



Proposal to the State of West Virginia Department of Health and Human Resources For Medicaid Management Information Systems (MMIS) Re-procurement

Cost Proposal

Solicitation #: Request for Proposal MED13006
Due Date: June 21, 2012, 1:30 PM

Submitted by:

Xerox State Healthcare, LLC
9040 Roswell Road
Suite 700
Atlanta, GA 30350

Portions of this proposal contain confidential information, ideas, know-how, concepts, processes, and trade secrets (collectively "Proprietary Information") that are the sole property of Xerox. The proprietary contents of this proposal are intended solely for use in the procurement process and may not be disclosed except to persons who are involved in the evaluation of the proposal or award of the contract. The contents may not be duplicated, used, or disclosed in whole or in part for any purpose except the procurement process. Release of Xerox proprietary, confidential, and trade secret information would place Xerox at a serious and irreparable competitive disadvantage in future procurements by providing competitors with information that Xerox maintains strictly confidential and which is unavailable to any third-party except under restrictions contained in a nondisclosure agreement or protections that cover this information under applicable law. If a third-party makes a request for disclosure of any of the contents of this proposal, you are requested to notify Xerox immediately so that Xerox will have an opportunity to provide assistance in protecting the proprietary contents of this proposal from unauthorized disclosure.

1 Cost Summary

REQUIREMENT: RFP Section 4.1.14, pg. 104 of 115

4.1.14 Cost Summary

The Vendor must complete the attached Cost Summary Bid Sheet (Attachment I).....

Xerox State Healthcare, LLC provides its completed Cost Summary Bid Sheet (Attachment 1) on the following page. Attachment 1 has been signed by Will Saunders, President of Xerox State Healthcare, LLC. Per RFP Section 1.14, Independent Price Determination, Xerox certifies that its price in the proposal was arrived at independently without collusion, consultation, communication or agreement as to any matter relating to prices with any competitor.

As directed in the instructions for the Cost Summary Bid Sheet, Xerox has calculated the “Total Not to Exceed Cost of Contract” using ten full years of operations. However, Xerox’s actual price is based on a thirty month DDI phase; over a twelve year total potential contract term would result in a 9.5 year operations phase. Therefore, the Xerox evaluated price overstates the actual price to BMS by an additional six months of operations fees in contract year three. The “Phase 2a and 2b and Phase 3 Costs” on the Cost Summary Bid Sheet represent a year three evaluated price of \$18,223,497.60. However, the actual cost to the State for year three assuming a thirty month DDI phase would only be six months – or half of the amount shown (\$9,111,748.80).

Invoice and Retainage

REQUIREMENT: RFP Section 4.1.15, pg. 107 of 115

4.1.15 Invoicing and Retainage

The following section describes invoicing and retainage practices for use during each phase of the project. This section is informational, and does not require a response in the Vendor's proposal...

Xerox acknowledges that the invoice and retainage requirements in this section are informational and understands that no response is required for this section.

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ATTACHMENT I: COST SUMMARY BID SHEET

Phase 1 Costs (Phase 1. MMIS Replacement DDI)					
Item		Total			
Total Phase 1 Costs (See Appendix C: Deliverables, Milestones and Payments)		\$ 80,000,000.00			
Phases 2a and 2b, and Phase 3 Costs (Phase 2a. Routine Fiscal Agent Operations; Phase 2b. CMS Certification; Phase 3. Close-Out and Turnover)					
Period	Estimated FFS Member Months	Estimated MCO Member Months	FFS PMPM Fee ¹	MCO PMPM Fee ¹	Total ²
Year 1 ³	172,477	165,853	NA ³	NA ³	NA ³
Year 2 ³	162,097	178,318	NA ³	NA ³	NA ³
Year 3 ³	174,545	213,255	\$ 3.916	\$ 3.916	\$ 18,223,497.60
Year 4	229,765	215,269	\$ 3.916	\$ 3.916	\$ 20,913,037.73
Year 5	231,419	217,313	\$ 3.916	\$ 3.916	\$ 21,086,814.14
Year 6	233,063	219,389	\$ 3.720	\$ 3.720	\$ 20,197,457.28
Year 7	234,696	221,496	\$ 3.524	\$ 3.524	\$ 19,291,447.30
Year 8	236,316	223,636	\$ 3.524	\$ 3.524	\$ 19,450,450.18
Year 9	237,925	225,808	\$ 3.524	\$ 3.524	\$ 19,610,341.10
Year 10	239,546	228,014	\$ 3.524	\$ 3.524	\$ 19,772,177.28
Contingency Year 1	241,177	230,254	\$ 3.329	\$ 3.329	\$ 18,832,725.59
Contingency Year 2	242,820	232,528	\$ 3.329	\$ 3.329	\$ 18,989,201.90
Total Phases 2a, 2b, & 3 Costs (Sum of Years 1 through 10 Totals + Contingency Years 1 and 2 Totals)	\$ 196,367,150.10				

¹ Vendors are required to submit the PMPM rate in the FFS PMPM Fee and MCO PMPM Fee columns.

² Yearly Total calculated as follows:
(Estimated FFS Member Months * FFS PMPM Fee * 12) + (Estimated MCO Member Months * MCO PMPM Fee * 12)

³ For purposes of proposal and evaluation, all vendors should estimate operations costs for Year 1 and Year 2 at zero dollars (\$0). In order to provide consistent evaluation of all cost bids, vendors should also assume a full year of operating cost beginning at Year 3.



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Phase 2c Costs <i>(Phase 2c. MMIS Modifications and Enhancements)</i>			
Period	(A) All Inclusive Hourly Rate	(B) Maximum Hours	(C) Total <i>(Column A * Column B)</i>
Year 1	\$ <u>108.61</u> / hr		N/A
Year 2	\$ <u>110.78</u> / hr		N/A
Year 3	\$ <u>113.00</u> / hr	25,000	\$ 2,825,000.00
Year 4	\$ <u>115.26</u> / hr	25,000	\$ 2,881,500.00
Year 5	\$ <u>117.57</u> / hr	25,000	\$ 2,939,250.00
Year 6	\$ <u>119.92</u> / hr	25,000	\$ 2,998,000.00
Year 7	\$ <u>122.31</u> / hr	25,000	\$ 3,057,750.00
Year 8	\$ <u>124.76</u> / hr	25,000	\$ 3,119,000.00
Year 9	\$ <u>127.26</u> / hr	25,000	\$ 3,181,500.00
Year 10	\$ <u>129.80</u> / hr	25,000	\$ 3,245,000.00
Contingency Year 1	\$ <u>131.10</u> / hr	25,000	\$ 3,277,500.00
Contingency Year 2	\$ <u>132.41</u> / hr	25,000	\$ 3,310,250.00
Year 3	N/A	N/A	\$ 50,000.00
Year 4	N/A	N/A	\$ 50,000.00
Year 5	N/A	N/A	\$ 50,000.00
Year 6	N/A	N/A	\$ 50,000.00
Year 7	N/A	N/A	\$ 50,000.00
Year 8	N/A	N/A	\$ 50,000.00
Year 9	N/A	N/A	\$ 50,000.00
Year 10	N/A	N/A	\$ 50,000.00
Contingency Year 1	N/A	N/A	\$ 50,000.00
Contingency Year 2	N/A	N/A	\$ 50,000.00
Total Phase 2c Costs <i>(Sum of Years 1 through 10 Totals + Contingency Years 1 and 2 Totals + 50,000 for each year 3 through 10 + 50,000 for Contingency Years 1 and 2)</i>		\$ 31,334,750.00	



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Optional Drug Rebate Services Costs (Refer to Section 3.2.9.2)			
Period	(A) All Inclusive Hourly Rate	(B) Maximum Hours	(C) Total (Column A * Column B)
Program Management Year 1	\$ 34.31 / hr		N/A
Program Management Year 2	\$ 35.00 / hr		N/A
Program Management Year 3	\$ 35.70 / hr	4,500	\$ 160,650.00
Program Management Year 4	\$ 36.14 / hr	4,500	\$ 162,630.00
Program Management Year 5	\$ 36.81 / hr	4,500	\$ 165,645.00
Program Management Year 6	\$ 37.31 / hr	4,500	\$ 167,895.00
Program Management Year 7	\$ 37.82 / hr	4,500	\$ 170,190.00
Program Management Year 8	\$ 38.53 / hr	4,500	\$ 173,385.00
Program Management Year 9	\$ 39.24 / hr	4,500	\$ 176,580.00
Program Management Year 10	\$ 39.67 / hr	4,500	\$ 178,515.00
Program Mgt Contingency Year 1	\$ 40.48 / hr	4,500	\$ 182,160.00
Program Mgt Contingency Year 2	\$ 41.27 / hr	4,500	\$ 185,715.00
Accounts Receivable Mgt Year 1	\$ 41.29 / hr	N/A	N/A
Accounts Receivable Mgt Year 2	\$ 42.12 / hr	N/A	N/A
Accounts Receivable Mgt Year 3	\$ 42.96 / hr	4,500	\$ 193,320.00
Accounts Receivable Mgt Year 4	\$ 43.49 / hr	4,500	\$ 195,705.00
Accounts Receivable Mgt Year 5	\$ 44.29 / hr	4,500	\$ 199,305.00
Accounts Receivable Mgt Year 6	\$ 44.90 / hr	4,500	\$ 202,050.00
Accounts Receivable Mgt Year 7	\$ 45.50 / hr	4,500	\$ 204,750.00
Accounts Receivable Mgt Year 8	\$ 46.35 / hr	4,500	\$ 208,575.00
Accounts Receivable Mgt Year 9	\$ 47.22 / hr	4,500	\$ 212,490.00
Accounts Receivable Mgt Year 10	\$ 47.73 / hr	4,500	\$ 214,785.00
Accounts Rec Mgt Contingency Year 1	\$ 48.70 / hr	4,500	\$ 219,150.00
Accounts Rec Mgt Contingency Year 2	\$ 49.66 / hr	4,500	\$ 223,470.00
Total Optional Drug Rebate Services	\$ 3,796,965.00		



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Total Not to Exceed Cost of Contract	
Total Not to Exceed Cost of Contract <i>[Where Total Not to Exceed Cost of Contract = (Total Phases 1 Costs) + (Total Phases 2a, 2b, and 3 Costs) + (Total Phase 2c Costs) + (Optional Drug Rebate Services)]</i>	\$ 311,498,865.10

Note:

1. Member months estimates were developed based on the best information available at the time of the solicitation. The member months are to be used for purposes of cost proposal and evaluation only.
2. The cost proposal will be evaluated based on the Total Not to Exceed Cost of Contract. The cost bid should include all anticipated training, travel and related expenses including supplies and general administrative expenses.
3. The Total Hours referenced in the Optional Drug Rebate Services are for purposes of cost proposal and evaluation only.
4. Vendors **shall not** alter Attachment I, Cost Summary Bid Sheet, in any way without explicit acceptance by the Bureau. The Cost Summary Bid Sheet must be completed and submitted using the form provided. Attachment I will **not** be provided in electronic format (Excel, Word, etc.). The vendor may **not** recreate Attachment I.

Authorized Vendor signature:

Will Saunders, President
Xerox State Healthcare, LLC

Date

If applicable, sign and submit the attached Resident Vendor Preference Certificate with the proposal. The Cost Proposal will be evaluated based on the total phases 2a, 2b, and 3 Costs for the ten base year period plus two additional one year contingency periods submitted on the Cost Summary Bid Sheet.