

STATE OF ALASKA REQUEST FOR PROPOSALS



MEDICAID COORDINATED CARE DEMONSTRATION PROJECT RFP 170007291

ISSUED DECEMBER 30, 2016

Senate Bill (SB) 74, enacted in 2016, reforms Alaska's Medicaid program to improve quality and control spending. Among its many provisions SB 74 established AS 47.07.039, which directs the Department of Health and Social Services (the Department, or DHSS) to contract with one or more third parties to implement coordinated care demonstration projects for Medicaid beneficiaries. The purpose of the demonstration projects is to assess the efficacy of various health care delivery models with respect to cost, access, and quality of care.

ISSUED BY:

DEPARTMENT OF HEALTH & SOCIAL SERVICES
DIVISION OF FINANCE & MANAGEMENT SERVICES

PRIMARY CONTACT:

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OFFERORS ARE NOT REQUIRED TO RETURN THIS FORM.

IMPORTANT NOTICE: YOU MUST REGISTER WITH THE PROCUREMENT OFFICER LISTED IN THIS DOCUMENT TO RECEIVE SUBSEQUENT AMENDMENTS AND NOTIFICATIONS PERTAINING TO THIS SOLICITATION.

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SECTION 1. INTRODUCTION AND INSTRUCTIONS

SEC. 1.01 PURPOSE OF THE RFP

Senate Bill (SB) 74, enacted in 2016, reforms Alaska’s Medicaid program to improve quality and control spending. Among its many provisions SB 74 established AS 47.07.039, which directs the Department of Health and Social Services (the Department, or DHSS) to contract with one or more third parties to implement coordinated care demonstration projects for Medicaid beneficiaries. The purpose of the demonstration projects is to assess the efficacy of various health care delivery models with respect to cost, access, and quality of care.

The purpose of this RFP is to solicit proposals for Coordinated Care Demonstration Projects (CCDP). The Department will consider proposals for three different health care models:

- I) Managed Care Organizations (MCO), Prepaid Inpatient Health Plans (PIHP), and Prepaid Ambulatory Health Plans (PAHP);
- II) Care Management Entities (CME); and
- III) Provider-Based Reform (PBR).

Each proposal submitted in response to this RFP must fit into one, and only one, of these models, and each offeror may submit only one proposal. The three models are defined in Section 4 of this RFP.

SEC. 1.02 BUDGET

The contract(s) that result from this solicitation will not be funded with administrative dollars and must demonstrate Medicaid program savings. Under the resulting contract(s) the Department will commit to make policy and system changes to support Medicaid service delivery and payment model reforms implemented as a Coordinated Care Demonstration Project. The Department’s intent is to collaborate on projects for which new or reformed services and/or payment models can be reimbursed as a covered Medicaid service, not as an administrative fee. It is also the Department’s objective to collaborate on projects that are most likely to be budget neutral to the State in the first year, and achieve State savings in subsequent years.

SEC. 1.03 DEADLINE FOR RECEIPT OF PROPOSALS

Proposals must be received no later than 4:00 PM prevailing Alaska Time on April 17, 2017. Faxed or emailed proposals are not acceptable. Oral proposals are not acceptable.

SEC. 1.04 MINIMUM QUALIFICATIONS

1.04.01 General Minimum Qualifications (MQs) for all Offerors

For proposals submitted in response to this RFP to be considered responsive, offerors must provide evidence that they meet the requirements described in this Section.

1. The Department will consider proposals that demonstrate one of three different care management models under the Coordinated Care Demonstration Project (CCDP). Please see Section 4 of this RFP for a description of the three models. The offeror’s cover letter must include a statement declaring which one of the three models the proposed project will use.

2. SB 74 under AS 47.07.039(a) requires the demonstration projects to include three or more of nine elements (see SB 74 or Section 3.01 of this RFP for the list of these elements, and Section 2.02 for relevant definitions). The offeror's cover letter must include a statement declaring which of the nine elements the proposed project will implement.
3. SB 74 under AS 47.07.039(d) requires the demonstration projects utilize telehealth to reduce costs. The offeror's cover letter must include a reference to the Section and page number of the proposal that describes how the proposed project incorporates the use of telehealth.

In addition, proposals submitted in response to this RFP must include the following declarations in the cover letter:

1. The offeror understands that state funds are not available to support the offeror's up-front implementation activities, and is proposing a project that does not require an investment of state funds in the offeror's design, development and implementation of the demonstration project.
2. The offeror is not proposing a statewide model that includes behavioral health services. (see Section 5.02.03)
3. The offeror is: a) aware of federal Medicaid policies related to American Indian/Alaska Native (AI/AN) populations, b) familiar with the current Federal Policy on Tribal Medicaid Reimbursement, and understands the state's commitment to full implementation of that policy, and c) is committed to collaborating with the state and tribal health entities to optimize the Federal Policy on Tribal Medicaid Reimbursement. (see Section 5.02.04)
4. Professional staff involved in the project have the appropriate professional licenses.

1.04.02 Additional MQs for MCO, PIHP, and PAHP Model Proposals

In addition to the general requirements noted in Section 1.04.01, offerors proposing a Managed Care Organization (MCO), Prepaid Inpatient Health Plan (PIHP), or Prepaid Ambulatory Health Plan (PAHP) model must include the following declarations in the proposal cover letter:

1. The offeror understands there are regions of the state where geography and transportation systems create challenges with meeting the Centers for Medicare and Medicaid Services (CMS) travel distance standards for managed care plans, and the proposal includes strategies that address these challenges.
2. There are regions of the state where the only providers are tribal health organizations. The proposal either excludes those regions or includes evidence that the offeror has established a formal partnership with the tribal health organizations in those regions.
3. The offeror understands that 37 percent of Alaska Medicaid enrollees are AI/AN, who would be exempt from mandatory enrollment in a managed care plan without a 1915(b) or 1115 waiver approved by the federal government.
4. The offeror is able to meet Alaska Division of Insurance certification requirements, and has included a plan for obtaining certification in the accompanying proposal.¹

NOTE: An offeror's failure to meet these minimum qualification requirements may cause their proposal to be considered non-responsive and their proposal may be rejected.

¹ Note that SB 74 under AS 47.07.039(c) requires the Department work with the Division of Insurance to streamline the application process for a company to obtain a certificate of authority required under AS 21.09.010 as necessary to participate in the demonstration projects.

SEC. 1.05 REQUIRED REVIEW

Offerors should carefully review this solicitation for defects and questionable or objectionable material. Comments concerning defects and objectionable material must be made in writing and received by March 10, 2017. This will allow time for the issuance of any necessary amendments. It will also help prevent the opening of a defective solicitation and exposure of offeror's proposals upon which award could not be made. Protests based on any omission or error, or on the content of the solicitation, will be disallowed if these faults have not been brought to the attention of the procurement officer, in writing, on or before March 10, 2017.

SEC. 1.06 QUESTIONS PRIOR TO DEADLINE FOR RECEIPT OF PROPOSALS

All questions must be in writing and directed to the procurement officer. The interested party must confirm telephone conversations in writing.

Two types of questions generally arise. One may be answered by directing the questioner to a specific section of the RFP. These questions may be answered over the telephone. Other questions may be more complex and may require a written amendment to the RFP. The procurement officer will make that decision.

PROCUREMENT OFFICER: JON GESELLE—**PHONE** 907-465-6264—**EMAIL** jon.geselle@alaska.gov

SEC. 1.07 RETURN INSTRUCTIONS

If you are submitting a response through IRIS Vendor Self-Service (VSS), you may ignore the following return instructions.

Offerors must submit one hard copy of their proposal, in writing, to the procurement officer in a sealed package. Additionally, a CD containing electronic copies of all proposal documents must be included in the package. The sealed proposal package(s) must be addressed as follows:

Department of Health and Social Services
Division of Finance and Management Services
Attention: Jon Geselle
Request for Proposal (RFP) Number: 170007291

RFP Title: Medicaid Coordinated Care Demonstration Project

If using U.S. mail, please use the following address:

**P.O. BOX 110650
JUNEAU, AK 99811-0650**

If using a delivery service, please use the following address:

**333 WILLOUGHBY AVE., ROOM 760
JUNEAU, AK 99801**

NOTE: An offeror's failure to submit its proposal prior to the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation.

SEC. 1.08 PROPOSAL CONTENTS

The following information must be included in all proposals:

(a) AUTHORIZED SIGNATURE

All proposals must be signed by an individual authorized to bind the offeror to the provisions of the RFP. Proposals must remain open and valid for at least 275 days from the date set as the deadline for receipt of proposals.

(b) OFFEROR'S CERTIFICATION

By signature on the proposal, offerors certify that they comply with the following:

- A. the laws of the State of Alaska;
- B. the applicable portion of the Federal Civil Rights Act of 1964;
- C. the Equal Employment Opportunity Act and the regulations issued thereunder by the federal government;
- D. the Americans with Disabilities Act of 1990 and the regulations issued thereunder by the federal government;
- E. all terms and conditions set out in this RFP;
- F. a condition that the proposal submitted was independently arrived at, without collusion, under penalty of perjury;
- G. that the offers will remain open and valid for at least 275 days; and
- H. that programs, services, and activities provided to the general public under the resulting contract conform with the Americans with Disabilities Act of 1990, and the regulations issued thereunder by the federal government.

If any offeror fails to comply with [a] through [h] of this paragraph, the state reserves the right to disregard the proposal, terminate the contract, or consider the contractor in default.

(c) VENDOR TAX ID

A valid Vendor Tax ID must be submitted to the issuing office with the proposal or within five days of the state's request.

(d) CONFLICT OF INTEREST

Each proposal shall include a statement indicating whether or not the firm or any individuals working on the contract has a possible conflict of interest and, if so, the nature of that conflict. The Commissioner of the Department of Health and Social Services reserves the right to **consider a proposal non-responsive and reject it or** cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the program to be developed by the offeror. The Commissioner's determination regarding any questions of conflict of interest shall be final.

(e) FEDERAL REQUIREMENTS

The offeror must identify all known federal requirements that apply to the proposal, the evaluation, or the contract.

SEC. 1.09 ASSISTANCE TO OFFERORS WITH A DISABILITY

Offerors with a disability may receive accommodation regarding the means of communicating this RFP or participating in the procurement process. For more information, contact the procurement officer no later than ten days prior to the deadline for receipt of proposals.

SEC. 1.10 AMENDMENTS TO PROPOSALS

Amendments to or withdrawals of proposals will only be allowed if acceptable requests are received prior to the deadline that is set for receipt of proposals. No amendments or withdrawals will be accepted after the deadline unless they are in response to the state's request in accordance with 2 AAC 12.290.

SEC. 1.11 AMENDMENTS TO THE RFP

If an amendment is issued, it will be provided to all who have registered with the procurement officer after receiving the RFP from the State of Alaska Online Public Notice web site or VSS.

SEC. 1.12 RFP SCHEDULE

The RFP schedule set out herein represents the State of Alaska's best estimate of the schedule that will be followed. If a component of this schedule, such as the deadline for receipt of proposals, is delayed, the rest of the schedule may be shifted by the same number of days.

- | | |
|--|-------------------|
| • Issue RFP | December 30, 2016 |
| • Anticipated Release of Alaska Medicaid Data Book by Milliman | February 28, 2017 |
| • Deadline for Receipt of Questions | March 27, 2017 |
| • Deadline for Receipt of Proposals | April 17, 2017 |
| • DHSS & Actuarial Review and Analysis of Proposals Submitted to PRC | May 31, 2017 |
| • Proposal Review Committee (PRC) Evaluation Completed | June 15, 2017 |
| • Conclude Contract Term Negotiations with Successful Offerors | August 31, 2017 |
| • State of Alaska issues Notice of Intent to Award a Contract(s) | August 31, 2017 |
| • Anticipated Federal Approval Receipt Date | December 31, 2017 |
| • Anticipated Contract(s) Effective Date | January 1, 2018 |

This RFP does not, by itself, obligate the state. The state's obligation will commence when the contract is approved by the Commissioner of the Department of Health and Social Services, or the Commissioner's designee. Upon written notice to the contractor, the state may set a different starting date for the contract. The state will not be responsible for any work done by the contractor, even work done in good faith, if it occurs prior to the contract start date set by the state.

SEC. 1.13 PRE-PROPOSAL CONFERENCE

A pre-proposal conference will be held at a time and date to be determined. The purpose of the conference is to discuss the work to be performed with the prospective offerors and allow them to ask questions concerning the RFP. Questions and answers will be transcribed and provided as an amendment to the solicitation as soon as possible after the meeting.

Offerors with a disability needing accommodation should contact the procurement officer prior to the date set for the pre-proposal conference so that reasonable accommodation can be made.

SEC. 1.14 ALTERNATE PROPOSALS

Offerors may only submit one proposal for evaluation.

In accordance with 2 AAC 12.830 alternate proposals (proposals that offer something different than what is asked for, including a project that does not fall within one of the three models described in Section 4) will be rejected.

SEC. 1.15 NEWS RELEASES

News releases related to this RFP will not be made without prior approval of the project director.

SECTION 2. BACKGROUND INFORMATION

SEC. 2.01 BACKGROUND INFORMATION

2.01.01 Introduction

The mission of the State of Alaska Department of Health and Social Services (DHSS) is to promote and protect the health and well-being of Alaskans. In pursuit of its mission, the Department has three service priorities:

1. Health and wellness across the lifespan;
2. Health care access, delivery and value; and
3. Safe and responsible individuals, families and communities.

DHSS is an umbrella agency that administers or provides most of the state’s health and social services, including Medicaid, public health, senior and disability services, behavioral health services, public assistance, juvenile justice, and child protection services. DHSS also administers a number of residential facilities, including the Pioneer Homes (state-owned assisted living facilities), the state psychiatric institute, and secure juvenile detention and institutional treatment facilities.

2.01.02 Medicaid Reform

Senate Bill (SB) 74, passed by the Alaska legislature in April 2016 and signed into law by the Governor in June, directs DHSS to undertake a series of Medicaid reforms intended to improve quality, increase value, and control spending. SB 74 includes initiatives related to fraud and abuse prevention and detection, primary care case management, and reform of the behavioral health system. The law also directs DHSS to implement coordinated care demonstration projects, participate in a hospital emergency department improvement initiative, and implement other payment reform measures. SB 74 includes authorization for the Department to apply for Section 1115 Medicaid waivers, and to add new Medicaid state plan services such as Section 1945 health home services.

Responders to this RFP are highly encouraged to review SB 74 closely to understand the scope of the reforms and consider how they might interrelate. A summary of each of the major delivery system reforms and a note about the status of implementation of each follows. A link to SB 74 is included in Section 2.04.

Coordinated Care Demonstration Project

SB 74 adds AS 47.07.039, which directs DHSS to contract with one or more third parties to implement one or more coordinated care demonstration projects for Medicaid beneficiaries identified by the Department. The purpose of the demonstration project(s) is to assess the efficacy of various health care delivery models with respect to cost, access, and quality of care.

SB 74 requires that proposals for demonstration projects include three or more of the following elements:

1. Comprehensive primary-care-based management for medical assistance services, including behavioral health services and coordination of long-term services and support;
2. Care coordination, including the assignment of a primary care provider located in the local geographic area of the recipient, to the extent practical;

3. Health promotion;
4. Comprehensive transitional care and follow-up care after inpatient treatment;
5. Referral to community and social support services, including career and education training services available through the Department of Labor and Workforce Development under AS 23.15, the University of Alaska, or other sources;
6. Sustainability and the ability to achieve similar results in other regions of the state;
7. Integration and coordination of benefits, services, and utilization management;
8. Local accountability for health and resource allocation; and/or
9. An innovative payment process, including bundled payments or global payments.

Proposals for demonstration projects must also include information indicating how the project will implement cost-saving measures, including innovations to reduce the cost of care for Medicaid beneficiaries through expanded use of telehealth for primary care, urgent care, and behavioral health services.

DHSS is permitted by SB 74 to contract with provider-led entities, Accountable Care Organizations, managed care organizations, primary care case managers, and prepaid ambulatory health plans, to implement a demonstration project. The demonstrations' fee structures may include global payments, bundled payments, capitated payments, shared savings and risk, or other payment structures.

DHSS is required to request proposals for at least one coordinated care demonstration project by December 31, 2016, and is permitted to seek additional project proposals annually thereafter. The statute establishes a Proposal Review Committee (PRC) to review proposals for demonstration projects and defines the membership of the committee. It also requires the Department work with the state Division of Insurance to streamline the application process for a company to obtain a certificate of authority required under AS 21.09.010 as necessary to participate in a demonstration project.

There are no state funds available to support planning and development of proposed demonstration projects. The contract(s) established between DHSS and successful demonstration project organizations will be agreements to make policy, programmatic and system changes, including reimbursement changes, required by both parties to implement the proposed model.

SB 74 requires the Department to contract with a third-party actuary to review demonstration projects established under the bill. The actuary is to review each demonstration project after two years of implementation and make recommendations for the implementation of similar projects. In addition, DHSS is required to prepare a plan for the legislature regarding regional or statewide implementation of a coordinated care project based on the results of the demonstration projects by November 15, 2019.

Implementation Status:

- The State Health & Value Strategies initiative of the Robert Wood Johnson Foundation has contracted with the Pacific Health Policy Group (PHPG) on behalf of the Department to provide consultation on the development of the solicitation for the Coordinated Care Demonstration Projects (CCDP).
- The Department issued a Request for Information from September 15 to October 17 to solicit public input on options for Medicaid coordinated care demonstration projects, and to gather information to

help inform the development of this RFP. A summary of the RFI responses was released to the public in November. A link to the summary is provided in Section 2.04 below.

- The Department contracted with Milliman, Inc. in October to provide Medicaid payment reform and actuarial consulting services to support, in part, the Coordinated Care Demonstration Projects (CCDP). Milliman will produce a Medicaid Data Book to provide information on Alaska’s Medicaid spending for CCDP RFP respondents. The Data Book, which is expected to be released February 28, 2017, will provide two years of information (FY 2015 and FY 2016) broken down by census area (though some data may be suppressed for small areas to protect confidentiality). Milliman will also conduct a financial review and actuarial analysis of CCDP proposals, and evaluate selected CCDP projects two years following implementation. In addition to CCDP support, Milliman will analyze potential costs and savings of other reform initiatives, identify and analyze potential innovative payment models, and provide the cost analysis required for the 1115 waiver application for behavioral health reform.
- Current CCDP Initiative Timeline (*subject to revision*):
 - December 30, 2016: Request for CCDP proposals issued;
 - February 28, 2017: Anticipated release of Alaska Medicaid Data Book;
 - April 17, 2017: CCDP proposals due to the Department;
 - April 17 – May 31, 2017: Department and actuarial analysis of proposals conducted for Proposal Review Committee (PRC);
 - June 2017: PRC review of proposals;
 - July – August 2017: Selected CCDP offeror negotiations with Department;
 - Date(s) of CCDP agreement(s) implementation will depend on negotiations; federal approvals; and statutory, regulatory and system changes required for implementation (if necessary).
Approximate effective date of agreement(s): January 1, 2018

Other Medicaid Reform Initiatives

Other reform initiatives established by SB 74 may relate to the development of Coordinated Care Demonstration Projects. A summary of each of these initiatives is provided below.

- Behavioral Health Managed System of Care and 1115 Waiver

SB 74 adds AS 47.05.270(b) requiring DHSS to develop and manage a comprehensive and integrated behavioral health program that uses evidence-based, data-driven practices to achieve positive outcomes for people with mental health or substance abuse disorders and children with severe emotional disturbances. The program must include a plan for providing a continuum of community-based services to address housing, employment, criminal justice, and other relevant issues. It also must include services from a wide array of providers and disciplines, and efforts to reduce operational barriers that fragment services, minimize administrative burdens, and reduce the effectiveness and efficiency of the program.

SB 74 also adds AS 47.07.036(f) requiring the Department to apply for a Section 1115 waiver under 42 U.S.C. 1315(a) to establish one or more demonstration projects focused on improving the state’s behavioral health system for Medicaid beneficiaries. The 1115 demonstration project must be consistent with the comprehensive and integrated behavioral health program required under AS 47.05.270(b) and include continuing cooperation

with the grant-funded community mental health clinics and drug and alcohol treatment centers that have historically provided care to recipients of behavioral health services.

DHSS anticipates contracting with an Administrative Services Organization (ASO) to implement the behavioral health managed system of care required under the legislation. The ASO would be a third-party organization with special expertise in behavioral health systems management. The Department intends to contract with the ASO through a competitive bidding process to provide administrative services necessary to manage the behavioral health system of care on the state's behalf.

Implementation Status:

- The Department has convened six public-private workgroups to support the design and development of the 1115 waiver application for Behavioral Health Reform. The teams are: Policy, Benefit Design, Quality, Cost, Data, and Writing.
- Current Behavioral Health Reform Timeline (*subject to revision*):
 - January 3, 2017: Submission of 1115 Waiver Concept Paper to CMS
 - 1st Quarter of 2017: Release of Request for Information (RFI) for ASO Services
 - April – June 2017: 1115 Waiver application public review process
 - July 2017: Submission of 1115 Waiver application to CMS
 - January 2018: Award of ASO Contract
- Primary Care Case Management

SB 74 amends AS 47.07.030(d), requiring the Department to establish a primary care case management (PCCM) system or a managed care organization (MCO) contract to increase the use of appropriate primary and preventive care by Medicaid beneficiaries and decrease the unnecessary use of specialty care and hospital emergency department services. DHSS is directed to require Medicaid beneficiaries with multiple hospitalizations to enroll in the program, subject to some exceptions defined in the law. DHSS is required to integrate the PCCM system or MCO contract with the Coordinated Care Demonstration Projects established under AS 47.07.039.

Implementation Status:

- Because SB 74 requires DHSS to integrate the PCCM system with the Coordinated Care Demonstration Projects established under AS 47.07.039, and because of the potential scope of the behavioral health system reforms, the Department is implementing a temporary program to serve as a bridge to system-wide primary care case management. This approach will allow Coordinated Care Demonstration Projects and the behavioral health system reform initiative to develop and test new models of primary care case management and to be analyzed by the third-party actuary.
- The temporary program involves expanding the current Alaska Medicaid Coordinated Care Initiative (AMCCI) contracts to include as many as 90,000 Medicaid recipients. The Department anticipates transitioning the AMCCI recipients to the new Coordinated Care Demonstration project(s) and behavioral health reform program when those are implemented. For more information on the AMCCI see the link provided in Section 2.04.

- Current DHSS Primary Care Case Management Timeline (*subject to revision*):
 - By January 2017: Expand AMCCI contracts
 - January 2018: Transition affected Medicaid recipients from AMCCI to new demonstration projects.

- Health Homes

SB 74 adds AS 47.07.036(d), authorizing the Department to implement Health Home state Medicaid plan option services established under Section 1945 of the Social Security Act (SSA)(sometimes referred to as Section 2703 Health Homes for the Section of the Affordable Care Act that added Section 1945 to the SSA).

Implementation Status:

- The Department does not intend to begin planning for Health Home services until SFY 2018; however, Coordinated Care Demonstration Projects may propose to develop and pilot test a Health Home model and other reform initiatives may choose to implement a Health Home model earlier for specific populations.
- Current DHSS Health Homes Timeline (*subject to revision*):
 - July 2017: Begin planning and development process for Health Homes.
 - July 2019: Implement Health Homes state Medicaid plan amendment(s).

- Emergency Department Improvement Project

SB 74 adds AS 47.07.038, which requires the Department to collaborate with the state hospital association to establish a hospital-based project to reduce the use of emergency department services by Medicaid beneficiaries. The statute stipulates that the hospital association will administer the project, and outlines a series of best practices for emergency departments this project must address. DHSS is authorized by SB 74 to establish a shared savings mechanism with participating hospitals as part of this project, subject to federal approval.

Implementation Status:

- The Department is currently participating in meetings organized by the Alaska State Hospital & Nursing Home Association and the Alaska chapter of the American College of Emergency Physicians.
- Current DHSS Emergency Department Improvement Project Timeline (*subject to revision*):
 - August – December 2016: Collaborate with hospitals and emergency department physicians on development of required data systems.
 - January – June 2017: Collaborate with participating hospitals on the development of shared savings payment model.

- Section 1915(i) and 1915(k) Home & Community Based Services

SB 74 adds AS 47.07.036(d), authorizing the Department to implement home and community-based services authorized under Sections 1915(i) and 1915(k) of the Social Security Act. These two service options may provide an opportunity for increasing federal reimbursement for services currently funded with state general fund dollars, and for filling gaps in services for certain populations.

Implementation Status:

- The Department contracted this past year with Health Management Associates (HMA) to analyze potential opportunities, costs, and savings associated with implementing these two service categories. A link to HMA’s final report is provided in Section 2.04
- Current DHSS 1915(i) & 1915(k) Timeline (*subject to revision*):
 - 1st Quarter of 2017: Develop plan for implementing new home and community-based service options.

- Federal Policy on Tribal Medicaid Reimbursement

SB 74 adds a new Section to the uncodified law of the State of Alaska requiring the Department to collaborate with Alaska tribal health organizations and the U.S. Department of Health & Human Services to fully implement changes in federal policy on Tribal Medicaid Reimbursement that authorizes 100 percent federal funding for services provided to American Indian and Alaska Native (AI/AN) individuals eligible for Medicaid. The new federal policy allows the state to claim 100 percent federal reimbursement for Medicaid services provided to AI/AN Medicaid recipients in non-tribal facilities if the recipients’ tribal health organization has a care coordination agreement established with the non-tribal facility.

Implementation Status:

- The Department is currently claiming 100 percent under the new policy for some services, and is working with CMS to ensure care coordination agreements between tribal and non-tribal providers required for claiming 100 percent federal match for Medicaid services provided to tribal beneficiaries enrolled in Medicaid meet their standards.
- Current DHSS Federal Policy on Tribal Medicaid Reimbursement Timeline (*subject to revision*):
 - July 2016 – June 2017: Implement tribal claiming systems for air and ground ambulance, transportation management, nursing facility, Residential Psychiatric Treatment Facility, and NICU/PICU services.
 - July 2017 – June 2019: Implement tribal claiming systems for home and community based services; and for in-patient, specialty, and other medical services.

- Innovative Payment Models

SB 74 adds AS 47.05.270(a), requiring the Department to implement a program for reforming the state Medicaid program and outlining a series of elements the program must include. One provision directs the Department to redesign the payment process by implementing fee agreements that include: 1) premium payments for centers of excellence; 2) penalties for hospital-acquired infections, readmissions, and outcome failures; 3) bundled payments for specific episodes of care; and/or 4) global payments for contracted payers, primary care managers, and case managers for a recipient or for care related to a specific diagnosis.

Implementation Status:

- The Department has contracted with Milliman, Inc. to provide Medicaid payment reform and actuarial consulting services to, in part, identify and analyze potential innovative payment models.

- Current DHSS Innovative Payment Model Timeline (*subject to revision*):
 - January 2017 – June 2017: Identify and analyze potential innovative payment models, including those proposed through other reform initiatives.

- General 1115 Waiver Authority

SB 74 adds AS 47.07.036(e), requiring the Department to apply for a Section 1115 waiver under 42 U.S.C. 1315(a) to establish one or more demonstration projects focused on innovative payment models for one or more groups of Medicaid beneficiaries in one or more specific geographic areas. The demonstration projects may include managed care organizations, community care organizations, patient-centered medical homes, or other innovative payment models that ensure access to health care without reducing the quality of care.

Implementation Status:

- The Department may use this general waiver authority to implement a Coordinated Care Demonstration Project if necessary, but has no current plans to develop additional 1115 Waiver projects beyond the waiver planned for the behavioral health reform initiative.

- Stakeholder Engagement in Medicaid Redesign Implementation

The Department, with the support of the Alaska Mental Health Trust Authority, currently has a contract with Agnew::Beck, LLC, to support a number of stakeholder engagement efforts, including:

- Meetings with the Medicaid Redesign Key Partners group, which includes representatives of major stakeholder groups and associations;
- Meetings of the six behavioral health 1115 waiver design teams;
- Meetings of the Telehealth Workgroup;
- Meetings of the Quality & Cost-Effectiveness Targets Workgroup; and,
- Public webinars to provide periodic updates on implementation (the first two were held in September and November, and are available on-line on the Department's Medicaid Redesign web site).

The public may also submit comments and questions to Medicaid.Redesign@alaska.gov.

- Health Care Authority Feasibility Study

Section 57 of SB 74 requires the Department of Administration to procure a study to be completed on or before June 30, 2017 to determine the feasibility of creating a health care authority to coordinate health care plans and consolidate purchasing effectiveness for all Medicaid recipients, state employees, retired state employees, retired teachers, University of Alaska employees, employees of state corporations, and school district employees. The Department of Administration has contracted with PRM Consulting Group to conduct the feasibility study. A link to PRM Consulting Group's project web site for the study is provided in Section 2.04.

The Department of Health & Social Services is collaborating with the Department of Administration on this study to identify opportunities for Medicaid and other State-funded health plans to align strategies and share systems and services.

SEC. 2.02 DEFINITIONS

For the purpose of the Coordinated Care Demonstration Project and this solicitation, certain terms used within this RFP are defined as follows.

Bundled Payment: A health care payment model that provides a single payment to cover the cost of services delivered over a defined period by multiple providers for a given episode of care (e.g., a knee replacement surgery, maternity care for a pregnancy and delivery, or a year’s worth of diabetes care).

Capitation: A health care payment model that provides a fixed amount of money per person enrolled in a health plan or health program to cover the delivery of health services for a given unit of time (typically monthly). Capitated payments are usually made in advance of each time period. Capitated payments can be risk-adjusted to take into account the underlying risk mix of the population. Capitated models may also be tied to quality of care metrics.

Care Coordination: The deliberate organization of health and related support activities between two or more participants (including the Medicaid recipient) involved in the recipient’s care to facilitate the appropriate delivery of needed services. Organizing care involves arranging personnel and other resources needed to carry out all required activities, and is often managed by the exchange of information among participants responsible for different aspects of care.

Care Management: A set of activities designed to assist patients in managing health conditions and related psychosocial problems with the goals of improving or maintaining patients’ functional health status, enhancing the coordination of care, eliminating the duplication of services, and reducing the use of unnecessary medical services.

Fee-For-Service: A health care payment model that pays health care providers for each individual service delivered to a patient.

Global Payment: A health care payment model that provides a budgeted dollar amount to a provider or group of providers for all, or a defined package of, health care and related services for a defined population (e.g., all of the Medicaid enrollees in a given community or region). Global payment systems include tracking and improvement of health care quality and population health outcome measures.

Health Information Infrastructure: Health care specific information technologies, data, and analytic capabilities that support health care delivery (including care coordination and care management), payment, and evaluation; and that also support population health protection and promotion.

Health Promotion: A process of enabling people to increase control over, and to maintain or improve, their health. It may include a population-based approach to supporting social and environmental interventions that promote health.

Innovative Payment Process: A process that shifts the health care payment model away from the traditional fee-for-service payment mechanism, to a value-based payment model intended to increase efficiency and quality of care and improve care outcomes.

Local Accountability for Health and Resource Allocation: Provision of a community or region-wide mechanism to manage investments in health and health care. Includes establishment or designation of an organization to work with stakeholders of the local health system to 1) review local data on health, experience and quality of care, and costs of care; 2) create shared goals, actions and investments to improve health outcomes and health care quality and costs; and 3) involve citizens in local delivery system reform and stewardship of financial resources.

Long Term Services and Supports (LTSS): Services and supports that help individuals with long term functional limitations due to aging, chronic illness or disability by providing assistance to perform routine daily activities. LTSS may be needed at any age, and may be provided in any setting, including institutions, community-based organizations, or the recipient’s home.

Managed Care Organization (MCO): An organization that contracts with a payer to provide health benefits for plan members. MCOs combine the functions of health insurance, health care delivery, and health care administration, and are typically paid a per member per month capitated fee to cover the cost of care for the enrolled population. Managed care is intended to organize and pay for health care delivery to manage cost, utilization, and quality.

Medical Assistance: The term used in Alaska statutes to refer to the Medicaid program.

Shared Savings: A health care payment model that provides incentives for providers to reduce health care spending for a defined population by offering the providers a percentage of net savings realized as a result of their efforts. Typically, performance targets on quality measures must be met to qualify for shared savings.

Telehealth: The practice of health care delivery, evaluation, diagnosis, consultation, or treatment, using the transfer of health care data through audio, visual, or data communications, performed over two or more locations between providers who are physically separated from the recipient or from each other or between a provider and a recipient who are physically separated from each other. (AS 47.05.270(e))

Transitional Care: The movement of a patient from one setting of care (e.g., hospital, ambulatory primary care practice, ambulatory specialty care practice, long-term care, home health, rehabilitation facility, etc.) to another.

Tribal Health Entity: Tribal organizations that operate tribal health facilities under the Indian Self-Determination and Education Assistance Act (P.L. 93-638) as signatories to the Alaska Tribal Health Compact, and that qualify as Indian Health Service or Tribal facilities under the Social Security Act Section 1905(b) requirement that the federal government match state Medicaid expenditures for covered services at 100 percent for American Indian/Alaska Native Medicaid beneficiaries.

Utilization Management: Case-by-case evaluation of the appropriateness and medical necessity of health care services according to evidence-based criteria. Utilization management is intended to encourage the highest quality care, provided in the most appropriate setting and by the most appropriate provider, in order to avoid over-use, misuse, or under-use of medical services.

Value-based Payment Model: Any payment model intended to promote quality and value of health care services by shifting from pure volume-based payment models such as fee-for-service, to payment based on quality metrics and outcomes.

SEC. 2.03 FEDERAL LEGAL AUTHORITIES FOR MEDICAID MANAGED CARE

Federal law under Section 1902 of the Social Security Act imposes the following three basic conditions on all State Medicaid programs:

- **Statewideness:** Medicaid State Plans must be in effect throughout the State, in all political subdivisions. States cannot limit Medicaid services by geographic location, and must provide all medically necessary covered services without regard to community of residence of the Medicaid enrollee seeking health care services.
- **Comparability:** Medicaid services must be comparable in amount, duration and scope for each eligible population.
- **Freedom of Choice:** Medicaid enrollees may obtain services from any qualified Medicaid provider.

Medicaid managed care delivery systems can take a number of forms and can be implemented under several different federal legal authorities. Certain authorities provide States flexibility regarding compliance with the three requirements noted above.

Section 1932(a)(1) State Plan Option: Allows States Medicaid programs to use a managed care delivery system under a CMS-approved state plan amendment. States may not require individuals dually eligible for Medicaid and Medicare, American Indians/Alaska Natives, or children with special health care needs to enroll in a managed care program under this authority. States may mandate non-exempt populations to enroll in a managed care plan, but only if they are offered the choice of at least two plans.

Section 1915(a) Waiver: Permits the State Medicaid program to implement a voluntary managed care program by executing a contract with companies through a competitive procurement process.

Section 1915(b) Waiver: Enables the State Medicaid program to implement a managed care delivery system under one of four types of waivers:

(b)(1) Freedom of Choice: Restricts Medicaid enrollees to receive services within the managed care network

(b)(2) Enrollment Broker: Utilizes a “central broker”

(b)(3) Non-Medicaid Services Waiver: Uses cost savings to provide additional services to beneficiaries

(b)(4) Selective Contracting Waiver: Restricts the provider from whom Medicaid enrollees may obtain services.

Section 1115 Waiver: Allows the Secretary of the U.S. Department of Health & Human Services to approve demonstration projects that promote the objectives of the Medicaid program, and gives States the flexibility to design and improve their Medicaid programs. 1115 waivers are granted for a five-year period, and must demonstrate budget neutrality for the federal government.

SEC. 2.04 LINKS TO ADDITIONAL INFORMATION

Additional background information may be accessed via the following links.

- Senate Bill (SB) 74: <http://www.legis.state.ak.us/PDF/29/Bills/SB0074Z.PDF>
- Coordinated Care Demonstration Project Request for Information (*closed October 17, 2016*): <http://dhss.alaska.gov/HealthyAlaska/Documents/redesign/CCDP-RFI-9-15-16-FINAL.pdf>
- Summary of Responses to the Coordinated Care Demonstration Project Request for Information: http://dhss.alaska.gov/HealthyAlaska/Documents/1_DHSS_RFI_Response_Summary_Redacted.pdf
- Alaska DHSS Annual Medicaid Reform Report, FY 2016: http://dhss.alaska.gov/HealthyAlaska/Documents/2_FY2016_Annual_Medicaid_Reform_Report_11152016.pdf
- Alaska Medicaid Program Annual Report, 2015: <http://dhss.alaska.gov/dhcs/Documents/PDF/Alaska-Medicaid-Annual-Report-SFY2015.pdf>
- Alaska Medicaid Coordinated Care Initiative (AMCCI) (*Note – This initiative is not directly associated with the SB 74 Coordinated Care Demonstration Project. It predates SB 74, and was initially established as the “Super-Utilizer” project intended to reduce overuse of hospital emergency department services*): <http://dhss.alaska.gov/dhcs/Pages/amcci/default.aspx>
- CMS State Health Official Letter #16-002, dated February 26, 2016, regarding federal funding for services “received through” an IHS/Tribal Facility and furnished to Medicaid-eligible American Indians and Alaska Natives: <https://www.medicaid.gov/federal-policy-guidance/downloads/sho022616.pdf>
- Health Management Associates (HMA) report on 1915(i) and 1915(k) options for Alaska: http://dhss.alaska.gov/dsds/Documents/MRICC/meetings/20160930/Implementation%20Plan_09292016.pdf
- Alaska Department of Administration Health Care Authority Feasibility Study — PRM Consulting Group’s Project Website: <https://alaskahcastudy.com/>
- Healthy Alaskans 2020: <http://hss.state.ak.us/ha2020/>

SECTION 3. SCOPE OF WORK & CONTRACT INFORMATION

SEC. 3.01 SCOPE OF WORK

The Department of Health & Social Services seeks proposals for Coordinated Care Demonstration Projects to assess the efficacy of various health care delivery models with respect to cost, access, and quality of care for Medicaid enrollees.

The intent of the Department is to solicit proposals that demonstrate a variety of coordinated care models; therefore, the activities, deliverables, and other conditions for a scope of work are not specified in this RFP to allow flexibility in offerors' development of their proposed models. The scope of work and payment structure to be implemented under the contract(s) awarded through this solicitation process will be negotiated with the successful offeror(s) and documented in the final contract award(s).

The scope of work for each project will include²:

- Provisions required for compliance with federal Medicaid program standards, with the exception of those waived or modified under a federally approved waiver application.
- Three or more of the following elements, as required under AS 47.07.039:
 1. Comprehensive primary-care-based management for medical assistance services, including behavioral health services and coordination of long-term services and support;
 2. Care coordination, including the assignment of a primary care provider located in the local geographic area of the recipient, to the extent practical;
 3. Health promotion;
 4. Comprehensive transitional care and follow-up care after inpatient treatment;
 5. Referral to community and social support services, including career and education training services available through the Department of Labor and Workforce Development under AS 23.15, the University of Alaska, or other sources;
 6. Sustainability and the ability to achieve similar results in other regions of the state;
 7. Integration and coordination of benefits, services, and utilization management;
 8. Local accountability for health and resource allocation; and/or
 9. An innovative payment process, including bundled payments or global payments.
- Innovations to reduce the cost of care for Medicaid beneficiaries through expanded use of telehealth for primary care, urgent care, and behavioral health services, as required under AS 47.07.039.
- Submission of data required for evaluation of progress and outcomes from the demonstration project.

See Sections 5.02.03, 5.02.04, and 5.02.05 for information on project requirements related to behavioral health, the Tribal health system, and multi-payer proposals.

SEC. 3.02 CONTRACT TERM AND WORK SCHEDULE

The length of the contract(s) will be six (6) years from the date of award. The contract will be executed as a Three (3) year contract, with three (3) one-year renewal options to be exercised at the sole discretion of the State. The work schedule will be delineated in the contract scope of work.

² See definitions in Section 2.02 of this RFP for clarification of terms.

SEC. 3.03 DELIVERABLES

As described in Section 3.01 above, the Department is not dictating specific deliverables in this RFP in order to allow maximum flexibility in the design of Coordinated Care Demonstration Project models. The services to be delivered under the contract(s) awarded through this solicitation process will be negotiated with the successful offeror(s) and documented in the final contract award(s). The deliverables will include requirements for regular reports to the Department on project status, as well as routine submission of data required to evaluate the projects.

SEC. 3.04 LOCATION OF WORK

The location(s) the work is to be performed, completed and managed is at the offeror's place of business. The State will not provide workspace for the contractor. The contractor must provide its own workspace.

By signature on their proposal, the offeror certifies that all services provided under this contract by the contractor and all subcontractors shall be performed in the United States.

If the offeror cannot certify that all work will be performed in the United States, the offeror must contact the procurement officer in writing to request a waiver at least 10 days prior to the deadline for receipt of proposals.

The request must include a detailed description of the portion of work that will be performed outside the United States, where, by whom, and the reason the waiver is necessary.

Failure to comply with these requirements may cause the State to reject the proposal as non-responsive, or cancel the contract.

SEC. 3.05 SUBCONTRACTORS

Subcontractors may be used to perform work under this contract. If an offeror intends to use subcontractors, the offeror must identify in the proposal the names of the subcontractors and the portions of the work the subcontractors will perform.

If a proposal with subcontractors is selected, the offeror must provide the following information concerning each prospective subcontractor within five working days from the date of the State's request:

- complete name of the subcontractor;
- complete address of the subcontractor;
- type of work the subcontractor will be performing;
- percentage of work the subcontractor will be providing;
- evidence that the subcontractor holds a valid Alaska business license; and
- a written statement, signed by each proposed subcontractor that clearly verifies that the subcontractor is committed to render the services required by the contract.

An offeror's failure to provide this information, within the time set, may cause the State to consider their proposal non-responsive and reject it. The substitution of one subcontractor for another may be made only at the discretion and prior written approval of the project director.

SEC. 3.06 JOINT VENTURES

Joint ventures are acceptable. If submitting a proposal as a joint venture, the offeror must submit a copy of the joint venture agreement which identifies the principals involved and their rights and responsibilities regarding performance and payment.

SEC. 3.07 RIGHT TO INSPECT PLACE OF BUSINESS

At reasonable times, the state may inspect those areas of the contractor's place of business that are related to the performance of a contract. If the state makes such an inspection, the contractor must provide reasonable assistance.

SEC. 3.08 CONTRACT PERSONNEL

In the event of any change of the project team members or subcontractors named in the proposal (the “Key Personnel”) the Contractor will provide suitable and similarly qualified replacement personnel and the use of such replacement personnel must be approved, in writing, by the project director. Contractor will provide the State of Alaska written notice of any personnel change not involving Key Personnel

SEC. 3.09 INSPECTION & MODIFICATION - REIMBURSEMENT FOR UNACCEPTABLE DELIVERABLES

The contractor is responsible for the completion of all work set out in the contract. All work is subject to inspection, evaluation, and approval by the project director. The state may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the contract. The project director may instruct the contractor to make corrections or modifications if needed in order to accomplish the contract’s intent. The contractor will not unreasonably withhold such changes.

Substantial failure of the contractor to perform the contract may cause the state to terminate the contract. In this event, the state may require the contractor to reimburse monies paid (based on the identified portion of unacceptable work received) and may seek associated damages.

SEC. 3.10 CONTRACT CHANGES - UNANTICIPATED AMENDMENTS

During the course of this contract, the contractor may be required to perform additional work. That work will be within the general scope of the initial contract.

The contractor will not commence additional work until the project director has secured any required State approvals necessary for the amendment and issued a written contract amendment, approved by the Commissioner of the Department of Health and Social Services or the Commissioner's designee.

SEC. 3.11 NONDISCLOSURE AND CONFIDENTIALITY

Contractor agrees that all confidential information shall be used only for purposes of providing the deliverables and performing the services specified herein and shall not disseminate or allow dissemination of confidential information except as provided for in this section. The contractor shall hold as confidential and will use reasonable care (including both facility physical security and electronic security) to prevent unauthorized access

by, storage, disclosure, publication, dissemination to and/or use by third parties of, the confidential information. “Reasonable care” means compliance by the contractor with all applicable federal and state law, including the Social Security Act and HIPAA. The contractor must promptly notify the state in writing if it becomes aware of any storage, disclosure, loss, unauthorized access to or use of the confidential information.

Confidential information, as used herein, means any data, files, software, information or materials (whether prepared by the state or its agents or advisors) in oral, electronic, tangible or intangible form and however stored, compiled or memorialized that is classified confidential as defined by State of Alaska classification and categorization guidelines provided by the state to the contractor or a contractor agent or otherwise made available to the contractor or a contractor agent in connection with this contract, or acquired, obtained or learned by the contractor or a contractor agent in the performance of this contract. Examples of confidential information include, but are not limited to: technology infrastructure, architecture, financial data, trade secrets, equipment specifications, user lists, passwords, research data, and technology data (infrastructure, architecture, operating systems, security tools, IP addresses, etc).

If confidential information is requested to be disclosed by the contractor pursuant to a request received by a third party and such disclosure of the confidential information is required under applicable state or federal law, regulation, governmental or regulatory authority, the contractor may disclose the confidential information after providing the state with written notice of the requested disclosure (to the extent such notice to the state is permitted by applicable law) and giving the state opportunity to review the request. If the contractor receives no objection from the state, it may release the confidential information within 30 days. Notice of the requested disclosure of confidential information by the contractor must be provided to the state within a reasonable time after the contractor’s receipt of notice of the requested disclosure and, upon request of the state, shall seek to obtain legal protection from the release of the confidential information.

The following information shall not be considered confidential information: information previously known to be public information when received from the other party; information freely available to the general public; information which now is or hereafter becomes publicly known by other than a breach of confidentiality hereof; or information which is disclosed by a party pursuant to subpoena or other legal process and which as a result becomes lawfully obtainable by the general public.

SEC. 3.12 INSURANCE REQUIREMENTS

The successful offeror must provide proof of workers' compensation insurance prior to contract approval.

The successful offeror must secure the insurance coverage required by the state. The coverage must be satisfactory to the Department of Administration Division of Risk Management. An offeror's failure to provide evidence of such insurance coverage is a material breach and grounds for withdrawal of the award or termination of the contract.

SEC. 3.13 TERMINATION FOR DEFAULT

If the project director determines that the contractor has refused to perform the work or has failed to perform the work with such diligence as to ensure its timely and accurate completion, the state may, by providing written notice to the contractor, terminate the contractor's right to proceed with part or all of the remaining work.

SECTION 4. PROPOSAL FORMAT AND CONTENT

SEC. 4.01 COORDINATED CARE DEMONSTRATION PROJECT MODELS

The Department will consider proposals conforming to one of three different delivery models. Offerors may submit a proposal to develop and implement only one of these models, and must specify in their proposal which model they are proposing. Offerors must follow the proposal criteria specific to the model under which their proposed project fits.

4.01.01 Managed Care Organization (MCO), Prepaid Inpatient Health Plan (PIHP), Prepaid Ambulatory Health Plan (PAHP)

Under this model the Department would contract with a licensed health insurer to enroll Medicaid beneficiaries and provide Medicaid-covered services under a capitated PMPM (per member per month) payment arrangement. Contracted entities under this model would assume full financial risk at the start of the project for the delivery of the contracted Medicaid-covered services. Financial risk does not include “shared savings” arrangements that provide upside revenue potential for the contractor but no downside risk. This model includes Managed Care Organizations (MCOs), Prepaid Inpatient Health Plans (PIHPs), and Prepaid Ambulatory Health Plans (PAHPs).

4.01.02 Care Management Entity (CME)

Under this model, the Department would contract with an administrative entity to perform care and disease management for Medicaid beneficiaries. The contractor would coordinate with Medicaid providers, but would not develop contracts with providers or develop their own provider network. The contractor’s payment would be a PMPM (per member per month) fee, with incentives built in for demonstrated savings from their services. Financial risk could be built into this model by basing payment on actual savings.

4.01.03 Provider-Based Reform (PBR)

Under this model, the Department would contract with a provider-sponsored organization to perform care and disease management for Medicaid beneficiaries through the organization’s provider network. At a minimum this model would include primary care, but could also include specialty physician, hospital, behavioral health, and ancillary services. Note that a provider-led model that does not contract with or develop their own provider network to perform the services provided under the model would be classified as a Care Management Entity model, not a Provider-Based Reform model.

SEC. 4.02 PROPOSAL REQUIREMENTS FOR ALL MODELS

Proposals must be limited to a total of no more than 95 pages for CME and PBR models; 105 page for MCO/PIHP/PAHP models. Font must be no smaller than 11 pt. The page limit does not include required attachments, such as resumes and financial spreadsheets. All proposals must include the following information.

4.02.01 Cover Letter (4 page maximum)

The cover letter must include the statements required under the Minimum Qualifications Section of this RFP (Section 1.04) and Proposal Contents (Section 1.08). The cover letter must also include the complete name and address of offeror’s firm and the project lead, mailing address, and telephone number of the person the state should contact regarding the proposal. Proposals must be signed by a company officer empowered to bind the

company. An offeror's failure to include these items in its proposal may cause the proposal to be determined to be non-responsive and the proposal may be rejected.

4.02.02 Introduction (1 page maximum)

Proposals must clearly identify which of the three models described in Section 4.01 above is proposed and explain the basis for concluding that the proposal fits within the identified model.

4.02.03 Overview and Understanding (10 page maximum)

Proposals must provide a narrative overview of the project. Offerors must also discuss their understanding of the Alaska health care delivery system, Alaska's Medicaid program, and how the proposed project will promote the goals of Medicaid Redesign. Proposals must include the following items.

- A. Provide a high-level description of the project, including a description of the organizational structure, and the innovative approaches proposed. Describe how the proposed project promotes appropriate access to quality person-centric care. Describe how the proposed project promotes the Medicaid Redesign and Coordinated Care Demonstration Project's objectives.
- B. Describe challenges to delivering accessible, high quality and cost effective care to Alaskans statewide (or in the proposed service area) and how the proposed project addresses these challenges.
- C. Identify the elements from SB 74 (listed below) the project addresses, and describe how the project addresses each identified element. Note that SB 74 requires CCDP projects to include a minimum of three of the following nine elements. Please refer to the Definitions Section of the RFP for clarification of terms (Section 2.02).
 1. Comprehensive primary-care-based management for medical assistance services, including behavioral health services and coordination of long-term services and support;
 2. Care coordination, including the assignment of a primary care provider located in the local geographic area of the recipient, to the extent practical;
 3. Health promotion;
 4. Comprehensive transitional care and follow-up care after inpatient treatment;
 5. Referral to community and social support services, including career and education training services;
 6. Sustainability and the ability to achieve similar results in other regions of the state;
 7. Integration and coordination of benefits, services, and utilization management;
 8. Local accountability for health and resource allocation; and/or
 9. An innovative payment process, including bundled payments or global payments.
- D. Describe how the project will utilize telehealth.
- E. Describe how the project may integrate or align with other programs and reform initiatives established under SB 74 (described in Section 2.01). At a minimum, describe how the project will support the State's implementation of the new federal policy on Tribal Medicaid reimbursement, and will align with behavioral health reform initiative.
- F. Describe how the project will utilize Alaska's health information infrastructure, including the statewide Health Information Exchange administered by the Alaska eHealth Network.

4.02.04 Program Structure and Methods (20 page maximum)

Offerors must provide a comprehensive narrative that describes the program structure and methodology they intend to employ, and illustrate how the design and methodology will serve to accomplish the work and meet the project's objectives. The proposal must include the following:

- A. Service Area:
- 1) Identify the proposed service area for the model. If the service area could potentially change over time, please explain.
- B. Covered Populations:
- 1) Identify the Medicaid-eligible populations to be served by the proposed project (e.g., families, Denali KidCare, Medicaid Expansion, long-term care participants, individuals dually eligible for Medicare and Medicaid, etc.).
 - 2) Identify subpopulations the proposed project will serve, if applicable (e.g., individuals diagnosed with specific conditions or chronic diseases, such as Serious Mental Illness (SMI), Substance Use Disorder (SUD), diabetes, or asthma; homeless; individuals reentering society from the correctional system; etc.).
 - 3) If the covered population potentially could change over time, please explain.
- C. Covered Services:
- 1) Describe the services that will be provided under the proposed project, including expansion of services in future phases if applicable.
- D. Eligibility or Enrollment Criteria:
- 1) Describe any eligibility or enrollment criteria that could have a significant impact on the enrolled population, for example, the definition of medically frail.
 - 2) Describe whether the project will require mandatory versus voluntary enrollment.
 - 3) Describe minimum and/or maximum enrollment thresholds, and describe the rationale.
- E. Care Coordination:
- 1) Describe the methods that will be used for risk stratification and assigning risk scores, including how members with complex/chronic needs who would benefit from care coordination will be identified. Discuss use and timing of health risk screenings and data analysis, as applicable. Describe how methods will address both new and established members.
 - 2) Describe the proposed process for conducting comprehensive assessments of members with complex/chronic conditions, including the qualifications of the persons who would conduct the assessments and the areas (domains) to be assessed.
 - 3) Describe the proposed process for using assessment findings and other relevant data to develop care plans for members with complex/chronic needs. Discuss whether and when members would be aligned with an Interdisciplinary Team (IDT) and the composition of such teams.
 - 4) Describe the proposed process for monitoring implementation of care plans and for updating care plans.
 - 5) Describe how clinical data will be shared within the IDT and how Alaska's health information infrastructure will be utilized, including the Health Information Exchange (HIE) administered by the Alaska eHealth Network.

4.02.05 Development, Implementation, Management, and Evaluation Plans *(20 page maximum; not including GANTT charts and logic models)*

Offerors must provide a comprehensive narrative that describes the project plan with timelines they intend to follow and illustrate how the plan will accomplish the proposed project's objectives and meet the project's schedule. Include the following:

- A. Provide an implementation plan and timeline that covers the period from selection for the development phase through initiation of enrollment. Assume for the purpose of the timeline that selection will occur by July 1, 2017 and that enrollment will be initiated by January 1, 2018. Include:
- 1) A description of offeror's major development/implementation tasks;

- 2) A description of potential barriers to implementation based on the offeror’s relevant experience and approach to overcoming these barriers;
 - 3) Based on the offeror’s relevant experience and knowledge, describe what the offeror believes the major State and DHSS implementation tasks will include, related potential barriers to implementation, and how the offeror will assist in overcoming these barriers; and
 - 4) A Gantt chart or equivalent planning tool that outlines respondent implementation tasks and subtasks by functional area, including expected start and completion dates.
- B. Provide an estimate of the offeror’s projected development and implementation costs and describe how the offeror will fund development and implementation in the absence of development and implementation funding from DHSS.
- C. Describe any State statutory or regulatory changes necessary for implementation of the proposed model. Note that the Gantt chart should take into consideration the time necessary for enactment of such changes, if applicable.
- D. Describe any federal authorities, including waivers, necessary for implementation of the proposed model. Note that the Gantt chart should take into consideration the time necessary for obtaining a waiver, if applicable.
- E. Describe the methodology the offeror will use to evaluate the quality of care, effectiveness and outcomes of the demonstration project. Include the following:
- 1) A logic model for the project.
 - 2) A list of the evaluation questions.
 - 3) A description of the qualitative and quantitative data that will be used in the evaluation.
 - 4) A description of the data sources and data collection and analysis methods that will be used. Include a discussion of the type of staff resources who will be assigned to conduct the evaluation.
 - 5) A plan for on-going performance measurement and monitoring.
 - 6) A timeline for the evaluation and performance monitoring system.

4.02.06 Experience, Qualifications, and Financial Requirements *(10 page maximum; financial statements and other required forms and certifications are not included in the page limit)*

A. Experience and Qualifications

- 1) Describe the offeror’s (and collaborative entities’ if applicable), experience providing services similar to those proposed. Indicate number of years of operations, and the state(s) and/or Alaskan communities in which the entity has operated.
- 2) Describe organizational licenses and certifications that would be required to deliver services under the proposed model. Provide evidence of current relevant licenses and certifications, and provide a plan with timeline for obtaining new licenses and certifications that would be required if the proposed project is awarded a contract under this RFP. Note that this response should align with the information provided in the Gantt chart required under Section 4.02.05.
- 3) Provide references with contact names and phone numbers for similar projects the offeror’s firm has implemented or similar services the firm has delivered within the past five years.
- 4) Provide an organizational chart specific to the personnel assigned to accomplish the work required for the proposed project; illustrate lines of authority; designate the individual responsible and accountable for the completion of each component and deliverable of the RFP.
- 5) Provide a narrative description of the organization of the project team and a key personnel roster that identifies each person who will work on the proposed project and provide the following information about each person listed:

- Title
- Resume
- Location where work will be performed
- Estimated number of hours and cost

B. Financial Stability, Capital Reserve and Solvency Requirements

For the lead entity of the proposed demonstration project, and for other collaborating entities if applicable and relevant, provide the following documentation:

- 1) The 2013, 2014, and 2015 independently audited annual financial statements, and associated enrollment counts if applicable. Audited statements should be prepared under U.S. generally accepted accounting principles; and audited under U.S. generally accepted auditing standards.
- 2) The four most recent quarters of quarterly financial statements, with year-to-date financials, including cash flows and explanation of cash flows. Provide supporting documentation, such as copies of bank statements. In excel format, provide the following for each of the financial statements provided:
 - i. working capital
 - ii. current ratio
 - iii. quick ratio
 - iv. net worth
 - v. debt-to-worth ratio
- 3) A statement as to whether the lead entity or parent company has filed bankruptcy or insolvency proceedings within the last five years. If so, provide an explanation including relevant details regarding the proceedings and their outcomes.
- 4) If the lead entity is a publicly traded company, provide:
 - i. The most recent U.S. Securities and Exchange Commission (SEC) Form 10K Annual Report, and the most recent 10-Q Quarterly report;
 - ii. A statement regarding whether there have been any SEC investigations of the company within the last five years. If so, please provide an explanation including relevant details regarding the investigation and their outcomes; and,
 - iii. The company bond rating for the last three years.
- 5) If the lead entity is a privately owned company, provide the company's credit rating for the last three years.

4.02.07 Financial Projections and Potential for Cost Containment or Savings *(10 page maximum; financial tables and spreadsheets are not included in the page limit)*

As noted in Section 1.02 of this RFP, the Department's intent is to collaborate on projects for which new or reformed services and/or payment models can be reimbursed as a covered Medicaid service, not as an administrative fee. It is also the Department's objective to collaborate on projects that are most likely to be budget neutral to the State in the first year, and achieve State savings in subsequent years.

- A. Describe how the proposed project will lead to cost containment or savings for the State Medicaid program. Describe the anticipated areas of savings including target populations and subpopulation(s) and the initiatives that will be used to drive savings.
- B. Provide a monthly Pro Forma financial projection for the proposed project that presents expected enrollment, revenues, and expenditures for the development phase through month 36 of operations. Describe major assumptions underlying the financial forecast.

- C. Provide an annual budget neutrality projection for the proposed project that compares State expenditures under the current system, as provided in the Alaska Medicaid Data Book, to what would occur under the proposed project:
- 1) Using the 2015 total average PMPM baseline cost from the data book, project the total average PMPM cost and utilization by the Medicaid populations served in 2018.
 - 2) Describe the major assumptions underlying the neutrality projections
 - 3) The forecast should demonstrate budget neutrality in year one and net savings to the State in years two and three. Describe any major assumptions underlying the neutrality projections.

4.02.08 Potential for Improving Care and Outcomes for Medicaid Enrollees *(5 page maximum)*

- A. Identify a minimum of five (5) and maximum of 20 quality and outcome measures that would be targeted for improvement under the proposed model and provide a percentage improvement goal for the first 36 months of operations. The offeror may refer to Healthy Alaskans 2020 as a source of key indicators and health improvement goals the Department supports at a statewide population level (see Section 2.04 for a link to the Healthy Alaskans 2020 website).
- B. Provide baseline data and improvement goals for each of the first 36 months of operation for inpatient hospital admissions and days, emergency room visits, and primary care visits per 1,000 member enrollees.
- C. Describe how the proposed project will support attainment of these improvement goals, and describe the basis for the expectation that the proposed project will result in attainment of the goals (e.g., literature review).

SEC. 4.03 ADDITIONAL REQUIREMENTS FOR ALL MCO/PIHP/PAHP MODEL PROPOSALS

In addition to the requirements under 4.02, offerors proposing a risk-based Managed Care Model project must include the following information in their proposal.

4.03.01 Cover Letter

There are no additional requirements beyond those noted in Section 4.02.01.

4.03.02 Introduction

There are no additional requirements beyond those noted in Section 4.02.02.

4.03.03 Overview and Understanding

There are no additional requirements beyond those noted in Section 4.02.03.

4.03.04 Program Structure and Methods *(10 page maximum for additional information)*

In addition to the requirements under Section 4.02.04, include the following information *(note that the item numbers continue from 4.02.04)*.

- F. **Provider Payment Model:** Describe how contracted providers will be paid, and how value-based payments will be incorporated. If a phase-in approach is proposed, describe that approach. Also specify:
- 1) Anticipated share of services that will be sub-capitated. Specify which service categories (e.g., primary care doctor's office visits) and provider type (e.g., primary care providers only).
 - 2) Anticipated share of services that will be paid for using an alternative payment method such as pay-for-performance or bundled payment methods. Specify which service categories (e.g., primary care doctor's office visits) and provider type (e.g., primary care providers only).
 - 3) Proposed quality of care metrics for measuring population health at a plan and provider level. Describe how the data for these metrics will be collected and calculated.

- 4) What incentives providers may have to improve care and health outcomes (e.g., withholds or incentive payments based on aggregate quality scores).
 - 5) Describe the approach to including essential community providers, such as community health centers, federally qualified health centers, and critical access hospitals in the provider network. Describe the payment model for these provider types and how they may vary.
- G. Medicaid Managed Care Model: In accordance with the definitions provided in 42 CFR 438.2, identify under which managed care model the proposed project would operate (MCO, PIHP, or PAHP).
- H. Compliance with Federal Managed Care Requirements: Provide an assurance that the offeror is able to comply with federal requirements for an MCO, PIHP, or PAHP model, as applicable. If a proposal for an MCO, PIHP or PAHP is selected for consideration, the offeror will be required to provide detailed documentation of compliance with federal regulatory program standards and operational requirements for managed care plans during the negotiation phase of this solicitation process. Describe the proposed approach for addressing each of the areas listed below in the federal regulation subparts:
- 1) 42 CFR 438, Subpart A (General Provisions)
 - 2) 42 CFR 438, Subpart C (Enrollee Rights and Protections)
 - 3) 42 CFR, 438, Subpart D (MCO, PIHP and PAHP Standards)
 - 4) 42 CFR 438, Subpart E (Quality Measurement and Improvement; External Quality Review)
 - 5) 42 CFR 43, Subpart H (Additional Program Integrity Safeguards)
- I. Location of Operations:
- 1) Describe where the lead entity’s headquarters will be located and whether satellite offices will be located in Alaska (and if so, where).
 - 2) Describe where administrative functions will be performed, including Member Services, Provider Services, Care Coordination, Medical Management, Quality Improvement, Claims Payment, Management Information Systems, Grievance and Appeals and Compliance. Explain the rationale for any functions that would be performed outside Alaska.

4.03.05 Development, Implementation, Management, and Evaluations Plans

There are no additional requirements beyond those noted in Section 4.02.05.

4.03.06 Experience, Qualifications, and Financial Requirements (5 page maximum for additional information)

In addition to requirements B. 1-5 under Section 4.02.06, include the following information (*note that the item numbers continue from 4.02.06*).

- B. Financial Stability, Capital Reserve and Solvency Requirements
- 6) Provide three statements containing Risk Based Capital Ratio as prepared in accordance with instructions published by the National Association of Insurance Commissioners (NAIC).² Include for both the proposing entity and the parent organization if applicable.
 - 7) Describe the process and plan with timeline for obtaining the required insurance certifications required under Alaska state insurance law.³

³ Note that SB 74 under AS 47.07.039(c) requires the Department work with the Division of Insurance to streamline the application process for a company to obtain a certificate of authority required under AS 21.09.010 as necessary to participate in the demonstration projects.

4.03.07 Financial Projections and Potential for Cost Containment or Savings *(10 page maximum for additional information)*

In addition to the requirements under Section 4.02.07, include the following information *(note that the item numbers continue from 4.02.07)*.

- D. Provide an annual budget neutrality projection for the proposed project that compares State expenditures under the current system, as provided in the Alaska Medicaid Data Book, to what would occur under the proposed project:
- 1) Using the 2015 total average PMPM baseline cost from the data book, project the total average PMPM cost and utilization by the Medicaid populations served during the first three years of project operations.
 - 2) Calculate an estimated savings percentage that result from managed care initiatives on a year-by-year basis. Include and identify line items for year one start-up costs, year one claims run-out set to equal 15 percent of expenditures, and anticipated administrative costs.
 - 3) Show how estimated savings were calculated
 - 4) Describe the underlying assumptions.
 - 5) The forecast should demonstrate budget neutrality in year one and net savings to the State in years two and three.

4.03.08 Potential for Improving Care and Outcomes for Medicaid Enrollees

There are no additional requirements beyond those noted in Section 4.02.08.

SEC. 4.04 ADDITIONAL REQUIREMENTS FOR ALL CME MODEL PROPOSALS

In addition to the requirements under 4.02, offerors proposing a Care Management Entity Model project must include the following information in their proposal.

4.04.01 Cover Letter

There are no additional requirements beyond those noted in Section 4.02.01.

4.04.02 Introduction

There are no additional requirements beyond those noted in Section 4.02.02.

4.04.03 Overview and Understanding

There are no additional requirements beyond those noted in Section 4.02.03.

4.04.04 Program Structure and Methods *(5 page maximum for additional information)*

In addition to the requirements under Section 4.02.04, include the following information *(note that the item numbers continue from 4.02.04)*.

- F. **Payment Model:** As noted in Section 1.02 of this RFP, the Department’s intent is to collaborate on projects for which new or reformed services and/or payment models can be reimbursed as a covered Medicaid service, not as an administrative fee. Describe the proposed payment model in detail and any proposed phase-in approach. Distinguish payments to providers by type, for example to Federally Qualified Health Centers, primary care providers, clinics or hospitals. Also specify:
- 1) Proposed quality of care metrics to measure population health at a provider level. Describe how the data for these metrics will be collected and calculated. Provide same provider reports.
 - 2) Incentives providers may have to improve care and health outcomes (e.g., incentive payments based on aggregate quality scores).

G. Location of Operations:

- 1) Describe where the lead entity’s headquarters will be located and whether satellite offices will be located in Alaska (and if so, where).
- 2) Describe where administrative functions will be performed, and explain the rationale for any functions that would be performed outside Alaska.

4.04.05 Development, Implementation, Management, and Evaluations Plans

There are no additional requirements beyond those noted in Section 4.02.05.

4.04.06 Experience, Qualifications, and Financial Requirements

There are no additional requirements beyond those noted in Section 4.02.06.

4.04.07 Financial Projections and Potential for Cost Containment or Savings (10 page maximum for additional information)

In addition to the requirements under Section 4.02.07, include the following information (*note that the item numbers continue from 4.02.07*).

- D. If applicable to the proposed payment model, provide an estimate of the care management fee(s) and show how they are calculated.
- E. Provide an annual budget neutrality projection for the proposed project that compares State expenditures under the current system, as provided in the Alaska Medicaid Data Book, to what would occur under the proposed project:
 - 1) Using the 2015 total average PMPM baseline cost from the data book, project the total average PMPM cost and utilization by the Medicaid populations served during the first three years of project operations.
 - 2) Calculate an estimated savings percentage that results from the project’s initiatives on a year-by-year basis. Include anticipated administrative costs. Show how estimated savings were calculated.
 - 3) If applicable to the proposed project design, describe how the “without intervention” threshold will be established, how year-to-year savings will be calculated, and how savings will be distributed among participants.
 - 4) Include start-up costs and describe how they will be funded.
 - 5) Describe all underlying assumptions.
 - 6) The forecast should demonstrate budget neutrality in year one and net savings to the State in years two and three.

4.04.08 Potential for Improving Care and Outcomes for Medicaid Enrollees

There are no additional requirements beyond those noted in Section 4.02.08.

SEC. 4.05 ADDITIONAL REQUIREMENTS FOR ALL PBR MODEL PROPOSALS

In addition to the requirements under Section 4.02, offerors proposing a Provider Based Reform Model project must include the following information in their proposal.

4.05.01 Cover Letter

There are no additional requirements beyond those noted in Section 4.02.01.

4.05.02 Introduction

There are no additional requirements beyond those noted in Section 4.02.02.

4.05.03 Overview and Understanding

There are no additional requirements beyond those noted in Section 4.02.03.

4.05.04 Program Structure and Methods (5 page maximum for additional information)

In addition to the requirements under Section 4.02.04, include the following information (*note that the item numbers continue from 4.02.04*).

- F. Payment Model: As noted in Section 1.02 of this RFP, the Department’s intent is to collaborate on projects for which new or reformed services and/or payment models can be reimbursed as a covered Medicaid service, not as an administrative fee. Describe the proposed payment model in detail and any proposed phase-in approach. Distinguish payments to providers by type, for example to Federally Qualified Health Centers, primary care providers, clinics or hospitals. Also specify:
- 1) Proposed quality of care metrics to measure population health at a provider level. Describe how the data for these metrics will be collected and calculated. Provide same provider reports.
 - 2) Incentives providers may have to improve care and health outcomes (e.g., incentive payments based on aggregate quality scores).
- G. Location of Operations:
- 1) Describe where the lead entity’s headquarters will be located and whether satellite offices will be located in Alaska (and if so, where).
 - 2) Describe where administrative functions will be performed, and explain the rationale for any functions that would be performed outside Alaska.

4.05.05 Development, Implementation, Management, and Evaluations Plans

There are no additional requirements beyond those noted in Section 4.02.05.

4.05.06 Experience, Qualifications, and Financial Requirements

There are no additional requirements beyond those noted in Section 4.02.06.

4.05.07 Financial Projections and Potential for Cost Containment or Savings (10page maximum for additional information)

In addition to the requirements under 4.02.07, include the following information(*note that the item numbers continue from 4.02.07*).

- D. If applicable to the proposed payment model, provide an estimate of the care management fee(s) and show how they are calculated.
- E. Provide an annual budget neutrality projection for the proposed project that compares State expenditures under the current system, as provided in the Alaska Medicaid Data Book, to what would occur under the proposed project:
- 1) Using the 2015 total average PMPM baseline cost from the data book, project the total average PMPM cost and utilization by the Medicaid populations served during the first three years of project operations.
 - 2) Calculate an estimated savings percentage that results from the project’s initiatives on a year-by-year basis. Include anticipated administrative costs. Show how estimated savings were calculated.
 - 3) If applicable to the proposed project design, describe how a performance threshold will be established, how year-to-year savings will be calculated, and how savings will be distributed among participants.
 - 4) Include start-up costs and describe how they will be funded.
 - 5) Describe all underlying assumptions.

- 6) The forecast should demonstrate budget neutrality in year one and net savings to the State in years two and three.

4.05.08 Potential for Improving Care and Outcomes for Medicaid Enrollees

There are no additional requirements beyond those noted in Section 4.02.08.

SEC. 4.06 EVALUATION CRITERIA

All proposals will be reviewed to determine if they are responsive. Proposals determined to be responsive will be evaluated using the process and criterion set out in Section 5.

An evaluation may not be based on discrimination due to the race, religion, color, national origin, sex, age, marital status, pregnancy, parenthood, disability, or political affiliation of the offeror.

SECTION 5. EVALUATION PROCESS, CRITERIA, AND CONTRACTOR SELECTION

SEC. 5.01 INNOVATIVE PROCUREMENT PROCESS

AS 47.07.039(a) authorizes the Department to use an innovative procurement process authorized under AS 36.30.308 to solicit and award Coordinated Care Demonstration Project contracts. The Department is implementing this RFP, evaluation and contract award process under an innovative procurement plan approved by the State Procurement Officer and the Department of Law.

SEC. 5.02 COORDINATED CARE DEMONSTRATION PROJECT PROPOSAL EVALUATION PROCESS

5.02.01 Evaluation Process Background

The Department has defined three applicable models for Coordinated Care Demonstration Projects based on responses received to the Request for Information (RFI) in October 2016:

- I. Managed Care Organization (MCO), Prepaid Inpatient Health Plan (PIHP), or Prepaid Ambulatory Health Plan (PAHP);
- II. Care Management Entity (CME); and
- III. Provider Based Reform (PBR).

Please see Section 4.01 for definitions of these three models.

This RFP process will assist the Department to further determine which models are feasible. The information presented in the proposals submitted in response to this RFP will need to be sufficient to help with addressing administrative and implementation questions, such as:

1. Federal Authorities: Will the project require federal approval of a State Plan Amendment, or a waiver under provisions such as 1915(a), 1915(b), or 1115 of the Social Security Act?
2. State Authority: Will statutory authority beyond that provided by SB 74 be required to implement the project, and/or will new laws or regulations be required?
3. State Administrative Capacity: What rate setting capacity for new payment models will the Department require? What capabilities related to quality of care oversight, appeals, grievances, independent medical review, and network and provider adequacy oversight will the federal government require the Department to have in place?
4. Contracting Vendors' Administrative and Technical Capabilities: Is there a member services department to handle billing, membership enrollment, termination and changes for those models that would require this function? Are the necessary data analytics and reporting capabilities in place?
5. Contracting Vendors' Network and Quality Management Capabilities: For those models that will administer a provider network, does the potential vendor demonstrate feasibility of developing sufficient network capacity to support anticipated membership? Does the potential vendor demonstrate capability and commitment to support the Department's full implementation of the Federal Policy on Tribal Medicaid Reimbursement? Are enrollee services well defined, and for those models that require it, are the medical and coverage policies well developed? Are quality management and quality improvement processes well established?

6. Contracting Vendors’ Financial Capabilities and Viability: For models that include a claims payment function, does the potential vendor have the claims systems in place to support encounter data reporting? Do vendors proposing to assume financial risk have sufficient capital reserves to manage that risk?

In addition, information submitted with proposals will need to support actuarial review and statutorily required actuarial evaluation of results.

5.02.02 Evaluation and Selection Process

As noted in Section 1.12, the RFP process timeline is as follows:

- | | |
|--|-------------------|
| • Issue RFP | December 30, 2016 |
| • Anticipated Release of Alaska Medicaid Data Book by Milliman | February 28, 2017 |
| • Deadline for Receipt of Questions | March 27, 2017 |
| • Deadline for Receipt of Proposals | April 17, 2017 |
| • DHSS & Actuarial Review and Analysis of Proposals Submitted to PRC | May 31, 2017 |
| • Proposal Review Committee (PRC) Evaluation Completed | June 15, 2017 |
| • Conclude Contract Term Negotiations with Successful Offerors | August 31, 2017 |
| • State of Alaska issues Notice of Intent to Award a Contract(s) | August 31, 2017 |
| • Anticipated Federal Approval Receipt Date | December 31, 2017 |
| • Anticipated Contract(s) Effective Date | January 1, 2018 |

The Department’s actuarial contractor, Milliman, is in the process of developing a Data Book that will provide Alaska Medicaid program financial data for FY 2015 and FY 2016, broken down by census area. The Data Book will be an important resource for RFP respondents to assist with understanding Medicaid population costs. The Data Book is expected to be released by the end of February.

SB 74 establishes a Proposal Review Committee (PRC) under AS 47.07.039 to review proposals submitted in response to the RFP. AS 47.07.039(b) designates the membership of the committee, which includes the CEO of the Alaska Mental Health Trust Authority (as Chair), the Commissioner (or designee) of the Department of Health & Social Services, the Commissioner (or designee) of the Department of Administration, and two public members (who must meet certain criteria and be appointed by the Governor). In addition, a representative of the Alaska Senate and a representative of the House of Representatives will serve as non-voting members of the PRC.

The evaluation process will include a review of the proposals by the Department to determine the federal authorities and state law and regulation changes that may be required to implement each project. This internal review will also identify Departmental resources that would be required to support development, implementation and management of each project. At the same time Milliman will conduct an actuarial analysis of each of the proposed projects. Each offeror will be provided a draft of the Department and Milliman’s review of their proposal and invited to submit a written response. The final reviews and offerors’ responses will be provided to the PRC for consideration as part of their evaluation process.

The PRC will review the proposals and accompanying analysis by the Department and Milliman, and score the proposals based on the evaluation criteria provided in Section 5 of the RFP, and will submit its evaluation results and recommendations to the Department. The Department will enter into a collaborative negotiation process with selected offeror(s) to define detailed terms and conditions for each selected project. Successfully negotiated agreements will be submitted to the Commissioner of the Department of Health & Social Services, who will make the final contract award decision.

The Department anticipates awarding between one (1) and three (3) contracts at the conclusion of this RFP process. The Department reserves the right to resume negotiations at a later date with offerors responding to this RFP who are not awarded contracts in the initial round of awards. The Department may also choose to solicit additional Coordinated Care Demonstration Project contracts in future years.

The Department reserves the right to delegate administration of the contract(s) ultimately awarded under this RFP to the Administrative Services Organization (ASO) contracted to implement a managed behavioral health system of care under the SB 74 Behavioral Health System Reform Initiative (see Section 2.01.02 of the RFP for more information on this reform initiative, and see Section 5.02.03 for Coordinated Care Demonstration Project proposal exclusions related to behavioral health reform). Respondents to this Coordinated Care Demonstration Project RFP will not be precluded from submitting a proposal in response to the ASO RFP (i.e., Coordinated Care Demonstration Project proposal offerors and awardees may also bid on the ASO contract).

5.02.03 Statewide Behavioral Health Service Models Excluded

Proposals for Coordinated Care Demonstration Project (CCDP) models that integrate behavioral health services at the community or regional level are welcome and the Department will work to align the CCDPs with the Behavioral Health System Reform Initiative (see Section 2.01.02 of this RFP for more information). However, due to the schedule of the required behavioral health system reforms, CCDP proposals that would propose a statewide behavioral health system model will not be considered, as such a model would preempt the system reform work currently underway.

Proposals submitted in response to this RFP that propose a statewide model that includes behavioral health services will be considered nonresponsive and will not be evaluated.

5.02.04 Requirements Related to Tribal Health Entity Involvement

Due to the government-to-government relationship between Tribal entities and the State, Medicaid projects with Tribal health entities are negotiated through a formal Tribal Consultation process. (Please see the definition of “Tribal Health Entity” in the Definitions Section of this RFP (Section 2.02)). Because Tribal health entities have a separate process for negotiating Tribal Medicaid reforms with the State, they need not respond to this RFP.

The Department welcomes Coordinated Care Demonstration Project proposals that include partnerships with tribal health entities. Approximately 37 percent of Medicaid enrollees in Alaska are American Indian/Alaska Native (AI/AN). The state receives 100 percent federal reimbursement for paid Medicaid claims when the Medicaid services for AI/AN recipients are received through an Indian Health Service facility, including Alaska’s tribally operated facilities. It is the Department’s policy to optimize federal matching funds for tribal populations. Section 55 of SB 74 requires the Department to fully implement a federal policy change related to federal reimbursement for AI/AN Medicaid recipients. (A link to the February 2016 CMS letter regarding the federal policy change is available in Section 2.04 of this RFP).

Proposals submitted in response to this RFP must include a statement in the cover letter declaring that the offeror 1) is aware of federal Medicaid policies related to AI/AN populations, 2) is familiar with the current Federal Policy on Tribal Medicaid Reimbursement, and understands the State’s commitment to full implementation of that policy, and 3) is committed to collaborating with the State and tribal health entities to optimize the Federal Policy on Tribal Medicaid Reimbursement.

Proposals submitted in response to this RFP that do not include the above required statement in the cover letter will be considered nonresponsive and will not be evaluated.

5.02.05 Multi-Payer Projects

The Department welcomes project proposals that include the participation of other payers in addition to Medicaid in order to extend the demonstration projects to Alaskans covered by other health plans and programs. However, proposed projects that require the participation of other payers as part of the project design may not be considered if agreements are not already in place with those payers. Also, proposed projects that require the Department to participate in negotiations and agreements with other payers may not be considered.

SEC. 5.03 COORDINATED CARE DEMONSTRATION PROJECT PROPOSAL EVALUATION CRITERIA

Criteria for evaluation of Coordinated Care Demonstration Project proposals by the Proposal Review Committee will be based on the requirements described in Section 4 of the RFP and the analyses conducted by the Department and the actuarial consultants. The total number of points that will be used to score proposals is 1,000, allocated as follows:

- I. Overview and Understanding of the Project: 50 points
- II. Program Structure and Methods: 200 points
- III. Project Development, Implementation, Management, and Evaluation Plans: 200 points
- IV. Experience, Qualifications, and Financial Requirements: 150 points
- V. Potential for State Savings: 200 points
- VI. Potential for Improving Care and Outcomes for Medicaid Enrollees: 100 points
- VII. Alaska Offeror Preference: 100 points

SECTION 6. GENERAL PROCESS INFORMATION

SEC. 6.01 INFORMAL DEBRIEFING

When the contract is completed, an informal debriefing may be performed at the discretion of the project director. If performed, the scope of the debriefing will be limited to the work performed by the contractor.

SEC. 6.02 ALASKA BUSINESS LICENSE AND OTHER REQUIRED LICENSES

Prior to the award of a contract, an offeror must hold a valid Alaska business license. However, in order to receive the Alaska Offeror Preference, an offeror must hold a valid Alaska business license prior to the deadline for receipt of proposals. Offerors should contact the **Department of Commerce, Community and Economic Development, Division of Corporations, Business, and Professional Licensing, PO Box 110806, Juneau, Alaska 99811-0806**, for information on these licenses. Acceptable evidence that the offeror possesses a valid Alaska business license may consist of any one of the following:

- copy of an Alaska business license;
- certification on the proposal that the offeror has a valid Alaska business license and has included the license number in the proposal;
- a canceled check for the Alaska business license fee;
- a copy of the Alaska business license application with a receipt stamp from the state's occupational licensing office; or
- a sworn and notarized statement that the offeror has applied and paid for the Alaska business license.

Prior the deadline for receipt of proposals, all offerors must hold any other necessary applicable professional licenses required by Alaska Statute.

SEC. 6.03 SITE INSPECTION

The state may conduct on-site visits to evaluate the offeror's capacity to perform the contract. An offeror must agree, at risk of being found non-responsive and having its proposal rejected, to provide the state reasonable access to relevant portions of its work sites. Individuals designated by the procurement officer at the state's expense will make site inspection.

SEC. 6.04 CLARIFICATION OF OFFERS

In order to determine if a proposal is reasonably susceptible for award, communications by the procurement officer are permitted with an offeror to clarify uncertainties or eliminate confusion concerning the contents of a proposal. Clarifications may not result in a material or substantive change to the proposal. The evaluation by the procurement officer or the PRC may be adjusted as a result of a clarification under this section.

SEC. 6.05 DISCUSSIONS WITH OFFERORS

The state may conduct discussions with offerors in accordance with AS 36.30.240 and 2 AAC 12.290. The purpose of these discussions will be to ensure full understanding of the requirements of the RFP and proposal. If

modifications are made as a result of these discussions they will be put in writing. Following discussions, the procurement officer may set a time for best and final proposal submissions from those offerors with whom discussions were held.

If an offeror does not submit a best and final proposal or a notice of withdrawal, the offeror's immediate previous proposal is considered the offeror's best and final proposal.

Offerors with a disability needing accommodation should contact the procurement officer prior to the date set for discussions so that reasonable accommodation can be made. Any oral modification of a proposal must be reduced to writing by the offeror.

SEC. 6.06 EVALUATION OF PROPOSALS

The evaluation of proposals will be based on the evaluation and selection process outlined in Section 5.02.02.

After receipt of proposals, if there is a need for any substantial clarification or material change in the RFP, an amendment will be issued. The amendment will incorporate the clarification or change, and a new date and time established for new or amended proposals. Evaluations may be adjusted as a result of receiving new or amended proposals.

SEC. 6.07 CONTRACT NEGOTIATION

After evaluation by the PRC, the Department may enter into a collaborative negotiation process with the offeror(s) to define detailed terms and conditions for each selected project.

SEC. 6.08 FAILURE TO NEGOTIATE

If the selected offeror:

- fails to provide the information required to begin negotiations in a timely manner; or
- fails to negotiate in good faith; or
- indicates they cannot perform the contract within the budgeted funds available for the project; or
- if the offeror and the state, after a good faith effort, simply cannot come to terms,

the state may terminate negotiations with the offeror initially selected and commence negotiations with the next highest ranked offeror.

SEC. 6.09 OFFEROR NOTIFICATION OF SELECTION

After the completion of contract negotiation the procurement officer will issue a written Notice of Intent to Award (NIA) and send copies to all offerors. The NIA will set out the names of all offerors and identify the proposal selected for award.

SEC. 6.10 PROTEST

AS 36.30.560 provides that an interested party may protest the content of the RFP.

An interested party is defined in 2 AAC 12.990(a) (7) as "an actual or prospective bidder or offeror whose economic interest might be affected substantially and directly by the issuance of a contract solicitation, the award of a contract, or the failure to award a contract."

If an interested party wishes to protest the content of a solicitation, the protest must be received, in writing, by the procurement officer at least ten days prior to the deadline for receipt of proposals.

AS 36.30.560 also provides that an interested party may protest the award of a contract or the proposed award of a contract.

If an offeror wishes to protest the award of a contract or the proposed award of a contract, the protest must be received, in writing, by the procurement officer within ten days after the date the Notice of Intent to Award the contract is issued.

A protester must have submitted a proposal in order to have sufficient standing to protest the proposed award of a contract. Protests must include the following information:

- the name, address, and telephone number of the protester;
- the signature of the protester or the protester's representative;
- identification of the contracting agency and the solicitation or contract at issue;
- a detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and the form of relief requested.

Protests filed by telex or telegram are not acceptable because they do not contain a signature. Fax copies containing a signature are acceptable.

The procurement officer will issue a written response to the protest. The response will set out the procurement officer's decision and contain the basis of the decision within the statutory time limit in AS 36.30.580. A copy of the decision will be furnished to the protester by certified mail, fax or another method that provides evidence of receipt.

All offerors will be notified of any protest. The review of protests, decisions of the procurement officer, appeals, and hearings, will be conducted in accordance with the State Procurement Code (AS 36.30), Article 8 "Legal and Contractual Remedies."

SECTION 7. GENERAL LEGAL INFORMATION

SEC. 7.01 PROPOSAL AS A PART OF THE CONTRACT

Part or all of this RFP and the successful proposal may be incorporated into the subsequent contractual agreement.

SEC. 7.02 ADDITIONAL TERMS AND CONDITIONS

The state reserves the right to add terms and conditions during contract negotiations. These terms and conditions will be within the scope of the RFP and will not affect the proposal evaluations.

SEC. 7.03 HUMAN TRAFFICKING

By signature on their proposal, the offeror certifies that the offeror is not established and headquartered or incorporated and headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report.

The most recent United States Department of State's Trafficking in Persons Report can be found at the following website: <http://www.state.gov/j/tip/>

Failure to comply with this requirement will cause the state to reject the proposal as non-responsive, or cancel the contract.

SEC. 7.04 RIGHT OF REJECTION

Offerors must comply with all of the terms of the RFP, the State Procurement Code (AS 36.30), and all applicable local, state, and federal laws, codes, and regulations. The procurement officer may reject any proposal that does not comply with all of the material and substantial terms, conditions, and performance requirements of the RFP.

Offerors may not qualify the proposal nor restrict the rights of the state. If an offeror does so, the procurement officer may determine the proposal to be a non-responsive counter-offer and the proposal may be rejected.

Minor informalities that:

- do not affect responsiveness;
- are merely a matter of form or format;
- do not change the relative standing or otherwise prejudice other offers;
- do not change the meaning or scope of the RFP;
- are trivial, negligible, or immaterial in nature;
- do not reflect a material change in the work; or
- do not constitute a substantial reservation against a requirement or provision;

may be waived by the procurement officer.

The state reserves the right to refrain from making an award if it determines that to be in its best interest.

A proposal from a debarred or suspended offeror shall be rejected.

SEC. 7.05 STATE NOT RESPONSIBLE FOR PREPARATION COSTS

The state will not pay any cost associated with the preparation, submittal, presentation, or evaluation of any proposal.

SEC. 7.06 DISCLOSURE OF PROPOSAL CONTENTS

All proposals and other material submitted become the property of the State of Alaska and may be returned only at the state's option. AS 40.25.110 requires public records to be open to reasonable inspection. All proposal information, including detailed price and cost information, will be held in confidence during the evaluation process and prior to the time a Notice of Intent to Award is issued. Thereafter, proposals will become public information.

Trade secrets and other proprietary data contained in proposals may be held confidential if the offeror requests, in writing, that the procurement officer does so, and if the procurement officer agrees, in writing, to do so. The offeror's request must be included with the proposal, must clearly identify the information they wish to be held confidential, and include a statement that sets out the reasons for confidentiality. Unless the procurement officer agrees in writing to hold the requested information confidential, that information will also become public after the Notice of Intent to Award is issued.

SEC. 7.07 ASSIGNMENT

Per 2 AAC 12.480, the contractor may not transfer or assign any portion of the contract without prior written approval from the procurement officer.

SEC. 7.08 DISPUTES

A contract resulting from this RFP is governed by the laws of the State of Alaska. If the contractor has a claim arising in connection with the agreement that it cannot resolve with the state by mutual agreement, it shall pursue the claim, if at all, in accordance with the provisions of AS 36.30.620 – AS 36.30.632. To the extent not otherwise governed by the preceding, the claim shall be brought only in the Superior Court of the State of Alaska and not elsewhere.

SEC. 7.09 SEVERABILITY

If any provision of the contract or agreement is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected; and, the rights and obligations of the parties will be construed and enforced as if the contract did not contain the particular provision held to be invalid.

SEC. 7.10 SUPPLEMENTAL TERMS AND CONDITIONS

Proposals must comply with Section 1.12 Right of Rejection. However, if the state fails to identify or detect supplemental terms or conditions that conflict with those contained in this RFP or that diminish the state's rights under any contract resulting from the RFP, the term(s) or condition(s) will be considered null and void. After award of contract:

if conflict arises between a supplemental term or condition included in the proposal and a term or condition of the RFP, the term or condition of the RFP will prevail; and

if the state's rights would be diminished as a result of application of a supplemental term or condition included in the proposal, the supplemental term or condition will be considered null and void.

SEC. 7.11 CONTRACT INVALIDATION

If any provision of this contract is found to be invalid, such invalidation will not be construed to invalidate the entire contract.

SEC. 7.12 SOLICITATION ADVERTISING

Public notice has been provided in accordance with 2 AAC 12.220.