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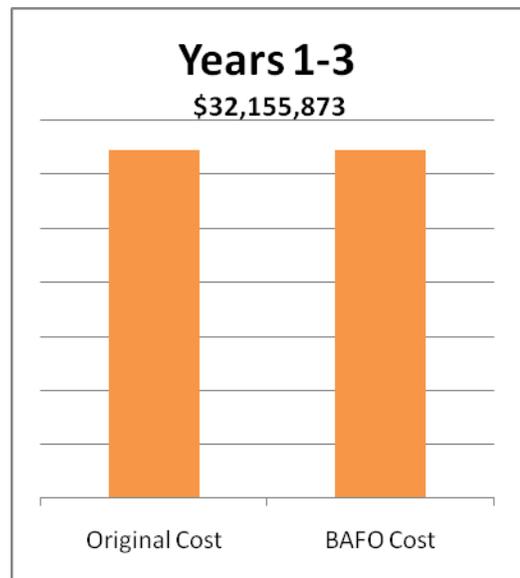
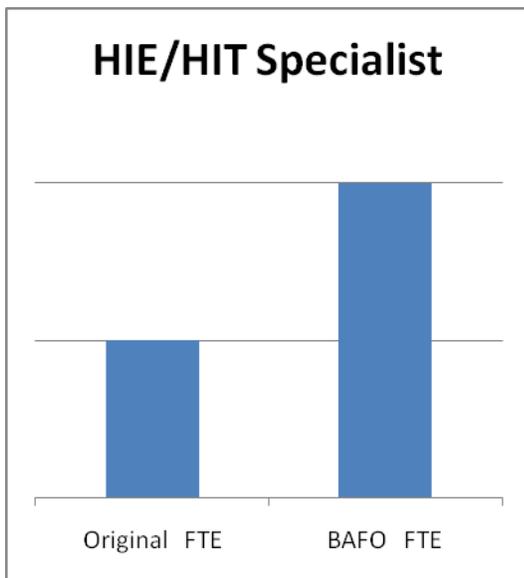
January 29, 2010

Mary Tavegia
Issuing Officer, Professional Services #MED-10-001
Iowa Department of Human Resources
Iowa Medicaid Enterprise
EMAIL: medicaidrfp@dhs.state.ihs

Subject: Medical Services BAFO Request

Dear Ms. Tavegia:

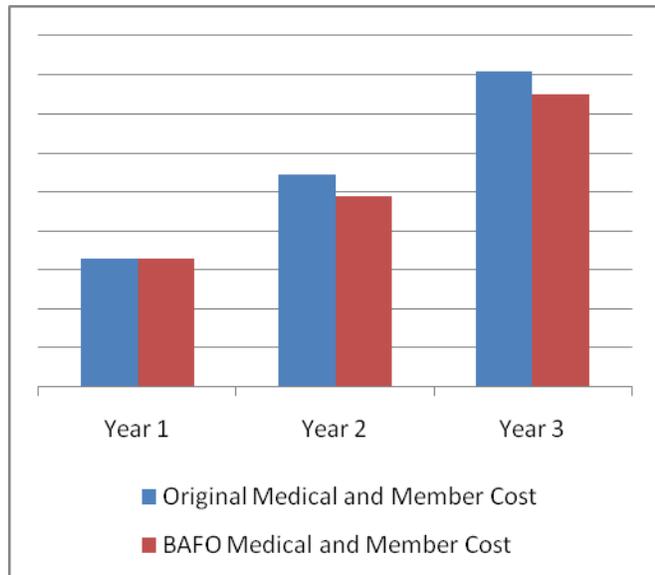
On behalf of IFMC, I am pleased to submit to you IFMC's response to the Department's request for a best-and-final-offer regarding IFMC's proposal for the Medical Services component of RFP Professional Services #MED-10-001. As stated in our proposal, the Department has begun development of a State Medicaid Health Information Technology (HIT) Plan that will strategically align with the Iowa e-Health Project and other statewide HIT initiatives, such as the proposed Iowa HIT Regional Extension Center. IFMC intends to collaborate and align our efforts with the Department and IDPH to achieve maximum progress in the adoption and meaningful use of electronic health records by Iowa providers. To that end, IFMC will commit another .5 FTE HIE/HIT Specialist to create 1FTE HIE/HIT Specialist dedicated to this effort at no cost to the Department. Please see charts below indicating the increase in staff and no increase in cost.



IFMC has also received a request for a best-and-final-offer for the Member Services component of RFP Professional Services #MED-10-001. IFMC believes there are cost

efficiencies to be gained by the Department should IFMC be awarded both Medical Services and Member Services.

To that end, should IFMC be awarded both the Medical and Member Services components of RFP Professional Services #MED-10-001, IFMC will provide the Department an additional discount of 1% for base years 2 and 3 of the Medical Services component, which is graphically shown to the right. This additional 1% discount for awarding IFMC both Medical and Members Services components is in addition to the .5 FTE HIE/HIT position added to the Medical Services component and the 1 FTE Customer Service Specialist added to Member Services component.



I have attached two pricing schedules for consideration. The first is included as Exhibit 1 and is the best-and-final-offer pricing schedule for Medical Services only. The second, should the Department award both Medical and Members Services to IFMC, is included as Exhibit 2. The financial impact of the 1% discount in base years 2 and 3 is shown in Exhibit 3. If you have any further questions, please do not hesitate to contact me.

Sincerely,

Peg Mason
Group Vice President

Encls.



IME Medical Services Proposal

Period of Performance: 7/1/2010 - 6/30/2013

Attachment N-1

EXHIBIT 1

Pricing Schedule for Medical Services

Transition							
Line Item Description	Year 1	Year 2	Year 3	Opt 1	Opt 2	Opt 3	Total
Software if approved by the Department							
6.2.1 Medical Support							
Salaries and Benefits	\$ 1,173,467	\$ 1,208,671	\$ 1,244,931	\$ 1,282,279	\$ 1,320,747	\$ 1,360,370	\$ 7,590,464
Administrative Overhead	\$ 380,644	\$ 392,064	\$ 403,825	\$ 415,940	\$ 428,418	\$ 441,271	\$ 2,462,163
Other Costs							
Consultants	\$ 36,450	\$ 37,544	\$ 38,670	\$ 39,830	\$ 41,025	\$ 42,256	\$ 235,774
Travel	\$ 30,375	\$ 31,286	\$ 32,225	\$ 33,192	\$ 34,187	\$ 35,213	\$ 196,478
Predictive Modeling/Case Management	\$ 91,889	\$ 94,645	\$ 97,485	\$ 100,409	\$ 103,421	\$ 106,524	\$ 594,373
General Business Expense	\$ 13,407	\$ 13,809	\$ 14,224	\$ 14,650	\$ 15,090	\$ 15,543	\$ 86,723
Pass Through - CAC Meetings/Postage & Pages	\$ 9,828	\$ 10,123	\$ 10,427	\$ 10,739	\$ 11,062	\$ 11,393	\$ 63,572
6.2.2 Children's Health Care Prevention and Well-Child-Care Program							
Salaries and Benefits	\$ 302,030	\$ 311,090	\$ 320,423	\$ 330,036	\$ 339,937	\$ 350,135	\$ 1,953,651
Administrative Overhead	\$ 110,730	\$ 114,052	\$ 117,474	\$ 120,998	\$ 124,628	\$ 128,367	\$ 716,249
Other Costs							
Consultants	\$ 36,450	\$ 37,544	\$ 38,670	\$ 39,830	\$ 41,025	\$ 42,256	\$ 235,774
Predictive Modeling/Case Management	\$ 74,339	\$ 76,569	\$ 78,866	\$ 81,232	\$ 83,669	\$ 86,179	\$ 480,852
General Business Expense	\$ 13,407	\$ 13,809	\$ 14,224	\$ 14,650	\$ 15,090	\$ 15,543	\$ 86,723
Pass Through - CAC Meetings/Postage & Pages	\$ 3,931	\$ 4,049	\$ 4,171	\$ 4,296	\$ 4,425	\$ 4,557	\$ 25,429
6.2.3 Medical Prior Authorization							
Salaries and Benefits	\$ 1,132,469	\$ 1,166,443	\$ 1,201,436	\$ 1,237,479	\$ 1,274,604	\$ 1,312,842	\$ 7,325,272
Administrative Overhead	\$ 383,276	\$ 393,740	\$ 404,517	\$ 416,653	\$ 429,152	\$ 442,027	\$ 2,469,365
Other Costs							
Consultants	\$ 36,450	\$ 37,544	\$ 38,670	\$ 39,830	\$ 41,025	\$ 42,256	\$ 235,774
High Tech Imaging/PA	\$ 216,000	\$ 216,000	\$ 216,000	\$ 222,480	\$ 229,154	\$ 236,029	\$ 1,335,663
General Business Expense	\$ 13,413	\$ 13,815	\$ 14,230	\$ 14,656	\$ 15,096	\$ 15,549	\$ 86,759
Pass Through - CAC Meetings/Postage & Pages	\$ 9,828	\$ 10,123	\$ 10,427	\$ 10,739	\$ 11,062	\$ 11,393	\$ 63,572



IME Medical Services Proposal

Period of Performance: 7/1/2010 - 6/30/2013

Attachment N-1

EXHIBIT 1

Pricing Schedule for Medical Services

6.2.4 Long-Term Care (LTC) Reviews							
Salaries and Benefits	\$ 4,243,586	\$ 4,370,894	\$ 4,502,021	\$ 4,637,081	\$ 4,776,194	\$ 4,919,480	\$ 27,449,256
Administrative Overhead	\$ 1,331,134	\$ 1,371,068	\$ 1,412,200	\$ 1,454,566	\$ 1,498,203	\$ 1,543,150	\$ 8,610,323
Other Costs							
Consultants	\$ 36,450	\$ 37,544	\$ 38,670	\$ 39,830	\$ 41,025	\$ 42,256	\$ 235,774
Travel	\$ 91,125	\$ 93,859	\$ 96,675	\$ 99,575	\$ 102,562	\$ 105,639	\$ 589,434
Predictive Modeling/Case Management	\$ 148,677	\$ 153,137	\$ 157,732	\$ 162,464	\$ 167,337	\$ 172,358	\$ 961,705
General Business Expense	\$ 29,613	\$ 30,501	\$ 31,416	\$ 32,359	\$ 33,329	\$ 34,329	\$ 191,547
Pass Through - CAC Meetings/Postage & Pages	\$ 9,828	\$ 10,123	\$ 10,427	\$ 10,739	\$ 11,062	\$ 11,393	\$ 63,572
6.2.5 Quality of Care							
Salaries and Benefits	\$ 135,583	\$ 139,651	\$ 143,840	\$ 148,155	\$ 152,600	\$ 157,178	\$ 877,007
Administrative Overhead	\$ 42,946	\$ 44,234	\$ 45,561	\$ 46,928	\$ 48,336	\$ 49,786	\$ 277,789
Other Costs							
General Business Expense	\$ 13,410	\$ 13,812	\$ 14,227	\$ 14,654	\$ 15,093	\$ 15,546	\$ 86,742
Pass Through - CAC Meetings/Postage & Pages	\$ 1,966	\$ 2,025	\$ 2,085	\$ 2,148	\$ 2,212	\$ 2,279	\$ 12,714
6.2.6 Health Information Technology							
Salaries and Benefits	\$ 176,453	\$ 181,747	\$ 187,199	\$ 192,815	\$ 198,599	\$ 204,557	\$ 1,141,370
Administrative Overhead	\$ 64,273	\$ 66,202	\$ 68,188	\$ 70,233	\$ 72,340	\$ 74,511	\$ 415,747
Other Costs							
General Business Expense	\$ 13,410	\$ 13,812	\$ 14,227	\$ 14,654	\$ 15,093	\$ 15,546	\$ 86,742
Pass Through - CAC Meetings/Postage & Pages	\$ 3,931	\$ 4,049	\$ 4,171	\$ 4,296	\$ 4,425	\$ 4,557	\$ 25,429
Grand Total	\$ 10,410,768	\$ 10,715,576	\$ 11,029,529	\$ 11,360,415	\$ 11,701,227	\$ 12,052,264	\$ 67,269,779



IME Member and Medical Services Proposal

Period of Performance: 7/1/2010 - 6/30/2013

Attachment N-6

Pricing Schedule for Member and Medical Services

Transition	\$ 38,655						
Line Item Description	Year 1	Year 2	Year 3	Opt 1	Opt 2	Opt 3	Total
Software if approved by the Department							
6.5.1 Managed Health Care Enrollment Broker							
Salaries and Benefits	\$ 350,764	\$ 361,287	\$ 372,126	\$ 383,289	\$ 394,788	\$ 406,632	\$ 2,268,886
Administrative Overhead	\$ 105,691	\$ 108,860	\$ 112,126	\$ 115,490	\$ 118,954	\$ 122,523	\$ 683,643
Other Costs							
General Business Expense	\$ 802	\$ 815	\$ 839	\$ 864	\$ 890	\$ 917	\$ 5,128
6.5.2 Member Inquiry and Member Relations							
Salaries and Benefits	\$ 200,943	\$ 206,972	\$ 213,181	\$ 219,576	\$ 226,163	\$ 232,948	\$ 1,299,783
Administrative Overhead	\$ 60,602	\$ 62,419	\$ 64,291	\$ 66,220	\$ 68,206	\$ 70,253	\$ 391,991
Other Costs							
General Business Expense	\$ 802	\$ 815	\$ 839	\$ 864	\$ 890	\$ 917	\$ 5,128
6.5.3 Member Outreach and Education							
Salaries and Benefits	\$ 125,964	\$ 129,743	\$ 133,635	\$ 137,644	\$ 141,774	\$ 146,027	\$ 814,788
Administrative Overhead	\$ 38,037	\$ 39,177	\$ 40,352	\$ 41,562	\$ 42,809	\$ 44,094	\$ 246,031
Other Costs							
General Business Expense	\$ 802	\$ 815	\$ 839	\$ 864	\$ 890	\$ 917	\$ 5,128
6.5.4 Member Quality Assurance							
Salaries and Benefits	\$ 99,395	\$ 102,377	\$ 105,449	\$ 108,612	\$ 111,870	\$ 115,227	\$ 642,931
Administrative Overhead	\$ 31,766	\$ 32,717	\$ 33,699	\$ 34,710	\$ 35,751	\$ 36,824	\$ 205,466
Other Costs							
Consultants	\$ 10,800	\$ 11,124	\$ 11,458	\$ 11,801	\$ 12,155	\$ 12,520	\$ 69,859



IME Member and Medical Services Proposal

Period of Performance: 7/1/2010 - 6/30/2013

Attachment N-6

Pricing Schedule for Member and Medical Services

General Business Expense	\$ 802	\$ 815	\$ 839	\$ 864	\$ 890	\$ 917	\$ 5,128
6.5.5 Medicare Part A and Part B Buy-In							
Salaries and Benefits	\$ 44,682	\$ 46,022	\$ 47,403	\$ 48,825	\$ 50,290	\$ 51,799	\$ 289,021
Administrative Overhead	\$ 13,575	\$ 13,981	\$ 14,400	\$ 14,832	\$ 15,277	\$ 15,735	\$ 87,800
Other Costs							
General Business Expense	\$ 802	\$ 815	\$ 839	\$ 864	\$ 890	\$ 917	\$ 5,128
6.5.6 Lock-In							
Salaries and Benefits	\$ 264,359	\$ 272,290	\$ 280,459	\$ 288,873	\$ 297,539	\$ 306,465	\$ 1,709,985
Administrative Overhead	\$ 88,781	\$ 91,443	\$ 94,186	\$ 97,012	\$ 99,922	\$ 102,920	\$ 574,264
Other Costs							
Travel	\$ 108	\$ 111	\$ 115	\$ 118	\$ 122	\$ 125	\$ 699
Predictive Modeling/Case Management	\$ 54,405	\$ 56,037	\$ 57,718	\$ 59,450	\$ 61,233	\$ 63,070	\$ 351,914
General Business Expense	\$ 802	\$ 815	\$ 839	\$ 864	\$ 890	\$ 917	\$ 5,128
6.5.7 Disease Management							
Salaries and Benefits	\$ 732,370	\$ 754,341	\$ 776,971	\$ 800,280	\$ 824,289	\$ 849,017	\$ 4,737,268
Administrative Overhead	\$ 257,462	\$ 269,275	\$ 290,323	\$ 299,033	\$ 308,004	\$ 317,244	\$ 1,741,341
Other Costs							
Consultants	\$ 142,560	\$ 172,800	\$ 259,200	\$ 266,976	\$ 274,985	\$ 283,235	\$ 1,399,756
Travel	\$ 864	\$ 890	\$ 917	\$ 944	\$ 972	\$ 1,002	\$ 5,589
Predictive Modeling/Case Management	\$ 81,432	\$ 83,875	\$ 86,391	\$ 88,983	\$ 91,652	\$ 94,402	\$ 526,736
General Business Expense	\$ 4,736	\$ 4,522	\$ 4,658	\$ 4,797	\$ 4,941	\$ 5,089	\$ 28,743
6.5.8 Enhanced Primary Care Management							
Salaries and Benefits	\$ 210,184	\$ 216,489	\$ 222,984	\$ 229,673	\$ 236,563	\$ 243,660	\$ 1,359,553



IME Member and Medical Services Proposal

Period of Performance: 7/1/2010 - 6/30/2013

Attachment N-6

Pricing Schedule for Member and Medical Services

Administrative Overhead	\$ 71,523	\$ 74,701	\$ 80,185	\$ 82,591	\$ 85,068	\$ 87,620	\$ 481,688
Other Costs							
Consultants	\$ 35,640	\$ 43,200	\$ 64,800	\$ 66,744	\$ 68,746	\$ 70,809	\$ 349,939
Travel	\$ 108	\$ 111	\$ 115	\$ 118	\$ 122	\$ 125	\$ 699
Predictive Modeling/Case Management	\$ 15,093	\$ 15,546	\$ 16,012	\$ 16,493	\$ 16,987	\$ 17,497	\$ 97,628
General Business Expense	\$ 929	\$ 934	\$ 962	\$ 991	\$ 1,021	\$ 1,052	\$ 5,890
Grand Total - Member Services	\$ 3,047,585	\$ 3,176,133	\$ 3,389,150	\$ 3,490,824	\$ 3,595,549	\$ 3,703,416	\$ 20,402,657
Grand Total - Medical with 1% discount	\$ 10,410,768	\$ 10,608,421	\$ 10,919,233	\$ 11,360,415	\$ 11,701,227	\$ 12,052,265	\$ 67,052,329
Grand Total - Medical and Member Services	\$ 13,458,353	\$ 13,784,554	\$ 14,308,383	\$ 14,851,239	\$ 15,296,776	\$ 15,755,681	\$ 87,454,986



IME Member & Medical Services Proposal

EXHIBIT 3

Period of Performance: 7/1/2010 - 6/30/2013

	Year 1 Cost	Year 2 Cost	Year 3 Cost
Original Offer-Medical Services	10,410,768	10,715,576	11,029,529
Original Offer-Member Services	3,047,585	3,176,133	3,389,150
Total Original Cost	13,458,353	13,891,709	14,418,679
Added Inducements at no cost:			
.5 FTE HIE/HIT position	-	-	-
1 FTE Customer Service Specialist	-	-	-
1% discount* - Yrs 2 & 3	-	(107,156)	(110,295)
Total BAFO	13,458,353	13,784,553	14,308,384

*Discount is based upon award of both Medical and Member Services