



**State of New Jersey**

DEPARTMENT OF THE TREASURY  
DIVISION OF PURCHASE AND PROPERTY  
PURCHASE BUREAU  
P.O. BOX 230  
TRENTON, NJ 08625-0230

RICHARD J. CODEY  
*Acting Governor*

JOHN E. MCCORMAC, CPA  
*State Treasurer*

**Date:** July 1, 2005

**TO:** All Potential Bidders

**RE:** RFP #: 06-X-37958  
RFP Title: INSURANCE CONSULTING: DEVELOPMENT AND IMPLEMENTATION OF AN INPATIENT REIMBURSEMENT SYSTEM FOR HOSPITALS

- a) **New Business Registration Requirements – This is a change from previous requirements. Failure to submit a copy of your Business Registration Certificate (or interim registration) from the Division of Revenue with the Bid Proposal may be cause for rejection of the bid proposal.**
- b) **Executive Order 134 Certification and Disclosure Submittal Requirements Revised – In order to simplify the EO 134 compliance process, effective December 22, 2004, submission of EO 134 Certification and Disclosure forms will be required to be submitted following notice of intent to award.**

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
<b>07/12/05</b>	<b>5:00 PM Eastern Daylight Time</b>	<b>Bidders' Questions Due Date</b> <i>(Refer to <a href="#">RFP Section 1.3.1.2</a> for more information)</i>
<b>08/03/05</b>	<b>2:00 PM Eastern Daylight Time</b>	<b>Bid Submission Due Date</b> <i>(Refer to <a href="#">RFP Section 1.3.5</a> for more information)</i>

All questions concerning the RFP contents and the bidding process must be directed to the following e-mail address: [jonathan.wallace@treas.state.nj.us](mailto:jonathan.wallace@treas.state.nj.us)



STATE OF NEW JERSEY
REQUEST FOR PROPOSAL

BID NUMBER: 06-X-37958

FOR: Insurance Consulting: Development and Implementation of an Inpatient Reimbursement System for Hospitals

TERM CONTRACT #: T-2379
REQUESTING AGENCY: Department of Human Services

ESTIMATED AMOUNT: N/A
CONTRACT EFFECTIVE DATE: 09/15/05
CONTRACT EXPIRATION DATE: 09/14/07
COOPERATIVE PURCHASING: NO
SET ASIDE: SEE RFP SECTION 4.4.1.6

DIRECT QUESTIONS CONCERNING THIS RFP TO:
E-MAIL ADDRESS: Jonathan.Wallace@treas.state.nj.us

TO BE COMPLETED BY BIDDER:

Firm Name: \_\_\_\_\_ Address: \_\_\_\_\_

PURSUANT TO N.J. STATUTES, REGULATIONS AND EXECUTIVE ORDERS, PROPOSALS WHICH FAIL TO CONFORM WITH THE FOLLOWING REQUIREMENTS WILL BE AUTOMATICALLY REJECTED:

- 1) PROPOSALS MUST BE RECEIVED AT OR BEFORE THE PUBLIC OPENING TIME OF 2 PM ON 08/03/05 AT THE FOLLOWING PLACE: DEPARTMENT OF THE TREASURY, PURCHASE BUREAU, PO BOX-230, 33 WEST STATE STREET, 9TH FLOOR, TRENTON, NEW JERSEY 08625-0230.
2) THE BIDDER MUST SIGN THE PROPOSAL.
3) THE PROPOSAL MUST INCLUDE ALL PRICE INFORMATION.
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 \$ NA OR NA %.
7) THE BIDDER MUST COMPLETE AND SUBMIT, PRIOR TO THE SUBMISSION OF THE PROPOSAL, OR ACCOMPANYING THE PROPOSAL, THE ATTACHED OWNERSHIP DISCLOSURE FORM.
8) THE BIDDER MUST ATTEND THE MANDATORY PRE-BID CONFERENCE(S) AND SITE VISIT(S) AT THE FOLLOWING DATE(S) AND TIME(S):
9) FOR SET ASIDE CONTRACTS ONLY, A BIDDER MUST BE REGISTERED WITH THE N.J. DEPARTMENT OF COMMERCE AS A SMALL BUSINESS BY THE DATE OF BID OPENING.

ADDITIONAL REQUIREMENTS

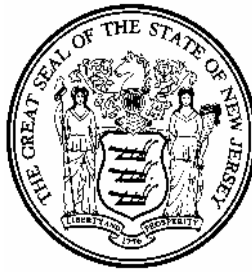
- 10) THE BIDDER MUST BE REGISTERED WITH THE DIVISION OF REVENUE AND SHALL SUBMIT A BUSINESS REGISTRATION CERTIFICATE (OR INTERIM REGISTRATION) WITH THE BID PROPOSAL.
11) PERFORMANCE SECURITY: NA OR NA %
12) PAYMENT RETENTION NA %
13) AN AFFIRMATIVE ACTION FORM (ATTACHMENT 3 OF RFP)
14) A MACBRIDE PRINCIPLES CERTIFICATION (ATTACHMENT 2 OF RFP)
15) REQUESTED DELIVERY: SEE DETAILS ELSEWHERE IN RFP

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.

23) ORIGINAL SIGNATURE OF BIDDER
24) NAME OF FIRM
25) PRINT/TYPE NAME AND TITLE
26) DATE



**Bid Number: 06-X-37958**

**REQUEST FOR PROPOSAL FOR:**

**INSURANCE CONSULTING: DEVELOPMENT AND IMPLEMENTATION  
INPATIENT HOSPITAL REIMBURSEMENT SYSTEM**

**DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**

Date Issued: **July 1, 2005**

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  
Division of Medical Assistance and Health Services  
PO Box 715  
Trenton, New Jersey 08625

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## **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 (DHS), Division of Medical Assistance and Health Services (DMAHS). The purpose of this RFP is to solicit bid proposals to engage a contractor to develop and implement a rate reimbursement methodology, based on Diagnosis Related Groups (DRGs) for New Jersey acute-care general hospital in-patient services.

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

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.

### **1.2 BACKGROUND**

DMAHS, on behalf of the State, administers a program of medical assistance for eligible persons under Title XIX of the Social Security Act (42 U.S.C. Sec. 1396, et seq., also known as "Medicaid"), for eligible persons under the Family Care Health Coverage Act (P.L. 2000, c71) and for children under Title XXI of the Social Security Act (42 U.S.C. Sec. 1397aa, et seq., also known as "State Child Health Insurance Program").

New Jersey has participated in the Medicaid program since 1970. Today, New Jersey Medicaid is the largest social services program in State government. It provides for the healthcare needs of more than 900,000 people.

#### **1.2.1 CONTRACT SPECIFIC BACKGROUND**

DMAHS currently uses a prospective payment system to pay New Jersey acute-care general hospitals for inpatient services that are based on DRG rates. The current system is a modified version of the all-payer prospective reimbursement system. The current Medicaid DRG rates are based upon 1988 base year costs and use the AP-DRGs Version 8 Grouper software as explained more fully below. The Grouper software has been updated annually through a mapper developed by the software vendor, 3M Company, which links any new diagnosis and procedure codes to the Version 8 DRGs. 3M Company will discontinue the updating of the Version 8 Grouper effective October 2005.

The State has decided to revise not only the base year costs and Grouper used, but will consider modifications to the current Medicaid DRG reimbursement system. The State requires that the new DRG system be operational effective no later than July 1, 2006.

The State adopted its DRG reimbursement system in 1993. Since the DRGs do not apply to the State's Medicaid managed care programs, the DRG reimbursement proposed under this procurement, will apply directly to inpatient services for those Medicaid beneficiaries not enrolled in managed care, however it will also have an indirect impact on managed care capitation rate development.

The seventy-two (72) acute-care hospitals operating within New Jersey treat over 64,000 Medicaid inpatient fee-for-service cases each year for which the State pays over \$290,000,000.

Acute-care, general hospitals are reimbursed for fee-for-service inpatient care based on a rate per case derived from DRGs which categorize inpatient cases using uniform billing data and the AP-DRGs Version 8 Grouper. The current DRG rates are based upon cost, revenue and statistical data from the 1988 Acute Care Hospital Cost Reports and Uniform Bill Data (UB Data) collected by the New Jersey Department of Health and Senior Services (DHSS).

The Version 8 Grouper contains over seven hundred (700) DRG categories. After categorizing the total population of 1988 hospital inpatient cases into DRGs, trim points were calculated to define "inliers" based on standard deviations from the average length of stay (LOS) for each DRG category. Through the rate setting process, a rate based on the median cost per case was determined for each DRG category for inliers, and per diem (daily) rates were established for "outliers," which are those cases outside of the inlier

trim points. Low outlier rates are per diem amounts based on the costs and days of associated cases below the low trim point, and high outliers are reimbursed the inlier rate plus a per diem rate applied to the number of days of the entire stay.

In order to calculate the DRG rates using 1988 cost data, most hospital overhead costs were allocated to the routine and ancillary cost centers to determine the cost of direct patient care. Direct patient care costs were allocated to individual patient records based upon measure-of-resource-use (MRUs), which are charges, admissions or patient days for each patient. These records were then categorized as inliers or outliers based on the length-of-stay trim points (the normative range of days for each DRG).

The DRG rate model was adjusted to remove the costs of indirect graduate medical education (GME) and negate the impact of different New Jersey labor market areas in order to make the resulting costs comparable among hospitals. The direct patient care cost of each inlier discharge within each DRG grouping was arrayed by cost value, and the median cost per discharge was identified. The median inlier cost per discharge for each DRG is the direct patient care inlier standard amount for the DRG. Standard per diem amounts were also calculated for high and low outlier categories in each DRG using the same procedure as for inliers.

In order to calculate individual hospital rate schedules, the standard DRG rates were adjusted to reflect the labor market area applicable to each hospital. The standard DRG amounts were inflated to current values through the use of economic and technology factors. A factor was calculated to include overhead costs (such as capital costs) that are not included in the cost allocation process. This "mark-up" factor is applied to the direct patient portion of the rates in order to determine the full payment rate. Graduate medical education costs are reimbursed as an add-on to the rate.

The rate setting process is also described in the New Jersey Medicaid rules at N.J.A.C. 10:52-5.1 through 10:52-9.1.

## **1.3 KEY EVENTS**

### **1.3.1 ELECTRONIC QUESTION AND ANSWER PERIOD**

It is the policy of the Purchase Bureau to accept questions and inquiries from all vendors by e-mail. Written questions should be e-mailed to the Purchase Bureau to the attention of the assigned Purchase Bureau buyer at the following address:

E- Mail: [jonathan.wallace@treas.state.nj.us](mailto:jonathan.wallace@treas.state.nj.us)

After the submission of bid proposals, unless requested by the State, contact with the State is limited to status inquiries only and such inquiries are only to be directed to the buyer. Any further contact or information about the proposal to the buyer or any other State official connected with the solicitation will be considered an impermissible supplementation of the bidder's bid proposal.

#### **1.3.1.1 QUESTION PROTOCOL**

Questions should be e-mailed in writing to the attention of the assigned Purchase Bureau buyer. 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.

#### **1.3.1.2 CUT-OFF DATE FOR QUESTIONS AND INQUIRIES**

The cut-off date for questions and inquiries relating to this RFP is **July 12, 2005**. Addenda, if any, to this RFP will be posted to the Purchase Bureau website (see Section 1.4.1. of this RFP for further information.)

#### **1.3.2 MANDATORY SITE VISIT**

Not applicable to this procurement.

### 1.3.3 MANDATORY PRE-BID CONFERENCE

Not applicable to this procurement.

### 1.3.4 OPTIONAL PRE-BID CONFERENCE:

Not applicable to this procurement

### 1.3.5 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:**

<b>DATE:</b>	<b>August 3, 2005</b>
<b>TIME:</b>	<b>2:00 PM Eastern Daylight Time</b>
<b>LOCATION:</b>	<b>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</b>  <b>Directions to the Purchase Bureau can be found on the following website:</b> <a href="http://www.state.nj.us/treasury/purchase/directions.shtml">http://www.state.nj.us/treasury/purchase/directions.shtml</a>

### 1.3.6 DOCUMENT REVIEW

The following are publicly available documents that bidders need to review in order to prepare and submit accurate and comprehensive bid proposals:

- **Health Insurance Portability and Accountability Act of 1996 (HIPAA)**
- **Balanced Budget Act of 1997 (BBA)**
- **Title XIX**
- **Title XXI**

The documents above can be accessed via the internet at this website:

<http://www.cms.hhs.gov>

In addition, documents related to New Jersey DMAHS are available at:

<http://www.state.nj.us/humanservices/dmahs/manuals.html>

## 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 BIDDING OPPORTUNITIES WEB PAGE AT THE FOLLOWING ADDRESS:**

**There are no designated dates for release of addenda. Therefore interested bidders should check the Purchase Bureau "Bidding Opportunities" website on a daily basis from time of RFP issuance through bid opening.**

**It is the sole responsibility of the bidder 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.

#### **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**

Subsequent to bid opening, all information submitted by bidders in response to the bid solicitation is considered public information, except as may be exempted from public disclosure by the Open Public Records Act, N.J.S.A. 47:1A-1 et seq., and the common law. A bidder may designate specific information as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. The State reserves the right to make the determination and shall so advise the bidder. The location in the bid proposal of any such designation should be clearly stated in a cover letter. The State will not honor attempts by bidders either to designate their entire bid proposal as confidential/proprietary and/or to claim copyright protection for their entire proposal.

All bid proposals, with the exception of information determined by the State to be proprietary, are available for public inspection.

Interested parties can make an appointment with the Purchase Bureau 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, Executive Order 134 and 129 Certifications 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.

**All Inclusive Firm Fixed Hourly Rate** – Must include all direct and indirect costs including, but not limited to: overhead, fee or profit, clerical support, travel expenses, safety equipment, materials, supplies, managerial support and all documents, forms, and reproductions thereof. Hourly rates may also include portal to portal expenses. Time spent in traveling to and from the work site or employee's normal work station should not be included in this rate.

**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.

**Firm Fixed Price** – A price that is all-inclusive of direct cost and indirect costs, including, but 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 as set forth in Sections 5.2, 5.2.1, 5.2.2 and 5.2.3.

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

## 2.2 CONTRACT SPECIFIC DEFINITIONS

**AP – DRG** – All Patient Diagnostic Related Group is an expansion of the basic DRGs to be more representative of non-Medicare populations.

**APR – DRG** - All Patient Refined Diagnostic Related Group incorporates severity of illness and risk of mortality subclasses into the DRGs

**AP-DRG Version 8 Grouper** – Computer software logic that assigns cases into the appropriate DRG in accordance with the clinical and statistical information supplied

**BBA** – Balanced Budget Act of 1997, mandated by federal legislation in 1997.

**CMS** – Centers for Medicare and Medicaid Services. CMS is the federal agency which administers Medicare, Medicaid, and the State Children's Health Insurance Program.

**DHS** - New Jersey Department of Human Services.

**DHSS** – Department of Health and Senior Services

**Direct Patient Care** - Having direct, hands-on, or face-to-face contact with patients as part of routine daily activities.

**DMAHS** - Division of Medical Assistance and Health Services within the New Jersey Department of Human Services.

**Diagnosis Related Group (DRG)** – Patient classification system in which cases are group by shared characteristics of principal diagnosis, secondary diagnosis, age, surgical procedure, and other complications and consuming a similar amount of resources.

**DRG Rates** – The average amount of gross revenue per case that a hospital can charge and that Medicaid will pay for services related to patient care

**DRG Reimbursement System** – Method of reimbursement applied to all Medicaid fee-for-service beneficiaries.

**Fiscal Agent** – The contracted vendor charged with the processing and payment of Medicaid associated claims. The current fiscal agent is the Unisys Corporation.

**Fringe Benefits** – Includes Legal Fringe Benefits (participation in programs such as Worker's Compensation, Unemployment Compensation, FICA-OASDI, FICA-Medicare as required by State or federal laws) Pensions, and Policy Fringe Benefits (participation in programs such as medical, life and other insurances usually provided on behalf of the hospital), costs as reported on the New Jersey Acute Care Hospitals Cost Report

**Graduate Medical Education (GME)** – Includes Graduate Medical Education costs as reported on the New Jersey Acute Care Hospital Cost Report

**Health Care Financing Administration** - See CMS

**Health Insurance** - Benefits or services provided for the diagnosis, cure, mitigation, treatment or prevention of disease or other problems with the structure or function of the body, and transportation primarily for and essential to the provision of such medical care, provided pursuant to the terms of a contract issued to an individual or group health plan by a carrier or other third party within the meaning of N.J.S.A. 30:4D-3m.

**HIPAA** - Health Insurance Portability and Accountability Act of 1996 signed into law on August 21, 1996. HIPPA requires that all protected patient information be safeguarded in specific ways to prevent accidental or purposeful disclosure, loss or misuse.

**Hospitals** – Institutions traditionally charged with the mission of providing or arranging high quality health care services for the population under service with the goal of improving the health and well-being of that population within the limits of available resources.

**Hospital** (Department Definition / Approved General) – An acute care, short-term institution that:  
1) is licensed as a general hospital by the New Jersey Department of Health and Senior Services (DHSS); 2) is accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) or the Commission on Accreditation (COA) as a hospital and/or meets the requirements for participation and certification under Medicare (Title XVIII of the Social Security Act) as a hospital; 3) has in effect a hospital utilization review plan applicable to all patients who receive medical assistance under Medicaid (Title XIX) and NJ KidCare (Title XXI); and, 4) has signed a provider agreement to participate in and abide by the rules and regulations of DMAHS and all applicable federal regulations.

**Inliers** – Inpatient cases who display common or typical patterns of resource use, are assigned to DRGs and have a length of stay within the high and low trim points.

**Length-of-Stay (LOS)** - Total number of days included in the patient’s stay in the hospital.

**Measure of Resource Use (MRU)** – Statistics (Patient Days, Admissions or Charges) used to allocate Direct Patient Care costs to the DRGs.

**Median Cost per Case** – Represents the average cost per case used in establishing the inlier rate per case.

**Medicaid** - State-administered, federally and State-funded medical assistance program as authorized in Title XIX of the Social Security Act.

**Medicaid Managed Care Program** - Program known as the New Jersey Care 2000+ Program that is outlined in this RFP.

**Medicaid Managed Information System (MMIS)** – The information technology platform and system primarily responsible for the electronic processing and payment of Medicaid claims and currently operated by the Fiscal Agent (Unisys Corporation).

**MICU** – Medical Intensive Care Unit.

**N.J.A.C.** - New Jersey Administrative Code providing regulations covering implementation of statute or programs.

**New Jersey State Plan (State Plan)** – DHS/DMAHS document, approved and filed by CMS, that describes the New Jersey Medicaid program.

**Outlier** – Patient who displays atypical characteristics relative to other patients in a DRG and has length of stay either above or below the established trim points.

**Outpatient** – Patient requiring medical treatment who is not admitted to the hospital as an inpatient.

**Per Diem Rates** – Rates used to established Outliers

**Price Level Depreciation** – The decrease or loss in value, as because of age, wear or market condition as reported on the New Jersey Acute Care Cost Report – Form C-7.

**Prospective Payment System** – A method of reimbursement in which payment is made based on a predetermined, fixed amount. The payment amount for a particular service is derived based on the classification system of that service (for example, DRGs for inpatient hospital services).

**Rate Package** – The supporting schedules issued to hospitals that provide the necessary detail for the verification and calculation of the Medicaid Inpatient Rates.

**Safety-Net Hospitals** – Hospitals delivering a significant level of health care and other related services to uninsured, Medicaid, and other vulnerable patients. These hospitals have two distinguishing characteristics:

"(1) by legal mandate or explicitly adopted mission they maintain an 'open door,' offering access to services for patients regardless of their ability to pay; and (2) a substantial share of their patient mix is uninsured, Medicaid, and other vulnerable patients.

**Trim Points** – The high and low length of stay cutoff points assigned to each DRG, usually a number of standard deviations from the mean of the unit of analysis.

**Uniform Billing Data (UB Data)** – Electronic format of CMS-1450 paper claim form in general use since 1993

**Waiver** – An approved federal waiver of portions of the Social Security Act that permits the State to mandate enrollment of eligible individuals into managed care programs.

### **3.0 SCOPE OF WORK**

DMAHS is committed to an aggressive timeframe in obtaining a reimbursement rate methodology based on DRGs for in-State acute care general hospital inpatient services. The contractor shall implement a new reimbursement methodology for use by DMHAS within one (1) year after the contract effective date.

### **3.1 OVERVIEW**

#### **3.1.1 PROJECT LEADER**

The contractor shall designate a Project Leader, subject to approval by the State Contract Manager, to provide coordination and administration as required or determined by the State Contract Manager.

#### **3.1.2 MONTHLY STATUS REPORTS**

The contractor shall submit for State Contract Manager approval, a written Monthly Project Status Report to contain at minimum, the following information:

- a) A review of progress made during the reporting period outlining problems encountered and solved, including the method of solution, work accomplished and items delivered;
- b) An update of the project schedule, in a format to be determined by the State, that demonstrates the work completed, the impact upon schedules missed and, if necessary, the rescheduling required for the remainder and balance of the project; and,
- c) A summary discussion of any unresolved issues that require the State Contract Manager's attention.

#### **3.1.3 COMMUNICATIONS PLAN**

The contractor shall provide assistance to the State Contract Manager in developing a communication plan to contact hospitals and other interested and relevant parties during development and implementation stages of the new reimbursement system.

#### **3.1.4 HIPAA AND BBA COMPLIANCE**

The contractor shall, at all times, in the performance of this contract, ensure that it maintains compliance with HIPAA and BBA governing the protection of patient information. Regulatory compliance shall include the erasure and deletion of all personal, confidential information that may be contained on all personal computers and their drives prior to the disposal, or any other disposition that may be required, of such informational technology equipment as per requirements as set forth by the US Department of Defense 5220.22-M Standard. See [http://www.hipaadvisory.com/tech/data\\_removal.htm](http://www.hipaadvisory.com/tech/data_removal.htm) ( for additional information) for additional information.

### **3.2 PHASE I –INPATIENT REIMBURSEMENT SYSTEM DEVELOPMENT**

#### **3.2.1 REVIEW OF EXISTING SYSTEM**

The contractor shall evaluate the current Medicaid Inpatient DRG system including the DRG-Pre-Model processing of the cost base. Recommendations for changes to the system shall be submitted in narrative written format to the State Contract Manager for approval. The contractor shall illustrate the improvements attainable through proposed changes to the system, focusing attention on the proposed system's simplicity and ease of maintenance.

The contractor's recommendation shall also detail the manner by which reasonable cost coverage for necessary services is considered in specific relation to New Jersey's "safety-net" hospitals and federal reimbursement requirements.

### **3.2.2 IDENTIFICATION OF DATA SOURCES FOR COST BASE**

The contractor shall evaluate the current source data required to develop the cost base and make written recommendations to the State Contract Manager as to whether to continue with the same data source.

#### **3.2.2.1 DEVELOP COST BASE**

The contractor shall develop and adjust the cost base to be used in establishing inpatient Medicaid reimbursement rates which shall incorporate any adjustments to reflect the appropriated costs to be included in the final costs utilized in the DRG Model process.

#### **3.2.2.2 ADJUSTMENTS AND EXCLUSIONS TO COST BASE**

The contractor shall review the components of the cost base calculation methodology for appropriateness of inclusion into the DRG Pre-Model processing of the cost base, and make specific recommendations to the State Contract Manager concerning:

- a) The calculation of costs associated with hospitals that provide free and subsidized meals;
- b) The calculation and application of Fringe Benefits applied to the cost base; and
- c) The calculation and application of Price Level Depreciation (PLD) to determine applicability for use in the cost base.

The contractor shall exclude the direct and indirect costs from the cost base for such items as GME, Mobile Intensive Care Units (MICU), and any other cost exclusion identified by DMAHS that will not be reimbursed through the Medicaid Inpatient Rates.

The contractor shall exclude such items as Depreciation and Medical Insurance Utilization costs from the cost base and develop reimbursement as an “add-on” to the DRG rate per case.

#### **3.2.2.3 COST ALLOCATION AND RECONCILIATION PROCESS**

The contractor shall evaluate the current Indirect Cost Allocation Method and recommend any changes necessary to develop the most appropriate method for use in establishing inpatient reimbursement rates.

#### **3.2.2.4 VERIFICATION OF COSTS**

The contractor shall provide verification reports and a reconciliation of the costs from the hospitals audited cost report to the cost included in the cost base.

#### **3.2.2.5 VERIFICATION OF ADJUSTMENTS**

The contractor shall provide supporting schedules or worksheets identifying the calculations that ensure adjustments to the cost base have been properly adjusted and reflect only those costs that are to be included in the DRG rate per case calculation.

### **3.2.3 DEVELOPMENT OF DRG MODEL PROCESS**

#### **3.2.3.1 SELECTION OF DRG TYPE FOR USE IN GROUPER SOFTWARE**

The contractor shall provide the State Contract Manager with a written recommendation of the DRG patient classification system to be used in the Grouper software in developing reimbursement rates. The recommendation shall include narrative on factors including, but not limited to; the ease of annual file updating, accuracy of DRG classification as related to Medicaid patients, HIPAA compliance issues and other related information deemed relevant by either the State Contract Manager or the contractor for inclusion into the recommendation.

### **3.2.3.2 DATA SOURCE FOR USE IN DRG MODEL**

The contractor shall obtain from the State Contract Manager the most current Uniform Billing Data for use in developing the DRG model. The contractor shall use the appropriate adjusted cost base in the assignment of cost data to the UB Data.

### **3.2.3.3 TRIM POINTS**

The contractor shall provide for the completion of a clinical analysis and review necessary to establish the “Trim Points” determining the average length-of-stay (LOS) for each DRG that define “inlier” cases.

### **3.2.3.4 EVALUATION AND CALCULATION OF PAYMENT RATES**

The contractor shall perform a written review of the payment rate methodology for inlier cases, high length-of-stay cases, and low length-of-stay cases. The review shall assess whether or not the current system requires modification and shall be subject to approval by the State Contract Manager.

### **3.2.3.5 CALCULATION OF DRG COST-PER-CASE**

The contractor shall calculate a schedule of payment rates based on a DRG cost per case. The schedule shall be submitted to the State Contract Manager for approval.

### **3.2.3.6 VERIFICATION OF FINAL RATE CALCULATIONS**

The contractor shall provide verification to the State Contract Manager that all costs and patient data are accounted for in the new reimbursement model and proper cost data have been assigned to each patient in the DRG Model Process.

### **3.2.3.7 COST IMPACT ANALYSIS OF NEW REIMBURSEMENT SYSTEM**

The contractor shall provide the State Contract Manager with simulations of the cost impact of the new reimbursement system and the influence it will have on expected Medicaid payments for hospitals.

### **3.2.3.8 BUDGET NEUTRALITY COMPONENT**

The contractor shall include an analysis of the simulations of the cost impact analysis of the new reimbursement system in which the Medicaid total for a given year does not make payments to hospitals based on the new revised DRG rates that would exceed the current payment in total under the current DRG payment system.

## **3.2.4 HOSPITAL REIMBURSEMENT RATE PACKAGES**

The contractor shall develop final reimbursement rate packages that shall include supporting schedules providing detailed verification of Medicaid Inpatient Rate calculations. The final reimbursement rate packages and supporting schedules shall be submitted to the State Contract Manager for approval.

### **3.2.4.1 DMAHS DOCUMENTATION OF REIMBURSEMENT RATE PACKAGES**

The contractor shall provide all reports and programs necessary to document the DRG rate calculations, adjustments made to the cost base, and adjustments outside the DRG rate that are included in the overall payment to the hospital.

## **3.3 PHASE II –IMPLEMENTATION AND RELATED ACTIVITIES**

### **3.3.1 IMPLEMENTATION PLAN**

The contractor shall provide a written work plan detailing how the contractor will meet the obligations specified in the following sub sections under Phase II.

### **3.3.2 DOCUMENTATION OF KEY DELIVERABLES**

The contractor shall develop a project compendium consisting of the following documents:

- a) A detailed descriptive written report of the computer platform and systems infrastructure used to process the rates to further specify the actual location designated for system processing;
- b) A detailed descriptive written report detailing the design and preparation of rate packages and associated reports to be provided to hospitals;
- c) A complete and final system documentation detailing the entire inpatient reimbursement system and to include a listing of all programs, appropriate flow charts and the step-by-step description of how the DRG rate is calculated; and,
- d) A User's Manual that details, step-by-step, the process for calculation of the DRG rates.

### **3.3.3 CONTRACTOR'S JOINT ACTIVITIES WITH DMAHS**

The contractor shall develop a presentation for use by DMAHS to educate hospitals and DMAHS staff on the new reimbursement system. This presentation shall be developed in Microsoft PowerPoint or a similar format and must be approved by the State Contract Manager.

The contractor shall provide assistance to DMAHS in drafting regulations and preparation of written responses to comments regarding the proposed rules to change the DRG reimbursement methodology.

The contractor shall assist the DMAHS in drafting all required State Plan Amendments.

### **3.3.4 CONTINUITY OF SERVICE**

The contractor shall provide all required data specifications and training associated with the new reimbursement system to the Fiscal Agent in order to continue payment for Medicaid claims under the new reimbursement system.

The contractor shall coordinate with the State Contract Manager in preparing the system changes required for submission to the Fiscal Agent.

The contractor shall identify the actions required for providing an automated listing of the new reimbursement rates to the Fiscal Agent for upload into the MMIS.

The contractor shall prepare written communication to the Fiscal Agent as required for the implementation of the new Medicaid reimbursement system.

### **3.3.5 IMPLEMENTATION SCHEDULE**

The contractor shall implement all required system changes within one (1) year from contract effective date.

## **3.4 PHASE III – POST IMPLEMENTATION SUPPORT**

The contractor shall perform all tasks associated with this deliverable in accordance with the priorities set by and subject to State approval and be in effect for, at minimum, one (1) year post actual implementation.

### **3.4.1 SUPPORT SCHEDULE**

The contractor shall provide a written work plan after the State Contract Manager approves the implementation of the new DRG rate setting system detailing the provision of the following services by the contractor to DMAHS:

- a) A recommendation on the method required for updating the DRG Grouper software and appropriate length-of-stay (trim points) by either updating to a new software version when available, or the acquisition of an updated ancillary DRG mapping program from the DRG Grouper vendor on an annual basis;
- b) Detail of the process required in updating the rates each year after initial implementation;
- c) The assistance to be provided DMAHS in addressing inquiries from acute care hospitals and consultants concerning changes in reimbursement methodologies;
- d) The work to be conducted with DMAHS and Fiscal Agent on any necessary amendments to the revised inpatient reimbursement system that may result from DMAHS monitoring of the new system;
- e) The submission to the State Contract Manager of all system documentation including step-by-step narrative with a flowchart demonstrating the interrelationship of the programs and the order in which they are performed in the rate setting process; and
- f) The provision of any consulting work and/or litigation support that may be required should the new DRG methodology be the subject of a legal challenge.

The contractor and the State Contract Manager, at time of agreement of work assignment for Phase III activities, shall negotiate a firm fixed price per deliverable, using the hourly rates provided by the contractor in Price Schedule 3, Attachment 5.

## **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 **ten (10) full, complete and exact copies** of the original. The copies requested are necessary in the evaluation of the bid proposal. Bidders failing to provide the requested number of copies will be charged the cost incurred by the State in producing 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	<a href="#">Cover sheet</a>	Completed and signed cover sheet (Page 3 of this RFP)
		<a href="#">4.4.1.1</a>	Ownership Disclosure Form ( <a href="#">Attachment 1</a> )
		<a href="#">4.4.3.9</a>	Disclosure of Investigations and Actions Involving Bidder ( <a href="#">Attachment 1A</a> )
		<a href="#">4.4.1.2</a>	MacBride Principles Certification ( <a href="#">Attachment 2</a> )
		<a href="#">4.4.1.3</a>	Affirmative Action Employee Information Report or New Jersey Affirmative Action Certificate ( <a href="#">Attachment 3</a> )
		<a href="#">4.4.1.6</a>	Notice of Intent to Subcontract Form and Subcontractor Utilization Plan ( <a href="#">Attachment 4</a> )
		<a href="#">1.1 of the Standard Terms &amp; Conditions</a>	Business Registration from Division of Revenue
		<a href="#">4.4.1.8</a>	Bid Bond
2	Technical Proposal	<a href="#">4.4.2.1</a>	Management Overview
		<a href="#">4.4.2.2</a>	Contract Management
		<a href="#">4.4.2.3</a>	Contract Schedule
		<a href="#">4.4.2.4</a>	Mobilization and Implementation Plan
		<a href="#">4.4.2.5</a>	Potential Problems
3	Organizational Support and Experience Proposal	<a href="#">4.4.3.1</a>	Location
		<a href="#">4.4.3.2</a>	Organization Chart (Contract Specific)
		<a href="#">4.4.3.3</a>	Resumes
		<a href="#">4.4.3.4</a>	Backup Staff
		<a href="#">4.4.3.5</a>	Organization Chart (Entire Firm)
		<a href="#">4.4.3.6</a>	Experience of Bidder on Contracts of Similar Size and Scope
		<a href="#">4.4.3.7</a>	Financial Capability of the Bidder
<a href="#">4.4.3.8</a>	Subcontractor(s)		
4	Cost Proposal	<a href="#">4.4.4</a>	Price Schedules ( <a href="#">Attachment 5</a> )

#### 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 BUSINESS REGISTRATION CERTIFICATE FROM THE DIVISION OF REVENUE

**FAILURE TO SUBMIT A COPY OF THE BIDDER'S BUSINESS REGISTRATION CERTIFICATE (OR INTERIM REGISTRATION) FROM THE DIVISION OF REVENUE WITH THE BID PROPOSAL MAY BE CAUSE FOR REJECTION OF THE BID PROPOSAL.**

The bidder may go to [www.nj.gov/njbgs](http://www.nj.gov/njbgs) to register with the Division of Revenue or to obtain a copy of an existing Business Registration Certificate.

Refer to Appendix 1, Section 1.1. of the Standard Terms and Conditions and Section 5.3 of this RFP for additional information concerning this requirement.

#### 4.4.1.5 EXECUTIVE ORDER 134

Refer to Section 5.27 of this RFP for more details concerning this requirement.

#### 4.4.1.6 SET ASIDE CONTRACTS

This is a contract with set aside subcontracting goals for Small Businesses. **All bidders** must include in their bid proposal a completed and signed **Notice of Intent to Subcontract** form (Attachment 4). Bidders intending to utilize subcontractors **must** also include a completed and signed **Subcontractor Utilization Plan form** (Attachment 4). Failure to submit the required forms shall result in a determination that the bid is materially nonresponsive. Bidders seeking eligible small businesses should contact the New Jersey Commerce and Economic Growth Commission at (609) 292-2146.

#### 4.4.1.7 EXECUTIVE ORDER 129

**THE BIDDER SHOULD SUBMIT WITH ITS BID PROPOSAL A COMPLETED SOURCE DISCLOSURE FORM.**

Refer to Section 5.28 and Attachment 6 for more information concerning this new requirement.

#### 4.4.1.8 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. The bidder's schedule should identify the completion date for each task and sub-task required by Phase I and Phase II in the Scope of Work of this RFP. Such schedule should also identify the associated deliverable item(s), as listed in Price Schedule 1, Attachment 5, 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**

It is essential that the State move forward quickly to have the contract in place. Therefore, the bidder should include as part of its proposal a mobilization and implementation plan, beginning with the date of notification of contract award.

The bidder should submit a plan for the use of subcontractor(s), if any, on this contract. Emphasis should be on how any subcontractor identified will be involved in the mobilization and implementation plan.

#### **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.

The bidder should include a section demonstrating a thorough knowledge and understanding of the current New Jersey Medicaid DRG System and similar DRG reimbursement systems successfully implemented in other states and HIPAA compliance experience. The description should include detailed explanation of the different patient classification systems (DRG, AP-DRG and APR-DRG) and the benefits and liabilities of each system within the Medicaid market. Bidders should include their experience in working with hospital

Uniform Billing-Patient Summary Data and the development of DRG Trim Points as the subject relates to Medicaid reimbursement systems.

The narrative should also include the bidder's experience with the development of a cost base utilizing Medicare Cost Reports, state-specific cost reports, or any other appropriate data sources for the purpose of establishing reimbursement rates. Bidders should detail how they approach the development of the allowable costs to be included in the rates prior to the application of the DRG model and describe how they determine elements of cost that are not appropriate to be incorporated into a DRG rate but are incorporated in the overall final payment rate.

#### 4.4.3.1 LOCATION

The bidder shall 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.

The bidder shall include its plan and site location for all facilities to be utilized during the course of the contract.

#### 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.
- 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 a person 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 two names and telephone numbers of individuals for the other contract party. Beginning and ending dates should also be given for each contract.

The bidder shall indicate whether DRG systems that it developed in other state Medicaid programs after 1997 were challenged and successfully defended.

The bidder shall disclose whether it provided consulting services for New Jersey acute care hospitals or other parties relative to Medicaid reimbursement rates.

The bidder shall document experience in Medicaid rate setting. A summary statement must be supplied with the bidder's proposal that details:

- a) The history and legal structure of the bidder's organization;
- b) The history of services provided;
- c) The services currently provided, including geographic areas served; and
- d) A listing with a description of at least two states where the bidder successfully implemented DRGs.

The bidder should demonstrate that its software is compatible with that in use by DMAHS and the Fiscal Agent, relative to this procurement. The Fiscal Agent's software is New Jersey Medicaid Management Information Systems, primarily written in COBOL. The bidder should show this by identifying programming staff's knowledge, understanding and experience in COBOL programming through examples of other projects completed by the bidder that required interfacing with COBOL programming language.

#### 4.4.3.7 FINANCIAL CAPABILITY OF THE BIDDER

In order to provide the State with the ability to judge the bidder's financial capacity and capabilities to undertake and successfully complete the contract, the bidder should submit certified financial statements to include a balance sheet, income statement and statement of cash flow, and all applicable notes for the most recent calendar year or the bidder's most recent fiscal year. If certified financial statements are not available, the bidder should provide either a reviewed or compiled statement from an independent accountant setting forth the same information required for the certified financial statements, together with a certification from the Chief Executive Officer and the Chief Financial Officer, that the financial statements and other information included in the statements fairly present in all material respects the financial condition, results of operations and cash flows of the bidder as of, and for, the periods presented in the statements. In addition, the bidder should submit a bank reference.

A bidder may designate specific financial information as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. Bidder may submit specific financial documents in a separate, sealed package clearly marked "Confidential-Financial Information" along with the Bid Proposal.

The State reserves the right to make the determination to accept the assertion and shall so advise the bidder.

#### 4.4.3.8 SUBCONTRACTOR(S)

- A. **All bidders** must complete the **Notice of Intent to Subcontract Form** whether or not they intend to utilize subcontractors in connection with the work set forth in this RFP. If the bidder intends to utilize subcontractor(s), then the **Subcontractor Utilization Plan** must also be submitted with the bid.
- B. 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.
- C. The bidder must provide a detailed description of services to be provided by each subcontractor, referencing the applicable Section or Subsection of this RFP.

- D. 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.
- E. The bidder should provide documented experience to 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.

#### **4.4.3.9 DISCLOSURE OF INVESTIGATIONS/ACTIONS INVOLVING BIDDER**

The bidder shall provide a detailed description of any investigation, litigation, including administrative complaints or other administrative proceedings, involving any public sector clients during the past five years including the nature and status of the investigation, and, for any litigation, the caption of the action, a brief description of the action, the date of inception, current status, and, if applicable, disposition. The bidder shall use the chart in [Attachment 1A](#), Disclosure of Investigations and Actions Involving Bidder, located after the [Attachment 1](#), Ownership Disclosure Form.

#### **4.4.4 SECTION 4 - COST PROPOSAL**

The price schedules are attached to this RFP as [Attachment 5](#).

The contractor should also submit a budget indicating the staff, by labor category with hourly rate, and time necessary to complete each task/deliverable specified in each price line of Price Schedules 1 and 2, Attachment 5.

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 CONTRACTUAL 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, attached as [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 STATE CONTRACT MANAGER**

The State Contract Manager is the State employee responsible for the overall management and administration of the contract.

The State Contract Manager for this project will be identified at the time of execution of contract. At that time, the contractor will be provided with the State Contract Manger name, department, division, agency, address, telephone number, fax phone number, and email address.

#### **5.2.1 STATE CONTRACT MANAGER RESPONSIBILITIES**

For an agency contract where only one State office uses the contract, the State Contract Manager will be responsible for engaging the contractor, assuring that Purchase Orders are issued to the contractor, directing the contractor to perform the work of the contract, approving the deliverables and approving payment vouchers. The State Contract Manager is the person that the contractor will contact **after the contract is executed** for answers to any questions and concerns about any aspect of the contract. The State Contract Manager is responsible for coordinating the use and resolving minor disputes between the contractor and any component part of the State Contract Manager's Department.

If the contract has multiple users, then the State Contract Manager shall be the central coordinator of the use of the contract for all Using Agencies, while other State employees engage and pay the contractor. All persons and agencies that use the contract must notify and coordinate the use of the contract with the State Contract Manager.

#### **5.2.2 OTHER DUTIES OF THE STATE CONTRACT MANAGER**

The State Contract Manager shall have the following additional duties:

- a) If the State Contract Manager determines that the Contractor has failed to perform the work of the contract and is unable to resolve that failure to perform directly with the contractor, the State Contract Manager shall file a formal complaint with the Contract Compliance Unit in the Division of Purchase and Property and request that office to assist in the resolution the contract performance problem with the contractor.
- b) The State Contract Manager is responsible for arranging for contract extensions and preparing any re-procurement of the contract with the Purchase Bureau.
- c) The State Contract Manager is responsible for obtaining permission from the Director to reduce the scope of work, amend the contract or add work or special projects to the contract after contract award.
- d) The State Contract Manager is responsible for completion of the Project Performance Assessment Form for submission to the CCAU Unit of the Division, with a copy to the Associate Director of OMB; the Project

Performance Assessment Form shall be submitted annually for multi-year contracts and at their completion. For contracts of one (1) year or less, the Project Performance Assessment Form shall be submitted within six (6) months of signing and at project completion.

- e) The State Contract Manager is responsible for submitting the Contractor final deliverables to the Associate Director of OMB.
- f) The State Contract Manager is also responsible to formally report, to the Division of Purchase and Property's Assistant Director, CCAU, using the PB-36 Formal Complaint form, all instances when deliverables, i.e. commodities and/or services, are not in accordance with the contract specifications or scope of work. Variances from contract pricing shall be reported in this same manner to ensure that State and other using agencies receive the goods and/or services at the pricing established at the time of contract award or amendment(s) to the contract.

### **5.2.3 COORDINATION WITH THE STATE CONTRACT MANAGER**

Any contract user that is unable to resolve disputes with a contractor shall refer those disputes to the State Contract Manager for resolution. Any questions related to performance of the work of the contract by contract users shall be directed to the State Contract Manager. The contractor may contact the State Contract Manager if the contractor can not resolve a dispute with contract users.

### **5.3 PERFORMANCE BOND**

Not applicable to this procurement.

### **5.4 BUSINESS REGISTRATION**

The following shall supplement the Standard Terms and Conditions pertaining to Business Registration set forth in, [Appendix 1, Section 1.1](#).

“Affiliate” means any entity that (1) directly, indirectly, or constructively controls another entity, (2) is directly, indirectly, or constructively controlled by another entity, or (3) is subject to the control of a common entity. An entity controls another entity if it owns, directly or individually, more than 50% of the ownership in that entity.

“Business organization” means an individual, partnership, association, joint stock company, trust, corporation, or other legal business entity or successor thereof;

“Business registration” means a business registration certificate issued by the Department of the Treasury or such other form or verification that a contractor or subcontractor is registered with the Department of Treasury;

“Contractor” means a business organization that seeks to enter, or has entered into, a contract to provide goods or services with a contracting agency;

“Contracting agency” means the principal departments in the Executive Branch of the State Government, and any division, board, bureau, office, commission or other instrumentality within or created by such department, or any independent State authority, commission, instrumentality or agency, or any State college or university, any county college, or any local unit; with respect to this Contract, the contracting agency shall mean the Division;

“Subcontractor” means any business organization that is not a contractor that knowingly provides goods or performs services for a contractor or another subcontractor in the fulfillment of a contract.

A bidder shall submit a copy of its business registration at the time of submission of its bid proposal in response to this RFP.

A subcontractor shall provide a copy of its business registration to any contractor who shall forward it to the contracting agency. No contract with a subcontractor shall be entered into by any contractor unless the subcontractor first provides proof of valid business registrations.

The contractor shall provide written notice to all subcontractors that they are required to submit a copy of their business registration to the contractor. The contractor shall maintain a list of the names of any subcontractors and their current addresses, updated as necessary during the course of the contract performance. The contractor shall submit to the contracting agency a copy of the list of subcontractors, updated as necessary during the course of performance of the contract. The contractor shall submit a complete and accurate list of the subcontractors to the contracting agency before a request for final payment is made to the using agency.

The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the "Sales and Use Tax Act, P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all their sales of tangible personal property delivered into the State.

This paragraph shall apply to all contracts awarded on and after September 1, 2004

### **5.5 CONTRACT TERM AND EXTENSION OPTION**

The term of the contract shall be for a period of two (2) 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, 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.

### **5.6 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.

### **5.7 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.

### **5.8 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.

### **5.9 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.

#### 5.10 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.

#### 5.11 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 a subcontractor, add a subcontractor or substitute its own staff for a subcontractor, the contractor will identify the proposed new subcontractor or staff member(s) 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 its proposed replacement staff or 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.

The qualifications and experience of the replacement(s) must equal or exceed those of similar personnel proposed by the contractor in its bid proposal.

The contractor shall forward a written request to substitute or add a subcontractor or to substitute its own staff for 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.

## 5.12 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 into the project, the intellectual property must be identified in the bid proposal. Otherwise, the language in the first paragraph of this section prevails. 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, remain the property of the bidder. Upon contract award, the bidder or contractor shall grant the State a non-exclusive, perpetual royalty free license to use any of the bidder/contractor's Background IP delivered to the State for the purposes contemplated by the Contract.

## 5.13 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 reasonable care to protect the confidentiality of such 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.

## 5.14 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.

## 5.15 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.

## 5.16 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.

## 5.17 CLAIMS AND REMEDIES

### 5.17.1 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.

## 5.17.2 REMEDIES

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

## 5.17.3 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 due the defaulting contractor or being an obligation owed the State by the defaulting contractor.

## 5.18 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

### 5.18.1 MAINTENANCE OF THE FEDERAL WAIVER AND STATE PLANS

The contractor shall be liable for actual damages that would cause the State to lose its federal waiver for MCO or the State Plan or legislation, because of substandard performance or non-performance of the tasks performed under this contract. That contractor shall ensure that all federal and State requirements continue to be met. The contractor shall also ensure that future federal and State requirements are maintained. Should the State sustain actual damages due to contractor performance prior to contract termination or the ending date of any contractual extensions, the contractor shall be liable for actual damages. The contractor shall be liable for actual damages during performance of the contract.

## 5.19 PAYMENT SCHEDULE

The bidder shall propose a payment schedule for tasks/deliverables specified in Phase I and Phase II of the Scope of Work in accordance with the guidelines described below. The State anticipates that payments for the tasks/deliverables in Phases I and II will be made based on delivery and acceptance within the time limit specified by the State Contract Manager. Upon approval of the State Contract Manager, the contractor shall be paid the full amount of each invoice submitted until seventy-five percent (75%) of the total firm fixed price of combined Price Schedules 1 and 2, Attachment 5 has been paid. Following certification by the State Contract Manager that all services have been satisfactorily performed, the final twenty-five percent (25%) shall be paid to the contractor. The State reserves the right to negotiate the payment schedule as part of the Best and Final Offer process set forth in [Section 6.4](#).

## 5.20 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.

## 5.21 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.

## 5.22 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.

## 5.23 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.

## 5.24 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.

## 5.25 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.

In addition, primary contractors must provide, on a monthly and cumulative basis, a breakdown in accordance with the budget submitted, of all monies paid to any small business subcontractor(s). This breakdown shall be sent to the Purchase Bureau Business Unit, Set-Aside Coordinator.

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.

**Note: In no event shall more than seventy-five percent (75%) of the Total Firm Fixed Price of Price Schedules 1 and 2, Attachment 5 be paid to the contractor until all Bid Items in Price Schedules 1 and 2 are complete, submitted to the State and accepted by the State Contract Manager.**

### 5.25.1 PAYMENT TO CONTRACTOR - OPTIONAL METHOD

Not applicable to this procurement.

### 5.26 CONTRACT ACTIVITY REPORT

Not applicable to this procurement.

### 5.27 REQUIREMENTS OF EXECUTIVE ORDER 134

In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, Executive Order 134 was signed on September 22, 2004 ("EO 134"). Pursuant to the requirements of EO 134, the terms and conditions set forth in this section are material terms of any contract resulting from this RFP:

#### 5.27.1 DEFINITIONS

For the purpose of this section, the following shall be defined as follows:

a) Contribution – means a contribution reportable as a recipient under "The New Jersey Campaign Contributions and Expenditures Reporting Act." P.L. 1973, c. 83 (C.19:44A-1 et seq.), and implementing regulations set forth at N.J.A.C. 19:25-7 and N.J.A.C. 19:25-10.1 et seq. Through December 31, 2004, contributions in excess of \$400 during a reporting period were deemed "reportable" under these laws. As of January 1, 2005, that threshold was reduced to contributions in excess of \$300.

b) Business Entity – means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. It also includes (i) all principals who own or control more than 10 percent of the profits or assets of a business entity or 10 percent of the stock in the case of a business entity that is a corporation for profit, as appropriate; (ii) any subsidiaries directly or indirectly controlled by the business entity; (iii) any political organization organized under 26 U.S.C.A. 527 that is directly or indirectly controlled by the

business entity, other than a candidate committee, election fund, or political party committee; and (iv) if a business entity is a natural person, that person's spouse or child, residing in the same household.

#### **5.27.2 BREACH OF TERMS OF EXECUTIVE ORDER 134**

It shall be a breach of the terms of the contract for the Business Entity to (i) make or solicit a contribution in violation of this Order, (ii) knowingly conceal or misrepresent a contribution given or received; (iii) make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution; (iv) make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee; (v) engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the business entity itself, would subject that entity to the restrictions of EO 134; (vi) fund contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) engage in any exchange of contributions to circumvent the intent of EO 134; or (viii) directly or indirectly through or by any other person or means, do any act which would subject that entity to the restrictions of EO 134.

#### **5.27.3 CERTIFICATION AND DISCLOSURE REQUIREMENTS**

a) The State shall not enter into a contract to procure from any Business Entity services or any material, supplies or equipment, or to acquire, sell or lease any land or building, where the value of the transaction exceeds \$17,500, if that Business Entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions to a candidate committee and/or election fund of any candidate for or holder of the public office of Governor, or to any State or county political party committee during certain specified time periods

b) Prior to awarding any contract or agreement to any Business Entity, the Business Entity proposed as the intended awardee of the contract shall submit the Certification and Disclosure form, certifying that no contributions prohibited by Executive Order 134 have been made by the Business Entity and reporting all contributions the Business Entity made during the preceding four years to any political organization organized under 26 U.S.C.527 of the Internal Revenue Code that also meets the definition of a "continuing political committee" within the mean of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7. The required form and instructions, available for review on the Purchase Bureau website at <http://www.state.nj.us/treasury/purchase/forms.htm#eo134> , shall be provided to the intended awardee for completion and submission to the Purchase Bureau with the Notice of Intent to Award. Upon receipt of a Notice of Intent to Award a Contract, the intended awardee shall submit to the Division, in care of the Purchase Bureau Buyer, the Certification and Disclosure(s) within five (5) business days of the State's request. Failure to submit the required forms will preclude award of a contract under this RFP, as well as future contract opportunities.

c) Further, the Contractor is required, on a continuing basis, to report any contributions it makes during the term of the contract, and any extension(s) thereof, at the time any such contribution is made. The required form and instructions, available for review on the Purchase Bureau website at <http://www.state.nj.us/treasury/purchase/forms.htm#eo134> , shall be provided to the intended awardee with the Notice of Intent to Award.

#### **5.27.4 STATE TREASURER REVIEW**

The State Treasurer or his designee shall review the Disclosures submitted pursuant to this section, as well as any other pertinent information concerning the contributions or reports thereof by the intended awardee, prior to award, or during the term of the contract, by the contractor. If the State Treasurer determines that any contribution or action by the contractor constitutes a breach of contract that poses a conflict of interest in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of such contract.

## 5.28 REQUIREMENTS OF EXECUTIVE ORDER 129

Under the Executive Order 129 issued on September 9, 2004 (“E.O. 129”), the State shall not award a contract to a bidder that submits a bid proposal to perform services, or have its subcontractor[s] perform services, outside the United States, unless one of the following conditions is met:

- a) The bidder or its subcontractor provide a unique service, and no comparable, domestically-provided service can adequately duplicate the unique features of the service provided by the bidder or and/or its subcontractor; or
- b) A significant and substantial economic cost factor exists such that a failure to use the bidder’s and/or the subcontractor’[s] services would result in economic hardship to the State; or
- c) The Treasurer determines that a failure to use the bidder’s and/or its subcontractor’s services would be inconsistent with the public interest.

### 5.28.1 SOURCE DISCLOSURE REQUIREMENTS

Pursuant to E.O. 129, all bidders seeking a contract with the State of New Jersey must disclose:

- a) The location by country where services under the contract will be performed; and
- b) The location by country where any subcontracted services will be performed.

Accordingly, the bidder should submit with its bid proposal the Source Disclosure Certification form (Attachment 6), filled out with the sourcing information required for itself and any proposed subcontractor, identified in the Intent to Subcontract Form. If the information is not submitted with the bid proposal, it shall be submitted within five (5) business days of the State’s request for the information.

**FAILURE TO SUBMIT SOURCING INFORMATION WHEN REQUESTED BY THE STATE SHALL PRECLUDE AWARD OF A CONTRACT TO THE BIDDER.**

### 5.28.2 BREACH OF CONTRACT OF EXECUTIVE ORDER 129

**A SHIFT TO OUTSOURCED SERVICES DURING THE TERM OF THE CONTRACT SHALL BE DEEMED A BREACH OF THE CONTRACT.**

If, during the term of the contract, the contractor or subcontractor, who had on contract award declared that services would be performed in the United States, proceeds to shift the performance of the services outside of the United States, the contractor shall be deemed in breach of the contract, which contract shall be subject to termination for cause pursuant to Section 3.5b.1 of the Standard Terms and conditions, unless the Director shall have first determined in writing that extraordinary circumstances require a shift of services or that a failure to shift the services would result in economic hardship to the State.

## 5.29 MODIFICATIONS AND CHANGES TO THE STANDARD TERMS AND CONDITIONS

### 5.29.1 PATENT AND COPYRIGHT INDEMNITY

Section 2.1 of the State's Standard Terms and Conditions is deleted and replaced with the following:

#### **2.1 Patent and Copyright Indemnity**

- a) 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 uncopied composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of the contract.
- b) The State of New Jersey agrees: (1) to promptly notify the Contractor in writing of such claim or suit; (2) that the Contractor shall have control of the defense of settlement of such claim or suit; and (3) to cooperate with the Contractor in the defense of such claim or suit, to the extent that the interests of the Contractor and the State are consistent.
- c) In the event of such claim or suit, the Contractor, at its option, may: (1) procure for the State of New Jersey the legal right to continue the use of the product; (2) replace or modify the product to provide a non-infringing product that is the functional equivalent; or (3) refund the purchase price less a reasonable allowance for use that is agreed to by both parties.

### 5.29.2 INDEMNIFICATION

Section 2.2 of Appendix 1, the New Jersey Standard Terms and Conditions, is deleted and replaced with the following:

#### **2.2 Indemnification**

The contractor's liability to the State for actual, direct damages resulting from the contractor's performance or non-performance, or in any manner related to the contract, for any and all claims, shall be limited in the aggregate to one hundred percent (100%) of the value of the contract, except that such limitation of liability shall not apply to the following:

1. The contractor's obligation to indemnify the State of New Jersey and its employees from and against any claim, demand, loss, damage or expense relating to bodily injury or the death of any person or damage to real property or tangible personal property, incurred from the work or materials supplied by the contractor under the contract caused by negligence or willful misconduct of the contractor;
2. The contractor's breach of its obligations of confidentiality; and,
3. Contractor's liability with respect to copyright indemnification.

The contractor's indemnification obligation is not limited by but is in addition to the insurance obligations contained in Section 2.3 of the Standard Terms and Conditions.

The contractor shall not be liable for special, consequential, or incidental damages.

### 5.29.3 INSURANCE - PROFESSIONAL LIABILITY INSURANCE

Section 2.3 of Appendix 1, the State of New Jersey Standard Terms and Conditions regarding insurance is modified with the addition of the following section regarding Professional Liability Insurance. Add the following to Section 2.3 of Appendix 1

- d) Professional Liability Insurance: The Contractor shall carry Errors and Omissions, Professional Liability Insurance and/or Professional Liability Malpractice Insurance sufficient to protect the Contractor from any liability arising out the professional obligations performed pursuant to the requirements of the Contract. The

insurance shall be in the amount of not less than \$5,000,000 and in such policy forms as shall be approved by the State. If the Contractor has claims-made coverage and subsequently changes carriers during the term of the Contract, it shall obtain from its new Errors and Omissions, Professional Liability Insurance and/or Professional Malpractice Insurance carrier an endorsement for retroactive coverage.

## **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**

After the submission of bid proposals, unless requested by the State, contact with the State is limited to status inquiries only and such inquiries are only to be directed to the buyer. Any further contact or information about the proposal to the buyer or any other State official connected with the solicitation will be considered an impermissible supplementation of the bidder's 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 THE BIDDER'S GENERAL APPROACH AND PLANS IN MEETING THE REQUIREMENTS OF THIS RFP**

- 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; and
- 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 firm fixed price in Price Schedule 1 in [Attachment 5](#).

### **6.3.3 BID DISCREPANCIES**

In evaluating bids, discrepancies between words and figures will be resolved in favor of words. Discrepancies between unit prices and totals of unit prices will be resolved in favor of unit prices. Discrepancies in the multiplication of units of work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated total of multiplied unit prices and units of work and the actual total will be resolved in favor of the actual total. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the corrected sum of the column of figures.

### **6.4 NEGOTIATION AND BEST AND FINAL OFFER (BAFO)**

Following the opening of bid proposals, the State reserves the right, pursuant to N.J.S.A. 52:34-12(f), to negotiate: the technical services offered, the terms and conditions and/or the price of a proposed contract award with any bidder. In addition, the State reserves the right to seek a Best and Final Offer (BAFO) from one or more bidders. In response to the State's request to negotiate, bidders must continue to satisfy all mandatory RFP requirements but may improve upon their original technical proposal in any revised technical proposal. However, any revised technical proposal that does not continue to satisfy all mandatory requirements will be rejected as non-responsive and the original technical proposal will be used for any further evaluation purposes, in accordance with the following procedure.

The Evaluation Committee will conduct an initial review and determine whether and with which bidder(s) it will negotiate, and will communicate its request to each such bidder. In response, the bidder will submit any required revisions to its proposal.

In response to the State's request for a BAFO, bidders may submit a revised price proposal that is equal to or lower in price than their original submission, but must continue to satisfy all mandatory requirements. Any revised price proposal that is higher in price than the original will be rejected as non-responsive and the original bid will be used for any further evaluation purposes.

After receipt of the results of the negotiation and/or the BAFO(s), the Evaluation Committee will complete its evaluation and recommend to the Director for award that responsible bidder(s) whose bid proposal, confirming to this RFP, is most advantageous to the State, price and other factors considered.

All contacts, records of initial evaluations, any correspondence with bidders related to any request for negotiation or BAFO, any revised technical and/or price proposals, the Evaluation Committee Report and the Award Recommendation, will remain confidential until a Notice of Intent to Award a contract is issued.

### **6.5 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, SUPPLEMENTS AND APPENDICES**

**ATTACHMENTS** - To be submitted with bid proposal.

1. [Ownership Disclosure Form](#)
- 1A. [Disclosure of Investigations and Actions Involving Bidder](#)
2. [MacBride Principles Form](#)
3. [Affirmative Action Supplement Forms](#)
4. [Subcontractor Set Aside Forms](#)
5. [Price Schedules](#)
6. [Executive Order 129 Certification](#) - Source Disclosure Certification Form
7. [Reciprocity Form](#) (*Optional Submittal*)
8. [Cooperative Purchasing Form](#) (*Optional Submittal*)

### **APPENDICES**

1. [New Jersey Standard Terms and Conditions](#)

**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

**BID NUMBER: 04-X-00000**

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> (Shares Owned or % of Partnership)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**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 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.

**If there are no owners with 10% or more interest in your firm, enter "None" below.**

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

**COMPLETE ALL QUESTIONS BELOW**

	<u>YES</u>	<u>NO</u>
<b>1.</b> Within the past five years has another company or corporation had a 10% or greater interest in the firm identified above? (If yes, complete and attach a separate disclosure form reflecting previous ownership interests.)	_____	_____
<b>2.</b> 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? (If yes, attach a detailed explanation for each instance)	_____	_____
<b>3.</b> 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? (If yes, attach a detailed explanation for each instance)	_____	_____
<b>4.</b> Are there now any criminal matters or debarment proceedings pending in which the firm and/or its officers and/or managers are involved? (If yes, attach a detailed explanation for each instance)	_____	_____
<b>5.</b> 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? (If yes, attach a detailed explanation for each instance)	_____	_____

**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 1A - DISCLOSURE OF INVESTIGATIONS AND ACTIONS INVOLVING BIDDER**

The bidder shall provide a detailed description of any investigation, litigation, including administrative complaints or other administrative proceedings, involving any public sector clients during the past five years including the nature and status of the investigation, and, for any litigation, the caption of the action, a brief description of the action, the date of inception, current status, and, if applicable, disposition.

**Investigation**

Indicate "NONE" if no investigations were undertaken. Attach additional pages if necessary.

Person or Entity	Date of Inception	Brief Description	Disposition/Status (if applicable)	Bidder Contact Name and Telephone Number for additional information

**Litigation/Administrative Complaints**

Indicate "NONE" if no Litigation/Administrative Complaints. Attach additional pages if necessary.

Person or Entity	Date of Inception	Caption of the Action	Brief Description of the Action	Current Status/Disposition, (if applicable)	Bidder Contact Name and Telephone Number for additional information

**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 (Type or Print)**

\_\_\_\_\_  
**Company Name (Type or Print)**

\_\_\_\_\_  
**Date**

**ATTACHMENT 3 – AFFIRMATIVE ACTION SUPPLEMENT**

<b>AFFIRMATIVE ACTION</b>	<b>TERM CONTRACT - ADVERTISED BID PROPOSAL</b>
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	OUT OF STATE PERCENTAGES	ASSIGNED CERTIFICATION NUMBER
MO/DAY/YR	COUNTY 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												
<b>TOTAL</b>												
Total employment from Previous Report (if any)												

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

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 - SUBCONTRACTOR SET ASIDE FORMS**

### **NOTICE TO ALL BIDDERS**

#### **NOTICE OF INTENT TO SUBCONTRACT FORM**

#### **SUBCONTRACTOR UTILIZATION PLAN FORM**

Pursuant to Section 3.11 of the Standard Terms and Conditions, **any bidder intending to subcontract must also complete the *Subcontractor Utilization Plan (Plan)***. Bidders are instructed to list ***all*** proposed subcontractors on the *Plan*. A bidder intending to subcontract must include a completed and signed *Plan* or be subject to rejection of its proposal as non-responsive.

### **PROCEDURES FOR SMALL BUSINESS PARTICIPATION AS SUBCONTRACTORS**

If the bidder intends to utilize any subcontractors during the course of the contract(s) to be awarded as a result of this Request for Proposal (RFP), the bidder will include small business subcontracting targets pursuant to NJAC 17:13-4. and Executive Order 71. Each bidder is required to make a good faith effort to meet the set-aside subcontracting targets of awarding a total of twenty-five percent (25%) of the value of the contract to New Jersey-based, New Jersey Commerce and Economic Growth Commission-registered (Commerce) small businesses, with a minimum of five (5) percent awarded to each of the three categories set forth below, and the balance of ten (10) percent spread across the three categories. **All bidders must complete the *Notice of Intent to Subcontract form***. Failure to include a completed and signed *Notice of Intent to Subcontract* form will be sufficient cause to reject a bidder's proposal as non-responsive.

#### **DEFINITIONS:**

"Small business" means a business that

- is independently owned and operated
- is incorporated or registered in and has its principal place of business located in the State of New Jersey.
- Has 100 or fewer full-time employees
- Has gross revenues falling in one of the following three categories:
  1. 0 to \$500,000 (Category I);
  2. \$500,001 to \$5,000,000 (Category II);
  3. \$5,000,001 to \$12,000,000 (Category III).

"Commerce-registered" means a small business that meets the requirements and definitions of "small business" and has applied for and been approved by Commerce as a small business.

## **SUGGESTED PROCEDURE TO DEMONSTRATE A GOOD FAITH EFFORT:**

If a bidder intends to subcontract, the following actions should be taken to achieve the set-aside subcontracting goal requirements:

1. Attempt to locate eligible small businesses in Categories I, II and III appropriate to the RFP;
2. Request a listing of small businesses by Category from Commerce;
3. Record efforts to locate eligible businesses, including the names of businesses contacted and the means and results of such contacts;
4. Provide all potential subcontractors with detailed information regarding the specifications;
5. Attempt, whenever possible, to negotiate prices with potential subcontractors submitting higher than acceptable price quotes;
6. Obtain, in writing, the consent of any proposed subcontractor to use its name in response to the RFP; and,
7. Maintain adequate records documenting efforts to achieve the set-aside subcontracting goals.

Proposals should also contain the following items with the *Plan*, as applicable:

1. A copy of Commerce's proof of registration as a small business for any business proposed as a subcontractor; and,
2. Documentation of the bidder's good faith effort to meet the targets of the set-aside subcontracting requirement in sufficient detail to permit the Business Unit of the Division of Purchase and Property to effectively assess the bidder's efforts to comply if the bidder has failed to attain the statutory goals.

If awarded the contract, the bidder shall notify each subcontractor listed in the *Plan*, in writing.

**NOTE THAT A BIDDER'S FAILURE TO SATISFY THE SMALL BUSINESS SUBCONTRACTING TARGETS OR PROVIDE SUFFICIENT DOCUMENTATION OF ITS GOOD FAITH EFFORTS TO MEET THE TARGETS WITH THE BID PROPOSAL OR WITHIN SEVEN (7) BUSINESS DAYS UPON REQUEST SHALL PRECLUDE AWARD OF A CONTRACT TO THE BIDDER.**

Bidders seeking eligible small businesses should contact:

New Jersey Commerce and Economic Growth Commission  
Office of Small Business  
20 West State Street  
PO Box 820  
Trenton, New Jersey 08625-0820

Telephone: (609) 292-2146

Each bidder awarded a contract for a procurement which contains the set-aside subcontracting goal requirement shall fully cooperate in any studies or surveys which may be conducted by the State to determine the extent of the bidder's compliance with NJAC 17:13-1.1 et seq., and this *Notice to All Bidders*.

# REQUIRED SUBMISSION

## STATE OF NEW JERSEY DIVISION OF PURCHASE AND PROPERTY (DPP)

### NOTICE OF INTENT TO SUBCONTRACT FORM

THIS **NOTICE OF INTENT TO SUBCONTRACT** FORM MUST BE COMPLETED AND INCLUDED AS PART OF EACH BIDDER'S PROPOSAL. FAILURE TO SUBMIT THIS FORM WILL BE CAUSE FOR REJECTION OF THE BID AS NON-RESPONSIVE.

DPP Solicitation Number:	DPP Solicitation Title:
Bidder's Name and Address:	

**INSTRUCTIONS:** PLEASE CHECK ONE OF THE BELOW LISTED BOXES:

**If awarded this contract, I will engage subcontractors to provide certain goods and/or services.**

ALL BIDDERS THAT INTEND TO ENGAGE SUBCONTRACTORS MUST ALSO SUBMIT A COMPLETED AND CERTIFIED **SUBCONTRACTOR UTILIZATION PLAN** WITH THEIR BID PROPOSALS.

**If awarded this contract, I do not intend to engage subcontractors to provide any goods and/or services.**

ALL BIDDERS THAT DO NOT INTEND TO ENGAGE SUBCONTRACTORS MUST ATTEST TO THE FOLLOWING CERTIFICATION:

I hereby certify that if the award is granted to my firm and if I determine at any time during the course of the contract to engage subcontractors to provide certain goods and/or services, pursuant to Section 3.11 of the Standard Terms and Conditions, I will submit the **Subcontractor Utilization Plan (Plan)** for approval to the Division of Purchase and Property in advance of any such engagement of subcontractors. Additionally, I certify that in engaging subcontractors, I will make a good faith effort to achieve the subcontracting set-aside goals established for this contract, and I will attach to the **Plan** documentation of such efforts in accordance with NJAC 17:13-4 and the **Notice to All Bidders**.

PRINCIPAL OF FIRM:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

# REQUIRED SUBMISSION IF BIDDER INTENDS TO SUBCONTRACT

STATE OF NEW JERSEY, DIVISION OF PURCHASE AND PROPERTY (DPP) <b>SUBCONTRACTOR UTILIZATION PLAN</b> (REFERENCED IN RFP STANDARD TERMS AND CONDITIONS)	<b>DPP Solicitation No.:</b> _____
<b>NOTE:</b> If utilizing subcontractors, failure to submit this properly completed form will be sufficient cause for rejection of the bid as non-responsive.	<b>DPP Solicitation Title:</b> _____
<b>Bidder's Name and Address:</b> _____ _____	<b>Bidder's Telephone No.:</b> _____ <b>Bidder's Contact Person:</b> _____

**INSTRUCTIONS:** List all businesses to be used as subcontractors. This form may be duplicated for extended lists.

SUBCONTRACTOR'S NAME ADDRESS, ZIP CODE TELEPHONE NUMBER AND VENDOR ID NUMBER	CHECK HERE IF CONTRACT IS NOT SMALL BUSINESS <input type="checkbox"/>			TYPE(S) OF GOODS OR SERVICES TO BE PROVIDED	ESTIMATED VALUE OF SUBCONTRACTS
	SMALL BUSINESS CATEGORY *				
	I	II	III		

\* For those Bidders listing Small Business Subcontractors: Attach copies of NJ Commerce & Economic Growth Commission registration for each subcontractor listed. If bidder has not achieved established subcontracting set-aside goals, also attach documentation of good faith effort to do so in the relevant category in accordance with NJAC17:13-4 and the Notice to All Bidders.

I hereby certify that this Subcontractor Utilization Plan (Plan) is being submitted in good faith. I certify that each subcontractor has been notified that it has been listed on this Plan and that each subcontractor has consented, in writing, to its name being submitted for this contract. Additionally, I certify that I shall notify each subcontractor listed on the Plan, in writing, if the award is granted to my firm, and I shall make all documentation available to the Division of Purchase and Property upon request.

I further certify that all information contained in this Plan is true and correct and I acknowledge that the State will rely on the truth of the information in awarding the contract.

**PRINCIPAL OF FIRM:**

\_\_\_\_\_

(Signature) (Title) (Date)

## ATTACHMENT 5 - PRICE SCHEDULES

### DEVELOPMENT AND IMPLEMENTATION OF AN INPATIENT REIMBURSEMENT SYSTEM FOR HOSPITALS

**Bid Number 06-X-37958**

Refer to [RFP Section 3.0](#) (Scope of Work) for task requirements and deliverables & [RFP Section 2.2](#) for definitions of "All Inclusive Hourly Rate" and "Firm Fixed Price"

#### Price Schedule 1- Phase I - Development of an Inpatient Reimbursement System for Hospitals

Bid Item	Task/Deliverable	Unit	Firm Fixed Price per Task/Deliverable *
1	Review of Existing Reimbursement System (3.2.1-3.2.2)	Each	\$
2	Development of New Cost Base (3.2.2.1-3.2.2.5)	Each	\$
3	Selection of DRG Grouper (3.2.3.1-3.2.3.2)	Each	\$
4	Calculation of Trim Points (3.2.3.3)	Each	\$
5	DRG Modeling Activities (3.2.3.4-3.2.3.6)	Each	\$
6	Cost Impact and Budget Neutrality Analysis (3.2.3.7-3.2.3.8)	Each	\$
7	Reimbursement Rate Packages (3.2.4-3.2.4.1)	Each	\$
<b>* PHASE I -TOTAL FIRM FIXED PRICE</b>			\$

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

\* Price to be used to rank cost of proposal for evaluation.

#### Price Schedule 2- Phase II - Implementation of an Inpatient Reimbursement System for Hospitals

Bid Item	Task/Deliverable	Unit	Firm Fixed Price per Task/Deliverable *
8	Implementation Plan (3.3.1-3.3.5)	Each	\$
<b>*PHASE II -TOTAL FIRM FIXED PRICE</b>			\$

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

\* Price to be used to rank cost of proposal for evaluation.

## TOTAL Phases I and II

<b>Bid Item(s)</b>	<b>Task/Deliverable</b>	<b>Unit</b>	<b>Firm Fixed Price per Task/Deliverable *</b>
<b>1-7</b>	Phase I	Each	\$
<b>8</b>	Phase II	Each	\$
<b>*PHASES I and II -TOTAL FIRM FIXED PRICE</b>			\$

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

\* Price to be used to rank cost of proposal for evaluation.

## Price Schedule 3- Phase III - Post Implementation Support Schedule

The bidder shall include a table of personnel titles and all inclusive firm fixed hourly rates of contractor employees designated to fulfill the specified tasks, activities, and deliverables specified in Section 3.4 of this RFP.

**ATTACHMENT 6 – EXECUTIVE ORDER 129 CERTIFICATION**

**SOURCE DISCLOSURE CERTIFICATION FORM**

Bidder: \_\_\_\_\_ Solicitation Number: \_\_\_\_\_

I hereby certify and say:

I have personal knowledge of the facts set forth herein and am authorized to make this Certification on behalf of the Bidder.

The Bidder submits this Certification as part of a bid proposal in response to the referenced solicitation issued by the Division of Purchase and Property, Department of the Treasury, State of New Jersey (the "Division"), in accordance with the requirements of Executive Order 129, issued by Governor James E. McGreevey on September 9, 2004 (hereinafter "E.O. No. 129").

The following is a list of every location where services will be performed by the bidder and all subcontractors.

Bidder or Subcontractor	Description of Services	Performance Location[s] by Country
----------------------------	----------------------------	--

Any changes to the information set forth in this Certification during the term of any contract awarded under the referenced solicitation or extension thereof will be immediately reported by the Vendor to the Director, Division of Purchase and Property (the "Director").

I understand that, after award of a contract to the Bidder, it is determined that the Bidder has shifted services declared above to be provided within the United States to sources outside the United States, prior to a written determination by the Director that extraordinary circumstances require the shift of services or that the failure to shift the services would result in economic hardship to the State of New Jersey, the Bidder shall be deemed in breach of contract, which contract will be subject to termination for cause pursuant to Section 3.5b.1 of the Standard Terms and Conditions.

I further understand that this Certification is submitted on behalf of the Bidder in order to induce the Division to accept a bid proposal, with knowledge that the Division is relying upon the truth of the statements contained herein.

I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

Bidder: \_\_\_\_\_  
[Name of Organization or Entity]

By: \_\_\_\_\_

Title: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT 7 - 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** – Effective September 1, 2004, pursuant to an amendment to N.J.S.A. 52:32-44, State and local entities (including the Division of Purchase and Property) are prohibited from entering into a contract with an entity unless the contractor has provided a copy of its business registration certificate (or interim registration) as part of its bid submission. Failure to submit a copy of the Business Registration Certificate within the bid proposal may be cause for rejection of the bid proposal.

The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the "Sales and Use Tax Act, P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all their sales of tangible personal property delivered into the State. This requirement shall apply to all contracts awarded on and after September 1, 2004. 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/busregcert.htm>

- 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-I 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 with current certificates of insurance for all coverages and renewals thereof, naming the State as an Additional Insured and shall contain the provision that the insurance provided in the certificate shall not be canceled for any reason except after thirty days written notice to:

STATE OF NEW JERSEY  
Purchase Bureau – Bid Ref. #

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

- a. Commercial General Liability Insurance: The minimum limit of liability shall be \$1,000,000 per occurrence as a combined single limit for bodily injury and property damage. In addition, the contractor shall carry excess coverage with the same terms and conditions as the primary underlying coverage in an amount such that the primary and excess coverage together equal or are greater than \$10,000,000. Said excess shall contain a clause stating that it takes effect in the event the primary coverage is impaired or exhausted. The above required Commercial General Liability Insurance policy shall name the State, its officers, and employees as Additional Insureds. The coverage to be provided under these policies shall be at least as broad as that provided by the standard basic, unamended, and unendorsed Commercial General Liability Insurance occurrence coverage forms currently in use in the State of New Jersey, which shall not be circumscribed by any endorsement limiting the breadth of coverage.
- 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 \$1,000,000 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:

\$1,000,000 BODILY INJURY, EACH OCCURRENCE  
\$1,000,000 DISEASE EACH EMPLOYEE  
\$1,000,000 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 a 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. For Convenience
 

Notwithstanding any provision or language in this contract to the contrary, the Director may terminate at any time, in whole or in part, any contract entered into as a result of this Request for Proposal for the convenience of the State, upon no less than 30 days written notice to the contractor.
- 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 MasterCard. 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.

## **7. 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.

**Insurance Consulting: Development and Implementation  
Inpatient Hospital Reimbursement System  
New Jersey Department of Human Services  
Division of Medical Assistance and Health Services  
– 06-X-37958  
July 12, 2005  
Addendum #01**

**Question # 1**    **Section 1.2.1 Contract Specific Background, Pg 7 –What was the amount paid by the State to develop the existing DRG Rate Setting System?**

Answer: The existing DRG Rate Setting System was developed under a contract between the Health Care Financing Administration (HCFA), the Department of Health and Human Services and the State of New Jersey which started in 1976 and ending in 1983. As nearly 30 years elapsed, the Division of Medical Assistance and Health Services no longer has the amount paid by the State for this system.

**Question # 2**    **Section 1.2.1 Contract Specific Background, Pg 7 –Does the State have a budget amount for this contract, and if so, what is the budget amount?**

Answer: The current State budget will allow for the appropriate amount of funding to be available to support this contract.

**Question # 3**    **Section 1.2.1 Contract Specific Background, Pg 7 –What contractors, either currently or historically, have provided assistance with the Inpatient DRG system?**

Answer: During the initial design, development and implementation of the current system during the period from 1976 through 1983, the State utilized the services of Health Care Financing Authority (HCFA), Health Systems International, Deloitte, Haskins and Sells, Alpha Health Consultants and Humanamethods, Inc. Following the establishment and implementation of the system, the State has utilized an annual mapper program from 3M.

**Question # 4**    **Section 1.2.1 Contract Specific Background, Pg 7 –While the RFP states that the new system must be operational no later than July 1, 2006, are there other firm deliverable due dates?**

Answer: The RFP requires a work plan for various deliverables. Once the work plan has been approved by the State, the dates assigned by the bidder become additional firm deliverable due dates.

**Question # 5**    **Section 1.2.1 Contract Specific Background, Pg 7 –What are the State's plans to support the current system and make payments to hospitals, understanding that 3M Company will discontinue the updating of the current grouper effective October, 2005?**

Answer: 3M has recently indicated to the State that it will continue support of New Jersey's current GROUPER to allow for the pricing of Medicaid inpatient claims through October, 2006.

**Question # 6**    **Section 3.2.2 Identification of Data Sources for Cost Base, Pg 16 –What cost reports are available for this project, for what years and have these**

**reports been audited?**

Answer: One of the data sources for the Cost Base is the 2003 New Jersey Acute Care Cost Reports, which have been audited. However, the RFP requires that other data sources, such as the Medicare Cost Report, be evaluated.

**Question # 7 Section 3.2.3.8 Budget Neutrality Component, Pg 17 –Does the contractor need to consider managed care payments in the budget neutrality calculations?**

Answer: No

**Question # 8 Section 3.2.4 Hospital Reimbursement Rate Packages, Pg 17 –Assuming the State will make provide access to New Jersey hospitals’ current and previous year’s Rate Packages, how are the data maintained and will it be accessible electronically?**

Answer: Currently the reports included in the rate packages are not available electronically. Hard-copies of these reports are available for review.

**Question # 9 Section 3.3.4 Continuity of Service, Pg 18 –Does the State have plans to change the Fiscal Agent currently processing Medicaid claims?**

Answer: The current contract with the State Fiscal Agent runs through August, 2008. A re-procurement process shall follow.

**Question # 10 Section 4.1 General, Pg 20 –Will the State frown upon vendors who have a reimbursement consultant division that may provide services such as the submission of Medicaid appeals, particularly if these services are provided within the New Jersey ?**

Answer: Yes, this is considered conflict of interest.

**Question # 11 Section 4.4.1.6 Set Aside Contracts, Pg 22 –Given that a Notice of Intent to subcontract form must be completed for any small businesses based in New Jersey, is there a requirement that the primary bidder be from, or conduct a specified percentage of its business within New Jersey?**

Answer: The primary contractor is not required to be located in New Jersey nor conduct a specified amount of business within the State.

**Insurance Consulting: Development and Implementation  
Inpatient Hospital Reimbursement System  
New Jersey Department of Human Services  
Division of Medical Assistance and Health Services  
– 06-X-37958  
July 25, 2005  
Addendum #02**

**Question # 12**    **Section 1.2.1 Contract Specific Background, Pg 7 –Does the contractor need to help develop a new outlier policy, or just apply the current policy to the new system?**

Answer: The contractor is expected to make recommendations to DMAHS regarding these policies. For background information regarding New Jersey's inpatient hospital reimbursement methodology please refer to N.J.A.C. 10:52 and New Jersey's State Plan at Attachment 4.19-A.

Please refer to the following websites:

NJ State Plan Web link

[www.cms.hhs.gov/medicaid/stateplans/toc.asp?state=NJ](http://www.cms.hhs.gov/medicaid/stateplans/toc.asp?state=NJ)

N.J.A.C Regulations web link

[www.state.nj.us/humanservices/Rules/ruleadoptions.html](http://www.state.nj.us/humanservices/Rules/ruleadoptions.html)

**Question # 13**    **Section 1.2.1 Contract Specific Background, Pg 7 –How are graduate medical education costs removed?**

Answer: Please refer to the answer for Question #12.

**Question # 14**    **Section 1.2.1 Contract Specific Background, Pg 7 –Please describe how costs are adjusted to New Jersey labor markets?**

Answer: Please refer to the answer for Question #12.

**Question # 15**    **Section 1.2.1 Contract Specific Background, Pg 7 – Does the contractor need to help develop new payment methods for indirect graduate medical education, direct graduate medical education, capital, or other components? Or will the contractor just apply current policy to new system?**

Answer: Please refer to the answer for Question #12.

**Question # 16**    **Section 3.2.2 Identification of Data Sources for Cost Base, Pg 16 – Will the State's Acute Care Hospital Cost Reports be available to the contractor in electronic format?**

Answer: Yes

**Question # 17**    **Section 3.2.2 Identification of Data Sources for Cost Base, Pg 16 –Does the State have Medicare cost reports electronically available covering the same time period as its Acute Care Hospital Cost Reports?**

Answer: Yes

**Question # 18**    **Section 3.2.2 Identification of Data Sources for Cost Base, Pg 16 –How recent are the Acute Care Hospital Cost Reports data?**

Answer: Audited 2003 data.

**Question # 19a**    **Section 3.2.2.2 Adjustments and Exclusions to Cost Base, Pg 16 –How are items in this section removed from costs?**

Please refer to the answer for Question #12.

**Question # 19b**    **Section 3.2.2.2 Adjustments and Exclusions to Cost Base, Pg 16 –Are these items specifically listed on cost reports?**

Answer: Yes. The contractor is expected to make recommendations to DMAHS regarding these policies.

**Question # 20**    **Section 3.2.2.4 Adjustments and Exclusions to Cost Base, Pg 16 –Is the contractor responsible for auditing the hospital cost reports?**

Answer: No, DMAHS notified hospitals prior to their final submission of the 2003 NJ Acute Care Cost Reports that the data may be utilized as a source for the establishment of the Medicaid inpatient reimbursement rates. DMAHS extended the filing date for the submission of the 2003 UB data and expanded the audit criteria which was applied by the Riverbend auditors to ensure accuracy and completeness of the NJ Cost Reports. DMAHS also performed some cost and revenue comparisons of the data. However, as indicated in Section 3.2.2 of the RFP, the contractor is required to evaluate all available data sources, examine the data for reasonableness and develop recommendations that would provide alternative data sources in order for the State to make a final decision regarding the data source to be used for the cost base.

**Question # 21**    **Section 3.2.3.1 Selection of DRG Type for Use in Grouper Software, Pg 16 –Will the contractor need to purchase the 3M Grouper Software or the recommended grouper, or will the State purchase it?**

Answer: The contractor will recommend the appropriate Grouper. The DMAHS will acquire and provide access to the appropriate Grouper software necessary to implement the new system.

**Question # 22a**    **Section 3.2.3.2 Data Source for Use in DRG Model, Pg 17 –How and in what format will uniform billing data be sent to the contractor?**

Answer: The Uniform Billing Data will be provided in an EBCDIC format. DMAHS will work with the contractor to finalize the treatment of DPUs regarding the inclusion or exclusion for reimbursement, as well as the appropriate data source. The contractor is expected to provide recommendations to the DMAHS regarding reimbursement of DPUs.

**Question # 22b**    **Section 3.2.3.3 Trim Points, Pg 17 –Can you provide additional meaning for the term “clinical analysis and review”?**

Answer: The DMAHS shall rely on the contractor’s knowledge and expertise in the development of trim points. The degree to which clinical analysis and/or statistical modeling is applied shall be outlined by the contractor and approved by the State Contract Manager.

**Question # 23**    **Section 3.3.2 subheading (c) Documentation of Key Deliverables, Pg 18 –Does the State require electronic copies of all documentation, if so, in what software format?**

Answer: Yes, in programs belonging to the Microsoft Office suite of products.

**Question # 24**    **Section 4.2 Proposal Delivery and Identification, Pg 20 –Can the State clarify the specific address to send the proposal as FedEx doesn't deliver to Post Office Boxes?**

Answer: The “street address” is listed along with the PO Box in Section 1.3.5 of the RFP.

**Question # 25**    **Section 4.4.3.6 Experience of Bidder on Contracts of similar size and Scope, Pg 24-25 –Can the State clarify the COBOL skills needed by the contractor?**

Answer: The current method of uploading the inpatient DRG rates to the State's Fiscal Agent is via ASCII, comma delimited files.

The bidder should present a proposal including experience on contracts of similar size and scope that demonstrates its ability to successfully complete all requirements of this RFP.

**All “shalls” in this Section are changed to “should”.**

**Question # 26**    **Section 4.4.4 Section 4 – Cost Proposal, Pg 26 –Attachment 5 indicates the project is a deliverable-based payment project, would the State consider monthly invoices based on hourly fees?**

Answer: No.

**Question # 27**    **Section 6.3 Evaluation Criteria, Pg 39 –What are the criteria for evaluation of this RFP, i.e., and will any sections of a bid proposal receive more weight in the evaluation process than others?**

Answer: RFP Section 6.3 specifies the criteria for bid evaluation. Weights will be set prior to bid opening and are not public until the Director issues an Intent to Award.