

Amendment # 9
 Issued on: December 26, 2007

For Requests for Proposals RFP-MQD-2008-006
 QUEST Expanded Access (QExA) Managed Care Plans to Cover Eligible Individuals Who Are Aged, Blind or Disabled

As a clarification to two Questions and Answers (question #347 in Q&A Technical RFP-2008-006 and question #448 in Q&A Business RFP-2008-006, both released on November 15, 2007), this Amendment adds the definition of “pre-tax capitation rate,” and makes clarifying changes to section 90, Business Proposal/Bid Rate Submissions, and section 100, Evaluation and Selection, related to the pre-tax capitation rate. This Amendment allows applicants the option of submitting a final revised business proposal if the applicant feels that this clarification impacts the applicant’s initial business proposal that was submitted on or before the Proposal Due Date.

#	RFP Section #	RFP Language	Amendment
1	21.300 Submission of Proposals	The last paragraph of section 21.300 reads: Applicants may submit a final revised business proposal for submission on or before January 7, 2008 in the manner consistent with this section. The DHS will review the initial business proposal that was submitted on or before the Proposal Due Date for completeness. If the applicant submits a final revised business proposal, the DHS will replace only the section(s) of each applicant’s initial proposal that are amended. If an applicant does not submit a final revised business proposal, then the applicant’s initial business proposal shall be deemed to be the applicant’s final revised proposal.	The last paragraph of section 21.300 is amended to read: Applicants may submit a final revised business proposal for submission on or before January 7, 2008 January 14, 2008 in the manner consistent with this section. The DHS will review the initial business proposal that was submitted on or before the Proposal Due Date for completeness. If the applicant submits a final revised business proposal, the DHS will replace only the section(s) of each applicant’s initial proposal that are amended. If an applicant does not submit a final revised business proposal, then the applicant’s initial business proposal shall be deemed to be the applicant’s final revised proposal.

#	RFP Section #	RFP Language	Amendment
2	30.200 Definitions		<p>The following definition is added:</p> <p>Pre-Tax Capitation Rate (also referred to as Pre-Tax Rate) - The pre-tax capitation rate is the applicant's proposed capitation rate excluding only the Hawaii general excise tax (GET) and insurance premium tax, if applicable, and includes any other applicable federal, state, or local taxes, including but not limited to state or federal income taxes.</p>
3	70.100 Terms and Conditions, General	<p>The fifth paragraph reads:</p> <p>The health plan shall comply with all laws, ordinances, codes, rules and regulations of the federal, state and local governments that in any way affect its performance under this contract. The standard State General Conditions found in Appendix K shall be incorporated into and become part of the contract between the contractor and DHS.</p>	<p>Delete paragraph 5 as it is duplicative of paragraph 3.</p> <p>The health plan shall comply with all laws, ordinances, codes, rules and regulations of the federal, state and local governments that in any way affect its performance under this contract. The standard State General Conditions found in Appendix K shall be incorporated into and become part of the contract between the contractor and DHS.</p>

#	RFP Section #	RFP Language	Amendment
4	70.100 Terms and Conditions, General	<p>The seventh paragraph (sixth paragraph after the deletion of the fifth paragraph) reads:</p> <p>The health plan shall pay all taxes lawfully imposed upon it with respect to the contract or any product delivered in accordance herewith. The DHS makes no representations whatsoever as to the liability or exemption from liability of the health plan to any tax imposed by any governmental entity.</p>	<p>Amend the seventh paragraph (sixth paragraph after the deletion of the fifth paragraph):</p> <p>The health plan shall pay all taxes lawfully imposed upon it with respect to the contract or any product delivered in accordance herewith. Depending on corporate structure, licensure status, or other statutory exemptions, health plans may be liable for, or exempt from, federal, state, and/or local taxes including but specifically not limited to taxes on gross income, the Hawaii general excise tax (HRS chapter 237), and the insurance premium tax (HRS chapter 431, subchapter 7). Each health plan is responsible for determining whether it is subject to, or exempt from, any such federal, state, or local taxes. The DHS makes no representations whatsoever as to the liability for or exemption from liability of the health plan to any tax imposed by any governmental entity.</p>
5	90.200, first paragraph Overview of the Rate Structure	<p>The first sentence of section 90.200 reads:</p> <p>For any given QExA managed care member, the DHS will pay a capitation rate computed as a base rate (with rating categories specific to the health plan, aid category and island of residence, as well as differentiating between rating classes defined as nursing facility, home and community based, and medical only members) multiplied by an age/gender factor (specific to aid category and rating class).</p>	<p>Amend the first sentence of section 90.200 to read:</p> <p>For any given QExA managed care member, the DHS will pay a capitation rate computed as a pre-tax base rate (with rating categories specific to the health plan, aid category and island of residence, as well as differentiating between rating classes defined as nursing facility, home and community based, and medical only members), plus any applicable insurance premium tax and/or Hawaii General Excise Tax (GET), multiplied by an age/gender factor (specific to aid category and rating class).</p>

#	RFP Section #	RFP Language	Amendment
6	90.300, bullet #4 Bidding Rules and Requirements	The amended bullet #4 reads: <ul style="list-style-type: none"> The pre-tax-capitation rates in Bid Forms 2A – 2L must tie to the corresponding capitation rates on Bid Form 1. 	Bullet #4 is amended to read: <ul style="list-style-type: none"> The pre-tax capitation rates in on line 12 of Bid Forms 2A – 2L must tie to coincide with the corresponding capitation rates on Bid Form 1.
7	90.300 Bidding Rules and Requirements		Add the following bullet after bullet #4 as bullet #5: <ul style="list-style-type: none"> Line 13 of Bid Forms 2A – 2L titled General Excise Tax shall be adjusted to include insurance premium tax, if applicable.
8	100.500 Business Proposal Evaluation	Amended first paragraph reads: For all applicants, the pre-tax capitation rate is the rate cell that will be used for scoring. The pre-tax capitation rate is the capitation rate prior to adding general excise tax. The pre-tax rate does not exclude Federal, State, or Local taxes for applicants subject to additional taxes to include by not limited to: income premium tax or State or Federal income tax. Should the contract be awarded to an applicant subject to the general excise tax, the pre-tax bid rates will be increased to include the cost of the general excise tax.	Replace the first paragraph in its entirety with the following: The Department of Human Services (DHS) will disregard the amount of any applicable insurance premium tax and/or Hawaii general excise tax (GET), and will use the pre-tax capitation rate from the bid forms when scoring the proposals in order to make a fair comparison of prices for the contracted services only. This mechanism for evaluating bid rates does not in any way exempt an applicant from its obligation, if any, to pay the insurance premium tax and/or GET.

#	RFP Section #	RFP Language	Amendment
9	100.700 Contract Award		<p>The following paragraph is added to the end of section 100.700:</p> <p>Applicants who are subject to the insurance premium tax and/or Hawaii general excise tax (GET) will get paid the applicant's quoted pre-tax capitation rate, as the same may be adjusted under section 90.400, plus any applicable insurance premium tax and/or GET, multiplied by an age/gender factor as provided under section 90.200. Applicants who are not subject to the insurance premium tax and/or GET will be paid their quoted pre-tax rates as adjusted under sections 90.200 and 90.400.</p>
10	Databook Bid Forms	<p>The clarification provided in Amendment #8 is deleted.</p> <p>As a clarification to two Question and Answer's during the QExA RFP (question #347 in Q&A Technical RFP-2008-006 and question #448 in Q&A Business RFP-2008-006 both release on November 15, 2007), the Department of Human Services (DHS) will disregard the amount of general excise tax (GET) paid by for-profit applicants only for purposes of evaluating bid prices during the procurement process (i.e., using the pre-tax capitation rate for evaluation). This results in an apples-to-apples comparison of prices for the contracted services only. The pre-tax capitation rate only disregards GET, not other Federal, State, or Local taxes to include by not limited to: insurance premium tax or State or Federal income tax.</p> <p>Once contracts are awarded, applicants who are subject to the GET (for-profit) will get paid the quoted bid price plus any applicable GET, which is passed through to the Hawaii Department of Taxation. Applicants who are not subject to the GET (non-for-profit) would get paid the bid price. Ultimately, all applicants, whether for-profit or non-for-profit, get paid their quoted bid price. This mechanism for evaluating bid prices does not in any way waive an applicant's obligation to pay the GET, and is an accepted cost of doing business in Hawaii, which all State agencies absorb through their contracts for goods and services. The DHS been advised that there is no repeal or exemption of the GET resulting from the State's payment of this cost to the applicant.</p>	