

**IOWA DEPARTMENT OF HUMAN SERVICES  
IOWA MEDICAID ENTERPRISE  
CLAIMS EDITING AND CORRECT CODING INITIATIVE (CCI)  
MED-09-016**

**AMENDMENT 1 – AUGUST 11, 2009**

**Amendments in Bold**

Whereas the Department has determined it is necessary to amend RFP MED-09-016 to revise, add to, or delete text contained in the published RFP.

Therefore, the following amendments apply to RFP MED-09-016 (\*Note all amended text appears in bold face type):

#	SECTION, PAGE	AMENDMENT TO RFP
1	Section 1.1, page 3	<p>Section 1.1 of the RFP is amended to read as follows:</p> <p>This Request for Proposal (RFP) seeks to solicit proposals from vendors for claim editing services to ensure correct coding methodologies are followed on Iowa Medicaid claims and to control improper coding leading to inappropriate payment.</p> <p>The National Correct Coding Initiative (CCI) consists of automated edits used to evaluate claim submissions when a provider bills more than one service for the same beneficiary and same date of service. CCI edits identify pairs of services that normally should not be billed by the same physician for the same patient on the same date of service. These edits ensure the most comprehensive groups of codes are billed rather than the component parts. Additionally, CCI edits check for mutually exclusive code pairs. Although use of CCI edits are mandatory in the Medicare program, State Medicaid agencies are not required to use these edits in processing their claims.</p> <p>The Centers for Medicare and Medicaid Services (CMS) developed the CCI to promote national correct coding methodologies and to control improper coding leading to inappropriate payment. CMS developed its coding policies based on coding conventions defined in the American Medical Association’s Current Procedure Terminology (CPT) manual, national and local policies and edits, coding guidelines developed by national societies, analysis of standard medical and surgical practices, and a review of current coding practices.</p> <p><b>Through this RFP, the Department seeks a vendor to implement CCI edits as well as other cost saving edit solutions to be applied in a post-adjudication, external process. A claim editing solution should also include edits related to duplicate claims, lab bundling, new patient evaluation, global surgery packages, maximum units, and others. Payments to the successful vendor will be based on a contingency fee calculated based on actual savings to the Department.</b></p> <p>The contract resulting from this RFP will be for a period of three (3) years with three (3) one-year renewal options.</p>

2	Section 2.4, page 5	<p>The following dates are set forth for information and planning purposes; however, the Department reserves the right to change the dates.</p> <p>Notice of Intent to Issue RFP ..... 06/24/09  Issue RFP ..... 07/13/09  Letters of Intent to Bid/Questions Due ..... 07/24/09  Response to Questions Issued ..... 08/03/09  <b>Closing Date for Receipt of Bid Proposals and Amendments..... 08/31/09</b>  <b>Notice of Intent to Award Issued ..... 09/08/09</b>  <b>Completion of Contract Execution..... 09/14/09</b>  <b>Begin Contract ..... 09/18/09</b></p>
3	Section 3.1, page 11.	<p>Section 3.1 of the RFP is amended to read as follows:</p> <p><b>3.1 Introduction</b></p> <p>The Correct Coding Initiative (CCI) was developed by CMS to promote national correct coding methodologies and to control improper coding leading to inappropriate payments. CCI edits identify pairs of services that normally should not be billed by the same physician for the same patient on the same date of service. The purpose of the CCI edits is to ensure the most comprehensive groups of codes are billed rather than the component parts. Additionally, CCI edits check for mutually exclusive code pairs.</p> <p>Research indicates there are additional cost savings in applying claim edits that take advantage of the data mining of historical claims to verify such items as new patient evaluation, bundling of services, maximum units, global surgery packages, and more.</p> <p>Detailed below are the activities to be accomplished as part of the claims editing / CCI project. The project is divided into phases. Key activities, deliverables and performance measures are identified for each phase. The Core Unit Manager (the State staff person responsible for the Core Unit) will be Project Director for this project.</p> <p><b>Bidders should note that the Department is seeking through this RFP both a CCI edit process as well as other edit solutions. All edit processes to which the Department agrees will be subject to the same savings calculation methodology and contingency fee percentage as outlined in this RFP and the successful bidder's proposal.</b></p> <p>All aspects of the goods and services described in this section must be addressed in the bidder's technical proposal. All fees associated with goods and services described in this section must be addressed in the bidder's cost proposal. The Department prefers that this be a contingency based fee schedule. The contingency fee will be based on actual savings by the Department per month. Describe how you propose to comply with each requirement. Include a detailed description of the manner in which the bidder will perform specific tasks and provide assurances that the deliverables will be completed. All deliverables must be reviewed and approved by the Department.</p>

5	Section 3.2.1.1, pages 11-12	<p>Section 3.2.1.1 of the RFP is amended to read as follows:</p> <p>3.2.1.1 <u>Key Activity:</u> Process claim files post-adjudication to apply edits that support the national correct coding methodology and identify improper coding that leads to inappropriate payment.</p> <p><u>Contractor Responsibilities:</u></p> <ul style="list-style-type: none"> <li>• Propose a solution that will interface with the existing IME Claims Processing System with minimal impact on daily operations of the MMIS Claims Processing System.</li> </ul> <p>The Claims Editor solution must contain the following system functions:</p> <ol style="list-style-type: none"> <li>a. <b>Edit Claims at the direction of the Department based on correct coding principles and best practices, including but not limited to the National Correct Coding Initiative (“CCI”).</b></li> <li>b. <b>Support communication with providers concerning claim editing activity.</b></li> <li>c. IME must be allowed to selectively apply edits based upon Iowa State rules and policies. An effective date range will be available for edits that are changed/added/deleted/turned on/turned off. This would be for the purpose of retroactive processing.</li> <li>d. Provide for secure transmitting of claims data between the IME and the claims editing vendor.</li> <li>e. Return the corrected claims results within 12 hours to ensure timely payment of claims to providers.</li> </ol> <ul style="list-style-type: none"> <li>• The solution must include Customer Service interface to allow viewing and explanation of a correction at a claim level. This interface must be available to our Provider Services call center staff, and others as needed for research and examination.</li> </ul> <p><u>Deliverables:</u></p> <ul style="list-style-type: none"> <li>• Written report that includes a thorough description of the proposed service solution; a high-level diagram of expected data flow; anticipated performance levels; initial and ongoing support from subject matter <b>experts regarding correct coding principles and best practices, including suggestion of new edits or changes to existing edits</b>; a description of any licensing, software or hardware requirements; and a brief narrative explaining why the solution is the best one for the IME.</li> </ul> <p><u>Performance Measures:</u></p> <ul style="list-style-type: none"> <li>• The written report will be due according to the schedule in Department approved project plan.</li> </ul>
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5	Section 3.2.7 (new provision) page 19	<p>The following new Section 3.2.7 is hereby added to the RFP:</p> <p><b>3.2.7 Key Activity: Year-end Report</b></p> <p><b><u>Contractor Responsibilities:</u></b> Contractor shall provide a year-end statistical report that analyzes claims that were subject to Contractor edits and the financial impact of the Contractor’s services. The report shall, among other things, analyze the financial implications of edited claims that were resubmitted by providers following Contractor’s edits. The resubmission analysis shall detail claims that were submitted and denied multiple times and claims for which coding was changed by the provider and resubmitted, thereby increasing payment to the provider following the Contractor’s edit. The report shall also address outcome and financial impact of any provider appeals from Contractor’s edits.</p> <p>The report shall clearly outline both the original claimed savings from each state fiscal year and the adjusted savings in each state fiscal year after reduction of any adjustments for resubmitted claims and provider appeals.</p> <p>The reports shall be subject to Department verification and approval. The results of the report may impact Contractor compensation going forward, as noted in the Performance Measures outlined in this Section.</p> <p><b><u>Deliverables:</u></b> A final Year-end Report.</p> <p><b><u>Performance Measures:</u></b> Contractor shall provide an initial Year-end Report no later than 60 days following the end of each state fiscal year (June 30).</p> <p>Contractor must obtain Department approval for the final report no later than 120 days following the end of each state fiscal year.</p> <p>If the Year-end Report reveals that the Contractor’s contingency fee percentage has been inflated by more than one-half of one percent in each state fiscal year due to excess appeal reversals and resubmission of claims, the Department shall have the authority to offset prospective payments to the Contractor by the value of the contingency fee associated with the variance between the original savings and the adjusted savings.</p>
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5	Section 3.2.7 (continuation)	<p><b>Example (the following are examples only and not intended to indicate projected savings or anticipated contingency fee percentages):</b></p> <p><b>Original claimed savings were \$10 million, but the adjusted savings show that savings were only actually \$8 million. If the contingency fee were 5%:</b></p> <p><b>Original Contingency Fee = \$10M * 5% = \$500,000</b>  <b>Adjusted Contingency Fee - \$8M * 5% = \$400,000</b></p> <p><b>Effective Contingency Fee Percentage:</b>  <b>\$500,000/\$8 million = 6.25%</b></p> <p><b>The Effective Contingency Fee Percentage is greater than one-half of one percent of the original contingency fee percentage. Therefore, the Department may elect to offset future Contractor payments by the difference between the original fee (\$500,000) and the adjusted fee (\$400,000).</b></p>
6	Section 3.2.8 (new provision)	<p>The following new Section 3.2.8 is hereby added to the RFP:</p> <p><b>3.2.8 Key Activity: Appeal Support</b></p> <p><b><u>Contractor Responsibilities:</u> Contractor shall provide any requested assistance, including fact witness testimony and expert witness testimony, in the Department’s defense of Contractor edits applied to provider claims, in any administrative or judicial proceeding.</b></p> <p><b><u>Deliverables:</u> Assistance in addressing challenges to Contractor’s edit activity, including but not limited to fact and expert witness testimony.</b></p> <p><b><u>Performance Measures:</u></b>  <b>Contractor shall make witnesses available and provide other assistance regarding challenged edits as requested by the Department.</b></p>
4	Section 4.2.7, page 26	<p>Certification and Guarantees by the Bidder (Tab 7): The number sequence starting after 4.2.7.3 is corrected to read as follows:</p> <p><b>4.2.7.4</b>  <b>4.2.7.5</b>  <b>4.2.7.6</b>  <b>4.2.7.7</b>  <b>4.2.7.8</b>  <b>4.2.7.9</b>  <b>4.2.7.10</b></p>

7	Section 4.3.3, page 27	<p>Section 4.3.3 of the RFP is amended to read as follows:</p> <p>4.3.3 Pricing Schedule (Tab 3) – See Pricing Schedule provided in Attachment L for specific format and content instructions.</p> <p>The Department will consider a contingency based fee schedule only (see Attachment K for information on State Fiscal Year 2008 claim volume). <b>The contingency fee paid to the successful bidder will be based on savings to the Department multiplied by the contingency fee percentage outlined in the bidder’s cost proposal. Savings to the Department shall be based on the difference between (1) what the Department would have paid after MMIS adjudication of the claim, and (2) what the Department did pay on the claim after Contractor edits.</b></p>
8	Attachment L, page 76	See attached

**ATTACHMENT L**

**IOWA MEDICAID ENTERPRISE**

**RFP MED-09-016 PRICING SCHEDULE**

<b>Contingency Fee applicable to all Contractor services for all years of contract including extensions</b>	
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