**VDOL WC Medical Fee Schedule**

**Questions Received 3.29.2024**

**1. Section 2.3 – ACA CPT® License and Royalty Fees**

This section of the RFP indicates that the vendor would need to cover the cost of any licensing and royalty fees to the AMA related to the State publishing fee schedules that include CPT codes and descriptions, including abbreviated descriptions. Given the uncertain nature of these costs five years into the future and the likelihood that the State may be eligible to receive a discount, would the State consider paying for these royalty costs?

Answer: No.

**2. Section 2.3.9 – State of Vermont Fee Assessments**

This section of the RFP indicates that the vendor should have the understanding and expert knowledge of State of Vermont fee assessments. Can you provide additional information on which assessments this section is referring to?

Answer: This is meant to refer to the Vermont Fee Schedule itself.

**3. Section 2.3.17 – Vendor Qualifications**

This section of the RFP refers to developing a “User’s Manual” for use by hospitals, medical practitioners, and bill reviewers.

1. Is the reference to a “User’s Manual” here intended to refer to the Ground Rules documents reference on page 17 of the RFP?

Answer: Yes.

1. Can the State provide a copy of the current Ground Rules document, as well as the

current fee schedules?

Answer: Yes. Please see <https://labor.vermont.gov/workers%E2%80%99-compensation/adjusters-attorneys-insurers/statutes-rules-and-decisions/medical-fee-schedule>

**4. Fee Schedule Development**

The RFP discusses updating the fee schedules, initially and then annually thereafter, however it is silent on the objective(s) and goals of the fee schedule and we are concerned that there could be a wide range of the potential effort required. Therefore, can you provide more detail around what the expectations are with regard to the structure, reimbursement targets, etc. so that we can consider that information in developing our cost estimates?

1. Based on references to Medicare rules and prospective payment systems in the RFP it appears that perhaps the State’s intent is that the fee schedules be developed to represent a specified percentage(s) of Medicare allowable reimbursement? If so:

i. Have these percentages been determined or will they need to be developed as part of the scope of services?

Answer: They will need to be developed.

ii. If the scope of work includes an analysis to determine these target percentages of Medicare on what basis do you expect them to be determined? For example, do you expect some type of review of recent claims data would be reviewed for this purpose (e.g., reimbursement in the commercial market repriced as a percentage of Medicare)? What data would be made available for this analysis (e.g., VHCURES)? Would this analysis be performed every year or just once in the first year and then those percentages would be used for the subsequent years when updating the fee schedules?

Answer: I am unable to answer this question, with the exception of the last sentence. We anticipate the analysis being performed in the first year only.

iii. Will the percentages of Medicare vary by fee schedule, and perhaps further by service groupings (e.g., for the medical practitioners fee schedule would different percentages apply to various service category groupings such as evaluation and management, radiology, surgery, physical therapy)?

Answer: I am unable to answer this question.

b.If a percentage of Medicare approach will not be used, can you provide more detail on the approach you expect and the objectives of the fee schedule that must be met?

Answer: We expect to use a percentage of Medicare approach.

c. Does the State expect that NCCI data would be used for this work? If so, will the State be able to facilitate working with NCCI to obtain this data?

Answer: NCCI has already indicated their willingness to assist with this project.

d. Our expectation is that, given the fee schedules have not been updated in several years, the effort in the first year to bring all codes (CPT, DRG, modifiers, place of service) and the corresponding ground rules up to date would be greater than in subsequent years when the fee schedules would only require updating for one year’s worth of these code changes. Is that consistent with the State’s expectations?

Answer: Yes.

**5. Timing**

When would the draft of the first fee schedule update need to be delivered to the State?In subsequent years is there a date by which the updates need to be delivered each year?

Answer: Assuming a contract is awarded shortly after bidding closes (the RFP anticipates May 1 as the start date), we would hope to see an initial fee schedule draft by, say, the end of the summer. The variable is that the fee schedule needs to go through Vermont’s administrative rulemaking process, so public comment on any draft, depending on how it is received, may mean revisions prior to submitting a final draft for approval by the legislative committee on administrative rules. This means that a final draft and adoption date is harder to predict. In subsequent years, no update timeline was specified.

**6. Section 4.4 – References**

The RFP requires references from three companies with whom you the bidder has transacted “similar business” in the last 12 months. Can you provide clarification on what your expectation of “similar business” needs to be for this purpose. For example, are these projects within the last 12 months required to be development of medical fee schedules specifically for workers’ compensation, or can they also include other projects where we have worked with workers compensation fee schedules and/or analyzed medical fee schedules for other markets (e.g., the commercial market)?

Answer: We would accept references from clients for whom similar work has been done, not limited solely to workers’ compensation medical fee schedules.

**7. Price Schedule**

a. The price schedule seeks a fixed fee price for all five years of the initial contract term. There is significant uncertainty as to how codes such as CPT or DRG codes may change that far into the future, and the number of codes the could be added, deleted or cross walked each year which introduces significant volatility into the effort that could be required for each update. Given this, would the State consider a time and materials pricing structure, or one that could be negotiated each year once the information is available on changes for that year?

Answer: If the amount of work varies in subsequent years, we would anticipate negotiating amendments or change orders to the initial contract.

b. Can you confirm whether the Fixed Price would include work through delivery of the proposed/draft fee schedules and ground rules documents and that any revisions that may be warranted as the result of public comment, focus groups, or legislative hearings would be outside the scope of this price and billed separately at the hourly rates included in the “Hourly Labor Rates” section?

Answer: Yes, that is confirmed.

c. There is only one row in the price schedule for a “User’s Manual” which, as noted above we understand may be the ground rules document. Does the State not anticipate that this would be updated each year based on code changes (e.g., CPT, CPT modifiers, DRG, new place of service codes, etc.)?

Answer: Changes to the User’s Manual could be addressed by amendment/change order as referenced in the response to 7.a. above.

d. Does the State have a budget that bidders should consider when assessing the scope of services being requested?

Answer: The Department of Labor has not contracted for these services before.

e. For the Hourly Labor Rates section of this schedule, would the State be open to rates that vary by the bidder’s standard labor categories rather than a single blended rate for each activity?

Answer: Yes.

**8. Terms and Conditions**

Would the State be willing to entertain a limitation of liability at some level in the contract, or some other means through which some cap on liability can be offered?

Answer: The State of Vermont disfavors such limitations in contracting. However, we understand that such limitations have been negotiated in certain circumstances in the past, and we would entertain them subject to the approval of the Attorney General’s Office and the Agency of Administration.

**9. Proposal Due Date**

Depending upon when responses to bidder questions can be posted, would the State be willing to consider extending the RFP response due date so that it is no sooner than one week after responses to bidder questions are posted to allow bidders to take the responses into consideration?

Answer. Yes.

**10.** Item 2.3.2.a mentions that with the appropriate AMA (and other) authorizations, the vendor will have the “right to reproduce, publish and distribute” the fee schedules.   Is it the state’s intention that the fee schedules will only be made available for sale to constituents and that the vendor will be the only authorized publisher/distributor of the data and rules/guidelines and any revenue received would stay with the vendor?  Or does the state intend to make available for free the fee schedule and rules/guidelines on its website similar to how the fee schedule is currently made available?

Answer. We intend to continue to make the fee schedule available free of charge.

**11**.Has the state established an estimated effective date for the initial fee schedules to be completed?

Answer: Assuming a contract is awarded shortly after bidding closes (the RFP anticipates May 1 as the start date), we would hope to see an initial fee schedule draft by, say, the end of the summer. The variable is that the fee schedule needs to go through Vermont’s administrative rulemaking process, so public comment on any draft, depending on how it is received, may mean revisions prior to submitting a final draft for approval by the legislative committee on administrative rules. This means that a final draft and adoption date is harder to predict.