North Carolina Department of Health and Human Services
Office of Procurement and Contract Services
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Michael F. Easley, Governor Dempsey Benton, Secretary

October 22, 2008

Computer Sciences Corporation
Attention: Mark E. Anderson, Director of Contracts
15245 Shady Grove Road
Rockville, Maryland 20850
Sent via email: **manderson2@csc.com**

Subject: North Carolina Replacement MMIS, RFP 30-DHHS-1228-08-R Addendum 14

Dear Mr. Anderson:

After completing face-to-face discussions with both Offerors, the State has determined that certain fees associated with credit card processing and provider enrollment, credentialing, and verification should be treated as pass-through costs. This will result in more consistent accounting during operations and reduce the pricing risk to the Offerors based on yet-to-be-defined business rules. Section 30 of the RFP will be modified to permit Vendor invoicing of the pass through costs, and Sections 5.2.7 and 5.4.1 of the Revised Request for Cost Proposals will be modified to adjust the requirements for Pricing Tables M2 and S.

Section 30.40.1.2 of the RFP (as modified in Addendum 7) is replaced in its entirety with the following:

30.40.1.2 Payment for Provider Enrollment, Credentialing, and Verification
Throughout the duration of the Contract, the Vendor shall invoice the State monthly at the rates set forth in the Vendor's Cost Proposal for each provider enrollment, credentialing, and verification activity completed by the Vendor during the immediately preceding month. In accordance with the terms set forth in Section 30.40.2.4(b), throughout the duration of the Contract the State shall reimburse the Vendor at its actual cost for all database access fees incurred by the Vendor in the course of enrollment, credentialing, and verification for querying third party databases to obtain information about providers.

Section 30.40.2.2.2 of the RFP (as modified in Addendum 7) is replaced in its entirety with the following:

***30.40.2.2.2* Payment Formula for Provider Enrollment, Credentialing, and Verification**
Throughout the duration of the Contract, the Vendor shall invoice the State monthly at the rates set forth in the Vendor's Cost Proposal for each provider enrollment, credentialing, and verification activity completed by the Vendor during the immediately preceding month. In accordance with the terms set forth in Section 30.40.2.4(b), throughout the duration of the Contract the State shall reimburse the Vendor at its actual cost for all database access fees incurred by the Vendor in the course of enrollment, credentialing, and verification for querying third party databases to obtain information about providers.

Section 30.40.2.4 of the RFP is replaced in its entirety with the following:

30.40.2.4 Payment of Pass-Through Charges
The Vendor shall submit monthly invoices with supporting documentation for the actual costs incurred by the Vendor during the immediately preceding month for:

(a) Postage. The State shall pay the Vendor for all direct costs incurred for postage. The actual United States Postal Service (USPS) postage cost incurred shall be the cost for mailing correspondence, policies, billing instructions, and forms relating to the operation of the Replacement MMIS. The Vendor shall exert all reasonable efforts to employ any commercially available techniques—such as bulk mailing, consolidation of mailing, and zip code pre-sorting, including the use of carriers other than the USPS—to reduce any postage costs assumed by the State. The cost of postage shall include amounts charged by the carriers, except that the Vendor shall not employ the services of commercial carriers without the prior written approval of the State. The Vendor shall not be entitled to any amounts above the amounts charged by commercial carrier.

(b) Database Access Fees. The State shall reimburse the Vendor at its actual cost for all database access fees incurred by the Vendor in the course of enrollment, credentialing, and verification for querying third party databases to obtain information about providers. Reimbursement shall be made only for fees incurred in the querying of databases then approved by the State in writing for use in the enrollment, credentialing, and verification process.

(c) Credit Card Related Fees. The State shall reimburse the Vendor at its actual cost for all merchant bank and credit card transaction fees that the Vendor incurs as a result of the Vendor's processing of recipient premium payments. Reimbursement shall be made only for fees charged by financial service providers then approved by the State in writing for facilitating credit card payment of recipient premiums.

Section 5.2.7 of the Revised Request for Cost Proposals is modified by replacing the last paragraph (beginning "The BOE for this table…") in its entirety with the following text:

Credit card merchant bank and transaction fees associated with premium payments shall be considered pass-through costs and ***not*** included in the proposed prices.

The BOE for this table shall describe how the variable prices were derived. It shall also separately itemize the expected per-transaction credit card merchant bank and transaction fees for premium payments made by credit card.

Section 5.4.1 of the Revised Request for Cost Proposals is modified by replacing the last paragraph (beginning "The BOE for this table…") in its entirety with the following text:

Database access fees associated with provider enrollment, credentialing, and verification activities (e.g., National Practitioner Data Bank) shall be considered pass-through costs and ***not*** included in the itemized prices.

The BOE for this table shall describe how the itemized prices were derived. It shall also separately itemize the expected per-access database fees for the various databases likely to be used in performing these services.

For the purpose of order of precedence, this letter constitutes an Addendum in accordance with RFP Section 30.3.

Thank you for your interest in the State of North Carolina.

Sincerely,

Susan W. Lewis
Assistant Director

Copy: David A. Womble, Jr., Director