



South Dakota  
Department of  
**Social Services**

**DIVISION OF MEDICAL SERVICES**

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January 9, 2023

To: All Interested Vendors  
Re: Request for Information

The State of South Dakota, Department of Social Services (DSS) is requesting information regarding a third-party administrator (TPA) system and services for the South Dakota Medicaid program.

The State of South Dakota invites all interested parties to submit a written response to this Request for Information (RFI).

This RFI is being sought strictly for the purpose of gaining knowledge of services and supplies available with an estimate of their corresponding costs and should not be construed as intent, commitment, or promise to acquire services, supplies, or solutions offered. Responses to the RFI will inform next steps. No contract will result from any direct response to this RFI.

Information submitted in response to this RFI is considered confidential and will become the property of the State of South Dakota.

The State of South Dakota will not pay for any information herein requested nor is it liable for any cost incurred by the vendor.

RFI responses must be received prior to 5:00pm, Friday, February 3, 2023, at the following address:

Department of Social Services  
Attention: Kirsten Smart  
700 Governors Drive  
Pierre, SD 57501

Email responses may be sent to Kirsten Smart at [Kirsten.Smart@state.sd.us](mailto:Kirsten.Smart@state.sd.us) with the subject line "Medical Services Third Party Administration RFI."

Procedural, administrative, technical, requirement, or contractual questions and answers may be directed to the Point of Contact listed above.

We appreciate your response to this request.

## **PURPOSE**

**1.1 PURPOSE OF REQUEST FOR INFORMATION (RFI).** The State of South Dakota Department of Social Services (DSS) is issuing this RFI to solicit information from vendors to implement a third-party administrator (TPA) solution for Medicaid expansion recipients that includes prior authorization (PA), medical, behavioral health, and personal care provider claims processing and payment, customer service supports for both Medicaid providers and Medicaid Expansion recipients, and data analytics and reporting. The current information systems used by DSS staff are comprised of multiple applications running within mainframe and client-server-based platforms, multiple spreadsheets and databases, and unstructured documents. Some of these systems are maintained and supported by the State's Bureau of Information and Telecommunications (BIT); others are maintained within DSS. For example, the TPA may need to exchange information with systems used by other programs within DSS, including but not limited to the State's mainframe for MMIS, and the Benefits Eligibility and Enrollment System (BEES), and the Provider Enrollment and Credentialing System (PECS). This information exchange must occur with the DSS data warehouse at the start of the contract. There may be additional data exchange needed when the BEES and PECS systems are fully implemented, which is expected later in 2023. For purposes of this RFI, the functions are defined, described, and categorized as follows:

<p><b>Prior authorization</b> includes conducting PAs in accordance with State Medicaid policy for all covered PA. DSS will continue to manage PAs for out-of-state services.</p>
<p><b>Claims processing and payment</b> includes processing claims and payments for medical, behavioral health, and personal care providers on behalf of all South Dakota Medicaid for expansion recipients. South Dakota currently uses a traditional fee-for-service (FFS) delivery system and claims are billed directly to the State. Vendors must have an automated system to process claims in accordance with State Medicaid policy manuals and must use the State's Medicaid reimbursement methodology. Providers also must be given electronic or paper remittance information for all claims submitted, according to their preference. Vendors must coordinate with the State to collect and remit all third-party responsibility payments and co-payments, and ensure coordination of benefits, as appropriate for recipients.</p>
<p><b>Customer service</b> supports include but are not limited to:</p> <ul style="list-style-type: none"><li>• Access to online information and self-service activities</li><li>• A customer service call center that operates, at minimum, 7am to 7pm M-F to deliver information and support for recipient questions related to<ul style="list-style-type: none"><li>○ Eligibility, including redeterminations</li></ul></li></ul>

<ul style="list-style-type: none"> <li>○ Covered benefits, limitations, and PA requirements</li> <li>○ Co-pays and cost sharing requirements</li> <li>○ Primary Care Provider (PCP) assignments and access to care</li> <li>○ Health Homes</li> <li>○ Access to specialty care, including behavioral health and personal care</li> <li>○ Toll free access and TTY services, as well as free interpretation services must be available to all callers</li> </ul>
<p><b>Provider service</b> includes, but is not limited to, supports for medical, behavioral health, and personal care providers:</p> <ul style="list-style-type: none"> <li>● Exchanging electronic data with providers</li> <li>● Exchanging eligibility information with providers</li> <li>● Access to online information and self-service activities</li> <li>● A provider services call center that operates, at minimum, 7am to 7pm M-F to deliver technical assistance regarding provider questions related to <ul style="list-style-type: none"> <li>○ Medicaid policies</li> <li>○ Covered benefits</li> <li>○ Prior authorizations</li> <li>○ Reimbursement rates</li> <li>○ Claims adjudication and payment, including claims disputes</li> </ul> </li> </ul>
<p><b>Analytics and reporting</b> that enables DSS to:</p> <ul style="list-style-type: none"> <li>● Report required data to the Centers for Medicare and Medicaid Services (CMS) and the State Legislature (e.g., TMSIS (statistical reporting) and CMS 64 report (detailed expenditure reports by claim type)</li> <li>● Track and trend relevant HEDIS measures and other quality metrics, as determined by DSS</li> <li>● Understand utilization patterns of expansion recipients by a variety of factors such as gender, age, race/ethnicity, geographic location, etc.</li> <li>● Identify and manage population health trends, including health disparities among historically underserved groups</li> <li>● Monitor provider services (e.g., # of provider calls, # calls by type of provider, # of calls by type of issue, # of calls answered within specific times, # of dropped calls, # of calls resolved on first contact, provider satisfaction with call center, etc.)</li> <li>● Monitor customer services (e.g., statistics such as # of calls, # of calls by type, # of calls answered within specified times, # of dropped calls, # of calls resolved on first contact, recipient satisfaction with call center, etc.)</li> <li>● Online provider and recipient services (e.g., # of providers and recipients accessing online services, types of online services)</li> </ul>

most accessed by providers and recipients, provider and recipient satisfaction with online services, etc.)

- Track and report on claims from Indian Health Services or tribal providers separately; track and report on claims for services received by Native American recipients at IHS, tribal, and other providers
- Create both scheduled and ad hoc reports, as needed or requested by DSS

The State also seeks information on vendor ability to meet tight implementation deadlines, flexibility and adaptability to State and federal requirements, ideas for potential innovations and process improvements that could increase efficiency and reduce cost, ability to work effectively with and support State staff, and knowledge of South Dakota's healthcare and provider landscape.

The objective of this RFI is to identify potential vendors that can meet the needs of DSS and the State's obligation to implement Medicaid expansion within the timeframe and constraints of the State and federal requirements.

## **1.2 ISSUING OFFICE AND RFI REFERENCE NUMBER**

The Division of Medical Services is the issuing office for this document and all subsequent addenda relating to it, on behalf of the State of South Dakota Department of Social Services. The reference number for the transaction is RFI 23RFI8344. Refer to this number on all proposals, correspondence, and documentation relating to the RFI.

Please refer to the Department of Social Services website link <https://dss.sd.gov/keyresources/rfp.aspx> for the RFI, any related questions/answers, changes to schedule of activities, amendments, etc.

## **1.3 SCHEDULE OF ACTIVITIES (SUBJECT TO CHANGE)**

RFI Publication	January 9, 2023
Respondent Questions Submitted to State	January 13, 2023
State Responses to Questions	January 20, 2023
Response Submission	February 3, 2023

## **1.4 SUBMISSION OF QUESTIONS**

Respondents may submit questions related to the RFI according to the timeline noted above in section 1.3. However, DSS reserves the right not to answer all submitted questions. If there are an excessive number of

questions or lengthy questions submitted, DSS may choose to address them in a later Request for Proposals (RFP).

## **2.0 SUBMITTING YOUR RESPONSE**

### **2.1 RESPONSE ELEMENTS**

The State is asking all interested parties to submit a response containing the following information:

- Proposed solution to meet the above-described criteria including systems that comply with federal requirements and possible staffing configurations.
- Proposed solution to facilitate each of the functional areas noted above. In particular, please note how you will ensure accurate, timely provider claims processing and payment for Medicaid expansion recipients.
- A brief description of experience providing similar services in a Medicaid or Medicare FFS environment.
- A brief discussion about any other major components necessary to conduct this work that are not included in this RFI. Please provide information on any other functions you see as important to being able to serve the State, providers, and Medicaid expansion recipients as an efficient and effective TPA.
- Please provide a list of potential problems/risks that you think the State could encounter as part of this scope of work. Include ideas or suggestions about how such problems/risks should be addressed.
- Please provide a list of challenges you see related to the implementation of this scope of work, particularly given the tight timelines. How would you propose to address or mitigate these challenges?
- Please provide a sample data file layout with the specific data elements that you think need to process and pay claims accurately and in a timely manner, as well as conduct other functions noted in this RFI (e.g., provider and customer service support, data analytics and reporting). Can your systems and processes append records, or do you require records that include a full history of data on each file? Please note how often you would expect to get data files from DSS. Note that the vendor will be required to use the State's file layout.
- Please describe your processes for managing PA requirements, retro-active eligibility, third party liability (TPL), and suspension of eligibility for recipients who are incarcerated (jail, prison, other, as appropriate). What specific data would you need to ensure you are able to accurately process this information? How often would you need to get this data and in what format? Please provide specific file layouts if possible.
- Assuming a total of 52,000 recipients, reached over a time period of 18 months post implementation, please provide your best estimated price

range to provide the functions and services identified above. Please provide a cost estimate as a PMPM plus a base administrative cost. If some other type of arrangement is preferred, note what type; however, the cost estimate must be as a PMPM plus a base administrative cost.

- Please provide a description of any unexpected costs for similar projects you have worked on in the past.

## **2.2 RESPONSE PAGE LIMITS**

Vendors should provide concise yet thorough responses to the above questions. Submissions must be limited to no more than 20 pages total, including graphics.

## **3.0 SCOPE OF WORK**

### **3.1 OVERVIEW**

In November 2022, South Dakota voters approved Constitutional Amendment D, which requires the State to implement expansion of the Medicaid program for adults ages 18 to 64 with incomes up to 138% of the federal poverty level (FPL). An estimated 52,000 South Dakotans will be eligible for Medicaid expansion. The Amendment requires DSS to begin eligibility determinations and enrollment for expansion as of July 1, 2023.

Funding for expansion includes 90% from the federal government (approximately \$512.5 million) for healthcare services and 10% from the state (approximately \$66.4 million). Administrative funds are split evenly between the federal and state governments. Within DSS, the Division of Medical Services (DMS) currently uses a legacy mainframe MMIS that is maintained by BIT staff. In the long term, there are discussions of migrating away from the existing MMIS system toward a modular system. The feasibility of this long-term transition to modules in the future should be considered in your response.

DSS also is in the process of implementing a new Benefits Eligibility and Enrollment System (BEES), using the IBM Cúram platform, under contract with a system integrator. This system currently is scheduled to go live in the fall of 2023 and modifications have already begun to add the required new eligibility categories for expansion. Finally, DSS has just started a project to implement a Provider Enrollment and Credentialing System (PECS).

### **3.2. TARGET SOLUTION**

In the short term, DSS is seeking a TPA to provide medical, behavioral health, and LTSS claims adjudication and payment, provider services, customer services, and detailed healthcare utilization and expense

reporting for Medicaid expansion recipients. The South Dakota Medicaid program is a traditional FFS delivery model. It also includes a primary care case management (PCCM) per member per month (PMPM) payment to primary care providers, and a Health Home program which reimburses providers designated as either a Medical or Behavioral Health Home an additional per member per month (PMPM) payment based on the number of Medicaid recipients enrolled in the Health Home program and their assigned level of care (Tier 1 – 4). DSS has not yet determined if it will require the TPA to support payments for the PCCM and Health Home programs.

## **4.0 PROJECT DESCRIPTION**

### **4.1 OVERVIEW**

DSS is seeking a TPA that can manage several core functions of the Medicaid expansion program. The TPA's system(s) must interface with the State's data warehouse to facilitate automated claims processing. Information will include data from the mainframe MMIS and potentially from other systems such as BEES and PECs, when they are live later in 2023.

### **4.2 SOLUTION CAPABILITIES**

DSS is seeking the following capabilities from a TPA:

- Meet all federal and State requirements for claims processing and payment:
  - [Medicaid MMIS Snapshot](#)
  - [South Dakota Medicaid Policy Manuals](#)
  - [South Dakota Medicaid Fee Schedules](#)
- Meet the timeframes for implementation of the Medicaid expansion (begin operations as of July 1, 2023)
- Exchange data with the State's data warehouse to ensure accurate and timely claims adjudication and payment.
- Verify recipient enrollment prior to claims payment.
- Verify third party liability (TPL), retroactive eligibility, and suspension of eligibility.
- Manage accurate PAs for services rendered to Medicaid expansion recipients according to State policy. However, DSS prefers to manage out-of-state PAs internally. The vendor must detail a solution for DSS to adjudicate out-of-state PAs.
- Receive and adjudicate provider claims within designated timeframes, including managing denied claims and supporting provider inquiries about claims disputes or issues; this must include options for providers to directly submit claims electronically, as well as to submit paper claims.

- Send providers electronic or paper remittance advice information, as requested by providers.
- Pay providers for clean claims.
- Resolve issues related to suspended or pended claims in a timely manner.
- Provide customer service to providers related to eligibility of recipients, claims, prior authorizations, TPL.
- Provide customer service support for Medicaid expansion recipients regarding required co-pays, and disputes or issues related to claims; must include online information and self-service capability.
- Deliver provider services and supports related to covered benefits, recipient eligibility verification, PA, TPL coordination, claims submission and payment issues; must include online information and self-service capability.
- Collect data, conduct analysis, and develop in-depth reports on expansion recipient utilization and costs.
- Work collaboratively with DMS staff to identify opportunities for process improvement or innovations that will increase operational efficiencies and reduce costs for the expansion population.