

BOCC APPROVAL MAY 8, 2019
BOARD OF BIDS AND CONTRACTS MAY 2, 2019

5. EMPLOYEE MEDICAL AND PHARMACY BENEFITS -- HUMAN RESOURCES

FUNDING -- BENEFITS

(Request sent to 18 vendors)

RFP #18-0082 Contract

	United HealthCare	Blue Cross and Blue Shield of Kansas, Inc.	Aetna Life Insurance Company	Meritain Health, Inc.	Continental Benefits, LLC	EBMS, LLC	HealthComp
Carrier Administrative Services Only (Self-Funded)*							
Carrier Fees							
Administrative Fee Rate (PEPM)	\$0.73	\$27.00	\$4.00	N/A	N/A	N/A	N/A
Estimated Total Administrative Fee	\$21,917.52	\$840,672.00	\$201,761.28	N/A	N/A	N/A	N/A
\$500,000 Specific Stop Loss Premium ⁽³⁾	\$689,651.28	\$689,651.28	\$682,445.52	N/A	N/A	N/A	N/A
Carrier Fees Subtotal ⁽¹⁾	\$711,568.80	\$1,530,323.28	\$884,206.80	N/A	N/A	N/A	N/A
County's Responsibility							
Expected Med/Rx Claims	\$34,729,699.00	\$35,229,250.00	\$34,384,029.00	N/A	N/A	N/A	N/A
Estimated Rebates ⁽⁴⁾	-\$1,407,333.00	-\$2,343,690.00	N/A	N/A	N/A	N/A	N/A
County's Responsible Funding Subtotal ⁽²⁾	\$33,322,366.00	\$32,885,560.00	\$34,384,029.00	N/A	N/A	N/A	N/A
Estimated Total Cost ^{(1) + (2)}	\$34,033,934.80	\$34,415,883.28	\$35,268,235.80	N/A	N/A	N/A	N/A
Third Party Administrator**							
	No Bid	No Bid	No Bid	\$1,124,893.20	\$1,138,643.52	\$1,314,472.08	\$1,006,113.84
No Bid	HealthScope Benefits	Benefit Management, LLC	Humana	Cigna Healthcare	USI Insurance Services	Arthur J. Gallagher & Co.	Kroger Prescription Plans

⁽¹⁾ Amount to be paid to provider for services provided. Total is based on quoted rates per employee per month (PEPM), and will vary if number of employees differs from assumption. Assumption for all providers is

⁽²⁾ Amount to be paid by county in addition to carrier fees. Expected claims provided by IMA in Sedgwick County Self Funded Underwriting Analysis.

⁽³⁾ Stop Loss Premiums are estimated for United Healthcare and BCBS. Aetna provided an illustrative quote.

⁽⁴⁾ Estimated Rebates are a retrospective review of actual pharmacy claims for calendar year 2018

On the recommendation of Joe Thomas, on behalf of Human Resources, Tim Myers moved to **accept the proposal from United HealthCare (self-funded) for a first year cost of \$711,568.80 and execute a three (3) year contract with two (2) one (1) year options to renew**. Jennifer Dombaugh seconded the motion. The motion passed unanimously with Randy Bargdill abstaining.

A committee comprised of Karen Bailey - Chief Deputy Clerk; Randy Bargdill - Chief Deputy Treasurer; Tonya Buckingham - Register of Deeds; Adrienne Byrne - Health Department Director; Mike Elpers - ERP Director; Susan Erlenwein - Environmental Resources Director; Rusty Leeds - Assistant County Manager; Lindsay Poe-Rousseau - Chief Financial Officer; Heather Poorman - Benefits Manager; Richard Powell - Undersheriff; Sheena Schmutz - Human Resources Director; Tom Stolz - County Manager; and Joe Thomas - Purchasing reviewed all responses, shortlisted and interviewed Blue Cross and Blue Shield of Kansas, Inc., United HealthCare, and Aetna Life Insurance Company.

The committee unanimously agreed that United HealthCare (*self-funded model*) offers the best proposal for the county. The recommended carrier offers robust wellness and disease management programs supported through extensive technology based applications including mobile apps, web-based programs, wellness coaching, and extensive condition management options, which fully supports Sedgwick County's overall philosophy regarding employee health and accountability goals. United HealthCare offered a three (3) year rate cap on the administrative service costs for self-funding, as well as, offered extensive guarantees for operational, service, clinical, and network discounting performance. United HealthCare's offer includes a PPO (preferred provider organization) product that allows easier access to network providers without the need for referrals. Their offering also includes providing a \$75,000.00 annual wellness fund to be used to support initiatives.

The amounts shown in the carrier self-funded model represent the total fixed costs paid to the insurance carrier for administrative fees and specific stop loss insurance coverage plus expected annual claims and other fees paid directly by the county. The amounts shown in the third party administrator model represent payments made for administrative fees only with no insurance or pharmacy coverage included.

Notes:

* **Carrier Administrative Services Only (Self-Funded)** - a plan where all administrative services (claims administration, stop-loss, pharmacy benefit management, etc.) are provided by an insurance carrier. The employer pays for claims directly in lieu of premium payments.

** **Third Party Administrator (TPA)** - an individual or firm hired by an employer to handle claims processing, pay providers and manage other functions related to the operation of health insurance. The TPA is neither the policyholder or the insurer. The TPA performs tasks traditionally handled by the company providing the insurance or the employer.

United HealthCare is the current provider for these services and has been well-received by the county over the past years of their engagement.

Questions and Answers

Mike Fessinger: I'll just note that 2 current people voting on Bid Board were on the review committee. It would be my recommendation both Mr. Bargdill and Mr. Leeds abstain from this vote given they already recommended this be given to Bid Board.

Lindsay Poe Rousseau: Since it's tied to all employees, does that change? It's not on behalf of their department, it's on behalf of the entire organization.

Mike Fessinger: They're not secluded from voting under Charter 68. In my view, it would be more proper for them to abstain. There would still be 3 members left, which is enough to go ahead and approve this. If they do opt to vote, it wouldn't cast us in any kind of doubt. The safer position would be to have them abstain in my view.

Angela Caudillo: Did the RFP ask the bidders to give any different options for employees? Is that something that is done by the county?

Joe Thomas: There were several types of offers, bundled and unbundled.

Lindsay Poe Rousseau: This was just for the administrative service and type of administration benefits. The plan design will be up to us because we are self-funded. There will be further discussion with Commissioners on the 20th. That will be when the employees and Commissioners have the opportunity to decide. This is strictly who is going to administer the program.

Angela Caudillo: So those options are well within that administration?

Lindsay Poe Rousseau: Absolutely.

Russell Leeds: For the record, would you want to give a brief overview of the steps that were followed, including the interviews of the top 3 bidders.

Joe Thomas: In the Purchasing evaluation process, we put out the proposal and receive them back from the individual proposers. First we get together and put together a timeline and come back and score. Each individual member reads the proposals and prepares scoring for the individual proposals. Some of the proposals had a totally different approach and so we had to issue another addendum to clarify the approach that we decided would be in our best interest. The result was that 3 proposers responded, which is Aetna, Blue Cross Blue Shield, and United Healthcare. When they came back in, we had further interviews and we allowed the review committee to change their scores based on what they presented. We also had the assistance from a consultant.

Russell Leeds: So at face value, United Healthcare comes in with a low bid of \$34,033,934.80.

Joe Thomas: Yes.