

REQUEST FOR PROPOSAL (RFP)

RFP# WCS19-01

Title: Workers' Compensation Claims Administration and Cost Containment Services

Issue Date: April 5, 2018

Commodity Codes:

90772, 91838, 81893, 92400, 92416, 92440, 92441, 95861

Issuing Agency: Department of Human Resource Management

Commonwealth of Virginia

James Monroe Building, 13th Floor, 101 North 14th Street

Richmond, Virginia 23219

Fax: (804) 225-2789

E-Mail: richard.whitfield@dhrm.virginia.gov

Initial Period Of Contract: From July 1, 2018 Through June 30, 2021 (*Renewable).

Sealed Proposals Will Be Received Until 2:00 PM Friday April 27, 2018 For Furnishing The Goods/Services Described Herein.

All Inquiries For Information Should Be Directed To: Richard Whitfield E-Mail: richard.whitfield@dhrm.virginia.gov.

IF PROPOSALS ARE MAILED, SEND DIRECTLY TO ISSUING AGENCY SHOWN ABOVE. IF PROPOSALS ARE HAND DELIVERED, USE SAME ADDRESS.

In compliance with this Request For Proposals (RFP) and all conditions imposed in this RFP, the undersigned firm hereby offers and agrees to furnish all goods and services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiation, and the undersigned firm hereby certifies that all information provided below and in any schedule attached hereto is true, correct, and complete.

*Virginia Contractor License No. _____

*DSBSD-certified Small Business No. _____

Class: _____ Specialty Codes: _____

Name and Address of Firm:

ZIP Code: _____

Date: _____

By: _____

(Signature In Ink)

(Printed Name)

eVA Vendor or DUNS# :

Title:

Telephone Number: ()

E-Mail Address:

Fax Number: ()

* PREPROPOSAL CONFERENCE: A mandatory pre-proposal conference will be held at 10:00 AM on Monday, April 16, 2018 in Conference Room B, 1st floor, 101 N. 14th Street, Richmond, VA 23219. If special ADA accommodations are needed, please contact DHRM front desk at (804) 225-2131 by April 11, 2018. (Reference: Paragraph 5.10 herein). Note: This public body does not discriminate against faith-based organizations in accordance with the Code of Virginia, § 2.2-4343.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

TABLE OF CONTENTS

1.0	Purpose	3
2.0	Background.....	3
3.0	Statement of Needs	4
4.0	Proposal Preparation And Submission Requirements	28
5.0	Deliverables.....	31
6.0	Evaluation And Award Criteria	31
7.0	Confidentiality Of Data And Information	32
8.0	Remedies For Breach Of Confidentiality.....	33
9.0	Disclosure of Litigation.....	33
10.0	Right To Ownership.....	34
11.0	General Terms And Conditions.....	34
12.0	Special Terms And Conditions.....	43
	ATTACHMENT ONE – Questionnaire	47
	ATTACHMENT TWO – SCC Form	69
	ATTACHMENT THREE – SWaM Utilization Information	70

1.0 Purpose

The purpose of this RFP (Request for Proposals) is to solicit proposals from offerors to provide Workers' Compensation claims administration and cost containment services for all claims activities occurring on or after July 1, 2018 for claims incurred July 1, 1986 and later.

2.0 Background

- 2.1 The Department of Human Resource Management Workers' Compensation Services, herein after referred to as "DHRM", "WCS" and "Purchasing Agency," administers the Workers' Compensation claims and loss control program. The program protects all Commonwealth of Virginia employees from financial loss due to lost work and wages. It also covers medical expenses and other costs associated with a covered (work-related) injury sustained arising out of and in the course and scope of employment. These benefits are subject to the provisions of the Virginia Workers' Compensation Act. Claim reports of historical data can be found at [Workers' Compensation Statistical Reports](http://www.dhrm.virginia.gov/workerscomp/statisticalreports) (<http://www.dhrm.virginia.gov/workerscomp/statisticalreports>).
- 2.2 The Contractor's Managing Partner/Account Director, claims staff, Medical Vocational Services Manager, Medical Vocational Services Assistant, Nurse Consultant, copy center, Loss Control Training Manager, STD/LTD Disability Coordinator, WC Program Coordinator and Learning Management Specialist are located on the 6th floor of the James Monroe Building. The Contractor has file and supply areas located on the 6th floor. The Contractor must utilize the office space on the 6th floor and will be required to pay rent for their space as well as a portion of the rent allocated to conference rooms and training rooms. The rental charge for FY17 to the Contractor was \$91,070.52. The Contractor must provide on-site copy services for the claims administration and all other Contractor staff housed on-site, and for loss control and other Contractor-delivered training. The 6th floor is secured through the use of security badges restricting access to the floors. The Contractor's on-site computer servers are secured on the 6th floor through the use of locked doors in addition to the overall security of the floor. All prospective Contractor employees must undergo a background check (performed by the Division of Capitol Police) and are required to sign a confidentiality statement and fraud and ethics policy statement.
- 2.3 Agencies are billed on an annual basis for insurance premiums. The Workers' Compensation Program Director provides experience-based premium recommendations to the Governor and the General Assembly. They work in consultation with the Department of Planning and Budget to determine the amount to be billed to each agency. The program is funded by premiums on a cash flow basis and is certified as self-insured by the Virginia Workers' Compensation Commission. The Workers' Compensation Program will continue to be completely self-insured.
- 2.4 An independent actuary, currently Oliver Wyman, annually completes an Actuarial Analysis of the Self-Insurance Fund and evaluates the Workers' Compensation self-insurance program premium structure. During the reviews, Oliver Wyman evaluates

claims history, future required premiums, reserves currently held, estimated future reserve requirements, and fund position. Upon the completion of any review, Oliver Wyman releases a report detailing the work completed, methodologies used, and recommendations.

- 2.5 DHRM Office of Contracts and Finance provides financial statements to WCS for the Workers' Compensation Administrative Program and is responsible for verification of financial statements and reconciliation of accounts.
- 2.6 The WCS contracts for an annual Service Organization Controls (SOC 1) audit on the Contractor and the medical bill adjudicator Subcontractor. All claims processing procedures and internal control environments are established, subject to the DHRM/WCS' approval and are audited by the program's external auditor, currently Keiter. A copy of the report is distributed to the Contractor.

3.0 Statement of Needs

- 3.1 The specific services provided by the selected vendor will include claims administration services (with specific delegated authorities to be negotiated), program administrative support, STD/LTD Disability Coordinator, paralegal, medical preferred provider network, document imaging, medical bill adjudication including reductions to the prevailing community rate as authorized by the Virginia Workers' Compensation Act for medical services rendered prior to January 1, 2018 and reductions to the fee schedules adopted by the Virginia Workers' Compensation Commission for medical services rendered on or after January 1, 2018, provider bill review, utilization review, discount prescription drug, supplies and apparatus program, surveillance, field investigation, two dedicated loss control/safety staff to provide consulting and training services, one dedicated training manager, one dedicated staff to develop learning management system courses and narration, payroll classification audit, field medical and vocational placement, telephonic nurse consultant, on-line claim reporting intake program, secure portal for client agency use in uploading documents to the claim service provider, online portal for client agency reporting of lost time, and claims system client claim data reporting program. All services included in the proposal shall be included in the comprehensive annual fee by service and shall include a guaranteed full time dedicated staff except as authorized in the RFP. Services to include surveillance, additional staff above start level, payroll classification audit, field investigation, IME, FCE, and other special claims or loss control services not identified above may be priced on a per service/per hour/per item basis.
- 3.2 Initial marketing, promotion and statewide seminars are included as part of the expectations of the Purchasing Agency as part of this agreement. Materials and staffing to accomplish this initial promotional effort should be included in the vendor's cost proposal. Compliance with specific directives of the Purchasing Agency's Contract Administrator shall also be included in the tasks prescribed under this contract.

- 3.3 The Purchasing Agency shall contract with a vendor who will establish a dedicated claims and loss control administration and cost containment processing center housed on the 6th floor of the Monroe Building at 101 N. 14th Street, Richmond, Virginia (state site). All services provided under the contract shall be housed on the state site unless otherwise agreed.
- 3.4 The following is a preliminary description of the major tasks and required services involved for developing the end product of this project. The Contractor is not, however, constrained from supplementing this listing with additional steps, subtasks, or elements deemed necessary to permit the development of alternative approaches for the application of proprietary analytical techniques.
- 3.4.1 Program Philosophy: It is understood that the Contractor, including the work of any sub-Contractors thereon, focuses on delivering collaborative services to the injured worker, employer, treating physician and other parties active in delivering services to the injured employee. The Contractor's role, and each of its Subcontractors, is to consult with the physician and other involved parties to assure that a full disclosure of all options and consequences is known prior to the determination of the final decisions regarding medical services and return to work. The program philosophy shall embody a cooperative relationship between participating parties. Should the Contractor or any of its Subcontractors, conclude that medical care recommended by the treating physician is not appropriate, the traditional avenues of IME, peer review, and hearings before the Virginia Workers' Compensation Commission are to be used to resolve such matters. The Purchasing Agency and the Office of the Attorney General retain the authority over all matters in litigation.
- 3.4.2 Claims and Loss Control Management: It is the Contractor's responsibility to provide and manage a full time dedicated staff to provide workers' compensation claims case management in accordance with the Workers' Compensation Act of Virginia and accepted industry standards. In addition, the Contractor is responsible for providing two full time dedicated loss control professionals to analyze the claims, evaluate risks, develop inspection programs, provide consultative services and develop and conduct training programs in coordination with the Purchasing Agency risk management staff. The contract shall include a claims management system for Workers' Compensation that includes the ability to track and report on all claims activities by the Purchasing Agency and by all human resource, payroll, and loss control agency customers. The claims management system shall support a robust imaging platform for all claim-related documents and a primarily paperless workflow among internal and external customers in a secured fashion. The Contractor shall aggressively work to identify and convert wherever possible paper processes to an electronic workflow. This shall extend to software that supports electronic signature and other electronic efficiencies. The Contractor is responsible for assuring that all cases are properly investigated and managed by a supervisory staff.

3.4.3 Contract Administrator and Contractor Account Director: Each party shall appoint a contract administrator who shall be diligent in securing faithful performance of this contract. The Purchasing Agency hereby appoints Director of State Employee Workers' Compensation Services, currently Kristie McClaren. State your contract representative. The selected vendor shall assign a Contractor Account Director who will have the primary responsibility for interacting with the Purchasing Agency's Contract Administrator and also be responsible for resolving any issues relative to the ongoing operation of this contract. The Contractor Account Director shall be at a level within the organization to be able to make decisions on behalf of the vendor and effect changes that will be upheld by the vendor without incurring delays. All contract, policy and procedure issues involving this contract shall be the responsibility of the Purchasing Agency's Contract Administrator and the Vendor's Contractor Account Director to resolve.

3.4.4 Key Personnel: The Purchasing Agency reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the Purchasing Agency. The Contractor shall not remove or reassign, without the Purchasing Agency's prior written approval, any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the Purchasing Agency may be considered by the Purchasing Agency to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment.

3.4.5 The Purchasing Agency and the Contractor agree that the positions assigned to the contract and listed below are full time, 100% dedicated Key Personnel for purposes of this Contract located on-site at the Purchasing Agency's location (other than those with*). Those employees designated by** shall be supervised by and report directly to the Purchasing Agency:

- | | |
|--|---|
| ▪ Contractor Account Director | ▪ WC Program Assistant** |
| ▪ Claims Manager | ▪ Learning Management Specialist** * |
| ▪ Nurse Consultant* | ▪ IT Manager |
| ▪ STD/LTD Disability Coordinator ** | ▪ IT Technician/Analyst |
| ▪ Medical and Vocational Services Mgr. | ▪ Loss Control Training Manager** |
| ▪ Medical and Vocational Services Assistant | ▪ Loss Control Specialists* |
| ▪ Field Medical and Vocational Service Consultants to handle caseload of 355 files * | ▪ Claim supervisors |
| ▪ Mail, clerical, image management, claims | ▪ Benefit coordinators (claims adjusters) |
| | ▪ Receptionist |
| | ▪ Paralegal** |

assistants, medical bill adjudicators, and administrative support and supervisors sufficient to support the program

- Fiscal Technician
- Office Manager or Assistant Claim Manager

- 3.4.6 Audits: The Purchasing Agency will require the Contractor and/or sub-Contractors to submit to a SOC 1 audit and other financial and performance audits from outside companies to assure both the financial viability of the workers' compensation claims management program and the operational viability. These audits will require the Contractor to provide any assistance, claim file access, information system access, staff access, and space access to the party selected to perform the indicated audit. These audits may be performed annually and the final audit of the contract period may occur in part after the close of the contract. In addition, the Auditor of Public Accounts for the Commonwealth of Virginia may choose to perform an audit based on the vendor's contractual relationship with the Commonwealth of Virginia. In such cases, the Contractor is required to provide the same support and cooperation as if the audit was being performed by a company selected by the Purchasing Agency's Contract Administrator. In either situation, the Purchasing Agency's Contract Administrator will be involved. The Contractor agrees to implement recommendations as suggested by the audits within six months of report issuance at no cost to the Purchasing Agency.
- 3.4.7 Coordination with Commonwealth's Virginia Sickness and Disability Short and Long Term Disability Program (VSDP): The Contractor's STD/LTD Disability Coordinator shall oversee and support the communications between the workers' compensation program and the VSDP's Third Party Administrator (currently Reed Group). A field must be created for each claim that maintains information on whether the employee has filed a VSDP claim for the specific workers' compensation claim. The field shall be titled VSDP claim filed and the field choice shall be "yes" or "no". In addition, another field shall be created in the claim system for the entry of the assigned VSDP Disability Benefit Specialist. In addition, the Contractor must supply a nightly pushed electronic report to the assigned VSDP Disability Benefit Specialist with compensability and lost time period approvals as recorded in a unique file note category. This file note shall contain at a minimum sufficient information to determine if the claim has been accepted or denied, injury information, accident/injury description, the amounts of any indemnity benefits paid and the benefit period, the indemnity pay through date, the name of anyone responsible for case management, information on return to work to include effective date and type (modified/full/same employer/different employer, modified duty approved or denied by same employer, out of work).
- 3.4.8 Staffing: The selected vendor shall assure that there is adequate staffing to support all claims processing and support services required by the Purchasing Agency. It is expected that the selected vendor will assure that caseloads for recurring and litigated claims will be consistent with industry standards as

described in various industry publications. Currently, the program utilizes the following claims classifications:

- a. Record Only – no medical treatment expected; incident report only
- b. Medical Only – MOC
 - 1. Compensable/No investigation – claim is clearly compensable upon receipt, less than 7 days of lost time expected, and no additional investigation is needed
 - 2. Investigate – MOI – claim is not clearly compensable upon receipt, less than 7 days of lost time is expected, full investigation of accident/incident facts, statements and medical records are required. Contractor is delegated authority for investigation and compensability decision.
 - 3. Unresolved Medical - UM – medical only claims with lifetime medical awards and long term medical treatment or lost time claims without ongoing indemnity payments but continuing medical treatment
- c. Lost Time – Claim is not presumed to be clearly compensable until investigation is completed. Lost time exceeds 7 day waiting period. Contractor has responsibility to investigate and make a recommendation on compensability to Purchasing Agency.
 - 1. Long Term Indemnity - LTI – long term lost time claims with exhausted return to work efforts and expectations that the full 500 weeks of indemnity benefit will be paid.
 - 2. Complex – CAT claim; PTD medically unstable claim and complicated management claims
- d. Subrogation Desk - Hybrid responsibility for the pursuit and recovery of payments from third parties. Claim may reside on this desk solely if all other indemnity and medical is resolved or handled jointly with another Benefit Coordinator if there are ongoing payments.
- e. Currently, benefit coordinators' caseloads will not exceed 120 weighted open cases. To the extent caseloads are determined by the Purchasing Agency to be in excess of that necessary to provide the services required herein, it is expected that the Purchasing Agency and the Contractor will meet and reach a consensus as to appropriate caseloads or agree upon staff increases/decreases to assure appropriate services are provided. In the event consensus cannot be achieved, the recommendations of the

Purchasing Agency, with adequate industry data for support, will be instituted.

3.4.9 Turnaround Times and Accuracy: The selected vendor will be required to provide services as described in the RFP on an accurate and timely basis. Claim accuracy will be defined by industry standards. It is the expectation of the Purchasing Agency that all claims will be processed with at least 95% accuracy. Payment accuracy must meet or exceed 99%. The time frames specified in this RFP will be minimum acceptable limits and the Contractor is encouraged to exceed these minimum requirements as part of their proposal. Three-point contact on Lost Time Claims shall at a minimum be made within 1 business day from date of receipt by the Contractor or within one business day of identification that a medical only claim shall need to transfer to lost time. This three-point contact shall include contact with the employee, the employer/supervisor/agency HR, and the treating provider. Three-point contact is defined as daily attempts at phone contact at all available telephone numbers with the Injured Worker, the physician, and the employer/supervisor/agency HR clearly documented in file notes to include the times, names of persons called, and phone numbers called. The standard for Medical Only Investigation claims is daily attempts at two-point contact within one business day of receipt. Two-point contact is defined as multiple attempts at contact with the Injured Worker and employing Agency clearly documented in file notes to include the times, names of persons called, and phone numbers called. Should the compensability decision on a medical only investigation claim involve medical information, 24 hour contact with the medical provider shall be required. Medical Only claims transitioning to Lost Time claims shall be transferred to a Lost Time desk within 1 business day of notification of lost time exceeding 7 days. Such notice may be via medical record, notification from the agency, notification from a vocational/medical consultant, etc. Other timing definitions shall be contained in the specific task descriptions contained below. All applicable State regulations regarding timely reporting and notification requirements shall be the responsibility of the Contractor on behalf of the Commonwealth of Virginia.

3.4.10 Defense Litigation Coordination: The Contractor shall assure benefit coordinator's physical presence at all times as required by the Office of the Attorney General or the Purchasing Agency. Once a Notice of Referral to the docket is received, the Contractor is responsible for notifying the Purchasing Agency by creating a contested claim report providing all supporting material and defenses. Within 7 working days the Contractor shall complete the contested claim report laying out all facts of the case and the defense strategies suggested. It shall be submitted with a transcribed recorded statement to the Purchasing Agency for review. The Purchasing Agency shall review the paperwork and if sufficient shall authorize that it be forwarded to the appropriate division of the Office of the Attorney General, as identified by the State's contract administrator, within 14 calendar days of receipt of the Notice

of Referral to the Docket. The specific process for this notification to occur and the forms and protocols shall be established by the Office of the Attorney General and the Purchasing Agency's Contract Administrator, and provided to the Contractor. Any disagreement with the process, documentation or the procedures will be resolved between the Contractor's Account Director and the Purchasing Agency's Contract Administrator. The Contractor shall provide timely and accurate file documentation to the Office of the Attorney General in the form and nature defined by the Office of the Attorney General. Once a claim is in litigation, the responsibility for litigation and defense strategy rests with the Office of the Attorney General and the staff attorney assigned to the claim. It is the responsibility of the Contractor to provide any and all support requested by the designated Office of the Attorney General representative in an accurate and timely manner satisfactory to the Office of the Attorney General subject to agreement between the Contractor's Account Director and the Purchasing Agency's Contract Administrator. The Contractor shall continue to monitor and provide supporting information for all claims in litigation.

3.4.11 Claim File Documentation: Claim files shall exist in electronic format and be documented accurately with all relevant information associated with the particular claim. Sections shall be established in the electronic claim file to adequately distinguish between required documentation, Commission filings and communications, medical information, field and vocational records, surveillance reports, faxes, emails and outgoing mail, reserves, payments, litigation information, and any other section the Purchasing Agency may deem necessary. Information shall be placed in the claim file within one business day of receipt in the office as measured by the electronic date stamp. Adequate and accurate documentation is required so as to support any decisions that are being made relative to the claim. Documentation shall be imaged and maintained in the claim computer system. The Contractor shall pay no bills until they have been reviewed with supporting documentation, evaluated and determined to be causally related to the injury and covered under the Virginia Workers' Compensation Act.

- a. All claims shall be processed in accordance with the Virginia Workers' Compensation Act and agreed upon policy and procedures as set forth in a claims procedure manual to be finalized before July 1, 2018 and as subsequently amended.
- b. The Contractor shall be delegated authority to issue payments without the Purchasing Agency's approval for medical bills and indemnity payments only on any bill less than \$10,000.
- c. The Contractor shall be delegated authority to make compensability decisions only on medical only claims.
- d. MOI, MOC and Indemnity Claim files received prior to 4 pm shall be reviewed and assigned the day received. At a minimum within 5 calendar

days from receiving the claim in the office there shall be a supervisory initial claim review including but not limited to a compensability assessment, action plan, reserve analysis, medical and bill utilization review if applicable, return to work or transitional employment potential, employer information, treating provider information, and any other documentation that will assist in providing a clear and accurate picture of the true claim status.

- e. The system shall accurately track the number of lost days and days of restricted work for each claim.

3.4.12 Investigation: Investigations shall be initiated by the Contractor within one (1) work day of receipt of the First Report of Injury (FROI) using the three pronged contact system (i.e., injured worker, doctor, Commonwealth location) to determine if compensability is to be acknowledged or questioned. Daily contact attempts shall be made until the party is successfully reached and needed documentation obtained. These attempts shall be documented by noting time of call, name of person(s) called, and number called in the electronic file notes. Physician reports shall be requested within one work day if needed via the most expedient method accepted by the physician or facility. All appropriate documentation shall be made a part of the permanent claim file. Information shall be obtained, if applicable, from sources including but not limited to the following:

- | | |
|-------------------|---------------|
| 1) Commonwealth | 4) Police |
| 2) Injured worker | 5) Physicians |
| 3) Witnesses | 6) Hospitals |

Recorded statements shall be taken from the injured worker, Commonwealth, and/or witnesses or if requested by the Purchasing Agency depending upon the individual case and its individual circumstances. Recorded statements are suggested, but shall not be limited to, the following situations:

- | | |
|---------------------------------|---------------------------------|
| 1) Fatality | 7) Questionable compensability |
| 2) Heart attack | 8) Serious occupational disease |
| 3) Severe injury | 9) Cumulative trauma |
| 4) Mental disorders | 10) Factual disputes |
| 5) Possible subrogation | 11) Back injuries |
| 6) Known pre-existing condition | 12) Carpal Tunnel Syndrome |

If a compensability decision cannot be made within 14 days of receipt of a First Report of Injury (FROI), a letter shall be sent to the employee, the human resource representative, the medical provider, and an electronic copy to the Purchasing Agency after 14 days and every 30 days thereafter notifying them of the specific reason a decision cannot be made and shall seek assistance. It shall be the responsibility of the benefit coordinator to continue to aggressively

call all parties daily in an attempt to obtain information so that a compensability decision can be made as soon as possible. The human resource representative and the injured worker shall be personally called within 24 hours of a compensability decision and notified of every claim decision by the benefit coordinator verbally unless the agency has advised they prefer an email notice. All documentation of phone or email communications should be recorded in the claim file. All claim acceptance/denials shall be confirmed in writing and by phone with the employee and a copy of the letter will be sent to the human resource representative, the Virginia Workers' Compensation Commission, and the panel physician within 24 hours of the decision. All letters will reflect the date the letter was actually mailed and a copy will be placed in imaging within one day.

- 3.4.13 Payment of Benefits: All medical payments shall be made in accordance with Commonwealth of Virginia Workers' Compensation statutes. Invoices shall be confirmed through medical reports and other proper documentation (a copy of which will be maintained in the imaged claim file) before they are paid. All invoices shall be approved electronically by the benefit coordinator and processed using the Contractor's automatic adjudication system. This system, through computerized data coupled with the review by trained personnel, insures that all invoices prior to payment are reviewed for relationship to the allowed conditions in the claim, appropriateness of treatment, and are from the recognized attending physician(s). If the charges are unrelated or unauthorized, they shall remain unpaid and an explanation returned to the provider and the employee with reason for lack of payment. Once the BC approves a bill for payment no changes can be made by the bill adjudication company.

All indemnity payments shall be made upon receipt of signed agreements to commence the payment of benefits. The benefit coordinators shall be responsible for immediately submitting agreements to the Virginia Workers' Compensation Commission for entry of an award. No death benefits shall be paid without receiving the award from the Commission. All benefits must be paid within the timeframes required by the Virginia Workers' Compensation Commission. Each claim in which ongoing disability benefits are anticipated shall be diaried on the Contractor's compensation diary system. Prior to the payment of compensation on a regularly scheduled basis, contact shall be made with the appropriate Commonwealth of Virginia personnel and the physician to discuss return to work strategies and the injured workers' prognosis for full recovery. If the claim is under an open award, due diligence is required to ensure either 1) compensation payments are made under appropriate documentation from the injured worker's recognized attending physician indicating the extent of injury, length of disability, and causal relationship of injury to the job or alleged work-related incident (copy of which shall be maintained in the imaged claim file) or 2) an Employer's Application for Hearing is promptly filed to terminate benefits if there is no such documentation.

If a claim has been accepted as compensable but payment of benefits cannot be made due to lack of required documentation, the injured worker shall be contacted by the Contractor by telephone and advised of the reason for the delay. If, after 30 days, a payment on an accepted claim cannot be made, the Contractor shall provide information by letter to the employee and the insured Agency as to what remaining information is needed to issue the payment. Mileage payments shall be issued to injured workers within 14 days of receipt of documentation necessary to authorize payment. Should the benefit coordinator be unable to issue payment, a letter shall be sent to the injured worker explaining what information is needed to issue payment with a copy to the agency.

- 3.4.14 **Claim Review: Schedule by Claim Classification** All claims, other than medical only compensable less than \$1,000, shall have an Claim Review written providing the who, what, why, when, where and how entered into the Contractor's electronic claim system within one (1) calendar week of receipt of the initial report of injury. The Claim Review shall then be updated as the claim classification dictates. The plan shall indicate the additional work anticipated (e.g., litigation, rehabilitation, surveillance, etc.) and expected time frame to complete these items.
- 3.4.15 **Reserving:** Workers' Compensation reserves shall be established by the Contractor within three (3) business days of receipt of the First Report of Injury, entered into the Contractor's computer system, and shall reflect the expected ultimate cost based upon all information in the file or known at the time the reserve is established. Each claim file shall contain reserve calculation sheets and/or reserve comments on the computerized narrative log relative to initial and ongoing reserves. Reserves should be addressed at each Claim Review diary and within 30 days of notification of material facts that would change the exposure on the claim. The Purchasing Agency will play an integral part in the establishment and ongoing review of reserves. Reserves greater than \$500,000, and subsequent increases of \$500,000 shall require a large loss report and pre-approval by the Purchasing Agency. Files requiring a Large Loss Report shall be submitted to Purchasing Agency for approval of reserve adjustment within 30 days of identification that the case is expected to reach \$500,000 in combined reserves or cross another \$500,000 threshold.
- 3.4.16 **Claims Subrogation/Recoveries/Offsets:** The Contractor shall pursue recovery from all appropriate Commonwealth agencies, and responsible third parties (including Health Benefit vendor(s) reimbursements on denied claims). The Office of the Attorney General shall retain litigation authority in all subrogation and recovery cases. All cases involving possible third-party liability and second injury fund recoveries shall be initiated within 5 business days and fully investigated within 60 days of notice of accident or information indicating

possible recovery. Contractor shall provide periodic reports on recovery and outstanding subrogation liability on as agreed upon by procedure.

- 3.4.17 Settlement Authority: The Contractor shall have zero settlement authority from the Purchasing Agency. This means that no offer of settlement on any claim shall be extended without first gaining approval from the Purchasing Agency and the Office of the Attorney General. The Contractor shall provide the Purchasing Agency with written recommendations for claim settlements, along with documentation supporting these recommendations. If approved by the Purchasing Agency, the Contractor shall submit the request to the Office of the Attorney General for final approval. The Contractor understands that during the term of the Contract performance period, there are limited options available for settlements. These limited options include a Working Capital Advance pilot for the settlement of certain claims which includes approval by the Secretaries of Administration and Finance.
- 3.4.18 Agency/Client Surveys: At various times during the term of the Contract, the Purchasing Agency will develop and circulate written surveys to agencies/clients/Office of the Attorney General statewide as a means for gauging their level of satisfaction with the services provided by the Contractor. The Contractor agrees to review survey results and comments and develop and implement plans for corrective action where required by the Purchasing Agency.
- 3.4.19 Employer's Application for Hearing: All employer's applications for hearings shall be provided to the Purchasing Agency for approval prior to filing with the Virginia Workers' Compensation Commission. A memorandum providing the issue(s) in dispute, the evidence to support the application and litigation strategies shall be provided. A letter to the Virginia Workers' Compensation Commission with the evidence attached as well as a contested claim report and a copy of the claim file (including the transcribed recorded statement if necessary for the application) shall be attached.
- 3.4.20 Cooperation/Assistance with OAG: The Contractor shall assist and cooperate with the Virginia Office of the Attorney General as required. A representative of the Contractor is required to be available to attend every hearing at the discretion of the Office of the Attorney General. The Contractor is responsible for complying with all instructions within the required time frames as required by the Office of the Attorney General including the current and any amended *Workers' Compensation Protocol*.
- 3.5 The Purchasing Agency reserves the right to have the Contractor remove from handling the Purchasing Agency's account any employee who is performing at a level which is considered unsatisfactory by the Purchasing Agency.
- 3.6 The Purchasing Agency shall reduce the amount of monthly payment to the Contractor for any liquidated damages, overpayment, positions that are vacant for greater than 30

calendar days and positions not deemed vacant, but for which the incumbent employee is unable to work for a period exceeding 30 days. Any negotiation of alternative terms must be concluded by agreement of Purchasing Agency and Contractor before the incumbent individual has been absent 30 days.

3.7 Cash Management:

- 3.7.1 All records (including all paid bills and invoices) shall be maintained in the electronic claim file and retained for the entire contract period. Document images are to be securely stored, placed in numeric (check number) order, and are the property of the Purchasing Agency. All records, images, and documents shall be made available to the Purchasing Agency upon request and access to such records shall be within twenty-four hours. Older records are maintained offsite in a records storage facility.
- 3.7.2 The Contractor shall be responsible for complying with 1099 regulations issued by the Internal Revenue Service. Compliance shall be during the entire contract period. The Contractor shall be liable for any penalties assessed on 1099 established by the Internal Revenue Service. The Contractor shall provide the Purchasing Agency with an electronic version of the 1099 file it submits to the Internal Revenue Service within 30 days of filing. The Contractor is responsible for researching and reporting to the Purchasing Agency any errors as identified by the IRS.
- 3.7.3 The Purchasing Agency and Contractor will execute a Fiscal Agent Services Agreement. The Contractor shall open a Zero Balance Checking Account at a Virginia Banking Institution from a list provided by the Virginia Department of Treasury and which is mutually agreeable to the Purchasing Agency and Contractor. The Purchasing Agency will fund the Contractor's Zero Balance Checking Account on a daily basis for the amount of checks presented for payment. The Contractor agrees to abide by the Treasurer's Fiscal Agent Services Agreement (sample attached.) The Zero Balance Checking Account shall include the Positive Pay feature.
- 3.7.4 Contractor shall reimburse the Purchasing Agency for any payments required due to the Contractor's (1) failure to terminate benefits when the Contractor has been notified that an employee has returned to work, (2) penalties related to failure to pay benefits on open awards within timeframes established in 65.2-524, (3) due to Contractor's dishonesty or fraud, (4) due to any duplicate payments issued by the Contractor, or (5) overpayments due to Contractor's failure to monitor/obtain records of employees' salary earned on a monthly basis when receiving temporary partial disability benefits (6) any other payments or sanctions under the Virginia Workers' Compensation Act.
- 3.7.5 Bank account reconciliations, including the bank statement, are to be complete and delivered to the Purchasing Agency, WCS and Office of Contracts and

Finance, by the end of the subsequent month (example: April reconciliation by the end of May).

- 3.7.6 The Contractor shall, for each payment made, maintain for on-line access by the Purchasing Agency the check number, check date, amount of check, payee, federal employer identification number or social security number, claim number associated with the payment, and the date the check cleared the bank.
 - 3.7.7 The Purchasing Agency and the Contractor shall meet by June 15, 2018, to develop a set of financial reports to be provided by the Contractor and the frequency the Purchasing Agency will receive such reports.
 - 3.7.8 Any check issued to an injured worker shall have an informational stub section that will include check number, check date, check amount, payee, claim number, date of service and name and telephone number of the benefit coordinator. Checks issued to the agency will identify all dates and rates being reimbursed to the agency for the injured worker's lost time.
 - 3.7.9 The Purchasing Agency shall conduct with the Contractor's assistance a SOC 1 annual audit report on controls placed in operation and tests of operating effectiveness specific to the services provided to the Purchasing Agency. This report shall be prepared by an independent certified public accountant at the expense of the Purchasing Agency.
 - 3.7.10 The Purchasing Agency and its representatives, including the Auditor of Public Accounts and his designees, shall have full access to and the right to examine the accounts and records of the program and work papers of the Contractor's accountants and auditors.
- 3.8 Ownership of Post Office Box: During the Contract performance period, the Purchasing Agency shall transfer ownership of P.O. Box 1140 to the Contractor (Contractor to incur all costs of ownership). The Contractor shall be responsible for providing the Purchasing Agency with mail which has been misdirected to the box.
- 3.9 Payroll Audit: The Contractor shall provide the Purchasing Agency with any requested payroll audit on an as needed basis subject to an agreed upon fee per project. The Contractor shall provide services at an hourly rate with a maximum agreed cost per project.
- 3.10 Prescription Drug, Supplies, and Medical Equipment: The Contractor shall provide an easy to use discount prescription drug program which shall include dispensing medication for a 30-day period pre claim approval (First Fill) on specific categories of claims to be agreed upon. It is understood that the utilization of the pharmacy network by employees is optional and that the Contractor shall diligently and aggressively strive to reduce the cost of durable medical supplies and equipment whenever possible. An electronic interface within the claim system is expected to note the approved physician and prescriptions so that billing and prescription approval can be handled electronically.

- 3.11 Return to Work Review: The Contractor shall assure that all cases are continually reviewed aggressively for return to work in either a full or modified duty capacity as quickly as possible. Field consultants shall be assigned to all claims where the employee is out of work as soon as three point contacts have been made but no later than 72 hours of claim receipt to assure that return to work occurs as soon as possible. Telephonic nurse assigned to IW who remains out on TPD more than 30 days.
- 3.12 Independent Medical Examinations: The Contractor shall request independent medical examinations (IMEs) when the treating physician is not cooperating or not in communication, there are only subjective complaints, there is a question of how a physician is handling a case, there is a need to substantiate medical findings, or as otherwise requested or agreed to by the Purchasing Agency's Contract Administrator. The Contractor should provide the listing of Network Providers by specialty and location within the State of Virginia.
- 3.13 Case Management: A medical consultant or medical case manager, defined as an employee with a relevant clinical background in nursing or medicine (RN, MD), shall be considered for utilization at a minimum in the following situations:
- 3.13.1 When an employee is not responding to treatment.
 - 3.13.2 When, based upon the diagnosis and initial expected recovery period, return to work has not occurred.
 - 3.13.3 When modified duty is assigned within the first 30 days of a claim.
 - 3.13.4 When there is a lack of compliance with the medical regimen.
 - 3.13.5 When there is a chemical dependency.
 - 3.13.6 When there is a long-term physiotherapy.
 - 3.13.7 When there is prescription medication dispensed long-term (over 1 year).
 - 3.13.8 When physician visits are more than is typical for the type of injury/illness.
 - 3.13.9 When referrals are more than typical for the type of injury/illness.
 - 3.13.10 When prescriptions are more than typical for the type of injury/illness.
 - 3.13.11 When the case extends substantially beyond the expected resolution date.
 - 3.13.12 When the medical situation is a mix of occupational/non-occupational conditions.
 - 3.13.13 When the employee and/or their support system are not capable of coordinating services, setting appointments or comprehending medical needs.
 - 3.13.14 When the employee does not comply with medical treatment.
 - 3.13.15 When an original injury causes a secondary health problem to occur.
- 3.14 Subrogation: The Contractor is required to review and monitor all claims which might involve third-party liability and to pursue subrogation against any and all outside parties for which this subrogation may be appropriate. The Contractor must document all subrogation standard operating procedures and aggressively communicate verbally and

in writing with the injured worker's attorney. The Contractor shall assure that the Purchasing Agency is notified 30 days prior to the statute of limitations expiration if suit has not been filed by the employee's attorney against a responsible party. The Contractor shall whenever possible rule out subrogation early during the investigation and secure any evidence immediately so that subrogation rights are preserved.

3.15 Three Point Contact: The Contractor is required to document all attempts to contact the employee, the designated HR and/or agency supervisor (employer), and the treating provider, within 1 business day from the time the claim is received by the Contractor and every day thereafter until contact is successful. The information obtained from this contact shall be accurately documented in the claim system. This information shall form the basis for any subsequent decisions relative to the compensability recommendations of the claim and shall be immediately documented in the claims system. The Contractor is responsible for making compensability decisions on medical only claims and compensability decision recommendations to the Purchasing Agency Contract Administrator on behalf of the Commonwealth of Virginia based upon case law and the Virginia Workers' Compensation Act and relevant statutes and policies of the State. Medical Only Investigate claims will receive a two-point contact within one business day and on-going daily attempts to all known telephone numbers until contact is successful. Should the compensability decision on a medical only investigation claim involve medical information, 24 hour contact with the medical provider shall be required.

3.15.1 Contact with Employees: The Contractor shall ensure contact with injured worker within one business day from initial receipt of the claim and every day thereafter until contact is successful. As a representative of the Commonwealth of Virginia, contact with employees by the Contractor shall be conducted in a polite and professional manner. Benefit Coordinators or other representatives of the Contractor who fail to conduct themselves in a manner deemed appropriate by the Commonwealth of Virginia shall be removed from the Purchasing Agency's account. Specific standards for this evaluation, based on customer surveys conducted by the Contractor and the Purchasing Agency will be used to evaluate the Contractor's representatives. The Contractor Account Director and Purchasing Agency Contract Administrator will establish specific evaluation criteria. The Contractor shall assist the Purchasing Agency in developing informational material that informs the employee of their rights under the State's workers' compensation programs and shall assure that information is readily provided to assist employees at times specified by the Purchasing Agency. This standard does not apply to Record Only claims.

3.15.2 Contact with Designated Departmental Representative: The Contractor shall contact the department HR representative or employee's supervisor (depending upon agency preference) within one business day of the receipt of claim. The Contractor will verify claim information and obtain a copy of the employee's Employee Work Profile (job description) and on claims with expected lost time greater than 7 days will discuss transitional employment opportunities and if requested by agency discuss transitional employment options directly with the employee's supervisor. Communication with the designated departmental representative is expected to be ongoing throughout the process of the claim

such that the agency is always aware of the status of the case. This standard applies to Medical Only Investigate and Lost Time claims only.

- 3.15.3 Contact with the Health Care Provider (HCP): The Contractor shall contact the health care treating provider within 1 business day of receipt of the claim. The Contractor will collect medical information and estimated return to work date and physical capability information. The Contractor shall share with the Health Care Provider the employee's Employee Work Profile (job description) and inform the provider that the state strives to accommodate modified/transitional duty whenever possible. The Contractor requests that the provider give a detailed description of transitional duties that the employee is capable of performing if the provider believes the employee can return to work. This standard applies to Lost Time claims and Medical Only Investigate claims unless the Supervisor otherwise instructs the Benefit Coordinator.
- 3.16 Return to Work: The Purchasing Agency is active in pursuing return-to-work efforts through its disability management program. Initial claims review includes medical evaluation and review (performed by the Contractor's Benefit Coordinators), transitional employment, departmental return-to-work, and external placement. The disability management model used by the Purchasing Agency has four primary components.
 - 3.16.1 Case Management: The Purchasing Agency is promoting case management in each agency throughout state government. Each agency typically has a return to work coordinator who is designated as the individual agency representative responsible for managing the agency's return to work policy. It is the responsibility of the Contractor to assure that all efforts are made to assist the agency personnel and, when requested, to participate when possible in any case management meetings reasonably scheduled by the agency.
 - 3.16.2 Rehabilitation: The Purchasing Agency supports and promotes the use of rehabilitation services as a means to enhance an injured worker's ability to return to work in a more expeditious manner. The Contractor shall support this rehabilitation philosophy and provide the necessary contact and support with the rehabilitation providers to assure that state employees receive the most beneficial rehabilitation services possible consistent with their specific disability situations. The cost of these rehabilitation services shall be included in the monthly charge. Case status reports shall be submitted monthly on every file assigned to Medical and Vocational Services (MVS). The reports will provide an agreed upon grid which will reflect, at a glance, compliance with the required number of in-person meetings and phone calls for the month. The claim system shall be capable of accepting an electronic feed from the MVS provider to populate a unique file note field with MVS reports identified by consultant name. MVS and benefit coordinators will report to the Purchasing Agency's return to work unit any refusals of return to work where the agency is refusing to bring an employee back to work. Contact with the injured worker shall be, at a minimum, for medical cases once per month in person, generally at physician appointments and once per month by telephone. For full vocational

management job placement cases, contact with the injured worker shall be once every two weeks in person and twice per week by telephone. For non-job placement cases, contact with the injured worker shall be once per month in person and once per week by telephone. MVS staff shall be familiar with and abide by the Virginia Workers' Compensation Commission requirements and regulations regarding vocational rehabilitation. In-state cases shall be assigned within 1 business day of receipt from the benefit coordinator and data shall be maintained on a log to confirm date/time of file delivery and date/time of assignment. Sufficient file information shall be faxed/scanned to the consultant the same day so that work can commence immediately. Out-of-state cases shall be assigned within 5 days of assignment from the benefit coordinator. MVS will perform case reviews that are a part of the Purchasing Agency's Quality Assurance program and will include a measure of the frequency of contact with the injured worker. Case reviews will be accomplished on 75% of the caseloads within a quarter. Results, findings, recommendations and action plan will be reported to Contractor and the Purchasing Agency within thirty days of completion of the audit.

- 3.16.3 Return-To-Work: The return-to-work component is a process whereby the employing department attempts to identify areas within the employee's existing department where the employee can return to work with accommodation. The Contractor is required to work with state agency staff in an attempt to promote this return to work effort, and to assure that the information and documentation necessary to assist all parties return employees to work as quickly as possible is shared. If the state agency is unable to place the employee back in their original department, a referral to a field vocational consultant shall be made immediately. It is required that the Contractor maintain ongoing communication to the agency staff so that they are aware of the timeline and likelihood of return to work either with or without restrictions. The human resource representatives must be kept up-to-date monthly on cases where the employee has not been separated from agency employment and must aggressively work to return an employee to work as quickly as possible.
- 3.16.4 Transitional Employment: The Commonwealth of Virginia has implemented transitional employment throughout state government. This process includes the identification and development of positions sometimes involving temporary assignments into which employees are placed into for limited periods of time. These transitional assignments are intended to be temporary and under normal circumstances, the entire transitional employment process will not exceed 90 to 120 days; however, under no circumstances shall this rule of thumb adversely interact with the Americans with Disabilities Act Amendments Act (ADAAA). The Contractor is also required to assist and support the state in further enhancement and development of further transitional employment efforts and work with the physician to return employees to work at the earliest opportunity. As a part of the initial claims handling process, the Contractor's staff shall assist agencies as requested in the creation of transitional employment and the development of physical job requirements will be forwarded to the health care provider for their medical return to work approval.

- 3.16.5 Disability Management: The Contractor shall be required to cooperate with the Purchasing Agency in the development of an intake portal for the reporting of workers' compensation disability and in the development of any necessary data feeds between the affected parties (agencies, Virginia Retirement System and Department of Human Resource Management.) Contractor shall provide a unique field to capture the Employee I.D. Number for all claims and accommodate Electronic Data Exchange as needed using this identifier.
- 3.17 Documentation Ownership: All claim files and documentation associated with all claim files shall remain the property of the Purchasing Agency. Any software developed by the Contractor utilizing funds provided under this contract will become the property of the Purchasing Agency. Any capital equipment purchased utilizing funds provided under this contract shall become the property of the Purchasing Agency at the end of the contract.
- 3.18 Freedom of Information Act: The Freedom of Information Act applies to information prepared by the Commonwealth of Virginia and which is a form, electronic or hard copy, available for reproduction. Reports need not be created, nor are draft notes or draft documents accessible under the Freedom of Information Act. Any and all requests for information under the Freedom of Information Act which relate to files or data maintained by the Contractor on behalf of the Purchasing Agency shall be directed to the Purchasing Agency's Contract Administrator for proper disposition.
- 3.19 Records:
- 3.19.1 All claim documents exist in an imaged environment subsequent to July 1, 2008. No original bill or paper claim file shall leave the premises of the Purchasing Agency without prior written approval from the Purchasing Agency. A documenting file note shall be entered into the claim system.
- 3.19.2 All claims records and all information relating to claims shall remain the property of the Purchasing Agency, whether in hard copy or electronic form. The Purchasing Agency shall have access at all times and without prior notice to the Contractor. The Purchasing Agency shall whenever possible give the Contractor a reasonable time to produce the file or locate the computer data.
- 3.19.3 The Purchasing Agency shall have access to all of the Contractor's hard files and all computer files relating to the Purchasing Agency including drafts and working documents at all times and without prior notice to the Contractor. The Purchasing Agency shall whenever possible give the Contractor a reasonable time to produce the file or locate the computer data.
- 3.19.4 The vendor must comply with all legislated medical information and other privacy regulations.
- 3.19.5 The Contractor shall image records, medical bills, and may be required to back-scan paper file volumes on open claims. The Contractor may propose imaging

as a form of file archiving. Any associated cost will be borne by the Contractor. Extensive details of any imaging process proposed will be required as part of this proposal. The current Contractor uses images to maintain claim records, medical bill adjudication and medical records management. As part of this new contract, the provider shall be responsible for converting all records currently maintained by in the Contractor's system.

- 3.20 Records Retention: The Contractor will be required to maintain all claims, financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the Commonwealth of Virginia. Financial and accounting records shall be made available, upon request, to the Purchasing Agency, its designees, or the Virginia Auditor of Public Accounts at any time during the Contract period and any extension thereof, and for three (3) years from the expiration date and final payment on the Contract or extension thereof.
- 3.21 Reporting Requirements: All reporting requirements contained in the Virginia Workers' Compensation Act, Insurance Regulations, other State Statutes, Federal Legislation, Federal Regulations, or State Directives shall be the responsibility of the Contractor on behalf of the Commonwealth of Virginia. The Contractor shall carry out reporting requirements in Electronic Data Interchange wherever required by Code or Rule or as requested by Purchasing Agency. The Contractor will provide compliance scores to the Purchasing Agency upon receipt.
- 3.22 Loss Control and Safety: The Purchasing Agency is interested in procuring these services during the contract period to support focused, long-term consulting work with select agencies identified by the program's actuary for a risk management pilot. The Purchasing Agency is promoting safety and loss control throughout state agencies and departments. The Contractor shall be responsible for reviewing and analyzing necessary statistics to support loss control/safety training and consulting services under the direction of and in cooperation with the program's Risk Management Specialist. The Contractor shall be responsible for developing loss control/ safety educational, training, and promotional material designed to reduce and/or eliminate injuries/illnesses from identified causes as part of the program's loss control efforts. These services may include, but not be limited to safety risk analysis, site hazard inspections, OSHA program reviews, job safety analysis, safety training, ergonomic training, OSHA training, supervisor safety training, technical analysis and support, safety materials, loss control articles and other similar types of safety consulting services. Any loss control/safety consulting or training and promotional material/efforts shall be included in the monthly fee under this contract.
- 3.22.1 The Contractor will carry out their loss control services under the direction and control of the Purchasing Agency's Contract Administrator or designee.
- 3.22.2 The Contractor shall assure one loss control consultant will be available during normal business hours to handle any urgent requests within a four hour timeframe. Contract loss control staff will be engaged for after work hours

catastrophic response via notification by the Purchasing Agency to cell phone or home phone.

- 3.22.3 Monthly meetings will be conducted with the Contractor's project manager or designee for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise. In addition, there will be ongoing communication with the contract team.
 - 3.22.4 As agreed upon by the respective contract administrators, the Contractor will submit written summaries of progress outlining the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period; problems, real or anticipated, which should be brought to the attention of the Purchasing Agency's Contract Administrator; and notification of any significant deviation from previously agreed-upon work plans.
 - 3.22.5 For each semi-annual period, the Contractor shall prepare a metric report, which provides a baseline report for analysis of loss prevention and loss reduction program effectiveness. The report will include the following: department/agency code, claim type, number of claims, incident rate, lost days/days away from work, restricted days of work, lost day/restricted days rate, closed claims, closed claim rate, median closed claim duration, total closed claim cost, average closed claim cost, nature of injury and number of each, average duration, average cost, total cost, and projected incident and severity rates, by designated organizational level.
 - 3.22.6 The Contractor shall work with the program's Risk Management Specialist to develop a consultative program for each of the agencies identified by the Purchasing Agency's actuary for focused risk management services.
- 3.23 Training and Education: For all training to be provided by the Contractor, the Purchasing Agency reserves the right to pre-approve all training topics and materials. Training/education may include but is not limited to:
- 3.23.1 At any Purchasing Agency human resource conference or Safety Day, the Contractor's staff shall conduct training modules for the full duration of the event as assigned by the Purchasing Agency.
 - 3.23.2 The Contractor's staff shall provide services that may include a minimum of one (1) OSHA 30 hour general industry program per year, two (2) OSHA 10 hour general industry programs per year, and 10 hours a month of other training programs at locations and times specified by the Purchasing Agency.
 - 3.23.3 Regional educational training shall be offered by the Contractor on a periodic basis. The Contractor shall provide recommendations of what types of educational programs will best support the Purchasing Agency's program.
 - 3.23.4 The Contractor shall develop and provide a series of original specialized loss control educational seminars and technical training sessions as approved by the

Purchasing Agency. The Contractor' loss control staff shall provide the classroom materials to participants for each training session through the Commonwealth of Virginia Learning Center for electronic download. The Contractor's Loss Control Training Manager will be responsible for making classroom arrangements and Contractor shall be responsible for photocopying of participant handouts and other classroom materials as needed. The Contractor shall provide narration notes for each presentation developed to facilitate creation of web-based modules. The Contractor shall cooperate with the development of web-based training modules within the Commonwealth of Virginia Knowledge Center.

- 3.23.5 The Contractor shall provide technical expertise to produce and narrate web-based Learning Management System training programs for the Commonwealth of Virginia Learning Center. Programs shall be produced using Articulate Storyline 3, PowerPoint and other software and associated hardware. Program content shall be developed by both Contractor and Purchasing Agency staff and will include both live programs converted to web-based programs and programs developed especially for web-based learning.
- 3.23.6 At the discretion of the Purchasing Agency, the Contractor shall provide on-site database reporting training at the Purchasing Agency's location(s) for up to 200 people and/or provide webinars at the Purchasing Agency's discretion at mutually agreed upon time(s) and date(s) before July 1, 2018. At a minimum, training material shall include information on how to use the system, and provide report user's manuals for all attendees which shall contain detailed instructions on producing reports.
- 3.23.7 The Contractor shall provide mini-orientation sessions for agency Human Resource personnel upon request of the Purchasing Agency.
- 3.23.8 The Contractor shall write articles for publication upon request. The articles shall be original work written for the unique needs of the Commonwealth of Virginia.
- 3.24 Claims Procedure Manual: The Contractor shall provide a copy of their Virginia Workers' Compensation Claims Procedure Manual which complies with the Workers' Compensation Act. The Manual shall be submitted to the Purchasing Agency for review and approval by June 15, 2018. Any modifications to the procedures currently in place must be received in draft form for review and approval by the Purchasing Agency a maximum of 30 calendar days before the scheduled implementation.
- 3.25 System Reporting: Any claim system maintaining information on the Commonwealth's claims shall allow access to the system by all Purchasing Agency staff involved directly in the program. At a minimum, this shall include log in rights for at least twelve Purchasing Agency and Office of the Attorney General staff. The contract shall include a claims management system for Workers' Compensation that includes the ability to track and report on all claims activities and house claim documents in an imaged

environment. In addition, any system shall have numerous “canned” reports providing information on cases as well as overall program and agency statistical information. Reporting capability shall include a series of up to 20 new claims data reports developed by Contractor for use by authorized Contract, Purchasing Agency and Commonwealth of Virginia agency staff. The contract pricing shall include development by the Contractor of 12 new reports each year, within 30 days of request by the Purchasing Agency. Reporting capability shall also allow for the creation of ad hoc reports by authorized Contract, Purchasing Agency and Commonwealth of Virginia agency staff. In addition, the Contractor agrees to create special ad hoc reports for the Purchasing Agency within two days of request. Access to a reporting database for up to 500 clients shall be available. The system shall provide “push reporting” for agreed upon monthly, quarterly and annual reports to agency contacts. The Purchasing Agency reserves the right to approve access to claims data via the reporting system. The reporting system shall include a means of communicating with all authorized users via email.

- 3.26 Financial Policies and Procedures: By June 15, 2018, the Contractor shall develop financial policies and procedures for review and approval by the Purchasing Agency. Financial policies and procedures will include, but will not be limited to, financial reporting, bank reconciliations, segregation of duties and check processing. Any subsequent modifications to the procedures must be received in draft form for review and approval by the Purchasing Agency a minimum of 30 calendar days before the scheduled implementation date. The Contractor is responsible for ensuring that their internal operating procedures establish and maintain appropriate internal controls.
- 3.27 Preferred provider organization (“PPO”): The Contractor shall provide a copy of their PPO Credentialing and Re-credentialing Guidelines which shall be an integral part of the Contract. The Contractor shall provide the Purchasing Agency with any revisions to the Credentialing and Re-credentialing Guidelines within 30 days of implementation.

It is understood that utilization of the PPO network for their panels of physicians shall be at the option of the individual State agencies.

- 3.27.1 The Contractor shall review and make a determination on adding requested providers to the network within 90 calendar days of receiving a written request from a State agency, or provide the Purchasing Agency with a letter of explanation if a physician failed to provide information within the timeframe required. The Contractor shall then provide a written determination to the requesting State agency, along with a copy to the Purchasing Agency, within 3 working days of completing the determination. Approved additional providers shall be added to the PPO by the Contractor within 30 calendar days of completing the determination.
- 3.27.2 The Contractor shall provide on-line a current Preferred Provider Organization (“PPO”) Directory by June 15, 2018.

3.27.3 Upon request, the Contractor shall provide any State agency with three (3) recommended panel physicians on a postable panel document.

3.28 Utilization of State Facilities:

3.28.1 Parking: The Contractor's staff working in the Purchasing Agency's offices may be provided with parking if such parking is available through the Department of General Services. The amount charged by the Purchasing Agency to the Contractor shall be equal to the amount billed by the Department of General Services. As of this date, the rate is \$49.00 per month per employee. The Purchasing Agency shall reduce the monthly payment to the Contractor by the monthly parking amount.

3.28.2 Office Space: The Purchasing Agency will charge the Contractor for any floor space utilized by the Contractor in the performance of the Contract at the rate charged by the Department of General Services. In the event of Contract renewal, the floor space charge per square foot will be adjusted to equal the same rate(s) charged by the Purchasing Agency to other James Monroe Building tenants as of the effective date of renewal. The Purchasing Agency shall reduce the monthly payment to the Contractor by the monthly rent amount. No modifications shall be made to the layout, offices, or workstations without the approval of the Purchasing Agency. All additions, modifications, and changes shall become the property of the Purchasing Agency upon termination of this contract.

3.28.3 Conference Rooms and Training Room: The Contractor's staff may schedule use of the conference rooms as available at no additional charge above the allocated rent as referenced in section 2.2.

3.28.4 Furniture and Fixtures: The Contractor's staff may utilize the Purchasing Agency's office furniture that was utilized by the program's prior Contractor at no additional charge. Other than normal wear and tear, the Contractor shall be responsible for repairing and/or replacing furniture that is damaged through fault of the Contractor's staff. The Contractor is responsible for the purchase of replacement desk chairs and any special equipment needed to accommodate ADAAA or similar requests by their staff.

3.28.5 Copy Center: The Contractor must provide on-site copy services for the claims administration and all other Contractor staff housed on-site, and for loss control and other Contractor-delivered training.

3.28.6 Business Attire: The Contractor agrees to follow the Purchasing Agency's dress code.

- 3.29 State holidays: The Contractor agrees to provide at a minimum office work hours at least equal to those of the state and identical holidays as are provided to Purchasing Agency's employees.
- 3.30 Escrow of all system source codes: The Contractor will agree to escrow the claim system source code and database design through an independent escrow service and shall deposit materials as updates occur always notifying the Purchasing Agency of updates. The Purchasing Agency shall be responsible for payment for the service. The Contractor shall agree that the Purchasing Agency shall be the Beneficiary and that as the beneficiary may request independent testing and verification of the deposit materials at any time. The fee will be paid by the Purchasing Agency upon receipt of the invoice and documentation of the escrow. Any upgrades to the system shall also be submitted into the escrow service and paid for by the Purchasing Agency upon receipt of the invoice and documentation of the escrow.
- 3.31 Field Case Management Services: The Purchasing Agency promotes early, safe return to work. To that end, cases shall be referred to full field case management on all claims where the initial three point contact verifies the employee remains disabled beyond the date of injury and initial contacts. If contact is not successful within 3 business days, the file will be referred to field without the three point contact. In addition, any employee documented by three point contact to have returned to modified duty will be referred within 24 hours to a telephonic Nurse Consultant to assess the employee's status and facilitate a full duty return to work.
- 3.32 Nurse Consultant (NC): The on-site NC monitors any assigned case where the injured worker returned to work under modified duty within 30 days from the date of injury commencing on day 1 post injury through 90 days post injury or 30 days post modified duty release for a subsequent period of disability. The nurse consultant shall have the discretion to continue to handle a modified duty case up to 100 days post injury date (or subsequent period of disability) if the physician has indicated likelihood to approve a full duty release at the next appointment and a medical appointment is occurring prior to 100 days post injury (or subsequent period of disability). The file must be referred to field on the 100th day post injury (or subsequent period of disability) unless a full duty release has occurred. The NC will follow up on medical visits and work with agencies on any changes to modified duty restrictions. Should an agency refuse to continue work accommodations, the nurse consultant shall immediately notify the return to work unit. The NC will provide treatment reviews (and retrospective reviews) on complex cases not assigned to field case management. The NC shall within 24 hours of assignment complete a review of what is necessary and have a documented action plan in the claims system. On treatment reviews, the NC will make 24 hour contact with the injured worker, the agency and the medical provider, and complete the treatment review request within 2 business days of receipt of completed information. Information needed to complete the treatment review shall be requested by phone with a follow up letter issued that same day with a copy to the injured worker (IW). Aggressive diaries shall be set so that a decision can be made as quickly as possible. All activities will be

documented in the claim system and copies of any letters/faxes sent by NC will be maintained in the claim file/system.

3.33 Direct File Charges: The following, which shall be applicable throughout the term of the Contract, are direct file charges and shall not be included in the Contractor's monthly billing:

- Drugs, Supplies and Medical Equipment
- Surveillance Services
- Investigation Services
- Expert Witnesses
- Home Health Care
- IMEs
- FCEs
- Other direct charges as agreed to in the contract

4.0 Proposal Preparation And Submission Requirements

4.1 All proposals must be responsive to both the task descriptions and contractual requirements contained herein. Proposals, which are deemed to be non-responsive, may not be considered. Proposals must be typed. An original, four (4) copies, and an electronic redacted version provided on a CD shall be delivered in a sealed box, and labeled as a proposal, with the words "Do Not Open" prominently displayed on the box. Proposals must be received no later than 2:00 p.m., E.S.T., as determined by the Purchasing Agency in its sole discretion, on April 27, 2018:

Mr. Richard M. Whitfield, Jr.
Department of Human Resource Management
James Monroe Building, 13th Floor
101 North 14th Street
Richmond, Virginia 23219

Each copy of the proposal should be contained in a loose leaf binder where practical. All documentation submitted with the proposal should be contained in that single volume. The electronic redacted version shall include all information provided within the original with the exception of proprietary and confidential information.

4.2 Ownership of all data, materials and documentation originated and prepared for the Purchasing Agency pursuant to the RFP shall belong exclusively to the Purchasing Agency and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of Section 2.2-4342 of the Code of Virginia, in writing, at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is appropriate. The proprietary or trade secret material submitted must

be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection of the proposal.

The Purchasing Agency, in its sole discretion, may not consider proposals with unduly broad requests for protection against disclosure.

- 4.3 Modification Of Proposals: Any changes, amendments or modifications of an Offeror's proposal prior to the deadline for receipt of proposals must be in writing and submitted in the same manner as the original proposals. All modifications must be labeled conspicuously as a change, amendment, or modification of the previously submitted proposal. Changes, amendments, or modifications of proposals will not be considered after the deadline for receipt of proposals, except when modifications are requested by the Purchasing Agency.
- 4.4 Oral Presentation: Offerors who submit a proposal in response to this RFP may be required to give an oral presentation of their proposal to the Purchasing Agency. This provides an opportunity for the Offeror to clarify or elaborate on the proposal. This is a fact finding and explanation session only and does not include negotiation. The Purchasing Agency will schedule the time and location of these presentations. Oral presentations are an option of the Purchasing Agency and may or may not be conducted.
- 4.5 Inquiries Concerning The RFP: Any communication concerning this RFP or any resulting contracts must be addressed in writing to:

Mr. Richard M. Whitfield, Jr
Department of Human Resource Management
James Monroe Building, 13th Floor
101 North 14th Street
Richmond, Virginia 23219
Fax Number: (804) 225-2789
E-Mail Address: Richard.Whitfield@dhrm.virginia.gov
- 4.6 Public Inspection Of Procurement Records: Proposals will be subject to public inspection only in accordance with Section 2.2-4342 of the Code of Virginia.
- 4.7 Clarification Of Proposal Information: The Purchasing Agency reserves the right to request verification, validation or clarification of any information contained in any of the proposals. This clarification may include checking references and securing other data from outside sources, as well as from the Offeror.
- 4.8 Reference To Other Materials: The Offeror cannot compel the Purchasing Agency to consider any information except that which is contained in its proposal, or which is

offered in response to a request from the Purchasing Agency. The Offeror should rely solely on its proposal. The Purchasing Agency, however, reserves the right, in its sole discretion, to take into consideration its prior experience with Offerors and information gained from other sources.

- 4.9 Mandatory Pre-Proposal Conference: A Mandatory pre-proposal conference will be held at 10:00 a.m. on April 16, 2018, in the James Monroe Building, Main Lobby, Conference Room B, 101 North 14th Street, Richmond, Virginia. The purpose of this conference is to allow potential Offerors an opportunity to present questions and to obtain clarification relative to any facet of this procurement.

It is requested that any known questions regarding the RFP be forwarded to Richard Whitfield prior to date of conference to facilitate the conference. E-Mail Richard.Whitfield@dhrm.virginia.gov or Fax (804) 225-2789.

Offerors who intend to submit a proposal must attend. Offerors should bring a copy of this RFP to the conference. Any changes resulting from this conference will be issued in a written addendum to the RFP. Attendance at the conference will be documented by the representative's signature on the attendance roster.

Anyone desiring a copy of any amendments issued to this RFP including questions and answers arising from the Offerors' conference shall fax a request providing name, firm, address, telephone and fax number to Richard Whitfield at (804) 225-2789.

4.10 Timetable:

RFP Published:	April 5, 2018
Mandatory Pre-Proposal Conference:	April 16, 2018, 10:00 a.m. Conference Room B, Lobby Level.
Proposals Due:	2:00 P.M. April 27, 2018
Notice of Intent to Award:	On or about June 1, 2018

- 4.11 Specific Requirements: Proposals should be as thorough and detailed as possible so that the Purchasing Agency may properly evaluate your capabilities to provide the required services. Offerors are required to submit the following items as a complete proposal:

4.11.1 Offeror shall execute the face sheet of this RFP and return same with the proposal.

4.11.2 An original proposal with six copies and an electronic redacted version are required.

4.11.3 Offeror must state agreement to comply with all provisions and requirements of this RFP, must provide details of their claims and loss control process, answer all questions, address all issues, and furnish details of the organizations plans

to comply with all aspects of Section 3, Statement of Needs.

- 4.11.4 Offeror must submit a pricing schedule in the format required in the RFP.
- 4.11.5 Offeror must answer all questions, address all issues, and furnish all of the information required in Attachment One.
- 4.11.6 Offeror must submit Completed Attachments Two and Three.

PLEASE NOTE THAT THE OFFEROR'S ADHERENCE TO THE FORM OF RESPONSE REQUESTED BY THIS RFP MAY BE USED TO MEASURE THE CAPABILITY OF THE OFFER.

5.0 Deliverables

- 5.1 The Contractor shall deliver only those services resulting from this RFP which are mutually agreed upon by the Purchasing Agency and the Contractor. The Purchasing Agency will accept and pay only for those services which meet the quality standards required by the contract and which have been fully rendered.
- 5.2 Reports: Small Business Subcontracting and Evidence of Compliance.

6.0 Evaluation and Award Criteria

- 6.1 Responses to this RFP will be evaluated on how well the offeror's proposal responds to the needs of the Commonwealth of Virginia. A number of factors will be considered in making this evaluation.

The Criteria weights are as follows:

- 20% Qualifications and experience of Offeror in providing the services
- 30% Specific plans/approach to performing the services in the most innovative and efficient way possible.
- 20% Participation of small, women-owned and minority owned businesses, and planned utilization of same in the performance of this contract
- 20% Price
- 10% Performance Guarantees

- 6.2 The written proposal should indicate the ability of the offeror to understand the problem, meet the terms of the program, assure quality, and reflect projects the Contractor has recently conducted similar to that described in the RFP. Special attention will be given to the completeness of the response to Information Required from Offerors, Questionnaire Responses, and Financial Response and Performance Guarantees.
- 6.3 The written proposal should indicate the offeror's ability to provide a plan for accomplishing the work. The plan should include a detailed narrative description of how the offeror will

accomplish the objectives and tasks including a time-related display showing events. The marketing, seminar presentations, marketing material and staff to conduct the marketing should be included as part of the implementation work plan. Also indicate the estimated time required of state resources.

- 6.4 The written proposal should indicate the competence of personnel whom the offeror intends to assign to the project. Qualifications will be measured by education and experience, with particular reference to experience on projects similar to that described in the RFP. Emphasis will be placed upon the qualifications of offeror's Account Director, and the Claims Manager as well as that of other key personnel working on this project.
- 6.5 Resumes shall include detailed, chronological work experience, including name and phone number of person or persons we may contact from each project or work assignment. Proposals containing false or misleading statements, or which provide references that do not support an attribute or condition claimed by the offeror, may be rejected. If in the opinion of the State, such condition to mislead the State in its evaluation of the proposal, and the attribute, condition of capability as a requirement of this proposal, the proposal shall be rejected.
- 6.6 Site visits and interviews may also be conducted for those offerors whose proposals are believed to be the strongest responses to the RFP, and that are determined to be the best in terms of meeting the needs of the Commonwealth of Virginia. The result of the RFP evaluation process, possible site visits and interviews will be utilized to recommend a contract award to the offeror that the State believes is most responsive to the needs of the Commonwealth of Virginia.

7.0 Confidentiality of Data and Information

- 7.1 All financial, statistical, personnel, technical and other data and information relating to the State's operation which are designated confidential by the State and made available to the Contractor in order to carry out this Contract, or which become available to the Contractor in carrying out this Contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the State in writing to the Contractor. If the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this section.
- 7.2 The Contractor shall not be required under the provisions of this section to keep confidential, (1) information generally available to the public, (2) information released by the State generally, or to the Contractor without restriction, (3) information independently

developed or acquired by the Contractor or its personnel without reliance in any way on otherwise protected information of the State. Notwithstanding the foregoing restrictions, the Contractor and its personnel may use and disclose any information which it is otherwise required by law to disclose, but in each case only after the State has been so notified, and has had the opportunity, if possible, to obtain reasonable protection for such information in connection with such disclosure.

8.0 Remedies for Breach of Confidentiality

The Contractor acknowledges that a breach of its confidentiality obligations as set forth in this Contract shall be considered a material breach of the Contract. Furthermore the Contractor acknowledges that in the event of such a breach the State shall be irreparably harmed. Accordingly, if a court should find that the Contractor has breached or attempted to breach any such obligations, the Contractor will not oppose the entry of an appropriate order restraining it from any further breaches or attempted or threatened breaches. This remedy shall be in addition to and not in limitation of any other remedy or damages provided by law.

9.0 Disclosure of Litigation

- 9.1 The Contractor shall notify the State in its proposal, if it, or any of its Subcontractors, or their officers, directors, or key personnel under this Contract, have ever been convicted of a felony, or any crime involving moral turpitude, including, but not limited to fraud, misappropriation or deception. Contractor shall promptly notify the State of any criminal litigation, investigations or proceeding which may have arisen or may arise involving the Contractor or any of the Contractor's Subcontractor, or any of the foregoing entities' then current officers or directors during the term of this Contract and three years thereafter.
- 9.2 The Contractor shall notify the State in its proposal, and promptly thereafter as otherwise applicable, of any civil litigation, arbitration, proceeding, or judgments that may have arisen against it or its Subcontractors during the five years proceeding its proposal, or which may occur during the term of this Contract or three years thereafter, which involve (1) products or services similar to those provided to the State under this Contract and which either involve a claim in excess of \$250,000 or which otherwise may affect the viability or financial stability of the Contractor, or (2) a claim or written allegation of fraud by the Contractor or any Subcontractor hereunder, arising out of their business activities, or (3) a claim or written allegation that the Contractor or any Subcontractor hereunder violated any federal, state or local statute, regulation or ordinance. Multiple lawsuits and or judgments against the Contractor or Subcontractor, in any amount less than \$250,000 shall be disclosed to the State to the extent they affect the financial solvency and integrity of the Contractor or Subcontractor.
- 9.3 All notices under subsection 9.1 and 9.2 herein shall be provided in writing to the State within fifteen business days after the Contractor learns about any such criminal or civil investigations and within fifteen days after the commencement of any proceeding, litigation,

or arbitration, as otherwise applicable. Details of settlements, which are prevented from disclosure by the terms of the settlement, shall be annotated as such. Semi-annually, during the term of the Contract, and thereafter for three years, Contractor shall certify that it is in compliance with this Section. Contractor may rely on similar good faith certifications of its Subcontractors, which certifications shall be available for inspection at the option of the State.

9.4 **Assurances:** In the event that such investigation, litigation, arbitration or other proceedings disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract, causes the State to be reasonably concerned about:

9.4.1 The ability of the Contractor or its Subcontractor to continue to perform this Contract in accordance with its terms and conditions, or whether the Contractor or its Subcontractor in performing services is engaged in conduct which is similar in nature to conduct alleged in such investigation, litigation, arbitration or other proceedings, which conduct would constitute a breach of this Contract or violation of Virginia or Federal law, regulation or public policy, then the Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that: (a) the Contractor or its Subcontractor hereunder will be able to continue to perform this Contract in accordance with its terms and conditions, (b) the Contractor or its Subcontractor will not engage in conduct in performing services under this Contract which is similar in nature to the conduct alleged in any such litigation, arbitration or other proceedings.

The Contractor's failure to fully and timely comply with the terms of this section, including providing reasonable assurances satisfactory to the State, may constitute a material breach of this Contract.

10.0 Right to Ownership

All data, materials, documentation and other things prepared or acquired by the Contractor for this contract shall belong exclusively to the state. This includes, but is not limited to, standard operating procedures, claims data, plan performance data, process flowcharts, quality assurance findings, audit findings, and the proposal itself. The state shall also own and retain intellectual property rights covering technology developed as part of the services described herein. Any capital equipment purchased utilizing funds provided under this contract shall remain the property of the Commonwealth of Virginia.

11.0 General Terms and Conditions

A. **VENDORS MANUAL:** This solicitation is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any changes or revisions thereto, which are hereby incorporated into this contract in their entirety. The procedure for filing contractual claims is in section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at www.eva.virginia.gov under "Vendors Manual" on the vendors tab.

PIM 98-034

B. **APPLICABLE LAWS AND COURTS:** This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia, without regard to its choice of law provisions, and any litigation with respect thereto shall be brought in the circuit courts of the Commonwealth. The agency and the contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures (*Code of Virginia*, § 2.2-4366). ADR procedures are described in Chapter 9 of the *Vendors Manual*. The contractor shall comply with all applicable federal, state and local laws, rules and regulations.

C. **ANTI-DISCRIMINATION:** By submitting their proposals, offerors certify to the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and § 2.2-4311 of the *Virginia Public Procurement Act (VPPA)*. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia*, § 2.2-4343.1E).

In every contract over \$10,000 the provisions in 1. and 2. below apply:

1. During the performance of this contract, the contractor agrees as follows:
 - a. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
 - b. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.
 - c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.
 - d. The requirements of these provisions 1. and 2. are a material part of the contract. If the Contractor violates one of these provisions, the Commonwealth may terminate the affected part of this contract for breach, or at its option, the whole contract. Violation of one of these provisions may also result in debarment from State contracting regardless of whether the specific contract is terminated.
 - e. In accordance with Executive Order 61 (2017), a prohibition on discrimination by the contractor, in its employment practices, subcontracting practices, and delivery of goods or services, on the

PIM 98-034

basis of race, sex, color, national origin, religion, sexual orientation, gender identity, age, political affiliation, disability, or veteran status, is hereby incorporated in this contract.

2. The contractor will include the provisions of 1. above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

D. **ETHICS IN PUBLIC CONTRACTING:** By submitting their proposals, offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

PIM 98-034 → E. **IMMIGRATION REFORM AND CONTROL ACT OF 1986:** Applicable for all contracts over \$10,000:

→ By entering into a written contract with the Commonwealth of Virginia, the Contractor certifies that the Contractor does not, and shall not during the performance of the contract for goods and services in the Commonwealth, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

F. **DEBARMENT STATUS:** By participating in this procurement, the vendor certifies that they are not currently debarred by the Commonwealth of Virginia from submitting a response for the type of goods and/or services covered by this solicitation. Vendor further certifies that they are not debarred from filling any order or accepting any resulting order, or that they are an agent of any person or entity that is currently debarred by the Commonwealth of Virginia.

PIM 98-034 → If a vendor is created or used for the purpose of circumventing a debarment decision against another vendor, the non-debarred vendor will be debarred for the same time period as the debarred vendor.

G. **ANTITRUST:** By entering into a contract, the contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.

H. **MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS FOR IFBs AND RFPs**

1. Failure to submit a proposal on the official state form provided for that purpose may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

I. **CLARIFICATION OF TERMS:** If any prospective offeror has questions about the specifications or other solicitation documents, the prospective offeror should contact the buyer whose name appears on the face of

the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the buyer.

J. **PAYMENT:**

1. **To Prime Contractor:**

- a. Invoices for items ordered, delivered and accepted shall be submitted by the contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the state contract number and/or purchase order number; social security number (for individual contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).
- b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
- c. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the contractor at the contract price, regardless of which public agency is being billed.
- d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
- e. **Unreasonable Charges.** Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges which appear to be unreasonable will be resolved in accordance with *Code of Virginia*, § 2.2-4363 and -4364. Upon determining that invoiced charges are not reasonable, the Commonwealth shall notify the contractor of defects or improprieties in invoices within fifteen (15) days as required in *Code of Virginia*, § 2.2-4351. The provisions of this section do not relieve an agency of its prompt payment obligations with respect to those charges which are not in dispute (*Code of Virginia*, § 2.2-4363).

PIM 98-034

2. **To Subcontractors:**

- a. Within seven (7) days of the contractor's receipt of payment from the Commonwealth, a contractor awarded a contract under this solicitation is hereby obligated:
 - (1) To pay the subcontractor(s) for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or
 - (2) To notify the agency and the subcontractor(s), in writing, of the contractor's intention to withhold payment and the reason.

PIM 98-034

- b. The contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier contractor performing under the primary contract. A contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.
 3. Each prime contractor who wins an award in which provision of a SWaM procurement plan is a condition to the award, shall deliver to the contracting agency or institution, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the SWaM procurement plan. Final payment under the contract in question may be withheld until such certification is delivered and, if necessary, confirmed by the agency or institution, or other appropriate penalties may be assessed in lieu of withholding such payment.
 4. The Commonwealth of Virginia encourages contractors and subcontractors to accept electronic and credit card payments.
- K. **PRECEDENCE OF TERMS:** The following General Terms and Conditions *VENDORS MANUAL, APPLICABLE LAWS AND COURTS, ANTI-DISCRIMINATION, ETHICS IN PUBLIC CONTRACTING, IMMIGRATION REFORM AND CONTROL ACT OF 1986, DEBARMENT STATUS, ANTITRUST, MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS, CLARIFICATION OF TERMS, PAYMENT* shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.
- L. **QUALIFICATIONS OF OFFERORS:** The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the offeror to perform the services/furnish the goods and the offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect offeror's physical facilities prior to award to satisfy questions regarding the offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such offeror fails to satisfy the Commonwealth that such offeror is properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.
- M. **TESTING AND INSPECTION:** The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.
- N. **ASSIGNMENT OF CONTRACT:** A contract shall not be assignable by the contractor in whole or in part without the written consent of the Commonwealth.
- O. **CHANGES TO THE CONTRACT:** Changes can be made to the contract in any of the following ways:

1. The parties may agree in writing to modify the terms, conditions, or scope of the contract. Any additional goods or services to be provided shall be of a sort that is ancillary to the contract goods or services, or within the same broad product or service categories as were included in the contract award. Any increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
 2. The Purchasing Agency may order changes within the general scope of the contract at any time by written notice to the contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The contractor shall comply with the notice upon receipt, unless the contractor intends to claim an adjustment to compensation, schedule, or other contractual impact that would be caused by complying with such notice, in which case the contractor shall, in writing, promptly notify the Purchasing Agency of the adjustment to be sought, and before proceeding to comply with the notice, shall await the Purchasing Agency's written decision affirming, modifying, or revoking the prior written notice. If the Purchasing Agency decides to issue a notice that requires an adjustment to compensation, the contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Purchasing Agency a credit for any savings. Said compensation shall be determined by one of the following methods:
 - a. By mutual agreement between the parties in writing; or
 - b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the contractor accounts for the number of units of work performed, subject to the Purchasing Agency's right to audit the contractor's records and/or to determine the correct number of units independently; or
 - c. By ordering the contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The contractor shall present the Purchasing Agency with all vouchers and records of expenses incurred and savings realized. The Purchasing Agency shall have the right to audit the records of the contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Purchasing Agency within thirty (30) days from the date of receipt of the written order from the Purchasing Agency. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the disputes provisions of the Commonwealth of Virginia *Vendors Manual*. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the contractor from promptly complying with the changes ordered by the Purchasing Agency or with the performance of the contract generally.
- P. **DEFAULT:** In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Commonwealth may have.

Q. **TAXES:** Sales to the Commonwealth of Virginia are normally exempt from State sales tax. State sales and use tax certificates of exemption, Form ST-12, will be issued upon request. Deliveries against this contract shall usually be free of Federal excise and transportation taxes. The Commonwealth's excise tax exemption registration number is 54-73-0076K.

PIM 98-034
If sales or deliveries against the contract are not exempt, the contractor shall be responsible for the payment of such taxes unless the tax law specifically imposes the tax upon the buying entity and prohibits the contractor from offering a tax-included price.

R. **USE OF BRAND NAMES:** Unless otherwise provided in this solicitation, the name of a certain brand, make or manufacturer does not restrict offeror to the specific brand, make or manufacturer named, but conveys the general style, type, character, and quality of the article desired. Any article which the public body, in its sole discretion, determines to be the equivalent of that specified, considering quality, workmanship, economy of operation, and suitability for the purpose intended, shall be accepted. The offeror is responsible to clearly and specifically identify the product being offered and to provide sufficient descriptive literature, catalog cuts and technical detail to enable the Commonwealth to determine if the product offered meets the requirements of the solicitation. This is required even if offering the exact brand, make or manufacturer specified. Normally in competitive sealed bidding only the information furnished with the bid will be considered in the evaluation. Failure to furnish adequate data for evaluation purposes may result in declaring a bid nonresponsive. Unless the offeror clearly indicates in its proposal that the product offered is an equivalent product, such proposal will be considered to offer the brand name product referenced in the solicitation.

S. **TRANSPORTATION AND PACKAGING:** By submitting their proposals, all offerors certify and warrant that the price offered for FOB destination includes only the actual freight rate costs at the lowest and best rate and is based upon the actual weight of the goods to be shipped. Except as otherwise specified herein, standard commercial packaging, packing and shipping containers shall be used. All shipping containers shall be legibly marked or labeled on the outside with purchase order number, commodity description, and quantity.

T. **INSURANCE:** By signing and submitting a proposal under this solicitation, the offeror certifies that if awarded the contract, it will have the following insurance coverage at the time the contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor will have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The offeror further certifies that the contractor and any subcontractors will maintain these insurance coverage during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

PIM 98-034
MINIMUM INSURANCE COVERAGES AND LIMITS:

1. Workers' Compensation - Statutory requirements and benefits. Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Commonwealth of increases in the number of employees that change their workers' compensation requirements under the *Code of Virginia* during the course of the contract shall be in noncompliance with the contract.

2. Employer's Liability - \$100,000.
3. Commercial General Liability - \$1,000,000 per occurrence and \$2,000,000 in the aggregate. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.
4. Automobile Liability - \$1,000,000 combined single limit. (Required only if a motor vehicle not owned by the Commonwealth is to be used in the contract. Contractor must assure that the required coverage is maintained by the Contractor (or third party owner of such motor vehicle.)

Profession/Service

Limits

Accounting	\$1,000,000 per occurrence, \$3,000,000 aggregate
Architecture	\$2,000,000 per occurrence, \$6,000,000 aggregate
Asbestos Design, Inspection or Abatement Contractors	\$1,000,000 per occurrence, \$3,000,000 aggregate
Health Care Practitioner (to include Dentists, Licensed Dental Hygienists, Optometrists, Registered or Licensed Practical Nurses, Pharmacists, Physicians, Podiatrists, Chiropractors, Physical Therapists, Physical Therapist Assistants, Clinical Psychologists, Clinical Social Workers, Professional Counselors, Hospitals, or Health Maintenance Organizations.)	\$2,150,000 per occurrence, \$4,250,000 aggregate (Limits increase each July 1 through fiscal year 2031per <i>Code of Virginia</i> § 8.01-581.15.)
Insurance/Risk Management	\$1,000,000 per occurrence, \$3,000,000 aggregate
Landscape/Architecture	\$1,000,000 per occurrence, \$1,000,000 aggregate
Legal	\$1,000,000 per occurrence, \$5,000,000 aggregate
Professional Engineer	\$2,000,000 per occurrence, \$6,000,000 aggregate
Surveying	\$1,000,000 per occurrence, \$1,000,000 aggregate

U. **ANNOUNCEMENT OF AWARD:** Upon the award or the announcement of the decision to award a contract as a result of this solicitation, the purchasing agency will publicly post such notice on the DGS/DPS eVA VBO (www.eva.virginia.gov) for a minimum of 10 days.

PIM 98.034 → V. **DRUG-FREE WORKPLACE:** Applicable for all contracts over \$10,000:

During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the

contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, “*drug-free workplace*” means a site for the performance of work done in connection with a specific contract awarded to a contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

W. **NONDISCRIMINATION OF CONTRACTORS:** A offeror, or contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by state law relating to discrimination in employment or because the offeror employs ex-offenders unless the state agency, department or institution has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

X. **eVA BUSINESS-TO-GOVERNMENT VENDOR REGISTRATION, CONTRACTS, AND ORDERS:** The eVA Internet electronic procurement solution, web site portal www.eVA.virginia.gov, streamlines and automates government purchasing activities in the Commonwealth. The eVA portal is the gateway for vendors to conduct business with state agencies and public bodies. All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution by completing the free eVA Vendor Registration. All offerors must register in eVA and pay the Vendor Transaction Fees specified below; failure to register will result in the proposal being rejected.

Vendor transaction fees are determined by the date the original purchase order is issued and the current fees are as follows:

- a. For orders issued July 1, 2014, and after, the Vendor Transaction Fee is:
 - (i) DSBSD-certified Small Businesses: 1%, capped at \$500 per order.
 - (ii) Businesses that are not DSBSD-certified Small Businesses: 1%, capped at \$1,500 per order.
- b. Refer to Special Term and Condition “eVA Orders and Contracts” to identify the number of purchase orders that will be issued as a result of this solicitation/contract with the eVA transaction fee specified above assessed for each order.

For orders issued prior to July 1, 2014, the vendor transaction fees can be found at www.eVA.virginia.gov.

The specified vendor transaction fee will be invoiced, by the Commonwealth of Virginia Department of General Services, typically within 60 days of the order issue date. Any adjustments (increases/decreases) will be handled through purchase order changes.

PJM 08.03.14

- Y. **AVAILABILITY OF FUNDS:** It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent that the legislature has appropriated funds that are legally available or may hereafter become legally available for the purpose of this agreement.

- Z. **SET-ASIDES IN ACCORDANCE WITH THE SMALL BUSINESS ENHANCEMENT AWARD PRIORITY:** This solicitation is set-aside for award priority to DSBSD-certified micro businesses or small businesses when designated as “Micro Business Set-Aside Award Priority” or “Small Business Set-Aside Award Priority” accordingly in the solicitation. DSBSD-certified micro businesses or small businesses also includes DSBSD-certified women-owned and minority-owned businesses when they have received the DSBSD small business certification. For purposes of award, offerors shall be deemed micro businesses or small businesses if and only if they are certified as such by DSBSD on the due date for receipt of proposals.

- AA. **BID PRICE CURRENCY:** Unless stated otherwise in the solicitation, offerors shall state offer prices in US dollars.

- BB. **AUTHORIZATION TO CONDUCT BUSINESS IN THE COMMONWEALTH:** A contractor organized as a stock or nonstock corporation, limited liability company, business trust, or limited partnership or registered as a registered limited liability partnership shall be authorized to transact business in the Commonwealth as a domestic or foreign business entity if so required by Title 13.1 or Title 50 of the *Code of Virginia* or as otherwise required by law. Any business entity described above that enters into a contract with a public body pursuant to the *Virginia Public Procurement Act* shall not allow its existence to lapse or its certificate of authority or registration to transact business in the Commonwealth, if so required under Title 13.1 or Title 50, to be revoked or cancelled at any time during the term of the contract. A public body may void any contract with a business entity if the business entity fails to remain in compliance with the provisions of this section.

12.0 Special Terms And Conditions

- 12.1 **Cost Limits:** The Contractor is responsible for all the costs of implementing and administering the program. The Purchasing Agency is responsible for ensuring that the Contractor receives payment of all fees that are established pursuant to the contract which results from this RFP. Any cost incurred by the Contractor to address the tasks and responsibilities identified in this RFP which exceeds the contractually established fees is the risk of the Contractor.

Renewal Of Contract: This contract may be renewed by the Commonwealth for four successive one-year periods under the terms and conditions of the original contract except as stated in 1. and 2. below. Price increases may be negotiated only at the time of renewal. Written notice of the Commonwealth's intention to renew shall be given approximately 90 days prior to the expiration date of each contract period.

- 12.2.1 If the Commonwealth elects to exercise the option to renew the contract for an additional one-year period, the contract price for the additional one year shall not exceed the contract price of the original increased/decreased by more than the average percentage increase/decrease of the services category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available.
- 12.2.2 If during any subsequent renewal periods, the Commonwealth elects to exercise the option to renew the contract, the contract price for the subsequent renewal period shall not exceed the contract price of the previous renewal period increased/decreased by more than the average percentage increased/decreased of the services category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available.
- 12.3 Cancellation Of Contract: The Purchasing Agency reserves the right to cancel and terminate any resulting contract, in part or in whole without penalty, upon 90 days written notice to the Contractor. Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.
- 12.4 Payments: The Contractor shall deliver only those services actually ordered by the Purchasing Agency. The Purchasing Agency will accept and pay only for those services which have been fully rendered. The Contractor shall invoice the Purchasing Agency each month for services provided during the prior month. Payment will be made by the Purchasing Agency within 30 days of receipt of an approved invoice by the Commonwealth's EDI payment method.
- 12.5 Audits: The Contractor shall assist the Purchasing Agency and the Purchasing Agency's auditors, who may be employees of the Purchasing Agency, employees of other Contractors, or agents of the Purchasing Agency, in the conduct of audits. This assistance shall include the provision of secure, quiet office space, including furnishings and telephones needed by the auditors.
- The Contractor agrees to retain all books, records, and other documents relative to the contract which results from this RFP for five (5) years after final payment, or until the conclusion of any audit by the Commonwealth, whichever is sooner. The Purchasing Agency, its authorized agents, and State Auditors, shall have full access to, and the right to examine, any of the Contractor's materials relevant to the contract which results from this RFP.
- 12.6 Contract Representatives: Both the Purchasing Agency and the Contractor shall appoint a contract representative who shall ensure that the provisions of this contract are adhered to. The Purchasing Agency hereby appoints the Director, State Employee Workers' Compensation Services. Currently, the position is held by Kristie McClaren.

- 12.7 Certified Corporate Annual Reports: Within 120 days of the close of its fiscal year, the Contractor shall furnish to the Purchasing Agency an annual report of its consolidated operations. This report shall be certified by an independent auditor.
- 12.8 Confidentiality Of Information: The Contractor shall treat all information utilized in its performance of the contract as confidential, personal information. The Contractor shall handle all confidential information in accordance with the Virginia Privacy Protection Act, Virginia Code Section 2.1-377 et seq. All files, computer data bases and other records developed or maintained pursuant to the execution of the contract are the property of the Purchasing Agency, and shall be delivered to the Purchasing Agency upon demand. The Contractor merely serves as the custodian of the files, and acts as agent for the Purchasing Agency in the payment for services and the performance of other assigned tasks, including assisting the Purchasing Agency with requests under the Virginia Freedom of Information Act.
- 12.9 Severability: In the event any portion of the contract shall be determined by a court of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed void and the remainder of the contract shall continue in full force and effect.
- 12.10 Force Majeure: Purchasing Agency shall not be deemed to be in default of any of its obligations hereunder, if, and so long as, it is prevented from performing such obligations by an act of war, hostile foreign action, nuclear explosion, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.
- 12.11 Subcontracting: The Contractor is fully responsible for all work performed under the contract. The Contractor may not assign, transfer, or subcontract any interest in the contract, without prior written approval of the Purchasing Agency. The Contractor shall require all Subcontractors to comply with all provisions of this RFP. The Contractor will be held liable for contract compliance for all duties and functions whether performed by the Contractor or any Subcontractor.
- 12.12 Disputes: In accordance with section 2.2-4363 of the Code of Virginia, disputes arising out of the contract, whether for money or other relief, may be submitted by the Contractor for consideration by the Purchasing Agency. Disputes must be submitted in writing, with all necessary data and information, to the Director of the Department of Human Resource Management at the James Monroe Building, 12th Floor, 101 North 14th Street, Richmond, Virginia 23219. Disputes will not be considered if submitted later than sixty (60) days after the final payment is made by the Purchasing Agency under the contract. Further, no claim may be submitted unless written notice of the Contractor's intention to file the dispute has been submitted at the time of the occurrence or at the beginning of the work upon which the dispute is based. The Purchasing Agency shall render a final written decision regarding the dispute not more than ninety (90) days after the dispute is submitted, unless the parties agree to an extension of time. If the Purchasing Agency does not render its decision within 90 days, the Contractor's sole remedy will be to institute legal action, pursuant to section 2.2-4364 of the Code of Virginia. The Contractor shall not be granted relief as a result

of any delay in the Purchasing Agency's decision.

During the time that the parties are attempting to resolve any dispute, each party shall proceed diligently to perform its duties.

- 12.13 Contractor Affiliation: If an affiliate (as defined below in this paragraph) of the Contractor takes any action which, if taken by the Contractor, would constitute a breach of the contract, the action taken by the affiliate shall be deemed a breach by the Contractor. "Affiliate" shall mean a "parent," subsidiary or other company controlling, controlled by, or in common control with the Contractor, sub-Contractor or agents of the Contractor.
- 12.14 Transfer Of Files: If for any reason the Purchasing Agency decides to no longer contract with the Contractor, the Contractor agrees to transfer to the party designated by the Purchasing Agency, at no cost, all data, records, computer files, other files, and materials of any sort that were maintained for the Commonwealth. The Contractor agrees to assist the Purchasing Agency in understanding, using, and transferring all files and records, including those maintained in computer language.
- 12.15 Advertising: In the event a contract is awarded as a result of this RFP, the Contractor shall not advertise that the Commonwealth of Virginia, or any agency or institution of the Commonwealth, has purchased, or uses its products or services.
- 12.16 Indemnification: The Contractor agrees to indemnify, defend, and hold harmless the Commonwealth of Virginia, its officers, agents, and employees from any claims, damages, and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any services of any kind or nature furnished by the Contractor, provided that such liability is not attributable to the sole negligence of the Purchasing Agency.

ATTACHMENT ONE

WCS Claims Administration and Cost Containment Services

Questionnaire

Completion of this Questionnaire is required.

Please provide a direct response to all of the questions and follow directions for submission of supporting attachments. Attachments should be provided, in order, following your Questionnaire responses. **Please note that Cost Proposal information must be submitted under separate cover within each proposal package and must be in the budget format attached.** If a given response is lengthy or responsive to more than one question, provide a brief cross-reference to an attachment (or the similar response to another question). Your responses should be contained in a loose-leaf notebook and **not be bound**. Data, especially audited data, are preferred to simple assertions. Systems' documentation, and other well organized, clear charts or exhibits may serve in lieu of narrative.

The RFP describes Tasks and the requirement thereof. Under the appropriate evaluation section below, you will be requested to affirm that you fully understand and will meet these requirements as stated. Be advised that failure to identify any deviation in response to the appropriate question constitutes a representation on the Offeror's part that the requirements will be met precisely as written. Your response must also contain any demurrals and the reasons therefore. The absence of demurrals shall constitute a representation that the Offeror shall provide services and reports exactly as requested by the Purchasing Agency.

I. STATEMENT OF NEED

State your agreement to provide all services outlined in the Statement of Need.

II. Organization & Financial Stability

- A. Provide the name and address of any Subcontractors you plan on using to provide services, the service they will provide, the staff associated with that service, the address of their corporate office and any regional or local offices involved with this account.
- B. Briefly describe your organization's history and parent organizational ties, if any.
- C. Briefly describe any Subcontractor's organization's history and parent organizational ties, if any.
- D. Please indicate any recent or anticipated changes in the offeror's and Subcontractors corporate structure, such as mergers, acquisition, new venture capital, stock issue, etc.

- E. Please provide information as to the length of time your organization and your Subcontractor’s organization(s) have been operational in providing workers' compensation claims and cost containment services in the Commonwealth of Virginia.
- F. Disclose the nature of any judgments you or any Subcontractors may have either pending in court or on appeal. Describe information on the nature of the case, the case outcome and its current status in the litigation process.
- G. Provide the number of customers and members/employees your organization provides workers' compensation claims administration and cost containment services for and the types of services provided.
- H. Provide the number of customers and members/employees your proposed Subcontractors provide workers' compensation claims administration and cost containment services for and the types of services provided.
- I. Submit a copy of your organization's most recent audited financial statements and those of proposed Subcontractors.
- J. If your proposal includes sub-contractors state how you will assure that certificates of insurance evidencing all required insurance coverage and limits remain in effect for all sub-contractors during the term of this contract.
- K. State your willingness to add the Commonwealth of Virginia on all contractor and sub-contractor workers’ compensation policies.
- L. Please provide information regarding any claims against your or your Subcontractors’ Errors and Omissions policy as it relates to workers' compensation claims and/or cost containment services for the past three years that were either not resolved in your favor or remain pending.

III. Client References

- A. Provide information on five current clients using your services.

Client	Contact Name, Title, Phone #	# of employees and Length of Relationship	WC Services provided (claims, loss control case management, medical/vocational etc.)	Results (e.g. cost savings, reduced durations)

- B. Do you have any clients similar to Commonwealth of Virginia in demographics, geography or claims experience? If so, please describe.

- C. Are there plans to bring up other clients or prospective workers' compensation clients effective July 1, 2018? If so, please describe size, nature of business, effective date and servicing location.
- D. Has anyone terminated your services in the past two years? Please identify client and explain. Do not include terminations due to mergers/acquisitions.

Client	Contact Name, Title, Phone #	# of claims handled and Length of Relationship	WC Services provided (claims, loss control case management, medical/vocational etc.)	Reason for Termination
1.				
2.				

IV. Specific Plans and Approach

A. Staffing/Training

1. Provide the number of employees at your proposed claims office by department. Provide information on which positions will be under the direct employment of the offeror and which positions will be employed by what Subcontractor.
2. Provide detailed resumes of those individuals who will be assigned to this client team. State on the resume their respective role on the client team. Are there positions that will require hiring of staff should you be awarded this contract and you cannot provide a resume as you will need to fill the position? If so, state which positions and the number of positions. What positions will involve transfer and/or promotions from other clients/offices if you are awarded this contract (include resumes of any transfer/promotions that are being offered as part of the client team)?
3. Are there portions of your services that cannot be provided on the Purchasing Agency's premises? If so, why?
4. State your willingness to provide a team dedicated solely to the program. Proposals that do not include a dedicated team will not be considered, however there may be certain positions within the organization that cannot be solely dedicated. If you are proposing some non-dedicated positions, state which positions, the reason they would not be dedicated and the percentage of time/caseload will be dedicated to our program.
5. What is the historic turnover rate of staff by year for the past three years (at all levels) in your organization (and any sub-contractors) being proposed for Commonwealth of Virginia?

6. What is the average caseload for your client team members?
7. What caseloads are you proposing for Commonwealth of Virginia? Please specify by claim type and service type.
8. What is the ratio of claim staff to claims volume per type of claim (medical only and lost time)?
9. How many people (by position) in addition to those specifically required in the Statement of Needs will be assigned to the Commonwealth of Virginia program? Will the team be comprised of permanent full-time employees, casual, temporary employees or a mix? Be specific as to the mix.
10. What are the minimum knowledge, skills, ability, education and experience requirements of staff by function/position type?
11. What training is provided for staff assigned to this program preceding commencement of the contract and during the first year of the contract?
12. By position, describe your guaranteed minimum number of training and educational programs you will provide your staff during this contract each year (FY19 through FY21). Provide details of the position that is the target of the training, the length of the program, the training method, and the training topics. Provide information on who will be conducting the training (corporate professional trainers, outside contract trainers, regional management team and/or local office management staff, attorneys, conferences, etc.). State your willingness to submit changes to the training schedule 60 days in advance for approval. State your willingness to submit a copy of all training material to the Purchasing Agency for approval at a minimum of 30 days prior to the date of training. State your willingness that should the contract be renewed, a comparable schedule shall be submitted each year 30 days in advance of contract renewal for approval by the Purchasing Agency.
13. Describe the kick off training that will be provided to your internal staff regarding the contract, contract procedures, and information systems should you be awarded this contract.
14. Describe the corporate training programs for succession planning.

B. Products and Services

For each of the following services listed below, please detail your product, any performance expectations and turnaround times for work product/review/communications. State whether the service will be performed by the contractor or a sub-

contractor relationship, if any. Provide a copy of any contract you expect your sub-contractor will be required to sign with you.

Claims administration services (with specific delegated authorities to be negotiated), medical bill adjudication, preferred provider agreements, provider bill review, utilization review and hospital bill audits, clinical case review, prescription drug, supplies, and apparatus program, surveillance, field investigation, loss control/safety consulting, classroom and online training services, payroll classification audit, field medical and vocational placement, initial reporting/claim notification intake program, client claim reports and claim system views (if any) for employers of the injured workers and the Virginia Retirement Systems short/long term disability third party claims administrator including client/agency ability to develop user defined reports program, and communication program.

C. Initial Reporting/Claims Notification

1. What will be the various offered methods for accepting First Reports of Injury? Provide in detail the options that will be available to state agencies. Should any method require a special case by case fee, please provide details regarding which types of transmission will be included in the base contract annual fee and which methods would require a different payment arrangement.
2. Do you offer the ability for a First Report of Injury workflow process that allows either the injured worker and/or the supervisor to enter new claim information through a secure electronic process that then allows the Human Resource Department the ability to review, complete and submit the First Report of Injury electronically directly to the claim system? If so, describe the workflow process and provide copies of the forms that would be completed electronically by each person, any notification process that occurs, and the process used once the report is received in the claim system.
3. How are incoming calls distributed to staff? Are management reports generated daily to depict the frequency, type and outcomes of calls received? What information will you be willing to share with the Purchasing Agency on adverse or positive service trends?
4. Once you have been notified of a new claim, describe whether all, or if not all, which fields of information are captured from the First Report of Injury in the claim system; the levels of automated edits (if any); types of standards used to triage/assign the claim and steps to initiate early case management intervention.
5. Describe the security measure(s) used to protect the confidentiality of each injured worker's claim and medical data. Does your organization have policies, procedures, or systems in place to assure that outgoing e-mails containing confidential information are only sent in a secure environment?

6. Can you provide automatic and electronic reporting of State forms? Have you confirmed that the VWC will accept your electronic reporting? Do you have experience and approval from the VWC in submitting all of your new claims electronically? Describe the process and data security plans that are a part of your program to assure that only authorized users could report claims. Provide your EDI score from the VWC for 2017. Do you have a specialist that handles EDI reporting?
7. Can you receive and capture electronic filing of Supplementary Reports with real time population of lost days fields in your claim system? Please describe the process and data security associated with the intake of this information.
8. Can you provide automatic and electronic reporting to Centers for Medicare and Medicaid Services for Section 111 MSP Mandatory Reporting?
9. Describe the process and your capabilities for interfacing with health care providers electronically for the purpose of receiving, processing and paying bills and receiving, reviewing and reacting to medical reports. If you do not have an electronic interface system, do you utilize any imaging or electronic bill payment system? Describe any system you may have, providing flow charts and the step-by-step process.
10. Describe the process and your capabilities for direct deposit of indemnity benefits for injured workers.

D. Claims Administration (Initial & Ongoing)

Please describe in accordance with your organization's general practices.

1. Describe the life of a claim providing a flow chart for all new claims (and associated time frames) up through issuing the first medical payment, indemnity payment, or case denial.
2. How are clients notified of the status of pended claims and the reason for a delay/claim approval/denial?
3. How frequently do you communicate with the injured worker, the agency, and the medical provider on cases where a compensability decision has not been made in your continued attempts to obtain information? Do you utilize more than one method of communication on each outstanding item in an attempt to speed up the process (phone calls, letters, e-mails, etc.) or does one attempt suffice? What measurements do you use as a management tool to monitor every new claim to assure that a compensability decision is made as quickly as possible and all information is received as quickly as possible?

4. What criteria are used by the benefit coordinators to make compensability determination decisions? What resources do you have available for researching Virginia case law?
5. How often are the pending cases personally reviewed by supervisory personnel to confirm that decisions and actions are being taken as quickly as possible? Provide a copy of any formal review documentation. Is this review supported with automated system edits or a manual look up?
6. Once a claim is approved, describe step-by-step, the ongoing goals, activities, monitoring, tracking and reported process used to assure that accepted cases have continual attention and oversight.
7.
 - a) What is your time standard for making a compensability determination (specify calendar or work days)? What are your time standards for returning phone calls, reviewing mail, filing mail in claims files (or in an electronic system), verbally responding to mail, providing written response to mail, responding to e-mails, responding to complaints?
 - b) How will compliance with these standards be tracked and reported to the Purchasing Agency?
8. The Purchasing Agency has an Agency Workers' Compensation Manual that provides details on the agency's responsibilities on case reporting and handling. State your willingness to, if awarded this contract, provide 30 days in advance of contract commencement edits to the Agency Workers' Compensation Manual so that it can be finalized and distributed in advance of the contract start date.
9. What were your compensability determination turn-around time results for July 1, 2016 – June 30, 2017 for any office you have in the Commonwealth of Virginia (specify calendar or work days)? If you do not have an office in Virginia, what turn-around time frames are you willing to guarantee?

	2016	2017
From receipt of the FROI by the claims service provider?		
From the time that all required information was received:		

10. Understanding that you will have no authority to file for hearings to terminate benefits without the Purchasing Agency's approval, state your work flow and internal approval process to assure that any Employer's Applications for Hearings submitted to the Purchasing Agency for approval is prepared sufficiently and sufficient evidence and documentation is provided?
11. Discuss how you investigate and document subrogation on new claims.

12. Discuss your corporate process to aggressively manage cases in subrogation. What is your communication process with the injured worker and or the injured worker's attorney? How frequently and what method(s) is used to aggressively pursue subrogation, communicate new case facts, update liens, etc.?
13. Understanding that your organization will have no settlement authority, provide details on how you will review settlement requests from attorneys or injured workers and what process/method you will use to communicate your recommendations on whether the settlement is in the best interest of the Commonwealth.

E. Clinical Case Review

General Management

For each of the following questions, describe your organization's general handling procedures and acknowledge any differences that will be required for the Commonwealth of Virginia.

1. How is the clinical case review process initiated and at what stage in a claim? Please detail your referral process.
2. Within the first year of a case, what percent of lost time cases fall under active clinical case management (differentiate between telephonic and field)?
3. What are your referral criteria to telephonic or field? What checks and balances are in place to ensure that the cases that meet referral criteria, will in fact, be referred?
4. What processes are in place for early intervention from a medical standpoint after intake?
5. How frequently does a supervisor or manager review staff case work to assure that cases are assigned when appropriate?
6. Does the claims staff evaluate the initial injury compared to the physician's treatment plan to determine if the case appears to be moving in the correct direction? If the treatment plan appears to deviate from expectations based upon diagnosis, how is this handled in your organization?
7. Do you have a selected panel of specialists for IME referrals or for treatment review referrals? When do you believe files should be referred for IME's?
8. What criteria, process, and timeframes will be used to assign cases to field medical and vocational specialists? Who will be responsible for monitoring the activities of the field specialists and how will successes be measured and documented?

9. Provide a copy of any reports and form letters that will be used.
10. Do you have a medical director planned for this program? If so, when will the director be used and provide a copy of the workflow process? Is there a per-case charge for medical director services? If so state it in the non-budget area of the pricing schedule.
11. If operative, indicate how your process automatically flags and/or refers the following types of cases for specialty review. What type of special reviews do you perform?

Claim Type	Referred Automatically Prior to Payment	Referred at Claims Examiner Discretion	To Whom is it Referred
Multiple diagnoses			
Multiple claims			
Vague diagnosis			
Repeat lost time episodes			
Duration requested exceeds clinical guidelines			
Motor vehicle accidents			
Mental Health			
Chemical dependency			
Carpal Tunnel Syndrome			
Soft tissue injuries			
Musculoskeletal			
Cardiac			
Large dollar claims (e.g. ≥ \$500,000)			
Presumption Claims			
Others (please specify)			

F. Quality Assurance Review

1. Describe your quality assurance review and audit program and that of any Subcontractors that will be used. How are recommendations for quality improvement developed and implemented? For the contractor and each Subcontractor how frequently and what percentage of cases will your quality assurance program review? Confirm your willingness to share audit results case by case and your action plan to assure improvements are accomplished when deficiencies are found.
2. State your willingness to Audit the dedicated WCS claims by WCS standards and contracts only.

3. Provide information on whether you and your Subcontractors will include corporate audits as part of the quality assurance program. If so, detail by contractor/ Subcontractor the audit process, who would perform the audit, the percentage of cases audited, audit frequency and provide a copy of your audit worksheet that would be used on this account. Confirm your willingness to share audit results case by case and your action plan to assure improvements are accomplished when deficiencies are found.
4. What type of reports will your quality assurance program review to assure the program is meeting performance criteria?
5. Will your quality assurance program verify compliance by all staff with the program procedural manual?
6. Will SOC 1 recommendations implementation be a part of the review and oversight of this program? If not, describe how you will assure implementation of all SOC 1 recommendations.
7. Is your quality assurance program supported by system generated reports to identify potential service problems? If so how/what?

G. Return to Work

1. Describe in detail how you work with the employer, employee and treating physician to facilitate an employee's early return to work through the entire process. What criteria are used, if any?
2. If the employer makes alternate duty, transitional temporary work available, how is this information captured, stored, and reported to the Purchasing Agency and state agencies in your system?
3. Are you willing to add specific Commonwealth categories of return to work results in your claim system so that it can be reported to state agencies? If you already have a process established, provide details.
4. If the Commonwealth of Virginia does not accommodate an employee with work restrictions, what action steps and timeframes would take place on the case?
5. How does your claim management model support early return to work? What is the role of the benefit coordinator/claims adjuster in your return to work model?
6. What types of educational programs would you provide to state agencies to increase their return to work initiatives?

7. What type of program oversight will you perform to identify adverse return to work trends by agencies? What types of consulting services will you provide to agencies should adverse trends develop?

H. Medical Bill Adjudication

1. Please explain the medical bill adjudication process with accompanying flowchart beginning with receipt of bill and ending with issuance of check.
2. If a separate process and vendor from claims administration, please describe the process for capturing bill and Explanation of Review images in the imaged claim file. Please include a flowchart diagram.
3. If a separate process and vendor from claims administration, please describe the process for capturing the financial history in the claims system. Please include a flowchart diagram.
4. Please elaborate on training programs for all parties involved in the medical bill adjudication process and approval of bills.
5. Please explain the system capabilities relative to duplicate payments, Explanation of Review coding capabilities, reconsideration of payments.
6. Please list all manual processes required in the medical bill adjudication process.
7. Please explain the system capabilities relative to W-9 validation.
8. Please provide a sample copy of Explanation of Review and the system capability of generating the EOR.
9. Please provide the success rate for defense of litigated/contested medical bills before the Virginia Workers' Compensation Commission.
10. Please provide the rate for bills where additional payment was recommended upon provider challenge and adjudication reconsideration.
11. Please provide the percentage of medical bills adjudicated where reconsiderations are requested and the percentage on which additional payments are recommended.

I. Information Systems

1. Do you have multiple information systems utilized as part of this program? If so, what programs will be used for what services? How (if at all) will information flow between the various systems? If you are utilizing Subcontractors, will they maintain their own separate information systems? If so, how will information be shared/stored so that all information resides in one imaged environment for our clients and the benefit coordinators/claims adjusters?
2. State your willingness to create Program-specific diary and claim file note categories as requested by the Purchasing Agency, i.e. Large Loss Report, Round Table.
3. Describe how any external user notes are documented in the claims system if direct access is not available, i.e. field medical and vocational consultants.

4. Describe in detail your payment process from the point a bill enters the office until a check is issued. Provide copies of any policies and procedures you plan on implementing for data security and segregation of duties. Understanding that no indemnity or medical benefits may be paid on claims before a compensability decision is reached, describe your system's capability to make an expense exception payment on a claim under investigation to procure medical record copies or investigation needed to reach a compensability decision. Describe your process for the payment of bills following an investigation pendency period or denial, subsequent litigation and Award entry or acceptance of a claim.
5. Describe the various information system staff and client access roles (by contractor and separately for each Subcontractor), the data each role is entitled to view, and how you manage your security system.
6. State your willingness to provide information on system upgrades and modifications thirty days in advance to the Purchasing Agency for testing and approval prior to implementation. State your willingness to provide your conversion plans and any validity testing results to the Purchasing Agency. Provide a workflow diagram with timelines and samples of documents that will be provided.
7. State your willingness to follow VITA information technology and security guidelines (see www.vita.virginia.gov/security).
8. State your willingness to escrow any system source codes.
9. Provide a copy of your information system user manual. State your willingness to assure that all staff and the key Commonwealth Purchasing Agency staff are provided with an accurate up-to-date user manual and are trained in advance of implementing any new system releases. Include information on remote access to your claim system and bill payment system.
10. State your willingness to provide up to twelve workstations for key Purchasing Agency and Office of the Attorney General staff to use with on-line access to live data identical to that available to the Contractor and Subcontractor staff. There shall be no additional charges for the workstations outside of what is submitted in the pricing budget.
11. State your willingness to provide telework as a work/life balance. Provide copies of your telework policy and agreements. State what steps you will take to secure Commonwealth data in teleworking arrangements. State what positions would be able to telework in the event of an activation of a disaster recovery plan or continuation of operations plan. State what positions are ineligible for telework and how those positions' duties would be completed in the event of building inaccessibility.

12. In the event of a disaster declaration that prevents access to the James Monroe Building, state your willingness to provide workspace and computer access at Contractor's location for 4 WCS/Contractor staff (WCS Director, WCS Quality Assurance Specialist, STD/LTD Disability Coordinator and Program Coordinator). WCS staff will provide their own laptops and phones.
13. How is historical data archived? How many months/years of information are maintained on-line? How many years of information are maintained off-line? How many years of information are maintained off-site? Describe your archiving process and where your data backup is maintained.
14. State your willingness to convert to your corporate system(s) all Commonwealth of Virginia Workers' Compensation claims information currently maintained through the Managed Care Innovations existing contract to include claims system data, medical records, bill adjudication EOR records, payment records and any other data electronically stored currently maintained in the Avizent/York claims system and in the Sedgwick system. Provide the process and timelines you would use to manage this project. Have you exchanged data with Avizent/York and Sedgwick in the past? If so, have you encountered any problems?
15. Describe your timeline and process to ensure that all data from the prior Contractor is accurately converted into your claim system. How will you convert imaged records into your system?
16. Please indicate whether the following data elements are captured in your claim system and how they are captured:

Data Element	Yes	No	Hard Code or Free Form
Employee Social Security Number			
Commonwealth Employee ID No.			
Employee date of birth (day, month, year)			
Sex (male/female)			
Job code			
Location of Accident			
Date of disability (day, month, year)			
Nature of illness/injury			
All Employer's Accident data			
Supervisor/Departmental statement			
Benefit commencement date			
Average Weekly Wage			
Weekly benefit Rate			
Status (active, inactive, pending, suspended, denied, terminated, recovered, died)			

Data Element	Yes	No	Hard Code or Free Form
Reserves for incurred claims			
VSDP Reported Claim			
Claim Classification			
Medical provider			
Number of lost days off work			
Diagnosis, primary			
Diagnosis, secondary			
Return to work status – Yes/No			
Date released Return to Work (RTW) with restrictions (How do you capture those restrictions? How do you capture whether the employer accepted RTW with modifications and the effective date? How do you capture an employer's refusal to RTW modified duty and the effective date?)			
Date of release without restrictions			
Date of return to work			
Vocational rehabilitation			
Litigation – Yes/No; Won/Lost			

17. How many client location levels of data does your system store? Can you grant agency user rights to see their own case information and restrict access based upon our requests to certain fields of information only?
18. Can reports be developed at multiple client location levels? Do you have any limitations with respect to reporting breakdowns at the detail field level? If so, what are they?
19. State your willingness to develop 20 new reports for the Purchasing Agency in the first fiscal year and a minimum of 12 reports a year within 30 days of request each year.
20. Will you provide on line reporting for state agencies? If so, how many users will be provided with access? Provide information on the system, its reporting capabilities, and the security add/delete process you will use. Provide copies of all available reports. Provide a copy of the client user manual.

J. Customer Service

1. What types of measurement tools are used (e.g. satisfaction surveys) to assess customer satisfaction and quality assurance? What have your satisfaction rates been for the last 2 years? How often are surveys conducted? Are they done by

internal or external sources? How are clients notified of their results? How are surveys and other feedback methods incorporated into your program's quality assurance program? Please provide specific examples.

2. Describe methodologies (e.g. surveys) to solicit feedback about services rendered by client teams.
3. Are surveys conducted among treating physicians, injured workers, or an employer's management team to gain feedback? Please provide samples.
4. Describe your complaint resolution process for every aspect of the program.
5. How will you monitor and track complaints and their resolution (employee, provider, business or vendor)? How will you integrate this into your quality assurance program? How frequently will you provide the Purchasing Agency with your complaint statistics?
6. Is there a tracking system to monitor the types, frequency, progress and resolution of complaints and grievances? To measure changes made in procedures, system edits, etc.? Please describe.
7. Provide case studies of how this tracking/resolution system was useful in making changes in the way your program is administered.
8. What policies, procedures, or protocols, if any, exist to identify deficiencies in the case management process? For example would repeat claims for the same individual trigger a referral to a senior person in the case management area? Please describe.
9. How do you determine the effectiveness of your staff in:
 - Referral management of care to medical advisors or specialists
 - Referral coordination and management of IME's
 - Accommodation of an employee's return to work
 - Negotiation of return to work or early return to work schedules
 - Supervising staff's work
10. How do you measure the performance of your IME program? What process do you use to make sure that the IME is responsive to all questions and is submitted timely?
11. How do you measure the performance of your vocational rehabilitation program?
12. What performance standards are required by staff function (e.g., claims, supervisory, clerical, and clinical) in terms of productivity, accuracy, timeliness, and customer relations? How is compensation tied to performance?

13. How often is staff evaluated? Are results shared with clients?

K. Requested Exhibits

Please provide the following in a clearly labeled “Exhibits” section of your response (indicate those included):

		Provided?	
		Yes	No
1.	Proposed flow chart model of all workers’ compensation processes that complies with Commonwealth of Virginia Workers’ Compensation Act and Department of Account requirements	_____	_____
2.	Copy of your most recent SOC 1 and that of any Subcontractors	_____	_____
3.	Sample of all form letters and communications (with designations of where they go: e.g., employee, agency, physician)	_____	_____
4.	Sample of all standard and ad hoc reports for customers & staff and any computer reporting system user manual	_____	_____
5.	Copy of any corporate and client claims procedural manual (subject to purchasing agency approval and modification)	_____	_____
6.	Implementation timeline and process	_____	_____
7.	Resumes of individuals key to the Commonwealth of Virginia account	_____	_____
8.	Organizational chart for claim office assigned to COV	_____	_____
9.	Banking and payment processing, reconciliation documents, quality assurance process, reports, workflow, including, if available, process for direct deposit for injured worker payments and work flow process	_____	_____
10.	Computer System design description and security setup, data dictionary and system structure, typical staff workstation equipment and specifications and replacement schedule, number/types of printers/fax machines	_____	_____
11.	Written disaster recovery/business continuity plan	_____	_____
12.	Computer System and Contractor’s Claims Procedural Manuals that will be used on this account (subject to purchasing agency approval and modification)	_____	_____
13.	Program Budget Pricing Schedule	_____	_____
14.	Additional services Pricing Schedule	_____	_____
15.	Effect of Staffing Level Changes on Pricing	_____	_____

L. Performance Guarantees:

Please describe in detail any performance guarantees you are willing to agree to, how they will be measured, and what type of penalty/bonus program you are suggesting be included in the contract.

M. Schedule Of Liquidated Damages:

State your willingness to agree to the following liquidated damages:

1. Contractor shall reimburse the Purchasing Agency for any payments required due to (1) the Contractor's failure to terminate benefits when the contractor has been timely and properly notified that an employee has returned to work, (2) penalties related to failure to pay benefits on open awards within timeframes established in Code of Virginia Title §65.2-524, (3) Contractor's dishonesty or fraud, (4) any payment that was not an obligation of the Purchasing Agency, or (5) any duplicate payments issued by the Contractor; (6) overpayments due to Contractor's failure to monitor/obtain records of employees' salary earned on a monthly basis when receiving temporary partial disability benefits. Should the Contractor wish to file for a credit with the Commission for overpayments, the Contractor shall be responsible for legal services and fees associated with obtaining a credit. At the Purchasing Agency's option, based upon responsible claim handling, the Purchasing Agency may be willing to request services from the Office of the Attorney General to seek the credit. However, the decision to handle the credit litigation either at cost/or no cost shall be retained by the Purchasing Agency.
2. Contractor shall reimburse the Purchasing Agency for any penalties for failure to comply with all requirements of the Code of Virginia, including (but not limited to) Code of Virginia Section 55-168 to Section 55-201.1 for unclaimed property, Code of Virginia Section 65.2 and any revisions, additions, and related rules and regulations, and the Prompt Pay Act.

The Purchasing Agency shall reduce the monthly payment to the Contractor by the amount of liquidated damages and any fees incurred as a result of the errors.

The following guidelines will govern the period of time the Contractor has to collect incorrect payments made on behalf of the Purchasing Agency:

- a. The Contractor will have 30 days from the time of identification of an incorrect payment to file for a credit before the Virginia Workers' Compensation Commission.
- b. The Contractor will be given a minimum of six months to collect an overpayment, upon demonstration of diligent and aggressive efforts to collect the incorrect payment, where such determination is made by the Purchasing Agency.

- c. If the Contractor is successful in beginning the collection of incorrect payments through credits ordered by the VWC, the Purchasing Agency will have discretion to extend the collection period as required to achieve total recovery.
- d. The decision of the Purchasing Agency shall be final.

The Purchasing Agency and Contractor shall provide for monthly notification, discussion and resolution of Liquidated Damages. This process shall be:

- a. Purchasing Agency delivers a monthly Excel spreadsheet of liquidated damages to Contractor.
- b. Purchasing Agency and Contractor discuss the liquidated damages during monthly Contractor Quality Assurance meeting.
- c. Contractor presents liquidated damages to sub-contractor (if any).
- d. If any discussion is needed, Contractor shall broker the discussion.
- e. Resolution shall be reached and if appropriate, liquidated damage is removed from the spreadsheet or with consent of Purchasing Agency, will be repaid to the file by the Contractor or sub-contractor (if any). Purchasing Agency reserves the right to determine the reimbursement method.

CONTRACT PRICING

Complete the attached Program Budget Pricing Schedule (you may add/delete categories but may NOT submit a single all-inclusive price) for years one, two and three of the contract. In addition, provide any per case charge for specific file based services as stated on the Additional Services Pricing Schedule. You may add additional services as you wish to that schedule.

ADDITIONAL SERVICES PRICING SCHEDULE

	Year 1	Year 2	Year 3
Hourly rate for Surveillance services:			
Hourly rate for Payroll classification audit			
Hourly rate for claim field investigation			
Medical Director services fee (define service and associated fee)			
IME			
OTHER			

	1 Year Only
Provide startup costs for the 1st year of the contract and provide details of specific costs	

Attach a schedule of the Effect of Staffing Level Changes on Pricing (by position) or for periods of position vacancy greater than 30 days or for periods where the incumbent is unable to perform work for a period greater than 30 days. Include Position Title and Monthly Cost per position. (Changes to staffing levels must be pre-approved by purchasing agency in advance.)

Contract Year 2

	General						
	Contractor	Subcontractor	Subcontractor	Subcontractor	Subcontractor	Subcontractor	Total Salaries, full time
employees							
Salaries, part time employees							
Hospitalization/Medical Insurance							
Bonuses & Incentives							
Other Insurance (define)							
Deferred Compensation/Retirement Plan							
Social Security Employer Contribution							
Unemployment Tax							
Recruiting / Advertising							
Furniture/Fixtures							
Travel							
Education and Training							
Telecommunications Services							
Rent							
Contractual Services (define)							
Express Mail Services							
Postage							
Printing							
Bank fees							
Reference Equipment (define)							
Supplies							
General Maintenance							
Dues and Subscriptions							
Stationary and Forms							
Information Technology Software							
Information Technology Hardware							
Fax machines							
Telephone system							
Electrical Modifications and Upgrades							
Travel, Public Carriers							
Travel, Personal Vehicle/Rental Car							
Travel, Subsistence and Lodging							
Travel Meal Reimbursements Overnight							
User Licensing Fees (define)							
Insurance							
Margin Before Tax							
Gross Receipts Tax							
Federal & State Tax							
Margin After Tax							
Total Revenue							
After Tax Profit#DIV/0!							
TOTAL							

Attachment Two

State Corporation Commission Form

Virginia State Corporation Commission (SCC) registration information. The offeror:

is a corporation or other business entity with the following SCC identification number:

_____ **-OR-**

is not a corporation, limited liability company, limited partnership, registered limited liability partnership, or business trust **-OR-**

is an out-of-state business entity that does not regularly and continuously maintain as part of its ordinary and customary business any employees, agents, offices, facilities, or inventories in Virginia (not counting any employees or agents in Virginia who merely solicit orders that require acceptance outside Virginia before they become contracts, and not counting any incidental presence of the offeror in Virginia that is needed in order to assemble, maintain, and repair goods in accordance with the contracts by which such goods were sold and shipped into Virginia from offeror's out-of-state location) **-OR-**

is an out-of-state business entity that is including with this proposal an opinion of legal counsel which accurately and completely discloses the undersigned offeror's current contacts with Virginia and describes why those contacts do not constitute the transaction of business in Virginia within the meaning of § 13.1-757 or other similar provisions in Titles 13.1 or 50 of the Code of Virginia.

****NOTE**** >> Check the following box if you have not completed any of the foregoing options but currently have pending before the SCC an application for authority to transact business in the Commonwealth of Virginia and wish to be considered for a waiver to allow you to submit the SCC identification number after the due date for proposals (the Commonwealth reserves the right to determine in its sole discretion whether to allow such waiver):

Attachment Three

Small Business Subcontracting Plan

It is the goal of the Commonwealth that over 42% of its purchases be made from small businesses. All potential offerors are required to submit a Small Business Subcontracting Plan.

Small Business: "Small business (including micro)" means a business which holds a certification as such by the Virginia Department of Small Business and Supplier Diversity (DSBSD) on the due date for proposals. This shall also include DSBSD-certified women- and minority-owned businesses when they also hold a DSBSD certification as a small business on the proposal due date. Currently, DSBSD offers small business certification and micro business designation to firms that qualify.

Certification applications are available through DSBSD online at www.DSBSD.virginia.gov (Customer Service).

Offeror Name: _____

Preparer Name: _____ **Date:** _____

Instructions

- A. If you are certified by the DSBSD as a micro/small business, complete only Section A of this form. This includes DSBSD-certified women-owned and minority-owned businesses when they have also received DSBSD small business certification.
- B. If you are not a DSBSD-certified small business, complete Section B of this form. For the proposal to be considered and the offeror to be declared responsive, the offeror shall identify the portions of the contract that will be subcontracted to DSBSD-certified small business for the initial contract period in relation to the offeror's total price for the initial contract period. in Section B.

Section A

If your firm is certified by the DSBSD provide your certification number and the date of certification.

Certification number: _____ Certification Date: _____

Section B

Populate the table below to show your firm's plans for utilization of DSBSD-certified small businesses in the performance of this contract for the initial contract period in relation to the offeror's total price for the initial contract period. Certified small businesses include but are not limited to DSBSD-certified women-owned and minority-owned businesses that have also received the DSBSD small business certification. Include plans to utilize small businesses as part of joint ventures, partnerships, subcontractors, suppliers, etc. It is important to note that these proposed participation will be incorporated into the subsequent contract and will be a requirement of the contract. Failure to obtain the proposed participation percentages may result in breach of the contract.

B. Plans for Utilization of DSBSD-Certified Small Businesses for this Procurement

Micro/Small Business Name & Address DSBSD Certificate #	Status if Micro/Small Business is also: Women (W), Minority (M)	Contact Person, Telephone & Email	Type of Goods and/or Services	Planned Involvement During Initial Period of the Contract	Planned Contract Dollars During Initial Period of the Contract (\$ or %)

Totals \$					

SAMPLE

FISCAL AGENT SERVICES AGREEMENT

EFFECTIVE DATE:

THIS AGREEMENT between the State Employee Workers' Compensation Services (**the Program**), NEW VENDOR, and the Department of Human Resource Management ("DHRM") is an addendum to the Contract to provide Fiscal Agent Services to the Workers' Compensation Program WCS 13-1 (**"Contract"**). NEW VENDOR will use the services of xx Bank (**"Bank"**) to provide all of the banking services required to support this program. The Agreement provides as follows:

WHEREAS, The Program, NEW VENDOR, and DHRM desire to establish a procedure to fund payments issued by NEW VENDOR under the Program; and

WHEREAS, NEW VENDOR has established account number (**xxx**) ("Zero Balance Account" or "ZBA") with the Bank for the payment of benefits under the Program. NEW VENDOR is the sole owner of this account and NEW VENDOR's subcontractor, the Claims Service Provider ("CSP") is responsible for the administration of the ZBA and all charges related to the ZBA; and

WHEREAS, NEW VENDOR has established a bank account, NEW VENDOR COV Funding (**Funding Account**), at the Bank numbered (**xxx**) which will receive deposits from the Program on a weekly basis, based on the volume of Workers' Compensation payments made during the previous week; and

WHEREAS, the purpose of the Funding Account is to deposit daily to the ZBA for the amount of the disbursements paid from the ZBA account for that day. The Program will reimburse to NEW VENDOR any **Bank** charges resulting from delays in deposits to the Funding Account. The Bank will apply against the SunTrust charges for this account an Earnings Credit Rate (ECR) of .25% (25 basis points) as calculated by the Bank. NEW VENDOR will add to its monthly invoice to the Program an amount of \$137 per month to cover the normal reoccurring banking cost and will apply the ECR.

WHEREAS, the Parties hereto desire, among other matters, to evidence the aforesaid agreements and obligations;

NOW, THEREFORE, in consideration of the promises and mutual agreements contained herein, the parties herein, agree as follows:

1. DHRM will deposit and be credited to the Funding Account an amount of \$2,000,000 (the Initial Deposit) by July 1, 2013 and thereafter will fund the account every Friday based on the funding process proposed by NEW VENDOR and approved by DHRM on the previous Wednesday. Should the Gross funding request (prior to the crediting of voids and stop payments) exceed \$2,000,000 in any one week, DHRM will add an additional deposit amount to the initial deposit amount at the request of NEW VENDOR to the Funding Account in an amount rounded up to

FISCAL AGENT SERVICES AGREEMENT
EFFECTIVE DATE:
PAGE 2

the next \$1,000. This increase when added to the initial funding deposit will constitute the new initial adjusted funding amount.

2. On July 1, 2013, NEW VENDOR will provide to DHRM a check register listing all outstanding checks and total as of June 30, 2013. DHRM will transfer effective July 1, 2013 from COV Funding Account number 201750600 to the NEW VENDOR COV Funding Account number 1000147007008 the amount of the outstanding checks.
3. A funding request will be submitted electronically to DHRM each Wednesday no later than 1:00 PM for the period covering the previous Wednesday through that following Tuesday. The funding request will be supported by a register that includes all checks written, ACH instructions delivered and all voids and stop pays issued during this period. A summary Funding Request Form will be submitted which includes the total checks written plus the total ACH instructions less the voids and stop payments. The funding request will be submitted to:
 - a. x x x
 - b. xxx
4. DHRM will assure deposit credit to the Funding account weekly each Friday based on the funding request issued the previous Wednesday. In the case of State holidays, the transactions specified in this Agreement will be completed the workday immediately prior to the holiday. This scheduled can be altered to accommodate extended workday closures.
5. Each business day, the Bank will identify and segregate all checks and automatic clearing house ("ACH") instructions drawn on the ZBA and present for payment as specified.
6. At the end of each business day, the Bank will debit the Funding Account for an amount sufficient to pay such disbursements, and will credit the ZBA for such amounts, and will pay such disbursements drawn on the ZBA for which sufficient collected funds exist.
7. The parties agree that the Bank shall have no obligation to pay disbursements that create an overdraft in the Funding Account. NEW VENDOR shall incur no liability for disbursements that are properly drawn on the ZBA and issued to beneficiaries of the Workers' Compensation Program. Accordingly, if at any time, sufficient collected funds are not made available in accordance with paragraph 2, above, to pay said disbursements, DHRM agrees to reimburse the Funding Account upon demand of any overdraft. The Bank's election to allow an overdraft from time to time will in no event constitute an agreement on the part of the Bank to do so at any other time. In any event, before

FISCAL AGENT SERVICES
AGREEMENT EFFECTIVE DATE:
PAGE 3

refusing to pay any disbursement drawn on the account for reason of insufficient funds, the Bank will notify NEW VENDOR who will notify DHRM to permit DHRM to wire transfer sufficient funds to preclude the overdraft. DHRM will reimburse NEW VENDOR for any costs incurred resulting in the failure of DHRM to meet its obligations under this Agreement

8. This Agreement is effective for the duration of Contract WCS 13-1.
9. Any Party may terminate this Agreement by giving ninety (90) days prior written notice to the other Parties. The termination of this Agreement shall not affect the rights or obligations of any Party arising prior to the effective date of such termination. This Agreement shall also be terminated in the event and at any time, if any, the Contract to provide Fiscal Agent Services to the Workers' Compensation Program is terminated.
10. No amendments or modifications to or of this Agreement shall be valid unless evidence in writing and signed by the Parties. Accounts may be added to or removed from this Agreement by written communication to the Bank by authorized signers of the funding account.
11. The Agreement will be governed by the laws of the Commonwealth of Virginia, and will be binding upon successors and assigns of the parties hereto.

IN WITNESS WHEREOF: the parties have caused this Agreement to be executed by the following authorized officials:

DEPARTMENT OF (STATE AGENCY)

By _____
(NAME OF DIRECTOR)
Director

Date _____

(NAME OF NEW VENDOR)

By _____
(VENDOR REPRESENTATIVE)
Principal

Date _____
(NAME OF NEW VENDOR)

By _____
(VENDOR REPRESENTATIVE)
Chief Financial Officer

Date _____

(NAME OF BANK) BANK

By _____
(BANK REPRESENTATIVE)
Vice President

Date _____

(SAMPLE)

COMMONWEALTH OF VIRGINIA
Department of Human Resource Management
STANDARD CONTRACT

Contract Number: WCS 19-01

This contract entered into this ____ day of _____ 2018, by _____ hereinafter called the "Contractor" and Commonwealth of Virginia, Department of Human Resource Management, Commonwealth of Virginia Campaign hereafter called the "Purchasing Agency."

WITNESSETH that the Contractor and the Purchasing Agency, in consideration of the mutual covenants, promises and agreements herein contained, agree as follows:

SCOPE OF CONTRACT: The Contractor shall provide the goods/services to the Purchasing Agency as set forth in the Contract Documents.

PERIOD OF PERFORMANCE: From July 1, 2018 through June 30, 2021.

The contract documents shall consist of:

- (1) This signed form;
- (2) The following portions of the Request for Proposal dated _____:
 - (a) The Statement of Needs,
 - (b) The General Terms and Conditions,
 - (c) The Special Terms and Conditions together with any negotiated modifications of those Special Conditions;
Attachment _____, Date _____
Attachment _____, Date _____
- (3) The Contractor's Proposal dated _____ and the following negotiated modifications to the Proposal, all of which documents are incorporated herein.

IN WITNESS WHEREOF, the parties have caused this Contract to be duly executed intending to be bound thereby.

CONTRACTOR:

PURCHASING AGENCY:

By: _____

By: _____

Title: _____

Title: _____

Note: This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, § 2.2-4343.1 or against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

