

PROPOSAL FOR:
RFP # EVT0006973
Comprehensive Health Care Services
to
Kansas Department of Corrections (KDOC)
Cost Proposal



COPY

BID DUE:

Friday, January 10, 2020 @ 2 p.m. CST

PREPARED FOR:

Department of Administration
Procurement and Contracts
Proposal #EVT0006973
Closing Date: January 10, 2020
900 SW Jackson, Suite 451 South
Topeka, KS 66612-1286

SIGNATURE PAGE

WEXFORD HEALTH SOURCES, INC.,
FEIN #59-2363973
SUBMITS THIS PROPOSAL IN RESPONSE TO
RFP #EVT0006973
Comprehensive Health Care Services
ISSUED BY
Kansas Department of Corrections (KDOC)
Cost Proposal



Friday, January 10, 2020

Proposal is valid for a period of 180 days.

AUTHORIZED REPRESENTATIVE FOR WEXFORD HEALTH SOURCES, INC.

John Froehlich

Senior Vice President & Chief Financial Officer

501 Holiday Drive, Suite 300, Pittsburgh, PA 15220

P: (412) 937-8590, ext. 257 F: (412) 937-1429 E: info@wexfordhealth.com

A handwritten signature in blue ink, appearing to read "John M. Froehlich".

Authorized Signature



COST PROPOSAL FOR RFP # EVT0006973 (COMPREHENSIVE HEALTH CARE SERVICES)

Wexford Health is pleased to present the following price proposal to the Kansas Department of Corrections (KDOC) for Comprehensive Health Care services.

For more than twenty-five years, Wexford Health has provided state correctional systems with innovative and cost-effective inmate health care programs. This experience enables Wexford Health to present the state of Kansas with a superior program at the best value to the state. Throughout our history, we have consistently delivered on the service we promised in our proposal. Wexford Health's offer meets all of the requirements of the Request for Proposal (RFP) and will assist the KDOC not only with controlling health care costs, but also with continuing to increase the quality of overall inmate care through the implementation of technological advances.

Wexford Health sincerely wants to partner with the KDOC. We recognize the continuing financial constraints being placed on state governments as they work to meet the needs of their populations. Wexford Health will provide the KDOC quality healthcare and mental health management necessary to meet the challenges faced by the Department.

Utilization Management

Wexford Health has managed utilization of off-site services extremely well during our more than two decades in business. This has been accomplished by maintaining a high level of quality services without compromising care. Through the development of our staff, application of sound UM policies and practices, comprehensive Continuous Quality Improvement program, and the cooperative management of the programs, we have been able to save our customers millions of dollars on the cost of the healthcare contract and related security expenses. By applying these proven techniques, we are able to offer the KDOC a superior level of service at a competitive price.

Enhanced Services

Wexford Health will work closely with the Department to enhance services while also helping to control costs for both medical and mental health programs. These include:

- Healthy Re-Entry Program for 90-Day Discharge Medications
- VisualDX Clinical Decision Support
- Wexford Health's Wound Care Program
- Complex Case Management Program
- Laboratory Medicine Program
- ECCO (Enhanced Cardiovascular Care)
- ALIVE Suicide/Self-Injury Programming
- Intensive Medication Pass Review Board
- Health Care Data Analytics

Pricing Components

Wexford Health has utilized the specifications outlined in the RFP, our twenty-five (25) plus years of industry experience and the responses to submitted questions to formulate our proposed pricing for the KDOC Inmate Comprehensive Health Care and Mental Health services programs. Per the RFP, Wexford Health has provided all the price components described below.

STAFFING

Wexford Health has carefully reviewed the staffing plan the Department has requested in the RFP. Based on the information provided, we believe this staffing plan is sufficient to meet the majority of the KDOC's goals, but we have added 4 new positions in the regional office to improve the services in three key areas: (1) We have added a second Regional Manager who will be responsible for overseeing operations at a fixed number of sites; (2) We have added a Pharmacist in the Kansas regional office who will be responsible for managing all pharmacy operations and making site visits; (3) We have added an HR Specialist in the Kansas regional office to address staffing retention and recruiting, and to assist with employee HR related issues; (4) We have added a dedicated Telehealth Coordinator to assist the KDOC in returning to levels of telehealth services provided in the past. We believe these additional positions will add significant value to the contract, as they will address areas that are vital to an efficient operation and enhance our presence in the regional office. We have also updated the staffing plan in the RFP to remove 1.0 FTE PhD Psychologist for the RDU at Hutchison (per answer to questions number 87) and added a 0.10 FTE radiology technician Norton, Oswego, and Larned for a total increase of 0.30 FTE (per answer to question number 112).

EMPLOYEE BENEFITS AND SALARIES

Wexford Health's proposal includes cost-per-hour pricing based upon information from the U.S. Department of Labor Bureau of Labor Statistics, and our own extensive experience in providing health care services in a broad spectrum of employment marketplaces across the country.

Wexford Health's benefit package includes paid time off (vacation, holiday, and sick leave), health insurance, 401k retirement plan, and life insurance. Our pricing includes all costs associated with shift differential, payroll taxes, workers compensation, and unemployment, as well as hiring and retention incentives.

INSURANCE (MALPRACTICE)

We have included in our pricing the costs associated with maintaining comprehensive malpractice coverage for those Wexford Health-employed clinicians necessary to provide health care services at the levels stipulated in the RFP and answers to questions.

This expense also includes Wexford Health's costs for comprehensive liability coverage for those functional areas necessary to provide health care services at the levels stipulated in the RFP.

Wexford Health did not include Catastrophic illness insurance in our proposal. It has been our experience that such insurance is not cost effective and it is very difficult to acquire without a significant amount of detailed historical off-site care data being presented to the Insurance carrier. With the State taking advantage of available Medicaid resources for those inmates that qualify, the cost risk is mitigated since the inmate has a high potential to qualify due to his/her health condition, age, and or income. However, if the State would like to pursue Catastrophic illness insurance, Wexford Health will work to obtain such insurance as a pass-through cost to the Department.

ANCILLARY EXPENSES

Wexford Health based our estimated cost for onsite laboratory and radiological services on our historical costs of providing this care across our book of business, as we were not provided with utilization data as part of the RFP.

PHARMACEUTICAL SERVICES

Wexford Health has based our pricing on the fact that we are responsible for the procurement, prescribing, dispensing, security, administration, distribution, accounting, and disposal of all medications. Our pricing for HIV medications was based on utilization data provided with the RFP; our pricing for all other medications was

based on our nationwide experience, as we were not provided with utilization data. Our price includes the cost to provide Hepatitis C medications in accordance with current Federal Bureau of Prison Guidelines to 605 inmates in year one of the contract, and 500 inmates per year in contract years 2-6. Should Wexford Health treat fewer than 605 inmates in year one or fewer than 500 inmates in any of years 2-6, Wexford Health will refund to the KDOC the unused Hepatitis C funds for any applicable year. Should Wexford Health treat more than 605 inmates in year one or more than 500 inmates in any of years 2-6, Wexford Health would pass through the actual charges to the KDOC. Changes to the FBOP Guidelines that cause increases in treatment will be negotiated should they occur. Wexford will also provide the KDOC with pharmacy services and a drug utilization review (DUR) program that is designed to ensure clinically appropriate treatment while controlling costs. Our pricing reflects our outstanding DUR program, our commitment to manage pharmacy utilization, and the efficiencies generated by the addition of a Regional Pharmacist.

HOSPITALIZATION AND OFFSITE CARE

Based on the RFP, Wexford Health has assumed that all offsite health care services will be the financial responsibility of the vendor. Our pricing reflects costs based on the utilization data provided with the RFP as well as efficiencies we believe we can generate through our Utilization Management program. We understand that we will be responsible to work with the KDOC and the OHCC in order to enroll eligible inmates into Medicaid. Wexford Health will be responsible to reimburse the KDOC the cost paid by Medicaid to off-site hospitals for qualifying inmates.

As we are all aware, effective medical care is directly impacted by those responsible for primary care and how they manage that care directly impacts cost. This involves the level of staffing, application of appropriate case management, chronic disease management, and the use of technology such as electronic health records and telemedicine, all in coordination with effective utilization management. Wexford Health is ensuring the inclusion of these capabilities in our proposal to support our efforts to manage inmate continuity of care and create a more efficient and cost-effective model.

Wexford Health is very successful in properly managing statewide comprehensive inmate health care programs in the states of Illinois, Indiana, New Mexico, Alabama and West Virginia. We have effectively applied our onsite medical services programs in conjunction with our utilization management program to contain medical services costs for the states we serve without compromising inmate healthcare. Our customers will attest to the high quality of our services and to our effective management of costs.

Our success is attributable to our ability to effectively manage the primary care providers and implement effective chronic disease and case management programs that improve quality of care and reduce off-site care services. Wexford Health has been providing the high-quality comprehensive health care services the KDOC is seeking for more than 25 years.

SUPPLIES & EQUIPMENT (MEDICAL AND OFFICE)

Wexford Health understands that the provider shall supply, in conjunction with the medical equipment fund, all operating equipment, furniture, office supplies, patient supplies, durable medical equipment and any other supplies and equipment needed to provide services as necessary, and shall maintain the equipment in working order.

VARIABLE PER DIEM PRICE ADJUSTMENTS

Per the terms of the RFP, we have prepared our price using the full capacity ADP at each KDOC site. Because this full capacity ADP of 10,912 is 885 inmates higher than the ADP of 10,027 shown in Appendix B to the RFP, the variable per diem price adjustments shown on the Per Capita Adjustments forms will lower our year one price from the \$91,054,083 shown on the Not to Exceed Amount form to a net final price of \$88,609,370. Due

to the requirements of the ADP to bid using the full capacity ADP, we were not able to show this net final price on the price form.

Wexford Health will be willing to adjust our pricing to reflect the current populations at facilities and implement the 10% variance scale based on the actual populations at the time of this bid.

CORPORATE OVERHEAD

Wexford Health's management fee/overhead includes the costs that we will incur at our corporate office to support the KDOC contract. These costs pertain to areas including human resources (recruiting, labor relations, payroll, benefits); risk management; purchasing; finance; information technology; marketing and communications; quality assurance; utilization management; pharmacy management; claims review; and provider contracting and credentialing.

Wexford Health will dedicate a wide variety of regional office and Pittsburgh-based staff and resources to the KDOC contract.

HEPATITIS C ALTERNATE PROPOSAL

In accordance with the RFP instructions, we have included an alternate cost proposal in which KDOC would be responsible for procuring Hepatitis C direct acting antiviral drugs (DAA) directly. All non-Hepatitis C components of this bid are identical to our base cost proposal.

COST PLUS MANAGEMENT FEE

In today's economic environment state governments are under enormous pressure to keep costs down and operate under unrealistic budget constraints. Wexford Health recognizes the Department is facing these same challenges. Wexford Health has developed another pricing model that we believe will enable the Department to receive the same quality of service that they are already getting while at the same time keeping costs more in line with current contract values. As an alternate proposal Wexford Health is willing to provide our proposed FTEs and the RFP level of service that the Department is requiring in the RFP at the actual cost for services plus a fixed monthly management fee. This pricing model would allow the Department to only pay for actual services being provided while still meeting sound quality standards. Then, as financial situations dictate, the Department can make enhancements or modifications to services within the contract as necessary to meet operational needs.

Changes in Scope and Additional Services

In the event any of the following changes materially affects the cost of providing healthcare services, the parties agree to meet to negotiate appropriate changes in compensation: (1) any additional correctional institutions or housing units where healthcare is to be provided other than those included in Appendix F to the RFP are opened, (2) increased requirements due to an Agency policy change that impacts service delivery, (3) a request for services that were not specified in the RFP, (4) advancement in medicine or medical treatment, (5) changes required by Court order or new legislation, (6) changes to the FBOP Guidelines for Hepatitis C that cause increases in treatment. The parties agree to meet and negotiate in good faith within sixty (60) days of the giving of notice to the other party of the change (whether the change is anticipated or implemented). If the parties are unable to reach agreement regarding compensation or service requirement changes within the sixty (60) day period, either party may terminate the agreement with sixty (60) days' notice.