

EVALUATION COMMITTEE REPORT
ALTERNATIVE DISPUTE RESOLUTION SERVICES
FOR
DOBI
2004 - X - 35874

I. BACKGROUND

A. Purpose and Intent of the Procurement

1.1 Purposes and Intent

A Request for Proposal (RFP) was issued by the Purchase Bureau, Division of Purchase and Property, Department of the Treasury, on behalf of the State of New Jersey. The purpose of the RFP was to provide the alternate dispute resolution system mandated by N.J.S.A. 39:6A-5.1 including the necessary organizational structure, operations and personnel to handle disputes involving automobile insurance PIP claims.

The intent of the RFP is to award a contract to that responsible bidder whose bid proposal, conforming to this invitation for bids, is most advantageous to the State, price and other factors considered.

1.2 Background

The Automobile Insurance Cost Reduction Act, P.L., 1998, c. 21 as amended c. 22 (enacted May 19, 1998) (AICRA), specifically N.J.S.A. 39:6A-5.1 established a new statutory framework for alternate dispute resolution of automobile insurance PIP claims. AICRA further directs the Commissioner of Banking and Insurance (Commissioner) to designate an organization to administer the PIP dispute resolution system and to solicit bids from interested dispute resolution organizations to oversee and administer the new system. Administrative rules promulgated by the Department on PIP Alternate Dispute Resolution at N.J.A.C. 11:3-5 contain the qualifications necessary for bidders and detailed information about how the administrator shall conduct its operations.

As set forth in AICRA and administrative rules, the administrator will oversee an alternate dispute resolution system that utilizes full-time dispute resolution professionals to issue determinations binding on the parties (an insured and/or health care provider as the claimant and the auto insurer). In addition, the administrator will be responsible to refer and coordinate the dispute resolution professionals' determination with medical review organizations by which certain issues regarding medical treatment are required to be determined. Medical review organizations will be separately certified by the Commissioner to receive these referrals, also pursuant to AICRA and the Department's administrative rules.

More information about this program was made available at the website:

<http://www.njdobi.org/aicrapg.htm>

B. Overview of the Procurement Process

The subject RFP, number 04-x-35874 for Alternative Dispute Resolution Services for the Department of Banking and Insurance (DOBI) was publicly advertised and displayed on August 13, 2003 on the State of New Jersey Purchase Bureau's website for download by interested parties. In addition, notification letters were mailed on August 12, 2003, to 129 vendors registered to receive bid mailings. On September 16, 2003, 6 vendors attended and were properly registered at the pre-bid conference held at the Division of Purchase and Property.

Inquiries regarding experience caused Addendum 1 to be advertised and uploaded to the Purchase Bureau website on September 8, 2003. As a result of the pre-bid conference, Addendum #2, dated September 24, 2003 was displayed on the Purchase Bureau's web site and e-mailed to all attendees of the mandatory pre-bid conference (addenda are attached).

Four bid proposals were opened and read by the Division of Purchase and Property on October 22, 2003. The bids were distributed to the Evaluation Committee (hereinafter "Committee") for review.

The Committee requested oral presentations from the four (4) bidders. By letters dated November 19, 2003 and included herein (attachment 2), the Committee invited the firms to make oral presentations clarifying their bid proposals. All four (4) bidders appeared at scheduled times before the Committee on November 25, 2003.

II. RECOMMENDATION

The Committee has completed its evaluation of the four bids received for Alternative Dispute Resolution Services for DOBI.

The Committee unanimously recommends that the contract resulting from RFP 04-X-35874 be awarded to the National Arbitration Forum (NAF). The Committee has determined that the bid proposal represents the most advantageous offer to the State, price and other factors considered. NAF is the bidder with the lowest cost and highest technical score (Technical Rank of 1). The contract award will be for a three (3) year period.

III. EVALUATION METHODOLOGY

A. The Evaluation Committee

As indicated in Section 6.1 of the RFP, an Evaluation Committee consisted of members from DOBI and the Purchase Bureau. There was one nonvoting member. The role of the non-voting member was to provide additional research and expertise in Alternate Dispute Resolution to the voting members.

The Committee was responsible for performing a technical review and cost evaluation of the four (4) bid proposals received. The focus of the Committee's technical review was on the strengths and weaknesses of each proposal received as it related to each bidder's ability to undertake and successfully complete the work required on this project, as specified in the RFP.

B. Cost Evaluation

The RFP gave each bidder the latitude to establish a fee structure that would support the service plan developed and offered by the bidder in its bid proposal. The Committee evaluated costs based the gross revenues as calculated using the numbers provided in AAA's bid proposal. This adjustment was deemed appropriate to ensure that the price comparison was equitable. It was based on AAA's numbers because they are the incumbent and the figures are based on its recent experience.

C. Technical Evaluation Methodology

The Committee utilized a technical scoring format based on assigning a weight (i.e., the assigning of relative importance) to each of the evaluation criteria listed in Section 6.1 of the RFP, except for price, which is not included in the technical evaluation portion of this procurement. The price components are described elsewhere in this report. The criterion weights used for technical scoring were established before the bid opening date. A sample evaluation score sheet is presented on the next page.

The Committee derived total technical scores by:

1. Assigning a score from zero to ten (0 - 10) to each criteria, according to the "Scoring Legend" below:

Scoring legend

9-10	Excellent
7-8	Very Good
5-6	Good
3-4	Fair
1-2	Poor
0	No mention

2. Multiplying the assigned score by the criterion weight, which produced a weighted score for each criterion; and,
3. Summing all weighted scores, to derive the overall weighted score for the proposal.

Technical scores are the result of an independent reading and analysis of each proposal by each evaluator, together with oral presentation(s) and the results of Committee discussions and deliberations on each proposal, as applicable.

The Committee evaluated all bid proposals listed below on the technical merits with consideration of price. A summary of the results is found in the table that follows. The table is ordered by Technical Rank, from high score to low.

D. Technical Score Sheet

A copy of the score sheet used for this procurement is found on the following page.

TECHNICAL POINT SCORE EVALUATION SHEET
Dispute Resolution Services
04-X-35874

FIRM: _____

EVALUATOR (PLEASE PRINT): _____

SCORING LEGEND:			
9-10 EXCELLENT	3-4 FAIR		
7-8 VERY GOOD	1-2 POOR		
5-6 GOOD	0 NO MENTION		
WEIGHT X SCORE = SUB TOTAL	WEIGHT X	SCORE =	<u>SUB</u> <u>TOTAL</u>
6.3.1 Vendor's Approach The bidder's general approach and plans in meeting the requirements of this RFP.	20		
6.3.2 Detailed Plans The bidder's detailed approach and plans to perform the services required by the Scope of Work Section of this RFP.	30		
6.3.3 Vendor's Past Performance The bidder's documented experience in successfully completing contracts of a similar size and scope to those required by this RFP.	5		
6.3.4 Qualifications of Personnel The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience.	20		
6.3.5 Completion of Project The overall ability of the bidder to mobilize, undertake and successfully complete the contract.	25		
GRAND TOTAL SCORE			

SIGNATURE OF EVALUATOR

EVALUATION DATE

E. Evaluation Committee

The Committee for this procurement met to review and consider, in depth, each bidder's proposal.

Voting Committee Members

Donald Bryan
Director, Division of Insurance
Department of Banking and Insurance

Jean M. Bickal
Assistant Commissioner
Department of Banking and Insurance

Lisa P. Thornton
Assistant Director for Automobile Issues
Department of Banking and Insurance

Ellen Nerbak
Department of Banking and Insurance

Jennifer Petrino
Buyer
Purchase Bureau

Non-Voting Committee Member

The following individual assisted the evaluation committee in a non-voting capacity:

Suzanne M. McSorley

IV. SUMMARIES OF TECHNICAL SCORES

A. Summary Table

The four (4) firms that submitted bid proposals are listed in the following table. The table is ordered by technical rank and shows the total technical score and technical rank. The maximum score a firm could get from each evaluator was 1,000 points. The maximum combined score that a single firm could get from the Committee, as a whole, was 5,000 points.

FIRM / Committee Member	EV1	EV2	EV3	EV4	EV5	Total	Rank
National Arbitration Forum	875	855	750	850	790	4120	1
Aequitas	840	650	830	790	885	3995	2
American Arbitration Association	750	795	795	780	750	3870	3
JAMS	670	625	670	740	730	3435	4

V. COST EVALUATION

The RFP gave each bidder the latitude to establish a fee structure that would support the service plan developed and offered by the bidder in its bid proposal. The Committee evaluated costs based on the gross revenues as calculated using the numbers provided in AAA's bid proposal. This adjustment was deemed appropriate to ensure that the price comparison was equitable. The table below depicts the bid prices, the adjusted prices and the cost rank from lowest to highest. The cost rank did not change using either price comparison.

	Actual Proposed	AAA Projections	Rank
NAF	\$ 22,965,000	\$ 20,996,550	1
Aequitas	\$ 23,330,000	\$ 24,393,010	2
AAA	\$ 24,912,585	\$ 24,912,585	3
JAMS	\$ 29,820,000	\$ 28,259,080	4

VI. TECHNICAL EVALUATION SUMMARY NARRATIVES

Technical Evaluation

The Committee considered proposals from the four (4) bidders that presented bid proposals. The following technical evaluation narratives for each bidder represent a summary of the findings of the Committee for each bid proposal submitted. The narratives are intended only as summaries highlighting important Committee findings relating to the technical point scores for each bidder.

The narratives are presented in order of Technical Score, from high to low.

Bidder Name: National Arbitration Forum (NAF)

Technical Rank: 1

Technical Score: 4120

Cost Rank: 1

The proposal submitted by this bidder was thorough, well reasoned and addresses completely the intent and purpose of the RFP. The proposal was comprehensive and effectively addressed the scope of work required by the RFP to complete this project. Several innovative ideas were clearly detailed for the early resolution of disputes, which is reflected in the Committee's scoring. In its bid proposal this firm demonstrated that it is a national provider for Dispute Resolution that is well known for handling high volume, low value disputes. The management, staff and key personnel are documented in the bid proposal to have the technical, management and communication skills needed to implement this program. NAF's bid proposal demonstrates a clear understanding of the project, and evidence of inherent knowledge, experience, resources and know-how required to complete this project. In addition, they offered the lowest cost. The Committee recommends awarding the subject contract to NAF, the lowest cost, and highest technically ranked bidder.

Bidder Name: Aequitas

Technical Rank: 2

Technical Score: 3995

Cost Rank: 2

Aequitas met the purpose and intent of the RFP. The proposal shows a detailed plan for the activities and scheduling necessary to complete the scope of work. It was noted, however, that the bidder's plan to shift most of the scheduling, communications, decisions, etc. to DRPs and

parties directly involved, might inhibit the administrator's ability to give proper oversight. Although this is a new venture, the principals demonstrated backgrounds in both PIP arbitration program and in medical insurance. Because this firm was ranked second on both cost and technical qualifications, the Committee determined not to award the contract to this bidder.

Bidder Name: American Arbitration Association (AAA)

Technical Rank: 3

Technical Score: 3870

Cost Rank: 3

American Arbitration Association's bid proposal meets the purpose and intent of the RFP. The bidder is a national provider of arbitration services in both high value and high volume/low value programs. In the bid proposal, the firm demonstrates the knowledge and experience to provide dispute resolution services to the residents of New Jersey. Because this firm was ranked third on both cost and technical qualifications, the Committee determined not to award the contract to this bidder.

Bidder Name: Jams

Technical Rank: 4

Technical Score: 3435

Cost Rank: 4

JAMS's bid proposal did not provide the level of specific detail necessary to convince the Committee that its dispute resolution program meets the RFP requirements. Although this bidder is a national provider who is known for handling large disputes and has the management and staff experienced in arbitration to successfully provide dispute resolution services for the State of New Jersey, it did not demonstrate to the Committee its commitment to providing that service. Because this firm was ranked fourth on both cost and technical qualifications, the Committee determined not to award the contract to this bidder.

Conclusion

Based on cost and technical qualifications, the Committee recommends award of the contract to the National Arbitration Forum, the bidder with the highest technical rank and lowest cost.

SIGNATURE SHEET

**EVALUATION COMMITTEE REPORT
ALTERNATIVE DISPUTE RESOLUTION SERVICES
FOR
DOBI
2004 - X - 35874**

Voting Committee Members

Donald Bryan
Director, Division of Insurance
Department of Banking and Insurance

Jean M. Bickal
Assistant Commissioner
Department of Banking and Insurance

Lisa P. Thornton
Assistant Director for Automobile Issues
Department of Banking and Insurance

Ellen Nerbak
Department of Banking and Insurance

Jennifer Petrino
Buyer
Purchase Bureau