



REQUEST FOR PROPOSAL ADDENDUM
PURCHASING OFFICE
CITY OF AUSTIN, TEXAS
RFP NO. JSD0120 ADDENDUM NO. 1
DESCRIPTION: Self-Funded Medical Program, Stop-Loss
Coverage, Pharmacy Benefit Management
DATE OF ADDENDUM 3/2/2012

This Request for Proposal is hereby amended to incorporate the following:

1. The following documents are hereby attached to the solicitation:
 - The additional written questions received and the answers thereto
2. Request a Pen and Ink change to the Offer Sheet Header from INVITATION FOR BID (IFB) to REQUEST FOR PROPOSAL (RFP).
3. All other terms and conditions shall remain the same.

APPROVED BY: Signed copy available in Purchasing Office
Jeff Dilbert, (512) 974-2651
Purchasing Office, Finance and Administrative Services Department

ACKNOWLEDGED BY:

BIDDER AUTHORIZED SIGNATURE DATE

RETURN ONE (1) COPY TO PURCHASING OFFICE, CITY OF AUSTIN,
PRIOR TO CLOSING DATE OR WITH YOUR PROPOSAL; FAILURE TO DO
SO MAY CONSTITUTE GROUNDS FOR REJECTION OF YOUR
PROPOSAL.

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Due to the repetitive nature of the questions received, some have been combined with a single response. The questions have grouped into categories for ease of reference. The City's responses are in red.

Section 0600

1. Within Section 0600: Proposal Preparation Instructions and Evaluation Factors, Tab 4, Part 4, please confirm that you are requesting the actual SAS 70 report to be submitted with our proposal response. In order to release the actual SAS 70 report, we would need the City of Austin to sign a confidentiality letter. Please sign the attached "RFP Exception Letter", and return back to us, if you would like us to release the requested report with our proposal response.
The City is not requiring a copy of the SAS 70 Report at this time. The successful proposer will be required to provide an SAS 70 prior to contract award.
2. In Section 0600 (Proposal Preparation Instructions), we are asked to consecutively number the pages. Can we consecutively number within each tab, or does the numbering have to be for the entire proposal?
Either is acceptable.
3. In Section 0600 (Proposal Preparation Instructions), the 3 electronic copies are being requested on flash drives. Are we able to provide on CD-ROM instead?
Flash drives are required.
4. For the Authorized Signatures, can we have someone with binding authority, but not an officer sign the documents?
As long as they have the authority to bind, anyone can sign.
5. Form 0835, Non-Resident Bidder Provision, was included in the attachments. However, we do not see where it is to be included in our proposal response. Please advise.
This should be placed in Tab 2 with the other Purchasing Documents.
6. What is the timeline for award?
Scoring of proposals will be the end of April. If necessary interviews will be held in May and recommendation will be given to Management in June.
7. Section 0600 – Proposal Preparation and Evaluation Factors; Section 1, Tab 2 (City of Austin Purchasing Documents): Attachment II (HIPAA Business Associate Agreement) is listed among the documents to be executed and submitted with the bidder's proposal. It is difficult to fully assess the bidder's obligations under the BAA without reviewing it in the context of the PBM services agreement. For

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instance, Section 11 of the City’s BAA refers to Section 8 of the Contract, but the Contract has yet to be fully developed and agreed upon. If the bidder wishes to propose edits to the BAA, should it execute the revised BAA and submit a description of the provisions revised with an explanation?

The City will accept a Redline BAA but it could result in a deduction in points allowed.

8. Please indicate if it is acceptable to provide a Redline BAA for HIPAA.
See Question #7 above.

9. Section 0600 – Proposal Preparation and Evaluation Factors; Section 2 (Non-Collusion, Non-Conflict of Interest, and Anti-Lobbying): Subsection F requests certifications that stockholders of bidder are not City employees or elected officials. Please confirm that if the bidder is a wholly owned subsidiary of a publicly traded company, the City is not requesting a certification that no shareholders of the bidder’s publicly traded parent are City employees or elected officials, as some of these employees or officials may own shares of bidder’s parent company.
This refers to major stockholders who can influence the business affairs of an organization. It does not refer to individuals who own shares as an investment.

Section 0500 - Medical

1. In Section 0500 (Scope of Work), Statement 4.2.3, if we are unable to meet this requirement, will this be grounds for dismissal or simply down score?
This would result in down scoring.

2. The RFP is explicit to state the City is looking for Self Insured proposals only. However, for the post-65 Retirees, would the City consider a Fully Insured Medicare plan? While it is fully insured, it would deliver comparable or better benefits for less cost. If interested, what product/plan would the City consider?
The proposal must be based on self-insured solutions but proposers are encouraged to submit alternative solutions for the City’s review.

3. Is the HMO a gate-keeper plan?
No.

4. The RFP states that SPD/Provider Directories are to be provided. Would providing electronically online suffice, or are hard copies required?
We require hard copies of the Central Texas directory but electronic copies of the national network are acceptable.

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5. In Section 0500 –Scope of Work, #3.4.1 states “Proposer must guarantee fees regardless of enrollment per plan year.” Can we interpret this to be the fees won’t change based off of total enrollment within all products you offer and not within each individual product?

That is correct.

6. Please elaborate on Section 0500 –Scope of Work, #3.4.4 on expectations and the process around positive pay. We are unfamiliar with the term.

Positive Pay is a banking process that requires the contractor to transmit a daily file of all checks issued. Checks presented to the bank that are not included on the file would not be automatically cleared. This is a process intended to help mitigate fraudulent checks.

7. Scope of Work Section 0500, #4.4 states "The City will not contract with an organization that requires preauthorization of services." We are interpreting this Scope of Work item to mean that The City's members are not responsible for precertification, and the network providers are responsible for precertification of services. Please confirm that this is the intention of this item.

We are not clear on the definition of precertification but it is the City’s intention that no services will be denied by the Plan Administrator. Pre-notification is allowed.

8. Are the rates to be firm when proposal is submitted?

Yes, rates/fees must be firm.

9. Is the City’s medical plan grandfathered?

The City’s plan is not grandfathered.

10. Does the City expect to pay for the On-Site clinic or the Contractor?

The City is exploring both options – opening its own clinic or having the Contractor establish one at its expense.

11. Does the current HMO have a separate or the same network as the PPO?

It is the same network for the HMO and PPO.

12. Does the City currently have a wellness allowance?

No.

13. Please provide information on the Employer contribution to premium for Post-65 Medicare eligible retirees? If the amount varies by years of services, what is the average employer contribution today for this population?

This is not necessary to respond to the RFP.

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14. Please provide detail information regarding how each of the plans offered (PPO and HMO) to Medicare eligible retirees coordinate with Medicare when Medicare is primary. Language from each of the Summary Plan Documents (SPD) or example of adjudicated claims would be best. We need to clearly understand the Medicare primary member's cost share and the plan's liability after Medicare has paid.
Under both the PPO and HMO, benefits are determined as though the covered person has both Medicare Part A and Part B. Claims are processed to ensure members 'come out whole' after taking into account copays, deductibles and co-insurance.
15. Have there been any pharmacy or medical plan changes in the past 3 years (2010, 2011 and 2012) and if so what were those changes?
This is not necessary to respond to the RFP.
16. What are the current, 2012 premium equivalents for Post 65 retirees?
This is not necessary to respond to the RFP.
17. Please clarify if the instructions for Attachment 21, Optional Services, "Provide a one page description of the below optional services." Is this defined as one page total for all services requested, or one page per each optional service?
One page for each optional service.
18. Can you please verify what you mean by "rollover"? Are you referring to calls rolling over to another call unit when the designated unit is at peak or are you referring to transfer of calls to and from different areas?
This refers to call rolling to another unit for any reason.
19. Regarding the Provider Network Information, do you want Active employees with all specialists listed in (C) **and** then Retirees with all the specialists listed in (C)?
Example:
Active - Hosp, A PCP, Pd, OB
Retiree - Hosp, A PCP, Pd, OB
Yes.
20. For the above analysis do you want providers in Austin, TX only or all of TX providers included?
Include providers in the seven-county area described in Paragraph 4.1 of Section 0500.
21. Please provide current fees.
The administrative fees for the HMO are \$30.11 PEPM and \$32.38 PEPM for the PPO.

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22. Please confirm claim payments are inclusive of Actives, Retirees without Medicare, and Retirees with Medicare.
Confirmed.
23. Is the city requesting to pay on a Self Billed basis?
Yes.
24. Please clarify what the Group Purchasing Program entails.
The City may enter into an inter-local agreement with other governmental agencies in the Austin area.
25. Please provide examples of other coverage and confirm the integration with Medicare is COB without credit reserves.
Other coverage would include any other commercial insurance under which a member may be covered. Medicare COB does not include credit reserves.
26. Please clarify how you define Pre-Notification. It appears that a penalty is applied if pre-notification is not received for certain services and that is allowed under the plan. Does Pre-Notification mean that, if the claim administrator is pre-notified that a denial of the service cannot occur?
That is correct.
27. How are high tech radiology services (e.g., MRI, CT, PET scans) handled regarding pre-notification?
If pre-notification is not made by a network provider, payment is denied. If the service is received from a non-network provider and there is no pre-notification, payment is reduced to 50% of the Maximum Allowable Charge.
28. Please clarify the following: If a person does not meet medically necessary criteria when does UHC make that assessment? Can a service be denied, or do you want everything approved except for what exclusions would occur from claims on the back end? What about during an inpatient stay, if medically necessary or level of care is not met, can we deny? How do you handle denial of non covered services?
Services ordered or provided by a physician can not be denied, including inpatient stays. Non-covered services must always be denied.
29. Please clarify how you define shared savings programs.
When the Contractor shares any of the savings achieved through negotiation with non-network providers.
30. Please provide the employer contribution level for the post 65 retirees.
This is not necessary to respond to the RFP.

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31. Please provide the most recent monthly claims experience with corresponding monthly enrollment split by medical and Rx for the post 65 retirees.
This is not necessary to respond to the RFP.
32. In regards to Section 500, #3.4.5, is the City advising that a member may be added during the second pay cycle, but a premium would not be remitted for the current month in which they are added? If that is the intention, we are able to agree if the effective dates are the 16-31st of the month. Any dates prior to the 16th would create a premium due for the current month. Also, how would the premiums be calculated when a member terminated? Could the term dates be any date during the month?
The City will reimburse vendors based on the enrollment numbers from the first pay period of the month. If an employee is added during the second pay period, the vendor will provide coverage for that employee without receiving a premium or administrative fee. When an employee terminates after the first payroll, the vendor will receive a premium or administrative fee for an employee who is no longer covered. The City will not agree to change the payment methodology.
33. Will data for retirees be provided?
All of the data provided with the RFP includes retiree data.
34. Regarding the provided census data, can the City provide number of claims per zip code?
No.
35. Section 0500 – Scope of Work; Subsection 3.4.4: Could the City please provide more details regarding the “positive pay” process mentioned? Bidder does not work with impress accounts, but rather pays retail pharmacy claims from its own funds and then invoiced the City. Does this impact the applicability of “positive pay”?
If the vendor uses the City’s zero-balance-account, we expect the vendor to utilize positive pay; however, if the vendor uses an account where the City transfers the amount for daily cleared checks, the vendor should utilize reverse positive pay or other approved procedures to prevent fraud. If you are unable to provide either, your score will be reduced.
36. If we are unable to agree to the criteria outlined for Performance Guarantees based on the fact that we measure our results differently than outlined in the RFP, will this be grounds for dismissal or grounds to down score?
The proposal will be down scored.

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Section 0500 – Health Management

1. Regarding Scope of Work 4.4, we have a streamlined precertification process that all of our providers follow. For network plans, providers are responsible for precertification, providing convenience for members. This process reviews medical necessity and ensures that members receive appropriate care in the right setting. Will we be dismissed or scored down if we require that preauthorization is a part of our program?

The City will not contract with an organization that denies care or requires a service to be performed in a setting other than requested by the member's physician.

2. Can you confirm within Tab 4, Tab 5 and Tab 6 how many references are needed for both current and former accounts? The instructions state 5 references total; however, this does not specifically mention how many of each.

There should be a total of five for each tab and if submitting a proposal for multiple services, you can list the same reference in each tab if you provided that service. You must have at least one former account for each tab, either public or private.

3. Question 4.10.2.2 - Can you please specify what KOOP, NBGH, ACOEM or WELCOA are? Please also clarify what "assist with health & wellness award applications..." means.

The contractor will help the City apply for awards from these organizations. This would include consulting on program design and data needed to win/apply. Here are definitions of the acronyms with links to the organizations websites.

KOOP: [C. Everett Koop national Health Awards](#)

NBGH: [National Business Group on Health](#)

ACOEM: [American College of Occupational and Environmental Medicine](#)

WELCOA: [Wellness Council of America](#)

4. Question 4.10.3.4 - Does the City expect the dedicated resource mentioned to be onsite or available via telephonic medium?

The City prefers one onsite health coach that can provide coaching on a variety of health risks.

5. As the City has interest in onsite wellness resources (coaches/specialist), can you please provide the number of locations you wish to have onsite representation at, the physical locations, & the number of employees at each location.

The City would like one onsite coach. This coach will be required to travel to different locations within the City. The main location will be in the downtown area.

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6. What specific roles/responsibilities does the City wish the onsite wellness resource to perform? (I.e. individual coaching, group coaching, seminars, Disease Management, etc)
**Individual health coaching, group coaching, health fair assistance and seminars.
Disease and condition management are optional components.**
7. Are you looking to possibly carve out case management?
At some future date the City may carve out case management.
8. What % health assessments are paper health assessments?
5%
9. What % health assessment completion has City achieved in 2011 or % goal completion in 2012?
**2011 – 21%
2012 goal – 43%**
10. What % City of Austin employees have online access during working hours?
50%
11. Does the City have a customized website today? If so, please provide URL?
The City has an internal website but it is not a wellness portal that employees can interact with.
12. Is the City able to provide an example of the survey in current use?
This is not necessary to respond to the RFP.
13. What are the factors the City will be asking the Contractor to use in reporting?
Biometrics, Health Assessment results including health risks and readiness to change, claims data, coaching, disease management, disease prevalence, cost projections.
14. Is there one third-party wellness vendor or multiple?
One.
15. If the contractor has the capability for a covered person to self-report their data onto the secure website for activities that would be on a hard-copy sign will this be acceptable to the City?
Depends upon the activity.
16. Is the dedicated health coach specializing in weight management to be onsite at an agreed upon City location?
One dedicated onsite health coach for a variety of coaching topics including weight management.

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17. Are the designated health coaches on-site?

See above.

18. What methodology is used to determine number of designated health coaches?

Based on employees who engage /enroll in coaching and the meeting schedule, appointment availability, etc.

Section 0500 – Stop-Loss

1. Does this group have aggregate coverage, or just specific?

Specific only.

2. Large claims data with diagnosis, down to \$100K with rolling 12 month period to match the latest 12 months of experience.

We will not provide the data requested.

3. Please provide the specific and aggregate fees, and attachment factors.

There are no administrative fees. Both the PPO and HMO have a specific attachment point of \$500,000. The rate for the PPO is \$7.42 PEPM and the HMO is \$7.67 PEPM. The City does not have aggregate stop-loss coverage.

4. Would it be possible to get a copy of the current Stop Loss Policy?

We will not provide a copy of the Stop-Loss Policy.

5. Please confirm that Stop Loss Coverage is desired for all Actives, Retirees without Medicare and Retirees with Medicare.

Confirmed.

6. Please confirm “inactive” status large claims were excluded. If so, please provide a complete listing of claimants with paid claims of \$250,000 or more in 2011 (to include active, retirees, and terminated / inactive).

Inactive claims were not excluded. This is a complete list of paid claims over \$250,000.

Section 0500 – Pharmacy Benefit Management

1. The Enrollment Guide shows 30 Day @ Retail but the Scope of Work shows 90 Day @ Retail. Can you please confirm the number of day supply at retail for us?

The plan allows up to 90 days at retail but a separate copay applies for each 30-day supply.

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2. In Attachment XVI, #1.7.10, in order to provide the MAC list with pricing as requested, we will need an NDA signed. Please see attached, sign, and provide back to us.

The City currently has an NDA with Towers Watson which prohibits Towers Watson from releasing confidential proprietary information.

3. In Section 0500 (Scope of Work), Statement 6.2.3, we do market checks, but not on an annual basis as requested. Will this be grounds for dismissal or simply down score?

This is in response to questions 3 through 7 of this section:

All requirements listed in Sections 6.3 through 6.32 are considered industry best practices that the City would like to see implemented. However, we are aware that some vendors may be unable to comply with every requirement. If you are unable to comply, you should note each deviation on Attachment XIII, Exceptions to RFP Requirements. Your exceptions will be compared to responses received from other proposers and scored accordingly.

4. In Section 0500 (Scope of Work), Statement 6.2.4, we only can provide on retail. Will this be grounds for dismissal or simply down score?

See Question #3.

5. In Section 0500 (Scope of Work), Statement 6.2.6, we can agree to on dispensing fees and discounts, but not on rebates. On rebates, we measure individually, but provide on an aggregate basis. Will this be grounds for dismissal or simply down score?

See Question #3.

6. In Section 0500 (Scope of Work), Statement 6.2.8, there are some exclusions on where we do not pass through to the customer. Will this be grounds for dismissal or simply down score?

See Question #3.

7. In Section 0500 (Scope of Work), Statement 6.2.9, we do annual, but not quarterly. Will this be grounds for dismissal or simply down score?

See Question #3.

8. Section 0500. Paragraph 3.6.4 says the Contractor must attend approximately 60 open enrollment meetings. Does this apply to the PBM contractor, too?

If pharmacy benefit management is carved-out, the City may require the vendor to attend the Open Enrollment meetings the first year.

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9. The prescription claims file had 330,000 claims, were these all the claims for an entire year?
No, the file contained 11 months of claims.
10. Are prescription drug claims paid net of rebates? If not, can you provide the rebate information for each population?
The City receives 100% of all rebates.
11. Claims experience (preferably 24 months of data) on carrier paper, with the experience showing subs and members by month. The claims file requested should include: NAPB, Days' Supply, Brand/Generic Indicator, Pharmacy Indicator (Retail/Mail)
We will not provide this data.
12. Is the City requesting a claims re-pricing?
Yes.
13. Is the City requesting pass through pricing with minimum guarantees or traditional pricing with a flat guarantee?
The City is requesting pass through pricing.
14. Given the current tiered approach for contribution, does the City plan to keep the contribution if moving to an EGWP plan &/or what is the average contribution going forward?
The City will retain its current contribution methodology of tiering the subsidy based on service. Savings realized from a change to an EGWP will be shared pro rata between the City and retirees
15. Would like to see any proactive Medicare Advantage plans with the EGWP as an option?
Vendors may submit alternative plans for the City to consider.
16. Please list all drugs or drug classes that are currently subject to Step Therapy, Prior Authorization or drug/class-specific quantity limits. Please confirm that these limitations will continue in the next plan year or identify any that you expect to add or remove.
The City does not have a step therapy program in place. It is not necessary for vendors to match the drugs or classes of drugs that currently require Prior Authorization or quantity limits. Vendors should list which drugs or drug classes are in their Prior Authorization or quantity limits programs and indicate which are included in the base fee and those for which additional fees may apply.

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17. Please clarify if you are looking for AWP discounts (UW), or AWP discounted price at the unit level (us)? Also, there is no NDC for these drugs, quantity dispensed or M/R indicator.

Provide the AWP discounts at the specialty pharmacy as you would show on your specialty fee schedule.

18. Please confirm that Pharmacy Copays do not count towards Maximum OOP.

Confirmed.

19. Please confirm claim payments include pooled claims and exclude any pharmacy credits for rebates.

Confirmed for both.

20. Please confirm that we can initiate or encourage a switch to generic drugs if it will save the member copay dollars.

As stated in 6.2.24, the Contractor can never initiate or encourage a switch to generic drugs for any reason.

21. Does the City currently have a custom formulary? If so, how many changes did the City initiate over the last 24 months? Please provide a copy of the custom formulary.

The City may make changes annually. Over the past 24 months, between 5 and 10 changes have been made to the formulary. We will not provide a copy of the custom formulary. The drugs used by members can be found on the claims file provided by Towers Watson.

22. Regarding improved pharmacy pricing as shown in Paragraph 6.2.27 of the 0500, isn't this covered by the annual market check? If not, how would this change take place?

This would be outside the market check. If the PBM negotiated contract improvements with one or more of their network retail pharmacies, we would expect that the improvements would be immediately in effect and passed through to the City.

23. Please confirm that by services you mean add the on-site pharmacy to our network? What other services would fall under this caveat? Please confirm that the vendor that provides the on-site services would have to agree to the current pharmacy network pricing?

The Contractor will establish its own on-site pharmacy and it would be considered a network pharmacy.

24. For the retail pharmacies where 90 day prescriptions are available, is there an exclusive set of retailers that must be used? If so, can you provide the list?

No, members can use any network pharmacy for a 90-day supply.

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25. Please provide the current discounts, rebates and fees associated with the pharmacy program.

<u>Discounts</u>	<u>Mail</u>	<u>Retail</u>
Generic	71.0%	74.7%
Brand	28.8%	15.1%
<u>Dispensing Fee</u>	\$0.00	\$1.35

Rebate Sharing Percentage: 100%

26. Is there a step therapy program in place? If so, please describe.

No.

27. Regarding the data used in the pharmacy re-pricing analysis, does the data include both pre and post age 65 participants?

Yes.

28. Attached is the RX information we received from the bid. Column 1 appears to contain something other than the NABP number. The NABP number identifies which pharmacy filled the RX. Without this piece we cannot re-price or come up with an accurate financial proposal. Does the attached have the NABP attached in another area?

For the purposes of responding to this RFP, you do not need to re-price down to the pharmacy level. Use the discount guarantees listed in Attachment XVII.

29. Is the City of Austin interested in limited network options to increase savings?

At this time, the City requires a national network but if the vendors have alternative solutions, they may submit them with their proposal.

30. Is the City interested in an EGWP pricing proposal with this RFP, or are they only looking for EGWP capabilities at this time? If they are interested in EGWP pricing, can you provide the following:

The claims data broken out separately for all of the Med D eligible lives.

A census of Med D eligibles only that shows DOB, Gender, zip code.

Is the City interested in an EGWP +Wrap option or only a standalone EGWP?

The City is only looking for EGWP capabilities at this time. If bidders have additional information for the City to review, they can submit it with their proposal.

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31. Attachment V, which is required for Medical and PBM, says to identify an on-site Account Team Member. Because of the highly automated nature of PBM services, it is very unusual (and costly) to have a full time PBM account team member at a client's office. Please confirm that in accordance with Section 0500, Paragraph 3.7.3 that the on-site Account Team Member applies only to the Medical Program Contractor.

If pharmacy benefit management is carved-out, there is no need for an on-site PBM Account Team Member.

32. In Section 500 Scope of Work #6.11, please clarify what is meant around “contract”.
Contract refers to the Administrative Agreement between the City and the successful proposer.

Enrollment

1. Are all the current retirees, both with and without Medicare covered under the same plans as the active employees?

Yes

2. Can you please provide the enrollment that corresponds to each month of claims, both PPO and HMO, for Exhibit 6- Gross Claim Payments by Month?

We will not provide monthly enrollment numbers. Exhibit 1 shows enrollment and it is consistent throughout the year.

3. Once a retiree declines coverage from the plan, can they re-enroll during the next open enrollment or are they excluded from ever re-enrolling?

Retirees can re-enroll during each Open Enrollment.

4. Please provide monthly enrollment for January through November 2011.

We will not provide monthly enrollment.

5. In reference to your current health plans, can an employee be considered a dependant of another employee? If yes, please describe how your benefit maximums apply under this scenario?

Yes but the employee must waive his/her coverage.

6. Does the City allow electronic enrollment?

Yes, employees and retirees can participate in Open Enrollment online with our eligibility administrator. New employees must complete an enrollment form.

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Plan Design

1. Under the PPO Plan, is Preventive Care covered Out of Network?
Yes, but it would be subject to the deductible and coinsurance.
2. Under the PPO Plan, is there a Family Out-of-Pocket Maximum?
No. If yes, what is the amount?
3. Under both the PPO and HMO plans, is there a Family Deductible for the pharmacy coverage?
No. If yes, what is the amount?

Exhibits

1. For the HMO claims listed on Exhibit 6, are capitations included? If not, can you please provide capitations by month?
There is no capitation.
2. On Exhibit 8, please provide the names, specialty, and address of the providers.
This information is available on Attachment VIa.
3. On Exhibit 9, please provide the billed amount.
We will not provide the billed amount. The ranking is based on the net paid amount.
4. On Exhibit 11, the Pharmacy ID is missing. Can we please receive an updated claim file with the Pharmacy ID?
The Pharmacy NABP number is shown in Column A of Exhibit 11.
5. The census of the employees' birth dates only show year of birth. We will need the actual birth dates, please.
We will not be providing the actual birthdates.
6. Please confirm that Exhibit 1 shows the number of contract holders and does not include dependents. Please provide the total number of covered lives, including active and retiree contract holders and dependents, in 2012.
Exhibit 1 does not include dependents. In 2012, the total number of covered lives is 30,038.
7. Please provide a new census file that includes both members and dependents, with zip codes, date of birth, gender, plan/option enrolled indicator, and an indicator if the member is a Medicare disabled and/or retired.
We will not be providing a revised census report.

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8. Please provide separate medical and drug claims for the Post 65 Medicare eligible population. This information should include only dependents that are over 65 and have Medicare as their Primary carrier. We need monthly incurred and paid claims along with the total number of members (retiree & dependents) enrolled each month.
This is not necessary to respond to the RFP.
9. If the dependents of Post 65 retirees include under 65 members and they cannot be easily separated, can they be identified on the census?
There is no dependent data on the census report.

Section 0630

1. Section 0630, page 15 requires a Proposal Bond in the amount of 5% of the total contract. A proposal bond for 5% of the tens of millions of dollars under the total contract amount is a significant barrier to competition because bidders must pay thousands of dollars for the bond just to bid. Moreover, a bid bond provides no value to the City because if the winning bidder did not complete the contract the City could just move on to the second place bidder. We request that the City remove this requirement. If the requirement is not removed, under what conditions would the bond be forfeited?
The City has deleted this requirement. No response is required.
2. Section 0630, page 15 requires a Performance Bond equal to 100% of the Agreement amount upon contract award. A performance bond for tens of millions of dollars adds significant cost, which is ultimately paid for by the City through the fees charged under the contract. We request that the City waive the performance bond requirement or change the requirement to give the City an option to require a performance bond from specific bidders at a later stage if the City evaluates the financial resources of that bidder to be less than sufficient to provide reasonable assurance of the bidder's ability to perform the contract.
The amount of the Performance Bond has been reduced to 50% of the annual administrative fees not the total benefit amount. The bond would be forfeited if the successful proposer does not provide Open Enrollment material in a timely manner and is not ready to implement the plans by January 1, 2013.
3. Instead of a Performance Bond can a vendor offer performance guarantees to pay any penalty?
A Performance Bond is required.
4. Section 0630 – Commercial and Legal Contracting Terms: On page 13 of 16, the “Incorporation of Agreement Documents, Order of Precedence” refers to “Clarification Statements.” Can the City please explain what the Clarification

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Statements would be (are they clarifications to the bidder's proposal or the City's IFB)? If they are clarifications to the IFB, shouldn't they be included in the second level of precedence instead of the third?

Clarifications refer to these bidders' questions and the City's responses to the questions. The order of precedence as stated in 0630 remain as is.

5. Section 0630 – Commercial and Legal Contracting Terms: On page 14 of 16, the “Significant Events” provision includes a list of various events that may trigger a reporting obligation by the successful bidder. As a subsidiary of a publicly traded company, the bidder is legally restricted from making certain non-public communications regarding its operations. Can the City please confirm that the predicate criteria for reporting any of the events listed to the City is that the event would “reasonably be expected to have a material effect on Contractor’s ability to meet its contractual obligations,” as stated in the paragraph preceding the list of events?

Bidder should identify the events to which an exception is made on Attachment XIII, Exceptions to RFP Requirements and provide the reason for the exception and any alternative wording recommended.

6. Section 0630 – Commercial and Legal Contracting Terms: On page 15 of 16, a Proposal Bond and a Performance Bond are required. Can the City please confirm that these bonds are required for this proposal? If so, please confirm that, as has been our general experience, the 5% and 100% measures stated for calculating the bond amounts, respectively, should be based on the anticipated first year administrative fees payable under bidder's proposal.

The City has deleted the requirement for the Proposal Bond. The Performance Bond requirement has been reduced to 50% of the annual administrative fee.

Section 0635

1. Please confirm if the City is looking for reverse positive pay (as outlined in Form 0635) or positive pay (as outlined in Section 0500- Scope of Work, #3.4.4). If the City is looking for positive pay and we cannot accommodate, will this be grounds for dismissal or simply down score?

If the vendor uses the City's zero-balance-account, we expect the vendor to utilize positive pay; however, if the vendor uses an account where the City transfers the amount for daily cleared checks, the vendor should utilize reverse positive pay or other approved procedures to prevent fraud. If you are unable to provide either, your score will be reduced.

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2. On Form 0635, please provide more detail on the report requested in the Claims Payment Reconciliation--(iv) an issued no paid-outstanding detail report that lists all of the un-presented issued checks recorded for the month.
This report should show all checks that have not yet cleared the bank.

Purchasing Requirements

1. Section 0900, MBE/WBE procurement says that a bidder must use good faith efforts to find MBE/WBE subcontractors if the bidder uses any subcontractors and suppliers. We use subcontractors and suppliers for a variety of functions, but all of our subcontractors and suppliers are procured through competitive bidding processes to serve our entire client base nationally on long term contracts. We do not have the ability to contract specific functions for specific clients without disrupting the well-tested operational abilities that are an integral part of services your RFP will be evaluating. Please confirm that the Good Faith Efforts requirements apply only to services that are subcontracted on a client-specific basis and not to subcontractors and suppliers that are integrated into the bidder's regular operations for its entire book of business.

If a vendor is using sub-contractors, a 'Good Faith' effort to obtain the services of MBE/WBE firms will be acceptable. This solicitation has not been assigned MBE/WBE goals.

2. We did not see the following documents posted on the web site:
Offer and Award Sheet
Section 0800 Equal Employment/Fair Housing Office Non-Discrimination Certification
Section 0805 Non-Suspension or Debarment Certification
Section 0810 Non-Collusion, Non-Conflict of Interest, and Anti-Lobbying Affidavit
Section 0815 Living Wages Contractor Certification
Section 0820 Living Wages Employee Certification

These documents are contained in PAC 2 – Bid Package Documents

3. The Section 0900 MBE/WBE Procurement Program Package or No Goals Utilization Plan was provided only in PDF format. Please provide copies of these documents in Word format so we can complete and return the required forms with the proposal.

With the latest version of Adobe, you can complete the PDF document.

4. Is a request for information on a proposal subject to the public information law?
The City would send the request to the Attorney General. The City does not routinely notify the company for which the information is requested.

5. Does the requested "Amount of subcontract \$" on the Section 0900 No Goals form reflect a percentage of the total admin cost associated with the contract?

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No, it reflects the actual amount to be paid to the sub-contractor.

6. Would “indirect” spend with certified MBE/WBEs be considered acceptable good faith utilization (i.e. janitorial, IT, etc...generally not in direct support of the contract)?
Include any and all opportunities and SMBR will evaluate. However, no goals were established so it will not affect your proposal.
7. Would Tier II spend be considered acceptable good faith utilization? For example, if a vendor has contracted with a prime supplier (Tier I) for providing a particular service or product, but is requiring that prime supplier to utilize diverse suppliers as subcontractors (Vendor Tier II) to service our contracts, would this spend be accepted as good faith?
MBR has not made a determination as of the date of this addendum. Please respond to the requirement to the best of your ability.
8. Please provide clarification regarding Sections 0300, 0400 and 0835.
Sections 0300 and 0400 are informational only. They do not need to be submitted with the proposal. Section 0845 should be placed in Tab 2 with the other Purchasing documents.
9. Please clarify if you are requesting certificates of insurance for sub-contractors as they relate to this bid only or if you are requesting certificates of insurance for all sub-contractors we engage at all times?
As they relate to this bid only.
10. Please define what specific insurance requirements you are requesting to review.
We would only request to review the insurance requirements during the term of the Agreement not before contract award.
11. Please clarify the location of the Proposal Guaranty Requirement within the RFP. We are unable to find the specifics of what is being requested.
This requirement has been deleted.
12. Section 0200 – Solicitation Instructions; No. 7.H (Payment)/ Section 0300 – Solicitation Instructions, No. 12 (Payment): Payment terms are listed as net 30 days. What are the City’s desired payment terms for pharmacy claims reimbursement? What has been the City’s payment timing for such claims historically?
The net 30 days references the payment of administrative fees. Claims reimbursement is immediate when the vendor notifies the City of claims paid.

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13. Section 0200 – Solicitation Instructions; No. 10 (Opening of Bids): This Subsection states that each Bid will be read aloud. Does this refer to just reading the name of the bidder or does the City intend to read more aloud? If so, how will the City address any claims of confidentiality contained in a bidder’s proposal?

There are no public bid openings for Requests for Proposals; this applies to bids only.

14. Section 0300 – Standard Purchase Terms and Conditions; No. 12 (Invoices): Subsection E states that federal excise taxes, State taxes and City sales taxes must not be included in the invoiced amount. Section 0200 of the RFP, Subsection 7.M states that the City is generally exempt from City, State and most federal taxes. While the bidder understands that the City will generally be exempt from most if not all taxes enacted as of today, in the future taxes could be applied specifically to the services provided. In order to be consistent with Section 0200, Subsection 7.M, should Section 0300, Subsection 12.E state that federal excise taxes, State taxes and City sales taxes from which the City is exempt, must not be included in the invoiced amount?

Contract administration will review the two items referenced above to determine if a change is required. However, for the purpose of this proposal, section 0300 language will apply.

15. Section 0300 – Standard Purchase Terms and Conditions; No. 27 (Termination for Cause): This provision provides for a ten day notice and cure period after a default, unless another time period is specified. Section 0630 of the RFP refers to a fifteen cure period. Can the City confirm that the fifteen day period is the correct period that the City would not specify a cure period of less than fifteen days and that if a default reasonably required more than fifteen days to fully cure the City would specify a longer cure period, up to thirty days?

This will be negotiated with the selected vendor for inclusion into the final contract.

16. Section 0300 – Standard Purchase Terms and Conditions; No. 56 (Buy American Act): Please advise if the provisions of this Subsection apply to the RFP with respect to PBM services.

N/A. The Buy American Act only applies to contracts which utilize Federal Funding.

17. Section 0400 – Supplemental Purchase Provisions; No. 6 (Living Wages): Subsections A and E of the Living Wage requirement refer to Contractor employees “directly assigned” to the City contract. We would generally consider those employees to be the City’s assigned PBM account executive, account manager and clinical manager, but not to include customer service personnel working in a designated call center servicing the City’s members, employees in the mail service pharmacy servicing the City’s members, etc. Is this consistent with the City’s

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expectations? If it is not, please provide more details regarding which employees the City expects the PBM to report on.

This is consistent with the City's expectations.

18. Section 0400 – Supplemental Purchase Provisions; N. 8 (Non-Solicitation):
Subsection A of the Non-Solicitation provision refers to City employees in a technical job classification in a City department that engages or uses the services of a Contractor employee. Because of the nature of the PBM services to be provided, City employees in virtually all departments will utilize the services of PBM employees. Can the City confirm this provision is intended to refer to just those City employees that interact directly with the PBM account team, billing department or audit department, or that otherwise exercise some level of control or direction over the PBM?

City confirms this provision is intended to refer to just those employees that interact with the PBM account team, billing department or audit department or that otherwise exercise some level of control or direction over the PBM.