

REQUEST FOR PROPOSALS FOR
Health Benefit Administration
Pharmacy Benefit Administration
Stop Loss
Flexible Spending Account Administration
Health Reimbursement Arrangement Administration

The City of Covington, Kentucky (“City”) invites proposals from qualified, competent, knowledgeable, and experienced companies that provide health plan administration, pharmacy benefit administration, stop loss coverage, flexible spending account (FSA) administration, and health reimbursement arrangement (HRA) administration services. General Conditions, Conditions to Respond, Scope of Service, and Background for this proposal are contained on the following pages.

Issue Date: November 7, 2016

Issuing Entity: City of Covington
20 West Pike Street
Covington, KY 41011

Contacts: Lisa Desmarais
Director of Finance & Operations
(859) 292-2174
ldesmarais@covingtonky.gov

I. SUBMISSION DEADLINE

Proposals must be submitted in a sealed envelope plainly marked on the outside "**SEALED BID FOR HEALTH BENEFIT ADMINISTRATION, ET AL. - DO NOT OPEN WITH REGULAR MAIL.**"

SEALED RESPONSES MUST BE MAILED OR PHYSICALLY DELIVERED TO:

Finance Department
First Floor Window
City Hall
City of Covington
20 West Pike Street
Covington, Kentucky 41011

RESPONSES MUST BE SUBMITTED BY: 10:00 a.m. on November 14, 2016.

Sealed bids will be publicly opened by the City Clerk or her designee in City Hall Commission Chambers, 20 West Pike Street, 1st Floor, at that date and time. The Board of Commissioners reserves the right to reject any and all bids.

II. BACKGROUND

This RFP has been prepared to solicit proposals for specific aspects of the medical insurance program of the City.

A. General Information

The City of Covington, Kentucky is a Kentucky Home Rule Class city. The executive and legislative authority is vested in the Board of Commissioners, which consists of the Mayor and four Commissioners. The City Manager is the chief administrative officer and is responsible for day-to-day operations.

The City has a number of boards and commissions pursuant to state law, local ordinance, or both. While some boards are comprised wholly or partially of City employees or officials, others are comprised of citizens of the City who are not otherwise employed by the City.

B. Effective Date

Unless otherwise specified, the effective date of the coverage will be **January 1, 2017** at 12:01 a.m. Eastern Daylight Time.

C. Revisions

If it becomes necessary to revise any part of this Request for Proposals, a written addendum will be provided to all respondents. The City is not bound by any oral representations, clarifications, or changes made in the written specifications by the City's employees, unless such clarification or change is provided to all respondents in written addendum from an authorized representative of the City.

D. Agent/Broker and Insurer Requirements

All agents/brokers and insurers involved must be authorized and/or licensed to operate in the Commonwealth of Kentucky. Non-admitted or surplus line carriers must be on the approved list of the Kentucky Department of Insurance and any applicable taxes or fees must be fully disclosed.

E. Compliance with Laws

All respondents shall observe and comply with all regulations, laws, and ordinances of local, state, and federal governments as they apply to this request for proposal process.

F. Procedures

- 1) **Deviations from Specifications.** All deviations from these specifications must be clearly stated in your proposal. Any significant limitations of coverage, restrictive conditions, etc., should also be clearly described.

These specifications are not intended to be restrictive with respect to any innovative techniques for rating or for providing coverage, if a distinct advantage can be demonstrated. Responses failing to meet all of the specifications will not necessarily be rejected, but any deviations must be clearly noted to be considered.

- 2) **Coverage Quotations.** If the proposed coverage is contingent upon the City providing additional information, inspections, completed applications, or is subject to any other conditions, such requirements must be stated clearly in the proposal.
- 3) **Loss Control Services.** Please provide a description of the specific loss control services available to the City from the agent/broker and/or the insurer(s), and indicate any additional fees that will be charged for such services.
- 4) **Claims Adjusting Services.** Please provide a description of claims adjusting services.
- 5) **Duration of Proposal.** All proposals shall remain valid without material change for at least sixty (60) days after the proposal due date.
- 6) **Non-Compliance with Proposal.** It is understood and agreed, in the event an insurance policy does not meet the terms and conditions accepted by the City as specified in this RFP, then the City shall at its sole option have the right to:
 - a. Cancel the policy or policies on a pro-rata basis (not short rate); OR
 - b. Require the insurer or agent/broker to provide the coverage as stated in this RFP at the proposed premium.
- 7) **Pro-Rata Cancellation.** The City may choose a common effective date for all policies. If this option is selected, the rates must be guaranteed for the extended coverage period required to bring all policies to a common effective date.
- 8) **Indivisible Coverage.** The respondent must specify coverage that can only be written contingent upon receiving the response for other coverage. If no such indication is made, the City reserves the right to accept any part of the response.
- 9) **Response Request Disclaimer.** This RFP does not commit the City to enter into a contract, award any services related to this specification document, nor does it obligate the City to pay any costs incurred in preparation or submission of a proposal or in anticipation of a contract.

III. PROPOSAL FORMAT

Proposals shall be submitted on standard 8.5 x 11 inch paper with font size no smaller than twelve (12) point. Proposals shall consist of one (1) signed original and three (3) copies, submitted in a sealed envelope plainly marked "**SEALED BID FOR HEALTH BENEFIT ADMINISTRATION, ET AL. - DO NOT OPEN WITH REGULAR MAIL.**" Proposals shall consist of the following:

1. A Letter of Transmittal that includes (a) the name of the company, (b) a contact person, (c) the names of individuals authorized to negotiate with the City, (d) current address (e) telephone number, (f) facsimile number, (g) email address, and (h) the signature of an authorized representative of the Respondent.
2. A Table of Contents, indicating the page where each section begins.
3. An Executive Summary, which should include a succinct description of the major features of the proposal. The Executive Summary should not exceed three (3) pages in length.
4. Ownership Information, which shall identify how the company is owned; the year the company was established; the former name(s) of the company, if applicable; and the state in which the company is incorporated, if applicable. This section should also include other companies and/or government entities for which the Respondent has provided similar services and contact information for at least five (5) references.
5. Sample contract(s) where requested in the General Specifications
6. Completed Administrative Fee Summary
7. Completed Pharmacy Benefit Manager Questionnaire(s)
8. Any Exceptions
9. Optional: Additional information to more fully describe the Respondent's qualifications.

IV. GENERAL SPECIFICATIONS

1. Plan Design

The City of Covington's plan currently includes multiple plan designs. **Complete plan document re-writes will be required of the successful Respondent.** Also, Respondents must be able to administer ERISA-exempt plans.

2. Pharmacy Program (Point Value: 10 Points)

Pharmacy pricing must be stated on a fully transparent and pass-through basis. Proposals must include 100% of rebates retained by the City. Proposals that are not transparent and pass-through will not be considered. Please complete the attached Pharmacy Benefit Manager Questionnaire for each PBM option submitted. Five points will be given for employee online access to the participating pharmacy list, formulary lists, and personal pharmacy information. Five points will also be given for access to a pharmaceutical consultant, preferably a licensed pharmacist, who can analyze the City's pharmacy program and make recommendations.

3. PPO Network (Point Value: 20 Points)

The City currently utilizes the Health Span Network. The top medical providers are Saint Elizabeth Hospital, Saint Elizabeth Physicians, Tri-Health, The Christ Hospital, and Cincinnati Children's Hospital. Respondents must either be able to continue the present network arrangement, or provide other comparable network options.

Respondents proposing other network options must submit a GeoAccess report with the following minimal parameters: 2 primary care physicians within a 15-mile radius; 2 specialists within a 15-mile radius; 2 pediatricians within a 15-mile radius; 2 OB/GYNs within a 20-mile radius, and 1 hospital within a 20-mile radius. A disruption report will be required of finalists.

4. Stop Loss (Point Value: 10 Points)

The City's current stop loss contract is with Sun-Life. Respondents must be able to continue the City's current contract as this contract was recently negotiated and went into effect on July 1, 2016.

5. Utilization Review/Medical Management (Point Value: 5 Points)

Please identify if utilization review is a part of the quoted fees and whether it is an in-house service or provided by an outside vendor. Also, please describe how individuals are reported to UR/medical management and the procedures involved. Please state whether the proposed UR vendor is URAC-accredited.

Please identify if you have a 24-hour nurse line or not. If so, how frequently is the nurse in touch with members? What is the success rate for reaching and engaging members? How do you track the progress of nurse intervention?

6. Disease Management/Wellness Programs/EAP/Telemedicine (Point Value: 5 Points)

Respondents should provide information on Disease Management, Wellness, EAP and Telemedicine programs they offer. Specifically, what components are included in your disease/case management programs? Which conditions are managed? Describe the criteria to qualify for management programs.

Are your disease/case management programs in house or are they outsourced? If outsourced, with whom? How do you measure the results of your disease/case management programs? Can you capture Return on Investment? Can you integrate incentive for employee participation into programs? Do you do any type of risk stratification, if so please describe in detail.

What reporting do you provide for disease/case management? What is included in the reporting package and how often do you provide reporting? Please provide samples of reports.

What are your expectations or needs from the City in order to facilitate success in disease/case management?

7. Ability to Import/Export CareHere Clinic Data (Point Value: 5 Points)

The selected Respondent will be expected to coordinate with the CareHere Clinic by importing data into their system that was collected by the clinic to be used for health and wellness biometrics, for any care gap measurements/reporting, and eligibility reporting/uploading at least monthly. Please describe your ability to meet with these criteria.

8. COBRA/HIPAA (Point Value: 5 Points)

Please describe the fees associated with administering these services. Respondents must be compliant with HIPAA Title II regulations and be able to assist the City in the privacy policy area. Please indicate whether COBRA/HIPAA administration is provided in-house or through an outside vendor.

9. Online Capabilities (Point Value: 5 Points)

Please describe in detail online access to plan information, including the ability to monitor claims, run reports and check eligibility. Consideration will be given to whether Respondents allow employees to check personal information online. Respondents who have the ability to customize reports and to provide ad-hoc reporting capabilities will receive additional consideration. Any additional cost for these services should be quoted separately.

10. Flexible Spending Account (Point Value: 5 Points, 2 allotted to the ability to administer services, 2 allotted to employee online capabilities, 1 allotted to debit card availability)

The City currently offers a flexible spending account and dependent care account. Please describe your ability to administer these programs, and describe any fees associated with these services.

11. Reference-Based Pricing (Point Value: 10 Points)

The City offers a “Reference-Based Pricing” plan, in which claims are paid on a “percentage above Medicare” basis, rather than utilizing a network. The City plans to continue to offer this type of health plan option to its employees. Please indicate whether you can administer this type of plan.

If you are currently administering Reference-Based plans, please describe your experience with existing clients in this regard. Note whether you utilize direct provider contracts. Also provide information regarding the vendors you use for negotiating balance billing, drafting plan language, and negotiating direct contracts.

The City’s fiscal year began on July 1, 2016 as did its offering of a “Referenced- Based Pricing” health plan option. The City asks that Respondents to this proposal comment on their ability to commence services on the Effective Date of January 1, 2017 with the stipulation that all claims processing/payments for the Referenced-Based Plan be retroactive to July 1, 2016.

Please provide sample contracts in your response to this proposal request.

12. Health Reimbursement Arrangement (HRA)/Health Savings Account (HSA) (Point Value: 5 Points)

Please describe your ability to administer HRA and HSAs, and also describe any fees associated with these services.

13. Run-in/Run-out Claims

Run-in claims may be negotiated with successful respondents, and services for run-in and run-out claims should be quoted.

14. Vendor Partners

- A. Do you have preferred wellness vendors that you work with?
- B. Do you have preferred stop loss vendors that you work with?
- C. Do you have preferred consumer transparency vendors that you work with?
- D. Please identify a broker partner that you can work with to help support strategy, analytics and employee education and engagement. Note: The broker partner must use Verisk as their data warehouse platform.

15. Account Management and Customer Service

- A. Is there a dedicated account team that acts as a liaison for the client? Y/N
- B. Is the group assigned a designated customer service contact for member calls? Y/N
- C. What are the customer service hours? Please provide days of the week and hours.
- D. Does your company have call tracking/phone recording capability? Y/N
- E. Can you show data specific to our organization? Y/N
- F. Can you provide information on why employees are calling in? Y/N
- G. Can you provide information on how quickly claims issues are resolved? Y/N

- H. How do you provide members information to understand their member responsibility and what the plan pays (EOB)?
- I. Can you offer assistance to the City to help its internal Human Resources personnel manage initial plan set-up, communication to employees, and other clerical support as needed? If so, describe in detail what type of support you can provide and during which timeframe.

16. Additional Criteria

All proposals must be submitted in writing and must specifically address all of the requirements that are listed above. Criteria that will be used to determine award of the contract will include but will not be limited to the following:

- A. The cost per employee per month for all services. Cost quoted must be guaranteed for at least a one-year period following acceptance.
- B. References provided. Government agencies will receive significant regard. **(Point Value: 5 Points for 2 or more government references, 10 Points will be awarded if 1 reference is a government in Kentucky.)** At least five references in total should be provided, and one of the five must be a former client.
- C. The qualifications and experience of the Respondent's staff and associated vendors.
- D. The scope and degree of services provided.
- E. Thoroughness and usefulness of reports provided on a monthly basis.
- F. The ability to work with related vendors.
- G. Demonstrated customer service.
- H. Claims turnaround time.
- I. Thoroughness of the response to the RFP **(Point Value: 5 Points)**
- J. Completion of Attachment(s) to RFP.
- K. The ability to assist with compliance.
- L. Ability of Respondent to assist with budget projections and development of appropriate funding levels for the plans offered.

Administrative Fee Summary

- This form must be completed according to how administrative fees are applicable to your organization.
- All rates should be provided as a PEPM (per employee per month) charge unless otherwise indicated.
- If submitting a partial proposal, complete as applicable to the services being proposed.

Base Administration _____

COBRA Administration _____

HIPAA Administration _____

Utilization Review/Medical Management _____

Name of UR/Case Management Organization _____

Disease Management Fee _____

Wellness Program Fee _____

EAP Program _____

Telemedicine Program _____

PPO Administration/Coordination Fee _____

PPO Access Fee _____

Rx Administration/Coordination Fee _____

Section 125 Administration _____

Medicare Part D Notices & Testing _____

Other Fees _____

Data Sharing with CareHere or other Clinic Administrator _____

TOTAL MONTHLY FEES _____

Other Annual Fees (if applicable) _____

Setup (One-time fees) _____

Rate guarantees (please specify) _____

Pharmacy Benefit Manager Questionnaire

Please complete for each PBM offered as part of this proposal

***Pricing must be stated on a fully transparent and pass-through basis.
Proposals must include 100% of rebates retained by the IHBPATA.***

Name of PBM: _____

1. Pricing

- A. Affirmatively state whether the proposed PBM's pricing is quoted on a fully transparent and pass-through basis, and whether 100% of rebates will be passed through to the IHBPATA.
- B. Does the proposed PBM own its pharmacy network? If not, please identify the network it uses and state whether the network passes through all discounts to the PBM.
- C. Does the proposed PBM own its claims processor? If not, please identify the claims processor it uses and state whether the processor passes through all discounts to the PBM.
- D. Does the proposed PBM own its mail order vendor? If not, please identify the mail order vendor it uses and state whether the mail order vendor passes through all discounts to the PBM. Please also state whether the IHBPATA may use a mail order vendor other than the one used by the PBM.
- E. Does the proposed PBM own its specialty drug network? If not, please identify the specialty drug network it uses (if any) and state whether the specialty drug network passes through all discounts to the PBM. Please also state whether the IHBPATA may use a specialty drug network other than the one used by the PBM

2. Corporate Capabilities

- A. Identify the staff that would be directly involved, along with their titles and responsibilities.
- B. Provide at least three (3) references.

3. Maximum Allowable Costs

- A. Describe your MAC program including discounts and maintenance procedures.

4. Rebate Management

- A. The City reserves the right to audit all records regarding rebates with drug manufacturers. Please describe your current policy and scope for outside audit procedures.

- B. Do you utilize a rebate processor? If so, does your rebate processor pass through 100% of rebates to you?
- C. Describe the process for recommending formulary changes in conjunction with rebate contracts in order to obtain the most cost effective net per member per month costs.

5. Price Proposal

- Identify the administrative services fee per employee per month (PEPM). Identify all of the administrative services included in this fee. If there are any other charges that will be assigned to other services please identify these services and the associated fee. Any fees not identified will be assumed to be part of the administrative services included in the PEPM service fee.
- Identify retail dispensing fees.
- Identify mail order dispensing fees.
- Identify proposed specialty pharmacy services reimbursement fees and/or current product list as applicable.
- Identify drug ingredient cost discounts for your block of business for:
 - All retail brand claims for the period January 1, 2014-December 31, 2014
 - All mail order brand claims for the period January 1, 2014-December 31, 2014
 - All retail generic claims for the period January 1, 2014-December 31, 2014
 - All mail order generic claims for the period January 1, 2014- December 31, 2014
 - All retail brand claims for the period January 1, 2015-December 31, 2015
 - All mail order brand claims for the period January 1, 2015-December 31, 2015
 - All retail generic claims for the period January 1, 2015-December 31, 2015
 - All mail order generic claims for the period January 1, 2015-December 31, 2015

V. RESPONDENT QUALIFICATIONS

The City will only consider proposals from respondents that:

- A. Can demonstrate a proven track record of successfully and reliably providing similar services to similar entities.
- B. Are in good standing with the City as that term is defined in Commissioners' Ordinance No. O-11-06.
- C. Are not involved in any adverse claims against the City and are not delinquent in their financial obligations to the City.
- D. Can demonstrate substantial compliance with this Request.

VI. EVALUATION CRITERIA

The following criteria will be used:

- A. Reciprocal preference for resident bidders required by Kentucky Revised Statutes (KRS) § 45A.494.
- B. Degree of Respondent's ability to fully comply with the Requirements in this RFP.
- C. Advantages of a particular product relative to its weaknesses.
- D. Time of delivery, performance, and completion.
- E. Ability to provide the required products and services and fulfill the minimum specifications
- F. Substantial compliance with this RFP.

VII. RESPONSIVENESS OF PROPOSALS

A. Responsiveness

The City shall only consider those Proposals that conform to the material requirement of the City's Request and that are submitted in the Proposal Format set forth below. A Proposal will be considered as conforming and responsive if it substantially addresses and promises to meet the requirements contained in this Request or any future reasonable requests made over the course of the selection process. The City may waive any non-conformance that is immaterial AND does not prejudice other Respondents.

B. Non-responsiveness

The City will reject any Proposals that materially deviate from the request OR that due to any deviation from the Request prejudice other Respondents whose Proposals substantially conform to the Request.

C. Respondent Responsibility

The responsibility of Respondents shall be determined on the evaluation of the Respondent and the management team, separate and distinct from the proposal that is submitted.

VIII. SELECTION

D. Selection Committee

The Selection Committee shall be comprised of:

- A. The City Manager
- B. The City’s Human Resources Director
- C. The City’s Compliance Officer
- D. The City’s Finance & Operations Director
- E. A designee of the City Manager

E. Selection Process:

Respondent Questions.

City shall answer any questions that respondents may have prior to the Submission Deadline. Respondents should provide their email address and/or fax number to Lisa Desmarais, Director of Finance & Operations, so that they receive any answers to questions asked by other Respondents.

It is each respondent’s responsibility to read the entire RFP and fully acquaint itself with the scope of work outlined herein. The failure of the respondent to do the foregoing does not relieve the respondent from any obligation with respect to the bid proposal submitted. If any respondent is in doubt as to the true meaning of any part of the specifications, the respondent should submit a written request for an interpretation.

Questions concerning any aspect of this RFP must be submitted in writing by electronic mail to Lisa Desmarais, Director of Finance & Operations, lidesmarais@covingtonky.gov

Initial Selection Process

Respondents whose proposals are acceptable in form and substance will be selected to be included on a short list of potential awardees if, in the Selection Committee’s business judgment, they meet the above minimum qualifications.

Negotiations of Contractual Terms.

After the Selection Committee makes its final determination, the awardee and the City will negotiate and execute a final agreement prior to the commencement date. Failure by any Respondent to timely respond or come to terms with the City will be cause for a rejection of the Proposal.

Timeline of Selection, Negotiation and Awards.

Event	To Be Completed By
RFP Issued and Advertised	November 7, 2016
Question and Answer Period for Respondents	November 10, 2016
Deadline/Bid Opening	November 14, 2016
Recommendation to Board of Commissioners	November 15, 2016
Finalize Agreements	December 31, 2016
Inception Date	January 1, 2017

IX. ADDITIONAL INFORMATION

F. Modifications

In no event shall the deadline for submission of the proposals be changed except by written modification from the City of Covington Office of the City Manager. The City reserves the right to modify this RFP through written addendum at any time prior to the proposal deadline for any reason.

The City shall not be responsible for oral interpretations given by any City employee, representative, elected official, or others. The issuance of written addenda is the only official method whereby interpretation, clarification, or additional information can be given. If any addenda are issued to this RFP, the City will attempt to notify all prospective submitting entities and the addenda shall become a permanent part of the RFP; however, it shall be the responsibility of each submitting entity, prior to submitting a proposal to contact Lisa Desmarais, Director of Finance & Operations, to determine if any addenda were issued and to make such addenda a part of the submission of its proposal.

G. Competitive Bidding

It is the intent of the City that this Request for Proposals promotes competitive bidding. It shall be the respondent's responsibility to advise the City of Covington if any language, requirements, etc. or any combination thereof, inadvertently restricts or limits the requirements stated in this RFP to a single source. Such notification must be submitted in writing and must be received no later than three (3) days after the opening date.

H. Exclusions

Accidental exclusions on behalf of the City in this request will not be held against the City as an extra cost of doing business. It is the responsibility of the Respondent to assure that all necessary information including costs of providing the described service herein are included in the Respondent's proposal. Any "hidden" fees or services intentionally excluded or added to a proposal to deceive the City will immediately disqualify the Respondent from this and any further business with the City.

I. Public Information Notice

All proposals submitted to the City will be kept in confidence by the Selection Committee and shall be used solely for the purpose of evaluating the proposal for a possible award. The City retains the right to provide copies provided by Respondents to its staff, legal, technical, and financial advisors and representatives. Respondent should take care not to provide any confidential information, trade secrets or other intellectual property, that they do not want City staff to receive.

Please note that all information submitted for review may be subject to the Kentucky Open Records Act and may be made available upon request by the public. Respondents should identify any confidential, proprietary information or trade secrets and provide justification why such material should not be disclosed.