



STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD

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GREEN MOUNTAIN CARE BOARD  
89 MAIN STREET  
MONTPELIER, VERMONT 05620  
802-828-2900

SEALED BID  
SIMPLIFIED BID  
REQUEST FOR PROPOSAL FOR  
Price Variation Analysis

RFP ISSUE DATE: April 1, 2013

QUESTIONS DUE BY: April 16, 2013

BIDDERS' CONFERENCE CALL: April 17, 2013, 2:00p.m.

RESPONSES TO QUESTIONS: April 22, 2013

BID DUE ON OR BEFORE: May 6, 2013 4:00p.m.

DATE AND TIME OF BID OPENING: May 6, 2013 at 4:00p.m.

LOCATION OF BID OPENING: Green Mountain Care Board, 3<sup>rd</sup>  
Floor, 89 Main Street, Montpelier,  
Vermont

CONTRACTOR SELECTION ANNOUNCEMENT: May 16, 2013

CONTRACTOR WORK TO COMMENCE: June 1, 2013

ATTACHMENTS OR SPECIFICATIONS THAT APPLY TO THIS RFP:

- State Contract (Exhibit A)

CONTACT AGENTS: Georgia J. Maheras, Esq., Executive Director

MAILING ADDRESS: Green Mountain Care Board  
89 Main Street  
Montpelier, VT 05620

TELEPHONE : (802) 828-2919

E-MAIL: georgia.maheras@state.vt.us

## SEALED BID INSTRUCTIONS

All bids must be sealed and must be addressed to the Green Mountain Care Board, 89 Main Street, Montpelier, Vermont 05620. BID ENVELOPES MUST BE CLEARLY MARKED 'SEALED BID' AND SHOW THE REQUISITION NUMBER AND/OR BID TITLE, OPENING DATE AND NAME OF BIDDER. **ALL BID SUBMISSIONS MUST CONTAIN AN ORIGINAL AND THREE (3) COMPLETE COPIES. Bidders should also send an electronic copy of the bid to [Janet.richard@state.vt.us](mailto:Janet.richard@state.vt.us), this does not replace the requirement to submit original copies by mail.**

All bidders are hereby notified that sealed bids must be in the office of the Green Mountain Care Board (GMCB) by the bid due date and time. Bidders are cautioned that it is their responsibility to originate the sending of bids in sufficient time to insure receipt by the GMCB on or before the bid due date. Hand carried bids shall be delivered to a representative of the GMCB on or before the bid due date and stamped in by the GMCB representative to indicate the date and time of receipt. Bids not in possession of the GMCB by the due date and time will not be considered.

The GMCB may change the date and/or time of bid openings. If a change is made, the GMCB will make a reasonable effort to inform all bidders.

All bids will be opened publicly. Any interested party may attend bid openings. Bid results may be requested in writing and are available once an award has been made.

From the issue date of this RFP until a Contractor is selected and the selection is announced, bidders are prohibited from communicating with any GMCB staff regarding this procurement, except:

- Georgia J. Maheras, Esq., Executive Director

The GMCB shall reserve the right to reject the proposal if this provision is violated.

**FAXED BIDS: FAXED bids will NOT be accepted.**

**ELECTRONIC BIDS: ELECTRONIC bids will only be accepted in addition to mailed bids.**

DATE:

**REQUEST FOR PROPOSAL  
THIS IS A SEALED BID**

**BIDS MUST BE RECEIVED BY May 1, 2013**

_____	(vendor name)
_____	(address 1)
_____	(address 2)
_____	(address 3)
_____	(city state zip)

***This form must be completed and submitted as part of the bid for it to be considered valid.***

The undersigned has read, understood, and accepted all provisions, terms, and conditions of this bid.

**VERMONT TAX CERTIFICATE**

To meet the requirements of Vermont Statute 32 V.S.A. § 3113, by law, no agency of the State may enter into, extend or renew any contract for the provision of goods, services or real estate space with any person unless such person first certifies, under the pains and penalties of perjury, that he or she is in good standing with the Department of Taxes. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes, 32 V.S.A. § 3113.

In signing this bid, the bidder certifies under the pains and penalties of perjury that the company/individual is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont as of the date this statement is made.

Quotation Valid for ___ Days	Date: _____	Telephone
Number: _____		
Name of Company: _____	Fax Number: _____	
Federal Identification Number: _____	E-mail address: _____	
By: _____	Name: _____	
Signature ( <b>Bid Not Valid Unless Signed</b> )	(Type or Print)	

## 1. OVERVIEW

- 1.1. **Background:** The Green Mountain Care Board (GMCB) was created by the Vermont legislature in 2011 and is charged with ensuring that changes in the health system improve quality while stabilizing costs. The most unique thing about the GMCB is that the Legislature assigned it unprecedented responsibility for all the major factors influencing the cost of health care. This includes hospital budgets, health insurance rates, benefit decisions and major expenses, rates paid by insurance companies and Medicaid, and plans to ensure Vermont has enough of the right health professionals and uses health technology to decrease costs. While in other states responsibility for oversight of these different parts of the health system is split among different agencies, Vermont's Legislature created one Board to consider all the variables. The Board has focused on reviewing insurance rates, approving an insurance benefits package, regulating hospital budgets, and launching "pilot projects" that test different methods for paying for health care to improve quality and minimize costs. This work lays the groundwork for moving in a careful, deliberate way toward the broader goals of Act 48: to provide all Vermonters with health coverage, increase the quality of care, keep costs sustainable, cut the link between employment and health insurance, build a publicly financed health care system, and improve the health of Vermonters.

In January 2012, DVHA commissioned a study to compare payments made to hospitals (inpatient and outpatient services) and professional (office-based) services by Medicare, Medicaid, and six major commercial payers on behalf of Vermont residents. The goal of that study was to examine the differences in payments made by public and private payers to Vermont providers and to begin to understand the causes and potential impact of those payment differentials on planning for payment reform initiatives required under Vermont's health care reform legislation.

In summary, the findings of this report indicated that for inpatient services, Commercial payers paid 136% more for the same services as Medicare paid, and Medicaid paid 85% of the amount Medicare paid. It was also noted that Medicaid paid 62% of the amount paid by Commercial payers. The report also noted that among Commercial payers, there was significant variation in the amount paid for the same services to different hospitals, ranging from 108% of Medicare to 246% of Medicare. This indicated not only variation among public and private payers, but also significant variation in payments among private payers, across hospitals, as well. These conclusions held true for payments related to specific inpatient MDC Codes and MS DRGs. Similar variations in payments were noted for outpatient hospital services and to a somewhat lesser extent for professional services.

Although this report produced interesting results, it raised more questions than it answered. For example, this report did not use any risk adjustment methodology other than those built into the payment assumptions to normalize the data in a way that it could be compared with greater confidence. It also did not explore the reasons for the variation in payments, particularly among the commercial payers in order to determine whether the payments were the result of historical

negotiations between the payers and the providers, whether they were the result of differentials based on site of service, or how much of the variation was related to payments for the cost of medical education. The report also did not address the policy implications that these results might present for the Green Mountain Care Board to consider as it contemplates the use of its authority to develop policies around payment reform. These issues were beyond the scope of service requested in this 2012 report. However, we are now interested in addressing these questions in a more deliberate way, and thus the reason for this RFP.

In February, 2013, the Board requested that the Vermont Association of Hospitals and Health Systems – Network Services Organization (VAHHS-NSO) research and identify payment variation within Vermont for hospital inpatient/outpatient, professional and post-acute spending. This work will be complete at the end of April. This will complete phase I of our variation analysis.

This is an RFP for phase II of this project.

- 1.2. **CONTRACT PERIOD:** A contract arising from this RFP will be for a period of one year. Proposed contract start date will be **June 1, 2013**.
- 1.3. **POINT OF CONTACT:** All communications concerning this Request For Proposal are to be addressed in writing to the attention of: **Georgia J. Maheras, Esq., Executive Director, Green Mountain Care Board, 89 Main Street, Montpelier, Vermont 05620. Georgia Maheras is the sole contact for this RFP.**
- 1.4. **INVOICING:** All invoices under the contract are to be rendered by the Contractor in duplicate on the Contractor's standard billhead and forwarded directly to: **Janet Richard, Green Mountain Care Board, 89 Main Street, Montpelier, Vermont 05620.**
- 1.5. **REMITTANCE OF PAYMENT:** Specify the address to which payments will be sent.

## 2. METHOD OF AWARD

- 2.1. **CONTRACT AWARD:** Awards will be made under the provisions of 29 VSA § 903. The GMCB may award one or more contracts and reserves the right to make additional awards to other bidders who submitted bids at any time during the first year of the contract if such award is deemed to be in the best interest of the State.
- 2.2 **EVALUATION CRITERIA:** Proposals that meet the specifications of this RFP, and that are received in this office by the appointed deadline, will be evaluated by a review committee composed of Department staff. The evaluation of proposals will focus on the Bidder's actuarial expertise and ability to convey actuarial principles, information, and outcomes to non-actuaries, detailed experience with similar engagements, excellent understanding of regulatory and legislative issues, extensive insurance industry financial examination experience, and strong professional standards and reputation for quality.

Criterion:

Maximum possible points

(on a scale of 100):

2.2.1 Bidder's prior experience with similar work

50

	(Completed work of similar type and experience working for State regulatory systems.)	
2.2.2	Quality of staff	15
	(Qualifications of staff to be assigned and supervision to be exercised over staff by management.)	
2.2.3	Bidder's understanding of work to be performed	15
2.2.4	Quality of references.	10
2.2.5	Billable Rate	10
2.3	<b>CONTRACT TERMS:</b> The selected bidder(s) will sign a contract with the GMCB to provide the services named in the bid, at the price listed. <b>A copy of the standard State contract is attached. (Exhibit A).</b> The GMCB may cancel upon discovery that a bidder is in violation of any portion of the agreement, including an inability by the bidder to provide the services, and/or support offered in their bid. Contracts may be amended by mutual agreement of the parties. The contract may be cancelled by the GMCB by giving written notice at least 30 days in advance. The Contractor may cancel the contract by giving 120 days written notice in advance. If, during the term of the contract, the Contractor cannot provide the required services using the personnel identified in the bid, the Contractor will notify the GMCB and provide assurances that the substitute personnel will in no way diminish the capacity of the Contractor to perform.	

### 3. SCOPE OF WORK

Review the 2013 Payment Variation Study developed by VAHHS-NSO in Phase I of this project.

Describe whether there are clear reasons why some hospitals or providers are paid more than others for the same services, i.e. :

- a) Result of negotiations between payers and providers
- b) Reimbursement for the cost of medical education
- c) Reimbursement rules related to the site of serviced) Other

Explore how the differentials in payments between public and private payers impact the premium cost for residents and businesses in Vermont and impact the cost of health care for the uninsured and/or those individuals with high deductible health plans.

Suggest how the impact of these variations in payments (or steps toward the elimination of these variances) might influence the policy options the GMCB should consider as it develops its own rules and regulations regarding payment methodologies, the basis for payment amounts, reduction in the cost shift, insurance rate review, and standards and criteria related to Accountable Care Organizations (ACOs) in Vermont. (Some topics for consideration might include)

1. Should payments based on discounts off charges be eliminated entirely. If, so, what would replace them and over what period of time.
2. Should FFS contracts always incorporate quality metrics into the negotiated reimbursement rates.
3. Should those with high deductibles or the uninsured only be required to pay an amount for services that would be capped at some percentage above what Medicare or Medicaid would pay.
4. Should the cost of medical education be carved out of the amount paid for hospital services and reimbursed separately through a negotiated budget amount that is shared by all payers.
5. Should higher payment for facility-based services that can be performed in a lower cost setting be eliminated entirely.
6. For all payers should annual updates be increased for evaluation and management codes, and updates for procedural diagnosis codes frozen for a period of three years, except for those that are demonstrated to be currently undervalued.

#### *Deliverables*

1. Explain why providers are paid differently for essentially the same services (risk adjusted) and how those payment differentials (assuming they exist) can be reduced over time.
2. Provide a calculation of how the differentials in payments between public and private payers impact the premium cost for residents and businesses in Vermont.
3. Suggest policy recommendations that the GMCB should consider to reduce the financial burden on the uninsured and/or individuals with high deductible health plans who are often expected to pay full price for the healthcare services they receive.
4. Provide policy recommendations that the GMCB should consider in order to address the issues raised in Number 4 above.
5. Suggest methods and structure for improving transparency around prices using the internet, social media, reports and other mechanisms.

#### **4. INSTRUCTIONS FOR BID PREPARATION**

- 4.1 The bid is the GMCB's primary vehicle for obtaining essential information upon which contract award decisions are based. Instructions contained in the RFP must be met in order to qualify for consideration for award. Bids that do not meet or comply with all instructions may be considered non-responsive and may be discarded. **Mere reiterations**

**of RFP-stated services are discouraged as they do not provide insight into the bidder's understanding of the required tasks and responsibilities, nor the uniqueness of the bidder's performance capabilities.**

4.2 **Section 1 - Technical Bid:** This section must describe the bidder's approach and plans for accomplishing the work outlined in the Scope of Work and Contractor Responsibilities section of this RFP. These plans and approaches must be described in sufficient detail to permit the GMCB to fully evaluate them. Further, the bidder must describe the effort and skills necessary to complete the project. The section must contain at least the following information:

4.3 **Section 2 - Organizational Experience:** This section of the bid must contain pertinent information relating to the bidder's organization, personnel, and experience, including references together with a contact name and telephone number that will substantiate the bidder's qualifications and performance record. The bid must contain at least the following:

The bidder shall procure and maintain professional liability insurance for any and all services performed under the contract, with minimum coverage of \$1,000,000 per occurrence.

4.4 **Section 3 - Cost Bid**

The bidder should offer a cost proposal, distinct from the technical proposal, to provide **one hourly rate for each staff class identified in the proposal.** A blended rate, whereby a proposal identifies one hourly rate for all categories of services, is not acceptable. The GMCB will also not accept a range of hourly compensation for the same staff level or function. Any contract written will require receipts for all expenses other than vehicle mileage or will use per diem rates specified in the "General Service Administration (GSA) Per Diem 2000 study" for lodging, meals and incidentals. Vehicle mileage will be reimbursed at a rate determined at the time the contract is executed. The Contractor must bill the GMCB for work performed at least once a month.

**5. QUESTION AND ANSWER PERIOD: Any bidder requiring clarification of any section of this RFP or wishing to comment on the RFP must submit questions to the GMCB by April 16, 2013. Responses to all questions will be posted on the GMCB website and the official state bidder website on April 22, 2013. Questions may be emailed to [Georgia.maheras@state.vt.us](mailto:Georgia.maheras@state.vt.us) or sent to Georgia Maheras, Executive Director, Green Mountain Care Board, 89 Main Street, Montpelier, VT, 05620.**

## **6. BID SUBMISSION**

6.1 **CLOSING DATE:** The closing date for the receipt of bids is **May 6, 2013 at 4:00 p.m.** Bids must be delivered to **Green Mountain Care Board, Attn: Georgia J. Maheras, Esq., Executive Director, 89 Main Street, Montpelier, Vermont 05620** prior to that time

The bid opening will be held at 89 Main Street, Montpelier, VT (3<sup>rd</sup> floor) at the date and time listed on page one and is open to the public.



An **original and three (3) copies** are required. All bids shall be submitted in a sealed package and must be clearly marked as follows:

**Bid for Price Variation Analysis**

If bids are being sent via an express delivery service, be certain that this designation is clearly shown on the outside of the delivery envelope or box.

**7. ADDITIONAL RFP PROVISIONS**

**Statement of Rights:** The State of Vermont reserves the right to obtain clarification or additional information necessary to properly evaluate a bid.

**Non Collusion:** The State of Vermont is conscious of and concerned about collusion. It must therefore be understood by all that in signing bid and contract documents they agree that the prices quoted have been arrived at without collusion and that no prior information concerning these prices has been received from or given to a competitor company. If there is sufficient evidence to warrant investigation of the bid/contract process by the Office of the Attorney General, all bidders must understand that this paragraph might be used as a basis for litigation.

**Confidentiality:** The successful bid will become part of the contract file and will become a matter of public record as will all other bids received. If a bid includes material that is considered by the bidder to be proprietary and confidential under 1 VSA, Chapter 5, the bidder shall clearly designate the material as such, explaining why such material must be considered confidential. The bidder must identify each page or section of the bid that it believes is proprietary and confidential with sufficient grounds to justify each exemption from release, including the prospective harm to the competitive position of the bidder if the identified material were to be released. The GMCB will determine if such designated information meets statutory requirements pertaining to materials exempted from Vermont's public records law. Under no circumstances can the entire bid or price information be marked confidential. Bids so marked may not be considered.

**EXHIBIT A**

STATE OF VERMONT  
STANDARD CONTRACT FOR SERVICES

Contract #:

1. **Parties.** This is a contract for services between the **State of Vermont, Green Mountain Care Board** (hereafter called "**State**"), and \_\_\_\_\_, (hereafter called "**Contractor**") with principal place of business at \_\_\_\_\_. Contractor's form of business organization is \_\_\_\_\_. It is the Contractor's responsibility to contact the Vermont Department of Taxes to determine if, by law, the Contractor is required to have a Vermont Department of Taxes Business Account number.
2. **Subject Matter.** The subject matter of this contract is development of a data analytic plan. Detailed services to be provided by the Contractor are described in Attachment A.
3. **Maximum Amount.** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$ \_\_\_\_\_. The State does not guarantee the assignment of any minimum number of hours or any other work under the contract.
4. **Contract Term.** The period of Contractor's performance shall begin on \_\_\_\_\_ and end on \_\_\_\_\_..
5. **Prior Approvals.** If approval by the Attorney General's Office, Secretary of Administration or the CIO/Commissioner DII is required (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by any or all such persons.
  - Approval by the Attorney General's Office is required.
  - Approval by the Secretary of Administration is not required.
  - Approval by the CIO/Commissioner DII is not required.
6. **Amendment.** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.
7. **Cancellation.** This contract may be canceled by the State by giving written notice at least 30 days in advance. The Contractor may cancel this contract by giving 120 days written notice in advance.
8. **Attachments.** This contract consists of \_\_\_\_\_ pages including the following attachments which are incorporated herein:
  - Attachment A - Specifications of Work to be Performed
  - Attachment B - Payment Provisions
  - Attachment C – Standard State Contract Provisions
  - Attachment D - Other Provisions.

WE THE UNDERSIGNED PARTIES AGREE TO BE BOUND BY THIS CONTRACT.

By the State of Vermont:  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name:

By the Contractor:  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name:  
Company:

**EXHIBIT A  
ATTACHMENT B  
PAYMENT PROVISIONS**

1. The maximum amount payable under this contract for service and expenses shall not exceed \$ \_\_\_\_\_. The State does not guarantee the assignment of any minimum number of hours or other work under this contract. The hourly rates for assigned staff are as follows:
  2. Payments for subcontractors will only be made upon approval (See Attachment C, #15).
  3. The State shall reimburse Contractor for travel expenses utilizing the most current General Services Administration Per Diem Study for lodging, meals and incidentals. Expenses will not be reimbursed without prior written approval from the State.
  4. Contractor will submit an invoice on a monthly basis to the State for services provided and expenses incurred during the previous month. Invoice must include unique invoice number, dates of service, itemized hours being invoiced, a list of allowable expenses incurred and the address for remittance of payment. A billing for mileage shall include the points of origin and destination and the number of miles traveled. Only actual charges will be paid.
1. Invoices shall be submitted to:

**Janet Richard  
Green Mountain Care Board  
89 Main Street  
Montpelier, VT 05620**

**EXHIBIT A**  
**INSERT ATTACHMENT C**

**EXHIBIT A  
ATTACHMENT D  
OTHER CONTRACT PROVISIONS**

1. Confidentiality

Contractor agrees to keep information related to the State and all agencies and companies related to this contract confidential and agrees not to use any information obtained in relation to the services performed under this contract for any purpose other than as authorized by the State. Contractor agrees not to publish, reproduce, or otherwise divulge such information in whole or in part, in any manner or form or authorize or permit others to do so. Contractor will take reasonable measures as are necessary to restrict access to confidential information in the Contractor's possession to those employees who must have the information to perform their job. Contractor agrees to immediately notify, in writing, the State's authorized representative in the event Contractor determines or has reason to suspect a breach of this requirement.

2. Obligations Regarding Protected Information

Contractor shall assure compliance by the State and Contractor of any and all obligations the State or Contractor may have under HIPAA and any other applicable state or federal law regarding protected health, personal, or otherwise confidential information.

3. Security

Contractor shall maintain security and confidentiality policies and procedures consistent with industry standards with regard to the information obtained from regulated entities. Contractor shall have recovery procedures in place to handle replacement of data in the event of a disaster.

4. Conflicts of Interest

If the State determines that a conflict of interest, as defined by the State, exists between a regulated entity and a member or members of the Contractor's staff, the Contractor shall substitute similarly qualified individuals for the conflicted members. If the State determines that a conflict of interest, as determined by the State, exists between Contractor and a regulated entity, the State may immediately remove that assignment from the Contractor, or may invoke its right to terminate this contract pursuant to paragraph 7 on page 1 of this contract. The State reserves the right to make the ultimate determination as to whether a conflict of interest exists.

5. Protection of Personal Information

Contractor agrees to establish and maintain policies and procedures designed to ensure compliance with 9 V.S.A. Chapter 62 (Protection of Personal Information) with respect to data collected in connection with Contractor's activities pursuant to the Contract.

STATE OF VERMONT  
Green Mountain Care Board  
RFP: Stakeholder Engagement Coordinator