



Request for Proposals

Population Needs-Based Funding Model External Review

Ministry of Health Request for Proposals Number: RFPHL198

Issue date: March 4, 2014

Closing Time: Proposal must be received before 2:00 PM Pacific Time on: March 31, 2014

GOVERNMENT CONTACT PERSON: All enquiries related to this Request for Proposals (RFP), including any requests for information and clarification, are to be directed, in writing, to the following person who will respond if time permits. Information obtained from any other source is not official and should not be relied upon. Enquiries and any responses will be recorded and may be distributed to all Proponents at the Province's option.

Gordon Cross,
Executive Director, Regional Grants and Decision Support
Ministry of Health
6-1, 1515 Blanshard Street
Victoria BC V8W 3C8
Gordon.Cross@gov.bc.ca

DELIVERY OF PROPOSALS:

One complete electronic proposal must be received in accordance with BC Bid instructions for e-bidding. Only pre-authorized e-bidders registered on the BC Bid system can submit electronic bids.

PROPOSANTS' MEETING:

A Proponents' meeting will not be held.

PROPOSANT SECTION:

For electronic proposals, all parts of the Proponent Section (below) must be completed except the signature field, as the BC Bid e-bidding key is deemed to be an original signature. The rest of this page must be otherwise unaltered and submitted as part of your proposal.

The enclosed proposal is submitted in response to the above-referenced Request for Proposals, including any addenda. Through submission of this proposal we agree to all of the terms and conditions of the Request for Proposals and agree that any inconsistent provisions in our proposal will be as if not written and do not exist. We have carefully read and examined the Request for Proposals, including the Administrative Section, and have conducted such other investigations as were prudent and reasonable in preparing the proposal. We agree to be bound by statements and representations made in our proposal.

<i>Signature of Authorized Representative:</i>	<i>Legal Name of Proponent (and Doing Business As Name, if applicable):</i>
<i>Printed Name of Authorized Representative:</i>	<i>Address of Proponent:</i>
<i>Title:</i>	
<i>Date:</i>	<i>Authorized Representative phone, fax or email address (if available):</i>

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A. Definitions and Administrative Requirements

1. Definitions

Throughout this Request for Proposals, the following definitions apply:

- a) "SSBC" means Shared Services BC of the Ministry of Citizens' Services;
- b) "Contract" means the written agreement resulting from this Request for Proposals executed by the Province and the Contractor;
- c) "Contractor" means the successful Proponent to this Request for Proposals who enters into a written Contract with the Province;
- d) "Ministry" means Ministry of Health;
- e) "must", or "mandatory" means a requirement that must be met in order for a proposal to receive consideration;
- f) "Proponent" means an individual or a company that submits, or intends to submit, a proposal in response to this Request for Proposals;
- g) "Province" means Her Majesty the Queen in Right of the Province of British Columbia and includes SSBC and the Ministry;
- h) "Request for Proposals" or "RFP" means the process described in this document; and
- i) "should" or "desirable" means a requirement having a significant degree of importance to the objectives of the Request for Proposals.

2. Terms and Conditions

The following terms and conditions will apply to this Request for Proposals. Submission of a proposal in response to this Request for Proposals indicates acceptance of all the terms that follow and that are included in any addenda issued by the Province. Provisions in proposals that contradict any of the terms of this Request for Proposals will be as if not written and do not exist.

3. Additional Information Regarding the Request for Proposals

All subsequent information regarding this Request for Proposals, including changes made to this document will be posted on the BC Bid website at www.bcbid.ca. It is the sole responsibility of the Proponent to check for amendments on the BC Bid website.

4. Late Proposals

Proposals will be marked with their receipt time at the closing location. Only complete proposals received and marked before closing time will be considered to have been received on time. Hard-copies of late proposals will not be accepted and will be returned to the Proponent. Electronic proposals that are received late will be marked late and will not be considered or evaluated. In the event of a dispute, the proposal receipt time as recorded at the closing location shall prevail whether accurate or not.

5. Eligibility

- a) Proposals will not be evaluated if the Proponent's current or past corporate or other interests may, in the Province's opinion, give rise to a conflict of interest in connection with the project described in this Request for Proposals. This includes, but is not limited to, involvement by a Proponent in the preparation of this Request for Proposals. If a Proponent is in doubt as to whether there might be a conflict of interest,

the Proponent should consult with the Government Contact Person listed on page 1 prior to submitting a proposal.

- b) Proposals from not-for-profit agencies will be evaluated against the same criteria as those received from any other Proponents.

6. Evaluation

Evaluation of proposals will be by a committee formed by the Province and may include employees and contractors of the Province. All personnel will be bound by the same standards of confidentiality. The Province's intent is to enter into a Contract with the Proponent who has the highest overall ranking.

7. Negotiation Delay

If a written Contract cannot be negotiated within thirty days of notification of the successful Proponent, the Province may, at its sole discretion at any time thereafter, terminate negotiations with that Proponent and either negotiate a Contract with the next qualified Proponent or choose to terminate the Request for Proposals process and not enter into a Contract with any of the Proponents.

8. Debriefing

At the conclusion of the Request for Proposals process, all Proponents will be notified. Unsuccessful Proponents may request a debriefing meeting with the Province.

9. Alternative Solutions

If alternative solutions are offered, please submit the information in the same format, as a separate proposal.

10. Changes to Proposals

By submission of a clear and detailed written notice, the Proponent may amend or withdraw its proposal prior to the closing date and time. Upon closing time, all proposals become irrevocable. The Proponent will not change the wording of its proposal after closing and no words or comments will be added to the proposal unless requested by the Province for purposes of clarification.

11. Proponents' Expenses

Proponents are solely responsible for their own expenses in preparing a proposal and for subsequent negotiations with the Province, if any. If the Province elects to reject all proposals, the Province will not be liable to any Proponent for any claims, whether for costs or damages incurred by the Proponent in preparing the proposal, loss of anticipated profit in connection with any final Contract, or any other matter whatsoever.

12. Limitation of Damages

Further to the preceding paragraph, the Proponent, by submitting a proposal, agrees that it will not claim damages, for whatever reason, relating to the Contract or in respect of the competitive process, in excess of an amount equivalent to the reasonable costs incurred by the Proponent in preparing its proposal and the Proponent, by submitting a proposal, waives any claim for loss of profits if no Contract is made with the Proponent.

13. Proposal Validity

Proposals will be open for acceptance for at least 90 days after the closing date.

14. Firm Pricing

Prices will be firm for the entire Contract period unless this Request for Proposals specifically states otherwise.

15. Currency and Taxes

Prices quoted are to be:

- a) in Canadian dollars;

- b) inclusive of duty, where applicable; FOB destination, delivery charges included where applicable; and
- c) exclusive of applicable taxes.

16. Completeness of Proposal

By submission of a proposal the Proponent warrants that, if this Request for Proposals is to design, create or provide a system or manage a program, all components required to run the system or manage the program have been identified in the proposal or will be provided by the Contractor at no charge.

17. Sub-Contracting

- a) Using a sub-contractor (who should be clearly identified in the proposal) is acceptable. This includes a joint submission by two Proponents having no formal corporate links. However, in this case, one of these Proponents must be prepared to take overall responsibility for successful performance of the Contract and this should be clearly defined in the proposal.
 - a) Sub-contracting to any firm or individual whose current or past corporate or other interests may, in the Province's opinion, give rise to a conflict of interest in connection with the project or program described in this Request for Proposals will not be permitted. This includes, but is not limited to, any firm or individual involved in the preparation of this Request for Proposals. If a Proponent is in doubt as to whether a proposed subcontractor gives rise to a conflict of interest, the Proponent should consult with the Government Contact Person listed on page 1 prior to submitting a proposal.
 - b) Where applicable, the names of approved sub-contractors listed in the proposal will be included in the Contract. No additional subcontractors will be added, nor other changes made, to this list in the Contract without the written consent of the Province.

18. Acceptance of Proposals

- a) This Request for Proposals should not be construed as an agreement to purchase goods or services. The Province is not bound to enter into a Contract with the Proponent who submits the lowest priced proposal or with any Proponent. Proposals will be assessed in light of the evaluation criteria. The Province will be under no obligation to receive further information, whether written or oral, from any Proponent.
- b) Neither acceptance of a proposal nor execution of a Contract will constitute approval of any activity or development contemplated in any proposal that requires any approval, permit or license pursuant to any federal, provincial, regional district or municipal statute, regulation or by-law.

19. Definition of Contract

Notice in writing to a Proponent that it has been identified as the successful Proponent and the subsequent full execution of a written Contract will constitute a Contract for the goods or services, and no Proponent will acquire any legal or equitable rights or privileges relative to the goods or services until the occurrence of both such events.

20. Contract

By submission of a proposal, the Proponent agrees that should its proposal be successful the Proponent will enter into a Contract with the Province on the terms set out in Appendix A.

21. Liability for Errors

While the Province has used considerable efforts to ensure information in this Request for Proposals is accurate, the information contained in this Request for Proposals is supplied solely as a guideline for Proponents. The information is not guaranteed or warranted to be accurate by the Province, nor is it necessarily comprehensive or exhaustive. Nothing in this Request for Proposals is intended to relieve Proponents from forming their own opinions and conclusions with respect to the matters addressed in this Request for Proposals.

22. Modification of Terms

The Province reserves the right to modify the terms of this Request for Proposals at any time in its sole discretion. This includes the right to cancel this Request for Proposals at any time prior to entering into a Contract with the successful Proponent.

23. Ownership of Proposals

All proposals submitted to the Province become the property of the Province. They will be received and held in confidence by the Province, subject to the provisions of the *Freedom of Information and Protection of Privacy Act* and this Request for Proposals.

24. Use of Request for Proposals

Any portion of this document, or any information supplied by the Province in relation to this Request for Proposals may not be used or disclosed, for any purpose other than for the submission of proposals. Without limiting the generality of the foregoing, by submission of a proposal, the Proponent agrees to hold in confidence all information supplied by the Province in relation to this Request for Proposals.

25. Reciprocity

The Province may consider and evaluate any proposals from other jurisdictions on the same basis that the government purchasing authorities in those jurisdictions would treat a similar proposal from a British Columbia supplier.

26. No Lobbying

Proponents must not attempt to communicate directly or indirectly with any employee, contractor or representative of the Province, including the evaluation committee and any elected officials of the Province, or with members of the public or the media, about the project described in this Request for Proposals or otherwise in respect of the Request for Proposals, other than as expressly directed or permitted by the Province.

27. Collection and Use of Personal Information

Proponents are solely responsible for familiarizing themselves, and ensuring that they comply, with the laws applicable to the collection and dissemination of information, including resumes and other personal information concerning employees and employees of any subcontractors. If this RFP requires Proponents to provide the Province with personal information of employees who have been included as resources in response to this RFP, Proponents will ensure that they have obtained written consent from each of those employees before forwarding such personal information to the Province. Such written consents are to specify that the personal information may be forwarded to the Province for the purposes of responding to this RFP and use by the Province for the purposes set out in the RFP. The Province may, at any time, request the original consents or copies of the original consents from Proponents, and upon such request being made, Proponents will immediately supply such originals or copies to the Province.

B. Requirements and Response

1. Summary of the Requirement

The Ministry of Health (the Ministry) is seeking to retain a qualified firm or individual(s) to provide professional services necessary to conduct a review of the Ministry's Population Needs Based Funding (PNBF) Model, used to allocate operating funds for the acute, residential, and community sectors to the five regional health authorities.

The successful proponent(s) will examine the key components of, and inputs to, the PNBF model: the estimate of the need of the population for these health care services; how the model accounts for differences in costs of providing care in rural/remote areas and large complex facilities; and, a comparison of the Ministry's current approach to other available funding model alternatives. The successful proponent will provide a recommendation regarding the most appropriate approach that the Ministry could employ to make changes to the PNBF model, based on the approved principles. Proponents may bid on this review working as a team or individually.

The term of the Contract is expected to be from May 2014 to October 2014

2. Definitions

In addition to the Request for Proposals Definitions set out in paragraph 1 of Section A, throughout this Request for Proposals, the following definitions will apply:

- a) **Population Needs Based Funding (PNBF):** In British Columbia, PNBF is a method of allocating a pre-determined pool of funds between five regional health authorities, based on the relative needs of their regional populations for acute, residential and community services.
- b) **Relative Need Proxies:** Research has shown that factors such as demographics, income, and education are important 'determinants of health', and that health status is highly correlated with the need for health care. However, because measures of the determinants of health factors or health status are not collected with utilization data in administrative databases, *relative need* cannot be measured directly. Instead, *relative need* has to be estimated through proxies - indirect measures, using other available information, which is known to be correlated with the unmeasured relative needs.
- c) **Socio-economic status (SES) groups:** In the original PNBF model developed in 2002, the BC population was divided into four socio-economic status groups based on a broad income and ethnicity (Status Indian) categories. The PNBF SES groups were based on categories established in the BC provincial Medical Services Plan: Status Indian, Welfare and Disability, Low Income, and the remainder of the population.
- d) **Health System Matrix population segments:** In 2010/2011, the Ministry developed the 'Health System Matrix' approach to provide a patient centered view of BC public health care system in terms of burden of disease and health system utilization. The innovation in this matrix approach was to identify and divide the BC population into 13 population segments, each with different health states based on their highest need for health care in the year: End

of Life (people receiving palliative care); Frail In Care (In Residential Care), Cancer, High Complex Chronic Conditions, Severe Disability; Frail In The Community; Maternity & Healthy Newborns; Mental Health & Substance Use; Medium Complex Chronic Conditions; Low Complex Chronic Conditions; Major or Significant time limited health needs for Adults and Children/Youth; Healthy; and Non User. In 2011/12, the PNBFB model incorporated Health System Matrix population segments to differentiate the needs for health care within and between health authority populations.

- e) Utilization of Health Care: The PNBFB model estimates the share of funding among the five regional health authorities, if the health authorities' populations used the BC average utilization of each Health System Matrix population by age and gender.
- f) Cost Differentials: The PNBFB model incorporates adjustments for the higher costs that health authorities experience due to factors of size, geographic location, and complexity of the facilities/services that they provide.
- g) Gaming: manipulation of the funding allocation model or data inputs for financial gain by a health authority.

3. Ministry Situation/Overview

3.1 Ministry Responsibility

The Ministry is currently engaged in a process of reviewing the mechanics of the PNBFB used by the Ministry to allocate a significant portion of the operating funds to the five regional health authorities in the province of British Columbia.

The Ministry is committed to a transparent and objective process for reviewing the current PNBFB model. This process is to ensure that the Ministry has the most appropriate model available, based on the approved principles, to allocate operating funds to the regional health authorities.

3.2 Background

The 1992 report of the Royal Commission on Health Care and Costs recommended that funds be allocated to health regions using a formula, based on the relative needs of the population for health services. The value of such a model is two-fold:

- it is based on a fair and defensible premise – the relative needs of the populations
- the Ministry and the health authorities can devote more time to determining how money should be spent rather than examining specific funding requests

The Population Needs-Based Funding (PNBFB) model was originally developed by the Ministry in 2002. It was reviewed and endorsed by an external group of academics in 2002, by IBM in November 2004, and a Ministry/Health Authority Funding Methodology working group in 2004, and a review by external consultants in 2005/2006. Population-based funding allocation methods are used in other jurisdictions including: Wales, Scotland, New Zealand, Saskatchewan, Ontario,

etcetera. The PNB model paralleled the methodology which was used in the Alberta Health and Wellness Funding Allocation Model in 2000, and which had been endorsed by their expert review panel.

British Columbia has used a population/demographic model to allocate (some) new funds to hospitals since 1986; and to other programs from 1998 onwards. The PNB model's underlying principles are:

- Fairness, i.e. equitable to the regional populations
- Clearness, i.e. it is easy to understand
- Practicality, i.e. uses standard, available data
- Stability, i.e. small adjustments in the inputs do not yield large variations in the model outputs from year to year
- Comprehensiveness

Funding allocations among the five regional health authorities are based on:

- a regional population's estimated need for services (population size, gender, age structure, Health System Matrix population stratification, utilization of health care services);
- where the services are delivered (model adjusts for 'inter-regional flows' where health authorities provide services to residents of other health authorities); and,
- cost adjustment factors for higher costs due to remoteness (small size facilities, lack of economies of scale, geographic location) and complexity (teaching impacts, large size facilities, economies of scale).

3.3 Project Scope

The Ministry is seeking to retain a qualified firm or individual(s) to provide professional services necessary to conduct an objective review of the PNB model including:

- an overall assessment of the Ministry's use of the PNB model and the Ministry's use of it in the operating funding allocation process;
- an examination of the complexity factor used in the model (i.e. the adjustment for cost differentials between large/small, teaching/non-teaching and urban/rural facilities);
- an examination of the remoteness factor used in the model (i.e. the adjustment to account for diseconomies of scale [higher unavoidable costs] in small facilities, based on a scale measured by community population size, distance to nearest large hospital, distance to Vancouver, latitude);
- an examination of the Ministry's approach to adjusting for the inter-regional flow of patients receiving acute care services; and,
- an examination of possible other factors that should be included within the model (e.g. workload attributable to provincial programs provided under the direction of the Provincial Health Services Authority and other health authorities).

This area of work will include a review of population-based funding models in other jurisdictions and a comparison to the Ministry's current model.

Out-of-Scope

The decision making process on apportioning funding between global funding for health authorities and all other funding administered by the Ministry is specifically excluded from this work.

4. Requirements

The Ministry is seeking to retain a qualified firm or individual(s) to provide professional services necessary to conduct an objective review of the PNBFF model:

- Compare the Ministry's current approach to cost differentials to other available alternatives.
- The following questions should be specifically addressed in the written report:
 - Does the model need to adjust or differentiate for cost differences, for example, to reflect for the rural or remoteness, number, size of facilities or for the cost of providing services not specifically reflected in the current utilization rates (i.e. ambulatory care)?
 - Estimating and adjusting for a regional population's need for health care services - What are the weaknesses in the current PNBFF model of using population size, gender, age structure, Health System Matrix population stratification, and utilization of health care services to estimate and adjust for a regional population's need for health care services? How could these weaknesses be addressed or overcome?
 - Adjusting for inter-regional flows – What are the weaknesses in the current PNBFF model of adjusting for the inter-regional flow of patients, and how could these weaknesses be addressed or overcome?
 - Adjusting for rural and remoteness factors – What are the weaknesses in the current PNBFF model of adjusting for cost differences related to rural and remoteness factors, and how could these weaknesses be addressed or overcome?
 - Adjusting for complexity factors – What are the weaknesses in the current PNBFF model of adjusting for cost differences related to complexity (i.e. the adjustment for cost differentials between large/small, teaching/non-teaching and urban/rural facilities)? How could these weaknesses be addressed or overcome?
 - Other factors - Are there other factors causing cost differentials, and how should those factors be adjusted for in the funding allocation model?
 - Annual updating – The current model is up-dated each year, which tends to result in changes to the funding allocation percentages for each regional health authority. What is the best approach for dealing with these annual changes?
 - A comparison of the Ministry's current approach to alternatives used in other jurisdictions, e.g. based on a per capita approach.
- Recommendations are required to also fit with the approved principles of the Ministry's PNBFF model.
- Discuss the methodology of the current PNBFF Model with Ministry staff as required.
- Meet with the Ministry of Health in Victoria, BC after submission of the draft written report.
- Provide a draft written report to Gordon Cross, Executive Director, Regional Grants and Decision Support, Ministry of Health.

- Provide a final written report to Gordon Cross, Executive Director, Regional Grants and Decision Support, Ministry of Health.

5. Evaluation

This section details all of the mandatory and desirable criteria against which proposals will be evaluated. Proponents should ensure that they fully respond to all criteria in order to receive full consideration during evaluation.

5.1 Mandatory Criteria

Proposals not clearly demonstrating that they meet the following mandatory criteria will be excluded from further consideration during the evaluation process.

Criteria	
a)	The proposal must be received at the closing location before the specified closing time.
b)	The proposal must be in English and must not be sent by mail, facsimile or email.
c)	One electronic copy of the proposal must be submitted in accordance with BC Bid instructions for e-bidding. Only pre-authorized e-bidders registered on the BC Bid system can submit electronic bids.
d)	Five (5) references in total, at least 3 references must come from completed contracts, with contact names and phone numbers provided.

5.2 Desirable Criteria

Proposals meeting all of the mandatory criteria will be further assessed against desirable criteria.

Criterion	Points
Qualifications/Knowledge <ul style="list-style-type: none"> • Demonstrated knowledge, expertise and experience of proponent (and project team if applicable) to conduct reviews of health care system funding models and cost differentials. • Provide information describing the structure, staffing, and qualifications of the organization and/or proponents who will be working on the review. 	50
Methodology/Approach of the Review <ul style="list-style-type: none"> • Description of how the review (professional services) will be conducted and delivered to meet the expectations and requirements of the Ministry. • Draft outline of the final report that would be submitted to the Ministry. • Demonstrated understanding of the Ministry and health authorities' need for the professional services. 	35
Sub-total	85
Financial <ul style="list-style-type: none"> • Submit a fixed price quote of the professional services and expenses, including a detailed breakdown of these costs. • Proposal price will be evaluated both in comparison to the price of other proponents and value for money; however, the lowest price will not necessarily be accepted. 	15
Total	100

Note: The points for price are awarded by multiplying the total number of points available for price (given to the lowest price) by the lowest priced proposal and dividing this result by the proponent's price.

Price scores are based on the following formula:

Formula: $S = \frac{\text{Min} \times M}{P}$

S = score
Min = lowest priced proposal
M = total score available for price
P = price on this proposal

6. Proposal Format

The following format, sequence, and instructions should be followed in order to provide consistency in Proponent response and ensure each proposal receives full consideration. All pages should be consecutively numbered.

- a) An unaltered and completed Request for Proposals cover page, including Proponent Section as per instructions.
- b) Table of contents including page numbers.
- c) A short (one or two page) summary of the key features of the proposal.
- d) The body of the proposal, including pricing, i.e. the "Proponent Response".

7. Proponent Response

In order to receive full consideration during evaluation, proposals should include a detailed response to the following (also described in the section, Desirable Criteria):

- a) Provide a detailed outline of the proponent(s)' qualifications and knowledge of the Canadian system of health care service delivery and funding. Describe the proponent(s)' previous experience with reviews of this nature and specifically of cost differentials in health care funding models;
- b) Describe the proposed approach to this task and provide a draft outline (e.g. table of contents) of the final report you would envisage;
- c) Provide a fixed price quote of your consulting services and travel expenses, including a detailed breakdown of these costs (hours and activities);
- d) Describe the qualifications of the principle and support staff who will be working on this review; and
- e) Outline your ability to provide the required services and deliverables within the expected timeframe.

8. References

Please provide five (5) references in total for the projects described above for similar services and support engagements that relate to this RFP. These should include the name(s) of the contact(s), their contact information and the position they hold in their organization(s). At least 3 references must come from completed contracts, with contact names and phone numbers provided. The Ministry may, at its sole discretion, contact client references provided to validate the statements in the proposal. If a Proponent has held a contract with the Province during the previous 3 years, the Province reserves the right to provide its own reference. The Ministry will not enter into a Contract with any Proponent whose references, in the sole opinion of the Ministry, are unsatisfactory or do not confirm the information provided in the proposal. The Ministry intends to contact references during the evaluation process but reserves the right to contact references at any stage in the evaluation of proposals.

Appendix A Contract Form

By submission of a proposal, the Proponent agrees that should its proposal be successful, the Proponent will enter into a Contract with the Province in accordance with the terms of the Province's General Service Agreement; a copy of which is available on the Internet at:

<http://www.pss.gov.bc.ca/psb/GSA/docs/GSA.doc>