

# KERN HEALTH SYSTEMS

9700 Stockdale  
Bakersfield, CA 93311

## Request For Proposal Professional Service Agreement

TO

Provide the ANSI X12 835 Health Care  
Remittance Transaction with a format  
change from 4010 to 5010 in 2012

June 2010

## TABLE OF CONTENTS

### **A. INSTRUCTION AND CONDITIONS**

- 1.** Definitions
- 2.** Preparation of Responses
- 3.** Explanation to Bidders
- 4.** Amendments
- 5.** Submitting Proposals
- 6.** Non-Collusion Affidavit
- 7.** Bidders Response Information
- 8.** Award of Contract
- 9.** Evaluation Process
- 10.** Company Evaluation
- 11.** Late Bids
- 12.** Cost of Preparation of Bids
- 13.** Withdrawal of Bids
- 14.** Payment
- 15.** Miscellaneous
- 16.** Timeline

### **B. STATEMENT OF PURPOSE**

### **C. BACKGROUND INFORMATION ATTACHMENTS**

- Attachment A: Proposal Signature Verification
  - Attachment B: Statement of Work
  - Attachment C: Company Evaluation Criteria
  - Attachment D: Proposal Costs
  - Attachment E: Non-Collusion Affidavit
-

## **A. Instructions and Conditions**

### **1. DEFINITIONS**

- a) As used herein, "RFP" means "Request For Proposal."
- b) As used herein, "KHS" means "Kern Health Systems."
- c) As used herein, "DHCS" means California's "Department of HealthCare Services."

### **2. PREPARATION OF RESPONSES (Instructions to Bidders)**

- a) Before submitting a Proposal, each Bidder is expected to thoroughly examine the specifications in the Attachments, and all other related contractual documents included in this RFP, including subsequent amendments to the RFP. Failure to do so will be at the Bidder's risk, and will not bar the Bidder's obligation to perform if a contract is awarded pursuant to this RFP.

Each Bidder shall submit as part of their Proposal completed copies of Attachments: A "Proposal Signature Verification", E "Non-Collusion Affidavit".

- b) Each Bidder shall complete Attachments B, C, and D according to the instructions on each of the attachments.
- c) Each Bidder must be satisfied by personal examination and by such other means as it may prefer, as to the actual conditions and requirements under which the contract will be performed.

### **3. EXPLANATION TO BIDDERS**

- a) If a Bidder desires an explanation of any kind regarding provisions of this RFP, the Bidder must generate a written request for such explanation. The request may be faxed, e-mailed to [RFP@khs-net.com](mailto:RFP@khs-net.com) or addressed to:

Kern Health Systems – Attention: Purchasing Dept.  
9700 Stockdale Highway  
Bakersfield, CA 93311

- b) Requests for explanation must be submitted by **July 2, 2010 at 5:00 p.m.**, allowing sufficient time for a reply to reach all Bidders before the submission of their Proposals. The Purchasing Agent, or duly authorized personnel, will advise all candidates known to have received a copy of the RFP of each question and subsequent explanation.

### **4. AMENDMENTS**

- a) Bidders are advised that KHS reserves the right to amend the requirements of this RFP prior to the date set for opening of bids. Such revisions will be done formally by

## **A. Instructions and Conditions**

publishing amendments to all Bidders known to have received a copy of the RFP. This may be done via fax, or mail, or other method as determined by KHS. If in the judgment of KHS, the change is of such nature that additional time is required for Bidders to prepare their Proposals, KHS will change the date of the Proposal opening and notify all Bidders by e-mail and it will be posted to the KHS website.

- b)** Bidders are requested to acknowledge receipt of amendments to an RFP. This may be done by any one of the following means:
  - 1. Sign and return the amendment via e-mail or fax.
  - 2. Sign “Attachment A, Proposal Signature Verification”

## **5. SUBMITTING PROPOSALS**

- a)** Mailed or Third-party Delivered Proposals and amendments of Proposals shall be enclosed in sealed envelopes and addressed to KHS Purchasing Department, 9700 Stockdale Highway, Bakersfield, CA 93311 PROPOSALS SHALL BE CLEARLY IDENTIFIED BY STATING “ATTENTION: PROPOSAL FOR ANSIX12 835 SHOWN ON THE OUTSIDE OF THE ENVELOPE. Proposals and/or amendments may be hand carried, but the foregoing information will nevertheless be required for identification purposes. KHS is not responsible for delinquent delivery issues.
- b)** Hand Delivered Proposals and amendments of Proposals shall be furnished as noted above and delivered to: KHS – Attention: Purchasing Dept, 9700 Stockdale Highway, Bakersfield, CA 93311
- c)** Telegraphic (faxed) proposals and amendments will NOT be considered.
- d)** E-mail or other electronic submissions will NOT be considered.
- e)** Alternate Proposals are NOT authorized and will not be considered.
- f)** All Proposals must be received by KHS no later than Date: July 21, 2010, Time: 5:00 pm). Late Proposals will not be considered or accepted.

## **6. NON-COLLUSION AFFIDAVIT**

Each Bidder is required to complete the document entitled, “NON-COLLUSION AFFIDAVIT” on the form provided herein (Attachment E).

## **7. BIDDERS RESPONSE INFORMATION**

Since KHS is a public entity, all responses may be disclosed through the Public Records Act. KHS may keep submissions and negotiations confidential until the Governing Board approves the final contract and/or a Purchase Order contract is issued.

---

## **A. Instructions and Conditions**

### **8. AWARD OF CONTRACT**

- a) Award will be made, in whole or in part, to the responsive, responsible Bidder whose Proposal is most advantageous to KHS, price, delivery, and other factors considered.
- b) KHS may reject any or all bids, and may waive informalities and minor irregularities in bids received.
- c) NOTE: ALL CONTRACTS ARE SUBJECT TO KHS BOARD APPROVAL

### **9. EVALUATION PROCESS**

- a) The determination and final selection of the successful Bidder will be based upon evaluation by KHS considering all appropriate factors and such other criteria (subjective and otherwise) as KHS may, at its sole discretion, deem relevant. In no event will KHS be limited to selecting a successful Bidder based solely upon total cost submitted.
- b) Including the Total Price, the following overall factors will be considered:
  - Corporate capabilities
  - Responsiveness to RFP
  - Experience with Health Care Remittance Transaction data sets.
  - Value-added services
  - Timeliness of service
  - Trade reference and/or referrals
- c) KHS will provide special consideration with all vendors located within Kern County.

### **10. COMPANY EVALUATION**

- a) Bidders shall provide responses to the series of questions and information requested in Attachment C that will be used to evaluate the bidder's company. Responses to individual questions/information request should be kept to a single page—except as designated.

### **11. LATE BIDS**

No Proposal or Proposal Amendment received at the office designated in this RFP after the time set for receipt specified in this RFP will be considered or accepted.

### **12. COST OF PREPARATION OF BIDS**

Costs for developing responses to this Proposal are entirely the responsibility of the Bidder.

### **13. WITHDRAWAL OF BIDS**

---

## **A. Instructions and Conditions**

- a) Proposals may be withdrawn by telegram, by letter or in person by a Bidder or an authorized representative possessing proper identification and written proof of his authority to act on behalf of the Bidder. If withdrawn in person by a Bidder or a representative of the Bidder, the person withdrawing the Proposal will be required to sign a receipt for the Proposal.
- b) Withdrawal action of any type must be done before the date and time specified for opening of bids in this RFP.

## **14. PAYMENT**

Invoices for services rendered shall be directed to:

Kern Health Systems  
Accounts Payable  
9700 Stockdale Highway  
Bakersfield, CA 93311

Payment will be made upon receipt of an appropriate invoice and determination by KHS where products and/or services have been satisfactorily provided. Payment terms are Net 30 after receipt of a valid invoice. KHS is unable to take advantage of any prompt-payment discounts. KHS is not responsible for misdirected invoices.

## **15. MISCELLANEOUS**

- a) The successful Bidder may not assign any part of its obligations without the prior written consent of KHS.
- b) The successful bidder will enter into a "Professional Services Agreement" with Kern Health Systems. A special agreement is attached to this RFP. If the bidder is unable to meet the terms of the professional services agreement, so note any objections when submitting the bid.

## **16. TIMELINE**

The following timeline is based on KHS's requirements and will be strictly adhered to unless modified by amendment:

- June 25, 2010 RFP release
- July 02, 2010 Bidders Questions Due (1:00pm) Please e-mail.
- July 06, 2010 KHS will e-mail responses to all bidders
- July 21, 2010 Proposals due (5:00 p.m.)
- July 23, 2010 Proposal evaluations complete, finalists selected
- July 26, 2010 Contract negotiations
- Aug 12, 2010 Proposed contract presented to KHS Governing Board for approval
- Aug 13, 2010 Award Announcement
- Oct 01, 2010 Installation completed, service fully implemented

## B. Statement Of Purpose

This RFP contains a list of requirements for the development of the ANSI X12 835 Remittance Advice for Kern Health Systems.

KHS is soliciting responses from qualified vendors to address the stated requirements of this RFP. A qualified vendor, for the purpose of this RFP, is one that can reliably and independently provide the required services to KHS for the entire term of the agreement.

Upon receipt of this RFP recipients are expected to read and understand the service priorities and requirements that have been defined by KHS. Ample opportunity will be given to ask questions and receive clarification. The final proposal submitted should include all appropriate goods and services required to satisfy the identified priorities and requirements. KHS will look to the selected vendor for technical compatibility of components and application requirements satisfaction during the entire term of the agreement.

KHS management would prefer to have an on-going relationship with the chosen Vendor. The character and operating principles of the successful Vendor are important to KHS management. The following sections ask questions about the history and purpose of the Vendor's company. Please answer the specific questions. If additional information would be informative to KHS management please add it to the last question in each section. Bidders should number all responses with the section letter and section number.

### **c. Background Information**

KHS is a public agency formed under the California Government Code. KHS operated in “start-up” mode from April 1994 to September 1, 1996. KHS began full operations on September 1, 1996. One-half of KHS’s revenues come from the state of California and the other half is from the federal government.

KHS serves about 115,000, Healthy Families participants in Kern County.

Medi-Cal is a jointly funded, Federal-State health insurance program for low-income and needy people. Medi-Cal health benefits are generally offered at no cost to qualified families and children.

The HF Program is also a jointly funded Federal-State program that provides health, dental and vision coverage to children of families with income up to 250% of the Federal Poverty Level. Families that qualify for HF Program pay monthly premiums of \$4 to \$15 per child per month to maintain coverage.

# Attachment A

## PROPOSAL SIGNATURE VERIFICATION

All offers in response to this RFP must be received on or before **July 23, 2010** by (Time) **5:00 p.m.** at the office of **Kern Health Systems, Attn: Purchasing Dept., 9700 Stockdale Highway, Bakersfield, CA 93311.** All offers are subject to the attached Instructions and Conditions, general provisions, special provisions, and Attachments. The undersigned agrees, if its offer is accepted (in whole or in part) to provide products, other materials, and services as set forth in the Attachments, in accordance with the provisions of this RFP and as may be negotiated prior to the award.

Offer Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone Number: \_\_\_\_\_ FAX: \_\_\_\_\_

Typed or printed name and title  
of person authorized to sign offer: \_\_\_\_\_

Signature of Authorized Person: \_\_\_\_\_

Date of Offer: \_\_\_\_\_

Grand Total of "Attachment D": \$\_\_\_\_\_

### Acknowledgment of Amendments

The Offer acknowledges receipt of Amendments to the RFP numbered and dated as follows:

Amend #	Date	Amend #	Date	Amend #	Date

## Attachment B

### STATEMENT OF WORK PROJECT DELIVERABLES

#### Description of Proposer's Products and Services

##### A. Background

In an effort to reduce the administrative costs of health care across the nation, Congress passed the Health Insurance Portability and Accountability Act (HIPAA) in 1996. This legislation requires that health insurance payers in the United States comply with the electronic data interchange (EDI) standards for health care, established by the Secretary of Health and Human Services (HHS). For the health care industry to achieve the potential administrative cost savings with EDI, standard transactions and code sets have been developed and need to be implemented consistently by all organizations involved in the electronic exchange of data. The version 4010 ANSI X12N 835 Health Care Claim Payment/Advice transaction provides the standardized data requirements to be implemented for all health care claim payment and associated remittance information issued electronically for providers by health plans and their intermediaries.

##### B. Project Summary

Kern Health Systems (KHS) has created an EDI environment in Microsoft BizTalk 2006 R2 with a Microsoft SQL 2005 database. KHS currently receives the 4010 ANSI X12N 837 Healthcare Claims transaction and stores the information in the Microsoft database. KHS uses DST PowerMHC for adjudication and extracts all claims information hourly from the PowerMHC database into an operational data store (ODS) that resides on a Microsoft SQL 2008 database. KHS has been requested to provide the X12 835 transaction and does not have the resources available to build the transaction. KHS has published this RFP to solicit vendors that have EDI experience to build the 4010 ANSI X12N 835 transaction in Microsoft BizTalk 2006 R2, and the corresponding and accompanying 4010 ANSI X12 997 and TAI transactions. KHS will provide the supporting databases, as described, and the transaction will need to be published on a weekly basis in a two hour window for three KHS contracted clearinghouses: Office Ally, Relay Health, and Emdeon. The transactions will need to be published to the KHS SFTP server where the clearinghouses retrieve the file. The transaction history will need to be recorded in a newly created database for reporting and reconciliation. The transaction will need to be created using KHS' current architecture, and the code will need to be reviewed by a KHS EDI developer prior to acceptance by KHS. This will ensure that the transaction is built using the same architectural concepts and style currently installed by KHS. The project will be managed by KHS and the EDI developer will be required to attend a daily fifteen minute scrum session with the KHS EDI team to communicate project progress.

##### C. Describe Infrastructure

1. Microsoft BizTalk 2006 R2
2. Microsoft SQL Server 2003
3. Microsoft Server 2003 R2 SP2
4. GlobalScope Secure FTP Server 3.3.1
5. ESX 3.5 Update 4 VMWare
6. Virtual Server 2 CPU 8GB RAM
7. Checkpoint VPN-1 SecureClient NGX R60 HFA-03

## Attachment B

- D. Define KHS' responsibilities in relation to the delivery of the products and/or services.  
KHS will provide all operational support of hardware and software updates as necessary for the EDI environment. KHS will provide a Project Manager that will review the project with the selected vendor on a daily basis, and provide updates to KHS management. KHS will provide an EDI code review by a qualified BizTalk EDI developer prior to production to ensure that the development has occurred in a similar manner to the established EDI environment.
- E. Describe the vendor documentation expectation(s).
1. System design document (SDD) for the 835 tool.
  2. System data flow diagram (DFD) and description of the 835 tool.
  3. KHS X12 Companion Guide outlining the fields and mapping of the 835 data elements.
- F. Describe the licensing model or expectation.  
All software that is created in the EDI environment will be the sole property of Kern Health Systems.
- G. Describe the remote access available by/for our systems/network(s).  
Kern Health Systems provides a virtual development environment using ESX VMWare 3.5. Code is stored in Visual Studio Team System 2008 Team Foundation Server, and developers have dedicated virtual servers running Windows Server 2003 R2 SP2, Visual Studio 2005 SP1, Visual Studio 2008 SP1 and Biztalk Server 2006 Dev Edition. The virtual environment is available remotely over a Microsoft RDP session to 32-bit Windows systems using the Checkpoint VPN-1 SecureClient.
- H. Describe the technical support provided/available for your product(s)/service(s).  
Kern Health System requires that the vendor's EDI developer provide twenty hours (20) of technical support during the duration of the project to the KHS EDI developer to explain the 835 project that has been created in Microsoft BizTalk. Any future technical support or work requirements not covered under this RFP will be separate services that will require a separate contract for time and materials.
- I. Kern Health Systems has estimated the project will consume manhours per the budget. However, the bidder is bidding to complete the project and should use this estimation as a guide only. Kern Health Systems expects the bid price to include the list to complete the project.

### Proposed Work Hours

1. Project Management – 30 hours
2. EDI BizTalk Developer – 240 hours.
3. Operational Support – 0 hours.
4. Database Development – 40 hours.
5. Testing Services – 40 hours.
6. Technical Writer – 35 hours.

## Attachment B

### J. Expected Implementation Timeline

A. Installation: The project is expected to take six weeks of development effort, and one week of testing services.

B. Completion: October 1, 2010.

### K. Technical Diagram or Attachments

A. KHS 835 Process (Visio)

B. EDI 837 Model (Image)

C. ODS Claims Subject Area (Image)

Note: These documents are available in electronic format.

### B. Describe the products and/or services your company provides with regard to the following items:

1. 4010 ANSI X12N 835

2. Reporting services associated with 4010 ANSI X12N 835

3. Please provide contingency topics

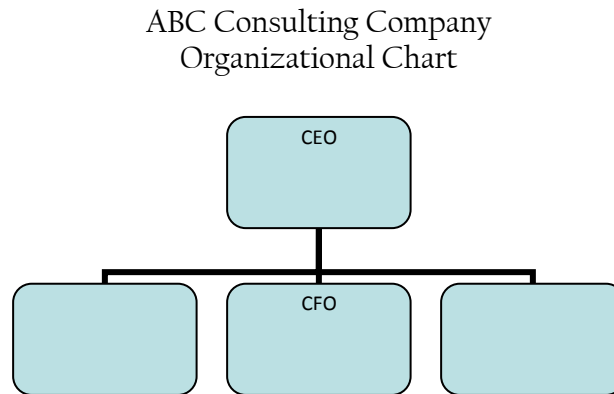
### C. What are the terms of your standard contract/licensing agreement?

### D. Identify the transportation costs (if any) KHS will pay associated with a program to solve this project.

## Attachment C

### COMPANY EVALUATION CRITERIA

- A. Provide a “functional organizational chart” of your company. Indicate the name and experience of the Manager or Lead Employee that will be assigned to Kern Health Systems and what functional area this position reports to. If your company is NOT a full service consulting organization, indicate which services are subcontracted in the “functional organizational chart.” The following chart is for illustration purposes only:



- B. **IMPORTANT:** If any type of prepayment is required the bidder must provide company’s summary of its present financial status and performance for the past three (3) years. Copies of your financial statements are necessary and must be part of your proposal submission.
- C. Organizational information
1. Provide a summary list of the organizational personnel that will actively participate and contribute their skills to this project. Include in this list the individual’s name, job title, work location and relevant experience in projects of similar size and complexity. (Responses may be one page per individual.)
  2. Provide a summary of the work plan and/or methodology and physical resources (staff and equipment) your company will commit to ensure successful project completion. (Response may be up to four pages.)
  3. Summarize your company’s overall project services that you are able and willing to provide.
  4. Provide three current customer references of organizations currently receiving products or services similar to those proposed. Include in the reference list organization name, location, contact name and telephone number.
  5. Summarize your billing procedures.
  6. List the members of your organization who are authorized to negotiate Proposals/Contracts.

## Attachment C

7. What is your company's Mission Statement?
8. How long has your company been in business?
9. Describe the educational background and experience of the key members of the project team your firm would assign to KHS's project.
10. Describe your firm's experience with Health Maintenance Organizations.
11. Describe your firm's relationship/experience with governmental regulators (e.g. Department of Health Services, Department of Corporations, and the Health Care Financing Administration).
12. Does your firm perform audits or consulting services for any Independent Physician Associations (IPAs) or hospitals listed on "Attachment G?"
13. Is your firm under investigation or being sued by any governmental agency?
14. Add any information that would be useful in describing your company.

## Attachment D

### REQUEST FOR PROPOSAL COSTS

#### **I. PROPOSAL COSTS (This section is derived from the Statement of Work, Attachment B section)**

- A. Define your proposed method of reimbursement for services provided through your organization. Kern Health Systems customarily prefers itemized billing on a project basis (or as major milestones are accomplished for very large projects) with specific deadlines identified in the proposal.
- B. Please provide a summary table matrix of costs by line item including:
  - 1) Item description
  - 2) Quantities required (specify units of measure)
  - 3) Not-to-exceed amounts for installation or travel
  - 4) Target date of completion.
- C. List any additional costs that may be incurred in completion of this project and the circumstances that would trigger those costs.

#### **II.**

- 1). Item A (from Attachment B) (Description of product)  
Cost \$ \_\_\_\_\_ Delivery time \_\_\_\_\_
- 2). Item B (from Attachment B) (Description of product)  
Cost \$ \_\_\_\_\_ Delivery time \_\_\_\_\_

---

**NON-COLLUSION AFFIDAVIT  
TO BE EXECUTED BY BIDDER  
AND SUBMITTED WITH PROPOSAL (Mandatory)**

State of California  
County of Kern

\_\_\_\_\_, being first duly sworn, deposes and says that he or she is

\_\_\_\_\_ of \_\_\_\_\_ the party making the foregoing proposal that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or that anyone shall refrain from bidding; that the bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the bidder or any other bidder or to fix any overhead, profit, or cost element of the proposal price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and, further, that the bidder has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, bid depository, or to any member or agent thereof to effectuate a collusive or sham bid. (Public Contracts Code, section 7106)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date