



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

Solicitation Addendum

Solicitation Number: 30-2025-004-DHB

Solicitation Description: Statewide Surveillance for Fraud, Waste and Abuse (SSFWA) RFP

Deadline to Submit Proposals: July 9, 2025, at 2:00 p.m. EST

Solicitation Opening Date and Time: July 10, 2025, at 2:00 p.m. EST

Addendum Number: 6

Addendum Date: June 6, 2025

Addendum Description/Purpose: Revisions to the RFP

Contract Specialist: Qwonthafia Jones

Medicaid.Procurement@dhhs.nc.gov

NOTIFICATIONS AND INSTRUCTIONS:

1. Carefully read, review, and adhere to all revisions to the RFP in this Addendum #6.
 2. Return one properly executed copy of this Addendum #6 with Response. Failure to sign and return this Addendum #6 may result in the rejection of the Offeror's proposal.
 3. Note that eVP displays Addendum #1, Addendum #2, Addendum #3, Addendum #4, Addendum #5, Addendum #6, Addendum #7, Addendum #8, and Addendum #9. As of June 6, 2025, there are only six (6) addenda, Addendum #1, Addendum #2, Addendum #3, Addendum #4, Addendum #5 and Addendum #6 that must be returned.
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Addendum Execution on Page 12

1. The following revisions are made to the RFP.

- a. *Section II. GENERAL PROCUREMENT INFORMATION AND NOTICE TO OFFERORS, E. Submission of Proposal and Offeror's Response, 3. Required Proposal Documents, a.* is revised and restated in its entirety as follows:

3. Required Proposal Documents

To demonstrate the Offeror is qualified to meet the ongoing demands of the Department and comply with federal and state requirements, the Offeror is required to return **all** the following documents, completed and signed where indicated and **in the order listed**, with their RFP response, the entirety of which shall be called the **Statewide Surveillance for Fraud, Waste and Abuse (SSFWA) Proposal**.

- a. Offeror's **SSFWA Technical Proposal Response** must include the following:

- i. RFP Cover Page with Title and RFP Number;
- ii. **Completed** Offeror Name and Tax ID Number page;
- iii. **Completed** and **signed** Execution Page;
- iv. The entire body of this RFP, excluding attachments;
- v. Each addendum released in conjunction with the RFP, including all pages of the addendum and the **signed** execution of the addendum page;
- vi. **Completed** and **signed** *First Revised and Restated Attachment A: Minimum Qualifications Response*; to address minimum qualifications within this RFP;
- vii. **Completed** *First Revised and Restated Attachment B: Offeror's Response to Technical Evaluation Questions* to address technical requirements and specifications identified within this RFP;
- viii. Reserved;
- ix. **Completed** *Attachment D: Contract Administrators*;
- x. **Completed** and **signed** *First Revised and Restated Attachment E: Certification of Financial Condition and Legal Action Summary*;
- xi. **Completed** and **signed** *Attachment F: State Certifications*;
- xii. **Completed** and **signed** *Attachment G: Federal Certifications and Disclosures*;
- xiii. **Completed** *Attachment H: Disclosure of Litigation and Criminal Convictions*;
- xiv. **Completed** and **signed** *Attachment I: Location of Workers Utilized by Contractor*;
- xv. **Completed** *Attachment J: Offeror Request for Proposed Modifications to the Terms and Conditions*;
- xvi. **Completed** and **signed** *Attachment K: Business Associate Agreement*;
- xvii. **Completed** *Attachment L: Subcontractor Identification Form*;
- xviii. **Completed** *Attachment M: Legal Grounds for Marking Information Confidential*;
- xix. *Attachment N: Evaluation Methodology*;
- xx. *Attachment O: C&I Data Field Names*; and
- xxi. *Attachment P: DHB PI Statistical Sampling Guidelines*

- b. Offeror's **Cost Proposal Response** must include **Completed** and **signed** *Section VII. First Revised and Restated Attachment C: Cost Proposal*

- b. *Section II. GENERAL PROCUREMENT INFORMATION AND NOTICE TO OFFERORS, E. Submission of Proposal and Offeror's Response, 4. Proposal Submission and Number of Copies, b. Delivery Responses, i. Hand Delivery* is revised to add the following:

5) Offerors may schedule an appointment for hand delivery of Proposals on any of the

following days/times:

- i) July 3, 2025, between 9:30 a.m. and 2:00 p.m. EST;
- ii) July 8, 2025, between 9:30 a.m. and 2:00 p.m. EST; or
- iii) July 9, 2025, between 9:30 a.m. and 1:00 p.m. EST.

- c. *Section III. DEFINITIONS, CONTRACT TERM, GENERAL TERMS AND CONDITIONS, OTHER PROVISIONS & PROTECTIONS, A. Definitions* is revised and restated in its entirety to add the definition for Medicaid Multiplier, RAT-STATS and Specialized Therapies as follows:

A. Definitions

- 1. **Appeal:** Has the same meaning as Appeal defined in 42 C.F.R. § 438.400(b).
- 2. **Beneficiary:** An individual eligible to receive services from the North Carolina Department of Health and Human Services, Division of Health Benefits (NC Medicaid).
- 3. **Best and Final Offer (BAFO):** Best and Final Offer, submitted by an Offeror to alter its initial offer, made in response to a request by the issuing agency.
- 4. **Best Value:** Has the same meaning as defined in NCGS § 143-135.9.
- 5. **Breach:** The acquisition, access, use, or disclosure of protected health information (PHI) in a manner not permitted under the HIPAA Privacy Rule which compromises the security or privacy of the PHI.
- 6. **Business Associate Agreement (BAA):** Under the Health Insurance Portability and Accountability Act (HIPAA) of 1996, the written agreement between a HIPAA-covered entity and HIPAA Business Associate, as defined in 45 C.F.R. 160.103.
- 7. **Calendar Day:** Includes the time from midnight to midnight each day, and all days in a month, including weekends and holidays. Unless otherwise specified within the Contract, days are tracked as Calendar Days.
- 8. **Confidential Information:** Any non-public information created or received by NC DHHS, including but not limited to Identifiable Health Information, Identifying Information, Personal Information, Protected Health Information, Electronic Protected Health Information, Tax information, and any NC DHHS information that would be considered confidential by state or federal law/regulation.
- 9. **Contract Award Date:** The date the Department signs the "Acceptance of Response" section of the Execution page and publishes the Notice of Award to the NC eVP.
- 10. **Contract Effective Date:** This Contract is effective date the Department signs the "Acceptance of Response" section of the Execution page.
- 11. **Contractor:** The Offeror awarded the Contract to perform the services and requirements defined therein.
- 12. **Corrective Action Plan (CAP):** A written document describing the deliberate set of actions to be taken by an entity, deficiency, or non-compliance.
- 13. **Department (NCDHHS):** State of North Carolina Department of Health and Human Services, which is responsible for managing the delivery of health and human related services for all North Carolinians, especially its most vulnerable citizens, which includes children, elderly, people with disabilities, and low-income families. Includes the Division of Health Benefits.
- 14. **Detailed Line Items (DLI):** A unique line item within a unique claim for a specific procedure code, for a specific date of service, that must be individually reviewed for completion of prepayment claims reviews.
- 15. **Detailed Line Items Monthly Threshold:** Count of detailed line items included for review within the monthly flat fee.

16. **Division of Health Benefits (DHB):** The Division within the North Carolina Department of Health and Human Services (NCDHHS) responsible for implementing the Medicaid program.
17. **Due Process:** Written notice of an Adverse Determination and an opportunity for a fair hearing (appeal) when a Medicaid service request is denied, reduced, terminated, or suspended pursuant to the Social Security Act, 42 C.F.R. § 431.200 et seq., and NCGS §108A-70.9.
18. **Electronic Protected Health Information:** Individually identifiable health information that is transmitted by electronic media or maintained in electronic media.
19. **Fiscal Agent:** The State of North Carolina's vendor with fiduciary responsibility, as well as responsibility for administration, maintenance, and modifications of the Medicaid Management Information System (MMIS) and the DHHS claims processing system.
20. **Fraud, Waste and Abuse (FWA):**
 - a. Fraud is generally defined as knowingly and willfully executing, or attempting to execute, a scheme or artifice to defraud any healthcare benefit program or to obtain (by means of false or fraudulent pretenses, representations or promises) any of the money or property owned by, or under the custody or control of, any healthcare benefit program. (18 U.S.C. § 1347).
 - b. Waste is overutilization of services or other practices that, directly or indirectly, result in unnecessary costs to the healthcare system, including the Medicare and Medicaid programs. It is not generally considered to be caused by criminally negligent actions, but by the misuse of resources.
 - c. Abuse is payment for items or services when there is no legal entitlement to that payment and the individual or entity has not knowingly and/or intentionally misrepresented facts to obtain payment.
21. **Health Information Portability and Accountability Act (HIPAA):** A 1996 Federal law, and any associated amendments, additions, or revisions thereto, that restricts access to individuals' private medical information.
22. **Implementation Plan:** Comprehensive schedule of events, tasks, Deliverables, and milestones developed and executed by the Offeror to ensure successful implementation and launch of Statewide Surveillance for Fraud, Waste and Abuse services.
23. **Inter-rater Reliability (IRR):** The degree of agreement among raters.
24. **Medicaid Enterprise System (MES):** The aggregation of technologies and applications required to operate a State Medicaid Agency (SMA).
25. **Medicaid Managed Care:** The name of the North Carolina managed care program for North Carolina Medicaid benefits; does not include LME/MCOs.
26. **Medicaid Multiplier:** An estimate of the business volume used to calculate a final cost for evaluation purposes only. It is not a guarantee of actual business volume.
27. **NC Tracks:** The multi-payer Medicaid Management Information System for the North Carolina Department of Health and Human Services.
28. **North Carolina electronic Vendor Portal (eVP):** The State of North Carolina's on-line system for advertising solicitations, posting addendums, and publishing award notifications. Vendors can view and search for procurement opportunities <https://evp.nc.gov>.
29. **North Carolina Identity Management (NCID):** The standard identity management service that allows State, local, business and citizen users to achieve an elevated degree of security and real-time access control to the State's customer-based

applications and information.

30. **Offeror:** A supplier, bidder, proposer, firm, company, corporation, partnership, individual or other entity submitting an offer in response to this RFP. Terms may be used interchangeably throughout this RFP.
31. **Overpayment:** The amount paid by the Department to a Provider which is in excess of the amount that is allowable for services furnished and which is required to be refunded in accordance with 42 C.F.R. §433.304.
32. **Preliminary Investigation:** The investigation conducted when a preliminary review provides reason to believe fraud, waste or abuse has occurred. Resolution through referral to the Medicaid Fraud Control Unit or administrative or legal disposition.
33. **Preliminary Review:** The investigation of fraud, waste, and abuse complaints by an investigative analyst to determine if there is sufficient basis to warrant a preliminary investigation pursuant to 10A NCAC 22F .0202.
34. **Provider:** Provider means any individual or entity that is engaged in the delivery of services, or ordering or referring for those services, and is legally authorized to do so by the State in which it delivers the services. (42 C.F.R. § 438.2).
35. **RAT-STATS:** A package of statistical software tools developed by the Office of Inspector General to assist the user in selecting random samples and/or evaluating the audit results.
36. **Recovery Audit Contractor (RAC):** Third-party entity working on behalf of Centers for Medicare and Medicaid Services to identify and recover improper payments made in Medicare and Medicaid transactions between providers and payors.
37. **Recoupment/Recovery:** Any formal action by the State, its vendor or fiscal intermediary, to collect an overpayment made to a Provider in accordance with 42 C.F.R. §433.304. As used herein, recoupment and recovery are interchangeable.
38. **Referral:** An act of referring someone or something for consultation, review, or further action.
39. **Reviewed:** The completed evaluation of the compliance of the documentation received as evidence for a unique detailed line item.
40. **Sampling:** Statistical techniques designed to produce a subset of elements drawn from population, which represent the characteristics of the populations.
41. **Service:** Medical care and items such as medical diagnosis and treatment, drugs and biologicals, supplies, appliances, and equipment, services, and use of hospital RPDH or SNF facilities. (42 C.F.R. §400.202).
42. **Specialized Therapies:** A licensed professional with advanced training that provides tailored behavioral health interventions.
43. **State:** The State of North Carolina, the Department as an agency or in its capacity as the using agency.
44. **State Business Day (Business Day):** Traditional workdays, Monday through Friday, from 8:00 a.m. EST through 5:00 p.m. EST excluding State holidays. A list of North Carolina State Holidays is located at <https://oshr.nc.gov/state-employee-resources/benefits/leave/holidays>.
45. **Subcontractor:** An entity having an arrangement with the Contractor, where the Contractor uses the products and/or services of that entity to fulfill some of its obligations under the Contract. Use of a Subcontractor does not create a contractual relationship between the Subcontractor and the Department, only the Contractor.
46. **Suspended Claims:** Claims which have been submitted to NC Medicaid for

payment, but which are prevented from entering the adjudication process.

47. **Third Party:** A person, a non-NC DHHS state government agency or a non-NC state government entity such as other vendors, suppliers, Subcontractors, consultants, etc., including their employees and agents, which may receive Confidential Information directly from the Vendor.
 48. **Third Party Administrator (TPA):** A Third Party Administrator is a person who directly or indirectly solicits or effects coverage of, underwrites, collects charges or premiums from, or adjusts or settles claims on residents of this State, or residents of another State from offices in this State, in connection with life or Health Insurance or annuities.
 49. **Underpayment:** CMS defines this as being represented by those lines on a claim that were billed at a low level of payment but should have been billed at a higher level of payment. (Service lines that a provider failed to include on a claim are NOT considered underpayments.)
 50. **Vendor:** A company, firm, entity or individual, other than the Contractor, with whom the Department has contracted to provide goods or services.
- d. Section III. *DEFINITIONS, CONTRACT TERM, GENERAL TERMS AND CONDITIONS, OTHER PROVISIONS & PROTECTIONS, B. Acronyms and Abbreviations* is revised and restated in its entirety to add the abbreviations for FFS, MIC, PERM and RAT-STATS, as follows:

B. Acronyms and Abbreviations

1. **AR:** Accounts Receivable
2. **BAA:** Business Associate Agreement
3. **BAFO:** Best and Final Offer
4. **C & I:** Complaints & Investigations
5. **CAP:** Corrective Action Plan
6. **CMS:** Centers for Medicare & Medicaid Services
7. **CMTS:** Case Management Tracking System
8. **CP:** Clinical Policy
9. **DHB:** Division of Health Benefits
10. **DRG:** Diagnosis Related Group
11. **DSS:** NC DHHS Division of Social Services Departments of Social Services
12. **eVP:** North Carolina electronic Vendor Portal
13. **FFS:** Fee for Service
14. **FWA:** Fraud, Waste and Abuse
15. **HIPAA:** Health Insurance Portability and Accountability Act
16. **HITECH:** Health Information Technology for Economic and Clinical Health Act
17. **HUB:** Historically Underutilized Business
18. **LCSW:** Licensed Clinical Social Worker
19. **LTC:** Long-Term Care facilities, including SNFs, ICF-IIDs, and Adult Care Homes
20. **MD:** Medical Doctor
21. **MES:** Medicaid Enterprise System
22. **MIC:** Medicaid Integrity Contractor
23. **MID:** Medical Investigations Division in the Attorney General's Office
24. **MMIS:** Medicaid Management Information Systems
25. **NC:** North Carolina
26. **NC FAST:** North Carolina Families Accessing Services through Technology
27. **NCAC:** North Carolina Administrative Code

- 28. **NC DHHS:** North Carolina Department of Health and Human Services
- 29. **NCGS:** North Carolina General Statute
- 30. **NCID:** North Carolina Identity Management Service
- 31. **NPI:** National Provider Identifier
- 32. **OA:** Office of Administrative Hearings
- 33. **OCPI:** Office of Compliance and Program Integrity
- 34. **OCR:** Office of Civil Rights
- 35. **OSA:** Office of the State Auditor
- 36. **PA:** Prior Authorization
- 37. **PERM:** Payment Error Rate Measurement Reviews
- 38. **PHI:** Protected Health Information
- 39. **QA:** Quality Assurance
- 40. **RAC:** Recovery Audit Contractor
- 41. **RAT-STATS:** Regional Advanced Techniques Staff Statistical Software
- 42. **RFP:** Request for Proposal
- 43. **RN:** Registered Nurse
- 44. **TND:** Tentative Notice of Decision
- 45. **TPA:** Third Party Administrator

- e. *Section III. DEFINITIONS, CONTRACT TERM, GENERAL TERMS AND CONDITIONS, OTHER PROVISIONS & PROTECTIONS, D. General Terms and Conditions, 21. EQUAL EMPLOYMENT OPPORTUNITY* is revised and restated as follows:

21. Reserved.

- f. *Section III. DEFINITIONS, CONTRACT TERM, GENERAL TERMS AND CONDITIONS, OTHER PROVISIONS & PROTECTIONS, D. General Terms and Conditions, 35. PAYMENT AND INVOICE TERMS, d. iii. For Post Payment & RAC/Non-RAC Reviews* is revised and restated in its entirety as follows:

- iii. For Post Payment & RAC: Contractor shall include the annual flat fee, contingency fee, and Medicaid Multiplier, as applicable, for Post Payment and RAC reviews pursuant to the amounts in *Section VII. First Revised and Restated Attachment C: Cost Proposal*.

- g. *Section V. SCOPE OF SERVICES AND PERFORMANCE REQUIREMENTS, D. Fraud, Waste and Abuse Requirements, 2. Post Payment Reviews and RAC/non-RAC, d.,* is revised and restated in its entirety as follows:

- d. Utilizing C&I or the State's current case management system, the Contractor shall manage all aspects of the case review and assist in coordinating reviews and audits to help prevent the audit of claims that have already been audited or that are currently being audited. Access to information must be secure and in compliance with 45 C.F.R. § 164.502(b). The Department may, at its discretion, receive a structured data feed from the Contractor containing full documentation of each investigated case, provided it does not require any manual data entry by State staff.

- h. *Section V. OF SERVICES AND PERFORMANCE REQUIREMENTS, D. Fraud, Waste and Abuse Requirements, 2. Post Payment Reviews and RAC/non-RAC, g. iii.,* is revised and restated in its entirety as follows:

- iii. Send a Final Records Request notice to the Provider if records have not been

submitted within ten (10) State Business Days from the date the Initial Records Request was received. The notice shall be sent via traceable mail; however, the Department shall allow final requests to be issued via a secure, traceable means of electronic transmission, in addition to certified mail. The Contractor shall determine that the claim is an overpayment if medical records are requested and not received within five (5) State Business Days after the Provider has received the second Records Request.

- 1) Providers are afforded thirty (30) State Business Days to submit additional documentation after receiving a Tentative Notice of Decision (TND). Full recoupment is allowed if the TND becomes final.

- i. *Section V. SCOPE OF SERVICES AND PERFORMANCE REQUIREMENTS, D. Fraud, Waste and Abuse Requirements, 2. Post Payment Reviews and RAC/non-RAC, m.i.,* is revised and restated in its entirety as follows:

- i. The Contractor shall support all hearings and appeals actions by providing evidence including documentation, witness testimony and physical attendance when requested. Paper Reviews: The Contractor shall review the reconsideration request submitted by the Provider and prepare an appeal summary in accordance with Department procedures. The appeal summary shall address each of the Provider's arguments.

- j. *Section V. SCOPE OF SERVICES AND PERFORMANCE REQUIREMENTS, D. Fraud, Waste and Abuse Requirements, 4. Proactive Investigatory Initiatives, i.,* is revised and restated in its entirety as follows:

- i. To proactively monitor NC Medicaid program services for potential FWA, the Department will direct investigations based upon information gathered through use of data analytics. The Contractor will perform data analysis, focusing on Fee for Service (FFS) claims unless otherwise directed by the Department, and will investigate providers identified through this mode.

- k. *Section V. SCOPE OF SERVICES AND PERFORMANCE REQUIREMENTS, D. Fraud, Waste and Abuse Requirements, 7. Performance of work,* is revised and restated in its entirety as follows:

7. Performance of Work

Contractor shall be responsible for performing all work within the scope of work under this contract. At any time during the term of this contract, the Department may, at its discretion, designate any part or all such work for completion by the Department. Should the Department decide to perform any defined portion of the work, the Contractor shall continue to be responsible for the remainder of the work. The Department will provide the Contractor sixty (60) Calendar Days' notice of its intent to exercise its discretion to designate any part or all such work for completion by the Department.

- l. *Section V. SCOPE OF SERVICES AND PERFORMANCE REQUIREMENTS, H. Staffing, 4. Key Personnel, b.i.,* is revised and restated in its entirety as follows:

- i. The Contractor may request an exception to requirements for minimum certifications, credentials and experience defined in *Section V. H. Staffing, Table 1: Key Personnel* by submitting a request to the Department in writing. An exception may be sought in accordance with 42 CFR 455.516, provided the Contractor offers a sound justification. However, the Contractor must comply with the stated requirements unless and until the Department agrees with the justification and the

Centers for Medicare & Medicaid Services (CMS) approves the exception.

m. *Section V. SCOPE OF SERVICES AND PERFORMANCE REQUIREMENTS, H. Staffing, Table 1: Key Personnel, 7.*, is revised and restated in its entirety as follows:

Section V. H Staffing, Table 1: Key Personnel		
Role	Duties and Responsibilities of the Role	Minimum Certifications, Credentials and Experience Required by the Department
1. Senior Manager	<ul style="list-style-type: none">• Manage all aspects of Contractor's Provider Management services.• Direct contract resulting from this RFP.	<ul style="list-style-type: none">• Minimum of a four-year degree in health care, human services, business or a related discipline from an accredited college or university• Minimum of four (4) years' experience managing post payment, prepayment or similar audit or review projects.
3. Project Manager	<ul style="list-style-type: none">• Execute the successful implementation of this initiative.• Provide day-to-day support in executing all components of the implementation and subsequent operations.	<ul style="list-style-type: none">• Minimum of a four-year degree in Business, or Public Administration from an accredited college or university; or a project management professional (PMP) certification• Minimum of four (4) years of experience working with government agencies or in regulated industries, and experience in implementing large-scale FWA programs.
4. Clinical Review Supervisor	<ul style="list-style-type: none">• Supervise clinical staff• Oversee clinical components within this Contract.	<ul style="list-style-type: none">• Minimum of a four-year degree in healthcare or registered nurse licensed by the appropriate NC Licensing Board, at least four (4) years

Section V. H Staffing, Table 1: Key Personnel		
Role	Duties and Responsibilities of the Role	Minimum Certifications, Credentials and Experience Required by the Department
		of clinical experience, including reviewing clinical decisions, claims, and medical necessity related to FWA.
5. Medical Director	<ul style="list-style-type: none"> • Assist nurses, therapists and certified coders upon request. • Assist with the management of quality assurance procedures and maintain relationships with provider associations. • An alternate shall be available when the Medical Director is unavailable for longer than one week. 	<ul style="list-style-type: none"> • Doctor of Medicine or a Doctor of Osteopathy in good standing with the NC Medical Board and has relevant work and educational experience to oversee the medical records review process.
6. Registered Nurse	<ul style="list-style-type: none"> • Review medical records and claims to determine the appropriateness of care, medical necessity, and compliance with healthcare standards, identifying potential FWA. • Assist in investigating incidents of suspected FWA by reviewing clinical documentation, care plans, and treatment decisions for discrepancies or irregularities. • Conduct utilization reviews to assess the appropriate use of services, treatments, and resources, ensuring they meet regulatory and quality standards. 	<ul style="list-style-type: none"> • Licensed by the appropriate NC licensing boards. • Minimum one (1) year of auditing experience. • Minimum three (3) years of clinical experience in the specialty field for which he or she will be conducting reviews.
7. Therapist (Specialized Therapies)	<ul style="list-style-type: none"> • Evaluate therapy treatment plans, progress notes, and service delivery to ensure they meet clinical guidelines and regulatory requirements, identifying any potential overutilization or misuse of therapy services. • Review therapy-related claims, verifying the medical 	<ul style="list-style-type: none"> • Licensed by the appropriate NC licensing boards. • Minimum one (1) year of auditing experience. • Three (3) years of clinical experience in the specialty field for which he or she will be conducting reviews.

Section V. H Staffing, Table 1: Key Personnel		
Role	Duties and Responsibilities of the Role	Minimum Certifications, Credentials and Experience Required by the Department
	<p>necessity and appropriateness of the services provided to detect possible fraud or abuse.</p> <ul style="list-style-type: none"> • Offer insights into therapy practices and standards to help assess whether services billed were necessary and properly documented, contributing to fraud investigations and audits. • Address identified issues related to inappropriate therapy services, offering guidance and participating in the development of Corrective Action Plans to prevent future violations. 	

n. *Section VII. Attachments to the RFP*, is revised and restated in its entirety as follows:

VII. Attachments to the RFP

The following attachments are included in this Section VII. Attachments to the RFP

- A. First Revised and Restated Minimum Qualifications Response
- B. First Revised and Restated Offeror's Response to Technical Evaluation Questions
- C. First Revised and Restated Offeror's Cost Proposal
- D. Contract Administrators
- E. First Revised and Restated Certification of Financial Condition and Legal Action Summary
- F. State Certifications
- G. Federal Certification and Disclosures
- H. Disclosure of Litigation and Criminal Convictions
- I. Location of Workers Utilized by Contractor
- J. Offeror Request for Proposed Modifications to the Terms and Conditions
- K. Business Associates Agreement
- L. Subcontractor Identification Form
- M. Legal Grounds for Marking Information Confidential
- N. Evaluation Methodology
- O. C&I Data Field Names
- P. DHB PI Statistical Sampling Guidelines

- o. Section VII. *Attachments to the RFP, Attachment B: Offeror's Response to Technical Evaluation Questions* is revised and restated in its entirety to make a correction to question 2 and renamed *First Revised and Restated Attachment B: Offeror's Response to Technical Evaluation Questions* and attached to this Addendum #6.

Offeror's must request the MS Word version of *First Revised and Restated Attachment B: Offeror's Response to Technical Evaluation Questions* from Medicaid.Procurement@dhhs.nc.gov.

- p. Section VII *Attachments to the RFP, Attachment C: Cost Proposal* is revised and restated in its entirety and renamed *First Revised and Restated Attachment C: Cost Proposal* and attached to this Addendum #6.

Offeror's must request the MS Excel version of *First Revised and Restated Attachment C: Cost Proposal* from Medicaid.Procurement@dhhs.nc.gov.

- q. Section VII *Attachments to the RFP, Attachment E: Certification of Financial Condition and Legal Action Summary* is revised and restated in its entirety to specify a required time period for the balance sheet and income statement and renamed *First Revised and Restated Attachment E: Certification of Financial Condition and Legal Action Summary* and attached to this Addendum # 6.

Offerors must request the MS Word version of *First Revised and Restated Attachment E: Certification of Financial Condition and Legal Action Summary* from Medicaid.Procurement@dhhs.nc.gov.

- r. Section VII *Attachments to the RFP* is revised to add *Attachment O: C&I Data Field Names* and is attached to this Addendum #6.

Offeror's must request the MS Excel version of *Attachment O: C&I Data Field Names* from Medicaid.Procurement@dhhs.nc.gov.

- s. Section VII *Attachments to the RFP*, is revised to add *Attachment P: DHB PI Statistical Sampling Guidelines* and is attached to this Addendum #6.

Offeror's must request the MS Word version of *Attachment P: DHB PI Statistical Sampling Guidelines* from Medicaid.Procurement@dhhs.nc.gov.

Execute Addendum #6:

Offeror: _____

Authorized Signature: _____

**Name and Title
(Typed):** _____

Date: _____

First Revised and Restated Attachment B: Offeror's Response to Technical Evaluation Questions

Instructions:

Offeror must respond to all questions and each part and subpart to each question in *Section VII. First Revised and Restated Attachment B: Offeror's Response to Technical Evaluation Questions*. Offeror's response to each question must follow the corresponding question. The Offeror must confirm adherence to and describe its approach to meet the requirements of the Contract as indicated. This includes providing a detailed narrative, diagrams, exhibits, examples, sketches, descriptive literature and/or detailed information specifically tailored for the North Carolina Medicaid program to demonstrate Offeror's ability to meet specifications of the SSFWA RFP. The Offeror's Response to Technical Evaluation Questions should clearly indicate the citation and/or location of exhibits, attachments, flows, etc. that supplement responses in this Attachment B and demonstrate understanding and the ability to meet each specification. The Department is not required to look for or consider information outside of the response for individual questions where the Offeror fails to clearly indicate the location of supplemental exhibits, attachments, flows, etc. Further, where indicated and applicable, Offeror must describe any limitations or issues it has with meeting the requirements of the question. Offeror's response to each question must follow the corresponding question. The Department reserves the right to validate information provided within Offeror's response.

The table below provides an overview of the evaluation criteria and the questions within this Attachment B that correspond to each criterion. Cost will be evaluated based on the response to *Section VII. First Revised and Restated Attachment C: Cost Proposal*. The table below is provided for convenience only, and each question may encompass requirements from multiple sections of the RFP. The evaluation processes, including those for costs, are explained further in *Section VII. Attachment N: Evaluation Methodology*.

Summary of Evaluation Criteria and Corresponding Questions		
Question #s	Evaluation and RFP Scope Section	RFP Section Reference
1. – 10. Service Delivery Criteria		
1.-5.	Fraud, Waste and Abuse	<i>Section V.B. General Requirements and Section V.D. Fraud, Waste and Abuse Requirements</i>
6.	Technology Specifications	<i>Section V.E. Technology Specifications</i>
7.	Customer Support	<i>Section V.F. Customer Support</i>
8.	Outreach and Education	<i>Section V.G. Outreach and Education</i>
9.	Staffing	<i>Section V.C. Qualifications and Program Administration Requirements and Section V.H. Staffing</i>
10.	Training	<i>Section V.I. Training</i>
11. – 16. Program Administration Criteria		
11.	Program Administration	<i>Section V.C. Qualifications and Program Administration Requirements</i>
12.	Performance Reporting and Delivery Requirements	<i>Section V.J. Reports and Section VI. Contract Performance</i>
13.	Implementation	<i>Section V.K. Implementation</i>
14.	Quality Assurance	<i>Section V.L. Quality Assurance</i>
15.	Business Continuity	<i>Section V.M. Business Continuity Plan</i>
16.	Privacy and Security Protections	<i>Section III.E.9. Privacy and Security Related Deliverables</i>
17. – 18. Qualifications and Experience Criteria		
17. – 18.	Past Experience and Performance	

Technical Evaluations Questions

A. SERVICE DELIVERY

Fraud, Waste and Abuse

Evaluation Question

1. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and Section V.B. General Requirements and *Section V.D. Fraud, Waste and Abuse Requirements, 1. Prepayment Claims Review.*

The response should address Prepayment Claims Review and include the elements required within each subset of the following activities:

- a. Notification of decision to place the Provider on Prepayment Claims Review;
- b. Review process;
- c. Claims submission process;
- d. Evaluation criteria standard used to determine when a Provider's claims will no longer be subject to Prepayment Claims Review;
- e. Timelines for claims processing; and
- f. Hearings and appeals process.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Evaluation Question

2. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and *Section V.D. Fraud, Waste and Abuse Requirements, 2. Post Payment Reviews and RAC*.

The response should address Post Payment Reviews and RAC and include the elements required within each subset of the following activities:

- a. Determination of overpayment or underpayment;
- b. Coordination of all aspects of the review process;
- c. Identification of potential FWA and over-utilization activities requiring full review;
- d. Provider audit notification and focus areas
- e. Record Requests;
- f. Appeals process;
- g. Timelines and documentation compliance.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Evaluation Question

3. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and *Section V.D. Fraud, Waste and Abuse Requirements, 3. Program Integrity Investigations*.

The response should address Complaint and Referral-Driven Investigations and include the elements required within each subset of the following activities:

- a. Case intake;
- b. Customization of investigations;
- c. Preliminary investigations (off-site/on-site);
- d. Resolution of preliminary investigations; and
- e. Timelines and documentation compliance.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Evaluation Question

4. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and *Section V.D. Fraud, Waste and Abuse Requirements, 4. Proactive Investigatory Initiatives*.

The response should describe in detail Offeror's approach to the following:

- a. Utilization of data analytics to identify providers or services for potential FWA; and
- b. Proactive investigatory analyses process and initiative summary if applicable.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Evaluation Question

5. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and *Section V.D. Fraud, Waste and Abuse Requirements, 5. Sampling and Extrapolation of Findings*.

The response should describe in detail Offeror's approach for each of the following:

- a. Sampling methodology; and
- b. Provider record review for claim accuracy.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Technology Specifications

Evaluation Question
<p>6. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and <i>Section V.E. Technology Specifications</i>.</p> <p>The response should describe in detail Offeror's approach and experience for each of the following:</p> <ul style="list-style-type: none">a. Post-payment review activities using a designated system determined by the Department for case tracking and documentation.b. Pre-payment review through use of Contractor's own secure, web-enabled case management tracking system (CMTS) maintained at its own expense for the duration of this contract.c. Pre-payment review through use of Contractor's own secure, web-enabled Provider Portal for the secure requests and collection of Provider medical records maintained at its own expense for the duration of this contract.d. Site maintenance, technical assistance, and Department requested modifications.e. DRG Grouper software along with the appropriate version of the Medicare Coding Edits (MCE). (MCE).
<div><input type="checkbox"/> Offeror confirms adherence</div> <div><input type="checkbox"/> Offeror does not confirm adherence</div> <p>Offeror's Response:</p> <p>Click or tap here to enter text.</p> <p>The Offeror must describe any limitations or issues meeting the requirements of this question.</p> <div><input type="checkbox"/> Offeror has no limitation(s) or issues(s).</div> <div><input type="checkbox"/> Offeror has limitation(s) or issue(s) described following their response below.</div> <p>Click or tap here to enter text.</p>

Customer Support

Evaluation Question	
<p>7. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and <i>Section V.F. Customer Support</i>.</p> <p>The response should address:</p> <ul style="list-style-type: none">a. Compiling and maintaining Provider addresses and contacts;b. Knowledge about post payment review process;c. Accessing the Offeror's audit system to answer case-specific questions; andd. Providing accurate information on reviews, the recoupment process, appeals and related matters; and Return calls.	
<input type="checkbox"/> Offeror confirms adherence	<input type="checkbox"/> Offeror does not confirm adherence
<p>Offeror's Response:</p> <p>Click or tap here to enter text.</p> <p>The Offeror must describe any limitations or issues meeting the requirements of this question.</p> <p><input type="checkbox"/> Offeror has no limitation(s) or issues(s).</p> <p><input type="checkbox"/> Offeror has limitation(s) or issue(s) described following their response below.</p> <p>Click or tap here to enter text.</p>	

Outreach and Education

Evaluation Question

8. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach to meet the requirements of the RFP and *Section V.G. Outreach and Education*.

The response should describe in detail Offeror's approach for each of the following:

- a. Outreach and education efforts to associations, Providers, and other stakeholders;
- b. Identifying trends or aberrant provider issues that might require an expanded educational effort;
- c. Participating in provider association meetings and meeting with provider groups to explain/discuss Offeror's methodologies and results, as well as recommendations for improving provider overpayment error rates;
- d. Explaining how the provider may assist in reducing the occurrence of future overpayments;
- e. Provide knowledge transfer, presentations and support on-going engagement;
- f. Strategy to enhance an effective outreach and education program that requires no less than quarterly meetings with designated provider associations and monthly postings of new or refresher information on the Contractor's website; and
- g. Response must include two (2) examples of Offeror's materials to be used during outreach and education efforts.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Staffing

Evaluation Question

9. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach, including the use of any Subcontractors, to meet the requirements of the RFP in accordance with *Section V.H. Staffing*.

The response must:

- a. Include proposed Key Personnel, including the individuals' credentials and experience specific to the identified role. If Offeror has not identified Key Personnel at the time of submitting its proposal, Offeror must state the actions it will take to ensure Key Personnel are identified and in place in accordance with all timelines;
- b. Include a detailed draft Staffing Plan with an organizational chart with Key Personnel, and the number of staff/roles for performance of services under each work area; and
- c. Approach for performing services statewide, including use of teleworking or hybrid models, and required in-person activities.

Response

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Training

Evaluation Question

10. Offeror must confirm adherence to the requirements of the Department, and describe its ability, capacity and proposed approach, to meet the requirements of the RFP in accordance with *Section V.I. Training*.

The response must include a detailed Training Plan that addresses each of the following:

- a. Approach to ensuring all personnel, including Subcontractors, Providers and other stakeholders meet all training requirements and timelines.; and
- b. Processes to develop and update its ongoing training curriculum, to include:
 - i. Topic areas;
 - ii. Desktop procedures; and
 - iii. Delivery methods.
- c. Attendance of the Department's Fiscal Agent's training session.

Response

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

[Click or tap here to enter text.](#)

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

[Click or tap here to enter text.](#)

B. PROGRAM ADMINISTRATION

Program Administration

Evaluation Question

11. Offeror must confirm adherence to the requirements of the Department and describe its capacity, processes, procedures, systems and infrastructure necessary to provide, monitor and track statewide FWA and meet the requirements of the RFP and *Section V. C. Qualifications and Program Administration*.

The response must include each of the following:

- a. Processes, procedures and approach to incorporating all Department required tools, templates and systems for the performance of services;
- b. Approach to providing technical assistance to its personnel to successfully use all Department required tools, templates and systems for the performance of services;
- c. Process for tracking adherence to protocols and guidance for face-to-face meetings; and
- d. Process for complying with the following:
 - i. North Carolina Medicaid Beneficiary Due Process Rights.
 - ii. Medicaid Recovery Audit Contractor (RAC) requirements as defined under the Social Security Act § 1902(a)(42)(B)(i) and the Affordable Care Act § 6411.
 - iii. Unnecessary or inappropriate use of Medicaid services and against excess payments as noted in 42 C.F.R. Parts 455 and 456.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Performance Reporting and Delivery Requirements

Evaluation Question

12. Offeror must confirm adherence to the requirements of the Department and describe its capacity and approach to meet the requirements of the RFP in accordance with *Section V.J. Reports* and *Section VI. Contract Performance*.

Offeror's response must detail its approach for adherence to reporting metrics and processes to ensure accuracy, completeness, and timely submission of all reports, data and service delivery.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Implementation

Evaluation Question

13. Offeror must confirm adherence to the milestones, activities, and schedule in *Section V.K. Implementation*. The response must include a detailed draft Implementation Plan that incorporates, at a minimum, all elements listed in *Section V.K. Implementation* and demonstrates the Offeror's capacity to meet the timeline and requirements of the RFP. Offeror should describe its approach for Kickoff and Onboarding meetings and suggested topics to be included.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Quality Assurance

Evaluation Question

14. Offeror must confirm adherence to the requirements of the Department and describe its capacity and approach to meet the requirements of the RFP and *Section V.L. Quality Assurance*.

The response must include:

- a. A description of Offeror's quality assurance policies, procedures and practices it will implement to ensure completion and validation of the accuracy of the services required in the RFP;
- b. A detailed draft Quality Assurance Plan (QA Plan) that includes, at a minimum, all elements of *Section V.L. Quality Assurance*; and
- c. Approach for participation in Department initiated reviews and incorporation of feedback and recommendations.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Business Continuity and Disaster Recovery

Evaluation Question

15. Offer must confirm adherence to the requirements of the Department and describe its ability and approach to meet the requirements of the RFP and *Section V.M. Business Continuity Plan*. The response must include a detailed Business Continuity Plan to meet all requirements and elements of *Section V.M. Business Continuity Plan*.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Privacy and Security Protections

Evaluation Question

16. Offeror must confirm adherence to and describe its ability and approach to meet all Confidentiality, Privacy and Security Protections defined within the RFP. The response must include the following *Section III.E.9.a*:
- a. [Vendor Readiness Assessment Report \(VRAR\)](https://it.nc.gov/documents/vendor-readiness-assessment-report) <https://it.nc.gov/documents/vendor-readiness-assessment-report>;
 - b. System Security Plan (SSP) example template should be requested from Medicaid.Procurement@dhhs.nc.gov;
 - c. Vendor SOC 2 or ISO 27001 or FedRamp or equivalent compliance certificates;
 - d. Network Architecture Diagram <https://it.nc.gov/resources/statewide-it-procurement/vendor-engagement-resources>; and
 - e. Data Flow Diagram and Description.

☐ Offeror confirms adherence

☐ Offeror does not confirm adherence

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

C. QUALIFICATIONS AND EXPERIENCE

Past Experience and Performance

Evaluation Question

17. Offeror must describe their past experience providing services similar to those included in the requirements of this RFP.

Response must:

- a. Identify other State Medicaid or other programs for which Offeror has performed substantially similar services and include the number of years providing the services;
- b. Describe the factors, experience, and processes that make Offeror qualified to successfully provide the statewide services required by this RFP;
- c. Detail Offeror's experience and capability collaborating with the provider community, beneficiaries, and other stakeholders; and
- d. Explain how success was measured and validated.

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

Evaluation Question

18. Offeror must provide a list of contracts for services that are similar to those described in this RFP in the last seven (7) calendar years and disclose information required in *Section VII. Attachment H: Disclosure of Litigation and Criminal Convictions*.

Offeror's response should:

- a. Disclose any performance or compliance issues, termination, non-renewal, withdrawal, or services reduction; that occurred in any Contract held by the Offeror in the past seven (7) calendar years;
- b. For any Contract that was terminated due to contractual breach or insufficient performance within the past seven (7) calendar years, Offeror response must explain the circumstances or reasons surrounding the termination, non-renewal, withdrawal, or services reduction; the parties involved; and provide the name, address and telephone number of the client/other party;
- c. If the Contract was terminated/non-renewed based on the Offeror's performance, The Offeror shall describe any corrective actions taken to prevent any future occurrence of the problem leading to the termination/non-renewal;
- d. If the violation(s) was the subject of an administrative proceeding or litigation, the Offeror shall indicate the result of the proceeding/litigation; and
- e. If Offeror has no such terminations, Offeror must respond by stating no terminations have occurred.

Offeror has disclosed all information required in *Section VII. Attachment H: Disclosure of Litigation and Criminal Convictions*.

☐ Yes

☐ No. (If this box is checked, Offeror must indicate the reason below as part of **Offeror's Response**.)

Offeror's Response:

Click or tap here to enter text.

The Offeror must describe any limitations or issues meeting the requirements of this question.

☐ Offeror has no limitation(s) or issues(s).

☐ Offeror has limitation(s) or issue(s) described following their response below.

Click or tap here to enter text.

First Revised and Restated Attachment C: Cost Proposal

RFP # 30-2025-004-DHB Statewide Surveillance for Fraud, Waste, and Abuse Instructions for Completing Attachment C: Cost Proposal

This workbook is intended for those submitting a cost proposal as part of the response to this RFP.

Cost Proposal pricing must be all-inclusive, incorporating all requirements and responsibilities as delineated in the RFP, including turnkey costs associated with the services to be provided as part of this RFP and any subsequent contract. Offeror should submit a detailed narrative explaining what is included in each submitted cost. No payments will be made for items not quoted in the Offeror's Cost Proposal.

This workbook consists of seven (7) worksheets:

1. Instructions
2. Total Cost Summary (1 & 2)
3. Implementation Costs - Year 1 Only
4. Prepayment Claims Reviews Costs
5. Post Payment & RAC
6. Program Integrity Investigations Costs
7. Cost Proposal Execution Page

Worksheet #2: Total Cost Summary (1 & 2) - No input is allowed in these tables as cells are auto-populated to calculate the total costs. Monthly flat fees for program administrative costs for years 1-5 shall be reflected in **W2. Total Cost Summary - 1**. Per Provider/Investigation flat fees for years 1-5 shall be reflected in **W2. Total Cost Summary - 2**.

Worksheet #3: Implementation Costs - Year 1 Only - Offeror may propose reasonable implementation fees (costs that reflect necessary, justifiable, and competitive expenses associated with setting up and initiating the contract's required services) as part of the cost proposal to support any one-time or start-up costs associated with the Contract. Offeror should include technology and non-information technology costs.

Worksheet # 4: Prepayment Claims Reviews Costs - Cost proposal pricing for Prepayment Claims Reviews shall reflect a flat monthly fee and a per provider flat fee. Fees shall be all inclusive, incorporating all requirements and responsibilities as defined in this RFP, including all personnel and non-personnel costs associated with the ongoing activities, and may include items such as travel, personnel salaries and benefits, administrative and overhead costs, supplies, and other permissible costs associated during performance of services required to complete Prepayment Claims Reviews as outlined in this RFP. Monthly flat fees for program administrative costs for years 1-5 shall be reflected in **W2. Total Cost Summary - 1**. Per provider flat fees for years 1-5 shall be reflected in **W2. Total Cost Summary - 2**.

Worksheet # 5: Post Payment & RAC Costs - Cost shall be all inclusive, incorporating all requirements and responsibilities as defined in this RFP, including software licenses, maintenance and support, hosting services, system change requests, all personnel and non-personnel costs associated with the ongoing activities, and may include items such as training, travel, personnel salaries and benefits, administrative and overhead costs, supplies, and other permissible costs associated during performance of services.

Worksheet #6: Program Integrity Investigations Costs - Cost proposal pricing for Program Integrity Investigations shall reflect a flat monthly fee and a per investigation flat fee. Fees shall be all inclusive, incorporating all requirements and responsibilities as defined in this RFP, including all personnel and non-personnel costs associated with the ongoing activities, and may include items such as travel, personnel salaries and benefits, administrative and overhead costs, supplies, and other permissible costs associated during performance of services required to complete Program Integrity Investigations as outlined in this RFP. Monthly flat fees for program administrative costs for years 1-5 shall be reflected in **W2. Total Cost Summary - 1**. Per investigation flat fees for years 1-5 shall be reflected in **W2. Total Cost Summary - 2**.

Worksheet #7: Cost Proposal Execution Page - Enter information in gray-tinted cells. Must be signed by the same individual who signs the RFP Execution page.

RFP # 30-2025-004-DHB SSFWA	
Total Cost Summary - Table 1 (Monthly Program Administrative Costs)	
Summary of Costs - Year 1	
Implementation Costs - Year 1 Only	\$0.00
Prepayment Claims Review - Monthly Prog Admin Costs	\$0.00
Post Payment RAC Underpayment Reviews	\$0.00
Post Payment RAC Overpayment Reviews	\$0.00
Program Integrity Investigations - Monthly Prog Admin Costs	\$0.00
Summary of Costs - Year 2	
Prepayment Claims Review - Monthly Prog Admin Costs	\$0.00
Post Payment RAC Underpayment Reviews	\$0.00
Post Payment RAC Overpayment Reviews	\$0.00
Program Integrity Investigations - Monthly Prog Admin Costs	\$0.00
Summary of Costs - Year 3	
Prepayment Claims Review - Monthly Prog Admin Costs	\$0.00
Post Payment RAC Underpayment Reviews	\$0.00
Post Payment RAC Overpayment Reviews	\$0.00
Program Integrity Investigations - Monthly Prog Admin Costs	\$0.00
Summary of Costs - Year 4	
Prepayment Claims Review - Monthly Prog Admin Costs	\$0.00
R RAC Underpayment Reviews	\$0.00
Post Payment RAC Overpayment Reviews	\$0.00
Program Integrity Investigations - Monthly Prog Admin Costs	\$0.00
Summary of Costs - Year 5	
Prepayment Claims Review - Monthly Prog Admin Costs	\$0.00
R RAC Underpayment Reviews	\$0.00
Post Payment RAC Overpayment Reviews	\$0.00
Program Integrity Investigations - Monthly Prog Admin Costs	\$0.00
Year 1	\$0.00
Year 2	\$0.00
Year 3	\$0.00
Year 4	\$0.00
Year 5	\$0.00
Total 5 Year Cost	\$0.00

RFP # 30-2025-004-DHB SSFWA	
Total Cost Summary - Table 2 (Per Provider/Investigation)	
Summary of Costs - Year 1	
Implementation Costs - Year 1 Only	\$0.00
Prepayment Claims Review - Per Provider Flat Fee	\$0.00
Post Payment RAC Underpayment Reviews	\$0.00
Post Payment RAC Overpayment Reviews	\$0.00
Program Integrity Investigations - Per Investigation Flat Fee	\$0.00
Summary of Costs - Year 2	
Prepayment Claims Review - Per Provider Flat Fee	\$0.00
Post Payment RAC Underpayment Reviews	\$0.00
Post Payment RAC Overpayment Reviews	\$0.00
Program Integrity Investigations - Per Investigation Flat Fee	\$0.00
Summary of Costs - Year 3	
Prepayment Claims Review - Per Provider Flat Fee	\$0.00
Post Payment RAC Underpayment Reviews	\$0.00
Post Payment RAC Overpayment Reviews	\$0.00
Program Integrity Investigations - Per Investigation Flat Fee	\$0.00
Summary of Costs - Year 4	
Prepayment Claims Review - Per Provider Flat Fee	\$0.00
Post Payment RAC Underpayment Reviews	\$0.00
Post Payment RAC Overpayment Reviews	\$0.00
Program Integrity Investigations - Per Investigation Flat Fee	\$0.00
Summary of Costs - Year 5	
Prepayment Claims Review - Per Provider Flat Fee	\$0.00
Post Payment RAC Underpayment Reviews	\$0.00
Post Payment RAC Overpayment Reviews	\$0.00
Program Integrity Investigations - Per Investigation Flat Fee	\$0.00
Year 1	\$0.00
Year 2	\$0.00
Year 3	\$0.00
Year 4	\$0.00
Year 5	\$0.00
Total 5 Year Cost	\$0.00

RFP #30-2025-004-DHB SSFWA
Implementation Costs for Year 1

This table is for implementation costs for Year 1 only. Offeror should list the implementation item and cost for each in the gray-tinted cells. Include a narrative description and sufficient details to justify any proposed implementation costs. Include technology and non-information technology costs.

[illegible]

**RFP # 30-2025-004-DHB SSFWA
Prepayment Claims Reviews**

Offeror Name:

Only enter information into gray cells.

Cost proposal pricing for Prepayment Claims Reviews shall reflect a flat monthly fee for program administrative costs and an alternative per provider flat fee. Fees shall be all inclusive, incorporating all requirements and responsibilities as defined in this RFP, including all personnel and non-personnel costs associated with the ongoing activities, and may include items such as travel, personnel salaries and benefits, administrative and overhead costs, supplies, and other permissible costs associated during performance of services required to complete Prepayment Claims Reviews as outlined in this RFP.

*Monthly flat fees for program administrative costs for years 1-5 shall be reflected in **W2. Total Cost Summary - 1.***

*Per Provider flat fees for years 1-5 shall be reflected in **W2. Total Cost Summary - 2.***

Monthly Program Administrative Costs for Prepayment Claims Reviews

	Year 1	Year 2	Year 3	Year 4	Year 5
Month 1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 3	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 4	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 5	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 6	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 7	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 8	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 9	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 12	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Per Provider Flat Fee for Prepayment Claims Reviews

	Year 1	Year 2	Year 3	Year 4	Year 5
Per Provider Flat Fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**RFP # 30-2025-0004-DHB Statewide Surveillance Fraud, Waste, and Abuse
Post Payment & RAC**

Only enter information into gray cells.

Cost shall be all inclusive, incorporating all requirements and responsibilities as defined in this RFP, including software licenses, maintenance and support, hosting services, system change requests, all personnel and non-personnel costs associated with the ongoing activities, and may include items such as training, travel, personnel salaries and benefits, administrative and overhead costs, supplies, and other permissible costs associated during performance of services.

Offeror Name:

RAC Underpayment Reviews	Flat Fee Per Claim	Medicaid Multiplier	Cost
Year 1	\$0.00	900	\$0.00
Year 2	\$0.00	900	\$0.00
Year 3	\$0.00	900	\$0.00
Year 4	\$0.00	900	\$0.00
Year 5	\$0.00	900	\$0.00

RAC Overpayment Reviews (Contingency Fee May Not Exceed 12.5%)															
Overpayment Reviews	Year 1			Year 2			Year 3			Year 4			Year 5		
	Contingency Fee	Medicaid Multiplier	Cost	Contingency Fee	Medicaid Multiplier	Cost	Contingency Fee	Medicaid Multiplier	Cost	Contingency Fee	Medicaid Multiplier	Cost	Contingency Fee	Medicaid Multiplier	Cost
Inpatient Hospital - Offsite	0.00%	1,250,000	\$0.00	0.00%	1,250,000	\$0.00	0.00%	1,250,000	\$0.00	0.00%	1,250,000	\$0.00	0.00%	1,250,000	\$0.00
Outpatient Hospital - Offsite	0.00%	900,000	\$0.00	0.00%	900,000	\$0.00	0.00%	900,000	\$0.00	0.00%	900,000	\$0.00	0.00%	900,000	\$0.00
LTC - Offsite	0.00%	1,250,000	\$0.00	0.00%	1,250,000	\$0.00	0.00%	1,250,000	\$0.00	0.00%	1,250,000	\$0.00	0.00%	1,250,000	\$0.00
Laboratory Service Reviews	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00
X-Ray Service Reviews	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00
Specialized Therapies	0.00%	300,000	\$0.00	0.00%	300,000	\$0.00	0.00%	300,000	\$0.00	0.00%	300,000	\$0.00	0.00%	300,000	\$0.00
Physician Services	0.00%	600,000	\$0.00	0.00%	600,000	\$0.00	0.00%	600,000	\$0.00	0.00%	600,000	\$0.00	0.00%	600,000	\$0.00
Home Care Services	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00	0.00%	60,000	\$0.00
Behavioral Health Services	0.00%	50,000	\$0.00	0.00%	50,000	\$0.00	0.00%	50,000	\$0.00	0.00%	50,000	\$0.00	0.00%	50,000	\$0.00
Dental	0.00%	200,000	\$0.00	0.00%	200,000	\$0.00	0.00%	200,000	\$0.00	0.00%	200,000	\$0.00	0.00%	200,000	\$0.00
Pharmacy	0.00%	200,000	\$0.00	0.00%	200,000	\$0.00	0.00%	200,000	\$0.00	0.00%	200,000	\$0.00	0.00%	200,000	\$0.00
Year 1 Total			\$0.00	Year 2 Total		\$0.00	Year 3 Total		\$0.00	Year 4 Total		\$0.00	Year 5 Total		\$0.00

**RFP # 30-2025-004-DHB SSFWA
Program Integrity Investigations**

Offeror Name:

Only enter information into gray cells.

Cost proposal pricing for Program Integrity Investigations shall reflect a flat monthly fee for program administrative costs and an alternative per investigation flat fee. Fees shall be all inclusive, incorporating all requirements and responsibilities as defined in this RFP, including all personnel and non-personnel costs associated with the ongoing activities, and may include items such as travel, personnel salaries and benefits, administrative and overhead costs, supplies, and other permissible costs associated during performance of services required to complete Program Integrity Investigations as outlined in this RFP.

*Monthly flat fees for program administrative costs for years 1-5 shall be reflected in **W2. Total Cost Summary - 1.***

*Per investigation flat fees for years 1-5 shall be reflected in **W2. Total Cost Summary - 2.***

Monthly Administrative Costs for Program Integrity Investigations

	Year 1	Year 2	Year 3	Year 4	Year 5
Month 1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 3	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 4	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 5	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 6	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 7	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 8	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 9	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Month 12	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Per Investigation Flat Fee

	Year 1	Year 2	Year 3	Year 4	Year 5
Per Investigation Flat Fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

RFP #30-2025-004-DHB SSFWA

Attachment C: Cost Proposal Execution Page

Offeror Name:

Name and Title of Person Signing on Behalf of Offeror:

Email Address:

Phone Number:

Mailing Address:

City, State and Zip Code:

Offeror's Authorized Signature

Date

First Revised and Restated Attachment E: Certification of Financial Condition and Legal Action Summary

The Offeror must complete and sign this Attachment **and include the required documents** as indicated herein.

The undersigned hereby certifies that:

- ☐ The Offeror has **included¹** the following documents with this completed *Certification of Financial Condition And Legal Action Summary*.
 - a. ☐ Audited or reviewed financial statements (preferably audited) prepared by an independent Certified Public Accountant (CPA for the two most recent fiscal years, including at a minimum balance sheet, income statement, and cash flow statement for each year. Must provide contact information for the CPA/audit firm.
 - b. ☐ A Month End Balance Sheet and Year-to-Date Income Statement completed between **December 1, 2024, and present**.
 - c. ☐ The most recent corporate tax filing OR independent audit report. If submitting the independent audit report, it must include contact information for the audit firm.
- ☐ The Offeror is in sound financial condition and, if applicable, has received an unqualified audit opinion for the latest audit of its financial statements.
- ☐ The Offeror has **included²** a brief statement outlining and describing its financial stability.
- ☐ The Offeror has no outstanding liabilities, including tax and judgment liens, to the Internal Revenue Service or any other government entity.
- ☐ The Offeror is current in all amounts due for payments of federal and state taxes and required employment-related contributions and withholdings.
- ☐ The Offeror is not the subject of any current litigation or findings of noncompliance under federal or state law.
- ☐ The Offeror has not been the subject of any past or current litigation, findings in any past litigation, or findings of noncompliance under federal or state law that may impact in any way its ability to fulfill the requirements of this Contract.
- ☐ The Offeror acknowledges that this is a continuing certification, and the Offeror shall notify the Department within fifteen (15) calendar days of any material change to any of the representations made herein.

¹ Failure to provide audited or reviewed financial statements for the two most recent fiscal years may result in disqualification. If information is not provided in the appropriate space in this First Revised and Restated Attachment E: Certification of Financial Condition and Legal Action Summary, the Offeror must state why.

² Failure to provide a statement outlining and describing financial stability may result in disqualification.

If any one or more of the foregoing boxes is NOT checked, the Offeror shall explain the reason in the space below:

Click or tap here to enter text.

The Offeror is encouraged to explain any negative financial information in its financial statements below and provide documentation supporting those explanations:

Click or tap here to enter text.

By completing this Certification of Financial Condition and Legal Action Summary, the Offeror confirms documents are attached³ as indicated herein and affirms the ability to financially support implementation and on-going costs associated with the Contract, and the individual signing certifies they are authorized to make the foregoing statements on behalf of the Offeror.

Signature

Date

Enter Printed Name

³ Failure to provide documents as indicated or requested may result in disqualification.

Attachment O: C & I Data Field Names

RFP #30-2025-004-DHB Statewide Surveillance for Fraud, Waste, and Abuse Attachment O: C&I Data Field Names					
Field Name	ITK View	REF View	INV View	Help Text	Notes
INV Number			x		
REF Number		x			
ITK Number	x				
Opened	x	x	x		
State	x	x	x		
Opened by	x	x	x		
Assignment Group	x	x	x		
Updated	x	x	x		
Assigned to	x	x	x		
Updated by	x	x	x		
Short Description	x	x	x		
Description	x	x	x		
Watch List	x	x	x		
Work Notes List	x	x	x		
Additional Comments	x	x	x		
Work Notes	x	x	x		
Who is this complaint against	x				
Contact Type	x				
Do you wish to remain anonymous	x				
Beneficiary First Name	x				
Beneficiary Medicaid ID #	x				
Beneficiary Middle Name	x				
Beneficiary Address	x				
Beneficiary Last Name	x				
Beneficiary City	x				
Beneficiary Other names used/known as	x				
Beneficiary State	x				
Provider Network	x				
Beneficiary Postal Code	x				
Check the type of Medicaid Fraud, Waste or Abuse	x				
Is your complaint about	x				
Provider Name	x		x		
Provider Network	x				
Provider Address	x				
Provider NPI Number	x				
Provider Address 2	x				
Have you filed this complaint with another agency, insurance company or person?	x				
Provider City	x				
Provider State	x				
Provider Postal Code	x				
Check the type of Medicaid Fraud, Waste or Abuse	x				
Description of Allegation	x				
Managed care Organization/PHP	x				
Check the type of Medicaid Fraud, Waste or Abuse	x				
Description of Allegation	x				
Referral Name	x	x	x		
Referral Email	x	x	x		
Referral Approved Referrals	x				
Resolved by	x	x	x		
Resolved	x	x	x		
Closed by	x	x	x		
Closed	x	x	x		
Resolution Code	x	x	x		
Resolution Notes	x	x	x		
Investigation Type			x		
Approval			x		
Investigation Phase			x		
Referral Attachments			x		
Beneficiary/Provider			x		
Priority Level			x		
Complaint Method			x		
Forwarded From			x		

Field Name	ITK View	REF View	INV View	Help Text	Notes
Date			x		
Time			x		
Dates of Service: From			x		
Dates of Service: to			x		
Name			x		
Base MID			x		
Coverage			x		
Phone			x		
Complaints Name			x		
Contact Number			x		
Provider NPI			x		
Billing NPI Number(s)		x	x		
Complaint Information			x		
Staff Name			x		
Referred to Section			x		
Significant Issues		x	x		
Notes			x		
Brief Summary of Complaint			x		
Past Complaints?			x		
Provider Active			x		
Beneficiary/Member Active			x		
Description			x		
Provider Billing?			x		
Referral to additional agency needed?			x		
Preliminary Review Outcome			x		
Categorization of Complaint			x		
Preliminary Review Summary			x		
Review Tool Completed Date			x		
Review Tool Completed By			x		
QA Completed Date			x		
QA Completed By			x		
Vendor QA Completed Date			x		
Vendor QA Completed By			x		
Services Authorized / Approved in Accordance with Program Requirements			x		
Deficiency			x		
Identify the Policy and/or Regulation			x		
Documentation Supports Billed Codes / Modifiers / Claim Details			x		
Deficiency			x		
Identify the Policy and/or Regulation			x		
Licensing / Training / Credentialing Requirements Met			x		
Deficiency			x		
Identify the Policy and/or Regulation			x		
Required Components of Service Completed / Provided			x		
Deficiency			x		
Identify the Policy and/or Regulation			x		
Documentation Support Services in Accordance with Clinical Policy Requirements			x		
Deficiency			x		
Identify the Policy and/or Regulation			x		
Investigator Comments/Additional Notes			x		
Summary of Case Findings			x		
Preliminary Investigation Outcome			x		
Name			x		
Email			x		
Categorization of Complaint:			x		
Preliminary Investigation Summary:			x		
Review Tool Completed Date:			x		
Review Tool Completed By:			x		
QA Completed Date:			x		
QA Completed By:			x		
Vendor QA Completed Date:			x		
Vendor QA Completed By:			x		
Full Investigation Outcome			x		
Work notes		x			
Complaint Type		x			

Field Name	ITK View	REF View	INV View	Help Text	Notes
Plan Case Number		x			
Type of Referral		x			
Plan Name		x			
Responsible Person Email		x			
Subplan		x			
Options		x			
Responsible Person - Contact Number		x			
Date Report Submitted to DHB by the Plan		x			
Plan Special Investigation Unit Manager / Responsible Person Contact Information		x			
Date of Enrollment		x			
Rendering NPI Number(s)		x			
Provider / Member Name		x			
Member MID Number		x			
Biller		x			
Main Site Complete Address / Member Address		x			
Main Site Business / Member Phone Number		x			
Amount Paid to Provider		x			
Payment Source		x			
Taxonomy		x			
Owner		x			
Service Type		x			
Servicing Office Complete Address		x			
Servicing Office Phone Number		x			
Number of Complaints referred to Plan for Special Investigation		x			
Significant provider associations/relationships		x			
Other Plan Affiliations		x			
Time Frame of Service Investigated		x			
Sample Methodology and Sample Size		x			
Total Amount of Funds Investigated		x			
Potential Payback Information		x			
Sanctions against Rendering/Billing Provider		x			
Medicaid statues, rules, regulations or policies violated		x			
Legal, Administrative, or Other Action Taken		x			
Attachment A - Investigation Report(s)		x			
Attachment B: Claims Spreadsheet		x			
Attachment C: Contract between Plan and provider covering dates of service		x			
Attachment D: Data analysis reports		x			
Attachment E: Additional Documentation to support the referral allegations		x			
Attachment F: A copy of actual statutes, policies, rules or regulations violated		x			

Attachment P: DHB PI Statistical Sampling Guidelines

When performing a review of provider records for the purpose of determining accuracy of paid amounts for claims, the review should include all of the steps below.

Step 1 – Description of population being tested

There should be a clear description of the population of claims which are being tested. This description should include the ranges of dates, provider numbers or names, types of claims, procedure codes, total paid amount, etc. The description should also describe the sampling unit, i.e. whether an entire claim is being reviewed, a single line item, etc. The description should include the total count of the claims in the entire population.

Step 2 – Sample sizes

The total number of samples to be taken should be at least 100 claim details. Stratified random sampling can be used. Stratified random sampling means that the population should first be stratified using some criteria. Sampling from the stratum can be, but does not need to be, proportionate to stratum size, thus the name “disproportionate”.

The number of stratum can be between two and four inclusive. If a stratum’s population size is less than 30 claim details, then all items in that stratum must be tested.

When performing cluster sampling (i.e. reviewing all the claim detail events that occur for a specific person (MID) on a specific date of service) the total number of clusters to be taken should be at least 30. Each claim detail line in each cluster will be separately evaluated on the audit tool.

The number of stratum can be between two and four inclusive. If a stratum’s population size is less than 15 clusters, then all items in that stratum must be tested.

The requirements that the total number of samples to be taken should be at least 100 claim details, and that if a stratum’s population size is less than 30 claim details then each item must be tested, will still be applicable in the cluster sampling scenario.

The extrapolation will occur at the specific person (MID) and specific date of service level. If there are 10 specific services (claim details) provided to a specific person on a specific date of service, then each of the 10 specific services (claim details) will be independently evaluated on the audit tool. To do the extrapolation, the 10 specific services (claim details) will be collapsed into **one** line for the specific person and specific date of service (this is irrespective of the number of ICNs for the specific person on the specific date of service). It will then be extrapolated over the collapsed universe of specific persons and specific dates of service (total collapsed clusters).

To illustrate, individual A for the service date of January 11 had 3 specific services provided. Below is a table with the 3 services and the evaluation for each service.

Person	Date	Service	Paid	Audited
A	January 11	1	\$50	\$10
A	January 11	2	\$30	\$0
A	January 11	3	\$20	\$20

To perform the extrapolation after examining the 3 services independently, collapse the information into a summarized row for the specific person and date of service. The table below demonstrates this:

Person	Date	Services	Paid	Audited
A	January 11	3	\$100	\$30

The collapsed information for the sample will then be extrapolated to the universe of collapsed claims for specific persons and specific dates of service.

Step 3 – Selection of samples

The selection of samples must be done using a random number generator which has been validated using the National Institute of Standards and Technology (NIST) “Die Hard” tests. Examples of such random number generators include RAT-STATS, SAS “ranuni” and many other algorithms. A seed number must be specified and **documented** in order that the random numbers generated can be re-performed. This documentation must be retained until any litigation is completed.

It is also recommended that “spares” be generated in the event that some samples can not be tested.

Step 4 – Audit the samples

Each selected sample item should be reviewed for accuracy of the paid amount. The reviewer should prepare a schedule which includes, for each sampled item, at a minimum, the claim paid amount, the audited amount (what should have been paid) and the difference amount (paid amount minus audited amount). If the paid amount is less than the audited amount (overpayment) then the difference amount is recorded as zero.

Step 5 – Assess the results

Assessment of the results can be done using RAT-STATS. An Excel workbook should be created which has at least two sheets—one to record the detailed audit results, i.e. sample number with the difference amount, and one to include the stratum details, i.e. number of items in the stratum and the number sampled. The 90% lower bound difference figure is to be used for the tentative overpayment amount.

Once this information has been entered, RAT-STATS can be used to prepare the extrapolation of the difference amount for the lower bound of the 90% confidence interval. If the lower bound is calculated as negative, then the actual sample totals are to be used.

Both the claims error rate **and** the paid error rate have to be less than 5% in order for extrapolation to not occur.

RAT-STATS can be used to generate random numbers for sample selection and to extrapolate audit results. Other reputable software statistical packages (SPSS, SAS, R, etc.) may be used for generating a sample.