

REQUEST FOR PROPOSALS  
FOR  
ELECTRONIC CLAIMS ATTACHMENTS SYSTEM RFP

*Issued by:*

Michigan Department of Community Health  
October 20, 2006

**ELECTRONIC CLAIMS ATTACHMENTS SYSTEM RFP  
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## I. **Introduction**

### A. Project

The Michigan Department of Community Health (MDCH) is seeking proposals for an electronic claims attachments demonstration grant in Southeast Michigan that can provide a patient specific Internet based tool that allows MDCH to manage Medicaid health data and securely communicate this data electronically with the entire continuum of Medicaid health care providers in Southeast Michigan. MDCH is seeking a Contractor who has an existing Health Insurance Portability and Accountability Act of 1996 (HIPAA) compliant system. The selected contractor will provide a solution that is able to be migrated to a HIPAA compliant transaction set when the final rules are published regarding claims attachments. This proposal does not include funding for development of the claims attachments system.

### B. Eligible Applicants

Organizations eligible to receive this demonstration grant in Southeast Michigan include all organizations who are Michigan based Contractors.

### C. Issuing Office

This Request for Proposal (RFP) is issued by the MDCH. The issuing office is the sole point of contact for applicants who are considering preparing responses to the RFP.

### D. Award and Funding

An award will be made to the applicant who most successfully meets the criteria of the RFP. MDCH intends to fund an 18-month demonstration grant project in Southeast Michigan.

### E. Pre bid Meetings and Questions

A pre-bid meeting will not be held.

Written questions concerning the RFP are to be submitted electronically, no later than 5:00 p.m. on November 3, 2006. Questions must be emailed to Laura Dotson at [dotsonl1@michigan.gov](mailto:dotsonl1@michigan.gov).

### F. Submission Deadline

All proposals must be received by MDCH/Contract Management Section by Monday, November 20, 2006, at 2:00 p.m. E.S.T.

### G. Disclosure of Proposal Contents

All information in an applicant's proposal is subject to disclosure under the provisions of Public Act No. 442 of 1976, known as the "Freedom of Information Act." This act also provides for the disclosure of grant agreements and agreement attachments.

## II. **Statement of Work**

### A. Background

The Medicaid program is a State and Federally funded program that provides health care coverage for low-income people and working families who qualify. This includes families, children, and women who are pregnant. It also offers help to people who are blind, disabled or age 65 and over. The Michigan Medicaid program is administered by the Medical Services Administration (MSA) within the Michigan Department of Community Health (MDCH). There are currently 1.5 million beneficiaries in the program with 900,000 in managed care and 600,000 in fee for service programs. MDCH processes 38.5 Million claims and encounters annually for Medicaid and other health programs that it administers. Claim volumes are as follows:

Encounters - 11 Million

Pharmacy Claims – 14 Million (currently administered by First Health Services Inc.)

Fee for Service (FFS) Claims – 11 Million

Medicare Buy In – 2.5 Million

Claim volumes will continue to increase during the upcoming fiscal years. The claims are processed using the Medicaid Management Information System (MMIS). This is the federally certified Medicaid System for Michigan. It is made up of seven mandated subsystems that either supply data to or process data from the claims processing module.

In the future, claims will be processed through the Community Health Automated Medicaid Processing System (CHAMPS) under development with MDCH and Client Network Solutions, Inc. (CNSI) the MMIS vendor selected to partner with the State for the CHAMPS implementation. Currently in the MMIS, paper claims are scanned and converted to electronic files. Claims processed through the MMIS/CHAMPS system are/will be edited for many parameters including provider and beneficiary eligibility, procedure validity, claim supplication, frequency limitations for services and combination of service edits.

MDCH encourages providers to send claims electronically (93% of all claims are submitted electronically) by file transfer through the data exchange gateway (DEG). Electronic filing is more cost effective, more accurate, payment is received more quickly and administrative functions can be automated. If comments or additional information are required with an electronic claim, electronic submitters must enter the information in the appropriate segments of the electronic record. MSA can require additional paper documentation for certain services in order to determine payment. Some examples include: sterilization procedures requires the sterilization consent form; use of codes with an unspecified services/procedures description requires detailed description of the service, and complex procedures not adequately described by procedure codes.

Providers who bill electronically may submit required documentation as claims attachments concurrently with claim submission. Alternatively, at the time of pended claim review, a request can be made to the provider to submit additional information.

When providers submit this information to MSA, it must have the following information, in the order indicated, in the upper right hand corner of each page:

1. Beneficiary ID number (eight characters);
2. Provider ID number, National Provider Identifier (NPI);
3. From date of service; and
4. Claim Reference Number (CRN)

The first three items listed constitute an Index for the claim attachment.

Claims attachments are currently submitted by providers to MSA on paper through U. S. mail. This is burdensome for providers because it requires many manual tasks such as locating, copying and re-filing documents. In addition, the mail must be processed which includes stuffing envelopes, and maintaining and looking up the addresses. After sending the claims attachments, providers then wait without knowledge of MSA's receipt of the documents.

On the MSA side, the paper processing and receiving of these documents is also burdensome. The mail must be received and routed to the appropriate departments. The documents must also be filed, retrieved from the file for use, and finally re-filed. For archiving purposes, the documents are micro-filmed, the film is verified and finally the paper documents are purged.

MDCH is looking for a contractor to help automate the processing of claims attachments for Michigan Medicaid claims for both providers and MSA staff. The elimination of the manual handling, mailing, scanning, storing, routing and matching to patient records of the claims attachments is a priority for both MSA and providers. A common communication portal solution would allow for an undisputed audit trail of these attachments.

#### B. Statement of Work

MDCH is looking at this project to test the feasibility of electronic claims attachment processing and to enhance the functionality of the CHAMPS MSA processing system it plans on deploying during the calendar year of 2008. MDCH is looking for a contractor who has an existing HIPAA compliant product with a proven track record and a real world implementation preferably in the Medicaid environment.

On a project of this scope and magnitude the Contractor will be expected to provide all necessary equipment such as fax machines, phone lines and training on that equipment to the provider community. Additionally, to gain acceptance of the concept by the providers there will be a need to perform outreach to those providers to help them to understand not only the process involved but the benefits to their business operation of this type of activity. Once this base level of understanding in the community of providers has been achieved, the Contractor will need to move into an education phase so the providers will understand the business process and flows of moving to this electronic environment.

Once the providers are ready to move into the transmission phase it would be MDCH's intent to use the following approach and ranking of activities:

1. An automated solution for the manual handling, mailing, storing, routing, retrieval and indexing of the claims attachments for Institutional Claims.
2. An automated solution for the manual handling, mailing, storing, routing, retrieval and indexing of the claims attachments for Professional Claims.
3. A solution where the claims attachments stored on the Contractor's system can be transferred to the CHAMPS system currently being developed for MDCH by CNSI. This new system is web-based and will contain a Document Management System (DMS) that uses a File Net content management solution. MDCH would like to know what alternatives are available for this document transfer capability.

The contractor will provide a detailed work plan identifying how it will accomplish the following:

1. Unsolicited Attachments: Provide MDCH the ability to obtain unsolicited attachments for claims from providers in an automated manner. These attachments are Protected Health Information (PHI) and as such need to be handled according to HIPAA requirements. All of the following methods will need to be able to index the attachment, thus linking it to the appropriate patient/claim:
  - a. For any media that can be printed directly, provide a method such as virtual print imaging (through virtual print drivers) to MDCH for providers to send in their attachments. Ideally this would be completed in a manner that helps providers avoid the labor intensive process of manually scanning and sending attachments.
  - b. For any providers without internet access who have attachments that are hard copy only, provide a method to MDCH that allows providers to use a fax-scanning process that will allow appropriate documentation to be linked to specific claims and then be sent to MDCH.
2. Solicited Attachments: Provide MDCH the ability to obtain solicited attachments for electronic claims from providers in an automated manner. These attachments are PHI and as such need to be handled according to HIPAA requirements. All of the following methods listed will need to be able to index the attachment thus linking it to the appropriate patient/claim:
  - a. Upon an MDCH request, provide a method for providers to send in attachments for any media that can be printed directly.
  - b. Upon an MDCH request, provide a method for providers to send in attachments for hard copy only attachments.
  - c. Upon an MDCH request, provide a method for providers to respond with a combination of any of the attachment methods already listed.

- d. Upon an MDCH request for a claim requiring an attachment, the Contractor will initiate a request and send it to the provider. The provider can then respond with any of the methods mentioned in 2.a, 2.b, or 2.c. The use of HIPAA compliant X12N transactions is desirable.
3. Virus Scanning: Contractor will provide the capability to automatically virus-scan each file attachment for viruses prior to it being sent to MDCH.
4. Fax-Management: Contractor will provide full fax management capabilities such as zoom, jump-to-page, rotate and burst-by-page-range.
5. Long-Distance Costs: Contractor will provide a cost-effective solution for long distance costs minimization in the case of a fax-imaging solution.
6. Storage: Contractor will provide a long-term solution for the safe storage of the claims attachments.
7. Audit Trail: Contractor will provide a method for a complete audit trail of all communications and documents sent through or stored in its repository.
8. Service Level: Contractor will provide a guaranteed service level specifying minimum possible unscheduled downtime. This should include an explanation of how the vendor's operations have accounted for redundancy so they are not completely dependent upon a single Internet service provider (ISP). This should also include an explanation of how the Contractor's operations are able to manage peak loads.
9. Template/Forms: Contractor will provide the ability to create and modify forms. Electronic forms that are available on-line must meet Michigan Medicaid requirements.
10. Routing Rules: Contractor will provide the ability to support automated routing rules for received attachments.
11. Training: Contractor will provide on-site training at MDCH for end users on the claims attachments system.

### C. Service Area

This MDCH Demonstration Grant is for a time period up to eighteen (18) months; to cover Medicaid fee-for-service providers, and Medicaid Managed Care Providers who choose to participate in the demonstration project in Southeast Michigan counties of Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne. This demonstration project will test the viability of a paper to electronic and/or electronic transmission of claims attachments and consent forms to the Medicaid program from providers in this seven county region.

#### D. Potential Service Area

MDCH may work with the contractor to extend the service for the Medicaid program statewide after successful demonstration of the pilot project feasibility and completion of the objectives.

### III. **Proposal Requirements**

#### A. Work Plan and Work Plan Timeline

1. An overall work plan and work plan timeline must be developed and submitted with the proposal. It is essential to prepare a comprehensive work plan to meet all the objectives of the project as identified in the Statement of Work.
2. As part of the plan describe how the plan will be reviewed and updated on a regular basis. The applicant must identify required project management process, including frequency and mechanisms for updates/progress reviews, and individuals responsible for receiving/reacting to the requested information. The applicant should propose a change control process and governance structure that the project will function under and to identify and explain the reasons for any deviations from the project plan.
3. Within twenty (20) working days of the execution of the grant agreement the Contractor will submit a detailed work plan including a project charter, preliminary project scope statement, Management Plan, HR plan, WBS and Risk Response Plan and a high level schedule to MDCH for final approval.

#### B. Staffing Plan

1. Identify key project personal that will be responsible for project control and oversight. The applicant shall provide a staffing table with names and titles of personnel assigned to the project. Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the MDCH.
2. MDCH reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel unsatisfactory by MDCH.

#### C. Resumes of Key Personnel

The applicant must provide resumes of key staff members who will work on this project. At a minimum the key personnel should include: 1) Project Director or Project Manager, 2) System Architect, 3) Outreach, Education and Training Director, and 4) Implementation Manager.

#### D. Budget Detail and Summary for the period 1/1/07-9/30/07

A Budget Detail and Summary for the period of 1/1/07-9/30/07 must be completed following the utilizing the forms and instructions in Attachment #2.

E. Budget Detail and Summary for the period 10/1/07-6/30/08

A Budget Detail and Summary for the period of 10/1/07-6/30/08 must be completed following the utilizing the forms and instructions in Attachment #2.

F. Composite Budget Summary 1/1/07-6/30/08

A Budget Detail and Summary for the period of 1/1/07-6/30/08 must be completed following the utilizing the forms and instructions in Attachment #2.

G. Reporting/Deliverables

The Contractor is required to utilize all report forms and reporting formats required by the Department at the effective date of this grant agreement, and provide the Department with timely review and commentary on any new reports, forms, and reporting formats proposed for issuance.

At a minimum the Contractor shall provide the following reports as requested by MDCH:

1. Provide reports setting for a comparison of actual hours spent by the Contractor in performing Project versus hours budgeted by Contractor.
2. Set forth an updated schedule that provides information on the status of upcoming deliverables.
3. Provide reports assessing the degree to which the Contractor has attained or failed to attain the pertinent objectives for each area outlined in the Statement of Work and approved work plan.

In addition the Contractor is responsible for the following reports/deliverables if awarded the grant:

1. Project Charter - This authorizes the project start and documents the business needs and show a high level understanding of the project.
2. Preliminary Project Scope - A more detailed narrative of the project goals and business objectives and the basis of the Project Scope statement.
3. Management Plan – Identify methods, tools and processes proposed to oversee the project, address issues/changes as they may arise, and keep the appropriate parties apprised of progress.
4. Quality Plan - Identify the quality standards for the project and how they will be satisfied, tools and processes proposed, and outputs.
5. Human Resources (HR) Plan - This identifies and documents roles and responsibilities and reporting relationships on the project.

6. Communication Plan – This determines how information and communication needs of the project stakeholders will be met.
7. Risk Management/Response Plan – This describes the approach to planning and execution of risk management and mitigation strategies on the project.
8. Work Breakdown Structure (WBS) - A breakdown of major project deliverables
9. Once the scope document has been agreed upon by the Contractor and MDCH, weekly meetings in person or through conference calls will take place with the Contractor and the MDCH project manager and other potential designated individuals to receive, exchange, and react to requested information and project action items and issues.
10. The Contractor will provide reports that are necessary to follow the process for preparation and review of the project include:
  - a. Define a meeting schedule for reviewing the project.
  - b. The Contractor will maintain an issue log and an action item log.
  - c. The Contractor will issue a formal project status reports at least monthly. The Contractor will also create minutes from any meeting (including telephonic) and send these via e-mail to the MDCH project manager and others as directed.
  - d. Other reports deemed necessary to understand current project status.

#### H. Organization Description and Organization Chart

The applicant is required to provide an organization description and organization chart highlighting the key personnel assigned to this project and their responsibilities for this project.

#### I. Prior Experience

The applicant shall provide information to indicate the prior experience of their organization in implementing solutions involving the capture, storage and retrieval of electronic claims attachments systems. Experience with Medicaid claims attachment systems is preferable. Include sufficient detail to demonstrate the relevance of this experience. Proposals submitted should include, in this section, descriptions of qualifying experience to include project descriptions, costs, and starting and completion dates of projects successfully completed. Also, include the name, address, and phone number of the responsible official of the customer organization who may be contacted.

To insure a quality application result, and fair evaluation, it is important that the information requested in these sections is appropriate and relevant to the project described in this RFP.

J. References

The applicant shall provide three business references for electronic Medicaid claims attachments.

K. Michigan Based Vendor Certification

The Contractor must complete Attachment #3, the Michigan Based Vendor Certification and submit with their proposal. Failure or refusal to submit any of the information requested in this section may result in the applicant being considered non-responsive and therefore ineligible for award consideration.

IV. **Terms and Conditions**

Attachment #1 identifies the terms and conditions that will be in effect for the duration of the grant award resulting from this RFP. By submitting a proposal, the applicant is agreeing to accept all grant agreement terms and conditions.

V. **Proposal Process**

The following factors will be used in evaluating each response to the RFP:

A. Checklist

The checklist identified in Attachment #4 must be completed and returned as the proposal cover page with the proposal.

B. Submission Criteria

1. Proposals should be prepared on a single sided, white, 8.5 x 11-inch paper with at least a .75 inch margin. Proposals should be single spaced, and use at least a 12 point courier font or comparable font and size. Completed budget forms (DCH-0385 and DCH-0386) (Attachment #2), Michigan Based Certification (Attachment #3), and the RFP Package Checklist (Attachment #4) should be attached to the proposal.
2. Submit one signed original and six written copies of the Proposal and one CD copy of the Proposal to:

Laura Dotson  
Department of Community Health  
Contract Management Section  
4<sup>th</sup> floor, Lewis Cass Building  
Lansing, MI 48913

C. Submission Deadline

All proposals must be received by MDCH/Contract Management Section by Monday, November 20, 2006, at 2:00 p.m. E.S.T.

D. Review Criteria

1. In awarding this contract, proposals will be evaluated by MDCH based on the following factors:

		Weight
1.	Work Plan and Timeline	20
2.	Staffing and Key Personnel	15
3.	Budget	5
4.	Organization Description and Organization Chart/Capabilities	10
5.	Prior Experience	20
	a. Systems in use at other Medicaid Programs	
	b. Systems in use at Commercial Insurance Companies or HMO's	5
6.	References	5
7.	Michigan Based Organization	10
8.	Demonstration of System	10
	<b>TOTAL</b>	<b>100</b>

2. Demonstrations of the Existing Systems

MDCH will schedule demonstrations of existing systems for applicants based on the written proposals reaching 80% of available review points not including the demonstration points.

E. Grant Awards

Awarding this grant is contingent upon the availability of funds as determined by MDCH and is subject to State Administrative Board approval. MDCH may issue an award based on the entire proposal or a portion of the proposal.