Health Care Excel®

Corporate Office
2629 Waterfront Parkway East Drive, Suite 200
Post Office Box 53380
Indianapolis, IN 46253-0380
(317) 347-4500
www.hce.org

December 30, 2009

Mary Tavegia, Issuing Officer
Iowa Department of Human Services
Iowa Medicaid Enterprise
200 Army Post Road, Suite 2
Des Moines, Iowa 50315

RE: Transmittal Letter
Iowa Medicaid Enterprise Professional Services Procurement, RFP MED-10-013
Program Integrity Component

Dear Ms. Tavegia:

Health Care Excel (HCE) is pleased to submit a proposal pursuant to RFP #: MED-10-013. This Proposal addresses the Program Integrity component under the Professional Services procurement of the RFP. All required content outlined in Section 7.2.2 has been included in this transmittal letter.

a. Bidder's mailing address. Health Care Excel, Incorporated
2629 Waterfront Parkway East Drive, Suite 150
Indianapolis, Indiana 46214-2077

b. Electronic mail address, fax number, and telephone number for both the authorized signer and the point of contact designated by the bidder.

Authorized signer and Point of contact	Mary Kapur, Chief Executive Officer
Telephone:	317-347-4500, Extension 1105
Facsimile:	317-347-4567
E-mail address:	mkapur@hce.org

c. A statement indicating that the bidder is a corporation or other legal entity

1. **All subcontractors should be identified, and a statement included that indicates the exact amount of work to be done by the prime contractor and each subcontractor, as measured by percentage of total contract price.**

2. **The technical proposal must not include actual price information.** By signing this letter, Mary Kapur, Chief Executive Officer, certifies that Health Care Excel is a corporation and further certifies that all subcontractors are identified in this proposal and each component of work by the prime contractor and the subcontractor's price has been identified and measured by percentage of total contract price. No actual price information is included in this transmittal letter or in the technical proposal.

d. **A statement confirming that the prime contractor is registered or agrees to register to do business in Iowa and providing the corporate charter number (if currently issued), along with assurances that any subcontractor proposed is also licensed or will become licensed to work in Iowa.** Health Care Excel, acting as prime contractor, is registered to perform business in Iowa and any subcontractor proposed will also be licensed or become licensed to work in Iowa.

e. **A statement identifying the bidder's federal tax identification number.** The Federal tax identification number for Health Care Excel is #35-1392974.

f. **A statement that the bidder will comply with all contract terms and conditions as indicated in this RFP.** Health Care Excel will comply with all contract terms and conditions as indicated in the RFP.

Attachment O is labeled as a "sample contract", and as there is a provision in the RFP and a timing for negotiations, there are specific topics that we would like to request be considered during the contract negotiations. Specifically, these topics include the following list.

1. **Section 7—Payment Terms and Compensation**. We would like an opportunity to discuss provisions related to payment terms and that impact on revenue recognition.
2. **Section 9—Confidential Information**. We understand that the State is modifying the terms of the Business Associate Agreement (Sections 9.2 and 9.3) and we would like to know and be able to discuss the specifics of those changes, as well as other aspects of this section.
3. **Section 12—Insurance**. We would like to discuss some minor changes to clarify certain aspects of our insurance coverage.
4. **Section 15—Operating Systems and Software Applications**. We are particularly interested in certain provisions in this section and would like an opportunity to discuss aspects related to the categories of software, perpetual licenses, source code requirements, and third party software requirements.
5. **Section 22—General Provisions**. Section 22.9 contains a provision for the State's immunity from liability. Because IME will be providing data for the Data Analytics tools, and we will need to make sure that the data in our Data Analytics tools are of high quality, we would like to discuss the matter of the State's responsibility for providing good data from the DW/DS system.
6. **Other.** We would like to discuss a provision for limitation of liability.
7. **Other**. Thomson Reuters, at no additional charge, provides its MarketScan normative data to customers who contribute their data to the MarketScan data pool under the terms

of a Data Contribution and Use Agreement. We would like to discuss this type of arrangement with the IME.

g. **A statement that no attempt has been made or will be made by the bidder to induce any other person or firm to submit or not to submit a proposal.** No attempt has been made or will be made by Health Care Excel to induce any person or firm to submit or not submit a proposal.

h. **A statement of affirmative action that the bidder does not discriminate in its employment practices with regard to race, color, religion, age (except as provided by law), sex, marital status, political affiliation, national origin, or handicap.** Health Care Excel does not discriminate in its employment practices with regards to race, color, religion, age, sex, marital status, political affiliation, national origin, or handicap and maintains a corporate policy to such effect.

i. **A statement that no cost or pricing information has been included in this letter or the Technical Proposal.** Mary Kapur, Chief Executive Officer, certifies that no cost or pricing information is included in this transmittal letter or in the technical proposal.

j. **A statement identifying all amendments to this RFP issued by the state and received by the bidder. If no amendments have been received, a statement to that effect shall be included.** Health Care Excel certifies that, as of the date of this letter, it is in receipt of and acknowledges Amendments 1, 2, and 3.

k. **A statement that the bidder certifies in connection with this procurement that:**

1. The prices proposed have been arrived at independently, without consultation, communication, or agreement, as to any matter relating to such prices with any other bidder or with any competitor for the purpose of restricting competition; and

2. Unless otherwise required by law, the prices quoted have not been knowingly disclosed by the bidder prior to award, directly or indirectly, to any other bidder or to any competitor.

HCE's prices have been arrived at independently, without consultation with any other bidder or competitor, and no prices submitted have been disclosed to any other organization.

l. **A statement that the person signing this proposal certifies that he or she is the person in the bidder's organization responsible for or authorized to make decisions regarding the prices quoted and that he or she has not participated and will not participate in any action contrary to item k.** The person signing this letter, Mary Kapur, is Health Care Excel's Chief Executive Officer. She is the person responsible for and authorized to make decisions regarding prices quoted. She will not and has not participated in any action contrary to item k.

m. If the use of subcontractors is proposed, a statement from each subcontractor must be appended to the transmittal letter signed by an individual authorized to legally bind the subcontractor stating:

1. The general scope of work to be performed by the subcontractor;

2. The subcontractor's willingness to perform the work indicated; and

3. The subcontractor's assertion that it does not discriminate in employment practices with regard to race, color, religion, age (except as provided by law), sex marital status, political affiliation, national origin, or handicap.

A separate Transmittal Letter on Thomson Reuters' letterhead has been enclosed in this Tab 2. Please refer to the Thomson transmittal letter for information requested in item m., #1—3.

n. Any request for confidential treatment of information shall also be identified in the transmittal letter, in addition to the specific statutory basis supporting the request and an explanation why disclosure of the information is not in the best interest of the public.

A separate Transmittal Letter on Thomson Reuters' letterhead has been enclosed in this Tab 2.

o. The name, address and telephone number of the individual authorized to respond to the Department about the confidential nature of the information.

HCE Authorized Person to Respond:	Mary Kapur, Chief Executive Officer
Name of Company	Health Care Excel, Incorporated
Street Address:	2629 Waterfront Parkway East Drive, Suite 150
City, State, Zip code:	Indianapolis, Indiana 46214-2077
Telephone:	317-347-4500, Extension 1105
Facsimile:	317-347-4567
E-mail address:	mkapur@hce.org

2nd Point of Contact for HCE :	Mitzi Daffron, Business Development Director
Name of Company	Health Care Excel, Incorporated
Street Address:	P.O Box 3713
City, State, Zip code:	Terre Haute, Indiana 47803
Telephone	(812) 234-1499, Extension 295
Facsimile:	(812) 232-6167
E-mail address:	mdaffron@hce.org

p. **A statement that the submitted Bid Proposal Security shall guarantee the availability of the services as described throughout the bid proposal.** With the submission of a bid proposal security, Health Care Excel guarantees the availability of all services outlined in the proposal.

q. **A statement that the bidder acknowledges the acceptance of all term and conditions stated in the RFP.** Health Care Excel accepts all terms and conditions stated in the RFP.

Sincerely,

Mary Kapur
Chief Executive Officer

Enclosures:

- One original, eight copies, and one sanitized copy of the Technical Proposal
- One original, eight copies, and one sanitized copy of the Cost Proposal
- One original, eight copies, and one sanitized copy of the Company Financial Information
- One submitted CD-ROM containing one full version of the Technical Proposal and the Cost Proposal in protected PDF format.
- One submitted CD-ROM containing the sanitized version of the Technical Proposal and a copy of the Cost Proposal in protected PDF format.

THOMSON REUTERS

777 East Eisenhower Parkway
Ann Arbor, MI 48108

+1 734 913 3000

December 29, 2009

Ms. Mary Tavegia, Issuing Officer
Iowa Department of Human Services
Iowa Medicaid Enterprise
200 Army Post Road, Suite 2
Des Moines, Iowa 50315

RE: Proposal to Iowa Medicaid Enterprise for Program Integrity
RFP #: MED-10-013

Dear Ms. Tavegia:

Thomson Reuters is pleased to join Health Care Excel (HCE) as a subcontractor in submitting this proposal to provide program integrity services to Iowa Medicaid Enterprise (IME), as well as an optional proposed SURS/MARS replacement system.

As required by the Request for Proposal, we provide the following information:

1. ***The general scope of work to be performed by the subcontractor***

   Thomson Reuters will provide its proven healthcare data analytics products and services.

   In addition to our skilled analysts and proven fraud algorithms, we are proposing the following key system components to meet the IME data analytic needs:

   First, our base proposal includes the use of Thomson Reuters DataProbe® system. DataProbe is used extensively by State Medicaid programs and CMS to support program integrity and other healthcare analytics for both Medicaid and Medicare. As described in our proposal, it has been used to identify healthcare quality improvements and cost savings and recovery opportunities involving hundreds of millions of dollars.

   Second, as an optional, additional offering, we are proposing use of our Medstat Advantage Suite® system to provide the CMS-certified MARS and SURS functionality as requested by IME. This system would replace the current Iowa SURS and MARS mainframe subsystems. The Advantage Suite system will also provide clinically-rich and easy-to-use decision support capabilities to further strengthen budget forecasting efforts and the identification of strategies to assist IME in improving healthcare delivery to Medicaid program members.

2. ***The subcontractor's willingness to perform the work indicated***

   As a subcontractor to HCE, Thomson Reuters is willing to perform the work indicated in the applicable sections of this RFP.

3. ***The subcontractor's assertion that it does not discriminate in employment practices with regard to race, color, religion, age (except as provided by law), sex, marital status, political affiliation, national origin, or handicap.***

   It is the policy of Thomson Reuters to promote equal opportunity in our hiring policies. We are committed to providing equal employment opportunities for all persons regardless of: race, color, religion, age, sex/gender (including pregnancy), marital status, political affiliation, national origin, disability, sexual orientation, citizenship status, veteran status, or any other classification protected by applicable federal, state, provincial, or local laws.

Request for Confidential Treatment of Information

Certain information provided in our proposal has been identified as confidential in accordance with the Iowa Open Records Act [specifically, section 22.7(3)]. Under the statute, this information is confidential and must be protected from public disclosure because the information constitutes "trade secrets which are recognized and protected as such by law." It is our belief that release of this information would not be in the best interest of the public. Disclosure of the confidential, proprietary, and trade secrets information contained in our proposal would cause both irreparable harm to Thomson Reuters, and also damage to the procurement efforts in Iowa by discouraging private parties from providing proprietary information needed by Iowa's state officials to make well-informed and intelligent decisions to meet the needs of state government.

As reflected by the State's RFP, the State is looking to the private sector for substantial assistance and information to aid its efforts toward achieving greater efficiency and effectiveness in providing information technology and healthcare analytical expertise in its health and human services enterprise public objectives. This information was essential to ensure an effective procurement that would be in the best interests of the State of Iowa.

Due to the irreparable harm it will suffer if its proprietary information is released, Thomson Reuters would not have voluntarily provided the State with an RFP submission if we thought that such information would be made publicly available. In addition to the private gain to Thomson Reuters' competitors, release of our proprietary information would cause substantial public loss by undermining the State of Iowa's ability to obtain vital information from the private sector. Disclosure would therefore only create a chilling effect on the private sector continuing to share its proprietary know-how, trade secrets, and confidential business information that assist the State and the overall public governance objectives of the State, if such information is not protected.

Thomson Reuters further contends that this material must be protected so as not to give advantage to a competitor or bidder.

(a) The specific information which Thomson Reuters claims to be exempt is highly restricted and controlled, and is not known outside of the company, except where it has been provided on a confidential basis and appropriate non-disclosure agreements have been executed.

(b) The specific information which Thomson Reuters claims to be exempt is tightly controlled; it is available to less that 2-3% of Thomson Reuters employees and is restricted to a very small percentage of others involved in our business.

(c) Thomson Reuters takes substantial measures to guard the secrecy of the information designated as confidential in our proposal, including physical control and electronic safeguard security measures, as well as restrictive agreements with employees, partners, and customers, and legal action when necessary to enforce those agreements.

(d) This information is extremely valuable to Thomson Reuters and to competitors in the market because Thomson Reuters is the national leader in the field of healthcare decision support and informatics. The value is emphasized by the fact that competitors have worked hard to obtain our confidential information and we have expended and continue to expend significant resources to prevent such disclosure.

(e) Over a period of more than 28 years, we have spent many hundreds of person years of effort and millions of dollars to develop Thomson Reuters specialized healthcare decision support software, operational methodologies, customer success and results, and marketing and sales strategies.

(f) The knowledge and specific information that Thomson Reuters is seeking to exempt from public disclosure would be extremely difficult, time consuming, expensive, and require great technical expertise to develop independently or duplicate by proper means.

For inquiries concerning the confidential status of Thomson Reuters materials, contact:

Carol Allis, Sr. Counsel
Thomson Reuters (Healthcare) Inc.
777 East Eisenhower Parkway
Ann Arbor, MI 48108
Telephone: (734) 913-3228

We believe Thomson Reuters offers a unique combination of product, approach and expertise to deliver services with a level of quality that will meet and exceed your expectations. I am legally authorized to make binding commitments related to the scope, terms, specifications, and pricing provided in our response on behalf of Thomson Reuters. We appreciate your consideration of this proposal.

Sincerely,

Jonathan S. Newpol
Executive Vice President