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**SECTION V: COST SECTION****A. Introduction**

As described in this IFB, the costs associated with the DEA Project Services includes, administration of an Amnesty Period, Eligibility Verification Period, and Appeal and Reinstatement Period, electronic transfer of data, call center services, online web portal services, and communications (including postage) to Enrollees. Any and all administrative costs associated with the required DEA Project Services and requirements, including implementation, reporting and cost of mailings to Enrollees must be included in the fee quotes for the above services. Section V presents the Cost Section assumptions and submission requirements.

**B. Cost Section assumptions**

The following presents the Cost Section assumptions for use by each Offeror in completing **Exhibit V, Cost Exhibit**:

1. There will be only one Amnesty Period for all groups (NY, PE and PA), with a maximum of up to three (3) Phases in the Eligibility Verification Period, and 90-Day Appeal and Reinstatement Period(s) that follow each Phase of the Eligibility Verification Period.
2. The Amnesty Period will require communications to all Enrollees with Family Policies. As of February 2015, there are approximately 323,000 total Family Policies with 638,000 Dependents.
3. The Eligibility Verification Period will include only those Family Policies with Dependents who are subject to audit. As of February 2015, there are approximately 302,000 Family Policies covering 418,000 total Dependents that may be subject to verification, less any Dependents who are terminated during the Amnesty Period. Approximately 220,000 previously verified Dependents who are still on the enrollment file will not be subject to verification under the Agreement that results from this IFB.
4. The Cost of all DEA Project Services communication mailings (including postage) will be paid by the Contractor and will be considered by the Department as being included in the total Project Cost submitted by the Offeror.

5. For Project Services rendered during the term of the Agreement, the sole and exclusive fees/expenses chargeable to and payable by the State under the Agreement will be those as quoted by the Offeror in the Offeror's IFB, Exhibit V-Cost Exhibit as applicable. All costs associated with the delivery of Project Services in accordance with requirements of this IFB must be incorporated into the categories shown in Exhibit V.
6. OSC shall render payment for invoices under the Agreement in accordance with standard State procedures and practices. The Offeror shall certify the accuracy of all Offeror invoices prior to their submission to the Department and the Department will make best efforts to process all acceptable invoices within thirty days of their receipt; however, failure to make payment within said timeframe shall not be considered a breach of contract. Timeliness of payment and any interest to be paid to the Offeror for late payment shall be governed by Article XI-A of the State Finance Law.
7. Submission of an invoice and payment thereof shall not preclude the Department from seeking reimbursement or demanding a price adjustment in any case where Project Services, as delivered, are found to deviate from the terms and conditions of the Agreement.

**C. Payments/(Credits) to/from the Contractor**

This Section presents information regarding the financial structure and timing of financial transactions related to the Agreement resulting from this IFB.

1. For Project services rendered during the term of the Agreement, the sole and exclusive fees/expenses chargeable to and payable by the State under the Agreement will be those as quoted by the Offeror in **Exhibit V-Cost Exhibit** of this IFB, as applicable.
2. Any credit amounts due from the Offeror to the Department for failure to meet the performance guarantees set forth in Section IV.A.11.a of this IFB shall be applied as a credit against the Project Fees charged to the DEA Project Services. Alternatively, the Department may request and receive payment of any

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- performance guarantee amount directly from the Offeror, as opposed to a credit against the Project Fees payable to the Offeror.
3. Ten percent (10%) of each invoice amount will be withheld from each quoted fee amount paid to the Offeror (Surety Withhold). The total of all Surety withhold amounts withheld will be due to the Offeror upon the Department's written acceptance of the completed Project Services and submission of an accurate invoice by the Offeror. Should the Offeror's Project Services ultimately not be accepted by the Department, the Offeror will be considered in default of the Agreement and the Agreement shall be subject to termination for cause. In such case of default, the Offeror shall forfeit all Surety Withhold amounts withheld, refund any monies paid to the Offeror during the DEA Project Services and forfeit its right to reimbursement by the Department of any and all costs incurred by the Offeror under the Agreement.
  4. Upon submission of an accurate invoice, the Offeror shall be paid twenty percent (20%) of the total quoted fee for the Project forty-five days after the Implementation Date.
  5. Upon submission of accurate invoices, the Offeror shall be paid the remaining quoted fee agreed upon with the Department according to the following schedule, which assumes the Project will take fifteen (15) months to complete.
    - a. Twenty percent (20%) of the total quoted fee ninety days after the Implementation Date;
    - b. Twenty percent (20%) of the quoted fee one hundred eighty days after the Implementation Date;
    - c. Twenty percent (20%) of the quoted fee two hundred seventy days after the Implementation Date;
    - d. The final twenty percent (20%) of the quoted fee, adjusted for any performance guarantee credits, will be paid sixty days after completion of the Project to the Department's satisfaction. In the event that the performance guarantee amounts due to the Department exceed the

final payment due to the Offeror, the Department shall notify the Offeror, in writing, the amount due from the Offeror under the Agreement resulting from this IFB. Such amount shall be paid to the Department within forty five days of the date of the letter.

6. The Department reserves the right to adjust the payment schedule if the projected time to complete the project changes significantly.
7. Upon final audit determination by the Department, any audit liability amount assessed by the Department shall be paid/credited to the DEA Project Services 30 Days after the date of the Department's final determination.

**D. Required Submission**

The Offeror must complete and submit **Exhibit V, Cost Exhibit**.