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SPO 08-0242

May 19, 2008

Mr. John E. McComas
Chief Executive Officer
AlohaCare
1357 Kapiolani Boulevard, Suite 1250
Honolulu, Hawaii 96814

Dear Mr. McComas:

This is in response to your request for reconsideration pursuant to Hawaii Revised Statutes (HRS), Section 103F-502.

Protest Summary

The protest involves Request for Proposals (RFP) Number RFP-MQD-2008-006, Quest Expanded Access (QExA) Managed Care Plans to Cover Eligible Individuals Who Are Aged, Blind, or Disabled, issued by the Department of Human Services, Med-QUEST Division (DHS).

Protest

AlohaCare's protest dated February 22, 2008 alleged that:

- 1) DHS failed to properly review AlohaCare's technical proposal;
- 2) DHS improperly utilized the technical proposals as basis to exclude AlohaCare from further consideration;
- 3) AlohaCare's competitors are ineligible for Medicaid Managed Care Contracts;
- 4) The treatment of AlohaCare violates the terms of its settlement agreement with DHS; and
- 5) The terms of the RFP violated the rights of the Federally Qualified Health Centers (FQHCs) that are members of AlohaCare and made AlohaCare's competitors eligible for the award.

In its protest, AlohaCare also sought relief seeking: the recusal of the Director of DHS, Lillian Koller, to preclude her from participating in the protest; the suspension of the award of contracts; complete responses to document requests; and award of the contract to AlohaCare.

Decision of the Head of the Purchasing Agency

The protest was submitted to Director Koller, who issued a written decision dated March 12, 2008. She upheld the procurement award and dismissed the protest, stating that:

- 1) The protestor's technical proposal was properly reviewed and scored;
- 2) The protestor was properly excluded from further consideration due to its failure to satisfy the RFP requirements;
- 3) The protestor's competitors were eligible for Medicaid Managed Care contracts;
- 4) There is no violation of AlohaCare's settlement agreement with DHS; and
- 5) The rights of FQHCs have not been violated by the subject RFP.

She also found there was no justification to recuse herself, and AlohaCare was not entitled to a contract.

Request for Reconsideration

AlohaCare subsequently submitted a request to the chief procurement officer for a reconsideration of Director Koller's decision. In its request for reconsideration dated March 19, 2008, AlohaCare argued:

1. DHS failed to follow regulations concerning the stay of the award of contracts;
2. DHS failed to provide responsive documents to AlohaCare;
3. The DHS Director improperly failed to recuse herself from consideration of the protest;
4. DHS failed to properly review AlohaCare's technical proposal;
5. The RFP's provider network requirement was insufficient to establish the winning plans' present responsibility;
6. DHS improperly used a two-step procurement;
7. DHS improperly treated Hawaii's General Excise Tax in its evaluation; and
8. The RFP violated the rights of AlohaCare's FQHC Members.

Decision of the Chief Procurement Officer

The chief procurement officer has determined that there is no evidence that DHS violated any State of Hawaii procurement statutes, rules and RFP requirements in the evaluation of AlohaCare's technical proposal.

Request for Reconsideration Summary

Scope of the Review

The request for reconsideration process is an appeal of the decision of the head of a purchasing agency to the purchasing agency's chief procurement officer. The chief procurement officer's review is limited to the facts and evidence presented during the protest, and to arguments raised during the protest.

Standard of Review

The request for reconsideration process under HRS Chapter 103F does not provide for a live hearing. The parties submit evidence and arguments in writing. The chief procurement officer may reconsider the facts as if they were being looked at for the first time. Although the chief

procurement officer may consider factual findings of the head of the purchasing agency, those findings are not binding in any way in the request for reconsideration process.

Statutory Requirements

HRS §92F-13, Government records; exceptions to general rule, states:

"This part shall not require disclosure of:

...(3) Government records that, by their nature, must be confidential in order for the government to avoid the frustration of a legitimate government function;...

HRS §103F-402, Competitive purchase of service, subsection (b) states:

"...The request (*for proposals*) shall state all criteria which will be used to evaluate proposals, and the relative importance of the proposal evaluation criteria."

HRS §103F-502, Right to request reconsideration, subsections (b), (c), and (d) state:

"(b) A request for reconsideration may be made only to correct a purchasing agency's failure to comply with section 103F-402 or 103F-403, rules adopted to implement the sections, or a request for proposal, if applicable."

"(c) The chief procurement officer may uphold the previous decision of the head of the purchasing agency or reopen the protest as deemed appropriate."

"(d) A decision under subsection (c) shall be final and conclusive."

HRS §103F-503, Award of contract suspended during a protest, states:

"In the event of a timely protest, or request for reconsideration, no further action to award the contract until the issue is resolved shall be taken, unless the chief procurement officer makes a written determination that the award of the contract without delay is necessary to protect the health, safety, or welfare of a person, as provided by rules."

Administrative Rule Requirements

HAR, §3-143-203, Orientation for requests for proposals, subsection (a) states:

"(a) To provide greater efficiency and uniformity in the planning and procurement of health and human services, orientations to explain the procurement requirements of the purchasing agency shall be conducted by the purchasing agencies for all requests for proposals issued."

HAR, §3-143-205, Evaluation of proposals and notice of award, subsection (d), states:

"(d) Procedure for evaluation. The evaluation of proposals shall be based solely upon the evaluation criteria and their relative priorities as established in the request for proposals. A written evaluation shall be made for each proposal based on either written comments or a

numerical rating system. Numerical evaluations shall include a written explanation of scores given in accordance with criteria stated in the request for proposals. The written evaluations for all proposals received shall be made a part of the procurement file and made available for public inspection after award and execution of the contract, or contracts in the case of a multiple award."

HAR §3-143-402, Submission of questions before submittal deadline, subsections (a) and (b) state:

"(a) Before the submittal deadline, an applicant may submit questions to the purchasing agency for clarification or explanation of any point in a request for proposals."

"(b) Procedure for submitting questions. Questions shall be submitted to the purchasing agency in writing, identifying the questioner and clearly referencing the request for proposals. To the extent possible, questions shall be transmitted to the purchasing agency within a reasonable time before the submittal deadline to allow the purchasing agency time to consider the questions and distribute answers."

HAR §3-148-103, Allowable protests, subsection (a) states:

"(a) Only awards of contracts made under the competitive or restrictive purchase of service methods of procurement may be protested. In connection with such awards, only the following matters may be protested:

- (1) A purchasing agency's failure to follow procedures established by chapter 103F, HRS;
- (2) A purchasing agency's failure to follow these rules; and
- (3) In the case of a competitive purchase of service, a purchasing agency's failure to follow any procedure, requirement, or evaluation criterion in a request for proposals issued by the purchasing agency."

HAR §3-148-306, Decision by the head of the purchasing agency, subsections (a) and (d) state:

"(a) When a protest cannot be resolved by mutual agreement, the head of the purchasing agency shall resolve the protest by a written decision issued in accordance with this section."

"(d) Allowed methods for resolving protests. The head of the purchasing agency may use only the following methods, singularly, or in any combination, to settle and resolve a protest:

- ... (3) Initiating a new process to award a contract by either re-opening the evaluation process or commencing a new procurement process;...

HAR §3-148-402, Decision by the chief procurement officer, subsection (d) states:

"(d) Allowed remedies upon re-opening a protest. Upon re-opening a protest, the chief procurement officer may use only the following methods, singularly or in any combination, to settle and resolve a protest:

... (3) Initiating a new process to award a contract by either re-opening the evaluation process or commencing a new procurement process;...

HAR §3-148-502, Requests for clarification, subsection (b) states:

“(b) Purchasing agency procurement records. The protestor may make a written request for access to the purchasing agency’s relevant procurement records, and the purchasing agency shall provide such access except to the extent that information is required or permitted to be withheld by law.”

Findings

1. DHS’ execution of contracts prior to the notice of protest submittal is not a violation.

HRS §103F-503 governs the suspension of the award of contracts, and provides that once a timely notice of protest is received, no further action to award the contract shall be taken until the issue is resolved (or the chief procurement officer makes a written determination). In this case, there was no evidence of a violation because the contracts were awarded on February 1, 2008, executed on February 4, 2008, and the notice of protest was dated and submitted on February 8, 2008.

2. DHS properly withheld documents to AlohaCare pursuant to HRS §92F-13.

Pursuant to HAR §3-148-103, the only matters that may be protested are a purchasing agency’s failure to follow Chapter 103F statutes, rules, or any procedure, requirement, or evaluation criterion in the RFP. HAR §3-148-502 limits the production of documents to relevant information and to the extent permitted by law. AlohaCare was not provided copies of the proposals of the winning applicants because those proposals are not relevant to the evaluation of AlohaCare’s proposal. DHS invoked HRS §92F-13(3) on the basis that disclosure of the requested documents would frustrate the government’s procurement function. If a protest or request for reconsideration result in a remedy under HAR §3-148-306(d)(3) or HAR §3-148-402(d)(3), respectively, by reopening the evaluation process or commencing a new procurement process, the procurement efforts would be compromised and the results would jeopardize DHS’ ability to contract.

3. No evidence was found that Director Koller had a conflict of interest to warrant recusal.

When a protest cannot be resolved between the protestor and the purchasing agency, HAR §3-148-306 mandates the head of the purchasing agency to make a written determination to resolve the protest. Director Koller’s involvement in the development of the RFP is a reasonable exercise of her authority to improve the delivery of Medicaid services to aged, blind, and disabled individuals. While she may be familiar with the requirements of the RFP, she could not have foreseen the contents of the various proposals. As she was not involved in the evaluation, scoring, or selection of the winning applicants, her participation was limited and does not rise to the level of a conflict of interest, or an appearance of a conflict.

4. No evidence was found that DHS failed to properly review AlohaCare’s technical proposals pursuant to the RFP requirements.

The RFP required proposals to be submitted in two parts – a technical proposal and a business (pricing) proposal. The RFP required applicants to submit a technical proposal that responded to 14 categories of requirements. An applicant had to receive a passing score in each of the 14 categories in order to be “technically qualified” and advance to the next stage to have its business (pricing) proposal evaluated. AlohaCare did not receive a passing score in two of the 14 categories, and pursuant to the RFP, its business proposal was not opened. AlohaCare’s technical proposal did not meet the minimum 75% score for sections 80.325, Covered Benefits & Services, and 80.365, General Administration, as required by section 100.400 of the RFP.

In its Request for Reconsideration, AlohaCare stated DHS failed to “follow a procedure, requirement, or evaluation criterion contained in the RFP” by alleging AlohaCare:

- a. Did not receive full credit for its proposed use of SCAN Health Plan (SCAN) as a subcontractor;
- b. Received a low score for items 80.325.1.A and 80.325.1.B entitled Covered Benefits and Services Narrative; and
- c. Received a low score for section 80.365, General Administration.

We find the following:

- a. There is no evidence that DHS failed to properly evaluate SCAN as a subcontractor.

In its technical proposal, AlohaCare provided a matrix for section 80.325.1. Page 6 of 18¹, states, “SCAN has experience/expertise and will provide the following services...” Policies and procedures are cited in the second column for “AlohaCare’s Evidence of Compliance.” DHS’ evaluation committee’s consensus score sheets state, “The narrative does not provide a description of their (AC and SCAN) experience in providing the covered benefits and services; only states that AC and SCAN have the experience.” The committee further says that, “There is no clear description of the relationship between AC and SCAN that offers confidence that SCAN’s experience and expertise would be fully utilized.” Upon review of AlohaCare’s proposal, section 80.325.1 matrix, SCAN’s experience was not evident.

In the evaluation of AlohaCare’s section 80.365, items 80.365.2, 80.365.3, 80.365.4², the evaluation committee states, “Role of subcontractor for service coordination not clearly specified, e.g., unable to determine whether SCAN will bring staff to Hawaii or simply advise AC personnel.” Upon review of AlohaCare’s proposal for said items, SCAN is only discussed in item 80.365.2 with a reference to item “80.325.4”³ (80.325.1.A.4). Although the narrative states that “SCAN will perform service coordination and case management functions for AlohaCare’s QExA plan members,” SCAN’s role and responsibilities are unclear.

¹ Attachment 1

² Attachment 2

³ Attachment 3

For Section 80.375, Oral Presentations, the consensus score sheet states that "...it was verified that SCAN would have a very limited role. Essentially SCAN would assist in implementation and provide ongoing consultation for service coordination and disease management but would not have hands on, active role in the on-going delivery of care." In AlohaCare's matrix for item 80.325.1, its narrative for 80.325.1.A.4, and DHS' evaluation⁴ of AlohaCare's oral presentation for section 80.375, AlohaCare did not present a clear explanation of the extent of SCAN's services as AlohaCare's subcontractor; therefore, AlohaCare received partial credit.

- b. There is no evidence that DHS failed to properly evaluate items 80.325.1.A and 80.325.1.B entitled Covered Benefits and Services Narrative

Item 80.325.1.A, Comprehensive Description:

Section 80.325.1.A required the applicant to provide a "comprehensive description" of their approach to delivering various services. The evaluation of each section was scored on a 1 to 5 rating scale, with 5 being the highest score⁵, as provided in DHS' response to the formal protest, dated 2/29/08.

AlohaCare was given a rating of "2" for item 80.325.1.A. The "2" rating means "the response is poor and marginally meets the minimum requirements with significant deficiencies that may be correctable." The AlohaCare narrative⁶ states, "The following matrix demonstrates that AlohaCare and its service coordination subcontractor, SCAN, have extensive experience, corresponding comprehensive policies and procedures and other corporate documents that address every component of the QExA program's covered benefits and services." However, the evaluators concluded that AlohaCare's narrative for item 80.325.1.A indicated AlohaCare's existing experience in providing QExA services, but did not provide any details on how AlohaCare would use its existing experience to provide services to the particular needs of the aged, blind, and disabled (ABD) population, a different population than currently being served by AlohaCare.

Upon review, AlohaCare's matrix⁷ mentions "AlohaCare's Evidence of Compliance" and refers to policies and manuals, but these policies and manuals were neither included in nor elaborated upon in AlohaCare's proposal. The evaluation committee could only evaluate what was submitted by AlohaCare, and together with the lack of narrative as to how AlohaCare was to provide services to the ABD population, gave AlohaCare the resulting score. In its defense, AlohaCare's Protest Reply dated March 7, 2008 (Attachment 1, Item 2, page 2) cites Section 80.100 of the RFP:

"Narratives in excess of the maximum page limits and any documentation not specifically requested will not be reviewed. Likewise, providing actual policies and procedures in lieu of a narrative may result in the applicant receiving a nonresponsive score for that question."

⁴ Attachment 4

⁵ Attachment 5

⁶ Attachment 6

⁷ Refer to Attachment 1

AlohaCare argues that above referenced documentation was not included in its proposal because of Section 80.100 of the RFP, and the "strict page limits and other formatting requirements for the RFP response." However, in any event, Section 80.100⁸ states that policies and procedures could not be provided "in lieu" of a narrative. Section 80.100 also states in part, "Attachments may be placed, in the order in which they are requested, behind the narrative responses for that sub-section. Attachments do not count toward the maximum page limits." AlohaCare could not submit its policies and manuals "in lieu" of its narrative, but could have submitted its policies and manuals as an attachment to its narrative.

Item 80.325.1.B, Waiting List Management:

AlohaCare also was given a rating of "2" for item 80.325.1.B, "Waiting List Management." For this item, the applicant was required to "describe how it will manage the waiting lists allowed for in Sections 40.750.4 and 40.750.5" of the RFP. The evaluation score sheet stated that AlohaCare's narrative⁹ did not provide specifics of how the waiting lists would be managed. DHS also provided examples of essential information that was not provided by AlohaCare in its narrative, including the difference between the two types of waiting lists, how members are placed on or off the waiting lists, how the health and safety of the members are monitored while on the lists, and the types of services to be provided to members on the lists. Upon review, the information that the evaluation committee cited as not being included in the narrative was confirmed. It is unclear how AlohaCare would manage the waiting list.

- c. There is no evidence that DHS failed to properly evaluate section 80.365.

Item 80.365.1, General Administrative Requirements Narrative – Fraud and Abuse:

For item 80.365.1, AlohaCare was given a rating of "3," meaning, "The response is acceptable and meets the requirements with only minor deficiencies that are easily correctable." Applicants were required to provide "a comprehensive description of how it will fulfill all fraud and abuse requirements in Section 51.100." Section 51.130, "Compliance Plan," of the RFP stated in part that the health plan shall "ensure that providers and members are educated about fraud and abuse identification and reporting in provider and member material." The consensus score sheet indicates that AlohaCare's narrative did not discuss how providers and staff would be educated about fraud and abuse.

In its "Notice of Protest-Response to Request for Clarification from MQD" (Med QUEST Division) letter to DHS, dated February 22, 2008, page 8, AlohaCare responded, "Various examples are provided in AlohaCare's response on pages 1-2 as to how AlohaCare staff perform activities to detect potential fraud and abuse which indicates that staff training and education is provided with respect to fraud and abuse." Upon review, although implied, staff training and education were not discussed and provider training and education were not included in the narrative.

⁸ Attachment 7

⁹ Attachment 8

Also, for item 80.365.1, the evaluation committee stated, "While it is good that the applicant is auditing provider claims for fraud, the sample size was small relative to the size of the provider network." This statement was based on AlohaCare's item 80.365.1, page 2 narrative of the number of randomly selected audits performed. The committee also stated that AlohaCare's narrative did not include a "discussion of monitoring for child abuse." Upon review of AlohaCare's narrative¹⁰ for item 80.365.1, the committee's statements were not inappropriate.

Items 80.365.2, General Administrative Requirements Attachment and Narrative – Organization Charts (Attachment) and Narrative on Organization Charts; 80.365.3, General Administration Requirements Narrative – Organization and Staffing Table; and 80.365.4, General Administration Requirements Narrative – Staffing Requirements: Items 80.365.2, 80.365.3, and 80.365.4 of AlohaCare's narrative¹¹ were rated "2" as a group. For item 80.365.2, applicants were required to provide a brief narrative on how it will manage and monitor the specified subcontractors and "how it will ensure coordination and collaboration among staff located in the State of Hawaii and those in the Continental United States." AlohaCare's narrative states "SCAN will perform service coordination and case management functions for AlohaCare's QExA plan member. (Refer to 80.325.4)." The consensus score sheet indicated that the "role of the subcontractor for service coordination was not clearly specified."

Upon review of items 80.365.2 and "80.325.4" (80.325.1.A.4), both narratives did not make clear whether SCAN would provide staff in Hawaii or just consult/advise AlohaCare personnel. AlohaCare's narrative for item 80.365.2 states that SCAN will "perform service coordination and case management functions," and for item 80.325.1.A.4 SCAN will "provide service coordination, disease management and overall case management activities for the QExA population." Upon review, SCAN's role and responsibilities are unclear. AlohaCare's reference to item "80.325.4," is part of the section that also received a "2" rating.

For item 80.365.3, the applicant was required to "describe its current or proposed staffing that includes the number of full-time equivalents (FTEs) for all positions described in the table in Section 51.210." This section specifies a particular number of full-time equivalents for specified positions. In AlohaCare's table, the number of current and proposed staffing for some positions did not change. AlohaCare argues that Sections 51.210 and 51.220 did not state that the key employee positions must serve exclusively for the QExA program. Upon review of the sections, no statement was found that clearly indicated that the positions be dedicated to the QExA program only. However, it is reasonable for the evaluation committee to give a lower rating to existing key employee positions currently servicing existing programs, than to key employee positions dedicated exclusively for the QExA program. AlohaCare's proposal did not identify the responsibilities of the existing key employee positions as being exclusively for the QExA program.

¹⁰ Attachment 9

¹¹ Refer to Attachment 2

5. AlohaCare's claim that the RFP's provider network requirement was insufficient to establish the winning plans' present responsibility is precluded from reconsideration.

In its request for reconsideration, AlohaCare argues that the RFP "failed to require bidders to demonstrate that they did, in fact, have such a substantial network." Please note that upon issuance of an RFP, the purchasing agency conducts an orientation for applicants pursuant to HAR §3-143-203(a), and applicants are allowed time to submit written questions pursuant to HAR §3-143-402(a) and (b). Any concerns regarding specifications and contents of an RFP should be addressed to the purchasing agency prior to the RFP proposal submittal deadline.

Additionally, pursuant to HAR §3-148-401(c)(1), the request for reconsideration shall be "based on the materials presented to the head of the purchasing agency during the initial protest procedure." So even had the issue been protestable under HAR §3-148-103, it would not be subject to reconsideration since it was not an initial protest issue.

6. DHS' use of a two-step procurement was not improper.

In its protest dated February 22, 2008, AlohaCare cites HAR §3-122.61.05 as the basis for its claim that DHS wrongfully used a "two-step" procurement process. However, that rule applies only to procurements governed by HRS Chapter 103D, and not to competitive sealed proposal procurements subject to HRS Chapter 103F, purchases of health and human services, as is the case here. Chapter 103F does not prohibit the process used here which could be characterized as a two-step process.

The RFP's Section 21.300, Submission of Proposals, only allowed one proposal to be submitted by each applicant. The RFP required the proposals to be split into two parts, a technical proposal and a business proposal. The business proposal was required to be submitted in a separate envelope or box from the technical proposal, but both portions of the proposal, the technical and business (considered as one proposal under the RFP) were due at the same time.

In Section 100, Evaluation and Selection, DHS was clear on how each section would be reviewed and evaluated. The technical proposal was to be evaluated first to "determine whether the applicant meets the minimum technical criteria and requirements detailed in Section 80.300." Only upon passing the technical section was the business proposal to be opened and evaluated to "determine whether the capitated rates are within the range acceptable to the DHS." Section 100.400, Technical Proposal Evaluation, "Each applicant must obtain a minimum of seventy-five percent (75%) of the total points for each of the required review sections in the technical proposal... For those applicants that meet all minimum technical requirements, the business proposal shall then be opened and evaluated."

DHS did not violate HRS Chapter 103F, its administrative rules, or the requirements of the RFP in the way the RFP was structured or evaluated as a two-step process.

7. Application of Tax for Evaluation Purposes is Not a Rebate of Hawaii's General Excise Tax (GET).

In AlohaCare's initial protest, the GET was cited under the argument that AlohaCare's competitors are ineligible for Medicaid Managed Care Contracts.

Addendum 9, dated December 26, 2007, added the following paragraph to Section 100.500, "Business Proposal Evaluation" of the RFP:

"The Department of Human Services (DHS) will disregard the amount of any applicable insurance premium tax and/or Hawaii general excise tax (GET), and will use the pre-tax capitation rate from the bid forms when scoring the proposals in order to make a fair comparison of prices for the contracted services only. This mechanism for evaluating bid rates does not in any way exempt an applicant from its obligation, if any, to pay the insurance premium tax and/or GET."

The above provision is a means to treat and evaluate all submitted proposals equitably. If the applicant's business proposal visibly included the GET, the GET was disregarded in the calculation of the base or pre-tax capitation rate. This was done for evaluation purposes only so all proposals from GET exempt and non-exempt providers would be evaluated fairly on a level basis. Award of any contract were at the prices set forth in the proposals. The Department of Taxation's Tax Facts 96-1, July 2000, states that the GET is a tax levied on gross income derived from business activity in Hawaii. If not exempt, a business is subject to the GET, which "is considered to be an expense which businesses incur in the normal course of doing business in Hawaii..." When the GET is visibly passed on to the State of Hawaii for contracted health and human services, the State is not exempt from paying the GET; therefore, it is not a rebate, but the normal course of doing business in the state.

8. Issue of the rights of AlohaCare's FQHC Members is not subject to reconsideration.

Although discussed below, the alleged violation of the rights of AlohaCare's FQHC members is not subject to reconsideration. HRS §103F-502(b), "Right to Reconsideration," only allows the request for reconsideration to "correct a purchasing agency's failure to comply with section 103F-402, or 103F-403, rules adopted to implement the sections, or a request for proposal, if applicable."

Please note that upon issuance of an RFP, the purchasing agency conducts an orientation for applicants pursuant to HAR §3-143-203(a), and applicants are allowed time to submit written questions pursuant to HAR §3-143-402(a) and (b). Any concerns regarding specifications and contents of an RFP should be addressed to the purchasing agency prior to the RFP proposal submittal deadline.

AlohaCare alleges that "the RFP included a provision that forced (or will force) FQHCs to agree to accept contracts at the minimum statutory rate," but does not cite the specific provision. Section 60.220, "Provider and Subcontractor Reimbursement," states, "The health plan shall reimburse FQHCs and RHCs no less than the level and amount for payment which the health plan would make for like services if the services were furnished by a provider which is not an FQHC or RHC." Director Koller Decision stated that federal statute, 42 U.S.C. 1396b(m)(2)(A), mandates the payment and that this provision does not prohibit the FQHCs from negotiating a better rate as alleged by AlohaCare, but rather,

provides that the health plan will reimburse an FQHC no less than what it would reimburse any other provider in its network of comparable services as required by 42 U.S.C. 1396b(m)(2)(A).

AlohaCare's Other Issues

AlohaCare's remaining arguments will not be addressed here. These arguments fall outside the scope of a reconsideration review, are not issues relative to DHS' failure to comply with HRS Chapter 103F, its attendant administrative rules, or the RFP, or not raised below in the protest. Such arguments include the following:

1. AlohaCare and DHS settlement agreement;
2. Federal statutory requirements; and
3. Allegations of discrimination against "locally based plans."

Conclusion

There is no evidence from a review of the RFP, the relevant portions of AlohaCare's proposal, and the evaluation committee's score sheets that AlohaCare's technical and business proposals were improperly evaluated. The scores and comments reflect the committee's evaluation of AlohaCare's technical proposal pursuant to the services being solicited and the requirements of the solicitation. AlohaCare's proposal did not pass the technical proposal phase of the evaluation process; therefore, according to the RFP, its business proposal could not be evaluated, and AlohaCare's proposal could no longer be considered for award.

There is no evidence that DHS conducted its evaluation of AlohaCare's proposal contrary to HRS Chapter 103F, its attendant administrative rules, and the RFP. No evidence of a violation was found. For the foregoing reasons, the decision of the head of the purchasing agency is upheld.

Sincerely,



Aaron S. Fujioka
Chief Procurement Officer

- c: The Honorable Lillian Koller, Director, Department of Human Services
(Head of Purchasing Agency)
Ms. Patricia Johnson, Med-QUEST Administrative Assistant, Med-QUEST Division,
Department of Human Services (Procurement Officer)



Hawaii DHS/RFP-MQD-2008-006 - AlohaCare Technical Proposal
December 7, 2007

SCAN has experience/expertise and will provide the following services.		
HCBS	<p>Policies and Procedures:</p> <ul style="list-style-type: none"> • Case File Documentation • Face-to-Face Visit Timeframes • Roles and Responsibilities of the Service Coordinator • Care Plan Monitoring and Reassessment • After-Hours Access to Service Coordination • Service Coordination Monitoring 	<p>A variety of Home and Community Based Services provided to foster independence. Policies and procedures are in place related to appropriate documentation, monitoring of service compliance, timely implementation of services, after hour access, care planning, and monitoring of services.</p>
Adult day care	<p>Policy and Procedure:</p> <ul style="list-style-type: none"> • Needs Assessment and Care Planning 	<p>Adult day care services. P&Ps include:</p> <ul style="list-style-type: none"> • Needs assessment guidelines • Authorization/payment process • Level of Care determination and care planning guidelines • Roles and responsibilities of the Adult Day Health center
Adult day health	<p>Policy and Procedure:</p> <ul style="list-style-type: none"> • Needs Assessment and Care Planning 	<p>Adult day care Services. P&Ps include:</p> <ul style="list-style-type: none"> • Needs assessment guidelines • Authorization/payment process • Level of Care determination and care planning guidelines • Roles and responsibilities of the Adult Day Health center
Assisted living services	<p>Policy and Procedure:</p> <ul style="list-style-type: none"> • Placement and Service Plan Standards 	<p>Assisted Living Services. P&Ps include:</p> <ul style="list-style-type: none"> • Needs assessment guidelines • Authorization/payment process • Determination of level of care and care planning guidelines • Assisted Living facility responsibilities
Attendant care	<p>Policy and Procedure:</p> <ul style="list-style-type: none"> • Needs Assessment and Care Planning 	<p>Attendant Care Services. P&Ps include:</p> <ul style="list-style-type: none"> • Needs assessment guidelines • Authorization/payment process • Role of Service Coordinator and self directed care process
Community Care Mgmt Agency (CCMA)	<p>Policy and Procedure:</p> <ul style="list-style-type: none"> • Placement and Service Plan Standards 	<p>Works with members living in other community care settings. P&Ps include:</p> <ul style="list-style-type: none"> • Authorization/payment process • Level of Care determination and care



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services		planning
Community Care Foster Family Home (CCFFH) Services	Policy and Procedure: <ul style="list-style-type: none"> Placement and Service Plan Standards 	<ul style="list-style-type: none"> Responsibilities of CCMA Works with Community Care Foster Family Homes. P&Ps include: <ul style="list-style-type: none"> Authorization/payment process Level of Care determination and care planning Responsibilities of CCFFH
Counseling and training	Policy and Procedure: <ul style="list-style-type: none"> Behavioral Health Referrals 	Service Coordinators and Disease Management Case Managers provide ongoing education, training, and counseling. Behavioral Health Referrals are made as needed.
Environmental accessibility adaptations	Procedure in place: <ul style="list-style-type: none"> Physical Therapist evaluation for Home Modifications 	Environmental adaptations. Process includes: <ul style="list-style-type: none"> Needs assessment guidelines Referral process to physical therapist Authorization/payment process
Home delivered meals	Policy and Procedure: <ul style="list-style-type: none"> Needs Assessment and Care Planning 	Home delivered meals. P&Ps includes: <ul style="list-style-type: none"> Needs assessment guidelines for nutritional needs Criteria guidelines/care planning Referral/authorization process
Home maintenance	Policy and Procedure: <ul style="list-style-type: none"> Heavy Cleaning 	Heavy cleaning services (home maintenance). P&Ps include: <ul style="list-style-type: none"> Needs assessment guidelines for home maintenance: service is necessary to maintain a safe and clean environment Referral/authorization process
Medically fragile day care	Policy and Procedure: <ul style="list-style-type: none"> Needs Assessment and Care Planning 	P&Ps include: <ul style="list-style-type: none"> Needs assessment guidelines Care planning Authorization/referral process Day Care roles and responsibilities
Moving assistance	Policy and Procedure: <ul style="list-style-type: none"> Needs Assessment and Care Planning 	P&P includes: <ul style="list-style-type: none"> Needs assessment guidelines Authorization/payment process
Non-medical transportation	Policy and Procedure: <ul style="list-style-type: none"> Needs Assessment and Care Planning 	Non-medical transportation to all members: P&Ps include: <ul style="list-style-type: none"> Needs assessment guidelines Authorization/payment process
Personal assistance services- Level I	Policy and Procedure: <ul style="list-style-type: none"> Needs Assessment and Care Planning 	Chore services. P&Ps include: <ul style="list-style-type: none"> Needs assessment guidelines Referral/authorization process



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Description of Services		
Personal assistance services Level-II	Policy and Procedure: <ul style="list-style-type: none"> Needs Assessment and Care Planning 	<ul style="list-style-type: none"> Self-direction Personal care services. P&P's include: <ul style="list-style-type: none"> Needs assessment guidelines Level of Care determination and care planning Referral/authorization process Self-direction
Personal Emergency Response System (PERS)	Policy and Procedure: <ul style="list-style-type: none"> Needs Assessment and Care Planning 	Personal Emergency Response System services. P&P's include: <ul style="list-style-type: none"> Needs assessment guidelines Authorization/payment process
Private duty nursing	Policy and Procedure: <ul style="list-style-type: none"> Skilled Nursing Need Standard 	P&P's include: <ul style="list-style-type: none"> Level of Care determination Referral/Authorization process
Residential Care	Policy and Procedure: <ul style="list-style-type: none"> Placement and Service Plan Standards 	Experience with Residential Care placements: P&P's include: <ul style="list-style-type: none"> Authorization/payment process Level of Care determination and care planning guidelines Responsibilities of residential care facility
Respite Care	Policy and Procedure: <ul style="list-style-type: none"> Needs Assessment and Care Planning 	A long history of providing respite care services to members. P&P's include: <ul style="list-style-type: none"> Needs assessment guidelines Authorization/referral process Self-direction
Specialized medical equipment and supplies	Policy and Procedure: <ul style="list-style-type: none"> Needs Assessment and Care Planning 	Experience providing specialized equipment such as shower seats, medical supplies and other DME. P&P's include: <ul style="list-style-type: none"> Needs assessment guidelines/criteria Authorization process
Nursing Facility Services	Policy and Procedure: <ul style="list-style-type: none"> Skilled Nursing Need Standard & Placement and Service Plan Standards 	Nursing Facility Placement Services. P&P's include: <ul style="list-style-type: none"> Authorization/payment process Level of Care determination Care planning Nursing Facility roles and responsibilities Transitioning members from NF to community

1. Its experience providing, on both capitated and fee-for-service bases, the covered benefits and services as described in Section 40.700. For purposes of this description, the applicant shall also include the experience of an affiliated company or a company with the same



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- Services that do not match the services that were authorized
- Multiple services or providers on the same date of service
- Multiple surgeries involving high dollar amounts
- Use of generic or unspecific CPT-4 or HCPCS codes
- Anesthesia units that do not match the units in the anesthesia report
- Coordination of benefits for services provided to members with third party liability

It is AlohaCare's policy that all potential incidents of fraud or abuse be reported to AlohaCare's Compliance Officer who will direct an investigation of the matter (using either internal staff or by referral to Ingenix, to whom we have delegated some fraud and abuse activities – see paragraph below) and make a report to the Compliance Committee. All incidents of suspected fraud and abuse involving AlohaCare members, providers, employees, or vendors will be reported to Med-QUEST and the Medicaid Fraud Control Unit of the Attorney General's Office within thirty (30) days of discovery and when warranted, to other appropriate governmental agencies.

AlohaCare also delegates specific anti-fraud and recovery services to Ingenix, with includes access to their SIU (special investigative unit). Referrals for investigations by Ingenix SIU staff can come from AlohaCare or can be generated through identification of suspect data patterns identified by Ingenix' data analytics staff upon review of AlohaCare claims data.

Ingenix, as well as all subcontractors and providers, are required by contract to cooperate fully with federal and state agencies in any fraud and abuse investigations. The contractual provisions include the requirement to provide, upon request, records or other information pertinent to matters related to any investigation.

On a monthly basis, the Compliance Department randomly selects approximately 100 professional service claims (billed on CMS 1500 form) and 100 facility claims (billed on UB-92 form). Members are sent a letter describing the services billed and are instructed to contact the Compliance Department to report any suspected cases of fraud and abuse.

80.365.2 General Administrative Requirements Attachment and Narrative - Organization Charts (Attachment) and Narrative on Organization Charts

The applicant shall provide organization chart(s) and a brief narrative explaining its organizational structure, including (1) whether it intends to use subcontractors for activities and functions other than those described in response to question 80.325.1 and, if so, how it will manage and monitor them and (2) how it will ensure coordination and collaboration among staff located in the State of Hawaii and those in the Continental United States.

Organization Structure - The AlohaCare organizational chart (Tab 80.365.2) shows the individuals, positions and titles within the organization. The position titles provide a short description of the job responsibilities. The lines of authority delineate the specific management staff that provide oversight to the individual departments.

The CEO is the highest officer within the organization and oversees the all senior managers and the Medical Director/Quality Officer. These positions, along with those in the Administrator levels, oversee department managers and/or are responsible for department line staff. AlohaCare is organized into divisions which encompass similar operational departments. A Director is responsible and accountable for the functions of each department within his/her division or functional area.



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- Director of Plan Operations is responsible for Claims, Customer Service, Enrollment, Credentialing and Provider Relations
- Clinical Operations Officer is responsible for Medical Management, Behavioral Health Care Management, Care Coordination/Case Management, Pharmacy Services and Clinical Operations (Authorization Technicians)
- Director of Operational Integrity and Training is responsible for Grievance and Appeal, Compliance and Quality Improvement
- Chief Financial Officer (CFO) is responsible for Finance and Human Resources
- Marketing Public Relations Director is responsible for Marketing, Public Relations, and Government and Community Relations
- Director of Information System and Support is responsible for Information Systems, Business Analysis and Data Analysis
- Medical Director is responsible for overall clinical quality issues.

Department managers are directly responsible for monitoring the performance of department staff. AlohaCare also has lead and/or trainer positions within the larger departments. The department leads/trainers assist the manager to ensure day-to-day operations are being performed timely and that processes are consistent with established policies, procedures and workflows. As members of line staff, department trainer/leads are in a unique position to identify, in a timely manner, potential problematic issues that may be surfacing and bring those issues to the attention of the manager to be addressed and resolved.

AlohaCare's Subcontractors - AlohaCare has well-established, long-term relationships with four (4) subcontractors that have worked with AlohaCare in the provision of specific services for the QUEST program. We recently also partnered with three (3) new highly experienced subcontractors. Each subcontractor has signed a Business Associate agreement with AlohaCare. These subcontractors are listed below:

Subcontracts shown in section 80.325.

- Medco Health Solutions Inc. - Pharmacy Benefits Manager (Refer to 80.325.4)
- SCAN Health Plan (SCAN) – If awarded a QExA contract, SCAN will perform service coordination and case management functions for AlohaCare's QExA plan members. (Refer to 80.325.4)

Other Subcontractors:

- Hawaii Credentialing Verification Service - Credentialing Verification Organization
- C & J Telecommunications - After-hours answering service
- Alicare - Independent Peer Review subcontractor
- EMSS, Inc. - Member enrollment packets and Member ID card distribution vendor
- Ingenix, Inc. - Subcontracted data analytics for fraud and abuse identification

Hawaii Credentialing Verification Service - AlohaCare has utilized Hawaii Credentialing Verification Service (HCVS), a Hawaii-based credentialing primary source verification organization for the past 11 years. HCVS collects and verifies, through approved sources, information required to assess/evaluate a provider applicant's qualifications to become an AlohaCare network provider. AlohaCare identifies the group of providers requiring credentialing and the type of credentialing (initial or re-appointment) through a list that is sent to HCVS. HCVS is responsible for the following



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activities:

- Sending initial credentialing and re-credentialing applications to providers upon notification from AlohaCare and receiving the completed application forms from providers.
- Performing primary source verifications of the provider's credentialing information based on the completed application forms. HCVS utilizes NCQA guidelines and obtains verifications from accepted, qualified and certified sources.
- HCVS collects all necessary information in accordance with contractual requirements and returns the information to AlohaCare. Verification activities are completed within 45 days by contract to ensure that AlohaCare is able to conduct its provider credentialing process timely.

Monitoring - Provider credentialing is a time sensitive activity and is closely monitored by the AlohaCare Credentialing staff. Verifications that exceed the specified timeframes are closely tracked using a spreadsheet that indicates notification dates to HCVS and response time deadlines. Follow-up with HCVS staff is performed by AlohaCare credentialing personnel, as necessary

Upon receipt of the credentialing information from HCVS, AlohaCare staff will ensure that each requirement has been verified and that all necessary components to complete the credentialing process are accounted for. AlohaCare staff utilize verification recording tools specific to initial credentialing and recredentialing which contain all necessary components of provider credentialing to ensure the full and complete set of data was received for each provider record. Data and information discrepancies and omissions are discussed and resolved with HCVS staff. AlohaCare's comprehensive process of verifying the completeness and accuracy of HCVS' verification process for each and every provider credentialing request serves as an ongoing monitor of HCVS' performance.

Internal credentialing validation of HCVS' primary source verifications conducted by AlohaCare Credentialing staff are, in turn, audited on a quarterly basis by AlohaCare's Compliance Department to ensure a quality process is always undertaken in the performance of credentialing activities.

Additionally, because credentialing is a quality activity, HCVS is subject to an annual delegation audit in accordance with the guidelines of AlohaCare's policy and procedure on Delegation of Activities/ Services. During the site visit, AlohaCare staff review HCVS' policies and procedures, conformance to HIPAA guidelines on privacy and security, and other audited functions to ensure its performance is in accordance with specifications established in the delegation agreement, contractual requirements, and applicable state and federal laws. AlohaCare utilizes an audit tool which contains all the audit requirements to be assessed and reviewed

C & J Telecommunications - AlohaCare's relationship with C & J spans 14 years. C & J provides after-hours and weekend telephone coverage. After-hours service provides coverage between 5:00 p.m. and 7:45 a.m. Monday through Friday and 24 hours a day on weekends and holidays, thereby extending our availability to members and providers 24 hours a day, 7 days a week.

The after-hours answering service staff are trained by our Customer Service Manager and provided scripts for handling after-hours calls. They have been trained and provided written instructions for accessing AlohaCare's AC On-Line web portal for member eligibility and PCP information. The after-hours staff may provide member eligibility and member PCP information (as applicable). In emergency situations, after-hours staff inform callers to go to the nearest emergency room or call 911 and that PCP referral and prior authorizations are not required. Our Medical Director or the on-call



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nurse is always available and can be reached by the after-hours service if necessary. For other non-urgent questions or requests from a member, the after-hours service will contact the Customer Service Manager (or on-call designee) who will return the call within 30 minutes when the after-hours service can not resolve the request. Our after-hours answering service has access to interpreter services seven days a week if translation services are needed.

All calls and relevant information received by the after-hours service are logged and faxed to AlohaCare by 8:15 a.m. the next business day for follow-up by AlohaCare staff. The information includes the following:

- Name of caller and QUEST ID number (if applicable);
- Date and time of call;
- Brief explanation of reason for call and information requested by caller;
- Action taken by answering service representative.

Monitoring - AlohaCare staff conduct "secret shopper" calls to monitor the call responsiveness and accuracy of responses and information provided by C & J staff with regards to AlohaCare. Any identified issues are immediately addressed with C & J management and a corrective action is implemented and monitored. Additionally, all complaints received from members or providers regarding inaccurate information or dissatisfaction with any service provided by C & J staff are also quickly addressed and corrected. AlohaCare will conduct regular quarterly meetings (or more often as needed) with C & J management to ensure that customer servicing performance on behalf of AlohaCare meets established standards as defined by the DHS and AlohaCare. The Customer Service Manager will schedule at least an annual site visit to C & J's operations center to observe actual after-hours operations.

EMSS, Inc. – Beginning June 2007, AlohaCare subcontracted with Hawaii-based EMSS, Inc. to handle the distribution of all QUEST member ID cards and new member enrollment packets. Each business day, member ID card and enrollment packet transaction files are sent to EMSS via a secure FTP. From the point of file retrieval from the FTP to the mailing of member ID cards and enrollment information is completed within five business days. EMSS has already successfully distributed over 6000 new membership packets during the most recent QUEST open enrollment.

Monitoring - Annual site visit to EMSS facility by Customer Service Manager to observe its operations in accordance with AlohaCare's delegation policy and procedure. Regular monitoring includes review of vendor invoices, comparison of new member counts to enrollment packet mailing, monitoring of Customer Service call tracking issues specific to missing member ID cards and enrollment packets, and period meetings with vendor.

Alicare - In December 2004, AlohaCare subcontracted with a nationally-accredited Physician Review organization, Alicare Medical Management, which performs review services of medical, surgical, psychiatric and allied health services and has over 200 providers on their panel. All of Alicare's physician consultants and reviewers are board-certified in their area of specialty or sub-specialty. Alicare conducts prospective, concurrent and retrospective reviews which include the following components:

- Medical necessity of treatment based on the criteria used by AlohaCare
- Appropriateness of site of services
- Necessity of institution length of stay



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- Necessity/appropriateness of ancillary services, DME, drug therapy
- The investigational/experimental status of proposed services
- Claims review: accuracy of coding, unbundling, pricing of physician bills
- General consultation
- Appeal – To ensure that a member's appeal is reviewed only by providers who have not had previous involvement with previous phases of the denial, grievance and appeal process, AlohaCare has the option of sending appeal cases, both standard and expedited, to Alicare.

Monitoring - AlohaCare determines when services provided by Alicare will be utilized. AlohaCare also provides the relevant clinical information for the case and specifies the criteria (InterQual, etc.) and the timelines by which the review must be completed. The Alicare reviewer utilizes these parameters to review the case and to make a timely recommendation.

AlohaCare designated one contact point for cases that are referred to Alicare to ensure that cases are tracked and monitored for timeliness and completeness. Alicare is available and accessible 24 hours/7 days to ensure that AlohaCare is able to contact Alicare staff who can provide case status updates and facilitate timely review completion. Alicare provides AlohaCare with the credentials of the provider who conducted the review and complete documentation of the case review. In the recommendation response, the Alicare reviewer documents all findings and details other information used/considered in order to make a case disposition recommendation.

Ingenix – In June 2007, AlohaCare subcontracted with Ingenix, Inc. to deliver data analytics that identify questionable provider billing practices to help strengthen AlohaCare's fraud and abuse efforts. AlohaCare will provide claims data to Ingenix which will be analyzed for potential patterns that may relate to fraud and abuse. Ingenix will report any of its finds to AlohaCare which will then perform any required provider interventions. Data files will be provided to Ingenix via a secure FTP.

Monitoring - Review of Ingenix policies and procedures, review of reports based on submitted data, and periodic meetings with vendor.

Ensuring Coordination and Collaboration Among Staff Located in Hawaii and Those on the Mainland – All AlohaCare staff will be located in the State of Hawaii.

80.365.3 General Administrative Requirements Narrative - Organization and Staffing Table
In a table format, the applicant shall describe its current or proposed staffing that includes the number of full-time equivalents (FTEs) for all positions described in the table in Section 51.210. Adequacy of proposed staff will be judged based on an enrollment of approximately 20,000 members; the current maximum number any health plan can have.

The following table reflects AlohaCare's current and proposed staffing to accommodate QExA health plan functions for all positions described in Section 51.210 of the RFP. All AlohaCare staff will be located in the State of Hawaii.

DHS Required Positions	Current Staffing (FTE)	Proposed Staffing (FTE)*	Comments
CEO (1 FTE)	1	1	No change
Medical Director (.5 FTE)	1.5	2.0	AlohaCare currently has 3 Medical Director positions. The



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Current Position	Current FTE	Proposed FTE	Comments
			Quality Medical Director is full time; the UM Medical Director is .50 FTE; and the Behavioral Health Medical Director accounts for .25 FTE.
CFO	1	1	No change
Quality Management Coordinator (.5 FTE)	1	1	No change
Behavioral Health Coordinator	1	3	2 additional positions will be added for the QExA program
Service Coordination Manager (1 FTE)	1	5	4 additional management positions will be added for the QExA program
Service Coordination Staff	0	90	AlohaCare has Case Managers. Services Coordinators will be added for the QExA program
Pharmacy Coordinator/Director/Manager	1	1	No change. In addition to the Pharmacy Director, AlohaCare also has another pharmacist on staff to support clinical services.
Prior Authorization/ Utilization Management/ Medical Management Director	1	1	No change.
Prior Authorization/ UM/MM Staff	31	41	10 additional positions will be added
EPSDT Coordinator	1	1.5	
Member Services Director	1	1	No change
Member Services Staff	15	21	
Provider Service/Contract Manager	1	1	No change
Provider Services/Contract Staff	11	16	
Claims Administrator/Manager	1	1	No change
Claims Processing Staff	15	22	
Encounter Processors	1	1	
Grievance Coordinator	1	1	Although there is one FTE for this position, several individuals within the department have been trained to perform this function.
Credentiaing Program Coordinator	1	1	
Catastrophic Claims Coordinator	1	1	In addition to a Catastrophic Coordinator, an Administrative Assistant supports this function.
Business continuity planning & recovery coordination	0	0	This responsibility is assumed by AlohaCare's Security Officer with help from all department managers



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Compliance Officer	1	3	In addition to an organizational Compliance Officer, proposed Compliance Officers by line of business (one for Medicare; another for Medicaid)
Information Technology (IT) Director/CIO	2	2	AlohaCare has both an IT Director who has business knowledge and a CIO who has technical expertise to oversee the functions of the IT division.
IT Hawaii Manager	NA	NA	All employees are Hawaii-based
IT Staff	13	16	Additional positions include 2 programmers and a data analyst. For the CCMS Case Management application, SCAN will support this from their Long Beach corporate location. One dedicated SCAN staff will be provided as AlohaCare's main contact.
TOTAL	104.5	234.5	

* AlohaCare anticipates that the number of leadership level employees will remain fairly constant. Not shown in this chart is the expected growth in line Supervisors, Leads and related line staff needed to support this program in almost all operational areas.

80.365.4 General Administrative Requirements Narrative - Staffing Requirements

The applicant shall describe its monitoring functions to ensure that all staff meet all applicable laws, regulations and are in compliance with program policies and procedures. This description should include how monitoring will occur, the individuals responsible for monitoring and how non-complaint personnel are handled.

A review of all applicable laws, state or federal regulations, and program requirements is performed when developing organizational policies and procedures (P&Ps). Corporate policies and procedures are reviewed annually. Each organizational P&P includes a reference list of all reference documents, and there is a review by the Compliance Department before the P&P is executed. As new laws, regulations or program requirements are issued, P&Ps are revised. New and revised P&Ps are posted to the AlohaCare intranet site and are available to all employees. Managers are notified when new or revised P&Ps are posted, and reminded to provide appropriate training to staff at department meetings.

As part of the Corporate Compliance Program, a Compliance Work Plan is developed each year. The Compliance Work Plan describes the areas that AlohaCare intends to target for monitoring. Topics for focused monitoring are selected for areas that are of high importance within the program, or are areas identified by state or federal authorities as areas of potential high risk. Audits of the work plan targeted initiatives are performed by Compliance Department staff in accordance to the audit frequency established in the Compliance Work Plan. The Compliance Department staff utilize the organizational P&Ps, as well as the reference documents cited within the P&P, to develop a list of requirements. Actual performance of staff is compared to the requirements and an audit report is generated. All audit findings are submitted to the Compliance Officer, who reviews the results and



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reports the information to the Compliance Committee.

In addition to the focused audits performed by the Compliance Department staff, monitoring of compliance with laws, regulations and program requirements is a part of routine management functions within each department. Managers provide training to staff on how to perform tasks in conformance with the various requirements as documented in organizational P&Ps (and related source documents), and monitor staff performance on an ongoing basis.

Also, all AlohaCare staff play a role in monitoring for compliance with laws, regulations and program requirements. If any AlohaCare employee observes behavior or performance that is not in conformance with any requirement, he/she can submit a compliance reporting form to the Compliance Department for investigation. The Compliance Department will investigate the particular incident reported, and may expand the investigation to initiate a more thorough audit depending on the findings.

When improper conduct or non-compliant performance of duties is detected, AlohaCare will institute disciplinary action, ranging from oral warnings by supervisors or managers to suspension, privilege revocations, termination, financial penalties, and/or other sanctions as appropriate. Significant sanctions will be applied for intentional, reckless noncompliance. AlohaCare's disciplinary action policies require that such actions are undertaken on a fair and equitable basis throughout all levels of the organization.

AlohaCare's Human Resources Manager tracks employee licensing and certification requirements and expirations dates. Employees are notified of renewal dates to ensure all applicable licensing and certification requirements are met on a timely basis. The employee's manager is notified if employee is at risk of losing applicable license and/or certification.

80.365.5 General Administrative Requirements Narrative - Reporting Requirements

A. The applicant shall describe how it will ensure that all encounter data requirements are met and that encounter data is submitted to the State in a timely and accurate manner as described in Section 51.395. As part of this description, please provide a narrative of how you prepare encounter data reports and how you assure accuracy.

AlohaCare describes below the encounter submission process as it currently exists for the QUEST program. AlohaCare will make any required additional modifications that may be necessary and adjust encounter submission schedules to ensure that our encounter submission process adhere to all QEXA RFP requirements.

For the QUEST program, AlohaCare uses a proprietary encounter processing application based on the requirements specified in the Hawaii PMMIS Health Plan Manual. Both medical and pharmacy claims data is processed and currently submitted in the required format twice per month via the DHS ftp. For variance and error reporting, both the DHS 241 Encounter Input Detail Report and 641 Pre-Syntax Error Report are retrieved from the DHS ftp and the data from these reports is processed into our encounter application. AlohaCare staff continue to work with the DHS to refine our submission and error correction processes to help ensure that encounter data requirements are met.

Encounter data requirements - Encounter files, in the format prescribed by the Health Plan Manual, are submitted to the DHS on the first and third Wednesdays of each month. Each submission is accompanied by a certification which attests to the completeness, accuracy and truthfulness of the encounter data being submitted based on the best knowledge, information and belief of responsible



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Home and Community Based	30%
Alternative Residential Setting in the Community	38%
<ul style="list-style-type: none"> • Adult Foster Care (2%) • Assisted Living Home (16%) • Assisted Living Center (20%) 	
Nursing Home	30%

3. Which covered benefits and services the applicant (or an affiliated company or a company with the same parent company as the applicant) does not have experience providing; and AlohaCare and SCAN together have extensive experience in providing all of the covered services and benefits of the QExA program to all categories of beneficiaries to be served. Our combined experience makes us uniquely qualified to provide the full and complete spectrum of care required to serve this vulnerable medically fragile population.

4. The extent to which the applicant intends to use a subcontractor to provide any benefits and, if so, how the subcontractor will be selected and monitored to ensure compliance with all requirements.

AlohaCare has established relationships with four long term subcontractors and has three new subcontractor partners. Each has signed a Business Associate agreement with AlohaCare as stipulated and required by HIPAA mandate. Among our subcontractors, only two will provide covered services for the QExA program. A detailed description of the full responsibilities of each subcontractor is provided in other sections, however, a listing of all subcontractors is provided below and identifies the specific functions they will be performing for the QExA program with respect to covered benefits:

Service Coordination - SCAN Health Plan (SCAN) - AlohaCare will subcontract with SCAN Health Plan (SCAN) to provide service coordination, disease management and overall case management activities for the QExA population. SCAN, a pioneer in the social IIMO model with thirty years of extensive expertise and experience providing HCBS/LTC care coordination services to populations similar to QExA recipients will complement AlohaCare's strong Hawaii-based health plan operations experience and understanding of the Hawaii health care environment to deliver a QExA program that fully responds to the members' needs and the RFP requirements.

AlohaCare will develop a subcontractor agreement that will meet all provisions as stated in Section 70.500 (Subcontractor Agreements) of the QExA RFP. AlohaCare will also utilize our policy and procedure on "Oversight of Delegated/Subcontracted Functions" to monitor SCAN's performance of health plan services. These include, but are not limited to:

- Defining AlohaCare's roles and responsibilities and SCAN's roles and responsibilities, including reporting responsibilities and requirements (type of reports, frequency, timeframes, etc.) and implementing corrective actions within defined timeframes for any identified deficiencies;
- Requiring SCAN to track and report all complaints, grievance and appeals resulting from their performance of health plan activities to AlohaCare;
- Requiring conformance to all State and Federal regulations including HIPAA, and QExA RFP and AlohaCare contractual requirements;

In addition to an annual delegation audit, AlohaCare will perform ongoing monitoring of SCAN's performance of service coordination activities which will include, but not be limited to, reports on:



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- Number of Health and Functional assessments and re-assessments; face-to-face visits; member outbound calls performed by Service Coordination staff based on defined timelines;
- Number of services authorized by Service Coordination staff by type of service and setting;
- Number of complaints, grievance and appeals relating to Service Coordination staff
- Case mix and case load assignment per Service Coordinator

AlohaCare will have biweekly operations meetings with SCAN to address any identified issues of concern. Operational issues (if any) are monitored on an ongoing basis as part of an internal corrective action/monitoring plan. Any complaints, grievance and appeals relating to SCAN's performance will go directly to AlohaCare and will be addressed in this forum.

Pharmacy Services - Medco Health Solutions, Inc - For our pharmacy claims payment services, AlohaCare has contracted with Medco Health Solution, one of the nation's largest nationally accredited Pharmacy Benefits Manager (PBM), for the last seven years. All pharmacy claims are adjudicated real time at point-of-sale. AlohaCare retains all other pharmacy services within the health plan (formulary management, P&T, etc). For the QExA program, AlohaCare will develop the business requirements based on the QExA RFP and will specify within the subcontractor's agreement Medco's responsibility with regards to QExA-related services.

AlohaCare, as a nationally accredited health plan subscribes and complies with the URAC standards for "Oversight of Delegated/Subcontracted Functions" and annually reviews Medco based on these standards:

Policy and Procedure Review	Communication – point of sale messaging
Provider Manual Review	Compliance with MQD RFP
Contract/Responsibility Review	Compliance with Federal/State Laws (i.e., Prompt Payment Act)
Accreditation Review	
Safety Mechanism	Field Desk Audits of Network Pharmacies

Any deficiencies noted in AlohaCare's review/audit of Medco's performance will require corrective action. AlohaCare, in collaboration with Medco, has updated its subcontracting agreement to include the following required provisions:

- Holding the State of Hawaii harmless (indemnification)
- Records are to be retained and available for at least ten years from the termination of the Agreement with AlohaCare, in accordance with the applicable federal, state or MSP requirements or until any audit or review (including quality and fraud and abuse reviews and investigations or any other purposes as delineated in State and Federal regulations) of the Provider's records that is underway is completed, whichever is longest. The Provider shall furnish records and documents to the Plan and applicable State and Federal agencies, and others, as required by law.
- Compliance with all RFP and administrative rules mandated by the DHS and CMS.

Monitoring - AlohaCare's review of Medco's performance is an ongoing process and any deficiencies noted require a corrective action plan. AlohaCare monitors Medco's performance on a regular, systematic schedule as evidenced by the following:

- AlohaCare reviews drug claim spending quarterly.
- AlohaCare conducts an annual review of pharmacy services each fiscal year with Medco.
- AlohaCare also has biweekly operations meetings with Medco staff to address any items that

Consensus Score Sheets

<p>Applicant Name: AlohaCare</p>	
<p>Section: 80.375 Oral Presentations</p>	<p>Item: 80.375 Oral Presentations</p>
<p>Applicable RFP Sections: N/A</p>	<p>Maximum Item Points: 200</p>
<p>Pages Reviewed: N/A</p>	<p>Rating (0-5): 3</p>
<p>Question</p>	<p>The applicant will be responsible for providing a presentation of fifteen (15) minutes on each of the following two (2) scenarios.</p> <p>Scenario 1</p> <p>Mary is a sixty-nine (69) year old female who has lived alone on Kauai since the death of her husband five (5) years ago. She was able to care for herself until recently when she experienced a cerebrovascular accident which resulted in limited mobility on her left side and placement in a nursing facility. Mary has made tremendous strides in regaining strength and with adequate supports and services could be successfully cared for in the community. Mary does not want to stay in the nursing facility.</p> <p>Mary's daughter Connie lives nearby with her husband and two young children. Connie tries to visit her mother regularly at the nursing facility but her available time is limited due to the demands of her job and family.</p> <p>Mary is also eligible for Medicare.</p> <p>Questions for Scenario 1</p> <p>Describe in detail the process you would use to provide services and supports to and coordinate the care for Mary; from enrollment through service delivery and all the steps in between.</p> <p>Following the scenario, the evaluation team will ask follow-up questions to the scenario. These questions will not be provided in advance.</p> <p>Scenario 2</p> <p>Eddie is a forty-five (45) year old man with muscular dystrophy. He has used a wheelchair for mobility since he was twenty (20) years old and has lived in a group home for all of his adult life. His parents died in a car accident when he was twenty-one (21) years old and his only sibling, a sister, lives out of state. Eddie requires assistance with both ADLs and IADLs.</p> <p>Eddie has lost the ability to speak but is able to communicate with the use of an assistive technology device. He has had the assistive technology device for only a few months. Prior to this time, it was very difficult to communicate to his caregivers his likes, dislikes, desires, goals, etc. Eddie has always wanted to have greater control over his personal assistance</p>

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<p>providers: the communication device gives him this opportunity.</p> <p>Questions for Scenario 2</p> <p>Describe in detail the process you would use to provide services and supports to and coordinate the care for Eddie; from enrollment through service delivery and all the steps in between.</p> <p>Following the scenario, the evaluation team will ask follow-up questions to the scenario. These questions will not be provided in advance.</p> <p>Additional Questions</p> <p>The applicant shall respond to a series of questions from the evaluation team that will address processes and activities in place. These questions will not be provided in advance.</p> <p>Follow-up questions may be asked to clarify written responses to question(s) asked in Sections 80.310 through 80.370.</p>	<p style="text-align: center;">Strengths</p> <p>Locally based plan - familiar with the HI environment.</p> <p>Thoughtful presentation and responses to questions.</p> <p>Presentation offered good strategies in terms of what the coordination, service delivery and assessment the applicant would provide to the QExA population (such as emphasis on prevention, client focused, provider incentives, coordination with providers) - all essential for the success of QExA.</p>	<p style="text-align: center;">Weaknesses</p> <p>Did not know how to address Act 294 requirement.</p> <p>In providing responses to alternative scenarios they did not always present a total picture of how care should be coordinated and delivered.</p> <p>The majority of questions that were answered with detail regarding the delivery of services were provided by SCAN. Also, the majority of the responses provided that were on target in terms of delivery of services for the QExA population was also provided by SCAN. Given the inability of the State to be confident that SCAN is a long term partner with employees in Hawaii, the State found this to be a weakness.</p>
<p>Comments</p> <p>In response to a clarifying question about the role of SCAN, upon whom AC relies on for much of its experience for QExA, it was verified that SCAN would have a very limited role. Essentially SCAN would assist in implementation and provide ongoing consultation for service coordination and disease management but would not have a hands on, active role in the on-going delivery of care.</p>		
<p>Summary of Requirements</p>	<p>N/A</p>	

APPENDIX 2

Evaluator Rating:

The following rating scale and criteria shall be universally applied in evaluating the applicant's proposal. The rating scale will be as follows:

- 5 – The response is excellent and exceeds most, if not all, requirements with no deficiencies.
- 4 – The response is good and meets the requirements with no deficiencies.
- 3 – The response is acceptable and meets the requirements with only minor deficiencies that are easily correctable.
- 2 – The response is poor and marginally meets the minimum requirements with significant deficiencies that may be correctable.
- 1 – The response is unacceptable and fails to meet minimum requirements with major deficiencies that do not appear to be correctable.
- 0 – No response provided.



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80.325.1 Covered Benefits and Services Narrative

A. The applicant shall provide a comprehensive description of how it will approach delivering primary and acute care services (physical health and behavioral health) and long-term care services as described in section 40.700 to the QExA population. As part of this description, please provide information on:

AlohaCare offers comprehensive primary care, preventive, acute, behavioral and long term care services through a network of credentialed practitioners and providers. AlohaCare is prepared to deliver all covered benefits and services to our enrolled QExA members. The following matrix demonstrates that AlohaCare and its service coordination subcontractor, SCAN, have extensive experience, corresponding comprehensive policies and procedures and other corporate documents that address every component of the QExA program's covered benefits and services.

Covered Benefits RFP Section 40.700	AlohaCare's Evidence of Compliance	Comment
Primary and Acute Care Services- Physical Health		
Acute inpatient hospital services for medical, surgical, psychiatric and maternity/newborn care;	Discharge Planning for MM/BH Services	This policy outlines coordination of care, service navigation for all involved in the member's care including family members.
	Medical Management Prior Authorization Policy and Procedures	This policy addresses the notification process for acute medical/BH admissions, surgical procedures and transfer to Nursing Facility Care and coordination of care.
	Retrospective Review for MM/BH policies and procedures	Ensures AlohaCare has considered all clinical information for payment of acute inpatient and emergency services.
	BH & MM Emergency Services Policy and Procedures	Defines emergency medical conditions according to the law.
	Requesting Documentation of Medically Necessary Services for Authorization of MM/BH/Rx Policy and Procedure	This policy ensures AlohaCare has all aspects of care necessary for payment and care coordination.
	BH/Med. Mgmt. Concurrent/Continued Stay Review Policy and Procedure	Ensures AlohaCare is performing and following cases for appropriate and seamless discharge planning.
	Maternity Care Services Policy and Procedure	Assists care coordinator and UM nurses in identifying high risk maternity care, follow



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<p>Category Description Response</p>		
		ACOG guidelines and promotes newborn health criteria and the notification process to MQD.
Cognitive rehabilitation services	AlohaCare Provider Manual pg 107- Batteries for Psychological/Psychiatric Testing. InterQual- McKesson- Neurological Testing/Rehab	AlohaCare has process components outlined in our current document/criteria and will develop this into a complete policy and procedure.
Cornea Transplants and bone grafts services	AlohaCare has coordinated this service for many years and the process is well established and covered in the provider manual.	AlohaCare services require Notification and/or prior authorization specifically to involve case management in the process to ensure effective service navigation and follow up care.
Durable medical equipment and medical supplies	Provider Manual- Purchased DME, Prosthetic and Orthotic Svc Appendix 1-11	Outlines services that require a prior authorization for the purposes of involving care management and potentially aligning home health services in consumer home environment.
Emergency and Post Stabilization services	Medical Necessity Policy and Procedure. BH/MM Emergency services Policy and Procedure	Conforms with emergency and post stabilization services and complies with HRS Chapter 432E; Conforms to the QUEST Definition of Medical Necessity Memo issued by the DHS on Jan 18, 2007. Additionally AlohaCare doesn't require prior authorization emergency and post-stabilization services.
Family Planning Services	Family Planning Policy and Procedure Maternity Services Policy and Procedures	Ensures direct access to family planning services, allows members to self refer in and out of network Ensures proper care coordination and service navigation for maternity care for the purposes of family planning.
Home Health Services	AlohaCare has approximately 12 home health agencies that operate in multiple locations across the State of Hawaii. - See provider website- "Find a Provider" application	AlohaCare provides home health services for QUEST and Medicare members in multiple service type settings and has a network of home health professionals to support the effective delivery of this benefit.
Hospice Services	Member Placement in Sub-acute Long Term Care Policy and Procedures	Consumer protections are in place for the placement of members who may be transferred from acute, sub-acute or LTC



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		settings into Hospice care. All hospice care must be CMS certified hospice providers.
Maternity services	Maternity Services Policy and Procedures	Assists and encourages the establishment of an OB-GYN as the primary care provider during pregnancy (as appropriate), identifies proactively consumer needs throughout the pregnancy process and assists in identifying high risk situations for additional care management and services navigation.
Medical Services related to dental needs	AlohaCare Provider Manual- Appendix includes the same coding scheme in the QExA RFP Appendix F.	AlohaCare has a long history of coordinating care with the State Dental Care Coordinator to ensure the provisions of care and benefits are met on behalf of beneficiaries. Also, AlohaCare was previously a contracted QUEST Dental plan and has experience providing dental services to QUEST members. QExA Members will receive emergent dental care, and prior authorized services appropriately. Members 21 years of age and under will receive dental care, as required per EPSDT program guidelines
Other practitioner services	AlohaCare Referral, Authorization and Notification Process (RAN)- Website- "Referrals Made Easy"	Addresses and ensures the member has a medical home and that the PCP is the center of the professional care team process.
Outpatient hospital services	AlohaCare has comprehensive provider contracts that include the full continuum of outpatient hospital care that we will leverage for QExA members.	AlohaCare has a long history of providing a full continuum of care and benefits, e.g., Diagnostic Tests; Observation Room; Labor and Delivery; Ambulatory Services Center; Day Treatment; Partial Hospitalization; Short Holds 23 hr Beds; Residential Care; Crisis Services/Shelters; Intensive Outpatient Care
Physician Services	AlohaCare Provider Manual- "Role of the Provider" (PCP and other Specialists) pg 100-106	Lays out a clear expectation of the providers of care in facilitating and coordinating care for the member. Describes their responsibilities to comply with ADA regulations and AlohaCare service coordination programs.
Prescription Drugs	AlohaCare QUEST /ACAP Comprehensive Formulary- Website <ul style="list-style-type: none"> • Non-covered drugs -- DEN1 5&6 categories 	AlohaCare administers 5 unique formularies. Decisions are made by AlohaCare's P&T committee ensuring we meet both CMS-Part D standards as well as QUEST RFP mandates. We are currently constructing a



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	<ul style="list-style-type: none"> • AlohaCare Pharmacy Prior Authorization P&P • AlohaCare Drug Coverage Determination P&P 	<p>formulary for QExA and have obtained a copy of the Medicaid FFS PDL and Pharmacy Network Listing. Our Goal for QExA is to provide more formulary options for consumers and providers and expand access by possibly providing mail service options for members and care givers.</p>
<p>Preventive services including (See Appendix E for more details on preventive services)</p>	<p>AlohaCare Adult Preventative Health Practice Guidelines- Website.</p> <p>EPSDT Policy and Procedures</p> <p>Immunization Policy and Procedure</p> <p>Global OB Policy and Procedure</p> <p>Lead Testing Policy and procedure</p> <p>Annual screenings related to DM, PAP, Chest X-rays, Colonoscopy</p>	<p>These policies and procedures address the components fully in Appendix E for QExA consumer and include:</p> <ul style="list-style-type: none"> • Blood Pressure measurement • Wt/Ht Measurement • Total Cholesterol measurement • Cancer Screening: Breast; Cervical; Colorectal; Prostate • Rubella Serology • TB Testing • Health and Ed Counseling • Immunizations • Chemoprophylaxis • High Risk Categories (HIV etc) • Maternity-related: Prenatal lab/Screening tests; Prenatal visits; Diagnosis of Premature labor; Ultrasound, Amniocentesis, Fetal Distress; Prenatal vitamins including Folic Acid; Hospital stay for vaginal and C-section births • Newborn/Child: Newborn screening; Lead testing; Age-appropriate dental screening/Oral Fluoride
<p>Radiology/ Laboratory/ Other diagnostic services</p>	<p>The vast majority of these services are well automated within our information claims payment system to ensure appropriate access and payment of services.</p>	<p>Only a few services are prior authorized (e.g., MRI/MRAs of the Brain). Diagnostic services that require prior authorization were selected to help identify a condition or clinical situation that may require specialist involvement.</p>
<p>Rehabilitation services</p>	<p>OT/PT/ Cardiac Rehab, and non-acute services and other wellness programs have been a benefit of AlohaCare in all product lines.</p>	<p>The majority of these services are on our prior authorization list for PCP facilitation of care by communicating closely with the Specialist ordering rehab services on behalf of the member. The process allows us to keep the PCP informed and screen members into active Service Coordination for additional assistance.</p>



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Sterilizations and hysterectomies	AlohaCare Provider Manual clearly lays out the expectation for covering Sterilizations and Hysterectomies pg 46-47	The process ensures informed consent by using the 1146 & 1145 Sterilizations and Hysterectomy acknowledgement form to make sure a consent is obtained 30 days in advance of the procedure.
Transportation services	Medically Necessary Transportation Policy and Procedure	We have a long history of providing transportation for members including Emergency and non-emergency Ground and Air transportation and all other necessary accommodations (hotel, taxi, meals, etc).
Urgent Care Services	AlohaCare PCP are expected to provide 24/7 coverage. Urgent care facilities are in the network.	Urgent care does not require PA and member may seek services at appropriate facilities (Urgent Care Facility).
Vision services	AlohaCare Provider Manual- Vision Services pg 56- 65	AlohaCare has experience administering vision services under QUEST and Medicare.. Vision examinations, prescription lenses, cataract removal and prosthetic eyes are covered for all members. Emergency eye care is covered for all members.
Primary and Acute Services- Behavioral Health 40.750.2	<p>AlohaCare Provider Manual- BH Sections</p> <p>MM/BH Prior Authorization Policy and procedures</p> <p>SMI/SEBD Policy and Procedure</p> <p>COMPASS Coordination of Care Policy and Procedure</p> <p>COMPASS Community Programs Policy and Procedure</p> <p>AlohaCare Provider Network Director- Website- Find a Provider- BH</p>	<p>AlohaCare has a long standing history of providing all the services/benefits listed in 40.750.2 for both adults and children which include:</p> <ul style="list-style-type: none"> • Acute Psychiatric Hospitalizations (including room and board, nursing care, medical supplies, diagnostic service physician services, etc. • Ambulatory and Crisis Service • Acute Day/Partial Hospitalization (including medications mgmt, prescriptions, medical supplies, diagnostic tests, family, individual and group counseling) • Methadone/LAAM outpatient counseling. • BH Medications • Outpatient Medications Management, therapy • Psychological testing • Drug and FTOH Treatment • Occupational/Rehab therapy <p>A full and comprehensive BH continuum of care is provided under our benefit structure.</p>
Long Term Care Services		

SECTION 80 MANDATORY AND TECHNICAL PROPOSAL**80.100 Introduction**

The applicant shall comply with all content and format requirements for the technical proposal. The proposal shall be on standard 8 ½" by 11" paper, single spaced, singled sided and with text no smaller than 11-point font. The pages must have at least one-inch margins. All proposal pages must be numbered and identified with the applicant's name.

All questions which are to be answered as part of the narrative must be answered in the order in which they appear in each sub-section. The question must be restated above the response. The questions related to any attachment do not need to be restated as long as it is clear from the heading the referenced attachment. Attachments may be placed, in the order in which they are requested, behind the narrative responses for that sub-section. Attachments do not count toward the maximum page limits.

Narratives in excess of the maximum page limits and any documentation not specifically requested will not be reviewed. Likewise, providing actual policies and procedures in lieu of a narrative may result in the applicant receiving a non-responsive score for that question.

80.200 Mandatory Requirements**80.210 Attachment: Transmittal Letter**

The transmittal letter shall be on official business letterhead and shall be signed by an individual authorized to legally bind the applicant. It shall include:

- A. A statement indicating that the applicant is a corporation or other legal entity and is a properly licensed health plan or has a pending application for licensure in the State of Hawaii. All subcontractors shall be identified and a statement included indicating the percentage of work to be



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appear to be trends/patterns. Operational issues (if any) are monitored on an ongoing basis as part of an internal corrective action/monitoring plan. Grievance and appeals relating to Medco's performance come directly to AlohaCare and are dealt with in this forum.

Credentiaing Primary Source Verification Services - Hawaii Credentialing Verification Service - For the past 11 years, AlohaCare has and continues to utilize Hawaii Credentialing Verification Service (HCVS) to perform primary source verification organization on behalf of AlohaCare. HCVS collects and verifies information required to evaluate a provider applicant's qualifications to become an AlohaCare network provider. HCVS will not provide covered services to QExA members.

After-hours and Weekend Answering Service - C & J Telecommunications - AlohaCare contracted with C & J for 14 years to provide after-hours and weekend telephone and assistance coverage which spans between 5:00 pm and 7:45 a.m. Monday through Friday and 24 hours a day on weekends and holidays. C&J will not provide covered services to QExA members.

Quality and Utilization Management Peer Review - Alicare - AlohaCare has contracted with Alicare, a certified peer review association, since 2004. Alicare is a nationally-accredited Physician Review organization which performs review services of medical, surgical, psychiatric and allied health services and has over 200 providers on its panel. All of Alicare's physician consultants and reviewers are board-certified in their area of specialty or sub-specialty. Alicare will not be providing covered service to QExA members.

Member Card Printing Services - EMSS, Inc - Beginning in June 2007, AlohaCare subcontracted with Hawaii-based EMSS, Inc. to generate and mail out our New Member Enrollment packets, membership ID cards, and replacement ID cards. EMSS will not provide covered services to QExA members.

Fraud and Abuse Monitoring - Ingenix, Inc - Ingenix, Inc., subcontracted in the Summer of 2007, will deliver data analytics that identify questionable provider billing practices to help strengthen AlohaCare's fraud and abuse efforts. AlohaCare will provide claims data to Ingenix which will be analyzed for potential patterns that may relate to fraud and abuse. Ingenix will report any of its findings to AlohaCare which will then perform any required provider interventions. Ingenix will not provide any direct service to QExA members.

B. The applicant shall describe how it will manage the waiting lists allowed for in Sections 40.750.4 and 40.750.5;

AlohaCare will provide all personal assistance services Level I to members receiving these services prior to the Commencement of Services on November 1, 2008. Upon contract award, AlohaCare will begin to implement our strategies to expand the availability of personal assistance services Level I. AlohaCare believes a locally focused approach for the expansion of potentially qualified caregivers is the first step to addressing the waiting list for Level I personal assistance services. Both Service Coordinators and Provider Network staff will be utilized to educate members, providers and the community about the availability of self-directed care. During the Service Coordinators initial assessment, they will discuss self-directed care, and if the member is interested will discuss potential caregivers. The member must still either pass the assessment as being qualified to administer self-directed care or he/she must appoint a surrogate. The Service Coordinators will forward all information they receive from members about potential caregivers to Provider Relations. We describe in more detail in the Provider Network section of our RFP response the specific steps



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AlohaCare will take to expand the pool of care givers for HCBS services.

AlohaCare will maintain two separate waiting lists for Level I personal assistance. The first list will contain all of those individuals who were on the DHS waiting list prior to the Commencement of Services. The second list will contain individuals who have subsequent to the Commencement of Services date deemed eligible for QExA and enrolled with AlohaCare. The waiting lists will be reviewed weekly by the Service Coordinator Manager, Provider Network Manager and other operational management. This team of individuals will develop action items to address the unmet needs on an island by island basis.

To address the waiting list and expansion of the HCBS capacity, AlohaCare will undertake a similar process. AlohaCare will work with contracted home health agencies and other providers to expand their service delivery. AlohaCare will assist the providers in conducting education and recruiting sessions in communities. Again the intent is to develop a pool of potential employees for the providers that will allow them to expand their services. During the initial assessments, Service Coordinators will identify any informal support being providing to the member. Frequently, informal support individuals are interested in continuing to provide services in a structured manner while being employed by a provider. Any information the Service Coordinators receive will be passed along to the agencies and providers for follow-up.

Similar to Level I personal assistance strategy, AlohaCare will maintain two separate waiting lists for HCBS. The first list will contain individuals who were on the DHS waiting list prior to the Commencement of Services and the second list individuals who were deemed eligible for QExA and enrolled with AlohaCare subsequent to the Commencement of Services date. The waiting lists will be reviewed weekly by the same individuals as in the Level I process and action items will be developed to address the unmet needs on an island by island basis.

Reports on all waiting lists will be presented to senior management and the Clinical and Service Quality Improvement Committee (CASQIC) for monitoring and evaluation to ensure members' needs are being met through reductions in the waiting lists for services.

C. The applicant shall describe the process it will use to allow members the opportunity to self-direct personal assistance, attendant care and respite services. This description shall include the extent to which subcontractors will be used to fulfill any administrative functions and address the following:

Consumer directed care is built on the concept that members and their families have the right and ability to assess their own needs, to determine how best to meet those needs and to judge the level of quality care received. AlohaCare will collaborate with SCAN to implement a process to allow QExA members to self-direct their care for personal assistance, attendant care and respite care.

Currently, it is our intent to contract with a company to handle the administrative functions of the self-directed care model. The contracted entity in conjunction with AlohaCare will immediately begin to conduct general education sessions for the communities on each island. The session will provide information about the self-directed care model and the employment opportunities available to individuals, developing a pool of potential caregivers. As part of contract terms with the self-directed care company, expansion goals will be included, with incentives for reaching the established goals.



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80.365.1 General Administrative Requirements Narrative - Fraud and Abuse

The applicant shall provide a comprehensive description of how it will fulfill all fraud and abuse requirements in Section 51.100.

The AlohaCare Board of Directors (BOD) is the governing body accountable for providing organizational governance of AlohaCare's Corporate Compliance Program, of which fraud and abuse prevention, detection and reporting is an integral component. The BOD assigns AlohaCare's Chief Executive Officer (CEO) the authority and responsibility to establish, maintain, and support an effective program on a continuous basis. The CEO in turn assigns the responsibility for the Corporate Compliance Program (including fraud and abuse prevention, detection and reporting) to the Compliance Officer, who is assisted by Assistant Compliance Officer/Training Specialists, Compliance Assistants/Auditors and other support staff. The Compliance Officer reports directly to the CEO and also makes periodic reports to the Board of Directors through the Board Compliance and Business Audit Committee.

The Compliance Officer, in conjunction with the Compliance Committee, develops a Compliance Work Plan each year. The Compliance Work Plan describes the areas that AlohaCare intends to target for monitoring, and includes at least one fraud and abuse study annually. The annual Work Plan is reviewed by the Board Compliance and Business Audit Committee, and is presented to the BOD for final approval.

All departments within AlohaCare work together to prevent and detect fraud and abuse and periodic audits are conducted to ascertain problems and weaknesses in AlohaCare's operations which would increase the risk for potential fraud and abuse. Employees, members and providers may submit reports of suspected fraud and abuse about members, providers, provider groups, facilities, or suppliers to our Compliance Department. Reports can be submitted anonymously. AlohaCare's Grievance Coordinator monitors member and provider complaints for issues related to potential fraud and abuse situations.

The Credentialing Department carries out credentialing activities that ensure that all AlohaCare providers have the legal authority (which includes periodic checking of appropriate sources to identify sanctioned providers and remove them from the network), professional accreditation, experience, and service facilities to meet the needs of AlohaCare members.

The Utilization Management Department conducts focused medical reviews to identify trends of utilization and practice patterns through data analysis which detects provider outliers and variations from the norm such as identifying potential over and under-utilization of medical services.

The QI Department monitors reports of QI issues and will refer any cases of potential fraud and abuse for further investigation.

The Claims Department monitors claims using the National Correct Coding and Payment Manual and the Medical Billing Guide to ensure that submitted claims are complete and billed by an authorized provider. For example, claims are monitored to prevent:

- Unbundling
- Fragmentation
- Upcoding
- Use of duplicate codes
- Use of invalid codes
- Use of codes for mutually exclusive procedures

The claims examiners manually examine certain types of claims for compliance with AlohaCare guidelines, including, but not limited to:



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- Services that do not match the services that were authorized
- Multiple services or providers on the same date of service
- Multiple surgeries involving high dollar amounts
- Use of generic or unspecific CPT-4 or HCPCS codes
- Anesthesia units that do not match the units in the anesthesia report
- Coordination of benefits for services provided to members with third party liability

It is AlohaCare's policy that all potential incidents of fraud or abuse be reported to AlohaCare's Compliance Officer who will direct an investigation of the matter (using either internal staff or by referral to Ingenix, to whom we have delegated some fraud and abuse activities – see paragraph below) and make a report to the Compliance Committee. All incidents of suspected fraud and abuse involving AlohaCare members, providers, employees, or vendors will be reported to Med-QUEST and the Medicaid Fraud Control Unit of the Attorney General's Office within thirty (30) days of discovery and when warranted, to other appropriate governmental agencies.

AlohaCare also delegates specific anti-fraud and recovery services to Ingenix, with includes access to their SIU (special investigative unit). Referrals for investigations by Ingenix SIU staff can come from AlohaCare or can be generated through identification of suspect data patterns identified by Ingenix' data analytics staff upon review of AlohaCare claims data.

Ingenix, as well as all subcontractors and providers, are required by contract to cooperate fully with federal and state agencies in any fraud and abuse investigations. The contractual provisions include the requirement to provide, upon request, records or other information pertinent to matters related to any investigation.

On a monthly basis, the Compliance Department randomly selects approximately 100 professional service claims (billed on CMS 1500 form) and 100 facility claims (billed on UB-92 form). Members are sent a letter describing the services billed and are instructed to contact the Compliance Department to report any suspected cases of fraud and abuse.

80.365.2 General Administrative Requirements Attachment and Narrative - Organization Charts (Attachment) and Narrative on Organization Charts

The applicant shall provide organization chart(s) and a brief narrative explaining its organizational structure, including (1) whether it intends to use subcontractors for activities and functions other than those described in response to question 80.325.1 and, if so, how it will manage and monitor them and (2) how it will ensure coordination and collaboration among staff located in the State of Hawaii and those in the Continental United States.

Organization Structure - The AlohaCare organizational chart (Tab 80.365.2) shows the individuals, positions and titles within the organization. The position titles provide a short description of the job responsibilities. The lines of authority delineate the specific management staff that provide oversight to the individual departments.

The CEO is the highest officer within the organization and oversees the all senior managers and the Medical Director/Quality Officer. These positions, along with those in the Administrator levels, oversee department managers and/or are responsible for department line staff. AlohaCare is organized into divisions which encompass similar operational departments. A Director is responsible and accountable for the functions of each department within his/her division or functional area.