



Commonwealth of Pennsylvania

Date: **June 5, 2014**
Subject: **Healthy Pennsylvania Program**
Solicitation Number: **RFA 04-14**
Opening Date/Time: **June 10, 2014 12:00 PM**
Addendum Number: **3**

To All Suppliers:

The Commonwealth of Pennsylvania defines a solicitation "Addendum" as an addition to or amendment of the original terms, conditions, specifications, or instructions of a procurement solicitation (e.g., Invitation for Bids or Request for Proposals).

List any and all changes:

Please find attached to the solicitation the final question-and-response document pertaining to the formal inquiries posed through June 2, 2014. In addition, please find attached an updated Exhibit B of Attachment A that contains additional detail for the Behavioral Health service coverage.

For electronic solicitation responses via the SRM portal:

- Attach this Addendum to your solicitation response. Failure to do so may result in disqualification.
- To attach the Addendum, download the Addendum and save to your computer. Move to 'My Notes', use the "Browse" button to find the document you just saved and press "Add" to upload the document.
- Review the Attributes section of your solicitation response to ensure you have responded, as required, to any questions relevant to solicitation addenda issued subsequent to the initial advertisement of the solicitation opportunity.

For solicitations where a "hard copy" (vs. electronic) response is requested:

- Attach this Addendum to your solicitation response. Failure to do so may result in disqualification.
- If you have already submitted a response to the original solicitation, you may either submit a new response, or return this Addendum with a statement that your original response remains firm, by the due date to the following address:

Pennsylvania Department of Public Welfare
Division of Procurement
Room 402 Health and Welfare Building
625 Forster Street, Harrisburg, PA 17120

Except as clarified and amended by this Addendum, the terms, conditions, specifications, and instructions of the solicitation and any previous solicitation addenda, remain as originally written.

Very truly yours,

Name: Barry Bowman
Title: Project Officer-RFA #04-14



Commonwealth of Pennsylvania

Phone:

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pennsylvania
DEPARTMENT OF PUBLIC WELFARE

June 05, 2014

RE: *Responses to questions submitted under Request for Application (RFA) #04-14*

This is the final response to all remaining questions regarding the Healthy Pennsylvania Program RFA # 04-14.

In addition to responses to formal questions posed through June 2, 2014, the Department is issuing an update to the RFA Attachment A draft Agreement Exhibit B. Specific elements related to Behavioral Health Coverage have been added.

Any additional questions submitted after noon on June 2, 2014 will be considered as part of the discussions with selected applicants.

The Department is pleased with the positive response regarding the Healthy Pennsylvania Program and RFA # 04-14.

Barry Bowman,
Project Officer—RFA #04-14
Department of Public Welfare
Office of Medical Assistance Programs
Bureau of Managed Care Operations

RFA #04-14
Questions by Topic
As of 06/05/2014

Section 1 - RFA/Draft Agreement/Participation

1. Q. May a PCO amend existing approved HealthChoices provider agreements for purposes of the Healthy PA program?

A. In terms of the provider network, the applicant must ensure that its network of providers will meet the DOH adequacy standards and have the capacity to serve the numbers and demographics of the population to be served through the Healthy Pennsylvania Program. From a network adequacy standpoint, DOH will still need to review the network the company plans to use for the Healthy Pennsylvania population to ensure that there are enough providers to handle the influx of new business.

2. Q. If a qualified PCO intends to subcontract risk and program management to an affiliated entity, will the affiliated entity's NCQA accreditation satisfy the accreditation requirements outlined in the RFA or does the accreditation need to reside at the PCO level?

A. The Department will consider an affiliated entity's accreditation to satisfy this requirement.

3. Q. If the PCO intends to delegate risk and program management to an affiliated entity, can the PCO also delegate the appeals and grievances function to said affiliated entity?

A. The entity providing the coverage must assure that there is an appeal process that satisfies the requirements of the Affordable Care Act, whether it does so itself or through an affiliate. In the event a PCO generally delegates its functions, DOH will need to review the contract.

4. Q. Due to scheduling constraints with NCQA, would the Department consider accepting plans for interim NCQA accreditation by January 1, 2015 in lieu of August 4, 2014?

A. No. Applicants must meet the NCQA requirements set forth in Part III, Section III-3D by August 4, 2014 or such later date as specified by the Department. For purposes of applications, applicants should submit its most recent accreditation.

The Department will consider interim survey accreditations and New Health Plan accreditations.

5. Q. Given that the Healthy PA program and benefit design are defined by the State, may we submit the draft Healthy PA PCO Agreement in lieu of a form filing for PID certification and as the form filing submitted in response to the Request for Application to DPW?

A. No, Applicants must submit the information as required by Parts II and III of the RFA.

Section 2- Enrollment related

None

Section 3- Network Requirements/Development

1. Q. In terms of provider networking, do applicants need to have signed letters of intent or fully executed contracts by the RFA response due date?

A. Questions regarding DOH County Operational Authority should be directed to the Department of Health. Documentation of DOH County Operational Authority, or the PCO's written plan to have DOH County Operational Authority in place by August 4, 2014 or such later date as specified by the Department, is required for Applicant's submission on June 10, 2014. For purposes of the Application submittal, Applicants do not need to have fully executed contracts; however, Applicants must include a detailed statement describing their plan to have such contracts in place.

2. Q. How is network adequacy determined? Does it differ based on the timing (i.e. readiness review versus go-live)?

A. In terms of provider network, the Applicant must ensure that its network of providers meets the DOH adequacy standards and has the capacity to serve the numbers and demographics of the population to be served through the Healthy Pennsylvania Program.

For the submittal of the Application, an Applicant need only submit its documentation of DOH County Operational Authority for each county for which it wishes to provide services, or the PCO's written plan to have DOH County Operational Authority in place.

For purposes of readiness review, the Applicant must demonstrate that it has met DOH's network adequacy standards.

3. Q. What documentation is needed for determining network adequacy (i.e. Provider contract versus letter of intent)?

A. Questions regarding DOH County Operational Authority should be directed to the Department of Health. Documentation of DOH County Operational Authority, or a written statement outlining the PCO's plan to have DOH County Operational Authority in place by August 4, 2014 or such later date as specified by the Department, is required for Applicant's submission on June 10, 2014. For purposes of the Application submittal, Applicants do not need to have fully executed contracts; however, Applicants must describe their plan to have DOH County Operational Authority, including its plan to have such contracts in place.

For purposes of readiness review, the Applicant must demonstrate that it has met DOH's adequacy standards. In order to establish network adequacy, a selected Applicant must have contracts in place when the network is submitted for DOH review.

4. Q. We have concerns regarding the ability to have DOH operational authority in place by August 1, 2014. As it stands today, there is a limited amount of time to prepare contract amendments, contracts, and to negotiate provider rates—including for both physical health and behavioral health. Furthermore, guidance from DPW on where bidders are to reasonably set provider rates has not been released yet. Can you gather information regarding how DPW, DOH, PID will be working with bidders to help us meeting this tight deadline?

A. The Department recognizes the time frames for obtaining DOH operational authority provided in the RFA may be difficult to meet. Although the optimal solution is to have this DOH authority in place by August 4, 2014, the Department will consider extending the time frames for obtaining the necessary DOH authority. The Department, DOH and PID all are committed to ensuring that selected Applicants are able to meet the tight deadlines required for the implementation of Healthy Pennsylvania. The requirement that an Applicant's submission include a description of its plan to have County Operational Authority in place is not modified.

5. Q. In the Final Draft RFA Questions Answers By Topic PDF, Question 22 of Section 3 Network Requirements/Development of the responses to Applicant questions. Please clarify if the July 11, 2014 review date applies to SAE applications only, as discussed in RFA Section II-4? In addition, please confirm that networks will be reviewed on August 1, 2014 or such later date as may be specified by the Department.

A. Please see the Department's response to Question Number 4 of this section. The same time frames for obtaining DOH operational authority will apply to the submission to DOH of the networks to be used by a selected Applicant for the

Healthy Pennsylvania population by those selected Applicants that have existing DOH County Operational Authority.

6. Q. Will the Department be adding a requirement for “Related Party Hospitals” to negotiate in good faith with other PCOs, similar to the provision that is in the HealthChoices Standard Agreement at Section (V)(S)(5)? This section reads: The Department requires that a hospital that is a Related Party to a PH-MCO must be willing to negotiate in good faith with other PH-MCOs regarding the provision of services to Recipients. The Department reserves the right to terminate this Agreement with the PH-MCO if it determines that a hospital related to the PH-MCO has refused to negotiate in good faith with other PH-MCOs.

A. The Department does not plan to include this provision in Healthy Pennsylvania PCO Agreements.

7. Q. Is it appropriate to choose "No" on the Compliance Checklist for those items that don't apply such as Group policy related questions?

A. For purposes of the Compliance Checklist and Certification filed with PID, if an Applicant believes a requirement is not applicable to the PCO product, it may note that in its certification.

8. Q. If the PCO does not intend to market Healthy PA on the Exchange, does the PCO have to comply with the following QHP requirements in the Compliance Checklist: "Definition of Qualified Health Plan", "Exchange Functions: Certification of QHP Regulations" and/or "Exchange Health Insurance Issuers Standard Regulations"?

A. An Applicant should submit a plan form filing as well as a Compliance Checklist and Certification. The certification must certify that the coverage that will be provided meets all applicable federal and state laws regulating health insurance coverage offered in the individual market. See Part II-5 of the RFA, “Compliance with Insurance Requirements.” Both the Market Reform and QHP portions of the certification should be filled out. An Applicant is not required to offer its PCO product on the exchange, but must specify its intentions (whether it is offering the product on or off the exchange) at the time of filing.

9. Q. Does Section 6085 of the DRA which created a new section 1932(b)(2)(D) of the Social Security Act (the Act) -apply to Healthy PA as currently constructed? That is, is the payment of non-par providers for emergency services limited to payment rates established by the State's Medicaid FFS program given the source of HealthyPA funding through federal and state Medicaid dollars?

A. The PCO applicant should discuss applicability of federal and state laws with its counsel.

10. Q. If we are not planning on a Service Area Expansion, are there any other submission requirements to DOH due on July 11, 2014?

A. Please see response to Question Number 5 of this section. Even if an Applicant does not need Service Area Expansion approval, DOH needs to review the network that is going to be used with this product, and that network should be submitted on July 11 or such later date as specified by the Department.

11. Q. If there are any submission requirements to DOH due on July 11, 2014, may we submit Letters of Intent in lieu of provider agreements with the intent of updating these LOIs with executed agreements as they are received?

A. Please see response to Question 4 of this section.

Section 4- Covered/Non-Covered Services

1. Q. Can you provide some clarity on the benefit plan when a newborn goes to the NICU?

A. PCOs do not have responsibility for a newborn except for a normal -baby hospital stay.

2. Q. Is a PCO required to comply with providing Coverage for Participating in Approved Clinical Trials?

A. Please refer to Exhibit B of Attachment A of the RFA. Experimental and investigative services are not covered with the exception of medically necessary routine patient costs for Members participating in a cancer clinical trial.

3. Q. Would the PCO be compliant if they stipulated that they will cover the benefit to the extent it is included in the Essential Health Benefits Package?

A. At a minimum, PCOs are required to provide the benefits outlined in the PCO Agreement.

4. Q. Do we need to comply with the Compliance Checklist item "Uniform Explanations of Coverage and Standardized Definitions" if eligibility is through Maximus?

A. For purposes of the Compliance Checklist and Certification filed with PID, if an Applicant believes a requirement is not applicable to the PCO product, it may note that in its certification. However, if the requirement is applicable to the PCO product, the PCO must assure compliance, whether delivered directly or delegated, including ongoing compliance.

5. Q. Does an attestation form need to be included for each checklist item or is the Certification one page document requesting Name/Title of Authorized Representative of the Company sufficient?

A. If this question refers to Attachment C to the RFA, the attachment must be completed by an individual or individuals that have the authority to bind the Applicant to the provisions of its Application. We are not sure what is meant by the checklist.

6. Q. How/Where do you upload the Compliance Checklist in SERFF? Where do you upload supporting documentation and is there a required format?

A. The Compliance Checklist should be uploaded into the Form Schedule Tab. Any supporting documentation should be uploaded to the Supporting Documentation tab. All documents must be submitted in pdf format.)If assistance is needed regarding SERFF, the Applicant may contact the Insurance Department.

Section 5 - Operations/Compliance/Oversight

None

Section 6- Systems/IT

1. Q. Will the 834 form need to be broken out and sent by county?

A. The Department will be communicating file specifications and other instructions during Readiness Review.

2. Q. Do reports have to be broken out by county?

A. The Department will be communicating file specifications and other instructions during Readiness Review.

Section 7 - Premiums/Copayments/Cost Sharing

None

Section 8 - Pharmacy

1. Q. Will PCOs maintain independence in formulary management and their own rebate contracting or will PCOs' formularies need to conform to formulary listing as it relates to the Federal Drug Rebate Program (Section 1927 of the Social Security Act)?

A. PCOs will be permitted to enter into their own market share rebate agreements with drug manufacturers.

The Department is currently evaluating how the Federal Drug Rebate Program will be handled in the Healthy Pennsylvania Program.

2. Q. Please confirm objective is to provide essential health benefits defined by PPACA. If so, then need to request clarification for exceptions to benefit parameters and exclusions and limitations.

For example: a) Only covered formulary generic contraceptives? Or based on PPACA, extend coverage to some brand contraceptives due to formulation not yet available generically. b) Exclude all OTC medications? Or based on PPACA, extend coverage to mandated select OTC products.

A. The objective is to cover the services in Attachment A to the RFA, Draft Agreement.

- a) The PCO is not required to cover Over-the-Counter medications unless they are supplied while a beneficiary is admitted to the hospital. Please refer to Exhibit B of Attachment A to the RFA, Draft Agreement.
- b) The Department requires formulary, generic FDA approved, women's contraceptives to be covered. If a PCO wants to include other pharmaceuticals as an additional benefit (including alternatives to oral contraception), they may do so at their discretion, and at their own financial risk.

Section 9- Behavioral Health

None

Section 10 – Financial

1. Q. Is the HealthyPA program subject to Gross Receipts Tax and if so, do the PCO capitation rates include a provision for this tax?

A. The Department intends that the PCO capitation rates will include appropriate provision for Gross Receipts Tax if this tax applies to PCO revenue.

2. Q. Can you provide information on any changes we can expect in the rates DPW will send to selected applicants vs. the draft rates that were provided with the RFA?

A. DPW provided draft 2015 HPA rates with the RFA that reflected information and decisions available to the actuary when they were developed. The final 2015 HPA rates may reflect different information and decisions, based in part on CMS approval.

DPW's actuary targeted a mid-point between Medicaid and commercial pricing when developing the draft 2015 HPA rates. This rate development decision point is under review. Potential applicants should be aware that the pricing assumptions utilized to develop the final rates might be different. At this writing, there is no decision to make a change.