

York State Department of Health
Office of Health Insurance Programs
Division of OHIP Operations

IFB No.15792

Supply and Distribution of Incontinence Products to NYS Medicaid Enrolled
Providers

December 10, 2014

Responses to Written Questions

1. Can we do a joint venture with the new NYS IFB No.15792 Supply and Distribution of New Incontinence Products to NYS Medicaid Enrolled Providers?

Answer. No.

2. Will the state allow Sub Contractors?

Answer. No. The preferred wholesale distributor may purchase products from another manufacturer or wholesaler with any volume discounts received from the wholesale distributor included in the bid price submitted for this IFB.

3. Are exceptions allowed (is the State willing to negotiate the terms and conditions of the bid/contract)?

Answer. No.

4. Is the State willing to extend the question deadline?

Answer. No.

5. Is the State willing to extend the bid deadline?

Answer. The Department will extend the bid proposal due date to January 7, 2015, by 3:00PM ET.

6. Who is the State's current supplier for Incontinence Products?

Answer. There is no preferred wholesale distributor at this time. Currently, each enrolled Medicaid provider who dispenses incontinence products to beneficiaries, may purchase incontinence supplies from any wholesaler/distributor.

7. Would the awarded bidder be shipping to the participating providers or to individual end-users/recipients?

Answer. The preferred wholesale distributor would supply incontinence products to Medicaid enrolled providers.

8. Can you clarify the requirement listed in Section C.3 (Detailed Specifications), regarding making product options, sizing/fit and minimum quality standard ratings immediately available? Specifically, can you describe what is meant by minimum quality standard ratings?

Answer. Minimum quality standards ratings refers to the incontinence product specifications listed in C 10 of the IFB. Specifically, diapers supplied must meet the following standards verified by an independent testing laboratory:

- a. No plastic (non-breathable) backed products
- b. Rewet rate of <2.0 g
- c. Rate of Acquisition (ROA) of <60 seconds
- d. Retention capacity of >250 g
- e. Presence of breathable zones with a minimum value of >100 cubic feet per minute (cfm)
- f. Presence of a closure system which allows for multiple fastening and unfastening occurrences.

These standards, as well as information on options and fit should be made available to enrolled providers via a website or customer call center to help select the proper size incontinent product for the beneficiary.

9. Can you clarify the meaning of Section D.1.c. (Proposal Requirements)? Is having a warehouse within the State of NY required? Or is the requirement only to be able to deliver within the State of NY?

Answer. A warehouse within New York State is not required, however, the bidder must have a current distribution infrastructure within New York State, or establish one within New York State within 90 days of contract award, that can provide incontinence products to all Medicaid providers throughout the state.

10. Can you confirm if the paragraph in Section E.16. (Equal Employment Opportunity Requirements) regarding submitting a staffing plan with the bid applies? If so, could you supply Form #4 that is referenced; it does not appear to be in the bid package.

Answer. Submitting a Staffing plan is not required for this IFB proposal submission.

11. NY uses the same HCPC codes for both briefs and protective underwear. Are the same testing standards required under the specific HCPC for both briefs and protective underwear?

Answer. Yes. The testing standards found in C.10 are applicable for all incontinence products in Table 1 dispensed to Medicaid beneficiaries.

12. Samples – please define minimum or maximum quantities sent by month, year and account. What if sample request exceeded revenue?

Answer. Samples are provided in a quantity sufficient for the enrolled Medicaid provider to use for fitting or demonstration of the product to the beneficiary prior to dispensing. Sample products are not meant to be given to the beneficiary. We anticipate that sample volume will be in the single digits for each provider using the preferred wholesale distributor.

13. If a new product is developed in next 5 years, how is it added to the formulary?

Answer. If new products are developed, the Department will make a determination on inclusion of the product on the fee schedule using an existing HCPCS code or the addition of a new HCPCS code. At that time, a new MRA may be established based on acquisition costs.

14. Is the bid winner able to add products that meet the testing and price levels at any time?

Answer. Any new product or substitution of product from the bid list submission must be approved by the Department prior to addition.

15. What if a submitted product is discontinued by the manufacturer in the next 5 years? Can the product be substituted? What is the procedure for updating pricing?

Answer. Yes. The substitution must be approved by the Department and meet all the testing standards specified in Section C.10 of the IFB. The substitution will be offered at the same contracted price.

16. What brands of incontinent products do the providers currently order?

Answer. At this time, enrolled providers may order any brand of incontinence product.

17. Are Bidders limited to national brands or can private label products be offered as well?

Answer. Bidders are not limited to national brands. Private label products may be offered if they meet the quality standards found in Section C.10.

18. Will the Department request a Best & Final Offer after 12/19 but before making a final award?

Answer. There is no Best and Final Offer for this procurement.

19. Are there any meetings prior/subsequent to the proposal due date to discuss Bidders offers prior to an award decision? If so, what is the expected timeframe for that?

Answer. No.

20. When does the Department plan to issue an official award if the contract start date is 3/16/2015?

Answer. The official contract award is anticipated to be announced in the beginning of February, 2015.

21. Will all Providers be required to purchase from the awarded contract vendor. Will this be enforced as mandatory?

Answer. No. It will not be mandatory for Medicaid enrolled providers to purchase from the preferred wholesale distributor.

22. Does the State of NY, reimburse/offer Medicaid beneficiaries Protective Underwear? I do not see the following TCodes mentioned in the IFB:

T4525	3	Adult sized disposable incontinence product, protective underwear/pull-on, small size, each	Adult size pull-on sm
T4526	3	Adult sized disposable incontinence product, protective underwear/pull-on, medium size, each	Adult size pull-on med
T4527	3	Adult sized disposable incontinence product, protective underwear/pull-on, large size, each	Adult size pull-on lg
T4528	3	Adult sized disposable incontinence product, protective underwear/pull-on, extra large size, each	Adult size pull-on xl

Answer. Incontinence related products, including protective underwear, are reimbursed by New York State Medicaid using the HCPCS codes listed in Table 1 of the IFB. The codes shown above are not reimbursed by New York State.

23. How will you enforce the Quality Standards?

24. **Section B:** How will the minimum quality requirements be enforced if the state cannot see what brands of products are being billed under the HCPCS? Will the providers be audited directly to prove what products they are in fact billing?

25. **Section B:** If so, how will the minimum quality requirements be enforced?

26. **Section B:** Since all products are billed under HCPCS, how will the state audit/verify that providers are actually billing for the product on the formulary?

Answer to Questions 23, 24, 25 and 26. An enrolled Medicaid provider does not have to verify incontinence product quality standards if products are purchased from the contract preferred wholesale distributor. If an enrolled Medicaid provider chooses not to purchase incontinence products from the preferred wholesale distributor, they will be responsible for ensuring that any product dispensed meets the same standards as found in Section C.10 of the IFB. The Department will incorporate review of incontinence products minimum quality standards into the Department's routine pre and post payment reviews and other routine audit processes. The Department will also investigate any complaints received from beneficiaries or other parties concerning enrolled Medicaid providers dispensing products which do not meet the established minimum quality standards.

27. What will be the repercussions for providers if they are not billing for and dispensing the approved products?

Answer. Any provider sanctions will be determined based on the set of facts and circumstances related to the specific audit or complaint.

28. **Section B:** Will MMC and MLTC entities be required (as with FFS) to contract with the awardee and implement these reimbursement rates? In MMC and MLTC, Providers are reimbursed in accordance with the Plans contract.

Answer. It will not be mandatory for Managed Care Plans to purchase from the contract preferred wholesale distributor.

29. **Section B:** If not, can MMC and MLTC entities chose to NOT implement this MRA pricing and continue using their own contracts, thus their utilization will not be included for volume considerations?

Answer. Managed Care Plans can choose to continue with their own contracts. The volumes listed in the IFB are meant to represent total market saturation of incontinence products by the preferred wholesale distributor. Actual volumes may vary accordance to participation.

30. **Section B:** If not, can they access the MRA pricing via the piggyback contract as described in section 15?

Answer. No.

31. **Section B:** Will the MMC and MLTC payers be required to adopt the minimum quality standards or can they just use the MRA pricing for any products for which they reimburse?

Answer. When Quality Standards for incontinence products are introduced for Fee for Service beneficiaries, Managed Care Plans will be required to offer products that meet the established minimum standards.

32. **Section B:** Can the providers still bill for incontinence products under the HCPCS if they DO NOT OPT to purchase from the awardee as long as they accept the MRA rate?

Answer. Yes, but the product must meet the minimum quality standards established in this IFB.

33. **Section B:** How will the state ensure that the formulary approved products are what are being dispensed, even if the provider does not purchase the product from the awardee?

Answer. The IFB does not establish a formulary for incontinence products. It provides a preferred wholesale distributor that has vetted products meeting the minimum quality standards at a contracted price. Enrolled Medicaid providers may purchase incontinence products from other wholesalers or distributors provided that the products meet the established quality standards in this IFB.

34. Can you confirm that the utilization listed in Table 1 for Adult Briefs is inclusive of any Adult Protective Underwear products also being reimbursed in the same size?

Answer. Yes. Incontinence related products, including protective underwear, are reimbursed by New York State Medicaid using the HCPCS codes listed in Table 1 of IFB.

35. Under other state Medicaid fee schedules for incontinence supplies, Adult Protective Underwear (pull-ups) has a unique set of HCPCS codes and is NOT reimbursed under Briefs HCPCS codes. Protective Underwear is distinctive from Briefs in both style and function, and costs related to the MRA would be different than Briefs. Every other state Medicaid system uses the following HCPCS for billing Protective Underwear, often at different reimbursement rates than Briefs.

HCPCS CODE	Size	Product Class	HCPCS Code / Product Description
T4525	Small	Protective UW	Adult Sized Disposable Incontinence Product, Small, ea
T4526	Medium	Protective UW	Adult Sized Disposable Incontinence Product, Med, ea
T4527	Large	Protective UW	Adult Sized Disposable Incontinence Product, Large, ea
T4528	X Large	Protective UW	Adult Sized Disposable Incontinence Product, X Large, ea
T4544	Bariatric	Protective UW	Protective UW/Pull On, Above Extra, Large, Ea

What is the state's reason for not adopting this nationwide HCPCS code and identifying unique MRAs for Adult Protective Underwear?

Answer. Incontinence related products, including protective underwear, are reimbursed by New York State Medicaid using the HCPCS codes listed in Table 1. The codes used are generic in description and include all products that are inclusive the broad incontinence category of diapers. Briefs and protective underwear are examples of specific types of diapers and the Department uses one HCPCS code and reimbursement rate for all products in the broad classification.

36. Related to the quality requirements in the bid, which appear to be based on NAFC (National Association for Continence) Quality Standards issued for State Medicaid in Feb 2013, the recommended NAFC standards have different recommended quality minimums for Briefs and Protective Underwear in two categories:

REWET RATE: A measure of a product's ability to withstand multiple incontinent episodes between changes. Recommended ceilings (medium size product) are as follows:

Light/Moderate:

Standard Briefs \leq 2.0 grams;

Standard Underwear \leq 1.0 grams

RATE OF ACQUISITION (ROA): A measure of the speed at which urine is wicked, or drawn away, from the skin by an absorbent product being worn. Recommended maximums (for medium and larger size products):

Standard Briefs \leq 60 seconds

Standard Underwear \leq 45 seconds

With no distinct HCPCS and Quality Standards for Protective Underwear, how does the state intend to require adequate minimum standards for Protective Underwear? Or will the Brief requirements apply to all Protective Underwear and all Underwear is to be listed separately on the Product Sheet under the Briefs HCPCS meeting Brief requirements as listed above?

Answer. The incontinence quality standards found in Section C. 10 of the IFB are applicable to all diaper products that are covered in Table 1 regardless of style.

37. Can you confirm that the utilization listed in Table 1 for Pediatric/Youth Briefs is inclusive of any Protective Underwear products also being reimbursed in the same size:

Answer. Yes. Incontinence related products, including protective underwear, are reimbursed by New York State Medicaid using the HCPCS codes listed in Table 1.

38. Under other state Medicaid fee schedules for incontinence supplies, Pediatric and Youth Protective Underwear (pull-ups) has a unique set of HCPCS codes and is NOT reimbursed under Pediatric and Youth Briefs HCPCS codes. Pediatric and Youth Protective Underwear is distinctively different from Pediatric and Youth Briefs in both style and function, and costs related to the MRA would be different than Pediatric and Youth Briefs. Other state Medicaid systems use the following HCPCS for billing Pediatric and Youth Protective Underwear, often at different reimbursement rates than Pediatric and Youth Briefs

HCPCS CODE	Size	Product Class	HCPCS Code / Product Description
T4529	Medium	Pediatric Brief	Pediatric Sized Disposable Diaper - Medium
T4530	Large	Pediatric Brief	Pediatric Sized Disposable Diaper - Large
T4531	Sm/Med	Pediatric Protective UW	Pediatric Disposable Incontinence Product, Protective UW Sm/Med
T4532	Large	Pediatric Protective UW	Pediatric Disposable Incontinence Product, Protective UW Large
T4533	Youth	Briefs	Youth Sized Disposable Incont. Product, Brief/Diaper
T4534	Youth	Protective UW	Youth Sized Disposable Incontinence Product, Youth, ea

What is the state's reason for not adopting this nationwide HCPCS code and identifying unique MRAs for Pediatric and Youth Protective Underwear?

Answer. Incontinence related products, including protective underwear, are reimbursed by New York State Medicaid using the HCPCS codes listed in Table 1. The codes used are generic in description and include all products that are inclusive the broad incontinence category of diapers.

Briefs and protective underwear are examples of specific types of diapers and the Department uses one HCPCS code and reimbursement rate for all products in the broad classification.

39. Section C.7: If the awardee is guaranteeing a set MRA to the state to drive savings, will there be a SET PRICE per HCPCS that will be the same for all providers regardless of billing volume, so that all providers pay the same COG and have the same set profit?

Answer. The preferred wholesale distributor is not setting the MRA, but is setting the lowest acquisition cost for all enrolled Medicaid providers. All enrolled Medicaid providers will have access to purchase incontinence products from the preferred wholesale distributor at the contracted price. Once the contract is established, the Department will re-evaluate the MRA for each HCPCS code and adjust accordingly.

40. Section C.8: Are manufacturers going to be allowed to bid on the IFB?

Answer. Yes. Manufacturers are allowed to bid on the IFB

41. Section D.1a: If a manufacturer has been in business for 3 years but has does not currently operate as a distributor, does that qualify said manufacturer to bid, assuming it meets other the requirements?

Answer. Yes, as long as the manufacturer can establish a distribution network within New York State within 90 days of contract award.

42. Section D1b: Does this mean that the distributor has no minimum volume requirements specific to the disposable products outlined in this bid?

Answer. Yes. Bidders meet the sales threshold by including all products currently distributed.

43. Section D.1C: What is the definition of “infrastructure?” Does it mean physical warehouses in NY State from which product are shipped? Or the ability to move and deliver product within NY State?

Answer. The physical warehouse does not have to be located in New York State, however, infrastructure means the ability to provide incontinence products to all enrolled Medicaid providers throughout New York State.

44. Will the state accept rebates for products on the formulary?

Answer. No. All incentives and rebates should be included in the initial bid pricing.

45. Can the awarded Contractor provide direct patient shipments on behalf of the providers?

Answer. No. It is the enrolled Medicaid provider’s responsibility as the billing entity to monitor and maintain shipping and delivery information to beneficiaries.

46. Will we need to break product down to each level, or can we keep in bag quantity?

Answer. No. The enrolled provider will be responsible for dispensing incontinence products in the quantities specified in the physician's order. The nearest bag quantity is acceptable for dispensing.

47. Do all orders have to ship from a New York warehouse? In the event of a backorder inside our New York warehouse can we utilize out of state warehouses to fill the order in the interim, or do all orders need to ship out of a New York warehouse?

Answer. No. The distribution center must have the capacity to service the entire state. The preferred wholesale distributor may ship from out of state warehouses in unforeseen events, such as backorders.

48. Is pricing that is to be submitted with bid for direct shipment to the provider only? If the answer is NO, are we free to negotiate secondary pricing for alternative distribution methods (i.e. Patient Home Delivery; or Delivery inside LTC)?

Answer. Yes. Bid pricing is for direct shipment to enrolled Medicaid providers only.

49. Will the T-Code limits change once the bid is awarded? And would there be any exceptions on an order that might change these fees (i.e. a doctor's prescription)?

Answer. No. The dispensed quantity limits to beneficiaries will not change at this time. The Department periodically reviews dispensing limits and may adjust limits in the future based on medical necessity or advancements in medical treatments. Other factors, such as a doctor's prescription, have no effect on established reimbursement fees (MRAs) or service limits.

50. Will we be given the opportunity to present our bid in person?

Answer. No.

51. If the agreed upon financial terms are breached by provider does the awardee have the right to withhold shipment until the payment is received, without penalty or breach of contract between awardee and state?

Answer. The contract preferred wholesale distributor would be allowed to withhold shipment, with no penalty or breach between the preferred wholesale distributor and the Department, if an enrolled provider breaches its fiduciary duty with the preferred wholesale distributor.

52. How does it affect our contract if the provider takes the awarded Medicaid price and redistributes it to a non-Medicaid recipient?

Answer. This would have no impact on the contract.

53. While there is no minimum order size, are we allowed to charge a small order fee for orders valued under a negotiated threshold?

Answer. No extra fees are allowed. All fees must be included in the submitted bid price.

54. We are not the manufacturer of the products and, as such, can only pass along the manufacturer's warranty. Is there any issue with this?

Answer. No, however, the preferred wholesale distributor is responsible for verifying the quality standards of products included in the bid through an independent testing laboratory.

55. Given that the awardee is preferred and not mandatory will providers be able to purchase these items from alternative suppliers?

Answer. Yes, but all products purchased from alternative suppliers must meet the minimum quality standards outlined in Section C. 10 of the IFB.

56. Will the ship dates within the month be concentrated or spread over the month?

Answer. A set shipping schedule is not included in the IFB. Section C. 1 provides that the preferred wholesale distributor will ship products to enrolled providers within 3 business days of receiving an order.

57. For T-Codes that encompass both briefs and underwear are two options required for both, or will one of each suffice?

Answer. A minimum of two options are required for each HCPCS code for all incontinence products listed in Table 1. The codes used are generic in description and include all products that are inclusive the broad incontinence category of diapers. Briefs and protective underwear are examples of specific types of diapers and the Department uses one HCPCS code and reimbursement rate for all products in the broad classification. There is no minimum number of products that must be submitted for each diaper style (brief or protective underwear.)

58. If awarded the bid, will the Contractor selected be required to operate solely as a wholesale distributor and discontinue any direct billing as a provider?

Answer. The contractor will not be required to discontinue as a direct billing provider.

59. How will the incentives be provided to the providers, what will the incentive be, and who is responsible for providing the incentive?

Answer. No incentives will be offered from the Department to enrolled Medicaid providers in conjunction with this IFB. Any incentive from the preferred wholesale distributor must be included in the bid price for the incontinence products.

60. Will the preferred wholesale distributor be required to support (provide products) to all the providers within the network? Occasionally a larger distributor will not provide product to a smaller company (due to the low value of sales).

Answer. The preferred wholesale distributor will be required to provide incontinence products to all enrolled providers, regardless of size or volume, at the contracted price.