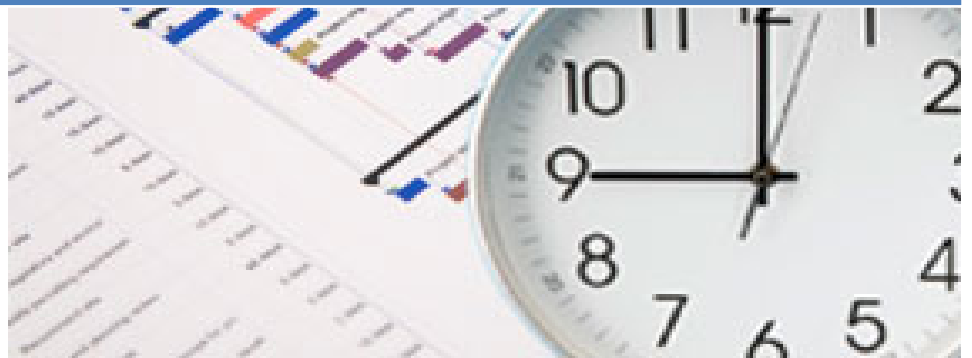


Request for Proposal # 1334-437
for
Provider Compensation
Subsystem and Services



Released Date: Update Upon Approval

Mandatory Pre-Proposal Conference April 10th, 2013 at 9:30 AM PST

Responses Due: May 17, 2013 by 3:00PM PST

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APPENDICES:

NOTE: All Appendices are provided as separate documents.

Appendix A: Additional Technical Environment Information

Appendix B: SEIU 775 NW Collective Bargaining Agreement

Appendix C: Suggested Twice Monthly Pay Deduction Rules

Appendix D: Tax Deduction and Accrual Calculation

Appendix E: Detailed Requirements

Appendix F: Sample Required Written Correspondence

Appendix G: Sample Suggested Written Correspondence

Appendix H: DSHS Organization Chart

Appendix I: Medicaid Program Guide

Appendix J: Sample PCSS Agreement

Appendix K: Cost Proposal Form

Appendix L: Definitions

Appendix M: Certifications and Assurances

Appendix N: Minority and Women’s Business Enterprises

Appendix O: Client Reference Form

Appendix P: RFP Completion Checklist

1 Overview and Background

1.1 Scope of Request for Proposal (RFP)

The state of Washington, Department of Social and Health Services (DSHS) in collaboration with the Health Care Authority (HCA), initiates this procurement to solicit proposals to provide a Provider Compensation Subsystem and Services (PCSS) solution supporting domestic payroll and supporting services for social service providers employed by clients of DSHS. This procurement includes a combination of the following service and system based solutions:

Services

- Perform enrollment of all Individual Providers (IPs)
 - Note: This will not include criminal background checks, nor contracting of the IPs. Both of these functions will be performed by the State.
 - Receive direction from clients on allocating hours among their IPs and making aligning authorizations for payment to the IPs in the PCSS systems
- Provide customer service support for IP's paid through the bidder system
- Provide customer service for state staff users of the system
- Perform data entry of paper time sheets submitted by providers
- Make tax payments
- Develop tax reporting documents which will be filed by DSHS
- Pay IP's through Electronic Funds Transfer (EFT) or paper warrants (checks)
- Process garnishments and adjustments
- Administer Security for payment system

System

- Implement a modern time claiming system capable of meeting Federal, State, Collective Bargaining, and Program requirements. This system will be an integrated component of the Washington State Medicaid Management Information System, referred to as ProviderOne.
- Interface with ProviderOne, the Washington State Department of Health, the Service Employees International Union (SEIU) 775NW Training Partnership, IRS, Social Security Administration, Washington State Department of Labor & Industries, Washington State Department of Revenue, Washington State Employment Security Department, and other interface partners
- Support options for providers to enter time worked in the system via the web or by submission of a paper time sheet. Bidders are invited to propose other creative time entry options and additional costs associated with these options. (See *Appendix K: Cost Proposal Form*)

DSHS will continue to operate as a 3401(d)(1) third party payer. The successful bidder will provide a subsystem and service solution to support payment of Individual Providers (IPs), but will NOT act as an agent for the state.

DSHS intends to procure an existing PCSS solution, with limited customization needed to meet the State's specific requirements. DSHS refers to this project as the Vendor PCSS project.

The agreement resulting from this procurement will have an initial term of five (5) years and six (6) optional one (1) year extensions. The design, development and implementation (DDI) activities will occur during the initial term. DSHS's target is to complete DDI activities for the PCSS system within nine (9) months of signing the contract. Following implementation of the PCSS solution, DSHS expects the PCSS Vendor to maintain and operate the system as well as handle processing and service activities to support payment for in-home social service providers.

1.2 Background, Vision, Goal and Objectives

1.2.1 DSHS Background

The Washington State Department of Social and Health Services (DSHS) is a cabinet level agency led by a Governor-appointed executive, the DSHS Secretary.

The mission of DSHS is to improve the quality of life for individuals and families in need. The Department helps people achieve safe, self-sufficient, healthy and secure lives.

DSHS is a lifeline providing the basics of life to Washington residents who need a helping hand. DSHS provides protection, comfort, food assistance, financial aid, medical care and a host of other services.

The primary administration affected by the PCSS project is the Aging and Disability Services (ADS). ADS provides the following services:

- Services for low-income elderly at home so they can continue to live in their homes.
- Services to help people with developmental disabilities with eating, bathing and personal care so they can live at home.
- Residential care for people with developmental disabilities, when appropriate.
- Investigating alleged abuse, neglect or exploitation of vulnerable adults.
- Licensing and monitoring nursing homes, boarding homes and adult family homes.

DSHS will oversee the services portion of this contract including program and policy, accounting oversight, contract management, service delivery tracking, and other programmatic elements. DSHS will partner with HCA to ensure the system is supporting the programmatic needs of DSHS. More information can be found at <http://www.dshs.wa.gov/aboutus/index.shtml>.

1.2.2 Provider Background

Over the last decade, the State of Washington (State) has made a focused effort to allow social service clients to receive needed services in their homes and communities rather than in expensive institutional settings. The State has a great deal of success in this effort and currently authorizes services for approximately 32,000 clients who employ at least one IP in their homes at any given time.

The providers serving these clients are referred to by the State as Individual Providers (IPs), and are employees of the client recipient. On average, 35,500 IPs claim payment for services rendered in a given month. In 2001, an initiative was passed that facilitated collective bargaining representation of this provider population. Since 2002, Service Employees International Union (SEIU) Healthcare 775 Northwest has been the exclusive collective bargaining representative pursuant to RCW.74.39A.270. As a

result of this bargaining, IPs are now eligible for paid time off, increases in pay based on cumulative career hours worked, paid training and more benefits as outlined in *Appendix B: SEIU 775 NW Collective Bargaining Agreement*.

With respect to the taxation of providers as the employee of the client, the tax rules are those necessary to comply with the Household Employer's Tax Guide (IRS Publication 15a, 15b, and 926) and the collective bargaining agreement for SEIU 775 NW.

~~Generally speaking, it can be said the Vendor PCSS performs functions as the employer agent to the client, who is the common law employer, or his or her legal representative in accordance with Title 26, U.S. Code, §3504 of the Internal Revenue Code and Revenue Procedure 70-6 and REG-137036-08.~~

~~The state will continue functioning as a 3401(d)(1) employer with the PCSS Vendor acting as a service provider to the state.~~

The entry wage for IPs is \$10.03 per hour. Approximately 70% of the IPs are related to the client they are serving. A portion of the IPs are Medicaid recipients as well. A portion of the IPs have limited English language proficiency. Many do not own computers nor do they have regular access to computers connected to the Internet. In responding to this RFP, it is important prospective bidders understand the challenges these factors present to the IPs as the primary users of this payroll system.

1.2.3 Health Care Authority (HCA) Background

The Health Care Authority (HCA) oversees eight health care programs including: Basic Health, Health Technology Assessment, Medicaid and Medical Assistance Programs, Prescription Drug Program, Public Employees Benefits Board, Uniform Medical Plan, Washington Health Program, and Washington Wellness.

HCA administers Medicaid medical payments for DSHS as part of the Medicaid and Medical Assistance Program. The Vendor PCSS project is part of a greater effort to bring most Medicaid social service payments into the new MMIS system (ProviderOne), operated by HCA.

The State refers to HCA as the System Steward of ProviderOne. HCA and DSHS personnel will be involved in DDI of the PCSS system. Bidders should familiarize themselves with HCA as a stakeholder in the PCSS project. More information can be found at <http://www.hca.wa.gov/about.html>.

1.2.4 Vision Statement and Goals

DSHS's vision for the PCSS project is to contract with an experienced Domestic Payroll Vendor to administer the provider compensation-related functions for IPs working as employees who receive Form W-2 Wage and Tax Statements. The solution should use proven industry best practices, rely on standard processes, and bring system and application flexibility. The approach must ensure compliance with