



STATE OF MONTANA REQUEST FOR PROPOSAL (RFP)

RFP Number: MSF 44	RFP Title: Workers' Compensation Insurance Claims Review
RFP Response Due Date and Time: October 4, 2010 5:00 p.m., Local Time	Number of Pages: 26

ISSUING AGENCY INFORMATION	
Procurement Officer: Shari Huth	Issue Date: September 2, 2010
Montana State Fund 855 Front Street Helena, MT 59601	Phone: 406-495-5434 Fax: 406-495-5027 TTY Users, Dial 711 Website: http://www.mt.gov/doa/gsd

INSTRUCTIONS TO OFFERORS	
Return Sealed Proposal to: Montana State Fund 855 Front Street Helena, MT 59601	Mark Face of Envelope/Package: RFP Number: MSF 44 RFP Response Due Date: October 4, 2010 Special Instructions:

IMPORTANT: SEE STANDARD TERMS AND CONDITIONS

OFFERORS MUST COMPLETE THE FOLLOWING	
Offeror Name/Address:	Authorized Offeror Signatory:
	(Please print name and sign in ink)
Offeror Phone Number:	Offeror FAX Number:
Offeror E-mail Address:	

OFFERORS MUST RETURN THIS COVER SHEET WITH RFP RESPONSE

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OFFEROR'S RFP CHECKLIST

The 10 Most Critical Things to Keep in Mind When Responding to an RFP for the Montana State Fund

1. _____ **Read the entire document.** Note critical items such as: mandatory requirements; supplies/services required; submittal dates; number of copies required for submittal; funding amount and source; contract requirements (i.e., contract performance security, insurance requirements, performance and/or reporting requirements, etc.).
2. _____ **Note the procurement officer's name, address, phone numbers and e-mail address.** This is the only person you are allowed to communicate with regarding the RFP and is an excellent source of information for any questions you may have.
3. _____ **Attend the pre-proposal conference** if one is offered. These conferences provide an opportunity to ask clarifying questions, obtain a better understanding of the project, or to notify the Montana State Fund of any ambiguities, inconsistencies, or errors in the RFP.
4. _____ **Take advantage of the “question and answer” period.** Submit your questions to the procurement officer by the due date listed in the Schedule of Events and view the answers given in the formal “addenda” issued for the RFP. All addenda issued for an RFP are posted on MSF’s website and will include all questions asked and answered concerning the RFP.
5. _____ **Follow the format required in the RFP** when preparing your response. Provide point-by-point responses to all sections in a clear and concise manner.
6. _____ **Provide complete answers/descriptions.** Read and answer **all** questions and requirements. Don’t assume the Montana State Fund or evaluator/evaluation committee will know what your company capabilities are or what items/services you can provide, even if you have previously contracted with the Montana State Fund. The proposals are evaluated based solely on the information and materials provided in your response.
7. _____ **Use the forms provided**, i.e., cover page, sample budget form, certification forms, etc.
8. _____ **Check the state’s website for RFP addenda.** Before submitting your response, check the website at <http://svc.mt.gov/gsd/OneStop/SolicitationDefault.aspx> to see whether any addenda were issued for the RFP. If so, you must submit a signed cover sheet for each addendum issued along with your RFP response.
9. _____ **Review and read the RFP document again** to make sure that you have addressed all requirements. Your original response and the requested copies must be identical and be complete. The copies are provided to the evaluator/evaluation committee members and will be used to score your response.
10. _____ **Submit your response on time.** Note all the dates and times listed in the Schedule of Events and within the document, and be sure to submit all required items on time. Late proposal responses are **never** accepted.

This checklist is provided for assistance only and should not be submitted with Offeror’s Response.

SCHEDULE OF EVENTS

<u>EVENT</u>	<u>DATE</u>
RFP Issue Date	9/2/10
Deadline for Receipt of Written Questions	9/14/10
Deadline for Posting Written Responses to MSF's Website	9/22/10
RFP Response Due Date.....	10/4/10
Scoring	10/12/10 & 10/13/10
Notification of On-Site Offeror Interviews	10/15/10
Onsite Offeror Interviews	11/3/10 & 11/4/10
Rescoring.....	11/8/10
Intended Date for Contract Award	11/10/10
Anticipated Contract Completion Date	11/30/10
Initial Data Gathering	January or February, 2011
Complete Data Gathering	2/15/11
Preliminary Report	3/15/11
Final Report.....	5/2/11

SECTION 1: PROJECT OVERVIEW AND INSTRUCTIONS

1.0 PROJECT OVERVIEW

The MONTANA STATE FUND, (hereinafter referred to as "MSF") is seeking a contractor to provide workers' compensation insurance claims review. A more complete description of the supplies and/or services sought for this project is provided in Section 3, Scope of Project. Proposals submitted in response to this solicitation must comply with the instructions and procedures contained herein.

Through the Claims Management Continuous Improvement Initiative (CMCII), started as a special project in FY09, and implemented in FY10, MSF has provided a significantly greater focus on improvement of our medical and claims management processes. Thus far, one of our measures of success, improvement in Claims QA scores has been achieved. This project provides for an outside review of our claims management improvements and a review of our QA process.

The goal is to ensure that MSF is applying the right claims practices for MSF; that we are measuring claims files against the claims practices appropriately; and that our claims QA process is looking for and responding correctly to issues and successes evident in the claims files. Providing the best of claims management assures MSF policyholders, Montana providers, injured employees, and regulators that MSF is adhering to the highest quality standards for managing claims and doing our utmost on a regular basis to assure physical recovery and the best of financial oversight in dealing with claims.

1.1 CONTRACT TERM

The contract term is for a period beginning at the contract effective date and ending June 30, 2011. It is anticipated that the successful respondent will begin gathering data in January of 2011. Renewals of the contract, by mutual agreement of both parties, may be made at 2-year intervals, or any interval that is advantageous to MSF. This contract, including any renewals, may not exceed a total of 7 years, at the option of MSF.

1.2 SINGLE POINT OF CONTACT

From the date this Request for Proposal (RFP) is issued until an offeror is selected and the selection is announced by the procurement officer, **offerors are not allowed to communicate with any MSF staff or officials regarding this procurement, except at the direction of Shari Huth**, the procurement officer in charge of the solicitation. Any unauthorized contact may disqualify the offeror from further consideration. Contact information for the single point of contact is as follows:

Procurement Officer: **Shari Huth**
Address: **Montana State Fund, PO Box 4759, Helena, MT 59604-4759**
Telephone Number: **406-495-5434**
Fax Number: **406-495-5027**
E-mail Address: shuth@montanastatefund.com

1.3 REQUIRED REVIEW

1.3.1 Review RFP. Offerors should carefully review the instructions, mandatory requirements, specifications, standard terms and conditions, and contract set out in this RFP and promptly notify the procurement officer identified above in writing or via e-mail of any ambiguity, inconsistency, unduly restrictive specifications, or error which they discover upon examination of this RFP. This should include any terms or

requirements within the RFP that either preclude the offeror from responding to the RFP or add unnecessary cost. This notification must be accompanied by an explanation and suggested modification and be received by the deadline for receipt of written or e-mailed inquiries set forth below. MSF will make any final determination of changes to the RFP.

1.3.2 Form of Questions. Offerors with questions or requiring clarification or interpretation of any section within this RFP must address these questions in writing or via e-mail to the procurement officer referenced above on or before September 14, 2010. Each question must provide clear reference to the section, page, and item in question. Questions received after the deadline may not be considered.

1.3.3 MSF's Response. MSF will provide an official written response by September 22, 2010 to all questions received by September 14, 2010. MSF's response will be by formal written addendum. Any other form of interpretation, correction, or change to this RFP will not be binding upon MSF. Any formal written addendum will be posted on MSF's OneStop Vendor Information website with the posting of the RFP at <http://svc.mt.gov/gsd/OneStop/SolicitationDefault.aspx> by the close of business on the date listed. **Offerors must sign and return with their RFP response an Acknowledgment of Addendum for any addendum issued.**

1.4 GENERAL REQUIREMENTS

1.4.1 Acceptance of Standard Terms and Conditions/Contract. By submitting a response to this RFP, offeror agrees to acceptance of the standard terms and conditions and contract as set out in Appendix A of this RFP. Much of the language included in the standard terms and conditions and contract reflects requirements of Montana law. Requests for additions or exceptions to the standard terms and conditions, contract terms, including any necessary licenses, or any added provisions must be submitted to the procurement officer referenced above by the date for receipt of written/e-mailed questions. Any request must be accompanied by an explanation of why the exception is being sought and what specific effect it will have on the offeror's ability to respond to the RFP or perform the contract. MSF reserves the right to address nonmaterial requests for exceptions with the highest scoring offeror during contract negotiation. Any material exceptions requested and granted to the standard terms and conditions and contract language will be addressed in any formal written addendum issued for this RFP and will apply to all offerors submitting a response to this RFP. MSF will make any final determination of changes to the standard terms and conditions and/or contract. The final Scope of Services in the resulting contract will be negotiated between MSF and the successful Offeror.

1.4.2 Resulting Contract. This RFP and any addenda, the offeror's RFP response, including any amendments, a best and final offer, and any clarification question responses shall be included in any resulting contract. MSF's contract, attached as Appendix A, contains the contract terms and conditions which will form the basis of any contract between MSF and the highest scoring offeror. In the event of a dispute as to the duties and responsibilities of the parties under this contract, the contract, along with any attachments prepared by MSF, will govern in the same order of precedence as listed in the contract.

1.4.3 Mandatory Requirements. To be eligible for consideration, an offeror *must* meet the intent of all mandatory requirements. MSF will determine whether an offeror's RFP response complies with the intent of the requirements. RFP responses that do not meet the full intent of all requirements listed in this RFP may be deemed nonresponsive.

1.4.4 Understanding of Specifications and Requirements. By submitting a response to this RFP, offeror agrees to an understanding of and compliance with the specifications and requirements described in this RFP.

1.4.5 Prime Contractor/Subcontractors. The highest scoring offeror will be the prime contractor if a contract is awarded and shall be responsible, in total, for all work of any subcontractors. All subcontractors, if any, must be listed in the proposal. MSF reserves the right to approve all subcontractors. The Contractor shall

be responsible to MSF for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by the Contractor. Further, nothing contained within this document or any contract documents created as a result of any contract awards derived from this RFP shall create any contractual relationships between any subcontractor and MSF.

1.4.6 Offeror's Signature. The proposals must be signed in ink by an individual authorized to legally bind the business submitting the proposal. The offeror's signature on a proposal in response to this RFP guarantees that the offer has been established without collusion and without effort to preclude MSF from obtaining the best possible supply or service. Proof of authority of the person signing the RFP response must be furnished upon request.

1.4.7 Offer in Effect for 120 Days. A proposal may not be modified, withdrawn, or canceled by the offeror for a 120-day period following the deadline for proposal submission as defined in the Schedule of Events, or receipt of best and final offer, if required, and offeror so agrees in submitting the proposal.

1.5 SUBMITTING A PROPOSAL

1.5.1 Organization of Proposal. Offerors must organize their proposal into sections that follow the format of this RFP, with tabs separating each section. ***A point-by-point response to all numbered sections, subsections, and appendices is required.*** If no explanation or clarification is required in the offeror's response to a specific subsection, the offeror shall indicate so in the point-by-point response, or utilize a blanket response for the entire section, with the following statement:

"(Offeror's Name)" understands and will comply.

1.5.2 Failure to Comply with Instructions. Offerors failing to comply with these instructions may be subject to point deductions. MSF may also choose to not evaluate, may deem nonresponsive, and/or may disqualify from further consideration any proposals that do not follow this RFP format, are difficult to understand, are difficult to read, or are missing any requested information.

1.5.3 Multiple Proposals. Offerors may, at their option, submit multiple proposals, in which case each proposal shall be evaluated as a separate document.

1.5.4 Copies Required and Deadline for Receipt of Proposals. Offerors must submit **one original proposal and 7 copies** to the Montana State Fund. In addition offerors must submit one electronic copy of the RFP response preferably in PDF format, on compact disk or by e-mail to Shari Huth. Offerors unable to provide an electronic copy of the proposal in PDF format must provide it in Word or text format. **PROPOSALS MUST BE SEALED AND LABELED ON THE OUTSIDE OF THE PACKAGE** to clearly indicate that they are in response to RFP MSF 44. ***Proposals must be received at MSF prior to 5:00 p.m., local time, October 4, 2010. Facsimile responses to requests for proposals are ONLY accepted on an exception basis with prior approval of the procurement officer.***

1.5.5 Late Proposals. ***Regardless of cause, late proposals will not be accepted and will automatically be disqualified from further consideration.*** It shall be the offeror's sole risk to assure delivery at MSF by the designated time. Late proposals will not be opened and may be returned to the offeror at the expense of the offeror or destroyed if requested.

1.6 COST OF PREPARING A PROPOSAL

1.6.1 MSF Not Responsible for Preparation Costs. The costs for developing and delivering responses to this RFP and any subsequent presentations of the proposal as requested by MSF are entirely the responsibility of the offeror. MSF is not liable for any expense incurred by the offeror in the preparation and presentation of their proposal or any other costs incurred by the offeror prior to execution of a contract.

1.6.2 All Timely Submitted Materials Become MSF Property. All materials submitted in response to this RFP become the property of MSF, which has the right to use any idea presented in any proposal submitted in response to this RFP, whether or not the proposal is accepted, and are to be appended to any formal documentation, which would further define or expand any contractual relationship between MSF and offeror resulting from this RFP process.

SECTION 2: RFP STANDARD INFORMATION

2.0 AUTHORITY

This RFP is issued under the authority of section 39-71-2315, MCA (Montana Code Annotated). The RFP process is a procurement option allowing the award to be based on stated evaluation criteria. The RFP states the relative importance of all evaluation criteria. Only the evaluation criteria outlined in this RFP will be used.

2.1 OFFEROR COMPETITION

MSF encourages free and open competition among offerors. Whenever possible, MSF will design specifications, proposal requests, and conditions to accomplish this objective, consistent with the necessity to satisfy MSF's need to procure technically sound, cost-effective services and supplies.

2.2 RECEIPT OF PROPOSALS AND PUBLIC INSPECTION

2.2.1 Public Information. All information received in response to this RFP, including copyrighted material, is deemed public information and will be made available for public viewing and copying shortly after the time for receipt of proposals has passed with the following three exceptions: (1) bona fide trade secrets meeting the requirements of the Uniform Trade Secrets Act, Title 30, chapter 14, part 4, MCA, that have been properly marked, separated, and documented; (2) matters involving individual safety as determined by MSF; and (3) other constitutional protections.

2.2.2 Procurement Officer Review of Proposals. Upon opening the proposals received in response to this RFP, the procurement officer in charge of the solicitation will review the proposals and separate out any information that meets the referenced exceptions in Section 2.2.1 above, providing the following conditions have been met:

- Confidential information is clearly marked and separated from the rest of the proposal.
- The proposal does not contain confidential material in the cost or price section.
- An affidavit from an offeror's legal counsel attesting to and explaining the validity of the trade secret claim as set out in Title 30, chapter 14, part 4, MCA, is attached to each proposal containing trade secrets. Counsel must use MSF of Montana "Affidavit for Trade Secret Confidentiality" form in requesting the trade secret claim. This affidavit form is available on the OneStop Vendor Information website at: <http://svc.mt.gov/gsd/OneStop/GSDDocuments.aspx> or by calling (406) 444-2575.

Information separated out under this process will be available for review only by the procurement officer, the evaluator/evaluation committee members, and limited other designees. Offerors must be prepared to pay all legal costs and fees associated with defending a claim for confidentiality in the event of a "right to know" (open records) request from another party.

2.3 CLASSIFICATION AND EVALUATION OF PROPOSALS

2.3.1 Initial Classification of Proposals as Responsive or Nonresponsive. All proposals will initially be classified as either “responsive” or “nonresponsive.” Proposals may be found nonresponsive at any time during the procurement process if any of the required information is not provided; the submitted price is found to be excessive or inadequate as measured by criteria stated in the RFP; or the proposal is not within the plans and specifications described and required in the RFP. If a proposal is found to be nonresponsive, it will not be considered further.

2.3.2 Determination of Responsibility. The procurement officer will determine whether an offeror has met the standards of responsibility. Such a determination may be made at any time during the procurement process if information surfaces that would result in a determination of nonresponsibility. If an offeror is found nonresponsive, the determination must be in writing, made a part of the procurement file, and mailed to the affected offeror.

2.3.3 Evaluation of Proposals. An evaluator/evaluation committee will evaluate the remaining proposals and recommend whether to award the contract to the highest scoring offeror or, if necessary, to seek discussion/negotiation or a best and final offer in order to determine the highest scoring offeror. All responsive proposals will be evaluated based on stated evaluation criteria. In scoring against stated criteria, MSF may consider such factors as accepted industry standards and a comparative evaluation of all other qualified RFP responses in terms of differing price, quality, and contractual factors. These scores will be used to determine the most advantageous offering to MSF. If an evaluation committee meets to deliberate and evaluate the proposals, the public may attend and observe the evaluation committee deliberations.

2.3.4 Completeness of Proposals. Selection and award will be based on the offeror's proposal and other items outlined in this RFP. Submitted responses may not include references to information located elsewhere, such as Internet websites or libraries, unless specifically requested. Information or materials presented by offerors outside the formal response or subsequent discussion/negotiation or best and final offer, if requested, will not be considered, will have no bearing on any award, and may result in the offeror being disqualified from further consideration.

2.3.5 Opportunity for Discussion/Negotiation and/or Oral Presentation/Product Demonstration. After receipt of all proposals and prior to the determination of the award, MSF may initiate discussions with one or more offerors should clarification or negotiation be necessary. Offerors may also be required to make an oral presentation and/or product demonstration to clarify their RFP response or to further define their offer. In either case, offerors should be prepared to send qualified personnel to MSF in Helena, Montana, to discuss technical and contractual aspects of the proposal. Oral presentations and product demonstrations, if requested, shall be at the offeror's expense.

2.3.6 Best and Final Offer. The Best and Final Offer is an option available to MSF under the RFP process, which permits MSF to request a best and final offer from one or more offerors if additional information is required to make a final decision. Offerors may be contacted asking that they submit their best and final offer, which must include any and all discussed and/or negotiated changes. MSF reserves the right to request a best and final offer for this RFP, if any, based on price/cost alone.

2.3.7 Evaluator/Evaluation Committee Recommendation for Contract Award. The evaluator/evaluation committee will provide a written recommendation for contract award to the President of MSF or his designee that contains the scores, justification, and rationale for the decision. The President of MSF or his designee will review the recommendation to ensure its compliance with the RFP process and criteria before concurring in the evaluator's/evaluation committee's recommendation.

2.3.8 Request for Documents Notice. Upon concurrence with the evaluator's/evaluation committee's recommendation, the procurement officer will issue a “Request for Documents Notice” to the highest scoring offeror to obtain the required insurance documents, contract performance security, an electronic copy of any

requested material, i.e., response to clarification questions, and/or best and final offer, and any other necessary documents. Receipt of the "Request for Documents Notice" does not constitute a contract and **no work may begin until a contract signed by all parties is in place**. The procurement officer will notify all other offerors of MSF's intent to begin contract negotiation with the highest scoring offeror.

2.3.9 Contract Negotiation. Upon issuance of the "Request for Documents Notice," the procurement officer and/or MSF representatives may begin contract negotiation with the responsive and responsible offeror whose proposal achieves the highest score and is, therefore the most advantageous to MSF. If contract negotiation is unsuccessful or the highest scoring offeror fails to provide necessary documents or information in a timely manner, or fails to negotiate in good faith, MSF may terminate negotiations and begin negotiations with the next highest scoring offeror.

2.3.10 Contract Award. Contract award, if any, will be made to the highest scoring offeror who provides all required documents and successfully completes contract negotiation. A formal contract utilizing the Contract attached as Appendix A will be executed by all parties.

2.4 MSF'S RIGHTS RESERVED

While MSF has every intention to award a contract as a result of this RFP, issuance of the RFP in no way constitutes a commitment by MSF of Montana to award and execute a contract. Upon a determination such actions would be in its best interest, MSF, in its sole discretion, reserves the right to:

- Amend, cancel or terminate this RFP;
- reject any or all proposals received in response to this RFP;
- waive any undesirable, inconsequential, or inconsistent provisions of this RFP which would not have significant impact on any proposal ;
- not award if it is in the best interest of MSF not to proceed with contract execution ; or
- if awarded, terminate any contract if MSF determines adequate funds are not available .

SECTION 3: SCOPE OF PROJECT

MONTANA STATE FUND BACKGROUND INFORMATION

MSF is a non-profit, public corporation and was established for the purpose of allowing an option for employers to insure their liability for workers' compensation and occupational disease coverage in Montana. MSF is Montana's largest writer of workers' compensation insurance. MSF is one of three options employers have to provide for their workers' compensation insurance. Employers may self insure, contract with private insurance carriers, or contract with MSF.

MSF is commonly known as the Plan 3 option for employers. MSF is a mono-line insurance company engaged in providing only workers' compensation and occupational disease insurance in Montana. MSF functions as a competitive insurer and also as the guaranteed market for workers' compensation insurance for Montana employers.

MSF is operated much the same as a private insurance carrier, using actuarially sound principles in setting its insurance rates. By law, MSF must be neither more nor less than self-supporting. MSF currently has about 27,000 employer policyholders in the state of Montana.

The objective of MSF is to provide optimal medical services to an injured employee in order to return the employee to work as soon as possible after a work related injury or occupational disease, and to provide medical services considered reasonable and medically necessary, in a timely and cost effective manner.

3.0 Scope of Services

MSF claims are administered in-house by claims professionals within seven business units: Teams 1 through 7, which handle both indemnity and medical only claims. There are only two examiners, both on Team 7, who manage medical only claims. Team 7 manages claims from FY1991 – FY1995, in addition to all claims predating that time period.

This review of MSF's claims management and quality assurance program is limited to claims arising from July 1, 1990 forward.

As of July 1, 2010, there were 7,386 active open claims, of which 6,109 are wage loss claims and 1,277 are medical-only claims.

As a prudent business measure, MSF is requesting the following through this RFP process:

- A review of claims to determine adherence to MSF claims practices;
- A comparison of the current MSF claims practices to industry best practices;
- A review of the application of MSF's current quality assurance process; and
- Comparison of MSF's quality assurance process to industry best practices.

It is anticipated that the successful vendor will familiarize themselves with Montana law, rules, and Montana's workers' compensation system operations to complete this project.

MSF expects the vendor to manage the project; including information gathering, data gathering to the

vendor's specifications, conducting interviews, analyzing information and data collected, and writing the report.

Site work, to include retrieval of claims file data from MSF's electronic claims system, will be performed at MSF's Helena, Montana offices. Access to the MSF claims system is available only through MSF computers. All claims files and documentation is electronic. MSF claims experts will assist vendor staff in utilizing the system to identify pertinent claims file information. Electronic or paper copies of MSF claims files will not be permitted to leave MSF premises or control.

MSF desires to include the use of our claims experts, Claims QA Specialists and individual team Claims Leads, in the vendor's data gathering process. Analysis and report drafting is not required to be completed on-site.

Vendors are requested to provide a verbal report on preliminary impressions upon completion of the data gathering effort.

Vendor should provide a final written report summarizing findings and providing written recommendations for potential improvements in claims management, claims practices and the MSF claims QA program. Vendor will personally present the final written report to MSF staff in Helena in April, 2011.

MSF and vendor will mutually agree upon a representative sample of open and closed claims to provide results with a confidence level of no less than 90%.

MSF currently scores five categories of claims management.

1. Investigation/Compensability
2. Indemnity Management
3. Medical Management
4. Reserving
5. Outcome

MSF provides the following qualitative grading scale for its quality assurance measures:

Qualitative Grading Scale	
Grade	Definition
E	Exceeds best practice level of performance.
M	Meets best practice level of performance.
NI	Needs Improvement - Certain parts are acceptable, but others need improvement to reach best practice level.
UN	Unsatisfactory - The work fails to meet best practice standards or was not performed and should have been.
N/A	Not Applicable - Activity does not apply or claim contains insufficient information to evaluate.

Vendor review is expected to utilize comparable claim categories and the qualitative grading scale listed above.

The following chart provides information on total open indemnity and medical only claims by team as of July 31, 2010.

Team	Open Inventory	Indemnity Claims	Medical Only Claims
1	951	766	185
2	1,243	1056	187
3	783	644	139
4	1,034	885	149
5	1,584	1,231	353
6	1,357	1,106	251
7	434	421	13
Total	7,386	6,109	1,277

MSF anticipates the information and data collection efforts to occur in January and February 2011, with a draft report to be provided in March, 2011. The engagement will be completed with an on-site presentation of the final report in April, 2011. The vendor should plan on utilizing a joint team of MSF claims experts and its own claims consultants for the information and data gathering process.

3.1 RFP SUBMISSION REQUIREMENTS

The selected vendor should demonstrate in their response their expertise, experience and breadth of services to assist MSF in providing recommendations and reaching meaningful conclusions on a comparison of the current claims management, the current quality assurance process and MSF claims practices in comparison to industry standards.

3.1.1 Proposals shall provide information on the total number of years the firm has been in existence. Preference will be given to companies in existence five years or more. Offerors should describe projects of similar scope and size.

Proposals shall provide a description of the firm's history and experience in providing services similar to the services listed in 3.0 Scope of Services, to state funds and other workers' compensation insurers. Please also include a description of the resources available to support the Scope of Services requested by MSF.

3.1.2 Please identify the principal consultant assigned to the contract with the responsibility of being the on-site Project Manager. Proposals must include resumes of the Project Manager and all consultants who will be assigned to this contract. Resumes must include the specific roles of each consultant on this project. Experience with workers' compensation insurance preferred.

Offerors must include details on the specific experience of the professionals assigned to the contract in the following:

- Workers' compensation self-insured organizations.
- State Funds
- Private Carriers.
- Other alternative workers' compensation mechanism coverages.

3.1.3 Offeror shall provide a minimum of three **(3)** references that are using services of the type proposed in this RFP. The references should include workers compensation self insured organizations, state funds or private carriers, or other alternative workers' compensation mechanism coverages, where the offeror, preferably within the last five **(5)** years, has successfully provided Workers' Compensation Insurance Claims Review services. At a minimum, the offeror shall provide the company name, the location where the services were provided, contact person(s), customer's telephone number, e-mail address, and a complete description of the service type, and dates the services were provided. These references may be contacted to verify offeror's ability to perform the contract. MSF reserves the right to use any information or additional references deemed necessary to establish the ability of the offeror to perform the conditions of the contract. Negative references may be grounds for proposal disqualification.

3.1.4 If Offeror is one of the top two to three scoring proposals, MSF requires an onsite interview on either October 25 or 26, 2010. The principal consultant assigned to be the on-site Project Manager as outlined in the Scope of Services is required to participate in the interview. Failure to participate in this interview will deem Offeror non-responsive to the RFP. Interviews will be at the Offeror's expense. Based on discussion and information provided at the interview, MSF may re-score proposals and will finalize the scoring of each proposal based on the evaluation criteria outlined in Section 6.

Additional points will be available for award at the interview based on the following:

- Interview – professionalism, communication style, evidence of ability to establish a collaborative partnership, commitment and interest in Montana State Fund and in providing the requested Scope of Services.

SECTION 4: OFFEROR QUALIFICATIONS/INFORMATIONAL REQUIREMENTS

4.0 MSF'S RIGHT TO INVESTIGATE AND REJECT

MSF may make such investigations as deemed necessary to determine the ability of the offeror to provide the supplies and/or perform the services specified. MSF reserves the right to reject any proposal if the evidence submitted by, or investigation of, the offeror fails to satisfy MSF that the offeror is properly qualified to carry out the obligations of the contract. *This includes MSF's ability to reject the proposal based on negative references.*

SECTION 5: COST PROPOSAL

The Offeror should present their proposal for reimbursement for their services. Please provide the following:

- Estimated total hours.
- The all-inclusive maximum fixed fee (to include out-of-pocket expenses, travel and related expenses) the firm will charge to perform the services as outlined in Section 3.

SECTION 6: EVALUATION PROCESS

6.0 BASIS OF EVALUATION

In addition to complying with 1.5 – Submitting a Proposal, offerors must specifically agree in their response to meet the requirements in 1.4.3 - Mandatory Requirements, in order to be eligible for further consideration.

The evaluator/evaluation committee will review and evaluate the offers according to the following criteria based on a **total number of 1000 points**.

SCORING GUIDE

The scoring of each phase is weighted by percentages. The proposal will be scored according to the following guidelines, with items awarded points according to these guidelines. Each section will then be weighted by the percentage indicated, resulting in an overall score.

In awarding points to the evaluation criteria, the evaluator/evaluation committee will consider the following guidelines:

Superior Response (95-100% of total points): A superior response is a highly comprehensive, excellent reply that meets or exceeds all of the requirements of the RFP. In addition, the response covers areas not originally addressed within the RFP and includes additional information and recommendations that would provide both valuable and beneficial to MSF. This response is considered by the evaluation committee member to be an excellent standard, demonstrating the offeror's authoritative knowledge, practice and understanding of the services desired.

Good Response (85-94% of total points): A good response meets all the requirements of the RFP and demonstrates in a clear and concise manner a thorough knowledge and understanding of the project and subject matter, with no deficiencies noted.

Fair Response (75-84% of total points): A fair response meets most requirements set forth in the RFP. The offeror demonstrates some ability to comply with guidelines and requirements of the project and demonstrates knowledge of subject matter.

Poor Response (65-74% of total points): The response minimally meets most requirements set forth in the RFP. Offeror demonstrates minimal knowledge of subject matter.

Failed Response (</=64% of total points): A failed response does not meet the requirements set forth in the RFP. The offeror has not demonstrated sufficient knowledge of the subject matter.

All proposals should address the following items, including either a description of the implementation of each service listed or documentation of the required criteria.

6.1 EVALUATION CRITERIA

I. Experience of Company & Consultants		Total points possible = 250
Category	Section of RFP	Point Value
A. Describe experience of company. Preference will be given to companies in existence five years or more. Describe projects of similar scope and size. Please also provide a description of the resources Available to support the Scope of Services.	3.1.1	100
B. Project Manager identified, and resumes of all Consultants (and their specific roles) assigned to the project submitted. Describe Consultant's experience as provided in 3.1.2 and in performing the requested Scope of Services.	3.1.2	150

II. Approach to Project		Total points possible = 275
Category	Section of RFP	Point Value
Describe your approach and methodology to providing the services as outlined in Section 3.0.	3.0	

III. Cost		Total points possible = 200
Category	Section of RFP	Point Value
Provide the all-inclusive maximum fixed fee (to include out-of-pocket expenses, travel and related expenses) the firm will charge to perform the services as outlined in Section 3	5	

IV. References	3.1.3	Pass/Fail
A. Offeror must provide a minimum of three references from projects of similar scope.		
1. Offeror shall provide a minimum of three (3) references that are using services of the type proposed in this RFP. The references should include workers compensation self insured organizations, state funds or private carriers, or other alternative workers' compensation mechanism coverages, where the offeror, preferably within the last five (5) years, has successfully provided Workers' Compensation Insurance Claims Review services. At a minimum, the offeror shall provide the company name, the location where the services were provided, contact person(s), customer's telephone number, e-mail address, and a complete description of the service type, and dates the services were provided. These references may be contacted to verify offeror's ability to perform the contract. MSF reserves the right to use any information or additional references deemed necessary to establish the ability of the offeror to perform the conditions of the contract. Negative references may be grounds for proposal disqualification.		

V. Interview	Total points possible =275	
Category	Section of RFP	Point Value

If Offeror is one of the top two to three scoring proposals, MSF requires an onsite or telephonic interview (at MSF's discretion) on either November 3 or 4, 2010. The principal consultant assigned to be the on-site Project Manager as outlined in the Scope of Services is required to participate in the interview. Failure to participate in this interview will deem Offeror non-responsive to the RFP. Interviews will be at the Offeror's expense. Based on discussion and information provided at the interview, MSF may re-score proposals and will finalize the scoring of each proposal based on the evaluation criteria outlined in Section 6.

Additional points will be available for award at the interview based on the following:

- | | | |
|---|-------|-----|
| Interview – professionalism, communication style, evidence of ability to establish a collaborative partnership, commitment and interest in Montana State Fund and in providing the requested Scope of Services. | 3.1.4 | 275 |
|---|-------|-----|

APPENDIX A: CONTRACT

CONTRACT FOR WORKERS' COMPENSATION INSURANCE CLAIMS REVIEW

THIS AGREEMENT made and entered into between the **MONTANA STATE FUND**, 855 Front Street, Helena, MT 59604, hereinafter called "MSF" and _____, herein after called the "Contractor."

For and in the consideration of the mutual and reciprocal covenants, promises and agreements of the parties as contained herein, the parties agree as follows, with the foregoing recitals incorporated therein.

This contract is based on RFP MSF 44 – Workers' Compensation Insurance Claims Review, issued on September 2, 2010. In the event of a dispute as to the duties and responsibilities of the parties under this contract, the contract, along with any attachments prepared by MSF, will govern, followed by the RFP and any addenda, and then the Contractor's response to the RFP.

SECTION 1 **SCOPE OF SERVICES**

(The final Scope of Services will be negotiated between MSF and the Contractor.)

SECTION 2 **PAYMENT**

MSF will pay Contractor 50% of _____ upon completion of data gathering and 50% upon acceptance of a final report.

Payment to Contractor will be made by electronic funds transfer. All contractors of the state of Montana will be required to provide banking information at the time of contract execution in order to facilitate MSF electronic funds transfer payments. Banking information may be provided on a Form 1199A prepared by Contractor's bank, or a voided check. Contractor must also provide a completed W-9.

SECTION 3 **TERM/RENEWAL**

The term of this contract will be _____, through. This instrument shall not be effective until duly signed by all the parties hereto.

SECTION 4 **OWNERSHIP RIGHTS**

The Contractor shall record all information and data obtained in the performance of the Agreement and shall make such information available to MSF upon request. Upon completion of this Agreement, all information and data shall become the property of MSF. The Contractor and MSF agree that any and all public releases of information pertaining to this Agreement be submitted to, approved, and released by MSF provided that MSF may authorize the Contractor in writing to release such information. The Contractor agrees that it shall not disclose such reports to any third party without the written consent of the MSF Operations Support Vice President or Controller. Notwithstanding the foregoing, MSF acknowledges and agrees that the Contractor shall

retain all intellectual property rights in, and shall have no restrictions on use or disclosure of, any and all ideas, know-how, methodologies and techniques incorporated in such reports. The provisions of this Section 4 will survive termination of this contract.

SECTION 5
MONTANA STATE FUND ASSISTANCE

It is agreed MSF shall cooperate with the Contractor and provide such information as is necessary for Contractor to provide the services as set forth in Section 1. MSF will provide no other assistance, personnel or equipment to Contractor unless otherwise agreed to in writing.

SECTION 6
ACCESS AND RETENTION OF RECORDS

The contractor agrees to provide MSF, Legislative Auditor, or their authorized agents, access to any records necessary to determine contract compliance. (Section 18-1-118, MCA). The contractor agrees to create and retain records supporting the services rendered or supplies delivered for a period of three years after either the completion date of the contract or the conclusion of any claim, litigation, or exception relating to the contract taken by the State of Montana or third party.

SECTION 7
COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for the State of Montana in accordance with sections 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither the contractor nor its employees are employees of the State. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the State Procurement Bureau, P.O. Box 200135, Helena, MT 59620-0135, upon expiration.

SECTION 8
HOLD HARMLESS\INDEMNIFICATION

The Contractor agrees to protect, defend, and save the State of Montana, MSF, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of MSF, under this agreement.

SECTION 9
ASSIGNMENTS

The parties mutually agree that there will be no assignment, transfer or subcontracting of the contract or any interest therein, unless agreed to by both parties in writing as provided in Section 10, Modifications, of this contract.

SECTION 10
MODIFICATIONS

No letter or other communication passing between the parties to this Agreement concerning any matter during this contract period shall be deemed a part of this Agreement unless it is distinctly stated in such letter or communication that it is to constitute part of this Agreement and is signed by the authorized representatives of each of the parties to this Agreement.

SECTION 11
SUCCESSORS AND ASSIGNS

This Agreement shall be binding on all successors and assigns of the Contractor, including successors in interest.

SECTION 12
INSURANCE REQUIREMENTS

The Contractor shall maintain for the duration of the contract, at its cost, primary insurance coverage against claims for injuries to persons or damages to property including contractual liability, which may arise from work performed under this contract. This insurance shall cover such claims as may be caused by any act, omission, or negligence of the Contractor or its officers, agents, representatives, assigns, or servants.

At contract execution, the Contractor must provide a certificate for Commercial General Liability coverage, to include bodily injury, personal injury, and property damage with combined single limits of \$1,000,000 per claim, and \$2,000,000 aggregate per year, from an insurer with a Best's Rating of no less than A-.

At contract execution, the Contractor must provide a certificate for Professional Liability coverage with combined single limits of \$1,000,000 per claim, and \$2,000,000 aggregate per year, from an insurer with a Best's Rating of no less than A-.

SECTION 13
LIMITS OF AGREEMENT

This instrument contains the entire Agreement between the parties, and no statements, promises of inducements made by either party, or agents of either party, which are not contained in the written Agreement shall be valid or binding. This Agreement may not be enlarged, modified or altered except as provided in Section 10, Modifications of this contract.

SECTION 14
LIAISON

MSF has designated Shari Huth, Claim Program Team Leader, or her designee as its liaison to whom Contractor is to direct its communications concerning the Agreement. Contractor has designated _____ as its liaison to whom MSF is to direct its communications concerning this Agreement.

SECTION 15
TERMINATIONS

This Agreement shall continue in force and govern all transactions between the parties as set out in Section 1 above for the term stated in Section 3, or until canceled or terminated by either party.

It is further agreed that either party may cancel this Agreement as a convenience cancellation without cause upon 30 days written notice to the other party. In the event of termination, the Contractor shall be paid for the work performed or services rendered through the date of termination and reports prepared and information collected by the Contractor prior to termination shall be delivered to MSF within a reasonable time.

MSF may terminate this Agreement upon 30 days written notice if Contractor fails to perform its contractual duties or responsibilities.

SECTION 16
COMPLIANCE WITH LAWS

The contractor must, in performance of work under the contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, the contractor agrees that the hiring of persons to perform the contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the contract.

SECTION 17
VENUE

This solicitation is governed by the laws of Montana. The parties agree that any litigation concerning this bid, request for proposal, limited solicitation, or subsequent contract, must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (Section 18-1-401, MCA.)

SECTION 18
FAILURE OF ENFORCEMENT IS NOT A WAIVER

Failure of either party to enforce any of the provisions of this contract does not constitute a waiver of that provision or affect any part of this contract, or the right of either party to later enforce that provision.

SECTION 19
BEST EFFORTS OF CONTRACTOR

Contractor agrees that it will at all times faithfully, industriously, and in a manner consistent with applicable professional standards, perform all of the duties and obligations that may be required of it pursuant to the express terms of the Agreement.

Contractor agrees to conduct itself so as not to diminish the good will and reputation of MSF and to abide by all applicable laws, rules, and regulations.

The parties agree to comply with, abide by, and be bound by the terms, conditions and covenants of this Agreement.

SECTION 20
REGISTRATION WITH THE SECRETARY OF STATE

Any business intending to transact business in Montana must register with the Secretary of State. Businesses that are incorporated in another state or country, but which are conducting activity in Montana, must determine whether they are transacting business in Montana in accordance with sections 35-1-1026 and 35-8-1001, MCA. Such businesses may want to obtain the guidance of their attorney or accountant to determine whether their activity is considered transacting business.

If businesses determine that they are transacting business in Montana, they must register with the Secretary of State and obtain a certificate of authority to demonstrate that they are in good standing in Montana. To obtain registration materials, call the Office of the Secretary of State at (406) 444-3665, or visit their website at <http://sos.mt.gov>.

CONTRACTOR

MONTANA STATE FUND

By: _____

By: _____
PETER STRAUSS, VP Insurance Operations Support

Date: _____

Date: _____

Approved for legal content by:

NANCY BUTLER, General Counsel

Date: _____

Standard Terms and Conditions

By submitting a response to this invitation for bid, request for proposal, limited solicitation, or acceptance of a contract, the vendor agrees to acceptance of the following Standard Terms and Conditions and any other provisions that are specific to this solicitation or contract.

ACCEPTANCE/REJECTION OF BIDS, PROPOSALS, OR LIMITED SOLICITATION RESPONSES: MSF reserves the right to accept or reject any or all bids, proposals, or limited solicitation responses, wholly or in part, and to make awards in any manner deemed in the best interest of MSF. Bids, proposals, and limited solicitation responses will be firm for 30 days, unless stated otherwise in the text of the invitation for bid, request for proposal, or limited solicitation.

ALTERATION OF SOLICITATION DOCUMENT: In the event of inconsistencies or contradictions between language contained in MSF's solicitation document and a vendor's response, the language contained in MSF's original solicitation document will prevail. Intentional manipulation and/or alteration of solicitation document language will result in the vendor's disqualification and possible debarment.

AUTHORITY: The attached bid, request for proposal, limited solicitation, or contract is issued under authority 39-71-2315, Montana Code Annotated, and the Administrative Rules of Montana, Title 2, chapter 5.

DISABILITY ACCOMMODATIONS: MSF does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats, or services for effective communications or other disability related accommodations in the programs and services offered are invited to make their needs and preferences known to this office. Interested parties should provide as much advance notice as possible.

FACSIMILE RESPONSES: Facsimile responses will be accepted for invitations for bids, small purchases, or limited solicitations ONLY if they are completely received by MSF prior to the time set for receipt. Bids, or portions thereof, received after the due time will not be considered. Facsimile responses to requests for proposals are ONLY accepted on an exception basis with prior approval of the procurement officer.

FORCE MAJEURE: Neither party shall be responsible for failure to fulfill its obligations due to causes beyond its reasonable control, including without limitation, acts or omissions of government or military authority, acts of God, materials shortages, transportation delays, fires, floods, labor disturbances, riots, wars, terrorist acts, or any other causes, directly or indirectly beyond the reasonable control of the nonperforming party, so long as such party is using its best efforts to remedy such failure or delays.

LATE BIDS AND PROPOSALS: Regardless of cause, late bids and proposals will not be accepted and will automatically be disqualified from further consideration. It shall be solely the vendor's risk to ensure delivery at the designated office by the designated time. Late bids and proposals will not be opened and may be returned to the vendor at the expense of the vendor or destroyed if requested.

PAYMENT TERM: All payment terms will be computed from the date of delivery of supplies or services OR receipt of a properly executed invoice, whichever is later. Unless otherwise noted in the solicitation document, MSF is allowed 30 days to pay such invoices. All contractors will be required to provide banking information at the time of contract execution in order to facilitate MSF electronic funds transfer payments.

REDUCTION OF FUNDING: MSF must terminate this contract if funds are not budgeted by the Board of Directors or otherwise made available to support MSF's continuation of performance in a subsequent fiscal period. (See section 18-4-313(4), MCA.)

SEPARABILITY CLAUSE: A declaration by any court, or any other binding legal source, that any provision of the contract is illegal and void shall not affect the legality and enforceability of any other provision of the contract, unless the provisions are mutually dependent.

SOLICITATION DOCUMENT EXAMINATION: Vendors shall promptly notify MSF of any ambiguity, inconsistency, or error which they may discover upon examination of a solicitation document.

TAX EXEMPTION: MSF is exempt from Federal Excise Taxes (#81-0302402).

U.S. FUNDS: All prices and payments must be in U.S. dollars.

Revised 2/10