AmeriHealth Mercy Health Plan

Request for Proposal for
Durable Medical Equipment (DME) Providers

October 30, 2009
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1.0 STATEMENT OF GOALS AND OBJECTIVES

1.1 Background

AmeriHealth Mercy Health Plan ("AMHP") is a Pennsylvania Medical Assistance (Medicaid) managed care organization that manages health care services for more than 106,000 Medical Assistance recipients in 15 counties of the Lehigh/Capital area and Northeastern Pennsylvania. These counties include: Adams, Berks, Carbon, Cumberland, Dauphin, Lackawanna, Lancaster, Lebanon, Lehigh, Luzerne, Monroe, Northampton, Perry, Pike and York Counties (collectively, the "Service Area").

Headquartered in Harrisburg, Pennsylvania, AmeriHealth Mercy Health Plan is a mission driven health care ministry of the Sisters of Mercy. In 2008, AMHP paid over $4.5 million in durable medical equipment ("DME") claims. AMHP is seeking to establish a limited provider network with two or more DME providers to serve its members. Once these providers are selected, the number of DME providers in the AMHP network will be reduced to include only the selected providers.

1.2 Role of the Selected DME Providers

Through this Request for Proposal (RFP), AMHP seeks to establish a limited network of DME providers. The selected DME providers will provide comprehensive DME goods and services covered under the Pennsylvania Medical Assistance program for AMHP members in the Service Area. AMHP seeks DME providers that can deliver the services/equipment requested in a timely, professional, efficient and cost effective manner while ensuring the highest standards of performance, integrity, customer service and fiscal accountability. AMHP wishes to contract with DME providers that understand the importance of the goods and services they provide, and the impact that they have on our members.
1.3 Timetable

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>RFP RELEASE DATE</td>
<td>October 30, 2009</td>
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<tr>
<td>VENDOR QUESTIONS</td>
<td>Emailed prior to November 6, 2009</td>
</tr>
<tr>
<td>VENDOR CONFERENCE CALL</td>
<td>November 9, 2009</td>
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<tr>
<td>VENDOR PROPOSALS DUE</td>
<td>November 30, 2009</td>
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<td>VENDOR PRESENTATIONS</td>
<td>Week of December 7, 2009</td>
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<tr>
<td>CONTRACT NEGOTIATIONS AND FINAL AWARD</td>
<td>Commencing week of December 14, 2009</td>
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<tr>
<td>CONTRACT OPERATIONS BEGIN</td>
<td>March 1, 2010</td>
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Notes:
- See Section 2.1 of this RFP for instructions on submitting questions.
- Responses to vendor questions will be presented during the Vendor Conference Call on November 9, 2009 at 2:30 p.m. Eastern Time. Call-in number: 888-864-0817, passcode 934213.
- Vendor Presentations are optional, and may be conducted at AMHP’s sole discretion. AMHP will notify respondents if chosen for presentation.
- Final Award is contingent upon successful negotiation of a provider contract.

1.4 Criteria for Selection

In order to be selected as a DME provider, in addition to meeting all applicable specifications and submitting all requested information, applicants must demonstrate the following:

- The ability to provide DME goods and services to AMHP members in the entire AMHP Service Area;
- The guaranteed ability to provide DME goods and services covered under the Pennsylvania Medical Assistance program;
- A proven track record of successful service to the Medical Assistance population, including working with managed care organizations to effectively manage the medical needs of the Medical Assistance population;
- The ability to meet prior authorization, claims submission, quality management and reporting requirements of AMHP;
- The ability to comply with regulatory requirements of the Medical Assistance program;
- Processes and procedures that are in compliance with the Health Insurance Portability and Accountability Act and its accompanying regulations (“HIPAA”) and Pennsylvania privacy laws and regulations;
• A pricing proposal that recognizes the underlying pricing structure of the Pennsylvania Medical Assistance program and provides AMHP with the opportunity to reduce the cost of DME goods and services without affecting the quality of care; and

• The ability to implement a provider agreement with AMHP on January 1, 2010.

AMHP reserves the right to reject a proposal without further consideration that does not include a complete, comprehensive, and total response as requested by this RFP. AMHP reserves the right to reject any and all proposals; and nothing in this RFP, nor in any applicant’s response, will be construed to require AMHP to enter into any contractual relationship with any applicant.
2.0 PROPOSAL GUIDELINES

2.1 Submission of Proposals

Applicants must submit three paper copies of their proposal, as well as an electronic version, on or before November 30, 2009 at 5:00 p.m. to:

Jill Blessington
Ancillary Contracting
AmeriHealth Mercy Health Plan
2404 Park Drive
Harrisburg, PA 17110

Questions should be addressed to Jill Blessington at the following email address: Jill.Blessington@amerihealthmercyhp.com

All materials submitted become the property of AMHP; and AMHP is under no obligation to return any materials to applicants. Selected proposals will be directly incorporated to any resulting DME provider agreements. Applicants may delineate sections of the proposal they deem proprietary by marking the relevant sections “Proprietary and Confidential.” AMHP will maintain the confidentiality of any information so identified to the extent permitted by law.

All information must be submitted in accordance with the timetable outlined in 1.3.

2.2 Proposal Format

The following are the general categories included in this RFP. An applicant may select one or more categories for which they propose to provide DME services/supplies.

DME and Medical Supply Categories

1. Bath, beds, and related equipment
2. Enterals and pumps with supplies
3. Infusion pumps
4. Diabetic equipment, supplies, and related testing equipment
5. Incontinence supplies, urinary catheters and related supplies
6. Adult or Medically Necessary Diapers
7. Ventilator/Tracheostomy/Respiratory supplies (bundle rates are preferable)
8. Infusion, injection and IV supplies
9. Dressing and wound care, gloves, and sponges
10. Nebulizers and related supplies
11. Prosthetics and Orthotics
12. Wheelchairs and seating (all inclusive pricing, instead of K0108 for each piece) see appendix 1
13. Oxygen-see appendix 2
14. Wound Care (bundle rates, if available for vacs and supplies)
15. Ostomy Supplies
16. Breast pumps

Proposals should be organized as follows:

Executive Summary. The Executive Summary should provide an overview of the proposing organization and its related experience. It should highlight the factors deemed most critical for success in this project and the approach for providing DME goods and services under the proposal.

Statement of Qualifications. Applicants must demonstrate their ability to comply with all requirements listed in Section 3 of the RFP.

Compliance with Technical Requirements. Applicants must demonstrate their ability to comply with all requirements listed in Section 4 of this RFP.

Compliance with Business Requirements. Applicants must demonstrate their ability to comply with all of the requirements listed in Section 5 of the RFP.

Price Bid. Applicant must submit a detailed price bid for all DME goods and services.

Applicants are requested to submit only those materials that are responsive to, and directly relate to, the questions posed in this RFP.
3.0 QUALIFICATIONS

The information in this Section 3 must be provided for any and all subcontractors that your organization plans to use to assist in providing DME goods and services.

3.1 Background Information

3.1.1 Provide a brief overview of the history, structure and ownership of your organization.

Describe any significant past (within the past three years) or expected (within the upcoming year) changes in your organizational structure or business approach that have affected or may affect your delivery of services to AMHP members.

3.1.2 Provide a brief description of your overall capabilities to provide DME services.

3.1.3 Describe all relevant credentialing and accreditation statuses, including but not limited to:

3.1.3.1 Whether the organization is appropriately licensed or certified as required by the Commonwealth of Pennsylvania;

3.1.3.2 Whether the organization has a current provider agreement with the Pennsylvania Medical Assistance program and an active Medical Assistance identification number (MAID);

3.1.3.3 Whether the organization has ever been suspended, terminated, debarred or otherwise prohibited from participating in, or entered into a settlement for voluntary withdrawal from, any state Medicaid program or the federal Medicare program.

3.1.4 Describe policies and procedures for detection, notification and resolution of issues related to fraud and abuse.

3.1.5 Describe policies and procedures for addressing member complaints.

3.2 Medicaid Managed Care Experience

Describe your overall experience in providing services to Medical Assistance recipients and members of Medicaid managed care organizations. Also, describe your experience with Medicare managed care organizations.
3.3 References

3.3.1 Provide three references we can contact to affirm your credentials and past performance. Describe contract type, size and term of contract.

3.3.2 Provide a list of Medicaid managed care organizations that have discontinued your services over the past two (2) years. Indicate the reason(s) for the termination of your services.

3.4 Key Management

3.4.1 What key management staff in your organization will be assigned to AMHP on an ongoing basis? What are their qualifications and experience?

3.4.2 Are you willing to meet with AMHP on a regular basis to discuss your organization’s performance and address administration issues?

3.4.3 AMHP must be made aware of any changes to key personnel responsible for the provider contract. In addition, if there are key personnel at remote locations, those names and contact information must also be kept up-to-date.

3.5 Financial Statement

Provide a copy of the two most recent audited financial statements for your organization and proof of general liability and medical malpractice insurance.

### 4.0 TECHNICAL REQUIREMENTS

AMHP will select the DME provider(s) through a formal evaluation process that will take into account the applicants’ ability to meet the requirements in Sections 3, 4 and 5 of this RFP.

4.1 Ability to Cover Entire Service Area

AMHP is seeking DME providers who can successfully service the entire network region. List the Pennsylvania counties where your organization currently operates and how your organization will furnish and supervise the provision of DME goods and services throughout the AMHP Service Area.

List the locations of your organization’s offices and distribution points. Describe your mail order and delivery capabilities and how these will be used to meet service requirements in the Service Area. Indicate whether or not you have storefronts; and, if applicable, please include a list of their locations.
4.2 Ability to Meet Time to Service Requirements

DME providers are expected to deliver all DME goods and services within 24 hours of receipt of the request or, when prior authorization is required, within 24 hours of receiving the prior authorization from AMHP.

- Describe current policies and procedures related to timely delivery. Does your organization have the ability to inform AMHP immediately of any potential problems in providing any DME/medical supplies in a timely manner under the provider agreement?

- Identify any goods or services that your organization is currently not capable of delivering within 24 hours in the Service Area, and describe what steps your organization will take to meet this standard.

4.3 Ability to Secure Prior Authorization

The selected DME providers must verify member eligibility, benefit limitations, and obtain any required prior authorization before providing services to AMHP members. The selected DME providers must also notify AMHP immediately upon receipt of a prior authorization, if the order cannot be filled as requested. Describe your internal processes for carrying out these functions.

(The selected DME providers will be required to follow all existing authorization policies and procedures that AMHP has in place during the contract period.)

4.4 Ability to Meet Comprehensive DME Needs of AmeriHealth Mercy Health Plan Members

The selected vendor(s) should have a documented history of successful service to the Medical Assistance population. Identify any significant type of DME goods or services covered under the Pennsylvania Medical Assistance program that your organization currently does not supply; and describe how you will make them available to AMHP members, if selected.

Alternatively, indicate if your organization proposes to supply only limited categories of DME services and/or supplies.

Describe your inventory management practices, and how your organization maintains an adequate inventory to ensure that members have sufficient and appropriate access to all prescribed and authorized DME/medical supplies that would be furnished under your provider agreement with AMHP.
4.5 Care Coordination

Describe your organization’s policies and procedures for working with physicians and other providers and insurers to ensure that care is coordinated and that pertinent information is communicated to those entities. Is your organization willing to meet with AMHP care managers on a routine basis to assist in the coordination of services for members?

Describe how care would be transitioned to another DME provider if your contract with AMHP is terminated or if your organization ceases doing business.
5.0 BUSINESS REQUIREMENTS

5.1 Contract Terms and Conditions

The initial contract term under any provider agreement resulting from an award under this RFP will be for a 3-year period, with multiple year renewal options. The provider agreement will be based on AMHP’s standard form of ancillary provider agreement. The respondent’s response to this RFP and the terms and conditions of this RFP, including but not limited to all applicable Performance Specifications set forth in any section of this RFP, will be deemed to be incorporated to the provider agreement.

5.2 Pricing: To obtain a copy of the current AMHP DME fee schedule, please e-mail: Jill.Blessington@amerihealthmercyhp.com and request it be e-mailed to you.

- Provide a detailed schedule of prices for specific DME goods and services to be provided under your proposal. We prefer your pricing to be a % of the AMHP DME Fee Schedule, but carve out codes will be considered.
- Describe how DME goods and services currently not on the price list will be priced and added to this list.

5.3 Participation in Pennsylvania Medical Assistance Program; Compliance with Medical Assistance HealthChoices Program Requirements

Each selected DME provider will be required to be enrolled as a Medicaid provider on or before the effective date of January 1, 2010. If a DME provider is proposing to utilize multiple locations to provide the DME services and supplies, each location must be enrolled and have a valid MAID/NPI number.

The proposal must include your agreement to comply with the Pennsylvania Department of Public Welfare’s HealthChoices Program requirements.

5.4 AMHP Credentialing Requirements

The selected DME providers must at all times meet AMHP’s credentialing requirements in order to participate in the AMHP network of providers. Credentialing criteria include, but are not limited to, accreditation by an appropriate national agency specific to the nature and type of DME services and goods furnished by the provider.
6.0 PERFORMANCE STANDARDS

In addition to the general requirements set forth in this RFP, all DME providers are required to comply with the following AMHP performance standards. Additional performance standards related to specific DME goods and services are set forth in Appendix 1 (for suppliers of wheelchairs and related equipment and Appendix 2 (for suppliers of oxygen and oxygen-related equipment).

Successful DME providers must meet all of the following requirements:

- Provide a toll free number, with live voice response, for customer/member service.
- Receive routine orders for specified DME/medical supplies via toll free facsimile and/or electronic submission Monday through Friday from 8:00 a.m. – 5:30 p.m.
- Telephone services must demonstrate cultural competence by providing services in English and other languages as required by the population of AMHP’s members.

(Currently, Spanish-speaking customer service representatives would be required to service members in Berks, Lehigh, Northampton, and Monroe Counties; and successful DME providers must also have the capacity to provide translation for other languages as necessary).

- Customer service representatives must be able to answer questions pertaining to specified DME/medical supplies, including but not limited to:
  1. covered services
  2. services requiring authorization
  3. order processing
  4. delivery
  5. repairs
  6. emergency services

- Ensure that qualified staff deliver, set up and pick up equipment and supplies
- Ensure that service is provided within a time frame consistent with the prescriber orders.
- Provide education and training to clients and their caregivers about the use of equipment/supply upon initial delivery of the equipment and supplies, in accordance with the prescription and in the language understood by the member.
  - Education must be provided in a format and language readily understood by members and their caregivers. Supplemental written instructions should be provided as necessary.
  - Education should include the return demonstration by the member/caregiver of the safe and appropriate use and understanding of the equipment.
• Provide members and their caregivers with any manufacturer-supplied information that explains proper functioning and maintenance of the equipment.
• Establish a process that provides written verification from the member/caregiver of receipt/delivery of DME goods and supplies.
• Initially assess product use and routinely monitor the member’s use of disposable supplies to ensure quantities used are consistent with his or her prescribing physician’s orders and do not exceed the amount being delivered.
• Clean, maintain, repair or otherwise service equipment/supplies.
• Properly identify equipment with company’s name, telephone number and emergency contact information.
• Document all delays in service delivery
• Maintain a repair and replacement process that includes the following:
  o Repair and/or replace specified DME equipment upon notification of defect or malfunction;
  o Provide replacement DME equipment with the equivalent or better quality than the equipment originally issued;
  o Provide replacement (loaner) equipment to members free of charge while the repairs are being undertaken;
  o Honor all warranties for DME/medical supplies provided through the contract.

Appendix 1 includes additional performance standards for suppliers of wheelchairs and related equipment; Appendix 2 includes additional performance standards for suppliers of oxygen and oxygen-related equipment.
Appendix 1

Additional Standards for Suppliers of Wheelchairs and Related Equipment:

1. Supplier may not drop ship a wheelchair to the member’s home. Supplier must deliver wheelchairs and accessories to clients in their homes to provide proper instructions and safety procedures. Describe your procedures for delivery.

2. Supplier must have qualified staff or relationships with Physical Therapy providers that ensure that the wheelchair is fitted to the client and that he or she can use the wheelchair safely and effectively.

3. Supplier must complete a home evaluation to ensure a wheelchair fits inside the members home properly and that they can effectively move about the dwelling, as well as enter and exit in a safe manner.

4. Supplier must assemble equipment according to the manufacturers guidelines and be certified by the prospective manufacturer to provide and assemble mobility devices.

5. Supplier must provide equipment that is medically necessary for the client, ordered by the prescribing physician and authorized by AmeriHealth Mercy Health Plan, in accordance with the plan provisions.

6. Supplier repair and replacement services must be available and include the following services:
   a. Respond to an emergency requests by repairing or replacing equipment within 24 hours of the members initial request;
   b. Respond to non-emergency requests by repairing or replacing equipment within 48 hours of the members initial request;
   c. Supply a loaner if the equipment can not be repaired in a timely manner, until such time that the repair/replacement is complete.

7. Supplier must ensure equipment is functioning properly upon initial set-up.

8. Verbal and written education of members and their caregivers should address, at a minimum, proper equipment use for achieving the position(s) ordered by the prescribing physician. Supplier must maintain an acknowledgement statement signed by the client and their caregivers, attesting that training was received and that the member/caregiver is able to operate the equipment according to the instructions received from the supplier.
Appendix 2

Additional Standards for Suppliers of Oxygen and Oxygen Related Equipment

The selected DME provider(s) must meet or exceed the following quality and service standards.

Please describe how you will meet the following requirements.

1. Verbal and written education and training of members and their caregivers must address the following topics at a minimum:
   a. The importance of adhering to prescribed liter flow;
   b. Proper use of equipment and supplies, including basic operating instructions;
   c. Descriptions, assembly procedures and precautions for all accessories;
   d. Safety precautions and hazards related to oxygen use;
   e. Selecting the proper location for equipment in the home;
   f. Routine care and daily maintenance of all equipment, including cleaning and disinfecting procedures;
   g. Routine follow-up service procedures;
   h. Emergency response procedures to prevent interruption of service.

2. Supplier must follow-up as needed to ensure continued safe and proper use of equipment. Follow-up includes the following services.
   a. Perform scheduled quality control checks such as operational tests for safety;
   b. Provide preventive maintenance at defined intervals based on the manufacturer’s guidelines;
   c. Replenish each client’s supplies as medically necessary or authorized.

3. Emergency response services must be available at all times to prevent interruption of oxygen therapy in the event of a power outage or mechanical failure.
   a. Provide enough back up oxygen to last for a period of time equal to three times the supplier’s average delivery time;
   b. Contact each client within two hours of his or her initial request;
   c. Replace equipment and supplies within a time frame that does not allow the member to exhaust his or her back-up supply of oxygen;
   d. If an emergency is medical, refer the client directly to his or her physician, caregiver or 911;
   e. Backup units in case of power outage.

4. Handle, transport, repackage or otherwise dispense gaseous or liquid oxygen in complete compliance with U.S. Food and Drug Administration (FDA), U.S. Department of Transportation, Occupational Safety and Health Administration and Compressed Gas Association rules, regulations, guidelines and recommendations.
5. Meet FDA purity and labeling regulations if used for transfiling.
6. Comply with the following requirement for specific types of oxygen equipment:
   a. Oxygen contractors must:
      1. Deliver the liter flow ordered by the prescribing physician;
      2. Meet the manufacturers standards or at least 85 percent at each liter flow level, whichever is greater;
      3. Have a working alarm audible to the member that will alert him or her in the event of a power outage or mechanical failure; and
      4. Be double insulated or otherwise comply with Underwriter Lab grounding standards.
   b. Liquid oxygen reservoirs must:
      1. Deliver the amount of oxygen ordered by the prescribing physician;
      2. Include a contents indicator to determine remaining volume; and
      3. Meet current FDA purity and labeling regulations if used for transfiling.
   c. High pressure oxygen cylinders must
      1. Deliver the liter flow ordered by the prescribing physician;
      2. Test and record current hydrostatic function. Vendor must ensure at the time of transfilling that the expiration date stamped on the cylinder has not expired or will not expire before a member uses it; and
      3. Be safely secured with an appropriate stand or acceptable alternative.
   d. Portable oxygen systems must:
      1. Deliver the liter flow ordered by the prescribing physician;
      2. Be stand-alone systems or condiments to stationary systems that allows member to ambulate within their homes; and
      3. Not be used as a back up system.
   e. Oxygen accessories must:
      1. Have quality and design features appropriate to the members need as ordered by his or her prescribing physician and authorized by the AMHP; and
      2. Include items such as transtracheal catheters, as ordered by the prescribing physician.
   f. Oxygen conserving devices (passive or electric) must meet the member’s therapeutic needs, as determined by his or her prescribing physician and authorized by AMHP.

7. Vendors must train clients and their caregivers not to place oxygen near stoves or open flames.
8. Oxygen filters should be checked pursuant to the manufacturer’s guidelines.