

October 17, 2014

STATE OF MONTANA  
REQUEST FOR PROPOSAL ADDENDUM  
RFP NO. MSF 57  
TO BE OPENED: October 31, 2013  
TITLE: Medical Bill Payment Audit Services

ADDENDUM NO. 1

To All Offerors:

Attached are written questions received in response to this RFP. These questions, along with MSF's response, become an official amendment to this RFP.

All other terms of the subject "Request for Proposal" are to remain as previously stated.

**Acknowledgment of Addendum:**

The offeror for this solicitation must acknowledge receipt of this addendum. This page must be submitted at the time set for the proposal opening or the proposal may be disqualified from further consideration.

I acknowledge receipt of Addendum No. 1.

Signed: \_\_\_\_\_

Company Name: \_\_\_\_\_

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

Sincerely,

Bridget McGregor  
Procurement Officer

#	Page #	Section #	Questions	Answers
1.	12	3.2	Pharmacy Claims are not included in the Cost Categories on p. 12, section 3.2. Please advise if review of pharmacy claims is included in the scope of services.	Montana State Fund (MSF) contracts with Express Scripts for prescription fills and these do not apply to this audit. There may be a few drug charges on some medical bills that are included in this audit.
2.	13	3.3.2.e.	Please confirm that the only CCI edit employed by the State Fund (see section 16.4 of the of the Medical Payments Procedural Manual) is the mutually exclusive, otherwise called the "procedure to procedure" edit.	The only CCI edit employed by MSF is the mutually exclusive, otherwise called the "procedure to procedure" edit.
3.	NA	<b>General Question</b>	Will a complete data file with all medical procedural and diagnosis codes, at the claim line level, be available?	All information pertaining to the injured worker's claim with Montana State Fund is sent in a data file to ACS which is then loaded into the ACS Examiner Tool Box application and will be available to the successful offeror for this RFP.
4.	12	3.3.1.	The sample size specified is quite large. Is the Fund interested in an alternative quotation for a smaller sample size that would deliver statistical confidence of 95% +/- 3%?	No.
5.	13	3	Does the Fund anticipate that ACS will respond to potential errors and questions on an iterative basis during the audit, rather than waiting for production of a draft report to respond to all errors?	Yes, MSF anticipates ACS will be available to respond to audit findings on an iterative basis during the audit.
6.	12	3.2	Does the Fund wish the sample to be stratified by dollar amount of payment? Is there a requirement that a certain number of claims be sampled from each Cost Category, or a proportionate sample across all Cost Categories?	MSF will be preparing the sample to be audited by the successful offeror which will include a sampling from each Cost Category.
7.	12	3.3.1	Will the Fund select the claims to be audited or does the Fund want its auditor to select the sample from the population of all claims paid in the various Cost Categories?	MSF will be preparing the sample to be audited by the successful offeror which will include a sampling from each Cost Category.
8.	13	3.3.2.	Are the Professional Fee Schedule and the Facility Fee Schedule for the audit	MSF accesses the Professional Fee Schedule and Facility Fee Schedule

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			period available in electronic format for downloading?	from the MT Department of Labor & Industry's website. To our knowledge, it is not available for downloading in electronic format.
9.	11	3.2	Please identify the number and dollar amount of claims paid for non-Montana providers during the audit period.	Approximately 10% of the bills are from out-of-state providers. At this time we are not able to determine the dollar amount paid for non-Montana providers during the audit period.
10.	NA	<b>General Question</b>	Is there an incumbent auditor?	There is no incumbent auditor. This is the first time MSF has sought an external audit of our Medical Bill Review and Payment vendor.
11.	NA	<b>General Question</b>	What hours/days will the ACS Examiner Tool Box be accessible, including weekends and holidays?	The ACS Examiner Tool Box is accessible 24 hours/day, 7 days per week.
12.	NA	<b>General Question</b>	In what date range would you expect the training to be scheduled?	MSF anticipates completing training for the successful offeror December 2-6, 2013.
13.	16	4.2.3	On page 16, Section 4.2.3 it states "75 bills per day per auditor with completion <i>within thirty work days following training</i> ". How does that relate to the due date for the Draft Report due March 14, 2014 on page 13, section 3.3.1 #3?	MSF anticipates the completion of the audit within 30 work or business days following the training. The draft findings from this audit are due March 14, 2014. This provides for the work to be completed and time to draft a report of the overall findings.
14.	5	1.1	Is there an existing vendor performing these audit services? If so, please identify them.	There is no incumbent auditor. This is the first time MSF has sought an external audit of our Medical Bill Review and Payment vendor.
15.	5/13	1.2/3.3.3 (3)	Section 1.2 calls for a contract period of January 1, 2014 through December 31, 2014. Section 3.3.3 (3) indicates a final report is due March 31, 2014. What if any services are expected to be delivered during the period April 1, 2014 through December 31, 2014?	At this time MSF does not anticipate further services following the delivery of the final audit report on March 31, 2014.
16.	12	3.3.1 (1)	The Scope of Work indicates that audit will be "based on a random 5% sample." Will the audit vendor be responsible for selecting the random sample?	MSF will be preparing the sample to be audited by the successful offeror.

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17.	12	3.3.1 (1)	The Scope of Work indicates that audit will be “based on a random 5% sample.” Does the Montana State Fund anticipate that the random sample will be stratified? If so, can the Montana State Fund please outline and define the strata?	MSF will be preparing a random sampling of bills to be audited by the successful offeror.
18.	12	3.3.1 (1)	The Scope of Work indicates an expectation of an average volume of bills reviewed per day per auditor as 75. How has the Montana State Fund determined this average?	MSF has three internal bill auditors who conduct routine audits of our medical bill review and payment vendor. Seventy-five bills per day are the average number of bills they are able to complete.
19.	12	3.3.1 (1)	What is the definition of a bill as described by the scope of work? Is this an episode of care, a single procedure code, or any collection of services performed for an individual submitted by a provider on a single invoice?	A bill may be a single procedure code or a collection of services performed for an injured worker by a provider on a single invoice.
20.	12	3.3. (1)	In the review of each bill, is the vendor expected to consider the care rendered before or after the bill evaluated in its determination of bill accuracy (i.e. to ensure unbundling has not occurred)?	MSF anticipates the successful offeror will evaluate a bill for payment accuracy in conjunction with review of the medical documentation submitted to determine if unbundling occurred.
21.	12 – 13	3.3.1 (1) and (3)	The Scope of Work indicates that audit will be “based on a random 5% sample.” In addition, the audit vendor is required to submit a “summary of audit findings, which includes number of transactions reviewed, dollar amount represented, number of errors found, and error rate.” Will the audit vendor be required to extrapolate the findings and provide a margin of error?	The successful offeror will not be required to extrapolate the findings and provide a margin of error when reporting the summary of audit findings.
22.	13	3.3.1 (2)	The Scope of Work outlines that the audit will “evaluate if medical payments or denials are in compliance with” various contractual and claims processing requirements. Will the audit vendor access all data, including bills and other claims processing information via the ACS Examiner Tool Box?	All information pertaining to the injured worker’s claim with Montana State Fund is sent in a data file to ACS which is then loaded into the ACS Examiner Tool Box application and will be available to the successful offeror for this RFP. Other contractual and claims processing requirements are included in MSF’s Medical Payments Procedure

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				Manual and preferred provider organization contract terms and rates.
23.	13	3.3.1 (2)	The Scope of Work outlines that the audit will “evaluate if medical payments or denials are in compliance with” various contractual and bill processing requirements. If, during the course of the audit, the audit vendor identifies a member or provider who is potentially defrauding the Montana State Fund, how will the audit vendor notify the Montana State Fund of the potential fraud? Furthermore, will the audit vendor be required to support the Montana State Fund throughout the course of a resulting investigation of said member or provider?	In a separate document, the successful offeror should identify and provide pertinent documentation of a provider who is suspected of defrauding MSF. MSF does not expect the auditor to provide further support or participate in the investigation of said member or provider.
24.	13	3.3.1 (2)	The Scope of Work outlines that the audit will “evaluate if medical payments or denials are in compliance with” various contractual and claims processing requirements. Does the scenario exist in which the audit vendor would be required to request supporting documentation or medical records from ACS or providers to fully evaluate compliance with the requirements? If so, can the Montana State Fund provide detail regarding this process, including the format for the request and the length of time that ACS or the provider will be allotted to respond to the request?	The successful offeror is only required to evaluate payments or denials based on the documentation included with the decision and in compliance with MSF’s Medical Payments Procedure Manual and preferred provider organization contract terms and rates, the MT Department of Labor and Industry’s Professional and Facility Fee Schedules, national CCI edits, MSF and ACS written contract, and clean claim requirements defined in Appendix E.
25.	13	3.3.1 (3)	The Scope of Work indicates that the audit vendor is required to submit a “final report” and a “summary of audit findings.” Will ACS be permitted to request a reconsideration of, or appeal, the audit findings? If so, does the Montana State Fund anticipate that the vendor will support the Montana State Fund through the duration of the reconsideration or appeal?	MSF anticipates ACS will be available to respond to audit findings on an iterative basis during the audit. ACS will be permitted to request a reconsideration of, or appeal, the final audit findings. MSF does not anticipate the successful offeror to support MSF through the duration of reconsideration or appeal processes.

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26.	15	4	Must the contractor (offeror) be licensed to do business in Montana?	Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business. If a business determines that it is transacting business in Montana, it must register with the Secretary of State and obtain a certificate of authority to demonstrate that it is in good standing in Montana. To obtain registration materials, call the office of the Secretary of State at (406) 444-3665, or visit their website at <a href="http://sos.mt.gov">http://sos.mt.gov</a> .
27.	15	4	Since the MSF is requesting an audit, must the offeror be a CPA firm?	No, the successful offeror need not be a CPA firm.
28.	15	4	Does the MSF intend for an audit report under AICPA Professional Standards be issued?	No, MSF does not intend for an audit report under AICPA Professional Standards be issued.
29.	15	4	Does the MSF require the audit to be performed under Government Auditing Standards or Generally Accepted Auditing Standards (GAAS)?	No, MSF does not require the audit to be performed under Government Auditing Standards or Generally Accepted Auditing Standards (GAAS).
30.	13	3.3	Are the performance standards on page 13 between ACS and MSF? Or are they performance guarantee standards for this contract for the Audit Services?	The standards listed on page 13, section 3.3 are the performance guarantee standards between ACS and MSF.
31.	13	3A	How many of the 6510 bills are expected to be audited by submission of the March 14, 2014 report?	All of the 6,510 bills should be included in the March 14, 2014 draft report.
32.	12	3.3	How do we access the medical records?	Providers are required to submit medical records to support billed charges with their bill. There are a few exceptions to

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				this rule (eg., DME providers). The bills and submitted supporting documentation are available in the ACS Examiner Tool Box application.
33.	NA	<b>General Question</b>	Is there an incumbent for this work? If yes, please identify the incumbent.	There is no incumbent auditor. This is the first time MSF has sought an external audit of our Medical Bill Review and Payment vendor.
34.	NA	<b>General Question</b>	Is there a proposed budget for this project or a not to exceed budget threshold? Is yes, please let us know that amount.	The proposed budget for this project is \$100K.
35.	1	<b>Cover Sheet</b>	The proposal due date and time on the cover sheet on page 1 is listed as 4:00 PM MT on October 31 <sup>st</sup> , but in section 1.6.4 on page 7, the proposal due date and time is listed as 2:00 PM MT on October 31st.  Question: What is the correct time for the proposal submission?	The correct date and time for the proposal due date is October 31, 2013 at 4:00 p.m. Mountain Time.
36.	5	<b>1.2</b>	The contract period is listed as 1 year starting January 1, 2014 through December 31, 2014, but in section 3.3.1 in the Scope of Work on page 12 it states that the final report is due March 31, 2014.  Question : Are there any other tasks not accounted for in the scope of work or is the work for the three months ending March 31, 2014 with the contract expiration date being December 31, 2014?	At this time MSF does not anticipate further services or tasks not accounted for in the scope of work following the delivery of the final audit report on March 31, 2014.
37.	6	<b>1.6.1</b>	This section instructs offerors to “restate the section/subsection number and the text immediately prior to your written response.”  Question: Should offerors restate the text of the section/subsection heading or the text of the <b>entire</b> section?	Please restate the text of the entire section/subsection.

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38.	12	3.3.1	<p>The performance guarantee for Medical Bill Review includes accurate data claim fields and vendor selection, specifically the selection of the correct cost category for payment purposes.</p> <p>Question: As part of the proposal, should we price out what it would cost to review a sample of claims and their supporting medical records as part of the Medical Bill Review? This would require medical records to be obtained from the providers. However, it would allow for a determination regarding whether payments are made for the correct services and for accurate quantities by the billing provider including identification of any coding errors and use of modifiers (which also affect payment) based upon supporting documentation.</p>	<p>The respondent should not price out what it would cost to review a sample of claims and their supporting medical records as part of the Medical Bill Review. Providers are required to submit medical records to support billed charges with their bill. There are a few exceptions to this rule (eg., DME providers). The bills and submitted supporting documentation are available in the ACS Examiner Tool Box application.</p>
39.	12	3.3.1	<p>The RFP states “Following execution of a contract, the successful offeror will be introduced to and trained at MSF’s offices in Helena, Montana for a period of approximately five (5) days on the rules, regulations and MSF best practices for bill review and payment prior to initiating the audit.”</p> <p>Question: For purposes of pricing should the Offeror expect for the entire audit team to be trained at MSF’s offices or can it be just the lead member of the audit team who then instructs other staff?</p>	<p>Because of the complexity of the inter-relationship between Montana statutes, regulations, MSF business rules and PPO contracts, MSF requires that the entire audit team is trained onsite so there is no question regarding the training and expectations of the auditors.</p>
40.	15	4.2.1	<p>The RFP states, “...provide detail on applicable certification, qualifications and experience.”</p> <p>Question: Are there any mandatory qualifications for staff proposed on the project? If yes, please specify.</p>	<p>There are no mandatory qualifications for staff proposed on the project; however, experience with medical bill auditing is preferred.</p>



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41.	13	3.3.1, 2e	Would it be acceptable for Correct Coding Initiative Edits to be applied to the bill data to identify unbundling of codes charged or pairing of codes which should not be billed together?	Yes, it is acceptable for Correct Coding Initiative Edits to be applied to the bill data to identify unbundling of codes charged or pairing of codes which should not be billed together.
42.	12	3.2	Certain billing areas (in the industry) are known to have issues with lack of documentation and over-billing, such as ambulance fees and durable medical equipment costs. Will these charges be provided with some evidence as to the accuracy of the charges? (Fees are delineated on page 38 of the procedure manual.)	Providers are required to submit medical records to support billed charges with their bill. There are a few exceptions to this rule (eg., DME providers). The bills and submitted supporting documentation is available in the ACS Examiner Tool Box application.
43.	12	3.2	Diagnostic codes are not mentioned in the RFP; does this mean that the reviewers are only looking at CPT or HCPCS codes? (They are mentioned on page 27 of the procedure manual.)	The MT Department of Labor and Industry's Facility Fee Schedule employs diagnostic codes in determining payment. In this regard, diagnostic codes for appropriate payment are included in this audit.
44.	12	3.2	There is no separate line item for pharmacy costs since all pharmacy claims are sent to Express Scripts. Will the Medical Bill Review include a review of these charges to determine if excess amounts of prescriptions are being paid? If yes, will supporting documentation be part of the review – such as orders for the prescription?	Montana State Fund contracts with Express Scripts for prescription fills and these are not covered by this RFP. There may be a few drug charges on some medical bills that are included in this audit and should be supported by the documentation submitted with the bill.
45.	12	3.2	Medical case management is a fairly high cost item. Is medical case management contracted out to another firm or being provided internally by an ACS division? Would there be access to the documentation kept for these services since they are apparently billed in increments of a tenth of an hour? (Page 65 of procedure manual.)	MSF contracts directly with external medical case management entities. These services are not a division of ACS. Providers are required to submit medical records to support billed charges with their bill. The bills and submitted supporting documentation are available in the ACS Examiner Tool Box application.
46.	12	3.2	Use of bone growth stimulators has been under review federal review as kickbacks and bribes were found to be a major concern in the decision to use	MSF claims examiners are required to authorize all bone growth stimulators. This audit should focus on correct payment in accordance with our

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			such equipment. Should a part of the review be focused on looking for safeguards employed by ACS in the use of such equipment or should the review be limited to a check for proper invoices? (Section 26.5 of the procedure manual page 71.)	contract.
47.	12	3.2	Services such as those received in an ambulatory surgery center are often inclusive. Will the entire bill be able to be reviewed as a complete entity?	Ambulatory surgery center bills were submitted on CMS1500 and UB04 forms during the review time period. The entire facility bills will be available to review.
48.	12	3.2	Are invoices coordinated so that one can determine that a facility fee, an anesthesia fee and a surgeon's fee are all for the same procedure and one provider is not billing for a complex operation while another is billing for a routine repair?	Separate bills are submitted by the facility, surgeon and anesthesiologist for a particular procedure.
49.	11	3.2	<p><b>“After notice is given, the insurer is not liable for benefits obtained from non-PPO providers.”</b></p> <p>Who provides this notice?          Who is the notice sent to?          Is this notice pertinent to the bill audit process?</p> <p>If yes, will we have access to documentation that it has been sent?</p>	MSF provides a 48 hour letter to the injured worker following the filing of an injury. This letter includes a copy of our PPO providers. This notice may be pertinent to this bill audit; i.e., if services are provided to an injured worker outside MSF's PPO network it should not be paid without prior authorization by the Medical Team Leader. The successful offeror will not have access to the date the notice was sent but can be assured that it has been provided timely as it is an automated MSF process. The successful vendor should identify any non-PPO payment within the sample as suspect. These exceptions will need to be evaluated when finalizing the audit.
50.	12	3.3.1	<b>Under 1. “audit will be conducted remotely using the ACS Examiner Tool Box application”</b> - What information is in the Tool box to help the awardee with this process (please be specific)?	<p>The following information is available in the ACS Examiner Tool Box application:</p> <p><u>Claim Detail</u></p> <ul style="list-style-type: none"> <li>• Injured Worker Name</li> <li>• Injured Worker SSN</li> </ul>

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				<ul style="list-style-type: none"> <li>• Claim Number</li> <li>• Injury Date</li> <li>• Compensability Status</li> <li>• Medical Exposure Status</li> <li>• Medical Settlement Status</li> <li>• Claim Handling Strategy</li> <li>• Injury Part Description</li> <li>• Nature of Injury</li> <li>• Lockhart Lien Status</li> </ul> <p><u>Bill Detail</u></p> <ul style="list-style-type: none"> <li>• Scanned Bill Image</li> <li>• Scanned Report/Documentation</li> <li>• Explanation of Review</li> <li>• Provider Name</li> <li>• Bill Number</li> <li>• Service To/From Dates</li> <li>• Provider TIN</li> <li>• PPO Identification</li> <li>• Pay Code (Cost Category)</li> <li>• Recommended Allowance</li> <li>• Billed Amount</li> <li>• Date Received</li> <li>• Claim State</li> <li>• Audit (Invoiced) Date</li> <li>• ETB Invoiced Date</li> <li>• Export Date</li> <li>• Paid Date</li> <li>• Check #</li> <li>• Bill Status</li> <li>• Bill Type</li> <li>• Line count</li> <li>• Diagnosis Code</li> <li>• Primary Care Provider(s)</li> <li>• Examiner Name</li> <li>• Examiner Actions(s)</li> </ul>
51.	12	3.3.1	To perform the scope of work will State Fund be exchanging data with the awardee or will the awardee need to develop some sort of interface?	MSF will not be exchanging data with the successful offeror. All information needed will be available in the ACS Examiner Tool Box application.
52.	12	3.3.1 Item 1	<b>“The average volume of bills anticipated for this audit is 75 bills reviewed per day per auditor.”</b>	MSF has three internal bill auditors who conduct routine audits of our medical bill review and payment vendor.

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			<p>What is the basis for this estimate?            Is this estimate based on the auditor utilizing the ACS Examiner Tool Box application?</p>	<p>Seventy-five bills per day are the average number of bills they are able to complete. Auditors will be utilizing the ACS Examiner Tool Box application to audit bills.</p>
53.	13	3.3.1 Item 2e	<p><b>Under 2.e. “National Correct Coding Initiative Edits”</b> – Would it be beneficial for applicants of this RFP to have a CPT coder on staff for this project?</p>	<p>Yes, it is preferred for the successful offeror to have a CPT coder on staff for this project.</p>
54.	13	3.3.1 Item 2	<p><b>“The audit will evaluate if medical payments or denials are in compliance with. . .”</b>            Is this a coding review (which would require a review of the medical records) or a fee schedule/billing review only?</p>	<p>The audit is expected to include appropriate use of codes and payment in accordance with claims information and documentation submitted with the bill.</p>
55.	13	3.3.1 Item 3a	<p>Is it anticipated that the final report would include a separate audit worksheet for each bill reviewed or could this be a summary worksheet with a line for each review?</p>	<p>The final report must include a summary of the findings and a separate audit worksheet for each bill audited to include:</p> <ul style="list-style-type: none"> <li>• MSF Claim Number</li> <li>• Billing Provider Name</li> <li>• From / To DOS</li> <li>• Bill Number</li> <li>• Provider Charges</li> <li>• Bill Review Fee</li> <li>• Fee Schedule Reduction</li> <li>• PPO Network Savings</li> <li>• PPO Network Fee</li> <li>• Provider Payment</li> <li>• Error Comments</li> </ul>
56.	16	4.2.3	<p><b>Under “Please include the expected time frame necessary to complete the audit services described”</b> – Based on reading the RFP it appears time frames are already spelled out in this section including: five days of rule/regulation/MSF audit training, ACS Examiner Tool training, 30 days to complete audit after training, draft report due March 14, 2014 and final report due March 31, 2014 (Page 13 number 3.), contract date of January 1, 2014 to December 31,</p>	<p>Correct, MSF has already determined the dates for completion of this audit. However, vendor can provide the report before the deadline.</p>

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			2014 (Page 5 number 1.2)  Are these times frames not already spelled out in the RFP for those submitting proposals?	
57.	16	4.2.3	<p><b>“The average volume of bills anticipated for this audit is 75 bills per day per auditor with completion within thirty work days following training.”</b></p> <p>Will the successful bidder be held to the 30 day limit to perform the 6,510 bill audits or can the work be managed to meet the March 14<sup>th</sup> draft report deadline?</p>	The RFP stipulates 30 work days. The successful offeror is expected to manage the work to meet the March 14, 2014 draft report deadline.
58.	17	5.1	The RFP defines the scope of work to be bid on between January 1, 2014 and March 31, 2014. However, the contract timeframe extends to December 31, 2014. What additional requirements will be expected of the bidder from March 31 <sup>st</sup> to the end of the contract timeframe?	At this time MSF does not anticipate further services or tasks not accounted for in the scope of work following the delivery of the final audit report on March 31, 2014.
59.	13	3.3	Our process involves allowing the Administrator (ACS) to view our audit findings and recommendations in a Draft Report prior to providing to MSF. This allows us to confirm/validate our findings and reduce the number of “false positive” error findings. Would MSF allow for ACS to view a draft report prior to MSF?	MSF anticipates ACS will be available to respond to audit findings on an iterative basis during the audit. It is MSF’s preference to have this completed prior to the submission of the draft report to MSF.
60.	13	3.3	Does ACS have any internal audit procedures for reviewing bills. If so, do they have reports that illustrate the types of errors that have been identified from previous audits?	ACS is required by contract to have an internal quality assurance program, but MSF does not have access to those reports.