

Janice K. Brewer, Governor
Thomas J. Betlach, Director

801 East Jefferson, Phoenix, AZ 85034
PO Box 25520, Phoenix, AZ 85002
Phone: 602 417 4000
www.azahcccs.gov



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ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

April 24, 2013

Mark Eggert
Senior Vice President
Contractual and Regulatory Affairs
Centene Corporation
Centene Plaza
7700 Forsyth Blvd.
St. Louis, MO 63105

Decision of Procurement Officer: Bridgeway Protest re AHCCCS Solicitation
Number YH14-0001

Dear Mr. Eggert:

Pursuant to Arizona Administrative Code (“A.A.C.”) R9-22-604 (G), this letter serves as the Decision of the Procurement Officer in response to the protest of Request for Proposal (“RFP”) number YH14-0001 filed by Bridgeway Health Solutions of Arizona, LLC (Bridgeway). The protest, both hand-delivered and electronically filed, was received by the Arizona Health Care Cost Containment Administration (AHCCCS) on April 11, 2013, ten days from the date of the April 1, 2013 letter to Patrick Ross informing him that AHCCCS did not award a contract to Bridgeway in Geographic Service Area (GSA)12-Maricopa County. Earlier on March 22, AHCCCS had initially informed Patrick Ross that the Agency was not awarding an acute care contract to Bridgeway “at this time.”

Background

Bridgeway’s protest seeks reconsideration of the AHCCCS April 1 decision denying it a contract award and requests award to Bridgeway of the seventh contract in Maricopa County. Alleging that questions 2, 3, 7, 8, and 9 were not properly scored, Bridgeway presents excerpts from its submission to support its position and argues that “had Bridgeway’s proposal been properly scored, Bridgeway’s score would have been *at least* as high as the sixth place scorer.” Ultimately, the protester requests AHCCCS to determine that Bridgeway’s proposal “is advantageous to the State and warrants the award of a seventh contract for Maricopa County.” After careful consideration of the protest, AHCCCS has determined that Bridgeway’s protest is denied. The remainder of this letter explains the bases for the Procurement Officer Decision denying the protest.

Timeliness of Protest

As a preliminary matter, Bridgeway's protest is untimely to the extent that Bridgeway refutes the ranking and scoring of its submission in GSA 12. For protests unrelated to an impropriety in the RFP or in an amendment to the RFP (as in this instance), AHCCCS Rule R9-22-604(D)(3) specifies that a protester "shall file a protest no later than 10 days after the procurement officer makes the procurement file available for public inspection." As Bridgeway notes, on March 22 AHCCCS posted on its website the procurement file. This information included the material necessary for all Offerors to evaluate the ranking and scores specific to each GSA, and, thus provided all Offerors with the data necessary to contest ranking and scores. Although AHCCCS subsequently posted the AHCCCS letter advising Bridgeway for the second time that it was unsuccessful in GSA 12 (and also posted the capped contract award to Phoenix Health Plan (PHP)), this later correspondence is irrelevant to, and does not affect, the ranking or scoring information posted on March 22.

If Bridgeway disagreed with any aspect of the ranking or scoring, it was incumbent upon Bridgeway to preserve its rights and file the protest no later than April 1, 2013 as mandated by rule. Ample time existed for it to do so. The substance and justification Bridgeway included for its challenge to the scoring and ranking were available on March 22. AHCCCS added no other material to the procurement file relative to the ranking and scores after March 22. Despite awareness of the possibility that Bridgeway might not receive an award in Maricopa County, Bridgeway elected to ignore the regulatory requirement and to delay filing a protest regarding the ranking results until some future communication from AHCCCS. In doing so, Bridgeway neglected to preserve its rights to contest the rankings despite having all information for filing such a protest. To accept Bridgeway's protest disputing ranking and scoring as timely allows Bridgeway to unilaterally expand the timeframe for filing such a protest in contravention of AHCCCS rules

Scoring of Bridgeway's Narrative Submissions- Questions 2,3,7,8, and 9

Irrespective of the untimeliness of Bridgeway's protest, the substantive allegations made by Bridgeway regarding improper scoring and ranking are without merit. AHCCCS disagrees with the conclusions drawn by Bridgeway from its review of Evaluator comments given the quality of Bridgeway's responses as compared to those of other bidders and the limited relationship between the observations and the scoring process. Bridgeway's disagreement with some of the comments does not translate to a conclusion that the "team erred in its scoring" or that "improperly scored items had an undeniable effect on the outcome of the RFP process."

From an evaluation perspective as well as in other aspects, RFP YH14-0001 represents a unique procurement in the history of the AHCCCS Program. Unlike prior AHCCCS

procurements, the evaluation process underwent substantial redesign where a Consensus Evaluation approach was used for both the narrative submissions and the oral presentations. For these areas, AHCCCS did not use an allocation of individual points by Team Members (also referred to as Evaluators) for each submission requirement based on an ideal score. Instead, the Agency relied on a consensus evaluation process where Team Members ranked the submission requirements from each Offeror on a statewide basis. Thus, each Offeror's submissions were evaluated through a comparison with those by the other Offerors. The submissions were then ranked, through the consensus process, according to the strengths of the particular Offeror's responses as compared against, and contrasted with, the other Offerors. To achieve the consensus ranking, all Evaluators engaged in a collaborative process which culminated in the consensus ranking approved by each and every Evaluator.

AHCCCS Evaluators developed consensus rankings based on their overall judgment as to the relative quality of Offerors' responses. Major observations identified by the Evaluators in reaching the consensus ranking were specifically noted for each Offeror's submission using the Submission Evaluation Considerations. The major observations provide insight regarding Offerors' responses but do not determine the final rankings. Importantly, the observations were not necessarily equal in importance in the opinion of Evaluators. Additionally, the observations do not necessarily reflect *all* of the factors considered by Evaluators in deriving their final, consensus rankings. Successful challenges to particular observations, therefore, would not necessarily constitute a basis for changing the rankings.

Bridgeway submitted proposals to serve as an acute care contractor in each of the seven GSA's throughout the State. Consistently throughout the consensus evaluation and ranking process, Bridgeway performed poorly relative to the submissions by the other Offerors. In GSA 2, Bridgeway was ranked sixth of six. In GSA 4, it received the lowest ranking of five bidders. Bridgeway was ranked seventh of seven in GSA 6, and sixth of six in GSA 8. Bridgeway received similarly low placements in GSA's 10 and 14 where it was determined to be last of eight and sixth of sixth, respectively. In Maricopa County, the GSA which is the subject matter of this protest, Bridgeway was ranked seven of nine proposals.

AHCCCS has reviewed Bridgeway's challenge to the observations and disagrees with all of Bridgeway's assertions regarding the appropriateness of the noted observations. Below, AHCCCS has provided explanations to substantiate each of the observations.

Question 2

Bridgeway received a consensus ranking of eighth out of ten Offerors for question 2. As stated previously, AHCCCS Evaluators developed consensus rankings based on their overall judgment as to the *relative* quality of Offerors' responses.

Three major observations were documented by AHCCCS evaluators. It is noteworthy that Bridgeway did not contest two of the three observations. The uncontested observations were: 1) "Offeror did not address how it would monitor outcomes of process improvements for effectiveness and sustainability" and 2) "Offeror discussed provision of services to members in medically underserved areas but did not describe in detail processes for ensuring provision of services to special needs populations."

Bridgeway does contest the third observation: "Offeror described processes for managing its network but did not describe in detail how it would use a comprehensive array of data to make network improvements." In its protest, Bridgeway cites paragraphs from its proposal that delineated its process for creation of quarterly appointment availability reports, member satisfaction surveys, complaint/grievance reports and AHCCCS-required network adequacy reports, as well as the analytical capacity of its Centelligence™ data analysis systems. However, Bridgeway failed to demonstrate how a comprehensive array of data would actually be used to make network improvements. In fact, Bridgeway in its protest letter includes a paragraph from the proposal that begins, "*Network deficiencies are identified chiefly by front-line Network Development Representatives...*" which runs counter to the assertion that data plays a central role in network improvement. In the judgment of evaluators, other Offerors better demonstrated proactive processes for network management, including through use of data analysis to identify gaps and implementation of network improvements to address identified deficiencies.

Question 3

Bridgeway received a consensus ranking of eighth out of ten Offerors for question 3. As stated previously, AHCCCS Evaluators developed consensus rankings based on their overall judgment as to the *relative* quality of Offerors' responses.

In its protest letter, Bridgeway contested the observation that it described future strategies for rewarding care but did not appear to currently employ any of these approaches. Evaluators recognized, reviewed, and discussed both current and future strategies contained in Bridgeway's response. As repeated in Bridgeway's protest letter, the response included a general description of current, provider-oriented approaches in Arizona to reward quality care: "*We also recognize providers through additional compensation, at awards dinners, provider meetings, and through the Bridgeway website with a provider profile spotlighting a provider's contribution to care coordination and outstanding patient care.*"

The Bridgeway response provided significantly more information regarding possible future initiatives. As indicated in Bridgeway's response, "*...Bridgeway is currently engaged in discussions with internal staff and providers to develop P4P programs*

specific to the Arizona acute member and provider population... Further, Bridgeway introduced possible future initiatives as *“Examples of alternative payment arrangements from our Centene affiliates...”*

Evaluators considered the merits of these future strategies as part of the evaluation and ranking process. Evaluators also considered the likelihood that such initiatives would actually be in place for the Arizona market. The fact that Bridgeway’s response provided only limited information regarding current approaches and more information regarding future strategies that might be implemented in Arizona (based on examples from other Centene affiliates) contributed to the judgment of Evaluators regarding its total ranking on this question.

Question 7

Bridgeway received a consensus ranking of eighth out of ten Offerors for question 7. As stated previously, AHCCCS Evaluators developed consensus rankings based on their overall judgment as to the *relative* quality of Offerors’ responses.

In its protest letter, Bridgeway disagreed with two of the observations regarding its response to Question 7. The observations are as follows: a) “Offeror did not clearly describe how data, such as comparative provider information, will be used to improve care,” and b) “Offeror did not describe how data is used to facilitate continuous quality improvement.”

The protest letter refers to a section of the Bridgeway proposal regarding provider data used for comparison of providers to their peers. Evaluators reviewed and discussed this section of the Bridgeway proposal as one of several factors that contributed to the final rankings. As evidenced by Bridgeway’s brief description as cited in the protest letter, Evaluators concluded that Bridgeway’s response lacked detail regarding how it will use data to improve care as compared to the responses of other Offerors.

The protest letter also cites a section of the Bridgeway proposal that generally describes the types of data that are collected and analyzed. Again, the Evaluators reviewed and discussed this section of the Bridgeway proposal. As evidenced by the section of the Bridgeway response cited in the protest letter, Evaluators concluded that Bridgeway’s response did not describe how data is used to facilitate continuous quality improvement.

Question 8

Bridgeway received a consensus ranking of sixth out of ten Offerors for question 8. As stated previously, AHCCCS Evaluators developed consensus rankings based on their overall judgment as to the *relative* quality of Offeror responses.

Bridgeway asserts that it was not given credit for certain compliance program activities that it wrote about and for which other Offerors were given credit.

First, Bridgeway asserts that it was not credited with having an SIU investigator that is dedicated solely to Bridgeway, as documented on page 93 of its response. However, the response actually states that, *"The Payment Integrity Division includes our Special Investigations Unit (SIU) and Compliance Coding Teams. The Vice President of Payment Integrity reports to Centene's Vice President of Ethics and Compliance. One Investigator is specifically assigned to Bridgeway."* Although Bridgeway's narrative submission included mention of *"an investigator,"* this title is not specifically identified as an "SIU investigator." Moreover, the duties of the "investigator" are not described in detail. Bridgeway did provide a broad description of the SIU's oversight activities as a whole, however, the activities of a dedicated SIU Investigator are not mentioned. Based on the structure outlined on page 93, the SIU is a unit within the Payment Integrity Division, located at Centene's corporate headquarters in St. Louis, Missouri. Thus, the SIU does not appear to be based in Arizona.

Second, Bridgeway asserts that it was not given credit for its emphasis on employee training. Bridgeway's submission specifically states; *"Bridgeway meets all Contract requirements for ...training health plan staff and Board Members."* The various methods outlined such as attestations, training modules, completion timelines and targeted trainings are fundamental techniques to meet contractual requirements. Similarly, the seven *"Staff Training Approaches"* listed, *"interactive group and individual training, online training, handouts, handbooks, contests, and newsletters"*, are fundamental techniques to meet contractual requirements and lack detailed descriptions of their employee training beyond the minimum contract requirements. Evaluators properly considered the merits of Bridgeway's training activities as part of the evaluation and ranking process.

Third, Bridgeway objects to being given credit for having "additional" decision support tools for FWA prevention and detection, while higher ranking Offerors were given credit for having "multiple" software applications. Bridgeway imputes significance to the use of synonymous terms that is not warranted. The terms are interchangeable and intended in both cases to be positive.

Fourth, Bridgeway asserts that, unlike several other Offerors, it was not given credit for its corporate Special Investigations Unit. Evaluators were unable to determine clearly which activities are performed locally and which are performed out-of-state and took this into consideration when ranking Offerors.

Fifth, Bridgeway asserts that, unlike one other Offeror, it was not given credit for having multiple pre-payment auditing processes. While Bridgeway's response mentions its Claim Audit Division and that it performs pre-payment reviews, it did not provide detail

on the Division's pre-payment review activities or describe clearly any type of pre-payment audit process.

Question 9

Bridgeway received a consensus ranking of tenth out of ten Offerors for question 9. As stated previously, AHCCCS Evaluators developed consensus rankings based on their overall judgment as to the *relative* quality of Offerors' responses.

Four major observations were documented by AHCCCS evaluators. Bridgeway did not contest the last of these observations: "Offeror failed to describe in detail processes for analyzing and making changes to its operational and administrative structures based on identified issues."

Bridgeway does contest the remaining three observations. First, Bridgeway challenges the observation that it failed to describe in detail comprehensive and proactive processes to avoid providers having to file a claims dispute. Bridgeway asserts that this finding was incorrect by citing language from the proposal delineating its processes. However, in the judgment of Evaluators, Bridgeway's examples did not demonstrate clearly that its activities go beyond minimum contract requirements or are proactive. For example, Bridgeway's use of an electronic claims management system is standard for the industry, and its training of providers on claims submission procedures is a contract requirement. Its employment of a toll-free number for providers to call when dissatisfied with initial claims adjudication also is standard for the industry and is reactive in that it relies on the provider to initiate action after the claim has been processed.

In addition, when evaluating Bridgeway's educational activities, Evaluators noted that while total claim disputes fell in the first three quarters of 2012, the number attributable to provider error rose to 600 from 540 in the same period in 2011. The number of Fair Hearing requests also tripled during the same period.

Second, Bridgeway contests the observation that it failed to describe in detail processes in place to resolve disputes at the earliest possible stage. Bridgeway points to its Claims Research and Support Unit, which seeks "first call resolution" when a provider contacts it regarding a claim issue. However, once a dispute or hearing request has been filed, Bridgeway's process, as described in its proposal, reflects minimum contract requirements and, in the judgment of Evaluators, did not demonstrate clearly how Bridgeway acts to resolve disputes at the earliest possible stage.

Third, Bridgeway contests the observation that it failed to describe in detail how local staff are empowered to assist in resolution of provider claims issues. Bridgeway cites language regarding its Claims Research and Support Unit and the team's ability to

address and resolve provider claims issues outside of the claim dispute process. However, Bridgeway's proposal used a mixture of Centene and Bridgeway terminology, and it was unclear to Evaluators how activities are divided between local and corporate locations.

After having reviewed Bridgeway's narrative submissions in each of the challenged areas, AHCCCS concludes that the major observations were correct and were substantiated. Bridgeway has failed to demonstrate any errors in scores or ranking.

Proposals Deemed Most Advantageous to the State and Number of Awards in GSA 12

In its request that AHCCCS reconsider GSA 12 and award Bridgeway a seventh contract in Maricopa County, Bridgeway refers to Section H *Instructions to Offerors* Paragraph 7 *Evaluation Factors and Selection Process*. Regarding the number of Contractors in a GSA and which Offerors are awarded contracts, this Section provides, in part:

"The final decision regarding both the number of Contractors in a particular GSA and which Offerors are awarded contracts will be made by AHCCCS. The decision will be guided, but not bound, by the scores awarded by evaluators. However, AHCCCS will ultimately make its decision based on a determination of which proposals are deemed most advantageous to the State."

Even accepting Bridgeway's contention that its score "would have been *at least* as high as the sixth place scorer," Bridgeway does *not* maintain that it should have received the sixth award in Maricopa County. Rather, Bridgeway seeks to be awarded a seventh contract. (Nevertheless, as previously explained, the major observations noted by AHCCCS Evaluators were correct, and no change in ranking or score is warranted.)

Section H *Instructions to Offerors* Paragraph 9 *Award of Contract* addresses the number of contracts to be awarded in any GSA. The relevant language provides:

"AHCCCS reserves the right to modify the number of Acute contracts to be awarded in any GSA; however, AHCCCS anticipates awarding Acute contracts as follows: Maricopa Maximum of 7."

Accordingly, AHCCCS was under no obligation to award seven contracts in GSA 12 despite the flexibility to award seven. As previously noted, the final decision regarding the contract awards is left to the discretion of AHCCCS based on those proposals deemed to be most advantageous to the State. Notably, Bridgeway fails to articulate any basis for concluding otherwise: It presented no basis explaining why it is in the best

interests of the State to award Bridgeway the seventh contract in Maricopa County nor did Bridgeway allege that AHCCCS failed to exercise its discretion in good faith.

It is also worth mentioning that months before the submission of proposals, all Offerors, including Bridgeway, were provided the RFP which explained the terms regarding the number of awards per GSA as well as the discretion afforded to AHCCCS in making awards based on those proposals deemed to be the most advantageous to the State. Bridgeway did not file a protest challenging these provisions nor did it allege any impropriety regarding the RFP or its amendments.

Capped Contract Award to Phoenix Health Plan

Bridgeway also complains that AHCCCS awarded a capped contract to PHP in Maricopa County despite PHP's lower score. Capped contracts are separate and distinct from contract awards to successful bidders. They are available only to unsuccessful incumbent Contractors in Maricopa and Pima Counties at the discretion of the State. Scores are not determinative in approving a capped contract for an unsuccessful Offeror which is an incumbent Contractor in these two counties.

Section H *Instructions to Offerors* Paragraph 9 *Award of Contract* governs the award of capped contracts awards. The relevant language provides:

Capped Contract Awards

"An Unsuccessful Incumbent Acute Care Contractor in Maricopa or Pima County may request, in writing, to have its enrollment capped and to continue providing services under the terms and condition of this RFP. The deadline for such a request is two days from the date of the award letter. Only one capped contract in Maricopa and Pima Counties may be granted. Capped contracts will not be allowed in any other counties/GSAs."

"*Unsuccessful Incumbent Contractor*" means an Incumbent Contractor that is not awarded a contract under this RFP in the GSA in which they serve under YH09-0000."

In light of the threshold requirements for a capped contract request, it is quite possible that a capped contract may be awarded to an Offeror (an incumbent Contractor) with a lower score than an unsuccessful Offeror which is not an incumbent Contractor, particularly when multiple bids are submitted in the GSA. Therefore, the outcome complained of by Bridgeway is hardly unexpected given the features of a capped contract. AHCCCS awarded a capped contract to PHP consistent with the RFP provisions notwithstanding PHP's lower score.

As mentioned earlier, Bridgeway was aware of the RFP provision delineating capped contract awards months before submission of its proposal. Bridgeway did not file a protest alleging impropriety of the RFP or its amendments, and it did not challenge the capped contract award to PHP.

Conclusion

For all of the reasons explained above, Bridgeway's protest seeking a seventh contract award in GSA 12 is denied. Bridgeway's protest challenging the scores and ranking of the designated narrative submissions is untimely. Irrespective of timeliness considerations, Bridgeway's submissions were correctly scored. Additionally, the contract awards for Maricopa County were made consistent with the terms of the RFP.

In accordance with A.A.C R9-22-604 (I), Bridgeway may file an appeal of the Procurement Officer's Decision within five days from the date the Decision is received.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Veit", written in a cursive style.

Michael Veit
Chief Procurement Officer
AHCCCS Administration