

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

## **Addendum Number 1**

**Date Issued: August 14, 2006**

**To**

**Request for Proposals**

**RFP No. HMS 305-07-02-S**

**RFP Title: Child Care Payment Services**

**Date Issued: July 21, 2006**

August 14, 2006

**ADDENDUM NO. 1**

To

**REQUEST FOR PROPOSALS**  
**RFP No. HMS 305-07-02-S**  
**RFP Title: Child Care Payment Services**

The Department of Human Services, Benefits, Employment and Support Services Division, Employment/Child Care Program/Office, is issuing this addendum to RFP No. HMS 305-07-02-S, RFP Title: Child Care Payment Services, for the purposes of:

- Responding to questions that arose at the orientation meeting of August 1, 2006 and written questions subsequently submitted in accordance with Section 1-VI, 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 Question Raised by Applicants  
For RFP No. HMS 305-07-02-S  
RFP Title: Child Care Payment Services

1. **Question:** May one contractor bid both scopes of work as outlined in RFP HMS-305-07-01 and RFP HMS 305-07-02-S?

**Response:** *Yes.*

2. **Question:** Under what circumstances will DHS invoke the caseload cap? How quickly will DHS authorize additional contractor staffing should the caseload grow beyond the contractor's proposed caseload ratio?

**Response:** *The Department will determine the worker:caseload capacity initially based on the performance of DHS units that now authorize child care payments upon implementation of the child care Simplified Reporting process in September 2006 (eligibility reviews every six months, rather than monthly.) The total child care cases that received payments in July 2006 was 6,426 (POD = 950, FTW =1,182, and the remainder of 4,294 in the other DHS units.) The number of cases with payments per month fluctuates, dependent on whether families have turned in the required documentation, school breaks, etc. This "Payments" procurement includes the 4,294 child care cases with projected growth to 6,000 cases due to services via the "Outreach" procurement. Additionally, the DHS will review the Contractor's monthly program progress reports of the "payments" caseload and the HANA system reports, and the availability of funding, to decide on expansion potential.*

3. **Question:** Will DHS continue to hold the contractor liable for penalties for not meeting required quality percentages if the caseload grows beyond the 6,000 caseload level?

**Response:** *Any increase in funding to accommodate caseload growth will have the same conditions for penalties and bonuses.*

4. **Question:** Is the final summary report the same as the annual final written summary report in section (7) seven? If so, is it due 30 or 45 days after the end of the fourth calendar quarter?

**Response:** *The final annual written summary report of the program performance for the contract period is due 45 days after the end of each fiscal year (August 15<sup>th</sup>.)*

5. **Question:** What is the procedure to find out results of a background check and retrieve the necessary documents for the case file?

**Response:** *The Contractor for "Child Care Background Checks" of license-exempt providers is expected to complete the process within 30 days after receiving the referral from the "Payments" Contractor, then forward the results ("Record Found" or "No Record Found") to the "Payments" Contractor on a copy of the referring Form DHS 918 Child Care Certificate and Provider Confirmation Form.*

- 6. Question:** Section 2(III)(A) states the payment contractor shall receive the file folders containing the individual child care applications forms and supporting documents from the Outreach contractor, but in Section 2(1)(A) Overview, it specifies the payment contractor to receive the DHS child care application forms and documents and set up an individual case folders per family unit. Who is responsible to make the folders? Who is responsible to keep the physical cases that are closed? If the contractor is responsible, for how long?

**Response:** *The “Outreach” Contractor may forward the applicant’s completed child care application form and attached verifying documentation in simple file folders or manila envelopes. The “Payments” Contractor establishes and organizes the individual family’s child care case record. This case record includes the application materials and other documents generated and received in conducting activities related to determining eligibility and notices of action taken on the case. The Contractor maintains the closed cases for four years after the month the case is closed, or until informed that the DHS has a central storage space.*

- 7. Question:** What is your Quality Control process? What is the timeframe for sharing the results of the quality audits with the contractor? What is the State’s process for providing this information to the contractor?

**Response:** *The DHS Quality Control staff looks for achievement of contract objectives by selecting a percentage of cases to review. The report is normally completed within 60 days after the end of the reviews. A copy of the report given to the DHS Program Office is then sent to the Contractor.*

- 8. Question:** Will DHS provide requested number of families and children served each month from the HANA system, the number of families participating in each eligible type of activity, and the amounts of payments by child care program types in each of the islands?

**Response:** *A monthly report generated from HANA of Statewide child care cases (families and children) that received payments can be requested by the DHS program office, and also sent to the Contractor. The Contractor may be assigned unit numbers to differentiate each island’s caseload.*

- 9. Question:** What is the timeline for processing applications?

**Response:** *Upon date-stamped receipt from the “Outreach” Contractor of the completed child care application form and verifying documentation, the “Payments” Contractor shall determine the eligibility status of the caretakers, children, and provider, obtain the clearances for license-exempt providers, and (a) deny, or (b) approve and authorize, a child care payment within 30 days.*

- 10. Question:** Is the first payment amount for start up included in \$1,250,000.00 budget or is it a separate allocation provided by DHS? If it is a separate allocation, what is your projected start-up budget? What is included in the start-up?

**Response:** *There is only a reimbursement method and no advance payment for start-up cost when using federal funds. Start-up monies are included in the RFP*

*amount; there is not a separate start-up allocation. Start-up costs include obtaining space and necessary furniture, equipment, and supplies to conduct the services being procured, advertising for employees, and hiring and training them.*

- 11. Question:** On page 3-5 of the RFP for child care payment, it states that the bonuses will be based on the total annual (state fiscal year) expenditure amounts and not on the total allocated contract amount. Please clarify this statement. Is the Department referring to the amount the contractor has expended during the budget year or the amount the state has spent on child care payments?

**Response:** *Bonuses and penalties are based on the total expenditure amount the Contractor has reported to the DHS in the contract period per State fiscal year, and not on the total allocated contract amount.*

- 12. Question:** Is there a current vendor providing the services?

**Response:** *No, the services are now performed by State DHS staff Statewide.*

- 13. Question:** How many FTE are currently used to staff this unit?

**Response:** *There is no one DHS unit devoted exclusively to doing only child care payments for the entire State. There are 32 Statewide DHS units that carry out these services. Most of these staff are responsible for multiple payment cases, such as Food Stamps, Financial Assistance, and Child Care. Depending on census tract and geographical assignment, assigned staff has a caseload that ranges between 13-284 families. Of the July 2006 total of 4,294 child care cases that received payments that are not FTW or POD, approximately 57% are on Oahu, 6% on Kauai, 15% in Maui County, 4% in West Hawaii, and 18% in East Hawaii.*

- 14. Question:** How are the First-to-Work families served at this time? How does processing these subsidy payments differ from processing the other child care subsidies? How many staff people (FTEs) currently conduct the child care subsidy function for the First-to-Work families?

**Response:** *First-to-Work (FTW) families Statewide receive child care payments from their FTW assigned workers to support their employment plans. These workers have multiple functions, and authorizing child care payments is a small part of their responsibilities toward the families. FTW child care payments are processed through HANA just like the services in this procurement. The caseload depends on census tract and geographical assignment, ranging from 2-50 per worker. Of the July 2006 FTW child care cases of 1,182, 81% are on Oahu, 15% in East Hawaii, 2% on Kauai, and less than 1% each in West Hawaii and Maui County.*

- 15. Question:** Please confirm that the budgeted amount of \$1,250,000 is for the 9 month initial contract period? If the contract was extended for a second and third year, will that amount be prorated over a full year (i.e., 12 months)? Can those contract amounts be increased to account for the 12 month period?

**Response:** *The \$1,250,000 is available for the initial contract period, and includes the start-up cost that is reimbursable. The start-up cost for furniture and equipment*

*will be deducted from consideration of the contract amount for a succeeding 12-month State fiscal year of operations. The RFP page 2-4 item "F" provides information that the services are subject to increase or decrease per State fiscal year, and are dependent on certain conditions.*

**16. Question:** How frequently will eligibility be determined?

**Response:** *Eligibility for child care payments will be determined after receipt of child care applications and approval of license-exempt child care providers, every six months for continuing child care cases on the Simplified Reporting sequence, and whenever families report mandatory changes as they occur. All these activities can occur daily.*

**17. Question:** What are the outcome measures that will be used to determine bonuses and penalties?

**Response:** *These measures on revised page 3-5 are (a) accuracy of payments and (b) timeliness of processing the child care payments.*

**18. Question:** Will it be the responsibility of the selected vendor to develop their own case management tracking system and that the State will not be providing access to one?

**Response:** *The Contractor will track its contract activities and objectives. The DHS HANA system has the capability to track action taken on child care applications, sort the caseload activity by assigned workers and unit numbers, generate notices when eligibility reviews are due, alert workers when children attain age 5 and 13, etc.*

**19. Question:** Does Hawaii anticipate a transition period during the contract start-up?

**Response:** *The DHS will offer an opportunity for Contractor staff to shadow DHS staff that currently does the child care payments. Cases will be transferred in increments to the Contractor.*

RFP No. HMS 305-07-02-S

RFP Title: Child Care Payment Services is amended as follows:

*Subsection Page*

**Section 1, Administrative Overview**

None

**Section 2, Service Specifications**

I(C) 2-2

Measurable objectives are reduced to 2:  
Payment accuracy and timely processing of application. Other objectives originally listed are relegated to the description of activities in Att. "D."

III (B)2 2-9

Staff. Explain **attrition** back-up plan.

III (B)7 2-12

Annual: 45 days.

**Section 3, Proposal Application Instructions**

V (A) 3-4

**Pricing Structure: 6,000, not 6,100 families.**

3-5

There may also be a **5%** penalty imposed if certain **payment accuracy and timeliness** requirements are not met.

**Bonus: Add:**

**2. Application disposition within 30 days = 5% bonus.**

**Penalty: Add:**

**2. Application disposition after 30 days = 5% penalty.**

Application disposition means the Contractor denies or approves the application with documentation based on DHS eligibility criteria for the caretakers, children, providers, and qualifying activity and income.

**Section 4, Proposal Evaluation**

No Changes

**Section 5, Attachments**

C 1. Time

Special Conditions. ...**the period of October 16, 2006 to and including June 30, 2007, unless otherwise terminated.**

D. 1.

Contractor date-stamps the application

D.6

material and copy of the cover letter  
upon receipt from the “Outreach”  
Contractor.  
Contractor issues payment within one  
week of establishing eligibility.