



**California Health Benefit Exchange  
(Covered California)  
RFP 2014-40: Audit A-133**

**August 5, 2015**

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## 1. INTRODUCTION

### 1.1 Overview

You are invited to review and respond to this Request for Proposal (RFP). To submit a proposal to provide the requested services, you must comply with the instructions contained in this document as well as the requirements stated in the Scope of Work (SOW), Contractor Response Guidelines, and Model Contract, Exhibit B, Attachment 1, Cost Worksheet. By submitting an offer, your company agrees to the terms and conditions stated in this RFP.

Read this document carefully. Responses to this RFP must be submitted to the California Health Benefit Exchange (Covered California) contact noted in Section 1.3 below.

### 1.2 Key Action Dates

Proposers are advised of the key dates and times shown below and are expected to adhere to them. All times noted in this document are Pacific Time (PT).

#### KEY ACTION DATES

<b>Request for Proposal Release Date:</b>	<b>Wednesday, August 5, 2015</b>
<b>Questions Due Date:</b>	<b>Monday, August 10, 2015 by 3:00 PM</b>
<b>Responses Posted By:</b>	<b>Thursday, August 17, 2015</b>
<b>Proposals Due Date:</b>	<b>Friday, August 28, 3:00 PM</b>
<b>Interviews:</b>	<b>Week of August 31, 2015, if necessary</b>
<b>Notice of Intent to Award</b>	<b>Week of September 14, 2015</b>
<b>Estimated Term Dates:</b>	<b>October 1, 2015 through June 30, 2016</b>

### 1.3 Contact

John Chermesino  
California Health Benefit Exchange  
E-mail address: HBEXSolicitation@covered.ca.gov

Phone calls will not be accepted.

Four (4) copies of the Final Proposal are due by the stated deadline to the contact at the mailing address indicated in Section 1.3.

### 1.4 Contract Amount

Responses shall not exceed \$120,000 in total costs. Responses that exceed this amount will not be considered for selection.

## 1.5 Proposers' Questions

Proposers shall submit any questions regarding this RFP by the due date specified in the Key Action Dates table in Section 1.2. Only e-mail inquiries addressed to the contact person listed Section 1.3 will be accepted. Proposers shall provide specific information to enable the state to identify and respond to their questions. When submitting inquiries, please reference the RFP number. At its discretion, Covered California may contact an inquirer to seek clarification of any inquiry received. Proposers that fail to report a known or suspected problem with the RFP or fail to seek clarification and/or correction of the RFP, shall submit a proposal at their own risk.

## 1.6 Submission of Final Proposals

1. Preparation: Proposals are to be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP. Expensive bindings, colored displays, promotional materials, etc., are not necessary or desired. Emphasis should be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements, completeness and clarity of content.
2. Proposer's Cost: Costs for developing proposals are entirely the responsibility of the Proposer and shall not be chargeable to Covered California.
3. Completion of Proposals: Proposals must be complete in all respects as described in the requirements established within the RFP. A Final Proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. A Final Proposal must be rejected if any such defect or irregularity constitutes a material deviation from the RFP requirements as determined by Covered California in its sole discretion. The Final Proposal must contain all items required in the RFP.
4. False or Misleading Statements: Proposals which contain false or misleading statements, or which provide references which do not support an attribute or condition claimed by the Proposer, may be rejected. If, in the opinion of Covered California, such information was intended to mislead Covered California in its evaluation of the proposal, and the attribute, condition, or capability is a requirement of this RFP, it will be the basis for rejection of the proposal.

Issuance of this RFP in no way constitutes a commitment by the State of California to award a contract. Covered California reserves the right to reject any or all proposals received if Covered California determines that it is in Covered California's best interest to do so. Covered California may reject any proposal that is conditional or incomplete. Assumptions made by the Proposer in responding to this RFP do not obligate Covered California in any way.

Additionally, assumptions may make the proposal conditional and be cause for the offer to be rejected. Responses to this RFP will be assessed based on determining the "Best Value" and the selection, if made, will be to a single Proposer. The SOW and proposal will be made a part of the resulting Contract.

## 1.7 Format of Proposals

This RFP requires Proposers to submit a proposal that shall contain all required Administrative and Technical Attachments and Exhibits and submitted in a sealed envelope or container when shipped to Covered California by the dates and times shown in Section 1.2 Key Dates. The sealed package must be plainly marked with the (1) RFP number and title, (2) Proposer's name and address, and (3) must be marked with "DO NOT OPEN", as shown in the following example:

**RFP 2014-40: Audit A-133**  
**Attention: John Chermesino**  
**California Health Benefit Exchange**  
**1601 Exposition Blvd.**  
**Sacramento, CA 95815**  
**DO NOT OPEN**

Hardcopy proposals shall be on standard 8 ½" x 11" paper. Electronic versions shall be stored in a Covered California-designated central repository and remain the sole property of Covered California.

Proposers shall submit four (4) sets of copies for all Administrative/Technical Attachments and Exhibits in the sealed Envelope or Container. In the Proposer's best interest, one (1) set should be titled "Master Copy" and the remaining number as additional copies. Proposers shall also provide a CD-ROM with the appropriate Administrative and Technical Attachments and Exhibits in searchable text format (e.g., MS Word, searchable Adobe PDF). Each copy shall be titled and unbound, including the additional copies.

**Proposal not submitted under sealed cover may be rejected.**

## 1.8 Rejection of Proposals

Deviations, whether or not intentional, may cause a proposal to be non-responsive and not considered for award. Covered California may reject any or all proposals and may waive any immaterial deviation or defect in a proposal. Covered California's waiver of any immaterial deviation or defect shall in no way modify the RFP documents or excuse the Proposer from full compliance with the RFP specifications if awarded a contract. **FINAL PROPOSALS NOT RECEIVED BY THE DATE AND TIME SPECIFIED IN SECTION 1.2 KEY ACTION DATES OR NOT SEALED**, remain unopened and be maintained by the Contact listed in Section 1.3 separately from proposals that have been timely received.

Proposals received after expiration of the deadline shall not be submitted to the Evaluation Team nor considered except upon written approval of the Executive Director, or his/her authorized designee, specifying the reason(s) for acceptance and consideration of the proposal(s) received after expiration of the deadline.

## 1.9 Errors in Final Proposals

An error in the Final Proposal may cause the rejection of that proposal; however, Covered California may, **AT ITS SOLE OPTION**, retain the proposal and make certain corrections. In determining if a correction will be made, Covered California will consider the conformance of the proposal to the format and content required by the RFP, and any unusual complexity of the format and content required by the RFP.

1. If the Proposer's intent, as determined by Covered California, is clearly established based on review of the complete Final Proposal submittal, Covered California may at its sole option correct an error based on that established intent.
2. Covered California may at its sole option correct obvious clerical errors.
3. A Proposers may modify a proposal after submission by withdrawing its original proposal and resubmitting a new proposal prior to the proposal submission deadline. Proposer's modifications offered in any other manner, oral or written, will not be considered.
4. A Proposer may withdraw his/her proposal by submitting a written withdrawal request to Covered California, signed by the Proposer or an authorized agent. A Proposer may thereafter submit a new proposal prior to the proposal submission deadline. Proposals may not be withdrawn without cause subsequent to the proposal submission deadline.
5. Covered California may modify the RFP prior to the proposal submission deadline by the issuance of an addendum to its website.
6. Covered California reserves the right to reject any proposal that does not satisfy the requirements set forth in the RFP. Covered California is not required to award a contract. Before submitting a response to this RFP, Proposers should review, correct all errors, and confirm compliance with the RFP requirements.
7. All proposals must be based on the Model Contract provided with this solicitation (Scope of work provided in Section 3, and contract General Terms and Conditions provided in Model Contract, Exhibit C). Proposers must submit as part of their response any exceptions to the Model Contract that they wish to negotiate. Proposer exceptions must be documented in an attachment labeled "Proposal Contract Exceptions." All Model Contract exceptions must be included in the Proposer's proposal at the time of its submission. No additional exceptions may be presented during contract negotiations.
8. No oral understanding or agreement shall be binding on either party.

## 1.10 Protest

A protest may be submitted according to the procedures set forth below. If a Proposer has submitted a proposal which it believes to be totally responsive to the requirements of the solicitation process and believes the Proposer should have been selected, according to Section 5.3 - Evaluation Criteria, and the Proposer believes Covered California has

incorrectly selected another Proposer for the award, the Proposer may submit a protest of the selection as described below. Protests regarding selection of the “successful Proposer” will be heard and resolved by Covered California’s Executive Director.

All protests must be made in writing, signed by an individual who is authorized to contractually bind the Proposer, and contain a statement of the reason(s) for protest, citing the law, rule, regulation, or procedures on which the protest is based. The protester must provide facts and evidence to support their claim. Certified or registered mail must be used unless delivered in person, in which case the protester should obtain a receipt of delivery. The final day to receive a protest is five (5) business days after Proposer selection. Protests must be mailed or delivered to:

<b>Mailing Address:</b>
California Health Benefit Exchange
Attn: Peter Lee, Executive Director
1601 Exposition Blvd.
Sacramento, CA 95815

### **1.11 Disposition of Proposals**

Upon proposal opening, all documents submitted in response to this RFP will become the property of the State of California. Government Code Section 100508(a)(1) exempts from disclosure under the Public Records Act all deliberative processes, communications, or portions of negotiations with entities contracting or seeking to contract with Covered California and entities with which Covered California is considering a contract. Included within the exemption include, but are not limited to, score sheets and proposals submitted by proposers for purposes and any evaluation of competing for a contract. Covered California may, at its discretion, waive this exemption.

### **1.12 Contract Execution and Performance**

Performance shall start no later than the express date set forth in the RFP by Covered California after all approvals have been obtained and the contract is fully executed. Should the Contractor fail to commence work at the agreed upon date and time, Covered California, upon five (5) days written notice to the Contractor, reserves the right to terminate the contract. In addition, the Contractor shall be liable to Covered California for the difference between Contractor’s contract price and the actual cost of performing work by the replacement contractor.

All performance under the contract shall be completed on or before the termination date of the contract.

### **1.13 Subsequent Solicitation**

At Covered California’s sole discretion, after the contract award has been made and the contract has been executed, if the contract is terminated with or without cause after performance has begun, Covered California may engage the next-highest-ranked Proposer without performing a subsequent solicitation.



## 1.14 Addition or Subtraction of Services

Notwithstanding that proposals have been submitted, at Covered California's sole discretion, the scope of work may be modified to add or remove services through an addendum. If proposals have been submitted at the time Covered California posts the addendum, Covered California may restrict responses to the addendum so that only those entities that have submitted proposals in response to the initial RFP may respond to the addendum with the modified services.

## 2. MINIMUM QUALIFICATIONS

### 2.1 Respondents' Minimum Qualifications

Respondents must:

1. Be a Certified Public Accountant (CPA) audit organization.
2. Have five (5) years of experience conducting financial and A-133 audits in accordance with U.S. generally accepted accounting principles and auditing standards including, but not limited to Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, also known as the Yellow Book standards, and Generally Accepted Accounting Principles (GAAP).
3. Have five (5) years of experience with conducting financial audits of state agencies, using the California State Accounting and Reporting System (CALSTARS).
4. Have a local (Sacramento, CA-area) office.

### 2.2 Respondents' Desirable Qualifications

Covered California is seeking a CPA audit organization identified in this Statement of Work with the following desirable skills:

1. Knowledgeable of the Affordable Care Act and its implementing regulations, including the establishment of State Exchanges and their reporting requirements.
2. More than five (5) years of experience in providing similar accounting and auditing services to government agencies.

#### 2.2.1 Engagement Team Qualifications

Covered California is seeking a team with experience and knowledge of, or experience in, the process outlined in the Scope of Work. Proposer must demonstrate that staff assigned to the project possesses the experience, education, knowledge, and skills required to perform the SOW described in this RFP.

Minimum Qualifications for the engagement team include experience in the following areas:

1. Experience conducting a financial statement audit in accordance with U.S. generally accepted accounting principles and auditing standards including, but not limited to Generally Accepted Government Auditing Standards (GAGAS).
2. Experience conducting a single audit as required by the Office of Management and Budget's (OMB) Circular A-133 in accordance with GAGAS and the American Institute of Certified Public Accountant's Statements on Auditing Standards.

### **2.3 Reassignment of Personnel**

1. The Contractor shall not reassign personnel assigned to the contract during the term of the contract without prior written approval of Covered California. If a Contractor employee is unable to perform duties due to illness, resignation, or other factors beyond the Contractor's control, the Contractor shall make every reasonable effort to provide suitable substitute personnel.
2. Substitute personnel shall not automatically receive the hourly rate of the individual or position being replaced. Covered California and the Contractor shall negotiate the hourly rate of any substitute personnel to the contract. The hourly rate negotiated shall be dependent, in part, upon the experience and individual skills of the proposed substitute personnel. The negotiated rate cannot exceed the hourly rate stated in the contract.
3. Covered California reserves the right to request a Contractor employee be removed from performing any work on the contract and upon written notice to the Contractor, the Contractor shall assign a substitute employee.
4. The Contractor shall not subcontract any of the activities of this contract.

## **3. SCOPE OF WORK**

### **3.1 Background**

Soon after the passage of national health care reform through the Patient Protection and Affordable Care Act of 2010 (ACA), California became the first state to enact legislation to establish a qualified health benefit exchange. The California state law is referred to as the California Patient Protection and Affordable Care Act (CA-ACA).

The goals and objectives of Covered California are to:

- Reduce the number of uninsured Californians by creating an organized, transparent marketplace for Californians to purchase affordable, quality health care coverage to claim available federal tax credits and cost-sharing subsidies, and to meet the personal responsibility requirements imposed under the federal act (ACA);
- Strengthen the health care delivery system;

- Serve as an active purchaser, including creating competitive processes to select participating carriers and other contractors;
- Require that health care service plans and health insurers issue coverage in the individual and small employers markets and compete on the basis of price, quality, and service (and not on risk selection); and,
- Meet federal and state law requirements, guidance and regulations.

Covered California is an independent public entity within California State Government. It is governed by a five member board appointed by the Governor and Legislature. Four of the members are appointed for four year terms, two by the Governor, one by the Senate Rules Committee and one by the Speaker of the Assembly. The California Secretary of Health and Human Services is a voting ex-officio member of the Board. The Board elected the California Secretary of Health and Human Services Agency as Chair, signaling its intention to actively coordinate and collaborate with existing state agencies involved in providing health coverage to Californians.

Covered California works in close partnership with:

- Department of Health Care Services, which oversees and administers the California's Medicaid Program (Medi-Cal) and other specifically focused health programs;
- The two agencies that regulate health insurance in California, i.e. the Department of Managed Health Care and Department of Insurance; and,
- A broad range of stakeholders whose constituencies will be impacted by health care reform.

The purpose of this RFP:

Every State agency that receives federal funds is required to have its financial statements audited and to have a compliance audit per OMB Circular A-133. Since 1985, the California State Auditor's Office (CSA) has conducted California's statewide Single Audit.

The Single Audit encompasses an audit of California's financial statements, review of internal controls over financial reporting and compliance with federal program requirements, and additional tests of compliance with federal and state laws and regulations at the entity level and at the major federal program level. California's Single Audit is performed in accordance with the Single Audit Act, provisions of OMB Circular A-133, the Government Accountability Office's Generally Accepted Government Auditing Standards (GAGAS), and the American Institute of Certified Public Accountants' Statements on Auditing Standards.

This Single Audit is submitted to the State Controller (SCO) for reporting. The Single Audit reporting package is a collection of several documents. A complete Single Audit reporting package includes up to eight key parts. All applicable parts must be submitted before the State Controller's Office can process the reporting package. These parts are summarized below:

- a) Independent Auditor's Report.
- b) Basic Financial Statements.
- c) Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Generally Accepted Government Auditing Standards.
- d) Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards as Required by OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.
- e) Schedule of Findings and Questioned Costs.
- f) Summary Schedule of Prior Audit Findings (if no prior audit findings, please indicate).
- g) Corrective Action Plan (if applicable).
- h) Management Letter (required if issued by the entity's CPA).

The SCO Division of Accounting and Reporting, based on their GASB 61 analysis, and with CSA's concurrence, concluded that the California Health Benefit Exchange (Exchange) should be treated as a related organization for financial reporting purposes and that the Exchange's financial statements would not be included in the Comprehensive Annual Financial Report (CAFR) or its program in the Statewide Single Audit. Therefore, the CSA does not audit the Exchange's financial statements or complete the compliance audit. The Exchange must engage its own independent auditor to perform the compliance and financial statement audits, for the fiscal year ended June 30, 2015, in order to submit them by the due date of March 31, 2016.

Covered California reserves the right to retain the services of the organization resulting from this RFP to assist with other related activities and projects embarked upon by Covered California during the established contract period, or through a contract amendment.

Read this document carefully. Responses to this RFP must be submitted to Covered California contact noted in Section 1.3.

### **3.2 Reference Documents**

For additional information about Covered California and previous solicitations, please visit: <http://hbex.coveredca.com/solicitations/>

### **3.3 Project Tasks**

The following brief Statement of Work outlines Covered California's overall expectations. Potential Proposers are asked to develop their own, more detailed approach in response to this RFP.

## **Statement of Work**

The Contractor will provide the Exchange professional assistance to prepare the financial statements, including the related notes, in compliance with U.S. Generally Accepted Accounting Principles (GAAP). The Contractor will use the information from the trial balance and other source documents to prepare the financial statements and related notes.

The Contractor will conduct the audit of the Exchange's financial statements in accordance with auditing standards generally accepted in the U.S. and the standards for financial audits contained in GAGAS, using records provided by the Exchange to the Contractor. The Contractor will prepare an opinion as to whether the presentation of the financial statements that have been prepared by the Exchange conform to U.S. GAAP. The Contractor will perform tests of the accounting records and other procedures, including the assessment of the risks of material misstatement of the financial statements.

The Contractor will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Exchange, and evaluate the overall financial statement presentation. Certain limited procedures will be performed as required by auditing standards generally accepted in the U.S and GAGAS.

The Contractor will also perform audit procedures with respect to the Exchange's federal program in accordance with the provisions of OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations. OMB Circular A-133 includes specific audit requirements, mainly in the areas of internal control and compliance with laws, regulations, contracts, and grant agreements that exceed those required by Government Auditing Standards. The Contractor will perform tests to evaluate the effectiveness of the design and operation of internal controls that are relevant to preventing or detecting material noncompliance with laws, regulations, contracts, and grant agreements.

The Contractor will provide one training session to the Financial Management Division and Program Integrity Division staff. The training will include an assessment and recap on the preparation of the financial statements, detailed worksheets, and explanation of the preparation of adjusting entries.

Contractor will provide a document with recommended future fiscal years GAAP adjustments, with emphasis on adjustments related to sustainability funding.

The Contractor will provide up to eight hours of consultation services on an as-needed basis.

The Contractor will submit a Timetable showing dates for the Entrance Conference, Fieldwork, Exit Conference, Issuance of the Draft Audit Report, and Issuance of the Final Audit Report to the State Program Representative for approval. Covered California reserves the right to revise the dates on the approved Timetable by notifying the Contractor in writing.

### 3.4 Contract Completion Criteria

The contract resulting from this RFP will be considered complete when Covered California's Project Manager has approved and accepted all assigned contract deliverables.

### 3.5 Deliverable Acceptance Criteria

All completed work must be submitted to Covered California for review and approval or rejection. Payment for all tasks performed under this Statement of Work will be based on time and materials. It will be Covered California's sole determination as to whether any tasks have been successfully completed and are acceptable.

Throughout the contract, Covered California will review and validate services performed. In addition, Covered California's Project Manager will verify and approve the Contractor's invoices. Signed acceptance is required from the Covered California Project Manager to approve an invoice for payment.

Deliverable acceptance criteria consist of the following:

1. Deliverable specific work was completed as specified and the final deliverable product or service was rendered.
2. Plans, schedules, designs, documentation, digital files, photographs and reports (deliverables) were completed as specified and approved.
3. All deliverable documentation and artifact gathering have been completed.
4. All deliverables are in a format useful to Covered California.
5. If a deliverable is not accepted, Covered California will provide the reason, in writing, within ten (10) business days of receipt of the deliverable.

### 3.6 Contractor Roles and Responsibilities

The Contractor shall:

1. Designate a person to whom all project communications may be addressed and who has the authority to act on all aspects of the contract for services. This person will be responsible for the overall project and will be the contact for all invoice and Contractor staffing issues.
2. Provide written reports for review and approval by Covered California and formally respond to Covered California review findings as necessary.
3. Meet as needed with Covered California staff to discuss progress.
4. Make its best efforts to maintain staff continuity throughout the life of the project. If, however, a substitution becomes necessary, the Contractor must submit resumes for review, in advance, for all proposed personnel substitutions. All Contractor personnel

substitutions must be approved in writing by Covered California's Project Manager. Failure to receive the required approvals may result in termination of the contract.

5. On a biweekly basis, the Contractor shall provide Covered California with a written status report.
6. The contractor shall prepare and provide ad-hoc reports as Covered California deems appropriate and necessary.

### **3.7 Covered California's Roles and Responsibilities**

Covered California shall:

1. Designate a Covered California contact person (Project Manager) to whom all Contractor communications may be addressed and who has the authority to act on all aspects of the services. This person will review the contract and associated documents with the Contractor to ensure understanding of the responsibilities of both parties.
2. Provide access to business and technical documents as necessary for the Contractor to complete the tasks identified in this RFP.
3. Ensure appropriate resources are available to perform assigned tasks, attend meetings, and answer questions.
4. Ensure that decisions are made in a timely manner.
5. Provide work areas and meeting rooms as needed.
6. Identify and provide access to Subject Matter Experts to assist with the elaboration of technical requirements.

### **3.8 Project Assumptions and Constraints**

1. The Contractor's work hours must be consistent with Covered California's key staff on-site, whose normal business hours are 8:00 AM to 5:00 PM PST, Monday through Friday, except for State holidays.
2. Overtime rates will not be reimbursed under the contract.
3. Travel will not be reimbursed under the contract.
4. Any modifications to tasks within the SOW of the contract will be defined, documented, and mutually agreed upon by the Contractor and Covered California's Project Manager prior to starting work on the modified task. Amendments to the contract for tasks within the SOW are limited to an extension of time or tasks directly related to the SOW.
5. Covered California's Project Manager reserves the right to renegotiate the services deemed necessary to meet the needs of this project according to Covered California's priorities. Covered California and the Contractor must mutually agree to

all changes. Renegotiated services outside the scope of the original contract will require contract amendment prior to commencement of work.

6. Covered California and the Contractor are mutually obligated to keep open and regular channels of communication in order to ensure the successful execution of this contract. Both parties are responsible for communicating any potential problem or issue to Covered California's Project Manager and the Contractor's engagement manager, respectively, within 48 hours of becoming aware of the problem.

### **3.9 Contract Amendment**

Covered California may, at its sole discretion, extend the term of the contract for two additional consecutive years. If mutually agreed upon by Covered California and the Contractor, this contract shall be amended to include additional funding at the same rates provided in the existing contract.

### **3.10 Payment and Invoicing**

Payment to Contractor is contingent upon Covered California's receiving funding from the Federal government and the collection of fees assessed from the Qualified Health Plans. Covered California shall bear no liability or responsibility for payment to Contractor, even for services provided and delivered, in the event payment to Covered California from the Federal government or the collection of fees assessed from the Qualified Health Plans is delayed, suspended, or terminated.

The Contractor may invoice Covered California only after the successful completion and acceptance of the deliverables. The Contractor may not invoice Covered California for any costs exceeding the maximum amount identified to complete a deliverable.

## **4. PROPOSAL RESPONSE CONTENT**

Final proposal requirements are contained in the following areas that are described in detail in subsequent sections of this document:

1. Administrative Requirements
2. Understanding and Approach
3. Corporate Qualifications Summary
4. Staff Experience
  - a. Engagement Team Resumes
5. Past Projects Completed
6. Assumptions
7. Updated Model Contract
  - a. Using the Model Contract, Exhibit A template, include revised Exhibit A with updated Statement of Work
    - i. Understanding and Description of the Tasks to be Performed (Work Plan)



- b. Costs: Include revised Model Contract, Exhibit B with Exhibit B – Attachment 1, Cost Worksheet
- c. Include Model Contract, Exhibits C, D, and E with track changes to Terms and Conditions. Submission of these Exhibits without track changes implies an acceptance to those Terms and Conditions.

#### 4.1 Proprietary Information and Confidential Status of Responses

Any documentation submitted which has been marked “Proprietary” or “Trade Secrets” may not be accepted. Pursuant to Evidence Code Section 1040, Covered California will consider responses to this solicitation as “official information” acquired in confidence and will not disclose the information received as a public record, unless it is already available to the public, without receiving prior written permission from the Proposer.

#### 4.2 Administrative Requirements

Final Proposals will be assessed on a pass/fail basis to verify compliance with all Administrative Requirements.

##### 4.2.1 *All Final Proposals must be submitted within the timelines specified in Section 1.2 of this RFP, and shall include the following Administrative Requirements in this order:*

1. A cover letter signed by a person authorized to bind the company which also includes the company’s certification number(s) for SB and/or DVBE (if applicable).
2. A Certificate of Liability Insurance equal to or greater than \$1,000,000.
3. Proof of Workers’ Compensation Liability Insurance.
4. A signed Payee Data Record form STD. 204.
5. A signed Federal Debarment Certification (Attachment 2).
6. A completed certification form showing, upon award of the contract, the Bidder agrees to provide a completed Title 10, California Code of Regulations, Chapter 12, Article 1, Statement of Economic Interests (Form 700) (Attachment 3). For more information, see the California Health Benefit Exchange Conflict of Interest Code: <http://hbex.coveredca.com/resources/>, and the Fair Political Practices Commission site: <http://www.fppc.ca.gov/index.php?id=500/>

#### 4.3 Technical Requirements

In addition to the Administrative Requirements, all Final Proposals must include the following:

#### **4.3.1 Understanding and Approach**

Include a description of your understanding of the project's goals, emphasizing your understanding of the objectives and the major activities that must be performed to complete the work. Discuss your strategy for providing the services outlined in the SOW within the time period allocated for that task. Provide a table showing hours per week by person covering the contract term. Include your expectations of all entities outside your own team. Provide the assumptions used to develop the response (no more than four pages).

#### **4.3.2 Corporate Qualifications Summary**

Describe and provide examples of the company's overall organizational capability and resources as they relate to the general requirements set forth in this RFP's Scope of Work (SOW), including the following:

1. Ability to manage the project and the risks involved with the project.
2. Ability to complete projects on time and within budget.
3. Ability to provide quality deliverables.
4. Evidence of the firm's experience performing the services outlined in this solicitation, including the total number of years the firm has been providing the services outlined in the SOW (no more than four pages).
5. Evidence of the firm's experience in conducting financial statement audits, using CALSTAR. (No more than four pages)

#### **4.3.3 Engagement Team Qualifications**

Describe the qualifications of each member of the proposed engagement team. Identify the role each member is expected to play and describe the experience, education, knowledge, and skills each member possesses as it relates to their proposed role.

Proposer must identify the key staff that will be the point of contact for Covered California and the percentage of time that staff will be dedicated (no more than four pages, not including resumes).

##### **4.3.3.1 Resumes**

Provide a resume of the relevant experience for each contractor staff person proposed. For each experience citation provided on a resume, the resume must include:

1. Total Duration: Indicate the start (month/year), end (month/year), and duration (total number of years and months) for each job experience submitted;
2. Description of Specific Experience: A complete description of the relevant experience, including identification of the client, name of the project, roles and responsibilities of the individual, and types of services provided by the individual.

#### 4.3.4 Past Projects Completed

Describe in a narrative no more than five (5) projects your corporation has completed in the last two years that relate to the tasks listed in the SOW (no more than four pages).

#### 4.3.5 Assumptions

Document any assumptions the Proposer is making about the SOW, the responsibilities of the Proposer and Covered California, and any other issues that are relevant to the Proposer's proposal and ability to do the work for the proposed cost (no more than four pages).

### 5. REVIEW OF FINAL PROPOSALS FOR AWARD/SELECTION CRITERIA

#### 5.1 Written Responses to this RFP will be evaluated in phases

Phase 1- Administrative Requirements. The Selection Team will review responses to the Administrative Requirements.

Phase 2 – Technical Requirements. Review of the understanding and approach, corporate qualifications, engagement team qualifications, resumes, and past projects completed.

#### 5.2 Interviews

After Phase 2, interviews may be conducted with up to three of the highest-rated Proposers. The exact number of Proposers to be interviewed is entirely at the discretion of Covered California. The specific staff to be interviewed will be agreed upon between Covered California and the Proposer at the time the interview is scheduled.

#### 5.3 Evaluation Criteria

Evidence of extensive previous experience in similar complex, short deadline efforts will receive significant consideration in the evaluation process, as will demonstrated experience related to the Scope of Work.

The table below lists the evaluation categories and the weights each will carry in the overall evaluation of each offer:

Criteria	Weight	Points
Understanding and Approach	15%	150
Corporate Qualifications	30%	300
Engagement Team Qualifications and Resumes	15%	150
Past Projects Completed	10%	100
Cost	30%	300
<b>Totals</b>	<b>100%</b>	<b>1000</b>

<b>Preference Programs if applicable</b>	<b>Points</b>
Small Business	15
DVBE Participation 5% or Over	15
DVBE Participation 4% to 4.99% inclusive	12
DVBE Participation 3% to 3.99% inclusive	9
DVBE Participation 2% to 2.99% inclusive	6
DVBE Participation 1% to 1.99% inclusive	3

The highest-rated response after the weighted evaluation criteria described above are applied shall be recommended for selection. If two or more of the highest-rated responses are evaluated as substantially equal after the weighted evaluation criteria described above are applied, then the lowest cost response shall be recommended for selection.

Covered California Evaluation Team will evaluate proposals in these areas of requirements:

1. Understanding and Approach
2. Corporate Qualifications
3. Engagement Team Qualifications
4. Past Projects Completed

#### **5.3.1.1 Understanding and Approach**

Scoring of this factor shall be based on the Evaluation Team's assessment of the Proposer's understanding of and insight into the challenges, issues, and risks faced by Covered California as depicted in the Scope of Work, and the feasibility, efficiency, and expected effectiveness of the approaches offered by the Proposer to provide audit services to Covered California. Evaluators will assign scores based on information contained in the Proposer's Understanding and Approach Narrative. The Evaluation Team will consider, in descending order of importance:

1. Quality of the Proposer's approach in addressing scope of responsibilities and activities, including how the proposer will provide the flexibility to address issues as they arise, while maintaining a high level of quality in the approach;
2. Quality of the Proposer's approach to early identification of issues and risks, and how the approach will directly contribute to resolution and mitigation; and,
3. Demonstrated understanding of the key characteristics of the project in general.

#### **5.3.1.2 Corporate Qualifications**

Covered California seeks a vendor with significant corporate capacity to respond to Covered California needs for the duration of the contract, to support a high degree of qualified staff continuity, and to provide a consistently high level of individual team member performance.

Corporate Description and Background: Scoring of this factor will be based on the Evaluation Team's assessment of corporate resources, capacity, expertise and historical track record as they relate to the Scope of Work. Evaluators will assign scores based on the proposer's Corporate Qualifications narrative.

#### **5.3.1.3 Engagement Team Qualifications**

Covered California seeks a team of highly qualified, senior staff to provide high-level project management support services as depicted in the Scope of Work. The following sections describe the evaluation and scoring of staff qualifications.

##### **1. Staff Experience and Credentials**

Scoring of this factor shall be based upon the Evaluation Team's assessment of the breadth, depth, and relevance of each proposed team member's experience and credentials. Evaluators will assign scores based upon information contained in Resumes and Staff Experience Summary Forms. The Evaluation Team will consider, in descending order of importance:

- a. Demonstrated capacity to successfully assume responsibility comparable to that proposed for the individual in the project engagement;
- b. Demonstrated capacity to perform at a high level in multiple areas of project management;
- c. General breadth and extent of experience, as indicated by the number of projects, and duration of individual involvement in each;
- d. Relevance of experience as indicated by the scope and subject matter of project experience; and,
- e. Relevance of education, training, and certifications.

#### **5.3.1.4 Past Projects Completed**

Scoring of this factor will be based on the Evaluation Team's assessment of the breadth, depth, and relevance to the Scope of Work requirements, as well as corporate resources and capacity as indicated by the characteristics projects previously completed. Evaluators will assign scores based on information contained in the Past Projects Completed narrative.

#### **5.3.2 Scoring Criteria**

Evaluators will assign technical points to all categories using these scoring criteria:

Rating	Relation to Requirements	Strengths	Deficiencies	Weaknesses	Likelihood of Success	Score
Excellent	Superior attainment of all requirements	Numerous and significant in key areas	None	Minor, if any	Very High	10.0
Good	Expected to meet all requirements	Some and significant in key areas	None	Minor, but are far outweighed by strengths	High	7.5
Acceptable	Capable of meeting all requirements	Some in non-key areas	Minor	Minor, but are outweighed by strengths	Fair	5.0
Marginal	May not be capable of meeting all requirements	None, or some that are outweighed by weaknesses or deficiencies	Significant	Significant	Poor	2.5
Unacceptable	Not likely to meet all requirements	None, or some that are far outweighed by weaknesses or deficiencies	Needs major revision	Needs major revision	None	0

#### 5.4 Cost Score

##### Cost (300 points)

Each Proposer's cost score will be calculated based on the ratio of the lowest cost proposal to the Proposer's total cost multiplied by the maximum number of cost points available (300), as shown in the calculation below:

$$\frac{\text{Lowest Total Cost Proposal}}{\text{Proposer Total Cost}} \times \text{Total cost points available}$$

Example: To help illustrate this process, refer to table below, for an example of the cost score calculation process. **Cost figures in the example below explain the calculations and have no other significance.**

*Cost Evaluation and Scoring Methodology Example:*

Proposer	Grand Total Cost	Calculation	Cost Points Awarded
A	\$400,000	$\frac{\$300,000}{\$400,000} \times 300$	225
B	\$350,000	$\frac{\$300,000}{\$350,000} \times 300$	257
C	\$300,000	$\frac{\$300,000}{\$300,000} \times 300$	300

## **6. PREFERENCE PROGRAMS**

### **6.1 Small Business (SB) Preference**

This RFP does not require Proposers to meet a minimum SB participation percentage or goal.

Small Business Preferences: Proposers claiming the 5% preference must be certified by California as a small business. Certification must be obtained no later than 5:00 p.m. on the proposal due date.

Section 14835, et seq. of the California Government Code (GC) requires a 5% preference be given to Proposers who qualify as a SB. The rules and regulations of this law, including the definition of a small business for the delivery of goods and services, are contained in California Code of Regulations (CCR's), Title 2, Section 1896, and et seq. The SB preference is for California-based Certified SB only.

To claim the CCSB preference, which may not exceed 5% for any proposal, the Proposer must have its principal place of business located in California, have a complete application (including proof of annual receipts) on file with the State Office of Small Business and DVBE Services (OSDS) by 5:00 p.m. on the proposal due date (see Section 1.2) and be verified by such office.

### **6.2 Disabled Veteran Business Enterprise (DVBE) – Declaration & Program Incentive**

This RFP does not require Proposers to meet a minimum DVBE participation percentage or goal. However, a Proposer must complete and submit the Proposer Declaration – Attachment 7 with its proposal package. Failure to complete and submit the required attachment as instructed may render the proposal non-responsive. Pursuant to Military and Veterans Code Section 999.2, each State department has a participation goal of not less than 3% for disabled veteran business enterprises. These goals apply to the overall dollar amount expended each year by the awarding department.

## Attachments

Attachment 1: Proposal Checklist

Attachment 2: Federal debarment, suspension, ineligibility and voluntary exclusion – certification

Attachment 3: FORM 700 Statement of Economic Interest Certification

Attachment 4: Bidder Instructions

Attachment 5: Payee Data Record

Attachment 6: DVBE Declaration

Attachment 7: Bidder Declarations



Model Contract

Standard 213

Exhibit A – Scope of Work

Exhibit B – Budget Provisions

Exhibit B – Attachment 1, Cost Worksheet

Exhibit C – General Terms and Conditions

Exhibit D – Special Terms and Conditions

Exhibit E – Additional Provisions

Exhibit E – Attachment 1, Resumes