**Commonwealth of Virginia**

**Department of Human Resource Management**

**Workers’ Compensation Program Auditing Services**

**RFP # WCS15-01**

**Addendum # 1**

**April 16, 2015**

**This addendum is issued to respond to questions received at the optional pre-proposal meeting held on April 15, 2015. The submission date remains unchanged.**

**Please sign this form and include as a part of your submission.**

**X\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. **In Section 4.4 of Tasks, can you give any additional information on these services or is this a just an on call contractor to assist with additional tasks?**

DHRM wishes to leave the option open to engage special projects as needed. This task would allow for, but not be limited to, event-specific audits that may occur during the term of the contract. This may include any aspect of the program. An example of this task in previous contracts has been a financial audit of payments made pursuant to a PPO network schedule to validate if the appropriate network reductions were taken on medical bills.

1. **In Section 4.2; the loss payment figure has it been audited before?**

No.

1. **In Section 4.1; has the SSAE 16/SOC 1 been audited before?**

Yes.

1. **Do you want an offer on the task 1 or task 2 together or can offer on either of these? Or are you looking for one firm to do all?**

DHRM is seeking an offeror who can supply solutions for all tasks. An offeror may submit a response for individual tasks; however, by not meeting the scope of requested services, a partial offer will be evaluated with a lower ranking using the Criteria for Evaluation in Section 6 of the Request for Proposals. We recommend partnering with another company to provide all requested services.

1. **In Attachment I, Section B; is this geared more for Task 4.2?**

No. This is primarily for Task 4.1. Responses may include clients for whom the offeror has completed SSAE16/SOC1 audits as the SAS70 audit format is now somewhat dated.

1. **It is not specified in the RFP; is there a specific way you want the fee structure communicated? Or there any feedback you can give us on that?**

It is not necessary or preferred that professional services offerors provide a fee structure when submitting an offer in response to the Request for Proposals. The successful offeror, selected for negotiations, will be given instructions on submitting a fee structure at the time terms are negotiated.

1. **If your company is a large business and you are planning on using a small business, can we use other commodity codes other than those mentioned in the RFP?**

Yes.

1. **Is the Task 4.2 a new requirement?**

No. It is not a new requirement, but has not been exercised in the past.

1. **Can you tell us more of what you envision for the Task 4.2?**

We will rely on offeror’s professional judgement; we are interested in your proposed solution. This task has not been requested in the past. This is a separate audit from the SSAE16/SOC 1 audit and would entail the audit of open claims for accuracy of reserves and total incurred for confirmation of total program loss payment figures. There are approximately 8,500 to 9,000 new claims each year and 2,600 to 2,700 open claims at any given time. If commissioned under this contract, it would be expected that a random sample of a percentage of open claims would be audited and reserves validated based on the current status of the open claim. The scope of audit could be expanded, by subsequent agreement, to the entire pending caseload if the findings from the random sample indicated an unacceptable percentage of error. Other inquiry for audit may include, but not be limited to, whether or not the vendor’s recorded loss payments accurately reflect what has been paid for medical, indemnity or other payment type and/or whether or not the payments themselves were paid appropriately based on Claims Administration and Cost Containment contract terms and the Virginia Workers’ Compensation Act.

1. **Do any of the subcontractors have the on scope included audits or are those audits separated by somebody else?**

We receive annual corporate SOC I audits or their equivalent from our claims administration vendor and our medical bill adjudication vendor. These are the two sub-contractors that are the focus of work for this Request for Proposals. Additionally, our Claims Administration and Cost Containment contract terms require periodic internal audits to be performed by the claims administration vendor corporate resources. Finally, DHRM has one internal auditor with the Workers’ Compensation Services program who performs 12 scheduled audits and additional ad hoc audits during the course of the fiscal year.

1. **Are there any prior audit reports available to the public?**

We request that vendors work with the information provided in the Request for Proposals, pre-bid conference questions, and responses to formulate a response to the Request for Proposals. Both this procurement and the prior one are unique and stand on their own. The successful offeror will receive as much information as is practicable.

1. **Have any prior questions been submitted before the pre-proposal conference?**

No.

1. **What company currently provides these audit services?**

Keiter-Stephens (now Keiter).

