

NBHCC, Inc. – RFP 2024 - Audit Services  
Department of Health and Human Services  
HealthChoices Program

**INTRODUCTION**

The Commonwealth of Pennsylvania, Department of Human Services (DHS) contracts with Northeast Behavioral Health Care Consortium, Inc. (NBHCC) to administer a mandatory Behavioral Health Managed Care Program (HealthChoices and Community HealthChoices) for Medical Assistance (MA) recipients who reside in Susquehanna, Luzerne, Wyoming and Lackawanna Counties (i.e. Northeast PA).

HealthChoices is an integrated and coordinated health care delivery system that provides MA recipients a defined set of behavioral health services. The oversight of the HealthChoices program is provided by the Office of Managed Care Solutions under the Department of Health and Human Services. NBHCC currently subcontracts with a managed care organization (MCO), Community Care Behavioral Health. In 2023, the HealthChoices program membership of eligible members was in excess of 175,000 with capitation revenues in excess of \$289M.

DHS' contract with NBHCC is for multiple calendar periods and is periodically amended for subsequent years.

NBHCC contracts with the MCO for one year with options to amend the original contract for subsequent years.

To effectively address the complexity of the audit, DHS has developed a system of controls to ensure that Counties/MCOs participating in the HealthChoices program comply with the Commonwealth's requirements to deliver accessible, high quality, affordable health care services to eligible MA recipients, in accordance with the Commonwealth's managerial and regulatory requirements.

In addition to this extensive system of monitoring controls and activities, DHS recognizes there are risk areas that may need additional review. Therefore, it developed an audit guide that would address these risk areas.

Compliance Requirements of the Audit Guide are divided in the following main sections:

- Financial Management
- MIS/Encounter Data Reporting
- Health Service Delivery/MCO Incentive Arrangements
- Claims Processing

Each section contains the compliance requirements to be tested and suggested procedures to be used in that testing. It also provides the Auditor with sources of information pertinent to specific requirements such as the HealthChoices Program Standards and Requirements, the contract between the Commonwealth and NBHCC, NBHCC's contract with the Managed Care Organization, the financial reporting requirements specific to the contract, and the Code of Federal Regulations (CFR).

**SCOPE OF WORK**

**Annual HealthChoices Audit**

This Request for Proposal is for procurement of Auditing and Financial Consulting services for the HealthChoices program. NBHCC will enter into an annual contract for auditing of the HealthChoices contract and for periodic financial consultation related to financial issues of the HealthChoices contract.

The auditing contractor will conduct an annual Program Audit according to the guidelines specified in the "Commonwealth of Pennsylvania Department of Human Services HealthChoices Examination Guide Behavioral and Physical Health" issued by the Pennsylvania Department of Public Welfare. DHS contract requires an independent audit. A copy of the Guide can be accessed:

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<https://www.dhs.pa.gov/HealthChoices/HC-Services/Documents/2023%20Updated%20Documents/2022%20HealthChoices%20Exam%20Guide.pdf>

Audit firm will design a work plan (or engagement letter) that commences in the fourth quarter of 2024 that includes a timeline of the audit work between the audit firm and NBHCC, and between the audit firm and the MCO.

Integral to this engagement is that the independent auditor understands the functional organization of the HealthChoices program. The Auditor must be able to determine the primary and secondary sites where relevant data is processed and should have a clear understanding of the administrative and management structure used by the NBHCC/MCO in executing the HealthChoices contract. Communication with NBHCC's and MCO's legal counsels, as well as the NBHCC's actuaries regarding medical expense estimates is crucial to collaboration and partnership.

After submission of the Audit, the engaged audit firm will be responsible to participate in the annual Quality Control Review by the Commonwealth's PHS Comptroller's Office. The Commonwealth's comptroller staff usually conducts a two-day review at the Auditor's site 3-5 months after audit is submitted to DHS.

NBHCC is a 501(c)(3) organization that requires annual corporate audited financial statements in accordance with U.S. Generally Accepted Accounting Principles. Additionally, NBHCC is required to file Form 990 (Return of Organization Exempt From Income Tax). NBHCC is requesting procurement of both of these services.

**FINANCIAL CONSULTING (AT REQUEST OF NBHCC ONLY):**

Potential Areas for consultation may include, but must be at the direction of NBHCC:

- Review DHS contracts and amendments
- Review MCO contracts and amendments
- Department of Insurance Filings submitted by MCO each quarter and annually
- Consolidated Financial Statements of the MCO
- Analysis of MCO's IBNR model to estimate medical expense
- Analysis of assumptions used in development of claims expense that will include review of authorization process, average rates, claims denials and no shows factors
- Evaluate adequacy of IBNR reserves each quarter and annual
- Evaluate timeliness of claims processing and compliance with contract standards
- Review monthly and quarterly financial schedules of NBHCC and MCO
- Periodic visits to MCO to test systems and procedures
- Review nature of related party transactions

Periodic status calls with NBHCC to discuss findings and analysis of the issues that were investigated.

**REQUIREMENTS**

**Technical Proposal should demonstrate that vendor has the requisite background and experience.**

Required Background and Experience

- At least five years of experience conducting a Pennsylvania HealthChoices program audit engaged by County government.

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- At least five years of experience providing financial consultation to County government entity overseeing the HealthChoices programs.
- At least five years of experience providing auditing and financial consulting to at-risk/ capitated operations.
- Experience with lag table methodologies, reserve analysis, IBNR estimations, and adjustments to medical expense estimations.
- Extensive experience in analysis of Department of Insurance filings.
- Knowledge of infrastructure of HealthChoices data and reporting systems. Specifically, the Behavioral Health Services Reporting Classification Chart, the Managed Care Promise Payment System Table, HealthChoices Financial Report Schedules, DHS PROMISE system, CIS, TPL requirements, rating groups, capitation rate development, and HealthChoices Program Standards and Requirements.
- Knowledge of managed care provider networks and contracting.
- Understanding of requirements of DHS/County and County/MCO HealthChoices contracts.
- Knowledge of the required processing, storage and usage of DHS reference files that contain information on clients, payments, service codes, diagnoses, and providers.
- Understanding of electronic systems necessary to appropriately capture and monitor the financing, delivery and effectiveness of the health care program.
- Ability to travel to multiple locations to conduct the Audit, specifically NBHCC.

**REQUIRED SUBMISSION WITH TECHNICAL PROPOSAL**

- Copy of most recent results from the “Peer Review” conducted by the Pennsylvania Institute of Certified Public Accountants.
- Copy of most recent results from “Quality Control Review” conducted by Pennsylvania Comptroller’s Office.

**REFERENCES**

Submit at least two letters of reference from PA County offices responsible for the oversight and management of HealthChoices Program.

**COST PROPOSAL – TO BE SUBMITTED SEPARATELY FROM TECHNICAL PROPOSAL**

**DETAILED COST**

- **One Final Proposed Fee** that details out (note: *all incremental costs to be included in the amounts below*):
  - Audit Fee
  - HealthChoices Exam Audit
  - Form 990

**METRICS AND/OR OUTCOMES**

**Standards for Performance**

- Submit Audit Engagement Letter for review and approval to NBHCC Chief Financial Officer within 15 days of the contract award.
- Participate in weekly Finance Committee meetings with NBHCC Chief Financial Officer and BH-MCO partners during audit period to discuss status of audit.
- Provide a work schedule (annually) with NBHCC and MCO staff activities that enables the audit to be completed one week prior to final submission to DHS by May 15<sup>th</sup> of each year.

**INFORMATION TECHNOLOGY**

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Ability to comply with Information Technology Policies, requirements, software /hardware capabilities. The selected bidder will need to demonstrate their ability to comply with the terms of the attached Business Associate Agreement and agree to sign and return agreement with contract.

**RFP Release date:** August 23, 2024  
**Proposals due date:** September 30, 2024  
**RFP Notification date:** October 4, 2024

**QUESTIONS**

All questions regarding this Proposal should be submitted to:

**NBHCC**

**Attn: Chief Financial Officer**  
**72 Glenmaura National Blvd, Suite 201**  
**Moosic, PA 18507**  
**Email: [JLesh@nbhcc.org](mailto:JLesh@nbhcc.org)**

**CONTRACT PERIOD WITH OPTION TO EXTEND**

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The period of this contract shall be for the calendar year 2024. The contract may, by mutual written consent of the parties, be extended for two (2) additional one (1) year periods or portions thereof, up to a cumulative total of three (3) years.

Should NBHCC desire to exercise this option, notification to the successful contractor shall be given prior to the expiration of the contract. The successful contractor must respond within 15 days from said notification including the fee schedule requested in Requirements above.

In the event of pricing changes due to changes in prevailing costs of labor and materials in the area, the successful contractor may submit a request for price adjustments in line with these changes for the duration of the contract extension.

NBHCC reserves the right to accept or reject said proposed adjustments. Should the NBHCC reject said proposed adjustments, or if the successful contractor does not respond within the prescribed 15 days, the contract will automatically expire at the end of the contract period.