CONSULTATIONS

The contractor shall provide consultant services to DMAHS and/or DHS regarding suggestions for revisions to the audit program for those areas of audit specified in this contract. The contractor shall also suggest areas for concentrated, specific review.

3.5.10 TASK 10 - POLICY AND PROCEDURES CRITERIA

3.5.10.1 The contractor shall suggest revisions to the statutes, rules, regulations and policy directives governing the areas to be audited under this contract based upon the contractor's audit experience.

3.5.10.2 The contractor shall develop specific review and audit criteria, policies, and procedures subject to review and approval by the State Contract Manager. These shall be submitted to the State Contract Manager, thirty (30) days after notification of contract award.

3.5.10.3 The contractor shall provide to DMAHS a random statistical sampling methodology acceptable to DMAHS which shall be utilized to derive conclusions regarding the universe from which the sample is drawn, which are legally justified, valid, and can be successfully utilized in the pharmacy audit procedure and in any subsequent hearings and appeals. This methodology must be presented in written form to DMAHS within six (6) months of the start of the contract.

3.5.10.4 The contractor shall develop specific procedures, methodologies, and NJMMIS access capabilities to be employed in the pharmacy prepayment and post payment monitoring process, and retrospective pharmacy claims review/adjustment process, subject to review and approval by the State Contract Manager. These procedures, methodologies, and capabilities must be submitted to the State Contract Manager no later than thirty (30) days after notification of contract award.

3.6 TRANSITION

Of primary concern to DMAHS is that the revenue stream generated under the current contract not be interrupted. Therefore to minimize the risk of revenue interruption, the Director of DMAHS will request that the current contractor continue the performance of all contract services for a transition period up to ninety (90) days from the date of issuance of the contract resulting from this RFP. This transition period will permit the contractor awarded the contract resulting from this RFP to fully mobilize, and begin full operations immediately following the conclusion of the transition period. The State expects that the contractor awarded the contract resulting from this RFP will generate revenue beginning the first month of operations following the expiration of the transition period.

3.7 SUMMARY OF DELIVERABLES

The contractor must deliver all of the following as indicated below or in accordance with the approved contract schedule:

A. All audit reports are due within thirty (30) days after the completion of each audit providing findings including evidence of performance of the audit and all other audit related activity and demonstrated conformance with audit objectives.

B. Monthly reports detailing all activities involving the identification of incorrect payments and calculation of interest and other civil penalties and the issuance of recovery letters to providers. Such reports must be submitted within fifteen (15) days of the end of each calendar month in a format acceptable to the State Contract Manager.

3.8 COMPLIANCE WITH HIPAA

In conducting its audits, the contractor and its auditors shall comply with the privacy provisions contained in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its implementing regulations. This would include, but not be limited to, assuring the privacy of prescriptions for patients who are not beneficiaries of DMAHS programs.

3.9 CLAIMS COVERED BY THIS RFP

It is the intent of DMAHS that there not be any gap in audit coverage between the current contract and the contract resulting from this RFP. Therefore, the contract resulting from this RFP shall cover any and all claims and dates of service not audited under the previous contract.

4.0 PROPOSAL PREPARATION AND SUBMISSION

4.1 GENERAL

The bidder must follow instructions contained in this RFP and in the bid cover sheet in preparing and submitting its bid proposal. The bidder is advised to thoroughly read and follow all instructions.

The information required to be submitted in response to this RFP has been determined to be essential in the bid evaluation and contract award process. Any qualifying statements made by the bidder to the RFP's requirements could result in a determination that the bidder's proposal is materially non-responsive. Each bidder is given wide latitude in the degree of detail it elects to offer or the extent to which plans, designs, systems, processes and procedures are revealed. Each bidder is cautioned, however, that insufficient detail may result in a determination that the bid proposal is materially non-responsive or, in the alternative, may result in a low technical score being given to the bid proposal.

4.2 PROPOSAL DELIVERY AND IDENTIFICATION

In order to be considered, a bid proposal must arrive at the Purchase Bureau in accordance with the instructions on the RFP cover sheet. Bidders submitting proposals are cautioned to allow adequate delivery time to ensure timely delivery of proposals. State regulation mandates that late bid proposals are ineligible for consideration.

THE EXTERIOR OF ALL BID RESPONSE PACKAGES MUST BE LABELED WITH THE BID IDENTIFICATION NUMBER, FINAL BID OPENING DATE AND THE BUYER'S NAME. All of this information is set forth at the top of the RFP cover sheet ([page 3 of the RFP](#)).

4.3 NUMBER OF BID PROPOSAL COPIES

Each bidder must submit **one (1) complete ORIGINAL bid proposal**, clearly marked as the "ORIGINAL" bid proposal. Each bidder should submit **seven (7) full, complete and exact copies** of the original. Bidders failing to provide the requested number of copies will be charged the cost incurred by the State to produce the requested number of copies. It is suggested that the bidder make and retain a copy of its bid proposal.

4.4 PROPOSAL CONTENT

The bid proposal should be submitted in one volume and that volume divided into four (4) sections as follows:

- Section 1 - Forms (Section 4.4.1)
- Section 2 - Technical Proposal (Section 4.4.2)
- Section 3 - Organizational Support and Experience (Section 4.4.3)
- Section 4 - Cost Proposal (Section 4.4.4)

The following Table describes the format of the bid proposal that should be prepared with tabs (separators), and the content of the material located behind each tab.

TAB	CONTENTS	RFP SECTION REFERENCE	COMMENTS
1	Forms	Cover sheet	Completed and signed cover sheet (Page 3 of this RFP)
		4.4.1.1	Ownership Disclosure Form (Attachment 1)
		4.4.1.2	MacBride Principles Certification (Attachment 2)
		4.4.1.3	Affirmative Action Employee Information Report or New Jersey Affirmative Action Certificate (Attachment 3)
		1.1 of the Standard Terms & Conditions	Business Registration from Division of Revenue
		4.4.1.5	Bid Bond
2	Technical Proposal	4.4.2.1	Management Overview
		4.4.2.2	Contract Management
		4.4.2.3	Contract Schedule
		4.4.2.4	Mobilization and Implementation Plan
		4.4.2.5	Potential Problems
3	Organizational Support and Experience Proposal	4.4.3.1	Location
		4.4.3.2	Organization Chart (Contract Specific)
		4.4.3.3	Resumes
		4.4.3.4	Backup Staff
		4.4.3.5	Organization Chart (Entire Firm)
		4.4.3.6	Experience of Bidder on Contracts of Similar Size and Scope
		4.4.3.7	Financial Capability of the Bidder
		4.4.3.8	Subcontractor(s)
4	Cost Proposal	4.4.4	Price Schedules (Attachment 4) Schedules A & B

4.4.1 SECTION 1 – FORMS

4.4.1.1 OWNERSHIP DISCLOSURE FORM

In the event the bidder is a corporation or partnership, the bidder must complete the attached Ownership Disclosure Form. A completed Ownership Disclosure Form must be received prior to or accompany the bid proposal. Failure to do so will preclude the award of the contract.

The Ownership Disclosure Form is attached as [Attachment 1](#) to this RFP.

4.4.1.2 MACBRIDE PRINCIPLES CERTIFICATION

The bidder must complete the attached MacBride Principles Certification evidencing compliance with the MacBride Principles. Failure to do so may result in the award of the contract to another vendor.

The MacBride Principles Certification Form is attached as [Attachment 2](#) to this RFP

4.4.1.3 AFFIRMATIVE ACTION

The bidder must complete the attached Affirmative Action Employee Information Report, or, in the alternative, supply either a New Jersey Affirmative Action Certificate or evidence that the bidder is operating under a Federally approved or sanctioned affirmative action program. The requirement is a precondition to entering into a valid and binding contract.

The Affirmative Action Forms are attached as [Attachment 3](#) to this RFP

4.4.1.4 SET ASIDE CONTRACTS

Not applicable to this procurement.

4.4.1.5 BID BOND

Not applicable to this procurement.

4.4.2 SECTION 2 - TECHNICAL PROPOSAL

In this Section, the bidder shall describe its approach and plans for accomplishing the work outlined in the Scope of Work Section, i.e., Section 3.0. The bidder must set forth its understanding of the requirements of this RFP and its ability to successfully complete the contract. This Section of the bid proposal should contain at least the following information:

4.4.2.1 MANAGEMENT OVERVIEW

The bidder shall set forth its overall technical approach and plans to meet the requirements of the RFP in a narrative format. This narrative should convince the State that the bidder understands the objectives that the contract is intended to meet, the nature of the required work and the level of effort necessary to successfully complete the contract. This narrative should convince the State that the bidder's general approach and plans to undertake and complete the contract are appropriate to the tasks and subtasks involved.

Mere reiterations of RFP tasks and subtasks are strongly discouraged, as they do not provide insight into the bidder's ability to complete the contract. The bidder's response to this section should be designed to convince the State that the bidder's detailed plans and approach proposed to complete the Scope of Work are realistic, attainable and appropriate and that the bidder's bid proposal will lead to successful contract completion.

4.4.2.2 CONTRACT MANAGEMENT

The bidder should describe its specific plans to manage, control and supervise the contract to ensure satisfactory contract completion according to the required schedule. The plan should include the bidder's approach to communicate with the State Contract Manager including, but not limited to, status meetings, status reports, etc.

4.4.2.3 CONTRACT SCHEDULE

The bidder should include a contract schedule. If key dates are a part of this RFP, the bidder's schedule should incorporate such key dates and should identify the completion date for each task and sub-task required by the Scope of Work. Such schedule should also identify the associated deliverable item(s) to be submitted as evidence of completion of each task and/or subtask.

The bidder should identify the contract scheduling and control methodology to be used and should provide the rationale for choosing such methodology. The use of Gantt, Pert or other charts is at the option of the bidder.

4.4.2.4 MOBILIZATION AND IMPLEMENTATION PLAN

See Section 3.6 Transition.

4.4.2.5 POTENTIAL PROBLEMS

The bidder should set forth a summary of any and all problems that the bidder anticipates during the term of the contract. For each problem identified, the bidder should provide its proposed solution.

4.4.3 SECTION 3 - ORGANIZATIONAL SUPPORT AND EXPERIENCE

The bidder should include information relating to its organization, personnel, and experience, including, but not limited to, references, together with contact names and telephone numbers, evidencing the bidder's qualifications, and capabilities to perform the services required by this RFP.

4.4.3.1 LOCATION

The bidder should include the location of the bidder's office that will be responsible for managing the contract. The bidder should include the telephone number and name of the individual to contact.

4.4.3.2 ORGANIZATION CHART (CONTRACT SPECIFIC)

The bidder should include a contract organization chart, with names showing management, supervisory and other key personnel (including sub-vendor's management, supervisory or other key personnel) to be assigned to the contract. The chart should include the labor category and title of each such individual.

4.4.3.3 RESUMES

Detailed resumes should be submitted for all management, supervisory and key personnel to be assigned to the contract. Resumes should be structured to emphasize relevant qualifications and experience of these individuals in successfully completing contracts of a similar size and scope to those required by this RFP. Resumes should include the following:

- Clearly identify the individual's previous experience in completing similar contracts.
- A copy the pharmacist's State license should be submitted with the bid proposal.
- Beginning and ending dates should be given for each similar contract.
- A description of the contract should be given and should demonstrate how the individual's work on the completed contract relates to the individual's ability to contribute to successfully providing the services required by this RFP.
- With respect to each similar contract, the bidder should include the name and address of each reference together with two (2) persons to contact for a reference check and a telephone number.

4.4.3.4 BACKUP STAFF

The bidder should include a list of backup staff that may be called upon to assist or replace primary individuals assigned. Backup staff must be clearly identified as backup staff.

In the event the bidder must hire management, supervisory and/or key personnel if awarded the contract, the bidder should include, as part of its recruitment plan, a plan to secure backup staff in the event personnel initially recruited need assistance or need to be replaced during the contract term.

4.4.3.5 ORGANIZATION CHART (ENTIRE FIRM)

The bidder should include an organization chart showing the bidder's entire organizational structure. This chart should show the relationship of the individuals assigned to the contract to the bidder's overall organizational structure.

4.4.3.6 EXPERIENCE OF BIDDER ON CONTRACTS OF SIMILAR SIZE AND SCOPE

The bidder should provide a comprehensive listing of contracts of similar size and scope that it has successfully completed, as evidence of the bidder's ability to successfully complete the services required by this RFP. Emphasis should be placed on contracts that are similar in size and scope to the work required by this RFP. A description of all such contracts should be included and should show how such contracts relate to the ability of the firm to complete the services required by this RFP. For each such contract, the bidder should provide the names and telephone numbers of two (2) contact persons for the other contract party. Beginning and ending dates should also be given for each contract.

4.4.3.7 FINANCIAL CAPABILITY OF THE BIDDER

The bidder shall provide proof of its financial capacity and capabilities to undertake and successfully complete the contract. To satisfy this requirement, the bidder shall submit a certified financial statement, including applicable notes, reflecting the bidder's assets, liabilities, net worth, revenues, expenses, profit or loss, and cash flow for the most recent calendar year or the bidder's most recent fiscal year; or, if a certified financial statement is not available, then either a reviewed or compiled statement from an independent accountant setting forth the same information required for the certified financial statement. In addition, the bidder must submit a bank reference.

4.4.3.8 SUBCONTRACTOR(S)

- A. Should the bidder propose to utilize a subcontractor(s) to fulfill any of its obligations, the bidder shall be responsible for the subcontractor's(s): (a) performance; (b) compliance with all of the terms and conditions of the contract; and (c) compliance with the requirements of all applicable laws.
- B. The bidder must provide a detailed description of services to be provided by each subcontractor, referencing the applicable Section or Subsection of this RFP.
- C. The bidder should provide detailed resumes for each subcontractor's management, supervisory and other key personnel that demonstrate knowledge, ability and experience relevant to that part of the work which the subcontractor is designated to perform.
- D. The bidder should provide documented experience demonstrate that each subcontractor has successfully performed work on contracts of a similar size and scope to the work that the subcontractor is designated to perform in the bidder's proposal.

4.4.4 SECTION 4 - COST PROPOSAL

The price schedule is attached to this RFP as Attachment 4. In addition to the RFP price lines, Attachment 4 contains Schedules A & B. Schedule B consists of a breakdown of the all inclusive hourly rates by labor category required to perform each task of the RFP. Schedule A is a summary of all tasks.

Failure to submit all requested pricing information may result in the bidder's proposal being considered materially non-responsive. Each bidder must hold its price(s) firm through issuance of contract to permit the completion of the evaluation of bid proposals received and the contract award process.

5.0 SPECIAL TERMS AND CONDITIONS

5.1 PRECEDENCE OF SPECIAL TERMS AND CONDITIONS

The contract shall consist of this RFP, addenda to this RFP, the vendor's bid proposal, and the Division's Notice of Acceptance.

Unless specifically noted within this RFP, the Special Terms and Conditions, take precedence over the Standard Terms and Conditions(see [Appendix 1](#)).

In the event of a conflict between the provisions of this RFP, including the Standard Terms and Conditions and the Special Terms and Conditions, and any addendum to the RFP, the addendum shall govern.

In the event of a conflict between the provisions of this RFP, including any addendum to this RFP, and the bidder's proposal, the RFP and/or the addendum shall govern.

5.2 PERFORMANCE BOND

Not applicable to this procurement.

5.3 BUSINESS REGISTRATION

See Standard Terms & Conditions, [Appendix 1, Section 1.1](#).

5.4 CONTRACT TERM AND EXTENSION OPTION

The term of the contract shall be for a period of **three (3) years**. The anticipated "Contract Effective Date" is provided on the cover sheet of this RFP ([page 3 of this RFP](#)). If delays in the bid process result in an adjustment of the anticipated Contract Effective Date, the bidder agrees to accept a contract for the full term of the contract.

The contract may be extended for additional periods of up to one (1) year, not to exceed a contract end date two (2) years beyond the initial contract end date, by mutual written consent of the contractor and the Director at the same terms, conditions and pricing. The length of each extension shall be determined when the extension request is processed.

Should the contract be extended, the contractor shall be paid at the rates in effect in the last year of the contract.

5.5 CONTRACT TRANSITION

In the event services end by either contract expiration or termination, it shall be incumbent upon the contractor to continue services, if requested by the Director, until new services can be completely operational. The contractor acknowledges its responsibility to cooperate fully with the replacement contractor and the State to ensure a smooth and timely transition to the replacement contractor. Such transitional period shall not extend more than ninety (90) days beyond the expiration date of the contract, or any extension thereof. The contractor will be reimbursed for services during the transitional period at the rate in effect when the transitional period clause is invoked by the State.

5.6 AVAILABILITY OF FUNDS

The State's obligation to pay the contractor is contingent upon the availability of appropriated funds from which payment for contract purposes can be made. No legal liability on the part of the State for payment of any money shall arise unless funds are made available each fiscal year to the Using Agency by the Legislature.

5.7 CONTRACT AMENDMENT

Any changes or modifications to the terms of the contract shall only be valid when they have been reduced to writing and executed by the contractor and the Director.

5.8 CONTRACTOR RESPONSIBILITIES

The contractor shall have sole responsibility for the complete effort specified in the contract. Payment will be made only to the contractor. The contractor shall have sole responsibility for all payments due any subcontractor.

The contractor is responsible for the professional quality, technical accuracy and timely completion and submission of all deliverables, services or commodities required to be provided under the contract. The contractor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in its deliverables and other services. The approval of deliverables furnished under this contract shall not in any way relieve the contractor of responsibility for the technical adequacy of its work. The review, approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights that the State may have arising out of the contractor's performance of this contract.

5.9 SUBSTITUTION OF STAFF

If it becomes necessary for the contractor to substitute any management, supervisory or key personnel, the contractor will identify the substitute personnel and the work to be performed.

The contractor must provide detailed justification documenting the necessity for the substitution. Resumes must be submitted evidencing that the individual(s) proposed as substitution(s) have qualifications and experience equal to or better than the individual(s) originally proposed or currently assigned.

The contractor shall forward a request to substitute staff to the State Contract Manager for consideration and approval. No substitute personnel are authorized to begin work until the contractor has received written approval to proceed from the State Contract Manager, whose approval shall not be unreasonably withheld.

5.10 SUBSTITUTION OR ADDITION OF SUBCONTRACTOR(S)

This Subsection serves to supplement but not to supersede [Section 3.11](#) of the Standard Terms and Conditions of this RFP.

If it becomes necessary for the contractor to substitute and/or add a subcontractor, the contractor will identify the proposed new subcontractor and the work to be performed. The contractor must provide detailed justification documenting the necessity for the substitution or addition.

The contractor must provide detailed resumes of the proposed subcontractor's management, supervisory and other key personnel that demonstrate knowledge, ability and experience relevant to that part of the work which the subcontractor is to undertake.

In the event a subcontractor is proposed as a substitution, the proposed subcontractor must equal or exceed the qualifications and experience of the subcontractor being replaced. In the event the subcontractor is proposed as an addition, the proposed subcontractor's qualifications and experience must equal or exceed that of similar personnel proposed by the contractor in its bid proposal.

The contractor shall forward a written request to substitute or add a subcontractor to the State Contract Manager for consideration. If the State Contract Manager approves the request, the State Contract Manager will forward the request to the Director for final approval.

No substituted or additional subcontractors are authorized to begin work until the contractor has received written approval from the Director.

5.11 OWNERSHIP OF MATERIAL

All data, technical information, materials gathered, originated, developed, prepared, used or obtained in the performance of the contract, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this contract shall be and remain the property of the State of New Jersey and shall be delivered to the State of New Jersey upon 30 days notice by the State. With respect to software computer programs and/or source codes developed for the State, the work shall be considered "work for hire", i.e., the State, not the contractor or subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed. To the extent that any of such materials may not, by operation of the law, be a work made for hire in accordance with the terms of this Agreement, contractor or subcontractor hereby assigns to the State all right, title and interest in and to any such material, and the State shall have the right to obtain and hold in its own name and copyrights, registrations and any other proprietary rights that may be available.

Should the bidder anticipate bringing pre-existing intellectual property to perform any of the services required under the contract into the project, the intellectual property must be identified in the bid proposal. Otherwise, the language in the first paragraph of this section shall prevail. If the bidder identifies such intellectual property ("Background IP") in its bid proposal, then the Background IP owned by the bidder on the date of the contract, as well as any modifications or adaptations thereto, shall remain the property of the bidder. Upon contract award, the bidder or contractor shall grant the State a non-exclusive, royalty free license to use any of the bidder/contractor's Background IP delivered to the State for the purposes contemplated by the Contract.

5.12 DATA CONFIDENTIALITY

All financial, statistical, personnel and/or technical data supplied by the State to the contractor are confidential. The contractor is required to use that same standard of care as it uses to protect the confidentiality of its own confidential data. Any use, sale or offering of this data in any form by the contractor, or any individual or entity in the contractor's charge or employ, will be considered a violation of this contract and may result in contract termination and the contractor's suspension or debarment from State contracting. In addition, such conduct may be reported to the State Attorney General for possible criminal prosecution.

5.13 NEWS RELEASES

The contractor is not permitted to issue news releases pertaining to any aspect of the services being provided under this contract without the prior written consent of the Director.

5.14 ADVERTISING

The contractor shall not use the State's name, logos, images, or any data or results arising from this contract as a part of any commercial advertising without first obtaining the prior written consent of the Director.

5.15 LICENSES AND PERMITS

The contractor shall obtain and maintain in full force and effect all required licenses, permits, and authorizations necessary to perform this contract. The contractor shall supply the State Contract Manager with evidence of all such licenses, permits and authorizations. This evidence shall be submitted subsequent to the contract award. All costs associated with any such licenses, permits and authorizations must be considered by the bidder in its bid proposal.

5.16 CLAIMS AND REMEDIES

5.16.1 CLAIMS

All claims asserted against the State by the contractor shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq., and/or the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq.

5.16.2 REMEDIES

Nothing in the contract shall be construed to be a waiver by the State of any warranty, expressed or implied, or any remedy at law or equity, except as specifically and expressly stated in a writing executed by the Director.

5.16.3 REMEDIES FOR NON-PERFORMANCE

In the event the contractor fails to comply with any material contract requirement, the Director may take steps to terminate the contract in accordance with the State Administrative Code. In this event, the Director may authorize the delivery of contract items by any available means, with the difference between the price paid and the defaulting contractor's price either being deducted from any monies owed to the defaulting contractor or being an obligation owed the State by the defaulting contractor.

5.17 LATE DELIVERY

The contractor must immediately advise the State Contract Manager of any circumstance or event that could result in late completion of any task or subtask called for to be completed on a date certain. Notification must also be provided to the Director at the address below:

The State of New Jersey
Director, Division of Purchase and Property
Purchase Bureau
PO Box 230
33 West State St.
Trenton, New Jersey 08625-0230

If the contractor cannot meet the contract completion date for any task or subtask required to be completed by a date certain, the contractor shall be liable to the State for damages incurred.

5.18 RETAINAGE

The amount of retainage is noted on the RFP cover sheet ([Page 3 of this RFP](#)). The using agency shall retain the stated percentage of each invoice submitted. At the end of each three (3) month period, the using agency shall review the contractor's performance. If performance has been satisfactory, the Using Agency shall release 90% of the retainage for the preceding three (3) month period. Following certification by the State Contract Manager that all services have been satisfactorily performed the balance of the retainage shall be released to the contractor.

5.19 STATE'S OPTION TO REDUCE SCOPE OF WORK

The State has the option, in its sole discretion, to reduce the scope of work for any task or subtask called for under this contract. In such an event, the Director shall provide advance written notice to the contractor.

Upon receipt of such written notice, the contractor will submit, within five (5) working days to the Director and the State Contract Manager, an itemization of the work effort already completed by task or subtask. The contractor shall be compensated for such work effort according to the applicable portions of its cost proposal.

5.20 SUSPENSION OF WORK

The State Contract Manager may, for valid reason, issue a stop order directing the contractor to suspend work under the contract for a specific time. The contractor shall be paid until the effective date of the stop order. The contractor shall resume work upon the date specified in the stop order, or upon such other date as the State Contract Manager may thereafter direct in writing. The period of suspension shall be deemed added to the contractor's approved schedule of performance. The Director and the contractor shall negotiate an equitable adjustment, if any, to the contract price.

5.21 CHANGE IN LAW

Whenever an unforeseen change in applicable law or regulation affects the services that are the subject of this contract, the contractor shall advise the State Contract Manager and the Director in writing and include in such written transmittal any estimated increase or decrease in the cost of its performance of the services as a result of such change in law or regulation. The Director and the contractor shall negotiate an equitable adjustment, if any, to the contract price.

5.22 CONTRACT PRICE INCREASE (PREVAILING WAGE)

If the Prevailing Wage Act (N.J.S.A. 34:11-56 et seq.) is applicable to the contract, the contractor may apply to the Director, on the anniversary of the effective date of the contract, for a contract price increase. The contract price increase will be available only for an increase in the prevailing wages of trades and occupations covered under this contract during the prior year. The contractor must substantiate with documentation the need for the increase and submit it to the Director for review and determination of the amount, if any, of the requested increase, which shall be available for the upcoming contract year. No retroactive increases will be approved by the Director.

5.23 ADDITIONAL WORK AND/OR SPECIAL PROJECTS

The contractor shall not begin performing any additional work or special projects without first obtaining written approval from both the State Contract Manager and the Director.

In the event of additional work and/or special projects, the contractor must present a written proposal to perform the additional work to the State Contract Manager. The proposal should provide justification for the necessity of the additional work. The relationship between the additional work and the base contract work must be clearly established by the contractor in its proposal.

The contractor's written proposal must provide a detailed description of the work to be performed broken down by task and subtask. The proposal should also contain details on the level of effort, including hours, labor categories, etc., necessary to complete the additional work.

The written proposal must detail the cost necessary to complete the additional work in a manner consistent with the contract. The written cost proposal must be based upon the hourly rates, unit costs or other cost elements submitted by the contractor in the contractor's original bid proposal submitted in response to this RFP. Whenever possible, the cost proposal should be a firm, fixed cost to perform the required work. The firm fixed price should specifically reference and be tied directly to costs submitted by the contractor in its original bid proposal. A payment schedule, tied to successful completion of tasks and subtasks, must be included.

Upon receipt and approval of the contractor's written proposal, the State Contract Manager shall forward same to the Director for the Director's written approval. Complete documentation from the Using Agency, confirming the need for the additional work, must be submitted. Documentation forwarded by the State Contract Manager to the Director must all include all other required State approvals, such as those that may be required from the State of New Jersey's Office of Management and Budget (OMB) and Office of Information and Technology (OIT).

No additional work and/or special project may commence without the Director's written approval. In the event the contractor proceeds with additional work and/or special projects without the Director's written approval, it shall be at the contractor's sole risk. The State shall be under no obligation to pay for work performed without the Director's written approval.

5.24 FORM OF COMPENSATION AND PAYMENT

This Section supplements [Section 4.5 of the RFP'S Standard Terms and Conditions](#). The contractor must submit official State invoice forms to the Using Agency with supporting documentation evidencing that work for which payment is sought has been satisfactorily completed. Invoices must reference the tasks or subtasks detailed in the Scope of Work section of the RFP and must be in strict accordance with the firm, fixed prices submitted for each task or subtask on the RFP pricing sheets. When applicable, invoices should reference the appropriate RFP price sheet line number from the contractor's bid proposal. All invoices must be approved by the State Contract Manager before payment will be authorized.

Invoices must also be submitted for any special projects, additional work or other items properly authorized and satisfactorily completed under the contract. Invoices shall be submitted according to the payment schedule agreed upon when the work was authorized and approved. Payment can only be made for work when it has received all required written approvals and has been satisfactorily completed.

6.0 PROPOSAL EVALUATION/CONTRACT AWARD

6.1 PROPOSAL EVALUATION COMMITTEE

Bid proposals may be evaluated by an Evaluation Committee composed of members of affected departments and agencies together with representative(s) from the Purchase Bureau. Representatives from other governmental agencies may also serve on the Evaluation Committee. On occasion, the Evaluation Committee may choose to make use of the expertise of outside consultant in an advisory role.

6.2 ORAL PRESENTATION AND/OR CLARIFICATION OF BID PROPOSAL

A bidder may be required to give an oral presentation to the Evaluation Committee concerning its bid proposal. The Evaluation Committee may also require a bidder to submit written responses to questions regarding its bid proposal.

The purpose of such communication with a bidder, either through an oral presentation or a letter of clarification, is to provide an opportunity for the bidder to clarify or elaborate on its bid proposal. Original bid proposals submitted, however, cannot be supplemented, changed, or corrected in any way. No comments regarding other bid proposals are permitted. Bidders may not attend presentations made by their competitors.

It is within the Evaluation Committee's discretion whether to require a bidder to give an oral presentation or require a bidder to submit written responses to questions regarding its bid proposal. Action by the Evaluation Committee in this regard should not be construed to imply acceptance or rejection of a bid proposal. The Purchase Bureau buyer will be the sole point of contact regarding any request for an oral presentation or clarification.

6.3 EVALUATION CRITERIA

The following evaluation criteria categories, not necessarily listed in order of significance, will be used to evaluate bid proposals received in response to this RFP. The evaluation criteria categories may be used to develop more detailed evaluation criteria to be used in the evaluation process:

6.3.1 GENERAL CRITERIA

- A. The bidder's general approach and plans in meeting the requirements of this RFP.
- B. The bidder's detailed approach and plans to perform the services required by the Scope of Work of this RFP.
- C. The bidder's documented experience in successfully completing contracts of a similar size and scope to the work required by this RFP.

- D. The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to the work required by this RFP.
- E. The overall ability of the bidder to mobilize, undertake and successfully complete the contract. This judgment will include, but not be limited to, the following factors: the number and qualifications of management, supervisory and other staff proposed by the bidder to complete the contract, the availability and commitment to the contract of the bidder's management, supervisory and other staff proposed and the bidder's contract management plan, including the bidder's contract organizational chart.

6.3.2 THE BIDDER'S COST PROPOSAL

For evaluation purposes, bidders will be ranked according to the total bid price in Attachment 4.

6.4 CONTRACT AWARD

The contract shall be awarded with reasonable promptness by written notice to that responsible bidder whose bid proposal, conforming to the RFP, will be most advantageous to the State, price and other factors considered. Any or all bids may be rejected when the State Treasurer or the Director of the Division of Purchase and Property determines that it is in the public interest so to do.

7.0 ATTACHMENTS AND APPENDICES

ATTACHMENTS - To be submitted with bid proposal.

1. [Ownership Disclosure Form](#)
2. [MacBride Principles Form](#)
3. [Affirmative Action Supplement Forms](#)
4. [Price Schedule, Schedules A & B](#)
5. [Reciprocity Form](#) (*Optional Submittal*)

APPENDICES

1. [New Jersey Standard Terms and Conditions](#)
2. [Set-Off for State Tax Notice](#)

ATTACHMENT 1 - OWNERSHIP DISCLOSURE FORM

OWNERSHIP DISCLOSURE FORM

DEPARTMENT OF THE TREASURY
 DIVISION OF PURCHASE & PROPERTY
 STATE OF NEW JERSEY
 33 W. STATE ST., 9TH FLOOR
 PO BOX 230
 TRENTON, NEW JERSEY 08625-0230

BIDDER: _____

INSTRUCTIONS: Provide below the names, home addresses, dates of birth, offices held and any ownership interest of all officers of the firm named above. If additional space is necessary, provide on an attached sheet.

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>DATE OF BIRTH</u>	<u>OFFICE HELD</u>	<u>OWNERSHIP INTEREST</u> <i>(Shares Owned or % of Partnership)</i>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

INSTRUCTIONS: Provide below the names, home addresses, dates of birth, and ownership interest of all individuals not listed above, and any partnerships, corporations and any other owner having a 10% or greater interest in the firm named above. If a listed owner is a corporation or partnership, provide below the same information for the holders of 10% or more interest in that corporation or partnership. If additional space is necessary, provide that information on an attached sheet. **If there are no owners with 10% or more interest in your firm, enter "None" below.** Complete the certification at the bottom of this form. If this form has previously been submitted to the Purchase Bureau in connection with another bid, indicate changes, if any, where appropriate, and complete the certification below.

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>DATE OF BIRTH</u>	<u>OFFICE HELD</u>	<u>OWNERSHIP INTEREST</u> <i>(Shares Owned or % of Partnership)</i>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

COMPLETE ALL QUESTIONS BELOW

	<u>YES</u>	<u>NO</u>
1. Within the past five years has another company or corporation had a 10% or greater interest in the firm identified above? <i>(If yes, complete and attach a separate disclosure form reflecting previous ownership interests.)</i>	_____	_____
2. Has any person or entity listed in this form or its attachments ever been arrested, charged, indicted or convicted in a criminal or disorderly persons matter by the State of New Jersey, any other State or the U.S. Government? <i>(If yes, attach a detailed explanation for each instance)</i>	_____	_____
3. Has any person or entity listed in this form or its attachments ever been suspended, debarred or otherwise declared ineligible by any agency of government from bidding or contracting to provide services, labor, material, or supplies? <i>(If yes, attach a detailed explanation for each instance)</i>	_____	_____
4. Are there now any criminal matters or debarment proceedings pending in which the firm and/or its officers and/or managers are involved? <i>(If yes, attach a detailed explanation for each instance)</i>	_____	_____
5. Has any Federal, State or Local license, permit or other similar authorization, necessary to perform the work applied for herein and held or applied for by any person or entity listed in this form, been suspended or revoked, or been the subject or any pending proceedings specifically seeking or litigating the issue of suspension or revocation? <i>(If yes, attach a detailed explanation for each instance)</i>	_____	_____

CERTIFICATION: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein and thereby acknowledge that **I am under a continuing obligation from the date of this certification through the completion of any contracts with the State to notify the State in writing of any changes to the answers or information contained herein.** I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the State of New Jersey and that the State at its option, may declare any contract(s) resulting from this certification void and unenforceable.

I, being duly authorized, certify that the information supplied above, including all attached pages, is complete and correct to the best of my knowledge. I certify that all of the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Company Name: _____ (Signature)
 Address: _____ (Name)
 _____ PRINT OR TYPE: _____ (Title)
 FEIN/SSN#: _____
 Date _____

ATTACHMENT 2 - MACBRIDE PRINCIPLES FORM

NOTICE TO ALL BIDDERS
REQUIREMENT TO PROVIDE A CERTIFICATION
IN COMPLIANCE WITH MACBRIDE PRINCIPLES
AND NORTHERN IRELAND ACT OF 1989

Pursuant to Public Law 1995, c. 134, a responsible bidder selected, after public bidding, by the Director of the Division of Purchase and Property, pursuant to N.J.S.A. 52:34-12, or the Director of the Division of Building and Construction, pursuant to N.J.S.A. 52:32-2, must complete the certification below by checking one of the two representations listed and signing where indicated. If a bidder who would otherwise be awarded a purchase, contract or agreement does not complete the certification, then the Directors may determine, in accordance with applicable law and rules, that it is in the best interest of the State to award the purchase, contract or agreement to another bidder who has completed the certification and has submitted a bid within five (5) percent of the most advantageous bid. If the Directors find contractors to be in violation of the principles which are the subject of this law, they shall take such action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

I certify, pursuant to N.J.S.A. 52:34-12.2 that the entity for which I am authorized to bid:

_____ has no ongoing business activities in Northern Ireland and does not maintain a physical presence therein through the operation of offices, plants, factories, or similar facilities, either directly or indirectly, through intermediaries, subsidiaries or affiliated companies over which it maintains effective control; or

_____ will take lawful steps in good faith to conduct any business operations it has in Northern Ireland in accordance with the MacBride principles of nondiscrimination in employment as set forth in N.J.S.A. 52:18A-89.8 and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Signature of Bidder

Name (Type or Print)

Title Name (Type or Print)

Name of Company Name (Type or Print)

Date

ATTACHMENT 3 – AFFIRMATIVE ACTION SUPPLEMENT

AFFIRMATIVE ACTION	TERM CONTRACT - ADVERTISED BID PROPOSAL
DEPT OF THE TREASURY DIVISION OF PURCHASE & PROPERTY STATE OF NEW JERSEY 33 WEST STATE STREET, 9TH FLOOR PO BOX 230 TRENTON, NEW JERSEY 08625-0230	NAME OF BIDDER: _____

SUPPLEMENT TO BID SPECIFICATIONS

DURING THE PERFORMANCE OF THIS CONTRACT, THE CONTRACTOR AGREES AS FOLLOWS:

1. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, WILL NOT DISCRIMINATE AGAINST ANY EMPLOYEE OR APPLICANT FOR EMPLOYMENT BECAUSE OF AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION. THE CONTRACTOR WILL TAKE AFFIRMATIVE ACTION TO ENSURE THAT SUCH APPLICANTS ARE RECRUITED AND EMPLOYED, AND THAT EMPLOYEES ARE TREATED DURING EMPLOYMENT, WITHOUT REGARD TO THEIR AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION. SUCH ACTION SHALL INCLUDE, BUT NOT BE LIMITED TO THE FOLLOWING: EMPLOYMENT, UPGRADING, DEMOTION, OR TRANSFER; RECRUITMENT OR RECRUITMENT ADVERTISING; LAYOFF OR TERMINATION; RATES OF PAY OR OTHER FORMS OF COMPENSATION; AND SELECTION FOR TRAINING, INCLUDING APPRENTICESHIP. THE CONTRACTOR AGREES TO POST IN CONSPICUOUS PLACES, AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT, NOTICES TO BE PROVIDED BY THE PUBLIC AGENCY COMPLIANCE OFFICER SETTING FORTH PROVISIONS OF THIS NONDISCRIMINATION CLAUSE;
2. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE WILL, IN ALL SOLICITATIONS OR ADVERTISEMENTS ,FOR EMPLOYEES PLACED BY OR ON BEHALF OF THE CONTRACTOR, STATE THAT ALL QUALIFIED APPLICANTS WILL RECEIVE CONSIDERATION FOR EMPLOYMENT WITHOUT REGARD TO AGE, RACE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION.
3. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, WILL SEND TO EACH LABOR UNION OR REPRESENTATIVE OR WORKERS WITH WHICH IT HAS A COLLECTIVE BARGAINING AGREEMENT OR OTHER CONTRACT OR UNDERSTANDING, A NOTICE, TO BE PROVIDED BY THE AGENCY CONTRACTING OFFICER ADVISING THE LABOR UNION OR WORKERS' REPRESENTATIVE OF THE CONTRACTOR'S COMMITMENTS UNDER THIS ACT AND SHALL POST COPIES OF THE NOTICE IN CONSPICUOUS PLACES AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT.
4. THE CONTRACTOR OR SUBCONTRACTOR, WHERE APPLICABLE, AGREES TO COMPLY WITH THE REGULATIONS PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME AND THE AMERICANS WITH DISABILITIES ACT.
5. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO ATTEMPT IN GOOD FAITH TO EMPLOY MINORITY AND FEMALE WORKERS CONSISTENT WITH THE APPLICABLE COUNTY EMPLOYMENT GOALS PRESCRIBED BY N.J.A.C. 17:27-5.2 PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME OR IN ACCORDANCE WITH A BINDING DETERMINATION OF THE APPLICABLE COUNTY EMPLOYMENT GOALS DETERMINED BY THE AFFIRMATIVE ACTION OFFICE PURSUANT TO N.J.A.C. 17:27-5.2 PROMULGATED BY THE TREASURER PURSUANT TO P.L. 1975, C. 127, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME.
6. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO INFORM IN WRITING APPROPRIATE RECRUITMENT AGENCIES IN THE AREA, INCLUDING EMPLOYMENT AGENCIES, PLACEMENT BUREAUS, COLLEGES, UNIVERSITIES, LABOR UNIONS, THAT IT DOES NOT DISCRIMINATE ON THE BASIS OF AGE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION, AND THAT IT WILL DISCONTINUE THE USE OF ANY RECRUITMENT AGENCY WHICH ENGAGES IN DIRECT OR INDIRECT DISCRIMINATORY PRACTICES.
7. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO REVISE ANY OF ITS TESTING PROCEDURES, IF NECESSARY, TO ASSURE THAT ALL PERSONNEL TESTING CONFORMS WITH THE PRINCIPLES OF JOB-RELATED TESTING, AS ESTABLISHED BY THE STATUTES AND COURT DECISIONS OF THE STATE OF NEW JERSEY AND AS ESTABLISHED BY APPLICABLE FEDERAL LAW AND APPLICABLE FEDERAL COURT DECISIONS.
8. THE CONTRACTOR OR SUBCONTRACTOR AGREES TO REVIEW ALL PROCEDURES RELATING TO TRANSFER, UPGRADING, DOWNGRADING AND LAYOFF TO ENSURE THAT ALL SUCH ACTIONS ARE TAKEN WITHOUT REGARD TO AGE, CREED, COLOR, NATIONAL ORIGIN, ANCESTRY, MARITAL STATUS, SEX, AFFECTIONAL OR SEXUAL ORIENTATION, AND CONFORM WITH THE APPLICABLE EMPLOYMENT GOALS, CONSISTENT WITH THE STATUTES AND COURT DECISIONS OF THE STATE OF NEW JERSEY, AND APPLICABLE FEDERAL LAW AND APPLICABLE FEDERAL COURT DECISIONS.

THE CONTRACTOR AND ITS SUBCONTRACTORS SHALL FURNISH SUCH REPORTS OR OTHER DOCUMENTS TO THE AFFIRMATIVE ACTION OFFICE AS MAY BE REQUESTED BY THE OFFICE FROM TIME TO TIME IN ORDER TO CARRY OUT THE PURPOSES OF THESE REGULATIONS, AND PUBLIC AGENCIES SHALL FURNISH SUCH INFORMATION AS MAY BE REQUESTED BY THE AFFIRMATIVE ACTION OFFICE FOR CONDUCTING A COMPLIANCE INVESTIGATION PURSUANT TO SUBCHAPTER 10 OF THE ADMINISTRATIVE CODE (NJAC17:27).

*** NO FIRM MAY BE ISSUED A PURCHASE ORDER OR CONTRACT WITH THE STATE UNLESS THEY COMPLY WITH THE AFFIRMATIVE ACTION REGULATIONS**

PLEASE CHECK APPROPRIATE BOX (ONE ONLY)

- I HAVE A CURRENT NEW JERSEY AFFIRMATIVE ACTION CERTIFICATE, (PLEASE ATTACH A COPY TO YOUR PROPOSAL).
- I HAVE A VALID FEDERAL AFFIRMATIVE ACTION PLAN APPROVAL LETTER, (PLEASE ATTACH A COPY TO YOUR PROPOSAL).
- I HAVE COMPLETED THE ENCLOSED FORM AA302 AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT.

INSTRUCTIONS FOR COMPLETING THE AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT (FORM AA302)

IMPORTANT:

READ THE FOLLOWING INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE FORM. PRINT OR TYPE ALL INFORMATION. FAILURE TO PROPERLY COMPLETE THE ENTIRE FORM MAY DELAY ISSUANCE OF YOUR CERTIFICATE.

Item 1 - Enter the Federal Identification Number assigned to the Contractor or vendor by the Internal Revenue Service, or if a Federal Employer Identification Number has been applied for, but not yet issued, write the words "applied for",

or

If your business is such that you have not, or will not receive a Federal Employee Identification Number, enter the Social Security Number assigned to the single owner or to a partner, in case of partnership.

Item 2 - Check the box appropriate to your TYPE OF BUSINESS. If you are engaged in more than one type of business, check the predominant one. If you are a manufacturer deriving more than 50% of your receipts from your own retail outlets, check "Retail".

Item 3 - Enter the total "number" of employees in the entire company, including part-time employees. This number shall include all facilities in the entire firm or corporation.

Item 4 - Enter the name by which the company is identified. If there is more than one company name, enter the predominant one.

Item 5 - Enter the physical location of the company, include City, County, State and Zip Code.

Item 6 - Enter the name of any parent or affiliated company including City, State and Zip Code. If there is none, so indicate by entering "None" or N/A.

Item 7 - Check the appropriate box for the total number of employees in the entire company. "Entire Company" shall include all facilities in the entire firm or corporation, including part-time employees, not use those employees at the facility being awarded the contract.

Item 8 - Check the box appropriate to your type of company establishment. Single-establishment Employer shall include an employer whose business is conducted at more than one location.

Item 9 - If multi-establishment was entered in Item 8, enter the number of establishments within the State of New Jersey.

Item 10 - Enter the total number of employees at the establishment being awarded the contract.

Item 11 - Enter the name of the Public Agency awarding the contract. Include City, State and Zip Code.

Item 12 - Enter the appropriate figures on all lines and in all columns. THIS SHALL ONLY INCLUDE EMPLOYMENT DATA FROM THE FACILITY THAT IS BEING AWARDED THE CONTRACT. DO NOT list the same employee in more than one job category.

Racial/Ethnic Groups will be so defined:

Black: Not of Hispanic origin. Persons have origin in any of the Black racial groups of Africa.

Hispanic: Persons of Mexican, Puerto Rican, Cuban or Central or South American or other Spanish culture or origin, regardless of race.

American Indian or Alaskan Native: Persons having origins in any of the original peoples of North America, and who maintain cultural identification through tribal affiliation or community recognition.

Asian or Pacific Islander: Persons having origin in any of the peoples of the Far East, Southeast Asia, the Indian Subcontinent or the Pacific Islands. This area includes for example, China, Japan, the Philippine Islands and Somoa.

Item 13 - Check the appropriate box, if the race or ethnic group information was not obtained by 1 or 2, specify by what other means this was done in 3.

Item 14 - Enter the dates of the payroll period used to prepare the employment data presented in Item 12.

Item 15 - If this is the first time an Employee Information Report has been submitted for this company, check block "Yes".

Item 16 - If the answer to Item 15 is "No", enter the date when the last Employee Information Report was submitted by this company.

Item 17 - Print or type the name of the person completing this form. Include the signature, title and date.

Item 18 - Enter the physical location where the form is being completed. Include City, State, Zip Code and Phone Number.

State of New Jersey

AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT

IMPORTANT - READ INSTRUCTIONS ON PRIOR PAGE CAREFULLY BEFORE COMPLETING FORM. TYPE OR PRINT SHARP BALL POINT PEN. FAILURE TO PROPERLY COMPLETE THE ENTIRE FORM MAY DELAY ISSUANCE OF YOUR CERTIFICATE.

SECTION A - COMPANY IDENTIFICATION

1. FID. NO. OR SOCIAL SECURITY	2. TYPE OF BUSINESS <input type="checkbox"/> 1. MFG. <input type="checkbox"/> 2. SERVICE <input type="checkbox"/> 3. WHOLESALE <input type="checkbox"/> 4. RETAIL <input type="checkbox"/> 5. OTHER	3. TOTAL NO. OF EMPLOYEES IN THE ENTIRE COMPANY
4. COMPANY NAME		
5. STREET	CITY	COUNTY
		STATE
		ZIP CODE
6. NAME OF PARENT OR AFFILIATED COMPANY (IF NONE, SO INDICATE)		CITY
		STATE
		ZIP CODE
7. DOES THE ENTIRE COMPANY HAVE A TOTAL OF AT LEAST 50 EMPLOYEES? <input type="checkbox"/> YES <input type="checkbox"/> NO		
8. CHECK ONE: IS THE COMPANY: <input type="checkbox"/> SINGLE-ESTABLISHMENT EMPLOYER <input type="checkbox"/> MULTI-ESTABLISHMENT EMPLOYER		
9. IF MULTI-ESTABLISHMENT EMPLOYER, STATE THE NUMBER OF ESTABLISHMENTS IN N.J. : []		
10. TOTAL NUMBER OF EMPLOYEES AT THE ESTABLISHMENT WHICH HAS BEEN AWARDED THE CONTRACT: []		
11. PUBLIC AGENCY AWARDED CONTRACT:	CITY	STATE
		ZIP CODE

OFFICIAL USE ONLY

DATE RECEIVED	COUNTY	OUT OF STATE PERCENTAGES	ASSIGNED CERTIFICATION NUMBER
MO/DAY/YR		MINORITY	FEMALE

SECTION B - EMPLOYMENT DATA

12. Report all permanent, temporary and part-time employees ON YOUR OWN PAYROLL. Enter the appropriate figures on all lines and in all columns. Where there are no employees in a particular category, enter a zero. Include ALL employees, not just those in minority categories, in columns 1, 2, & 3.

JOB CATEGORIES	ALL EMPLOYEES			MINORITY GROUP EMPLOYEES (PERMANENT)								
	Col. 1 TOTAL (Cols. 2&3)	Col. 2 MALE	Col. 3 FEMALE	MALE				FEMALE				
				BLACK	HISPANIC	AMERICAN INDIAN	ASIAN	BLACK	HISPANIC	AMERICAN INDIAN	ASIAN	
Officials and Managers												
Professionals												
Technicians												
Sales Workers												
Office and Clerical												
Craftworkers (Skilled)												
Operatives (Semi-skilled)												
Laborers (Unskilled)												
Service Workers												
TOTAL												
Total employment from Previous Report (if any)												

The data below shall NOT be included in the request for the categories above.

Temporary and Part-time Employees											
13. HOW WAS INFORMATION AS TO RACE OR ETHNIC GROUP IN SECTION B OBTAINED? <input type="checkbox"/> 1. VISUAL SURVEY <input type="checkbox"/> 2. EMPLOYMENT RECORD <input type="checkbox"/> 3. OTHER (SPECIFY)				15. IS THIS THE FIRST EMPLOYEE INFORMATION REPORT (AA.302) SUBMITTED? <input type="checkbox"/> 1. YES <input type="checkbox"/> 2. NO				16. IF NO, DATE OF LAST REPORT SUBMITTED MO. DAY YEAR			
14. DATES OF PAYROLL PERIOD USED											

SECTION C - SIGNATURE AND IDENTIFICATION

17. NAME OF PERSON COMPLETING FORM (PRINT OR TYPE)(?CONTRACTOR EEO OFFICER	SIGNATURE	TITLE	MO. DAY YEAR
18. ADDRESS (NO. & STREET)	(CITY)	(STATE)	(ZIP CODE) PHONE (AREA CODE, NO. & EXTENSION)

ATTACHMENT 4 - PRICE SCHEDULE

AUDIT COMPLIANCE REVIEWS: PHARMACY, INPATIENT, TRAUMA/TPL CLAIMS

Bid Number 05-X-36839

Refer to [RFP Section 3.0](#) (Scope of Work) for task requirements and deliverables

Price Schedule

Line No.	COMMODITY -SERVICE DESCRIPTION	QUANTITY	UNIT	UNIT PRICE
00001	ALL INCLUSIVE FULLY LOADED FIRM FIXED PRICE FOR ONE (1) BILLING OF THE CONTRACT. TOTAL FOR ALL MONTHS MUST EQUAL THE TOTAL FOR ALL THE TASKS AS SHOWN ON SCHEDULE "A" AND SCHEDULE "B" ***** YEAR 1 ***** BIDDER MUST ENTER THE ALL INCLUSIVE FULLY LOADED FIRM FIXED PRICE FOR YEAR 1 IN THE "UNIT PRICE" COLUMN.	1	YEAR	\$
00002	ALL INCLUSIVE FULLY LOADED FIRM FIXED PRICE FOR ONE (1) BILLING OF THE CONTRACT. TOTAL FOR ALL MONTHS MUST EQUAL THE TOTAL FOR ALL THE TASKS AS SHOWN ON SCHEDULE "A" AND SCHEDULE "B" ***** YEAR 2***** BIDDER MUST ENTER THE ALL INCLUSIVE FULLY LOADED FIRM FIXED PRICE FOR YEAR TWO IN THE "UNIT PRICE" COLUMN.	1	YEAR	\$
00003	ALL INCLUSIVE FULLY LOADED FIRM FIXED PRICE FOR ONE (1) BILLING OF THE CONTRACT. TOTAL FOR ALL MONTHS MUST EQUAL THE TOTAL FOR ALL THE TASKS AS SHOWN ON SCHEDULE "A" AND SCHEDULE "B" ***** YEAR 3***** BIDDER MUST ENTER THE ALL INCLUSIVE FULLY LOADED FIRM FIXED PRICE FOR YEAR THREE IN THE "UNIT PRICE" COLUMN.	1	YEAR	\$

The bidder must provide a price for each bid item or the bid proposal shall be considered non-responsive.

Schedules A and B

The Project Cost Proposal must be completed in its entirety for each year of the contract.

SCHEDULE A

	<u>Total Year 1</u>	<u>Total Year 2</u>	<u>Total YEAR 3</u>	<u>Grand Total</u>
TASK 1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
TOTAL BY YEAR	\$	\$	\$	\$

SCHEDULE B

YEAR ONE (1)

Task 1 - Pharmaceutical Services and Durable Medical Equipment - Audit

Labor Category	Number of Hours	X	All-Inclusive Hourly Rate	=	Labor Category Total
----------------	-----------------	---	---------------------------	---	----------------------

_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____

Total Task 1 =====

Task 2 - DRG Audits

Labor Category	Number of Hours	X	All-Inclusive Hourly Rate	=	Labor Category Total
----------------	-----------------	---	---------------------------	---	----------------------

_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____

Total Task 2 =====

Task 9 - Consultations

Labor Category	Number of Hours	X	All-Inclusive Hourly Rate	=	Labor Category Total
----------------	-----------------	---	---------------------------	---	----------------------

_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____

Total Task 9 =====

Task 10 - Policy and Procedures Criteria

Labor Category	Number of Hours	X	All-Inclusive Hourly Rate	=	Labor Category Total
----------------	-----------------	---	---------------------------	---	----------------------

_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____

Total Task 10 =====

(Place totals for Year One on Price Line 00001)

YEAR THREE (3)

Task 1 - Pharmaceutical Services and Durable Medical Equipment - Audit

Labor Category	Number of Hours	X	All-Inclusive Hourly Rate	=	Labor Category Total
----------------	-----------------	---	---------------------------	---	----------------------

_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____

Total Task 1 =====

Task 2 - DRG Audits

Labor Category	Number of Hours	X	All-Inclusive Hourly Rate	=	Labor Category Total
----------------	-----------------	---	---------------------------	---	----------------------

_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____

Total Task 2 =====

Task 3 - Inpatient Hospital Audits of Bills Bearing Trauma-Related Diagnoses

Labor Category	Number of Hours	X	All-Inclusive Hourly Rate	=	Labor Category Total
----------------	-----------------	---	---------------------------	---	----------------------

_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____

Total Task 3 =====

Task 4 - Pre- and Post-Payment Monitoring

Labor Category	Number of Hours	X	All-Inclusive Hourly Rate	=	Labor Category Total
----------------	-----------------	---	---------------------------	---	----------------------

_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____

Total Task 4 =====

Task 5 - Counsel and Educate Providers

Labor Category	Number of Hours	X	All-Inclusive Hourly Rate	=	Labor Category Total
----------------	-----------------	---	---------------------------	---	----------------------

_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____

Total Task 5 =====

Task 9 - Consultations

Labor Category	Number of Hours	X	All-Inclusive Hourly Rate	=	Labor Category Total
----------------	-----------------	---	---------------------------	---	----------------------

_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____

Total Task 9 =====

Task 10 - Policy and Procedures Criteria

Labor Category	Number of Hours	X	All-Inclusive Hourly Rate	=	Labor Category Total
----------------	-----------------	---	---------------------------	---	----------------------

_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____
_____	_____		_____		_____

Total Task 10 =====

(Place all totals for Year Three on Price Line 00003)

ATTACHMENT 5 - RECIPROCITY FORM

RECIPROCITY FORM
(Optional Submission)

IMPORTANT NOTICE TO ALL BIDDERS

Effective October 7, 1991 in accordance with N.J.S.A. 52:32-1.4 and N.J.A.C. 17:12-2.13, the State of New Jersey will invoke reciprocal action against an out-of-State bidder whose State or locality maintains a preference practice for their bidders.

For States having preference laws, regulations, or practices, New Jersey will use the annual surveys compiled by the Council of State Governments, National Association of State Purchasing Officials, or the National Institute of Governmental Purchasing to invoke reciprocal actions. The State may obtain additional information anytime it deems appropriate to supplement the above survey information.

Any bidder may submit information related to preference practices enacted for a local entity outside the State of New Jersey. This information may be submitted in writing as part of the bid response proposal, and should be in the form of resolutions passed by an appropriate governing body, regulations, a Notice to Bidders, laws, etc. It is the responsibility of the bidder to provide the documentation with the bid proposal or submit it to the Director, Division of Purchase and Property within five (5) working days of the public bid opening. Written evidence for a specific procurement that is not provided to the Director within five working days of the public bid opening will not be considered in the evaluation of that procurement, but will be retained and considered in the evaluation of subsequent procurements.

Any bidder having evidence of out-of-State local entities invoking preference practices should complete the form below, with a copy of appropriate documentation. The form and documentation may be submitted with your bid response proposal.

.....
Name of Locality having preference practices:

City /Town/Authority	
County	
State	

Documentation Attached

- Resolution Regulations/Laws
- Notice to Bidder Other _____

Name of Firm Submitting this information _____

Please Print

APPENDIX 1 NJ STATE STANDARD TERMS AND CONDITIONS

STATE OF NEW JERSEY STANDARD TERMS AND CONDITIONS

- I. Unless the bidder is specifically instructed otherwise In the Request for Proposal, the following terms and conditions will apply to all contracts or purchase agreements made with the State of New Jersey. These terms are in addition to the terms and conditions set forth in the Request for Proposal (RFP) and should be read in conjunction with same unless the RFP specifically indicates otherwise. If a bidder proposes changes or modifications or takes exception to any of the State's terms and conditions, the bidder must so state specifically in writing in the bid proposal. Any proposed change, modification or exception in the State's terms and conditions by a bidder will be a factor in the determination of an award of a contractor purchase agreement.
- II. All of the State's terms and conditions will become a part of any contract(s) or order(s) awarded as a result of the Request for Proposal, whether stated in part, in summary or by reference. In the event the bidder's terms and conditions conflict with the State's, the State's terms and conditions will prevail, unless the bidder is notified in writing of the State's acceptance of the bidder's terms and conditions.
- III. The statutes, laws or codes cited are available for review at the New Jersey State Library, 185 West State Street, Trenton, New Jersey 08625.
- IV. If awarded a contract or purchase agreement, the bidder's status shall be that of any independent principal and not as an employee of the State.

1. STATE LAW REQUIRING MANDATORY COMPLIANCE BY ALL CONTRACTORS

- 1.1 **BUSINESS REGISTRATION** - All New Jersey and out of State Corporations must obtain a Business Registration Certificate (BRC) from the Department of the Treasury, Division of Revenue prior to conducting business in the State of New Jersey. Proof of valid business registration with the Division of Revenue, Department of the Treasury, State of New Jersey, should be submitted by the bidder and, if applicable, by every subcontractor of the bidder, with the bidder's bid. No contract will be awarded without proof of business registration with the Division of Revenue. Any questions in this regard can be directed to the Division of Revenue at (609) 292-1730. Form NJ-REG. can be filed online at <http://www.state.nj.us/treasury/revenue/gettingregistered.htm#busentity>
- 1.2 **ANTI-DISCRIMINATION** - All parties to any contract with the State of New Jersey agree not to discriminate in employment and agree to abide by all anti-discrimination laws including those contained within N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A.10:5-1 et seq. and N.J.S.A.10:5-31 through 10:5-38, and all rules and regulations issued there under.
- 1.3 **PREVAILING WAGE ACT** - The New Jersey Prevailing Wage Act, N.J.S.A. 34: 11-56.26 et seq. is hereby made part of every contract entered into on behalf of the State of New Jersey through the Division of Purchase and Property, except those contracts which are not within the contemplation of the Act. The bidder's signature on this proposal is his guarantee that neither he nor any subcontractors he might employ to perform the work covered by this proposal has been suspended or debarred by the Commissioner, Department of Labor for violation of the provisions of the Prevailing Wage Act.
- 1.4 **AMERICANS WITH DISABILITIES ACT** - The contractor must comply with all provisions of the Americans With Disabilities Act (ADA), P.L 101-336, in accordance with 42 U.S.C. 12101 et seq.
- 1.5 **THE WORKER AND COMMUNITY RIGHT TO KNOW ACT** - The provisions of N.J.S.A. 34:5A-1 et seq. which require the labeling of all containers of hazardous substances are applicable to this contract. Therefore, all goods offered for purchase to the State must be labeled by the contractor in compliance with the provisions of the Act.
- 1.6 **OWNERSHIP DISCLOSURE** - Contracts for any work, goods or services cannot be issued to any corporation or partnership unless prior to or at the time of bid submission the bidder has disclosed the names and addresses of all its owners holding 10% or more of the corporation or partnership's stock or interest. Refer to N.J.S.A. 52:25-24.2.
- 1.7 **COMPLIANCE - LAWS** - The contractor must comply with all local, state and federal laws, rules and regulations applicable to this contract and to the goods delivered and/or services performed hereunder.
- 1.8 **COMPLIANCE - STATE LAWS** - It is agreed and understood that any contracts and/or orders placed as a result of this proposal shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the STATE OF NEW JERSEY.
- 1.9 **COMPLIANCE - CODES** - The contractor must comply with NJUCC and the latest NEC70, B.O.C.A. Basic Building code, OSHA and all applicable codes for this requirement. The contractor will be responsible for securing and paying all necessary permits, where applicable.

2. **LIABILITIES**

- 2.1 **LIABILITY - COPYRIGHT** - The contractor shall hold and save the State of New Jersey, its officers, agents, servants and employees, harmless from liability of any nature or kind for or on account of the use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of his contract.
- 2.2 **INDEMNIFICATION** - The contractor shall assume all risk of and responsibility for, and agrees to indemnify, defend, and save harmless the State of New Jersey and its employees from and against any and all claims, demands, suits, actions, recoveries, judgments and costs and expenses in connection therewith on account of the loss of life, property or injury or damage to the person, body or property of any person or persons whatsoever, which shall arise from or result directly or indirectly from the work and/or materials supplied under this contract. This indemnification obligation is not limited by, but is in addition to the insurance obligations contained in this agreement.
- 2.3 **INSURANCE** - The contractor shall secure and maintain in force for the term of the contract liability insurance as provided herein. The contractor shall provide the State of New Jersey with current certificates of insurance for all coverages and renewals thereof which must contain the proviso that the insurance provided in the certificate shall not be canceled for any reason except after thirty days written notice to:

STATE OF NEVV JERSEY
Purchase Bureau - Bid Ref.#

The insurance to be provided by the contractor shall be as follows.

- a. General liability policy as broad as the standard coverage forms currently in use in the State of New Jersey which shall not be circumscribed by any endorsements limiting the breadth of coverage. The policy shall be endorsed to include:
1. BROAD FORM COMPREHENSIVE GENERAL LIABILITY
 2. PRODUCTS/COMPLETED OPERATIONS
 3. PREMISES/OPERATIONS

The limits of liability for bodily injury and property damage shall not be less than \$1 million per occurrence as a combined single limit.

- b. Automobile liability insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily Injury and property damage shall not be less than \$1 million per occurrence as a combined single limit.
- c. Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than

\$100,000 BODILY INJURY, EACH OCCURRENCE
\$100,000 DISEASE EACH EMPLOYEE
\$500,000 DISEASE AGGREGATE LIMIT

3. **TERMS GOVERNING ALL PROPOSALS TO NEW JERSEY PURCHASE BUREAU**

- 3.1 **CONTRACT AMOUNT** - The estimated amount of the contract(s), when stated on the Advertised Request for Proposal form, shall not be construed as either the maximum or minimum amount which the State shall be obliged to order as the result of this Request for Proposal or any contract entered into as a result of this Request for Proposal.
- 3.2 **CONTRACT PERIOD AND EXTENSION OPTION** - If, in the opinion of the Director of the Division of Purchase and Property, it is in the best interest of the State to extend an contract entered into as a result of this Request for Proposal, the contractor will be so notified of the Director s Intent at least 30 days prior to the expiration date of the existing contract. The contractor shall have 15 calendar days to respond to the Director's request to extend the contract. If the contractor agrees to the extension, all terms and conditions of the original contract, including price, will be applicable.
- 3.3 **BID AND PERFORMANCE SECURITY**
- a. Bid Security - If bid security is required, such security must be submitted with the bid in the amount listed in the Request for Proposal, see N.J.A.C. 17: 12- 2.4. Acceptable forms of bid security are as follows:
1. A properly executed individual or annual bid bond issued by an insurance or security company authorized to do business in the State of New Jersey, a certified or cashier's check drawn to the order of the Treasurer, State of New Jersey, or an irrevocable letter of credit drawn naming the Treasurer, State of New Jersey as beneficiary issued by a federally insured financial institution.

2. The State will hold all bid security during the evaluation process. As soon as is practicable after the completion of the evaluation, the State will:
 - a. Issue an award notice for those offers accepted by the State;
 - b. Return all bond securities to those who have not been issued an award notice.

All bid security from contractors who have been issued an award notice shall be held until the successful execution of all required contractual documents and bonds (performance bond, insurance, etc. If the contractor fails to execute the required contractual documents and bonds within thirty (30) calendar days after receipt of award notice, the contractor may be found in default and the contract terminated by the State. In case of default, the State reserves all rights inclusive of, but not limited to, the right to purchase material and/or to complete the required work in accordance with the New Jersey Administrative Code and to recover any actual excess costs from the contractor. Collection against the bid security shall be one of the measures available toward the recovery of any excess costs.

- b. Performance Security - If performance security is required, the successful bidder shall furnish performance security in such amount on any award of a term contractor line item purchase, see N.J.A.C. 17: 12- 2.5. Acceptable forms of performance security are as follows:
 1. The contractor shall be required to furnish an irrevocable security in the amount listed in the Request for Proposal payable to the Treasurer, State of New Jersey, binding the contractor to provide faithful performance of the contract.
 2. The performance security shall be in the form of a properly executed individual or annual performance bond issued by an insurance or security company authorized to do business in the State of New Jersey, a certified or cashier's check drawn to the order of the Treasurer, State of New Jersey, or an irrevocable letter of credit drawn naming the Treasurer, State of New Jersey as beneficiary issued by a federally insured financial institution.

The Performance Security must be submitted to the State within 30 days of the effective date of the contract award and cover the period of the contract and any extensions thereof. Failure to submit performance security may result in cancellation of contract for cause pursuant to provision 3.5b,1, and nonpayment for work performed.

3.4 VENDOR RIGHT TO PROTEST - INTENT TO AWARD - Except in cases of emergency, bidders have the right to protest the Director's proposed award of the contract as announced in the Notice of Intent to Award, see N.J.A.C. 17:12-3.3. Unless otherwise stated, a bidder's protest must be submitted to the Director within 10 working days after receipt of written notification that his bid has not been accepted or that an award of contract has been made. In the public interest, the Director may shorten this protest period, but shall provide at least 48 hours for bidders to respond to a proposed award. In cases of emergency, stated in the record, the Director may waive the appeal period. See N.J.A.C. 17: 12- 3 et seq.

3.5 TERMINATION OF CONTRACT

- a. Change of Circumstances

Where circumstances and/or the needs of the State significantly change, or the contract is otherwise deemed no longer to be in the public interest, the Director may terminate a contract entered into as a result of this Request for Proposal, upon no less than 30 days notice to the contractor with an opportunity to respond.

In the event of such termination, the contractor shall furnish to the using agency, free of charge, such reports as may be required,

- b. For cause:
 1. Where a contractor fails to perform or comply with a contract, and/or fails to comply with the complaints procedure in N.J.A.C. 17: 12-4.2 et seq., the Director may terminate the contract upon 10 days notice to the contractor with an opportunity to respond.
 2. Where a contractor continues to perform a contract poorly as demonstrated by formal complaints, late delivery, poor performance of service, short-shipping etc., so that the Director is repeatedly required to use the complaints procedure in N.J.A.C. 17:12-4.2 et seq. the Director may terminate the contract upon 10 days notice to the contractor with an opportunity to respond.
- c. In cases of emergency the Director may shorten the time periods of notification and may dispense with an opportunity to respond.
- d. In the event of termination under this section, the contractor will be compensated for work performed in accordance with the contract, up to the date of termination. Such compensation may be subject to adjustments.

- 3.6 COMPLAINTS** - Where a bidder has a history of performance problems as demonstrated by formal complaints and/or contract cancellations for cause pursuant to 3.5b a bidder may be bypassed for this award. See N.J.A.C. 17:12-2.8.
- 3.7 EXTENSION OF CONTRACT QUASI-STATE AGENCIES** - It is understood and agreed that in addition to State Agencies, Quasi-State Agencies may also participate in this contract. Quasi-State Agencies are defined in N.J.S.A. 52:27B-56.1 as any agency, commission, board, authority or other such governmental entity which is established and is allocated to a State department or any bi-state governmental entity of which the State of New Jersey is a member.
- 3.8 EXTENSION OF CONTRACTS TO POLITICAL SUBDIVISIONS, VOLUNTEER FIRE DEPARTMENTS AND FIRST AID SQUADS, AND INDEPENDENT INSTITUTIONS OF HIGHER EDUCATION - N.J.S.A. 52:25-16.1** permits counties, municipalities and school districts to participate in any term contract(s), that may be established as a result of this proposal.
- N.J.S.A. 52:25-16.2 permits volunteer fire departments, volunteer first aid squads and rescue squads to participate in any term contract(s) that may be established as a result of this proposal.
- N.J.S.A. 52:25-16.5 permits independent institutions of higher education to participate in any term contract(s) that may be established as a result of this proposal, provided that each purchase by the Independent Institution of higher education shall have a minimum cost of \$500.
- In order for the State contract to be extended to counties, municipalities, school districts, volunteer fire departments, first aid squads and independent institutions of higher education the bidder must agree to the extension and so state in his bid proposal. The extension to counties municipalities, school districts, volunteer fire departments, first aid squads and Independent Institutions of higher education must be under the same terms and conditions, including price, applicable to the State.
- 3.9 EXTENSIONS OF CONTRACTS TO COUNTY COLLEGES - N.J.S.A. 18A:64A - 25. 9** permits any college to participate in any term contract(s) that may be established as a result of this proposal.
- 3.10 EXTENSIONS OF CONTRACTS TO STATE COLLEGES - N.J.S.A. 18A:64- 60** permits any State College to participate in any term contract(s) that may be established as a result of this proposal.
- 3.11 SUBCONTRACTING OR ASSIGNMENT** - The contract may not be subcontracted or assigned by the contractor, in whole or in part, without the prior written consent of the Director of the Division of Purchase and Property. Such consent, if granted, shall not relieve the contractor of any of his responsibilities under the contract.
- In the event the bidder proposes to subcontract for the services to be performed under the terms of the contract award, he shall state so in his bid and attach for approval a list of said subcontractors and an Itemization of the products and/or services to be supplied by them.
- Nothing contained in the specifications shall be construed as creating any contractual relationship between any subcontractor and the State.
- 3.12 MERGERS, ACQUISITIONS** - If, subsequent to the award of any contract resulting from this Request for Proposal, the contractor shall merge with or be acquired by another firm, the following documents must be submitted to the Director, Division of Purchase & Property.
- a. Corporate resolutions prepared by the awarded contractor and new entity ratifying acceptance of the original contract, terms, conditions and prices.
 - b. State of New Jersey Bidders Application reflecting all updated information including ownership disclosure, pursuant to provision 1.5.
 - c. Vendor Federal Employer Identification Number.
- The documents must be submitted within thirty (30) days of completion of the merger or acquisition. Failure to do so may result in termination of contract pursuant to provision 3.5b.
- If subsequent to the award of any contract resulting from this Request for Proposal, the contractor's partnership or corporation shall dissolve, the Director, Division of Purchase & Property must be so notified. All responsible parties of the dissolved partnership or corporation must submit to the Director in writing, the names of the parties proposed to perform the contract, and the names of the parties to whom payment should be made. No payment should be made until all parties to the dissolved partnership or corporation submit the required documents to the Director.
- 3.13 PERFORMANCE GUARANTEE OF BIDDER** - The bidder hereby certifies that:
- a. The equipment offered is standard new equipment, and is the manufacturer's latest model in production, with parts regularly used for the type of equipment offered; that such parts are all in production and not likely to be discontinued;

and that no attachment or part has been substituted or applied contrary to manufacturer's recommendations and standard practice.

- b. All equipment supplied to the State and operated by electrical current is UL listed where applicable.
- c. All new machines are to be guaranteed as fully operational for the period stated in the Request For Proposal from time of written acceptance by the State. The bidder will render prompt service without charge, regardless of geographic location.
- d. Sufficient quantities of parts necessary for proper service to equipment will be maintained at distribution points and service headquarters.
- e. Trained mechanics are regularly employed to make necessary repairs to equipment in the territory from which the service request might emanate within a 48-hour period or within the time accepted as industry practice.
- f. During the warranty period the contractor shall replace immediately any material which is rejected for failure to meet the requirements of the contract.
- g. All services rendered to the State shall be performed in strict and full accordance with the specifications stated in the contract. The contract shall not be considered complete until final approval by the State's using agency is rendered.

3.14 DELIVERY GUARANTEES - Deliveries shall be made at such time and in such quantities as ordered in strict accordance with conditions contained in the Request for Proposal.

The contractor shall be responsible for the delivery of material in first class condition to the State's using agency or the purchaser under this contract and in accordance with good commercial practice.

Items delivered must be strictly in accordance with the Request for Proposal.

In the event delivery of goods or services is not made within the number of days stipulated or under the schedule defined in the Request for Proposal, the using agency may be authorized to obtain the material or service from any available source, the difference in price, if any, to be paid by the contractor failing to meet his commitments.

3.15 DIRECTOR'S RIGHT OF FINAL BID ACCEPTANCE - The Director reserves the right to reject any or all bids, or to award in whole or in part if deemed to be in the best interest of the State to do so. The Director shall have authority to award orders or contracts to the vendor or vendors best meeting all specifications and conditions in accordance with N.J.S.A. 52:34-12. Tie bids will be awarded by the Director in accordance with N.J.A.C.17:12-2.1D.

3.16 BID ACCEPTANCES AND REJECTIONS - The provisions of N.J.A.C. 17:12-2.9, relating to the Director's right, to waive minor elements of non-compliance with bid specifications and N.J.A.C. 17: 12- 2.2 which defines causes for automatic bid rejection, apply to all proposals and bids.

3.17 STATE'S RIGHT TO INSPECT BIDDER'S FACILITIES - The State reserves the right to inspect the bidder's establishment before making an award, for the purposes of ascertaining whether the bidder has the necessary facilities for performing the contract.

The State may also consult with clients of the bidder during the evaluation of bids. Such consultation is intended to assist the State in making a contract award which is most advantageous to the State.

3.18 STATE'S RIGHT TO REQUEST FURTHER INFORMATION - The Director reserves the right to request all information which may assist him or her in making a contract award, including factors necessary to evaluate the, bidder s financial capabilities to perform the contract. Further, the Director reserves the right to request a bidder to explain, in detail, how the bid price was determined.

3.19 MAINTENANCE OF RECORDS - The contractor shall maintain records for products and/or services delivered against the contract for a period of three (3) years from the date of final payment. Such records shall be made available to the, State upon request for purposes of conducting an audit or for ascertaining information regarding dollar volume or number of transactions.

4. TERMS RELATING TO PRICE QUOTATION

4.1 PRICE FLUCTUATION DURING CONTRACT - Unless otherwise noted by the State, all prices quoted shall be firm through issuance of contract or purchase order and shall not be subject to increase during the period of the contract.

In the event of a manufacturer's or contractor's price decrease during the contract period, the State shall receive the full benefit of such price reduction on any undelivered purchase order and on any subsequent order placed during the contract

period. The Director of Purchase and Property must be notified, in writing, of any price reduction within five (5) days of the effective date.

Failure to report price reductions will result in cancellation of contract for cause, pursuant to provision 3.5b.1.

- 4.2 DELIVERY COSTS** - Unless otherwise noted in the Request for Proposal, all prices for items in bid proposals are to be submitted F.O.B. Destination. Proposals submitted other than F.O.B. Destination may not be considered. Regardless of the method of quoting shipments, the contractor shall assume all costs, liability and responsibility for the delivery of merchandise in good condition to the State's using agency or designated purchaser.

F.O.B. Destination does not cover "spotting" but does include delivery on the receiving platform of the ordering agency at any destination in the State of New Jersey unless otherwise specified. No additional charges will be allowed for any additional transportation costs resulting from partial shipments made at contractor's convenience when a single shipment is ordered. The weights and measures of the State's using agency receiving the shipment shall govern.

- 4.3 C.O.D. TERMS** - C.O.D. terms are not acceptable as part of a bid proposal and will be cause for rejection of a bid.

- 4.4 TAX CHARGES** - The State of New Jersey is exempt from State sales or use taxes and Federal excise taxes. Therefore, price quotations must not include such taxes. The State's Federal Excise Tax Exemption number is 22-75-0050K.

- 4.5 PAYMENT TO VENDORS** - Payment for goods and/or services purchased by the State will only be made against State Payment Vouchers. The State bill form in duplicate together with the original Bill of Lading, express receipt and other related papers must be sent to the consignee on the date of each delivery. Responsibility for payment rests with the using agency which will ascertain that the contractor has performed in a proper and satisfactory manner in accordance with the terms and conditions of the award. Payment will not be made until the using agency has approved payment.

For every contract the term of which spans more than one fiscal year, the State's obligation to make payment beyond the current fiscal year is contingent upon legislative appropriation and availability of funds.

The State of New Jersey now offers State contractors the opportunity to be paid through the MASTERCARD procurement card (p-card). A contractor's acceptance and a State Agency's use of the p-card, however, is optional. P-card transactions do not require the submission of either a contractor invoice or a State payment voucher. Purchasing transactions utilizing the p-card will usually result in payment to a contractor in three days. A Contractor should take note that there will be a transaction processing fee for each p-card transaction. To participate, a contractor must be capable of accepting the MASTERCARD card. For more information, call your bank or any merchant services company.

- 4.6 NEW JERSEY PROMPT PAYMENT ACT** - The New Jersey Prompt Payment Act N.J.S.A. 52:32-32 et seq. requires state agencies to pay for goods and services within sixty (60) days of the agency's receipt of a properly executed State Payment Voucher or within sixty (60) days of receipt and acceptance of goods and services, whichever is later. Properly executed performance security, when required, must be received by the state prior to processing any payments for goods and services accepted by state agencies. Interest will be paid on delinquent accounts at a rate established by the State Treasurer. Interest will not be paid until it exceeds \$5.00 per properly executed invoice.

Cash discounts and other payment terms included as part of the original agreement are not affected by the Prompt Payment Act.

- 4.7 RECIPROCITY** - In accordance with N.J.S.A. 52:32-1.4 and N.J.A.C. 17: 12- 2. 13, the State of New Jersey will invoke reciprocal action against an out-of-State bidder whose state or locality maintains a preference practice for their bidders.

- 5. CASH DISCOUNTS** - Bidders are encouraged to offer cash discounts based on expedited payment by the State. The State will make efforts to take advantage of discounts, but discounts will not be considered in determining the lowest bid.

- a. Discount periods shall be calculated starting from the next business day after the recipient has accepted the goods or services received a properly signed and executed State Payment Voucher form and, when required, a properly executed performance security, whichever is latest.
- b. The date on the check issued by the State in payment of that Voucher shall be deemed the date of the State's response to that Voucher.

- 6. STANDARDS PROHIBITING CONFLICTS OF INTEREST** - The following prohibitions on vendor activities shall apply to all contracts or purchase agreements made with the State of New Jersey, pursuant to Executive Order No. 189 (1988).

- a. No vendor shall pay, offer to pay, or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any State officer or employee or special State officer or employee, as defined by N.J.S.A. 52:13D-13b and e., in the Department of the Treasury or any other agency with which such vendor transacts or offers or proposes to transact business, or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13i., of any

such officer or employee, or partnership, firm or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A. 52: 13D-13g.

- b. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any State officer or employee or special State officer or employee from any State vendor shall be reported in writing forthwith by the vendor to the Attorney General and the Executive Commission on Ethical Standards.
- c. No vendor may, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such vendor to, any State officer or employee or special State officer or employee or special State officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to any State agency or any instrumentality thereof, or with any person, firm or entity with which he is employed or associated or in which he has an interest within the meaning of N.J.S.A. 52: 130-13g. Any relationships subject to this provision shall be reported in writing forthwith to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest.
- d. No vendor shall influence, or attempt to influence or cause to be influenced, any State officer or employee or special State officer or employee in his official capacity in any manner which might tend to impair the objectivity or independence of judgment of said officer or employee.
- e. No vendor shall cause or influence, or attempt to cause or influence, any State officer or employee or special State officer or employee to use, or attempt to use, his official position to secure unwarranted privileges or advantages for the vendor or any other person.
- f. The provisions cited above in paragraph 6a through 6e shall not be construed to prohibit a State officer or employee or Special State officer or employee from receiving gifts from or contracting with vendors under the same terms and conditions as are offered or made available to members of the general public subject to any guidelines the Executive Commission on Ethical Standards may promulgate under paragraph 6c.

APPENDIX 2 - SET-OFF FOR STATE TAX NOTICE

NOTICE TO ALL BIDDERS **SET-OFF FOR STATE TAX NOTICE**

Please be advised that, pursuant to P.L. 1995, c. 159, effective January 1, 1996, and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods or services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set off that taxpayer's or shareholder's share of the payment due the taxpayer, partnership, or S corporation. The amount set off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set-off under this act.

The Director of the Division of Taxation shall give notice to the set-off to the taxpayer and provide an opportunity for a hearing within 30 days of such notice under the procedures for protests established under R.S. 54:49-18. No requests for conference, protest, or subsequent appeal to the Tax Court from any protest under this section shall stay the collection of the indebtedness. Interest that may be payable by the State, pursuant to P.L. 1987, c.184 (c.52:32-32 et seq.), to the taxpayer shall be stayed.

April 28, 2004

Addendum # 1

AUDIT COMPLIANCE REVIEW: MEDICAID / PAAD, INPATIENT, TRAUMA / TPL CLAIMS NJ RFP BID NUMBER 05-X-36839

THE FOLLOWING ARE ANSWERS TO QUESTIONS SUBMITTED PRIOR TO THE MANDATORY PRE-BID CONFERENCE HELD ON WEDNESDAY, APRIL 28, 2004.

1) 3.3 Pg. 15:

Do you have any estimate available from past history as to how many hard copy claims might be expected monthly?

The DMAHS fiscal agent processes about 1.5 million pharmacy claims each month for all pharmacy programs.

2) 3.5 Pg. 16:

Will DMAHS Fiscal Agent be able to supply paid claims data in a format other than tape?

Yes, paid claims data can be supplied in a format of the contractor's choice.

3) 3.5.1 Pg. 16:

a) How many DME providers are in your network?

b) How many Institutional Pharmacies are in your network?

a) As of 4/16/04, there were 1352 DME providers in our network of which 500 were strictly DME providers and the balance were pharmacy providers with DME numbers.

b) As of 4/16/04, there were between 35 and 40 Institutional Pharmacies enrolled in the network.

4) 3.5.2 task 2 states "DRG audits consist of a desk audit and on-site review of in-patient hospital records to determine whether the appropriate DRG's were used by hospital providers when billing the Medicaid program." Question: Please describe in detail the components of the DRG review required.

The desk audit involves the selection of 20% of all Medicaid paid claim records for the year under review. The on-site review involves the comparison of the paid claims information to the medical records to determine whether the appropriate DRG's were assigned.

5) 3.5.2 task 2 states "The contractor must have the capability of auditing on-site, twenty percent (20%) of all Medicaid paid claim records." Question:

a) What is the total annual number of Medicaid DRG paid cases within the contract (not minimum required)?

b) Also, what is the total annual in-patient spend for all cases within the contract?

a) Total Medicaid DRG paid claims for CY 2003 was approximately 116,000.

b) The approximate payment amount was \$396,000,000.

6) 3.5.3 task 3 states "The contractor shall perform audits of all inpatient hospital claims where TPL is or may be present as indicated by billings bearing trauma-related diagnoses (ICD-9-CM series 800-999)." Question: What were the recovery results in dollars for TPL resulting from past audits, as reported for each year?

We cannot locate any statistics on TPL recoveries resulting from past DRG audits at this time. Should we discover such statistics, an addendum will issued with the information.

7) 3.5.6 task 6 states “The contractor shall report all findings and make appropriate recommendations regarding audit results to the DMAHS State Contract Manager....as deemed appropriate.” Question:

- a) What error rates by error types have been found and reported on in past DRG audits?**
- b) What were the annual DRG recovery results in dollars?**

- a) The error rate for paid claims with incorrect DRG assignments reviewed in 2003 was approximately 6.5%.
- b) The recovery amount was approximately \$4,200,000.

8) 3.5.7 task 7 states “The contractor shall initiate the identification of incorrect payments made to program providers, calculate interest and other civil penalties as authorized by the State Contract Manager...” Question: How are the interest and penalties calculated for DRG overpayments?

At this time, we will not ask the contractor to calculate interest and civil penalties for DRG audits. If and when we do, we will let the contractor know the proper formula to use.

9) Page 10, Section 1.3.3 – Will you please provide a list of the entities attending the mandatory pre-bid conference?

A list will be distributed of all attendees at the conclusion of the pre-bid conference.

10) Page 16, Section 3.1.5.2 – Must the ‘licensed pharmacist’ be licensed in the state of New Jersey?

Yes, the "licensed pharmacist" must be licensed in the State of New Jersey.

11) Page 21, Section 3.6 – What is the current monthly revenue generated under the current contract?

For all of CY 2003, DRG audits generated \$5.08 million in federal and state funds and pharmacy audits generated \$1.19 million.

12) Page 22, Section 3.9 – What is the estimated number of claims/audits outstanding from the current contract?

Under the current contract, the contractor performs 1100 pharmacy audits per year. From 8/1/03 through the present, 785 audits have been completed. In addition, there are 7 pending DRG audits and 7 pending TPL audits.

13) Page 27, Section 4.4.3.7 –As a certified public accounting firm, we do not have audited certified financial statements or statements from an independent accountant. Will internally-prepared financial statements be sufficient to meet this requirement?

Yes, financial statements prepared internally for a certified public accounting firm will be an acceptable submittal for this RFP. However, please be aware that all information submitted within a proposal will become public knowledge.

14) Page 15, Section 3.0 - a) What is the number of appeals that are pending that would be applicable under the new contract? b) Will the new contractor be required to support any pending appeals?

- a) The State is unaware of any pending DRG appeals. There are no pending pharmacy appeals.
- b) N/A

15) Page 15, Section 3.0 - What is the number of audits completed by year per program under the current contract?

There were approximately 80 DRG audits completed in CY 2003; from 8/1/02 through 7/31/03. There were 1158 pharmacy audits completed.

16) Page 16, Section 3.5 – Will the contractor report to a single contract manager or will each program perform contract management independently?

There will be a single contract manager. However, hospital and pharmacy issues are handled by different staff within DMAHS.

May 4, 2004

Addendum # 2

AUDIT COMPLIANCE REVIEW: MEDICAID / PAAD, INPATIENT, TRAUMA / TPL CLAIMS NJ RFP BID NUMBER 05-X-36839

THE FOLLOWING ARE ANSWERS TO QUESTIONS ASKED AT THE MANDATORY PRE-BID CONFERENCE HELD ON WEDNESDAY, APRIL 28, 2004.

1) CLARIFICATION TO QUESTION # 1 IN ADDENDUM #1:

3.3 Pg. 15:

Do you have any estimate available from past history as to how many hard copy claims might be expected monthly?

The DMAHS fiscal agent processes about 1.5 million pharmacy claims each month for all pharmacy programs with 6% - 8% being hard copy claims.

2) CLARIFICATION TO QUESTIONS # 7(b) AND # 11 IN ADDENDUM # 1:

3.5.6 task 6 states "The contractor shall report all findings and make appropriate recommendations regarding audit results to the DMAHS State Contract Manager....as deemed appropriate." Question:

- a) What error rates by error types have been found and reported on in past DRG audits?**
- b) What were the annual DRG recovery results in dollars?**

- a) The error rate for paid claims with incorrect DRG assignments reviewed in 2003 was approximately 6.5%.
- b) The recovery amount was approximately \$4,200,000.

Page 21, Section 3.6 – What is the current monthly revenue generated under the current contract?

For all of CY 2003, DRG audits generated \$5.08 million in federal and state funds and pharmacy audits generated \$1.19 million.

The figure of \$4.22 million for CY 2003 represents adjustments made only by DMAHS, and was obtained from the DMAHS unit actually making those adjustments. It did not include (a) 245 outstanding claims that had an unresolved issue; and (b) adjustment requests generated by the DRG audits, but made by the hospitals. The larger figure of \$5.08 million was obtained by adding up monthly figures obtained directly from the current contractor.

3) Page 16- Section 3.5.1.1

a) Will the DME audits be in the pharmacy settings or will we be required to perform audits for DME providers outside pharmacies? b) How many DME providers will we be required to audit per year? c) Are Pharmacy and DME audits all combined into the 1100 minimum required audits per year?

- a) both
- b) Up to 250
- c) No--the DME audits are in addition to the 1100 pharmacy audits, but a DME and pharmacy audit may be combined in accordance with the RFP.

4) Page 16- Section 3.5.1.1

a) How many Pharmacies and DME providers are receiving in excess of \$1 million and outside the 60 mile radius? b) How many of these audits are expected over a one year period? Over a three year period? d) May we quote a price for these audits separate from our other pricing?

- a) Currently, there are 4 pharmacy providers and no DME providers that meet these criteria.
- b) Each provider, including out-of-state providers, must be audited at least once during the three-year term of the contract.
- d) No, pricing must be submitted as an All Inclusive, Fully Loaded Firm Fixed Price.

5) Page 19- Section 3.5.1.14

Will the State provide us with the updated file for the Provider Servicing Number (PSN)? In what format? How often will it be updated, and how often must it be redistributed to the pharmacies? Where in the proposal can we include the price for these services?

The State will provide the contractor with an updated file for the PSN on hard copy or CD at an agreed upon interval ranging from quarterly to annually. The PSN is not distributed to the pharmacies. The price should be included in the All Inclusive, Fully Loaded Firm Fixed Price submitted with the bidder's proposal.

Addendum # 3

AUDIT COMPLIANCE REVIEW: MEDICAID / PAAD, INPATIENT, TRAUMA / TPL CLAIMS NJ RFP BID NUMBER 05-X-36839

THE FOLLOWING ARE ANSWERS TO QUESTIONS SUBMITTED ON THE DATE OF THE MANDATORY PRE-BID CONFERENCE HELD ON WEDNESDAY, APRIL 28, 2004.

Page 15 - Section 3

Is DMAHS interested in alternative audit solutions that may yield greater recoveries, program savings, and ROI?

No

Page 16 - Section 3.5

Will there be a cost to the vendor associated with obtaining data (via tape or electronic transfer) from the fiscal agent?

No

Page 16 - Section 3.5.1.2

In our experience, certain elements of the pharmacy auditing process can be conducted more cost-effectively by pharmacy technicians. Would DMAHS allow other personnel to conduct elements of the pharmacy auditing process to contain the overall cost of the project, provided that all audit work product is managed and reviewed by a licensed pharmacist?

No

Page 17 - Section 3.5.1.3

The RFP mentions a "minimum of eleven hundred (1,100) desk audits and eleven hundred (1,100) on-site reviews for each contract year." Under what circumstances would DMAHS require more audits? How many audits did the previous contractor perform for each audit type in the past three years?

Every pharmacy must be audited a minimum of once every three years. Should more pharmacies enroll with DMAHS, more audits may need to be done. During the past three contract years, 3933 pharmacy acquisition audits and 3,390 pharmacy compliance audits were performed. The number of DRG audits performed during that time is not available at this time

Page 17 - Section 3.5.1.3

How many claim post-payment desk audits of new pharmacy providers did the current contractor perform in the past three years?

3,390

Page 17 - Section 3.5.1.3

Under what circumstances will DMAHS require a sample size of more than 200 claims? On what percentage of audits does DMAHS anticipate requiring a larger sample size?

Should there be evidence of fraud and/or serious abuse, DMAHS may require a larger sample size. It is anticipated that this might occur for up to 10% of onsite reviews.

Page 17 - Section 3.5.1.3

The RFP suggests that statistically valid sampling protocols may be used in certain cases where warranted. What type of sampling does DMAHS intend for the auditor to use in the initial desk and on-site audits (judgmental, simple random, stratified random, etc.)? If judgmental, will "primary error rates" be based on a non-random sample?

The bidder's proposal should recommend a methodology.

Page 17 - Section 3.5.1.3

What is the sampling unit utilized by DMAHS (unique Rx# or individual claim)?

Individual claim

Page 17 - Section 3.5.1.3

Does DMAHS intend for audit protocols to be the same (e.g., sample size, for desk and on-site audits)?

No

Page 18 - Section 3.5.1.5

This section mentions that the State Contract manager may "reduce the number of required audits... on an hour-for-hour basis." What will be the baseline number of person-hours per audit?

The bidder should determine this and submit it with its proposal.

Page 19 - Section 3.5.1.18

At what percentage of pharmacy provider audits will auditors be required to copy invoice records? And for approximately what time period?

Up to 50 pharmacies for a six-month time period.

Page 19 - Section 3.5.2

The contractor is to have the capability of auditing 20% of paid claims. Does this mean that 20% of paid claims will be audited? How many paid claims are there in total?

The percentage of paid claims to be audited will be determined by the contract manager. There are a total of about 1.5 million pharmacy claims processed each month.

Page 19 - Section 3.5.2

Is there need for inpatient compliance audits (comparison to Medicaid Provider Manual, unbundling, outlier analysis, inpatient vs. outpatient charges, etc)? Yes. Are paid claim data available?

Yes.

Page 19 - Section 3.5.2

Does "appropriate DRG" include availability of co-morbid conditions and complications, as well as the principle or admitting diagnoses?

This information is unavailable at this time.

Page 19 - Sections 3.5.2 - 3.5.3

With respect to Tasks 2 and 3, are the detailed bills and submitted claims available?

It is the contractor's responsibility to get the claims during the course of the audit.

Page 21 - Section 3.5.10.3

What percentage of audits is expected to go to administrative hearing or other proceedings?

Less than 1% for pharmacy audits.

Page 26 - Section 4.4.3

How many FTE audit staff does the current vendor dedicate to this program?

Pharmacy audits: between 6 and 8 FTEs. The figure for DRG auditors is unavailable at this time.