

State of Hawaii  
Department of Human Services  
Benefit, Employment and Support Services Division  
Child Care Program Office

## **Addendum 4**

**March 28, 2016**

**To**

**Request for Proposals**

**HMS 302-16-01-S**  
**Application/Payment Processing**  
**For DHS Child Care Subsidies**  
Date Issued: March 1, 2016

March 28, 2016

**ADDENDUM NO. 4**

To

**REQUEST FOR PROPOSALS**  
**Application/Payment Processing For DHS Child Care Subsidies**  
**HMS 302-16-01-S**

The Department of Human Services, Benefit, Employment and Support Services Division, Child Care Program Office is issuing this addendum to HMS-302-16-01-S, Application/Payment Processing For DHS Child Care Subsidies for the purposes of:

- Responding to questions that arose at the orientation meeting of March 9, 2016 and written questions subsequently submitted in accordance with Section 1-V, of the RFP.
- Amending the RFP.
- Final Revised Proposals

The proposal submittal deadline:

- is amended to <new date>.
- is not amended.
- for Final Revised Proposals is <date>.

Attached is (are):

- A summary of the questions raised and responses for purposes of clarification of the RFP requirements.
- Amendments to the RFP.
- Details of the request for final revised proposals.

If you have any questions, contact:

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**Responses to Written Questions  
HMS 302-16-01-S  
Application/Payment Processing for DHS Child Care Subsidies**

**1. Question: Is the budget of \$2,648,062.00 just to cover the Provider's operation costs?**

**Ref: Section 2, 2.1, F**

Response: Correct. The budget of \$2,648,062.00 for FY 17 is just to cover the provider's operation costs. The cost of child care subsidies to be issued is not included in this amount.

**2. Question: What is meant when the RFP says that the Provider will "issue" payments?**

**Ref: Section 2, 2.1, A.4.**

Response: This section states "Authorize and timely issue the DHS monthly child care subsidies for eligible families." The Provider will utilize the Department's Hawaii Automated Network of Assistance (HANA) system to issue individual child care subsidy payments to eligible clients. Child Care subsidy payments are paid to the client's financial institution or Electronic Benefit Transfer (EBT) account from the State's fiscal repository.

Ref: Section 2, 2.4., A.6., A.12, and A.14 of the RFP.

**3. Question: In reference to Section 2, 2.4, B, 1:**

**"The Provider shall recruit, hire, train and supervise the necessary staff to operate the project". Will the Department assume all or part of the child care subsidy training for the Provider's new hires, and maintain and update the child care subsidy curriculum?**

Response: The Department will be responsible to train (or re-train) staff. The Department may provide initial or additional training as necessary. It is the Department's expectation that the Provider participate in training conducted by the DHS or by select Provider staff certified or authorized by DHS, on the eligibility criteria for the caretakers, children and child care providers in order to make a determination of whether the applications for subsidies are approved or denied.

Ref: Section 2, 2.4, A.15

**4. Question. Can the Provider charge back to the Department for non-direct program work?**

Response: No more than 5 percent of the aggregate amount of funds available may be expended for administrative costs or "indirect costs" in each fiscal year. The Provider

selected must be able to detail how administrative costs or “indirect costs” can be directly attributed and allocated to direct services under this Agreement in order to request reimbursement for such administrative costs or “indirect costs” above the 5 percent limit, otherwise all administrative costs or “indirect costs” shall be subject to the 5 percent limit. See HRS Chapter 103F, Cost Principles for guidelines for determining which types of expenditures will be reimbursed, payment dollar limits, payment policy constraints, and requirements for verification and documentation.

Ref: Section 1, 1.2, Section 2, 2.5

Questions # 5 – 11 are referenced in Section 2, 2.4, 2.5 and 3 and Addendum #3 Performance Requirements and Penalty/Audit. “Providers” in this section means “Contract Providers”

**5. Question: Will the Provider be penalized for all errors whether they were in the Provider’s control or not? If they are limited to errors within the Provider’s control, can working definitions be created prior to the contract start?**

Response: For any audits completed by the Department of Human Services (DHS), the United States Department of Health and Human Services (DHHS), the State Auditor’s office, the auditor conducting the PROVIDER’s annual audit, the State shall be informed of any exceptions, fines, penalties or disallowances assessed for services provided through this Agreement. Where exceptions, fines, penalties or disallowances were the fault of the PROVIDER, the State may assess such exceptions, fines, penalties or disallowed costs from the PROVIDER. The STATE shall provide a written notice to the PROVIDER regarding the assessment of an audit disallowance, exception, fine or penalty against the STATE. The PROVIDER shall remit full payment to the STATE within 45 days of the date of the STATE’S written notice to the PROVIDER for the identified exception, fine, penalty or disallowance amount.

Ref: Section 2, 2.5

**6. Question: Will the penalty’s assessed to the Provider be limited to the Department’s findings of the 80 audited cases or to all (100%) of overpayment recoupments for the program?**

Response:

DHS staff shall randomly audit 20 application cases and 20 on-going cases quarterly based on contract objectives to determine if penalty will be imposed. The sample size for the state fiscal year is set at 80 application and 80 on-going cases. The penalty for each objective will be realized at the end of the contract period for each State fiscal year.

For any audits completed by the Department of Human Services (DHS), the United States Department of Health and Human Services (DHHS), the State Auditor’s office, the auditor conducting the PROVIDER’s annual audit, the State shall be informed of any

exceptions, fines, penalties or disallowances assessed for services provided through this Agreement. Where exceptions, fines, penalties or disallowances were the fault of the Provider, the State may assess such exceptions, fines, penalties or disallowed costs from the Provider. The STATE shall provide a written notice to the PROVIDER regarding the assessment of an audit disallowance, exception, fine or penalty against the STATE. The Provider shall remit full payment to the State within 45 days of the date of the State's written notice to the Provider for the identified exception, fine, penalty or disallowance amount.

The STATE shall randomly audit cases based on contract objectives to determine whether a penalty is imposed. The audited cases will be based on a scientific sample size determined by the Department's statistician or representative. The penalty for each objective will be realized after the end of the contract period for each State fiscal year, upon completion of twelve months of audits as determined by the Department. The PROVIDER shall incur a \$25,000.00 penalty for each objective that is not met.

Ref: Section 2, 2.4, B.3.vi. and 2.5

**7. Question: Will the 80 audited cases be limited to events exclusive to the new contract year.**

Response: No. DHS staff shall randomly audit 20 application cases and 20 on-going cases quarterly based on contract objectives to determine if penalty will be imposed. The sample size for the state fiscal year is set at 80 application and 80 on-going cases. The penalty for each objective will be realized at the end of the contract period for each State fiscal year.

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Ref: Section 2, 2.4, B.3.vi. and 2.5

**8. Question: Will the Department consider increasing the sample size for their audit to improve the statistical reliability.**

Response: DHS staff shall randomly audit 20 application cases and 20 on-going cases quarterly based on contract objectives to determine if penalty will be imposed. The sample size for the state fiscal year is set at 80 application and 80 on-going cases.

Ref: Section 2, 2.4, B.3.vi.

**9. Question: Will the Provider be responsible to repay all payment errors to the Department if it cannot be recouped from another party (child care provider, client) regardless of who the error was attributed to (Provider, child care provider, or client).**

Response:

For any audits completed by the Department of Human Services (DHS), the United States Department of Health and Human Services (DHHS), the State Auditor's office, the auditor conducting the PROVIDER's annual audit, the State shall be informed of any exceptions, fines, penalties or disallowances assessed for services provided through this Agreement. Where exceptions, fines, penalties or disallowances were the fault of the PROVIDER, the State may assess such exceptions, fines, penalties or disallowed costs from the PROVIDER. The STATE shall provide a written notice to the PROVIDER regarding the assessment of an audit disallowance, exception, fine or penalty against the STATE. The PROVIDER shall remit full payment to the STATE within 45 days of the date of the STATE'S written notice to the PROVIDER for the identified exception, fine, penalty or disallowance amount.

Ref: Section 2, 2.5

**10. Question: Will overpayment events (liabilities) that occurred prior to the contract starting July 1 be excluded from penalties for non-recovery of over payment.**

Response: DHS staff shall randomly audit 20 application cases and 20 on-going cases quarterly based on contract objectives to determine if penalty will be imposed. The sample size for the state fiscal year is set at 80 application and 80 on-going cases. The penalty for each objective will be realized at the end of the contract period for each State fiscal year.

For any audits completed by the Department of Human Services (DHS), the United States Department of Health and Human Services (DHHS), the State Auditor's office, the auditor conducting the PROVIDER's annual audit, the State shall be informed of any exceptions, fines, penalties or disallowances assessed for services provided through this

Agreement. Where exceptions, fines, penalties or disallowances were the fault of the Provider, the State may assess such exceptions, fines, penalties or disallowed costs from the Provider. The STATE shall provide a written notice to the PROVIDER regarding the assessment of an audit disallowance, exception, fine or penalty against the STATE. The Provider shall remit full payment to the State within 45 days of the date of the State's written notice to the Provider for the identified exception, fine, penalty or disallowance amount.

The STATE shall randomly audit cases based on contract objectives to determine whether a penalty is imposed. The audited cases will be based on a scientific sample size determined by the Department's statistician or representative. The penalty for each objective will be realized after the end of the contract period for each State fiscal year, upon completion of twelve months of audits as determined by the Department. The PROVIDER shall incur a \$25,000.00 penalty for each objective that is not met.

Ref: Section 2, 2.4, B.3.vi. and 2.5

**11. Question: What "activities" are allowed in the 5% cap on administrative fees? Does this mean 5% of the 2.6M mentioned in Section 2.1F or 5% of the CCDF block grant? Is the fixed fee based upon the total contract value?**

Response: No more than 5 percent of the aggregate amount of funds available may be expended for administrative costs or "indirect costs" in each fiscal year. For FY 2017, the aggregate amount cannot exceed \$131,403.00 which is based on the \$2,628,062.00 RFP funding amount. See HRS Chapter 103F, Cost Principles for guidelines for determining which types of expenditures will be allowable.

Ref: Section 1, 1.2, Section 2, 2.5, Section 3, 3.5, A, Section 5, Attachment C, Special Conditions, #7

**12. Question: Will the Provider need Department authorization for "start up" expenses used prior to July 1 to be able to meet contract requirements effective July 1?**

Response: Yes. Prior authorization is required. The applicant should describe in the submitted proposal and budget costs anticipated for start-up expenses. The STATE would further negotiate such proposed start-up expenses with the selected Provider prior to execution of the Agreement. See HRS Chapter 103F, Cost Principles for guidelines for determining which types of expenditures will be allowable.

Ref: Section 1, 1.2, Section 2, 2.5, Section 3, 3.5, A, Section 5, Attachment C, Special Conditions, #7.

**13. Question: Section 2, 2.4, A, 2 and 3 states:  
"Process approximately 1000 child care applications...manage ...caseload for approximately 7,500 eligible families..."**

**If the census falls below these “minimum and/or mandatory” numbers, what is the Department’s expectation of the Provider?**

Response: These numbers were provided in the RFP to give applicants an approximate idea of the subsidy caseload. The Provider will not be penalized if the numbers are lower than this estimation. However it is the Department’s expectation that the Provider will coordinate services with public agencies, non-profit organizations, and private business to increase and expand awareness and utilization of the child care subsidy program to increase these numbers.

Ref: Section 2, 2.4, A.27. and B.6.

**14. Question: Page 2-12 B Item 1: Personnel: “At least two staff from the organization shall be located at each site to meet the requirements of immediately authorizing and issuing new or replacement EBT cards to eligible families.” Can the Electronic Benefit Transfer (EBT) care be issued virtually vs. onsite, as long as the authorizer of the payment is not the issuer of the card?**

Response: At least two staff from the organization shall be located at each site to meet the requirements of immediately authorizing and issuing new or replacement EBT cards to eligible families.

Ref: Section 2, 2.4, B.1.

**15. Question:**

- **If the background clearance form is a requirement to meet the verification and documentation requirement will the Provider be required/allowed to maintain copies of the background clearance form?**
- **Will the Department create or allow the Provider to create a receipt form that clarifies how to correctly complete the receipt, to support proper child care receipt documentation?**
- **Will the Provider be found in error if receipts are completed that indicate the EBT amount in the Designated Provider Payment (DPP) line of the receipt even though there is no line for the EBT amount?**
- **Will the Provider be found in an error if there is no subsidy breakdown amount on the DHS 924 because the information is not provided by the parent?**
- **Will the Provider be able to send staff to learn and practice using the Department’s HANA training environment?**

Response: These questions do not apply to the RFP. They are specific to provision of services under the Agreement by the selected Provider. Once the contract is awarded, the selected Provider will be required to follow Departmental policies and procedures regarding the above. The selected Provider may discuss questions regarding the provision of services under the Agreement with the Department once the Agreement has been executed.

**16. Question: List the most prominent languages (other than English) that are found within the caseload, including the percentage of clients/child care providers who speak those languages. (Special Conditions #8)**

Response: Some the most prominent groups that require Limited English Proficiency (LEP) services are Chinese (Cantonese, Mandarin), Chuukese, Filipino (Ilocano, Tagalog), Vietnamese, and Spanish. For calendar year 2015, the current Provider of services provided 101 instances of LEP services under this Agreement.

Calendar Year 2015 – interpreter services provided for Child Care Subsidy families:

Cantonese	12
Chuukese	24
Ilokano	7
Japanese	5
Korean	2
LEP Hearing Impaired	1
Mandarin	14
Marshallese	1
Portuguese	1
Samoan	2
Spanish	19
Tagalog	7
Thai	1
Vietnamese	5
<b>Totals</b>	<b>101</b>

**17. Question: Provide the number of child care providers who are active in the system along with a breakdown by provider type (i.e. center-based, license-exempt, etc.).**

Response: For Federal Fiscal Year 2015 (October 1, 2014 – September 30, 2015), Hawaii DHS had these types of providers caring for children whose families receive subsidies:

- a. 530 licensed centers and group homes and registered family child care homes;
- b. 17 exempt centers; and

c. 4,633 exempt home-based providers.

**18. Question: Are payments issued by child or by provider each month**

Response: Payments are issued by child each month.

**19. Question: Describe the capabilities of the HANA system, especially as it relates to the actual calculation of the payments.**

Response: HANA is an on-line, interactive and fully integrated system that provides computerized services for child care subsidy as well as other Departmental programs in a single application. HANA is designed to provide on-line client tracking, case management, payment, and process automation. The HANA system also provides client application and participation information, provider information, documentation for issued benefits, client demographics, recoupment information as well as computerized report capabilities for line staff and administration. In addition, the application provides integrated, real-time interface into the Department's electronic case record management system (Electronic Case File (ECF) system).

**20. Question: Does the section in Addendum #3 that addresses page 3-4, 3.4 Service Delivery replace all of the language from the original RFP from the same section or should this language be added?**

Response: This section replaces all of the language from the original RFP from the same section.

**21. Question: The Proposal Application Checklist lists several Federal Certifications as included in Section 5 of the RFP however, these certifications appear to be missing. Are these required to be submitted with the proposal and if so, will DHS provide these?**

Response: These Federal Certifications are not required. There is no "X" under the "Required by Purchasing Agency" column.