



1776 West Lakes Parkway  
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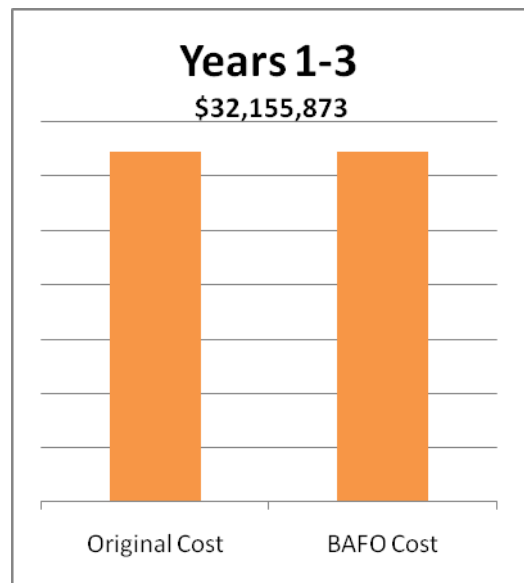
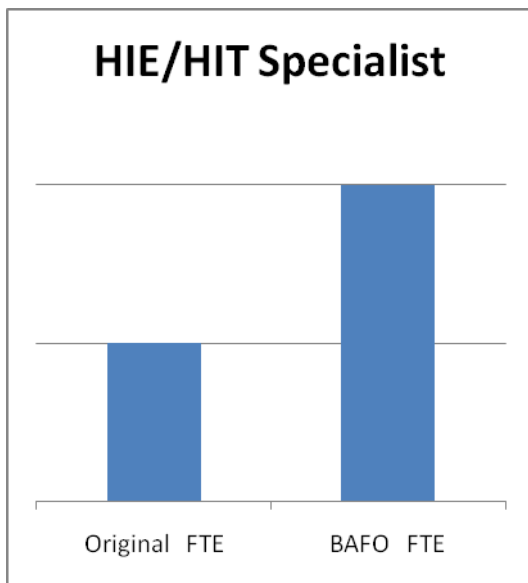
January 29, 2010

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

Subject: Medical Services BAFO Request

Dear Ms. Tavegia:

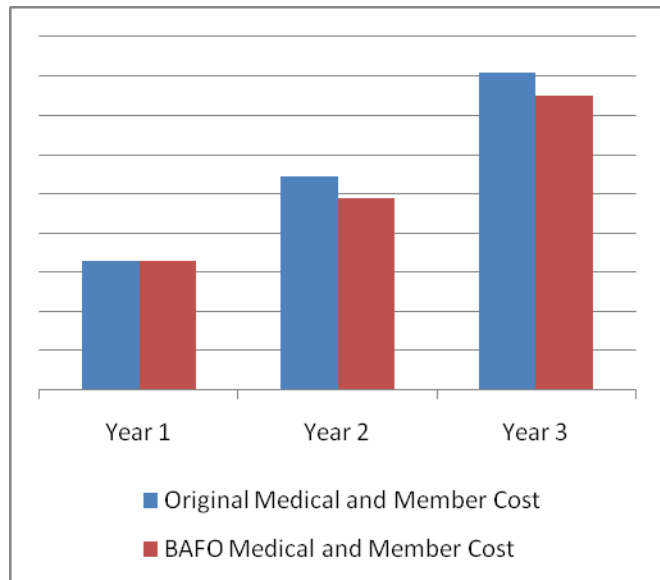
On behalf of IFMC, I am pleased to submit to you IFMC's response to the Department's request for a best-and-final-offer regarding IFMC's proposal for the Medical Services component of RFP Professional Services #MED-10-001. As stated in our proposal, the Department has begun development of a State Medicaid 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
<b>Software if approved by the Department</b>							
<b>6.2.1 Medical Support</b>							
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
<b>6.2.2 Children's Health Care Prevention and Well-Child-Care Program</b>							
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
<b>6.2.3 Medical Prior Authorization</b>							
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

**Pricing Schedule for Medical Services**

<b>6.2.4 Long-Term Care (LTC) Reviews</b>							
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
<b>6.2.5 Quality of Care</b>							
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
<b>6.2.6 Health Information Technology</b>							
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
<b>Grand Total</b>	<b>\$ 10,410,768</b>	<b>\$ 10,715,576</b>	<b>\$ 11,029,529</b>	<b>\$ 11,360,415</b>	<b>\$ 11,701,227</b>	<b>\$ 12,052,264</b>	<b>\$ 67,269,779</b>



**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
<b>Software if approved by the Department</b>							
<b>6.5.1 Managed Health Care Enrollment Broker</b>							
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
<b>6.5.2 Member Inquiry and Member Relations</b>							
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
<b>6.5.3 Member Outreach and Education</b>							
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
<b>6.5.4 Member Quality Assurance</b>							
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
<b>6.5.5 Medicare Part A and Part B Buy-In</b>							
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
<b>6.5.6 Lock-In</b>							
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
<b>6.5.7 Disease Management</b>							
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
<b>6.5.8 Enhanced Primary Care Management</b>							
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
<b>Grand Total - Member Services</b>	<b>\$ 3,047,585</b>	<b>\$ 3,176,133</b>	<b>\$ 3,389,150</b>	<b>\$ 3,490,824</b>	<b>\$ 3,595,549</b>	<b>\$ 3,703,416</b>	<b>\$ 20,402,657</b>
<b>Grand Total - Medical with 1% discount</b>	<b>\$ 10,410,768</b>	<b>\$ 10,608,421</b>	<b>\$ 10,919,233</b>	<b>\$ 11,360,415</b>	<b>\$ 11,701,227</b>	<b>\$ 12,052,265</b>	<b>\$ 67,052,329</b>
<b>Grand Total - Medical and Member Services</b>	<b>\$ 13,458,353</b>	<b>\$ 13,784,554</b>	<b>\$ 14,308,383</b>	<b>\$ 14,851,239</b>	<b>\$ 15,296,776</b>	<b>\$ 15,755,681</b>	<b>\$ 87,454,986</b>



**IME Member & Medical Services Proposal**

EXHIBIT 3

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

	<b>Year 1 Cost</b>	<b>Year 2 Cost</b>	<b>Year 3 Cost</b>
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
<b>Total Original Cost</b>	<b>13,458,353</b>	<b>13,891,709</b>	<b>14,418,679</b>
Added Inducements at no cost:			
.5 FTE HIE/HIT position	-	-	-
1 FTE Customer Service Specialist	-	-	-
1% discount* - Yrs 2 & 3	-	(107,156)	(110,295)
<b>Total BAFO</b>	<b>13,458,353</b>	<b>13,784,553</b>	<b>14,308,384</b>

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