

THOMSON REUTERS

Knowledge to Act

## DATA WAREHOUSE / DECISION SUPPORT SYSTEM

### West Virginia Bureau for Medical Services

RFP MED11015

May 17, 2011

### COST PROPOSAL

Contact: Pam Conrad, Senior Director, Business Development

Signature of person authorized to commit Thomson Reuters (Healthcare) Inc.



---

Jonathan S. Newpol, Executive Vice President

Authorizing Act: See the Secretary's Certificate attached to the Transmittal Letter

777 E. Eisenhower Parkway – Ann Arbor, MI 48108 – 734.913.3000





## TABLE OF CONTENTS

Section 1 - Introduction .....	1
Section 2 - Cost Summary Bid Sheet .....	2
Section 3 - Payment and Retainage .....	4
Section 4 - Optional Capabilities .....	5



## SECTION 1 - INTRODUCTION

Thomson Reuters (Healthcare) Inc. is pleased to present this Cost Proposal to accompany our General Technical Proposal for a Data Warehouse / Decision Support System for the West Virginia Bureau for Medical Services.

### Suggestions for Cost Reduction

We see opportunities for the State to save money on the DW/DSS project without reducing its value. We are happy to discuss these opportunities if the State desires.

These suggestions are neither conditions to nor exclusions from our offer.

#### **1. Remove or Modify the Requirement for Multiple Hardware Environments**

A major driver of cost in this proposal is the RFP requirement for multiple hardware environments. When the solution, as it is here, is based on commercial-off-the-shelf (COTS) software components hosted by a company with a good reputation for system availability, the benefit of maintaining duplicate environments is low relative to cost. The State could realize savings if it were to modify or remove this requirement.

#### **2. Change from Hourly Rate to Fixed Fee for Enhancements**

The State indicated that it plans to purchase enhancement services on an hourly rate basis, i.e., Time & Materials. While Thomson Reuters is willing to deliver its services on that basis, the State may save money by paying on a Fixed Fee basis following an estimation of scope. A Fixed Fee arrangement creates incentives to the vendor to work efficiently and protects the State from most of the risk of a cost overrun.



## SECTION 2 - COST SUMMARY BID SHEET

Phase One: DDI Cost		
Item	Cost	Totals
Total DDI Costs (see Table 4.1.17: DDI Payment Allocation Table)		\$2,100,000
Phase Two: Operations Cost		
Item	Cost	Totals
Year One Flat Administrative Fee	\$1,600,000	
Year Two Flat Administrative Fee	\$1,648,000	
Year Three Flat Administrative Fee	\$1,697,400	
Year Four Flat Administrative Fee	\$1,748,300	
Year Five Flat Administrative Fee	\$1,800,700	
Year Six Flat Administrative Fee	\$1,854,700	
Year Seven Flat Administrative Fee	\$1,910,300	
Year Eight Flat Administrative Fee	\$1,967,600	
Total Operations Costs		\$14,227,000
All Inclusive Hourly Rate		
Period	Hourly Rate	Totals
Year One Cost (Rate X 8,000 hours)	\$129.00	\$1,032,000
Year Two Cost (Rate X 8,000 hours)	\$129.00	\$1,032,000
Year Three Cost (Rate X 8,000 hours)	\$129.00	\$1,032,000
Year Four Cost (Rate X 8,000 hours)	\$129.00	\$1,032,000
Supplemental Year One Cost (Rate X 8,000 hrs)	\$129.00	\$1,032,000
Supplemental Year Two Cost (Rate X 8,000 hrs)	\$129.00	\$1,032,000
Supplemental Year Three Cost (Rate X 8,000 hrs)	\$129.00	\$1,032,000
Supplemental Year Four Cost (Rate X 8,000 hrs)	\$129.00	\$1,032,000
Total Cost of Hourly Rate Services		\$8,256,000

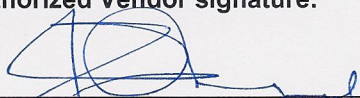


Additional Costs	
Additional License or User Seats (Refer to Section 3.1.8 and 3.2.2)	Cost per increment
License or User Seat (Increments of <u>1</u> )	<b>\$3,000</b>
License or User Seat (Increments of <u>2</u> )	<b>\$6,000</b>
License or User Seat (Increments of <u>3</u> )	<b>\$9,000</b>
License or User Seat (Increments of <u>4</u> )	<b>\$10,000</b>
License or User Seat (Increments of <u>5</u> )	<b>\$12,500</b>
Total Cost of DDI, Operations and Hourly Rate Services	<b>\$24,583,000</b>

**Note:**

1. Costs for purchases that do not translate to an hourly rate, such as licenses or software, are to be approved by the Bureau but are not separately accounted for in the Cost Summary Form.
2. Member months estimates were developed based on the best information available at the time of solicitation. The member months are used for purposes of evaluating bid.
3. The cost proposal will be evaluated based on the Total Cost of DDI, Operations and Hourly Rate Services for the 4 base year period plus the four additional option periods submitted on the cost bid sheet. The Cost bid should include all anticipated training, travel and related expenses, including supplies and general administrative expenses.

**Authorized Vendor signature:**




---

Jonathan S. Newpol, Executive Vice President  
Thomson Reuters (Healthcare) Inc.

**Date:**

5-13-11

---



## SECTION 3 - PAYMENT AND RETAINAGE

Thomson Reuters agrees that under the contract resulting from this RFP, we will be paid as follows:

- For Phase One - DDI: Thomson Reuters is to be paid a percentage of total DDI cost per milestone achieved and approved by BMS (including approval of all associated deliverables) as allocated in Table 4.1.17: DDI Payment Allocation Table below. From each payment a holdback percentage of 10% will be retained until the final deliverable of the Phase One: DDI period is accepted by BMS.
- For Phase Two – Operations: Thomson Reuters is to be paid an annual flat administrative fee in twelve equal installments.
- For Phase Two – Enhancements: Thomson Reuters is to be paid an all-inclusive hourly rate times the number of hours approved by BMS.
- In addition to the all-inclusive hourly rate for system modifications and enhancements, alternative pricing methodologies may be developed and used to accommodate services that are technology driven, but inextricably linked to the system modifications or enhancements. Such alternative methodologies shall be considered within the annual pool of hours and when combined with the expenditures for modifications and enhancements may not increase the cost for the existing contract.

**RFP Table 4.1.17: DDI Payment Allocation Table**

Milestone #	Milestone Name	Associated Deliverables	% of Total Cost of DDI
1.	Completion of Project and Administrative Plans	<ul style="list-style-type: none"> <li>Initial Project Plan</li> <li>Quality Management Plan</li> <li>Security, Privacy and Confidentiality Plan</li> <li>Business Continuity Plan</li> <li>Operations Management Manual</li> </ul>	10%
2.	Completion of System Design Activities	<ul style="list-style-type: none"> <li>DW/DSS Requirements Definition Document (RDD)</li> <li>DW/DSS Conceptual Data Model</li> <li>DW/DSS Requirements Traceability Matrix</li> <li>Detailed Technical Design Document</li> </ul>	30%
3.	Completion of System Construction and Testing Activities	<ul style="list-style-type: none"> <li>Test system and environment</li> <li>Test Plan</li> <li>Test scripts and cases</li> <li>Initial Test Summary</li> <li>Final Test Summary</li> </ul>	30%
4.	Completion of Implementation Readiness Activities	<ul style="list-style-type: none"> <li>DW/DSS User Documentation</li> <li>As-Delivered System Documentation</li> <li>Implementation Readiness Report</li> </ul>	20%
5.	Commencement of Operations	<ul style="list-style-type: none"> <li>Request authorization to Commence Operations and approval by BMS</li> </ul>	10%



---

## SECTION 4 - OPTIONAL CAPABILITIES

In Sections 10 and 15 of the General Technical Proposal, Thomson Reuters presented several optional products and services that complement the DW/DSS solution. The price for these options is shown below.

### **MARS Reporting**

*Technical Proposal Section 10.1.7*

Initial Design \$ 2,000 per report

Operations \$ 500 per report per year with annual inflation adjustments of 3%

### **Federal Reporting**

*Technical Proposal Section 10.1.8*

Initial Design \$150,000

Operations \$50,000 per year with annual inflation adjustments of 3%

### **HEDIS Reporting Services using QSI, an NCQA-Certified HEDIS Reporting System**

*Technical Proposal Section 10.2.1.7*

Initial Set-Up \$25,000

Operations \$100,000 per year with annual inflation adjustments of 3%

### **CLEAR for Provider/Beneficiary Enrollment Review**

*Technical Proposal Section 10.2.5*

\$36,000 per year for online access, with annual inflation adjustments of 3%

### **Patient Profiling**

*Technical Proposal Section 10.2.1.2.7*

Initial Set-Up \$75,000

Operations \$40,000 per year with annual inflation adjustments of 3%