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**Various Benefits Plans**  
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# 1. INTRODUCTION

The City of Houston is seeking proposals for four (4) benefits plans:

1. **Medical**
2. **Dental**
3. **Supplemental Insurance**
4. **Flexible Spending Account administration**

Each component is described in separate sections of this document. The timing of the RFP coincides with the expiration of current contracts, and the potential offering of new plans. Proposers may propose on all four plans, any one plan or any combination of plans. We also want to use this RFP to explore and challenge proposers to consider proposals that will address the challenge of providing wellness and disease management programs that successfully engage the city membership, resulting in measurable cost savings. It is important that the health-care vendors partner with the City to work toward controlling health benefit costs. Proposers should read the entire RFP, even if you are planning to propose only one component. Information provided in any section may be valuable in developing your proposal.

The following information applies to all plans:

<b>Plan effective date:</b>	May 1, 2011
<b>Enrollment:</b>	March 2011
<b>Eligibility:</b>	Full time employees, and part-time employees regularly scheduled to work 30 or more hours per week; and retirees who are covered by medical and dental. Supplemental insurance and Section 125 plans are not offered to retirees.
<b>Census:</b>	A complete census file for eligible employees and covered retirees for all plans is provided in Exhibit 8.a.
<b>Pre-tax status:</b>	These plans are offered to employees on a pre-tax basis. The Accident / Disability supplemental plan is offered on a post-tax basis.
<b>Waiting period:</b>	Employees are eligible for benefits coverage on the 1 <sup>st</sup> or 16 <sup>th</sup> of the month following 90 days of employment. This will have to change effective in 2014 to a maximum of 90 days based upon provisions in the Patient Protection and Affordability Care Act.
<b>Enrollment statistics</b>	Enrollment in each plan is found in Exhibits 8.b.1 – 8.b.7

The city's goal in this RFP is to seek the most competitive way to:

- Continue offering valuable benefits to employees and retirees,
- Offer reasonable access and cost saving choices to participants,
- Maximize financial predictability and affordability,
- Offer effective wellness and disease management programs with measurable ROI results,
- Timely implementation of all mandated plan changes in accordance with the Patient Protection and Affordability Act (PPACA),
- Ensure all city plans are compliant with federal and State of Texas regulations.

Managed care features in the medical and dental plans are widely accepted by the city's population, and are important features in the city's cost-control strategy. The delivery models for medical and dental plans have been offered since 1994. The supplemental insurance plans have been in place since 1993.

Proposers are requested to duplicate and price the current plan models to establish a baseline for comparison. Proposers are encouraged to identify and propose features or enhancements that provide additional value without adding cost. Vendors are encouraged to propose any creative solution or plan design option that will achieve the City's goals. Of particular interest are programs that focus on wellness, quality measures/outcomes, and direct access to improved quality.

The city desires multi-year contracts, with predictable costs for each year. Please propose three (3) year contracts, with at least 2 additional one-year extensions.

Each component will have a unique MWBE goal.

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## **A. MEDICAL PLANS**

The City is seeking proposals from qualified companies to provide medical coverage to city employees, retirees, and dependents. The city offers two primary plans: a fully insured health maintenance organization (HMO) and a self-insured Preferred Provider Organization (PPO) plan. The current contracts expire April 30, 2011, the final year of a three-year contract that had 2 one-year extensions (five years total). The City has contracted with BlueCross BlueShield of Texas or a predecessor for this delivery model since 1994. The plan year is May to April.

In FY 2011, HMO and PPO health plan costs are projected to reach \$312 million. The most recent cost increase to the HMO plan was reduced from 8% to 5% after plan design changes and the implementation of a Single Non-Profit Trust, which made it possible for the City to avoid \$5 million in premium taxes. The cost of health benefits is rising at a much faster rate than the city's income from taxpayers and tax revenues, particularly since the onset of the economic downturn. The FY 2011 budget will experience a \$100 million shortfall, and it is not anticipated that the City will be again in the black until FY 2014. As a result, we must seek more aggressive plan models, cost-containment features, and measurable wellness programs to effectively offset the anticipated double digit medical trend increases.

### **GOALS**

In seeking a health-care partner, the City seeks proposals that address:

- A core managed-care plan for those for whom low fee / high predictability is critical.
- Alternative plan(s) for:
  - Employees to seek healthcare in a less restrictive model,
  - Employees to pay lower premiums and higher out-of-pocket costs at time-of-service,
- Flat cost trends and rate caps for future years' costs,
- Partner with a vendor(s) that has appropriate systems technology/data warehousing and administrative controls in place to monitor the \$312+ million annual expenditure,
- Quantify and minimize financial risk,
- Maximize measurement and accountability for health-care expenditures,
- Identify medical cost-drivers and design measurable programs to manage them,
- Improve the health of participants with proven wellness programs that have an evidence-based measures and a verifiable return on investment,
- Proactive management of high risk individuals through predictive modeling, case/disease management programs,
- Aggressive management of the pharmacy program.
- Guidance and timely compliance with the Patient Protection and Affordability Care Act.

### **PLAN DESIGN**

**HMO / PPO Plans:** The City offers a fully insured HMO plan, and a self-insured Preferred Provider Organization (PPO) plan, an indemnity plan for members living outside the Service Area (there is only one

individual in this plan), and a closed scheduled plan (Plan A) for 8 retirees grandfathered since 1983. 98.4% of the members are enrolled in the HMO plan, increasing from 94% in 1994.

This plan model has been in place since May 1994, with modifications to plan design occurring over the years. Participants requested broader access to physicians outside the current managed-care network, resulting in the city replacing the POS plan with the PPO in May 2004. To the city's benefit, the contribution structure has driven most members from the PPO into the HMO,

**Pharmacy:** represents 17% of current claims. For plan year ending 4/30/2010, the city spent \$44 million on prescriptions in all plans. The average cost/script for the same period was \$58.60, up from \$56.94 from the previous 12 months. The generic fill rate is 69% for retail drugs, and 54% for mail order. Participants order 7% of prescriptions via mail order. See Section 8.d.1.g – 8.d.1.j for more information regarding the city's prescription drug plans. We are seeking innovative partnerships or drug purchasing programs to rein in pharmaceutical costs.

The city files annually for the employer Retiree Drug Subsidy for Medicare Part D. Subsidies received to-date have exceeded \$5.8 million. In addition, the City has applied for the Early Retiree Reinsurance Program. Selected vendor(s) will be required to provide support necessary to administer both of these programs.

**Medicare Plans:** have been in place since May 2005. At that time, two Medicare Advantage HMO-type plans were implemented with an initial enrollment of 1,067 members. In January 2007, a private-fee-for-service plan was added, and on January 1, 2010, four additional Medicare plans were also offered. The following plans are now in place, with enrollment of 2,347 subscribers (almost 50% of the eligible Medicare covered retiree population), totaling more than 3,000 members.

- Aetna Private-Fee-for-Service plan – to be discontinued December 31, 2010, the 600+ membership will migrate to other plans.
- Aetna PPO Plan,
- KelseyCare Advantage HMO Plan,
- KelseyCare Advantage Plus Choice Point of Service Plan,
- Texas HealthSpring HMO Plan,
- TexanPlus HMO Plan,
- AARP Supplement Plan F with UnitedHealthcare Medicare Part D Prescription Drug Plan.

These plans are important features in the city's health benefit delivery system and will save the City in excess of \$10 million during FY11 and retirees more than \$4 million. Current contracts with the vendors can be extended through 2014. The City is considering making enrollment in a Medicare plan mandatory for all eligible Medicare covered retirees in 2011, so vendors should provide financial proposals including and excluding Medicare covered retirees.

To see the May 2010 enrollment materials, click: <http://www.houstontx.gov/hr/oe10/index.html>

## **PLAN DESIGN AND ADDITIONAL OPTIONS**

As indicated, the City has had managed care programs successfully in place since 1994. You are requested to submit financial proposals that are as close a match as possible to the managed care HMO and PPO plans. However, it is important that additional cost saving proposals be submitted as well. Some alternatives of interest are:

### **Medical**

- A high / low PPO option with high deductible,

- Health Savings Account (HSA) administration to partner with a high deductible plan,
- HMO option with deductible (between \$100 - \$200),
- Tiered network plans (lower point-of-service costs for more cost-effective providers),
- Additional pricing tiers for subscribers with 3+ dependents,
- Self-insured and fully-insured financial arrangements (self-insured to include individual and aggregate stop-loss),
- Any other cost-reducing / controlling plans.

### **Wellness / Medical Management**

Medical management and wellness have become critical to controlling medical costs, and the City is seeking plans that include innovative solutions to identifying, engaging and managing high risk members. Some of the city's approaches to wellness and medical management now in place are listed below:

- A voluntary, annual Health Risk Assessment (includes a \$50 gift card for first time subscriber responders),
- Monthly “lunch and learn” programs on a wide variety of health topics,
- An annual health fair (the City is considering having quarterly health fairs),
- Annual flu-shots,
- A paid wellness day to encourage members to obtain preventive healthcare exams,
- Wellness exams with \$0 copayments,
- Metabolic syndrome weight loss programs,
- On-line portals for patient self-management of diabetes and other self-management wellness programs
- Predictive modeling,
- Disease management,
- Case management,
- Specialty drug management,

Proposals should include the health management tools listed above, as well as any others that will predict and manage emerging cases and diseases. Additional evidenced-based, preventive wellness programs with measurable outcomes should also be proposed. Vendors must be willing to engage in wellness performance guarantees to ensure outcomes. Performance guarantees will be negotiated after finalists have been selected.

Proposers should also consider any unique opportunities presented by a stable population in one geographic location for medical or wellness programs.

### **Prescriptions**

Due to the advent of “designer” and specialty drugs, the cost for prescriptions has become a major driver of health-care costs. The City has managed the resulting cost increases by implementing a mandatory generic program which has resulted in a 69% generic drug fill rate, a mail order option, specialty drug monitoring combined with a single source supplier, a step therapy drug program for PPIs, RA drugs,

cholesterol lowering medications, cox-2 inhibitors, leukotrienes, ACE inhibitors and angiotensin II receptor blockers. Other cost management considerations to be included in your proposals are:

- \$50 - \$100 prescription drug deductible,
- Fourth-tier copayment for specialty drugs,
- Specialty drug management (i.e., single source supplier, etc.),
- Increased copayments for brand drugs,
- Mail order drug plan that includes 3-months fill for 2.5 times copayment,
- Quantity vs. time limits,
- Mandatory use of mail order for maintenance prescriptions after two refills;
- Other pharmacy management programs.

### **OPT-OUT OPT-IN PROVISION**

Effective January 1, 2010, the City enacted an opt-out opt-in provision where retirees can opt out of the city's medical and dental plans and re-enroll in the future during open enrollment (January 1 and May 1 of every year), or upon a family status change resulting in loss of coverage. Retirees and their dependents may re-enroll in the HMO plan at any time, but will be subject to a 90-day waiting period. After completing a city opt-out form, the disenrollment will occur at the end of the month of receipt of the form and will apply to the retiree and all covered dependents. When a retiree is ready to return to a city plan, an opt-in form must be completed and coverage will commence on the first day of the following month. The retiree may enroll all eligible dependents and will pay the contribution rates in effect at the time of re-enrollment.

Since May 1, 2010, 434 retirees have opted out. None have opted back in to-date.

All proposals are required to include the Opt-Out Opt-in provision.

### **POPULATION**

The City has approximately 21,255 employee/subscribers living in and around the Houston area. 9,136 retiree/subscribers are also covered under the program and live mainly in Texas. Total membership is approximately 66,354 members. These numbers include retirees enrolled in Medicare plans. 5.0% waive coverage. The average age of employees is 44; average salary is \$47,507.

One of the city's wellness programs creates a preferential contribution structure for members who do not use tobacco products. Subscribers who do not cover a person who uses tobacco products can elect a contribution that is \$25/month less than tobacco users pay. Historically, about 18% have paid the higher premium, indicating tobacco use. As of May 2010, 9.0% indicate that they cover tobacco products users. This contribution strategy is not applied to subscribers in the Medicare plans.

### **COST**

A key issue for the City is the predictability of program costs. Each percent increase to the health plan is a potential \$3 million increase to the city budget, which could impact the funding of key city services. With a \$140 million budget deficit projected for FY 12 and city revenues not projected to be back in the black until 2014, the City's ability to predict future plan liability is one of the most critical aspects of competition. Equally important are the vendor's demonstrated results in implementing measures to flatten rising cost trends

through plan design and future premium caps. The City desires a multi-year contract, with annual cost caps, and performance standards with money at risk.

## **RISK TOLERANCE**

Since 1994, the City has benefited from providing health coverage for most of its members under a fully insured HMO. Proposers are required to duplicate the current plan models as their baseline proposal, but are encouraged to offer alternatives with clearly defined risk. The City is open to exploring alternative risk arrangements, provided there is a financial safety net within the tolerance limits. Proposals should describe the advantages and disadvantages of any alternative risk arrangement.

## **ACCESS**

City members enjoy a nearly statewide service area for HMO managed care access and national access for the PPO plan. Proposers should address alternative arrangements that would be made for City HMO participants in other Texas cities if your network is smaller than statewide.

Access will also be measured in terms of network stability (hospitals and physicians), access to doctors' offices (appointment times, office hours, etc.), and geo-access guidelines described in Section 6.E of this document (Contractual Terms and Conditions). The stability of the proposed network may be the subject of a performance standard.

## **ADMINISTRATIVE**

Currently, the exchange of eligibility and administrative information occurs this way:

- Enrollment and eligibility administration
  - **Frequency of transmissions:** all employees are paid on the same Friday on a bi-weekly basis. The City sends full file eligibility overlays to the vendor twice monthly for active employees. Retiree eligibility is transmitted once a month. Files contain complete subscriber and covered dependent data.
  - **Mode of transmission:** Eligibility data is transmitted electronically via encrypted FTP.
  - **Enrollment data:** will be maintained by both the City and the vendor.
  - **Annual enrollment and off-cycle family status change:** information is transacted between the participant and the City, with hard copies of information given to plan vendor representatives for 24-hour online updating. The hard copy transaction will be updated on the subsequent file.
- Monthly bill and reconciliation
  - Currently, the vendor sends electronic billing in Excel format to the City around the first of the month, and payment is due within a few days of receipt. The bill is paid only after all adjustments are reviewed / confirmed.
  - Reconciliation files are provided in Excel format by the vendor: termination, eligibility and tier.
  - Details are provided in the plan documents, Exhibit 8.c.1.
- The City of Houston desires to self invoice for all subscribers / members in the health program, currently the HMO and PPO plans.

- The city will provide bimonthly electronic eligibility from active employee payroll files and a monthly file from our retiree member data base. The city will work with the successful provider on timing, format and medium of delivery of an eligibility file in support of the calculation of the premium amount paid that month, and the city will wire transfer that calculated premium.

The file will contain the necessary data to ensure the provider is able to reconcile the file on a member by member basis. Any errors, omissions or discrepancies will be compiled by the provider and reported to the city for further payment or credit on the following month's self invoice. The city and the provider will jointly work to establish timelines for identification and submission of discrepancies for payment or credit.

- Performance standards are found in the plan documents, Exhibit 8.c.1. They are reported monthly/quarterly, and finalized annually. Additional requirements will be negotiated with finalists.

## **MINORITY AND WOMEN BUSINESS ENTERPRISE REQUIREMENTS**

It is the City's policy to encourage participation of certified local minority and women business enterprises (MWBEs) in City contracts. Vendors will be required to make and report good-faith efforts to meet annual MWBE goals for all plans offered as follows:

- Award 15% of the portion of total annual premium (plan cost) that is attributable to the administrative services portion of the plan to city-certified MWBEs. Proposers will be required to declare the percentage of administrative services upon which the goal will be based each year. The administrative services percentage (not the goal) may be modified annually, upon written request by the contractor 30 days in advance of May 1 each year. Any change to the administrative services percentage must be approved by the Human Resources Director before it can be changed.

Items that are eligible for satisfaction of the goal include medical services, pharmacies, printing costs, laboratories, translation services, and any others listed in the current City of Houston MWBE directory. The goal can be met by using city certified MWBEs for services provided to any of your clients, not just those services applicable to the health benefits contract.

- Good faith efforts must include solicitations to firms that provide medical and directly related services. Vendors should consider city certified MWBE medical vendors to be included in their networks as needed (i.e., DMEs, home health organizations, and any other ancillary services.) Vendors should also encourage any of their present minority owned medical subcontractors who are not already city certified MWBEs to become certified.
- The city has a strong commitment to offering employees and retirees a diverse provider network. The city will monitor the provider network to ensure that it represents a cross section of the community and that at least thirty percent (30%) of the physicians are minority and/or female. The vendor is expected to provide this information.
- In conjunction with its commitment to MWBE, a mentor/protégé program has been established. It is not mandatory that you participate in this program, but is highly recommended that you do so, as you will become acquainted with city certified vendors who may qualify for credentialing by your networks. This program was developed specifically to promote cooperation between prime contractors and MWBE subcontractors.
- Vendors are expected to report their good faith efforts and all payments made to certified MWBEs to the City's Contract Compliance Department on a monthly basis.

The City's policy does not require contractors or administrators to in fact meet or exceed goals, but it does require them to objectively demonstrate that it has made good faith efforts to do so. To this end, they shall maintain records showing:

1. Subcontracts and supply agreements with Minority Business Enterprises,
2. Subcontracts and supply agreements with Women's Business Enterprises, and
3. Administrator shall submit periodic reports of its efforts under this Section to the Affirmative Action Director in the form and at times the Director prescribes.

Administrators shall require written subcontracts with all MWBE subcontractors and suppliers and shall submit all disputes with MWBE subcontractors to binding arbitration if directed to do so by the Affirmative Action Director. All agreements must contain the terms set out in Section 9.b, Exhibit B-1 of this RFP.

MWBE efforts will be subject to money placed at risk through performance guarantees, which will be negotiated with finalists.

## **HEALTHCARE REFORM**

Responses to this RFP should include specifics of how your company will handle implementation of the regulations of the Patient Protection and Affordability Care Act (PPACA) over the next three years and beyond. After reviewing the city's plan design and loss of grandfathered status, proposers should list what steps the City should take in each year to prepare for PPACA compliance.

## **OPTIONAL**

### **Workers' Compensation Networks**

On September 1, 2005, House Bill (HB)-7 took effect and reformed the Texas Workers' Compensation laws by abolishing the Texas Workers' Compensation Commission and establishing a Division of Workers' Compensation at the Texas Department of Insurance (TDI). The Commissioner of the Division, subject to the oversight authority of TDI, adopted rules of implementing health-care networks and to process applications for a network seeking certification.

Networks are still in the development stage and have not yet saturated the geographic coverage in Texas. The City of Houston desires to explore network participation as this will require injured or previously injured employees (living within the service area of the networks) needing treatment to see only those doctors in the network in order to receive their statutory benefits. The is self-insured with an annual workers' compensation (medical and indemnity) expenditure range for the past few years of \$13 million to \$15 million, with \$13 million (60% medical) estimated for FY11. Incidents average 2,300 per year with about 25% of them categorized as lost time. Civilians and classified (Police and Fire) employees are approximately 50%/50%, both on cost and incidents.

- The City is self-insured and desires to contract with or establish a health-care network certified by TDI.
- The network must ensure that its list of health-care providers includes an adequate number of treating doctors and specialists, who are available and accessible to employees 24 hours a day, 7 days a week, within the network service area. There must be sufficient numbers and types of health-care providers to ensure choice, access and quality of care to injured employees.
- If an employer contracts with an insurance carrier that establishes or contracts with a certified network, the employer's employees will be required to obtain medical care for their work-related

injuries through the network if the employees live within the network service area. However, the insurance carrier will be liable for approved out-of-network referred care, emergency care, and healthcare for an employee who does not live in the network service area.

- An injured employee may request that PCP under a group health HMO plan serve as his/her treating doctor if the PCP agrees to abide by the network requirements.

The City is interested in learning more about the capacity that exists for managing the medical aspects of our workers' compensation program. If you are developing or have networks in Texas, please complete the section of the Questionnaire that relates to workers' compensation. Completion of this section is optional.

## **INSTRUCTIONS**

The Questionnaire in Section 7 of this RFP contains specific instructions on how to submit your proposal. If you have questions about the submission, contact [Peter.Maillet@AJG.com](mailto:Peter.Maillet@AJG.com).

## **B. DENTAL PLANS**

The City is seeking proposals from qualified companies to provide **dental coverage** to city employees. The city offers two plans: a dental health maintenance organization (DHMO) and a dental indemnity plan. The contracts with UnitedHealthcare for both plans expire 4/30/2011. The dental plans are fully-insured, employee-funded and are available to active employees and retirees who were covered by the dental plans before retirement. See exception regarding Opt-Out Opt-In section below.

The city is a proponent of the managed care concept to promote ongoing dental health. Currently, the city has one vendor for both the managed care dental plan and the indemnity plan. However, the vendor(s) that offer the best value to the city will be chosen for each plan. Proposers should present a stand-alone proposal for each plan and should be prepared to handle a full takeover without pre-existing conditions. Any discounts you would provide for being awarded both plans should be shown separately.

The DHMO requires participants to select a primary care dentist within the network, and covered services are provided for a scheduled copayment. The dental indemnity plan allows participants to select any dentist for treatment. There is an underlying discounted network of providers in the indemnity plan. Participants choose between these plans annually. See Exhibit 8.c.2 for plan design.

Claims experience on the traditional indemnity plan and utilization data for the DHMO are found in 8.d.2.

### **PROPOSALS:**

You are **requested** to provide quotations for the following plans:

- **DHMO:** The current DHMO plan design is shown in Exhibit 8.c.2. This is a standard DHMO with broad coverage and copayments for services. All plans must be filed with the State of Texas as a Dental DHMO. You should match this plan of benefits as closely as possible.
- **CURRENT INDEMNITY DENTAL PLAN DESIGN:** The current indemnity dental plan is shown in Exhibit 8.c.2. This is a typical indemnity plan, with participants subject to deductibles and coinsurance percentages based on the type of services received. You should match this plan of benefits as closely as possible.
- **CURRENT INDEMNITY DENTAL PLAN DESIGN (Propose the following changes):**
  - Increase the maximum annual benefit limit of \$1,500 to \$2,000.
  - Increase the orthodontic maximum annual benefit of \$1,000 to \$1,500.
  - Increase the orthodontic maximum annual benefit of \$1,000 to \$2,000.
  - Move the full mouth x-rays from basic restorative and corrective services to preventive and diagnostic services.
- **OTHER MANAGED CARE OPTIONS**

A space is left on the Cost Quotation page for other plan types. If you are proposing more than one managed dental option, please clearly indicate why, and show the proposed pricing and plans

separately. If this difference causes any of the questions to require separate answers, please respond accordingly.

### **OPT-OUT OPT-IN PROVISION**

Effective January 1, 2010, the City enacted an opt-out opt-in provision whereby retirees can opt out of the city's medical and dental plans and re-enroll in the future during open enrollment (on May 1 of every year) or upon a family status change resulting in loss of coverage. After completing a city opt-out form, the disenrollment will occur at the end of the month of receipt of the form and will apply to the retiree and all covered dependents. When a retiree is ready to return to a city plan, an opt-in form must be completed and coverage will recommence on the first day of the following month. The retiree may enroll all eligible dependents and will pay the contribution rates in effect at the time of re-enrollment.

All proposals are required to include the Opt-Out Opt-in provision.

### **PERFORMANCE STANDARDS**

Vendors are required to propose and meet annual performance standards. The successful proposer will include performance guarantees in their submission, and propose financial goals for each guarantee.

### **OTHER REQUIREMENTS**

Please provide quotations on duplicating the city's current plan design for both plans. If there are enhancements, additional services, or other features you would like to propose, please clearly identify the deviations. You must provide a complete schedule of benefits for the plan(s) you are proposing, as well as a comparison of the copayments required with that of the current plan, as shown in the Dental Questionnaire. The Dental Questionnaire should be reproduced with your copayments along side the current ones.

The Dental Questionnaire contains a listing of procedure codes, descriptions and the applicable patient copayments (The DHMO Code list is not intended to represent all dental codes.) For each plan you are quoting, please identify the fee schedule or copayment that would apply for each procedure code.

- If there is no copayment required, indicate "0"
- If a particular procedure is not covered, indicate "N/C"
- If a member's coinsurance amounts are determined by a percent of Reasonable & Customary (R&C), indicate
  - The amount of the R&C
  - The coinsurance percentage, and
  - The resulting member coinsurance.

### **MINORITY AND WOMEN BUSINESS ENTERPRISE REQUIREMENTS**

It is the City's policy to encourage participation of certified local minority and women business enterprises (MWBEs) in City contracts. Vendors will be required to make and report good-faith efforts to meet annual MWBE goals for all plans offered as follows:

- Award 10% of the portion of total annual premium (plan cost) that is attributable to the administrative services portion of the plan to city-certified MWBEs. Proposers will be required to declare the percentage of administrative services upon which the goal will be based each year. The administrative services percentage (not the goal) may be modified annually, upon written request by the contractor 30 days in advance of May 1 each year. Any change to the administrative services percentage must be approved by the Human Resources Director before it can be changed.
- Items that are eligible for satisfaction of the goal include dental suppliers, printing costs, laboratories, translation services, and any others listed in the current City of Houston MWBE directory. Vendors should also encourage any of their present minority owned dental subcontractors who are not already city certified MWBEs to become certified.
- Good faith efforts must include solicitations to firms that provide dental and directly related services. Vendors should consider city certified MWBE medical vendors to be included in their networks as needed. Vendors should also encourage any of their present minority owned subcontractors who are not already city certified MWBEs to become certified.
- The city has a strong commitment to offering employees and retirees a diverse provider network. The city will monitor the provider network to ensure that it represents a cross section of the community and that at least thirty percent (30%) of the dentists are minority and/or female. The vendor is expected to provide this information.
- In conjunction with its commitment to MWBE, a mentor/protégé program has been established. It is not mandatory that you participate in this program, but is highly recommended that you do so, as you will become acquainted with city certified vendors who may qualify for credentialing by your networks. This program was developed specifically to promote cooperation between prime contractors and MWBE subcontractors.
- Vendors are expected to report their good faith efforts and all payments made to certified MWBEs to the City's Contract Compliance Department on a monthly basis.

The City's policy does not require contractors or administrators to in fact meet or exceed goals, but it does require them to objectively demonstrate that it has made good faith efforts to do so. To this end, they shall maintain records showing:

1. Subcontracts and supply agreements with Minority Business Enterprises,
2. Subcontracts and supply agreements with Women's Business Enterprises, and
3. Administrator shall submit periodic reports of its efforts under this Section to the Affirmative Action Director in the form and at times the Director prescribes.

Administrators shall require written subcontracts with all MWBE subcontractors and suppliers and shall submit all disputes with MWBE subcontractors to binding arbitration if directed to do so by the Affirmative Action Director. All agreements must contain the terms set out in Section 9.b, Exhibit B-1 of this RFP.

MWBE efforts will be subject to money placed at risk through performance guarantees, which will be negotiated with finalists.

## **INSTRUCTIONS**

The Questionnaire in Section 7 of this RFP contains specific instructions on how to submit your proposal. If you have questions about the submission, contact [gpetersen@segalco.com](mailto:gpetersen@segalco.com).

## C. SUPPLEMENTAL INSURANCE

The City is seeking proposals from qualified companies to provide **voluntary supplemental insurance** plans to city employees. The city offers 3 plans: hospital, cancer, and accident/disability. The contract with American Family Life Assurance Company of Columbus, Georgia (AFLAC) expires 4/30/2011.

These benefits have been offered since July 1, 1993, and premium rates have remained unchanged for 10 years. Employees pay the full cost through payroll deduction, 24 times per year. Supplemental insurance plans are part of the annual enrollment period in March, for a May 1 effective date. New employees can enroll in all City-sponsored benefits during an orientation session at the time of hire. The majority of employees who elect these plans do so on a pre-tax basis.

The goal of this RFP is to review the array of products currently offered to Houston-area employers, and determine if there are better products, prices, or services available for City employees. Proposers are requested to quote plans that are similar in plan design and benefit levels. If you do not offer similar plans, STATE THAT FACT and DO NOT quote a plan that is dramatically different.

Current enrollment is displayed in Exhibit 8.b.3.

### PLAN DESIGN

This is a brief summary of the three plans that are offered. The benefit descriptions are included in Exhibit 8.c.3.

- **CANCER BENEFIT**
  - 1<sup>st</sup> Occurrence Benefit, \$2000
  - Hospital Daily Benefit of \$300, 1<sup>st</sup> 30 days; increases to \$600 on 31<sup>st</sup> day
  - Oral Chemotherapy up to \$300 per day; \$1,200 per month
  - Radiation and chemotherapy, no lifetime maximum
  - Wellness Benefit \$75 per year
  - Surgery Benefit \$100-\$5,000
  - Bone Marrow Transplantation, up to \$10,000 inpatient; up to \$5,000 outpatient
  
- **HOSPITAL INDEMNITY BENEFIT**
  - \$ 100 per day for days 1 through 7
  - \$ 200 per day for days 8 through 30
  - \$ 400 per day for days 31 through 180 for each period for confinement.
  - Pays for Cesarean delivery and complications of pregnancy.
  - Pays for diagnosis of heart attack, stroke, comma, and paralysis.
  - Pays for ground ambulance \$100 and \$1,000 for air ambulance.
  
- **ACCIDENT / DISABILITY BENEFIT**

- Disability benefit of \$750 per month
- Emergency Room \$120 adult, \$60 child (Plan II)
- Initial Accident Hospitalization \$1,000
- Ambulance benefit \$100 for ground ambulance and \$500 for air ambulance
- Accidental Death from \$15,000 to \$100,000
- Wellness Benefit, \$60 per year.

## **MINORITY AND WOMEN BUSINESS ENTERPRISE REQUIREMENTS**

It is the City's policy to encourage participation of certified local minority and women business enterprises (MWBEs) in City contracts. Vendors will be required to make a good-faith effort to utilize city-certified Minority and Women owned businesses to the fullest extent possible for administrative services related to the City of Houston contract. An MWBE goal has not been established; however, Supplemental Insurance proposers are required to document attempts to solicit city certified MWBEs and submit quarterly reports of the results to the City of Houston's Affirmative Action and Contract Compliance Director.

In conjunction with its commitment to MWBE, a mentor/protégé program has been established. It is not mandatory that you participate in this program, but is highly recommended that you do so, as you will become acquainted with city certified vendors who may potentially qualify for credentialing by your networks. This program was developed specifically to promote cooperation between prime contractors and MWBE subcontractors.

The City's policy does not require contractors or administrators to in fact meet or exceed goals, but it does require them to objectively demonstrate that it has made good faith efforts to do so. To this end, they shall maintain records showing:

1. Subcontracts and supply agreements with Minority Business Enterprises,
2. Subcontracts and supply agreements with Women's Business Enterprises, and
3. Administrator shall submit periodic reports of its efforts under this Section to the Affirmative Action Director in the form and at the times the Director prescribes.

## **INSTRUCTIONS**

The Questionnaire in Section 7 of this RFP contains specific instructions on how to submit your proposal. If you have questions about the submission, contact [Peter.Maillet@AJG.com](mailto:Peter.Maillet@AJG.com).

## **D. FLEXIBLE SPENDING ACCOUNT ADMINISTRATION**

The City is seeking proposals from firms to perform **administrative services for section 125 flexible spending accounts** for eligible healthcare and dependent care expenses. The city has offered a pre-tax Health Flexible Spending Account (HFSA) since May 1, 2006 and a pre-tax Dependent Care Reimbursement Plan (DCRP) since 1996. The contract for both plans expires on 4/30/2011, and is administered by American Family Life Assurance Company at no cost to the city. The plan year for the HFSA is May – April and the DCRP plan year is January – December.

### **HFSA PLAN DESIGN AND REQUIREMENTS:**

- Maximum annual contribution: \$2,000 / year,
- Minimum annual contribution: \$120 / year,
- Plan year: May-April,
- Eligibility can be transmitted electronically in an encrypted format (PGP) via FTP at least monthly,
- Claims to be processed weekly,
- All claims are mailed or e-filed directly the TPA,
- TPA determines documentation acceptable for claim filing in accordance with federal laws ,
- Ok to establish minimum claim payment amount,
- Reimbursements to be made via check or direct deposit weekly; however, a proposal for a debit card reimbursement procedure should also be proposed.
- City will wire funds weekly to a bank account after claims are processed. Funds cannot be set in escrow.

The following information may be helpful in preparing proposals. Refer to the preceding parts of this RFP for plan design for all pre-tax plan design.

- The city offers two health plans for employees: an HMO and a PPO.
- The city offers two dental plans: a DHMO-type plan, and an indemnity plan.
- The city also offers voluntary life insurance and supplemental insurance programs.
- 100% of employees' contributions are deducted on a pre-tax basis.
- Enrollment as of 7/1/2010:

<b>PLAN</b>	<b># ENROLLED</b>
Employee subscribers in HMO plan	20,838
Employee subscribers in PPO plan	417
Employee subscribers in DHMO plan	13,100
Employee subscribers in dental indemnity plan	5,701
Enrolled in healthcare FSA	824
Enrolled in dependent care FSA	54

All city employees are paid at the same time, on a bi-weekly basis (26 times per year), with payday every other Friday. Deductions for this plan will be taken 24 times per year.

The city is interested in proposals that offer debit card and alternatives to the debit card. Ensure that your response includes non-debit card options.

### **MINORITY AND WOMEN BUSINESS ENTERPRISE REQUIREMENTS**

It is the City's policy to encourage participation of certified local minority and women business enterprises (MWBEs) in City contracts. Vendors will be required to make a good-faith effort to utilize city-certified Minority and Women owned businesses to the fullest extent possible for administrative services related to the City of Houston contract. Supplemental Insurance proposers are required to document attempts and submit quarterly reports of the results to the City of Houston Affirmative Action Division.

### **INSTRUCTIONS**

The Questionnaire in Section 7 of this RFP contains specific instructions on how to submit your proposal. If you have questions about the submission, contact [Peter Maillet@AJG.com](mailto:Peter.Maillet@AJG.com)

## 2. GENERAL INSTRUCTIONS

### Submittal Procedure

Ten (10) copies of the proposal, including one (1) original, signed in BLUE ink, are to be submitted in a sealed envelope or a box and delivered to:

City Secretary's Office  
City Hall Annex  
900 Bagby  
Houston, Texas 77002.

The deadline for the submittal of the proposal is no later than **2:00 p.m. CDST, Friday, September 24, 2010**. Failure to submit the required number of copies as stated above may be subject for disqualification from the proposal process. Each box should be labeled and numbered as to the type of proposal (Medical, Dental, Supplemental Insurance, or FSA TPA), and how many boxes contain your proposals, e.g., "1 of 2."

Respondents may elect to either mail or personally deliver their proposals to the City Secretary's Office.

The City of Houston shall bear no responsibility for submitting responses on behalf of any Proposer. Respondents may submit their proposal to the City Secretary's Office any time prior to the above stated deadline.

### PROPOSAL FORMAT

The proposal is to be written in Microsoft Word format and an original signed in BLUE ink by a duly elected or appointed officer who is authorized to do so. Legibility, clarity, and completeness are important and essential elements of the proposal. The proposal must be bound and sealed when submitted.

Elaborate brochures or detailed presentations beyond those sufficient to present a complete and effective proposal are not desired. In short, please follow these guidelines:

- Submit the responses in WHITE or BLACK generic binders (could be 2-inch, 3-inch, 4-inch or 5-inch circular ring binders). NO FANCY OR CUSTOMIZED BINDERS needed.
- The primary binder will contain original signatures of all signed documents and exhibits, and must be boldly labeled, "**ORIGINAL**."
- Place the "Table of Contents" on top of all documents, even before the "Executive Summary." In other words, the "Table of Contents" should be the first page seen when the binder is opened.
- Number all pages sequentially. Use a Bates stamp to number the pages, in case they are produced from different departments, divisions or sections of your company. In the event that all documents cannot be numbered sequentially but tabs are used to separate the documents, please indicate—in the "Table of Contents"—where pertinent information, especially Exhibits, Attachments and required forms can be found. For example: If the Financial Statement is under Tab 7, on pages 15-23, please indicate it in the "Table of Contents" thus:

Financial Statement.....Tab 7, pages 15-23

- Your answers should be crisp, straightforward and responsive. Please avoid long, winding and verbose statements. The answer to each question should be limited to LESS than 250 words, if possible.
- If need be, you may refer to an answer which is responsive to a previous question provided the two questions are in the same section of the questionnaire. For example: If the answer to Question 9 is the same as or similar to Question 3, under “Network,” you may refer to the previous answer. But do not make references to answers from different sections of the document in a manner that makes it cumbersome to find the reference. Where extraordinary circumstances compel the need to reference an answer outside the scope of a particular section, please pinpoint the exact page, section and/or paragraph where the answer can be found. Please avoid vague references such as: “See the attached brochure” or “See the attached newsletter.”
- The primary binder should contain ALL the responses to the RFP. Apart from financial statements, do not include brochures, booklets, directories, newsletters, promotional materials, etc. in the primary binder. If necessary, brochures, directories and other documents may be included in a **secondary binder**. Avoid more than two binders unless it is absolutely necessary.
- Please label the SPINES as well as the FRONT covers of the binders.

The proposal must be signed by individual(s) legally authorized to bind the Proposer(s) and must contain a statement that the proposal and the prices contained therein shall remain firm for a period of one hundred-eighty (180) days after receipt of best and final offer.

### **PRE-PROPOSAL CONFERENCE**

A pre-proposal conference will be held at **10:00 a.m. CDST, Thursday, September 9, 2010 at the Bob Lanier Public Works and Engineering Building, 611 Walker, Garden Level Auditorium**, Houston, Texas. Interested Proposers should plan to attend. It will be assumed that potential Proposers attending this meeting have reviewed the RFP in detail and are prepared to bring up any substantive questions, which would not have been already been addressed by the City.

### **ADDRESS REQUESTS FOR ADDITIONAL INFORMATION AND QUESTIONS:**

1. **Medical**  
**Pete Maillet**  
Gallagher Benefit Services  
Email: [Peter\\_Maillet@AJG.com](mailto:Peter_Maillet@AJG.com)  
Fax: (713) 358-7811
2. **Dental**  
**Gary Petersen**  
The Segal Company  
Email: [GPetersen@segalco.com](mailto:GPetersen@segalco.com)  
Fax: (602) 381-4090
3. **Supplemental Insurance**  
**Pete Maillet**  
Gallagher Benefit Services  
Email: [Peter\\_Maillet@AJG.com](mailto:Peter_Maillet@AJG.com)

Fax: (713) 358-7811

**4. Flexible Spending Account Administration**

**Pete Maillet**

Gallagher Benefit Services

Email: [Peter.Maillet@AJG.com](mailto:Peter.Maillet@AJG.com)

Fax: (713) 358-7811

Questions should be received no later than **2:00 p.m. CDST, Friday, September 3, 2010**. The City of Houston shall provide a written response to all questions that are received in writing on or before the written question submittal deadline. Questions received from all respondents shall be answered and placed on the web site <http://purchasing.houstontx.gov/>. All changes to the Request for Proposal will also be posted on the same web site. Check the website daily for updates.

**ADDENDA AND MODIFICATIONS**

All addenda, amendments, and interpretations of this solicitation shall be in writing. Any amendment or interpretation that is not in writing shall not legally bind the City of Houston. Only information supplied by the City of Houston in writing or in this RFP should be used in preparing proposal responses. *All contacts that a Proposer may have had before or after receipt of this RFP with any individuals, employees, or representatives of the City and any information that may have been read in any news media or seen or heard in any communication facility regarding this RFP should be disregarded in preparing responses.*

The City does not assume responsibility for the vendors' receipt of any addendum placed in the web site.

**EXAMINATION OF DOCUMENTS AND REQUIREMENTS**

Each Proposer shall carefully examine all RFP documents and thoroughly familiarize themselves with all requirements prior to submitting a proposal to ensure that the proposal meets the intent of this RFP.

Before submitting a proposal, each Proposer shall be responsible for making all investigations and examinations that are necessary to ascertain conditions and requirements affecting the requirements of this RFP. Failure to make such investigations and examinations shall not relieve the Proposer from obligation to comply, in every detail, with all provisions and requirements of the Request for Proposal.

**POST-PROPOSAL DISCUSSIONS WITH PROPOSERS**

It is the City's intent to commence final negotiation with the Proposers deemed most advantageous to the City. The City reserves the right, however, to conduct post-proposal discussion with any Proposer who has a realistic possibility of a contract award including requests for additional information and requests for "Best and Final" offers.

Changes in the terms and conditions of this RFP will be made in writing by the City prior to the proposal due date. Results of informal meetings or discussions between a potential Proposer and a City of Houston official or employee may not be used as a basis for deviations from the requirements contained in this RFP.

## **LOCAL MINORITY/WOMEN BUSINESS ENTERPRISES PARTICIPATION**

Pursuant to Section 15 Article V of the City Code of Ordinances, each Proposer must agree that if awarded the contract, the Proposer will make good-faith efforts to award subcontracts or purchase agreements to M/WBE firms certified by the City's Affirmative Action Division. Evidence of this Good Faith Effort must be included in the proposal EXHIBIT 9.b, "Minority and Women Business Enterprise Contract Requirements" which is included for informational purposes only. Specific goals for each benefit program are defined in Section 1, Introduction of this RFP.

The City is committed to the MWBE program; and in conjunction with this commitment, the City of Houston has created a Mentor Protégé program sponsored by the Mayor's Office of Affirmative Action and Contract Compliance. The Mentor Protégé Program designed to foster long-term relationships between prime contractors and certified small businesses registered with the City's S/M/W/DBE/PDBE Program. Proposers are encouraged to participate in the program however it is not mandatory and will not be a consideration in the proposal process.

## **CITY CONTRACTORS' PAY OR PLAY PROGRAM**

The requirements and terms of the City of Houston Pay or Play Program, as set out in Executive Order 1-7, are incorporated into this Agreement for all purposes. Contractor has reviewed Executive Order No. 1-7 and shall comply with its Terms and Conditions as they are set out at the time of City Council approval of this Agreement. This provision requires certain Contractors to offer to certain employees a minimal level of health benefits or to contribute a designated amount to be used to offset the costs of providing health care to uninsured people in the Houston/Harris County area. The provisions of Pay or Play will not apply past the first tier subcontractors (i.e., those that contract directly with the provider). Failure to complete Exhibit 9.i, "Pay or Play" Acknowledgement Form & Certification of Agreement to Comply with Pay or Play Program may be just cause for rejection of your Proposal.

## **CITY CONTRACTOR OWNERSHIP DISCLOSURE ORDINANCE**

City Council requires knowledge of the identities of the owners of entities seeking to contract with the City in order to review their indebtedness to the City prior to entering contracts. Therefore, all respondents to this RFP must comply with Houston Code of Ordinances Chapter 15, as amended (Sections 15-122 through 15-126) relating to the disclosure of owners of entities bidding on, proposing for or receiving City contracts.

Completion of Exhibit 9.e, "Affidavit of Ownership or Control"—will satisfy this requirement. Failure to provide this information may be just cause for rejection of your bid or proposal.

## **CITY OF HOUSTON FAIR CAMPAIGN ORDINANCE**

The City of Houston Fair Campaign Ordinance makes it unlawful for a contractor to offer any contribution to a candidate for City elective office. For purposes of this ordinance a contract is defined as any contract for goods or services having a value in excess of \$30,000 or more, regardless of the way by which it was solicited or awarded. Exhibit 9.d. of this RFP describes the contract and documentation requirements relating to this ordinance.

## **DRUG DETECTION AND DETERRENCE PROCEDURES FOR CONTRACTORS**

It is the policy of the City to achieve a drug-free workforce and to provide a workplace that is free from the use of illegal drugs and alcohol. It is also the policy of the City that the manufacture, distribution, dispensation, possession, sale or use of illegal drugs or alcohol by contractors while on City premises is prohibited. Accordingly, effective September 1, 1994, and pursuant to the Mayor's Executive Order 1-31, as a condition to the award of any contract for labor or services, a successful Proposer must certify to its compliance with this policy. Exhibit 9.f. contains the standard language, which will be used in each contract for labor or services, as well as the Executive Order 1-31 disclosure and compliance forms (Attachments A, B, C and D). The forms must be completed and returned prior to award.

## **PROJECT ADMINISTRATION**

Overall project administration shall be provided by Candy Clarke Aldridge, Deputy Director, Human Resources department. Questions regarding the scope of the project, proposed applications, etc. may be addressed at the pre-proposal conference.

## **ANTICIPATED TIMELINE**

The chart below summarizes the dates listed elsewhere in the RFP. This list is to describe the events. Proposers will refer to specific times and dates for critical activities listed elsewhere in the RFP.

<b>Task</b>	<b>Date</b>
Release RFP	Monday, August 30, 2010
Deadline for proposers to submit questions	Friday, September 3, 2010
Pre-proposal conference	Thursday, September 9, 2010
Intent to Propose form due	Monday, September 13, 2010
Proposals due	Friday, September 24, 2010
Analysis of proposals, clarification of proposals, presentations, if necessary	October / November 2010
Negotiation and contracting	November / December 2010
City Council acts on recommendations	January 2011
Communications to employees & retirees	No Later than March 1, 2011
Enrollment	March / April 2011
Effective date of new contracts	May 1, 2011

## **PROPOSAL OUTLINE AND CONTENT**

To simplify the review process and to obtain the maximum degree of comparability, the proposal must follow the outline as set forth below and, at a minimum, contain the information as requested. Proposers are encouraged to include additional relevant information.

## **LETTER OF TRANSMITTAL**

The letter of transmittal should be limited to one (1) or two (2) pages and should include:

1. A brief statement of the Proposer's understanding of the work to be done.
2. The names, titles, addresses, and telephone numbers of the individuals who are authorized to make representations on behalf of the Proposer.
3. A statement that the person signing the transmittal letter is authorized to legally bind the Proposer; that the proposal and the total fixed price contained therein shall remain firm for a period of one hundred-eighty (180) days after receipt of the best and final offer and that the proposal will comply with the requirements and arrangements in Section I of this RFP.

**NOTE: PROPOSAL MUST BE SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE PROPOSER, WHICH MUST BE THE ACTUAL LEGAL ENTITY THAT WILL PERFORM THE CONTRACT IF AWARDED.**

4. A statement that the per unit proposed price and/or lump sum (if prices are proposed) is the total fixed price for the equipment and services enumerated.

### **FINANCIAL STATEMENT**

Please submit your company's audited annual financial statement and Dunn & Bradstreet report for the last two years.

### **TITLE PAGE**

The title page should include the RFP subject, the name and address of the Proposer and the date of the proposal.

### **CONTENTS**

The contents should be identified in a Table of Contents by section, description, and page number. The document should be tabbed with titles matching those in the Table of Contents.

### **RECOMMENDATIONS / EXCEPTIONS**

If your organization takes exceptions to the services requested in this RFP, please state specifically within your proposal your objection. If you feel the specifications or conditions are slanted toward one (1) particular vendor or service provider, please state in writing your concerns.

### **INVOICING**

The City of Houston is a single entity for accounting, billing, and discounting. Any invoices accompanied by detailed supplements and other back up documents are to be submitted electronically in Excel format to [Eric.Baradar@houstontx.gov](mailto:Eric.Baradar@houstontx.gov). The address included in the invoice is:

Eric Baradar  
City of Houston  
Human Resources Dept.  
611 Walker Street, 4<sup>th</sup> Floor  
Houston, TX 77002

The City of Houston requires timely and accurate accounting and billing information.

The City is interested in self-billing for the medical plans. The City now self-bills for the dental (UnitedHealthcare) and Supplemental Insurance Plans (AFLAC) by paying the deductions from payroll checks for these plans.

## **INDEMNITY AND RELEASE**

### **A. RELEASE**

CONTRACTOR AGREES TO AND SHALL RELEASE THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE CITY'S SOLE OR CONCURRENT NEGLIGENCE AND/OR THE CITY'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY.

### **B. INDEMNIFICATION**

- CONTRACTOR AGREES TO AND SHALL DEFEND, INDEMNIFY AND HOLD THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE "CITY") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:
  - CONTRACTOR AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY IN NUMBERED PARAGRAPHS 1-3, "CONTRACTOR") ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS;
  - THE CITY'S AND CONTRACTOR'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER CONTRACTOR IS IMMUNE FROM LIABILITY OR NOT; AND
  - THE CITY'S AND CONTRACTOR'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER CONTRACTOR IS IMMUNE FROM LIABILITY OR NOT.
- CONTRACTOR SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THE AGREEMENT TERMINATES. CONTRACTOR'S INDEMNIFICATION IS LIMITED TO \$500,000 PER OCCURRENCE. CONTRACTOR SHALL NOT INDEMNIFY THE CITY FOR THE CITY'S SOLE NEGLIGENCE.
- CONTRACTOR SHALL REQUIRE ALL OF ITS SUBCONTRACTORS (AND THEIR SUBCONTRACTORS) TO RELEASE AND INDEMNIFY THE CITY TO THE SAME

EXTENT AND IN SUBSTANTIALLY THE SAME FORM AS ITS RELEASE AND INDEMNITY TO THE CITY.

## **INDEMNIFICATION PROCEDURES**

### A. **NOTICE OF CLAIMS**

If the City or Contractor receives notice of any claim or circumstances which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within 30 days. The notice must include the following:

- A description of the indemnification event in reasonable detail,
- The basis on which indemnification may be due, and
- The anticipated amount of the indemnified loss.

This notice does not stop or prevent the City from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If the City does not provide this notice within the 30 day period, it does not waive any right to indemnification except to the extent that Contractor is prejudiced, suffer loss, or incurs expense because of the delay.

### B. **DEFENSE OF CLAIMS**

- **Assumption of Defense:** Contractor may assume the defense of the claim at its own expense with counsel chosen by it that is reasonable satisfactory to the City. Contractor shall then control the defense and any negotiations to settle the claim. Within 10 days after receiving written notice of the indemnification request, Contractor must advise the City as to whether or not it will defend the claim. If Contractor does not assume the defense, the City shall assume and control the defense, and all defense expenses constitute an indemnification loss.
- **Continued Participation:** If Contractor elects to defend the claim, the City may retain separate counsel to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations. Contractor may settle the claim without the consent or agreement of the City, unless it (i) would result in injunctive relief or other equitable remedies or otherwise require the City to comply with restrictions or limitations that adversely affect the City, (ii) would require the City to pay amounts that Contractor does not fund in full, (iii) would not result in the City's full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

## **INSURANCE REQUIREMENTS**

The Contractor shall obtain and maintain in effect during the term of this agreement, insurance coverage as set forth below and shall furnish certificates of insurance showing the City as an additional insured, in duplicate form, prior to the beginning of the Contract. The City shall be named as an additional insured on all such policies except Professional Liability and Workers' Compensation and shall be primary to any other insurance. **The issuer of any policy shall have a Certificate of Authority to transact insurance business in the State of Texas or have a Best's rating of at least B+ and a Best's Financial Size Category of Class VI or better, according to the most current edition of Best's Key Rating Guide, Property-Casualty United States.**

### A. **INSURANCE**

Comprehensive General Liability including Contractual Liability and Automobile Liability

insurance shall be in at least the following amounts:

- **Commercial General Liability Insurance including Contractual Liability**
  - \$500,000 per occurrence;
  - \$1,000,000 aggregate, (defense costs excluded from face value of the policy)
  
- **Workers' Compensation:**
  - Amount shall be statutory amount.
  - Employer's Liability cannot be used as a substitute for Workers' Compensation
  
- **Automobile Liability (See Note Below)**
  - \$1,000,000 Combined Single Limit per occurrence
  
- **Employer's Liability**
  - Bodily injury by accident \$100,000 (each accident)
  - Bodily injury by disease \$100,000 (policy limit)
  - Bodily injury by disease \$100,000 (each employee)
  
- **Professional Liability Coverage**
  - \$1,000,000 per occurrence
  - \$1,000,000 aggregate

Automobile liability insurance for autos furnished or used in the course of performance of this Contract including Owned, Non-owned and Hired Auto coverage (Any Auto coverage may be substituted for Owned, Non-owned and Hired Auto coverage.) If no autos are owned by the Contractor, coverage may be limited to Non-owned and Hired Autos. If Owned Auto coverage cannot be purchased by Contractor, Scheduled Auto coverage may be substituted for Owned Auto coverage. EACH AUTO USED IN PERFORMANCE OF THIS CONTRACT MUST BE COVERED IN THE LIMITS SPECIFIED.

All of the insurance required to be carried by the Contractor hereunder shall be by policies which must require on their face, or by endorsement, that the insurance carrier waives any rights of subrogation against the City, except for Professional Liability Insurance, and that it shall give thirty (30) days written notice to the City before they may be cancelled or materially changed or not renewed. Within such thirty (30) day period, Contractor covenants that it will provide other suitable policies in lieu of those about to be cancelled, materially changed or not renewed so as to maintain in effect the coverage required under the provisions hereof. Failure or refusal of the Contractor to obtain and keep in force the above required insurance coverage shall authorize the City, at its option, to terminate this Contract at once.

If any part of the work is sublet, similar insurance shall be provided by or in behalf of the Subcontractor to cover their operations, and the Contractor shall furnish evidence of such insurance, satisfactory to the City. In the event a Subcontractor is unable to furnish insurance in the limits required under the Contract, the Contractor shall endorse the Subcontractor as an Additional Insured on his policies excluding Workers' Compensation and Employer's Liability.

(See Insurance Requirements Exhibit for a sample insurance certificate format).

**Only unaltered original insurance certificates endorsed by the underwriter are acceptable. Photocopies are unacceptable.**

Contractor shall maintain in effect certain insurance coverage, which is described as follows:

1. Form of Policies: The Human Resources Director may approve the form of the insurance policies, but nothing the Human Resources Director does or fails to do relieves Contractor from its duties to provide the required coverage under this Agreement. The Human Resources Director's actions or in-actions do not waive the City's right under this Agreement.
2. Issuers of Policies: The issuer of any policy shall have a Certificate of Authority to transact insurance business in Texas or have a Best's rating of at least B+ and a Best's Financial Size Category of Class VI or better, according to the most current edition Best's Key Rating Guide, Property-Casualty United States.
3. Insured Parties: Each policy, except those for Workers Compensation, Employer's Liability, and Professional Liability, must name the City (and its officers, agents, and employees) as Additional Insured parties on the original policy and all renewals or replacements.
4. Deductibles: Contractor shall be responsible for and bear any claims or losses to the extent of Any deductible amounts and waives any claim it may have for the same against the City, its officers, agents, or employees.
6. Cancellation: Each policy must state that it may not be canceled, materially modified, or non-renewed unless the contractor gives the Human Resources Director 30 days advance written notice. Contractor shall give written notice to the Human Resources Director within five days of the date on which total claims by any party against Contractor reduce the aggregate amount of coverage below the amounts required by this Agreement. In the alternative, the policy may contain an endorsement establishing a policy aggregate for the particular project or location subject to this Agreement.
7. Subrogation: Each policy must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the City, its officers, agents, or employees.
8. Endorsement of Primary Insurance: Each policy, except Worker's Compensation and Professional Liability (if any), must contain an endorsement that the policy is primary to any other insurance available to the Additional Insured with respect to claims arising under this Agreement.
9. Liability for Premium: Contractor shall pay all insurance premiums, and the City shall not be obligated to pay any premiums.
10. Subcontractors: Contractor shall require all subcontractors to carry insurance naming the City as an additional insured and meeting all of the above requirements except amount. The amount must be commensurate with the amount of the subcontract, but in no case less than \$500,000 per occurrence. Contractor shall provide copies of insurance certificates to the Human Resources Director.
11. Proof of Insurance
  - A. On the Effective Date and at any time during the Term of this Agreement, Contractor shall furnish the Human Resources Director with Certificates of Insurance, along with an Affidavit from Contractor confirming that the Certificates accurately reflect the insurance coverage maintained. If requested in writing by the Human Resources Director, Contractor shall furnish the City with certified copies of Contractor's actual insurance policies.
  - B. Contractor shall continuously and without interruption, maintain in force the required insurance coverages specified in this Section. If Contractor does not comply with this requirement, the Human Resources Director, at his or her sole discretion, may:
    - Immediately suspend Contractor from any further performance under this Agreement and begin procedures to terminate for default, or

- Purchase the required insurance with City funds and deduct the cost of the premiums from amounts due to Contractor under this Agreement.
- C. The City shall never waive or be stopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.
12. **Other Insurance:** If requested by the Human Resources Director, Contractor shall furnish adequate evidence of Social Security and Unemployment Compensation Insurance, to the extent applicable to Contractor's operations under this Agreement.

### **CONTRACTOR PERFORMANCE LANGUAGE**

Contractor should make citizen satisfaction a priority in providing services under this Contract. Contractor's employees should be trained to be customer-service oriented and to positively and politely interact with citizens when performing contract services. Contractor's employees should be clean, courteous, efficient and neat in appearance at all times and committed to offering the highest degree of service to the public. If, in the Human Resources Director's determination, the Contractor is not interacting in a positive and polite manner with citizens, the Contractor shall take all remedial steps to conform to the standards set by this Contract and is subject to termination for breach of contract.

### **INSPECTIONS AND AUDITS**

City representatives may have the right to perform, or have performed, (1) audits of Contractor's books and records, and (2) inspections of all places where work is undertaken in connection with this Agreement. Contractor shall keep its books and records available for this purpose for at least three (3) years after this Agreement terminates. This provision does not affect the applicable statute of limitations.

### **EVALUATION AND SELECTION PROCESS**

The City of Houston Human Resources Department will coordinate the review and evaluation of all proposals. Finalists may be invited to present their proposals in a private interview at a time and place to be designated.

### **SELECTION PROCESS**

The award of any contract(s) will be made to the respondent(s) offering the response which best meets the needs of the City. The City may make investigations, as it deems necessary, to determine the capabilities of the Proposer to create, modify and implement required services and programs. The Proposer shall furnish to the City such data as the City may request for this purpose. The City reserves the right to reject any offer if the evidence submitted by or the investigation of the Proposer fails to satisfy the City that the Proposer is properly qualified to provide the services contemplated.

The criteria that the City of Houston intends to use in evaluating the proposal shall include, but are not limited to:

1. Competitiveness of fees; ability to provide multi-year rate guarantees.
2. Ability to control cost through health management and quality controls.
3. Ability to underwrite and administer benefits requested in the RFP.

4. Extent of network coverage and access for the City's population.
5. Ability to deliver a provider network that represents the highest quality care available and that also represents the diversity in population that reflects our community's and City's membership.
6. Ability to meet the City's MWBE requirements.
7. Availability and effectiveness of health care cost management programs, including activities such as disease management, pharmacy management, flu shots, health fairs, and appropriate health screenings and education programs.
8. Willingness to agree to specific performance standards, incorporate meaningful financial at-risk amounts for failure to meet guarantees in the final contract and agree to an annual member satisfaction survey.
9. Level of ability to provide administrative services, including accommodating employer-specific needs, such as COBRA, HIPAA, PPACA and other City benefit programs.
10. Existence of systems to support claims processing and payment with minimal level of manual interventions.
11. Extent of expertise in state-of-the-art systems administration and commitment to constant system upgrades (hardware and software).
12. A state-of-the-art data warehousing system that captures all encounter data (medical and Rx) with the ability to generate meaningful, usable management reports for the City.
13. A reporting system and user training program enabling designated HR staff to write reports.
14. Ability to maintain a stable, centralized claims and service administration office near Houston (if possible).
15. Commitment to quality assurance programs.
16. NCQA and URAC (or other applicable) certification status and certification status of contractors (e.g. JCAHO).
17. Willingness to provide effective benefit communication materials (e.g. summary plan booklets, claim forms, EOBs, etc.) including use of web technology.
18. Willingness to assist with the open enrollment meetings at implementation and ongoing annual enrollment periods.
19. Ability to provide quantitative results of evidence-based wellness program(s) documenting the improved health status of plan members and willingness to enter into performance guarantees ensuring you have improved member health.
20. Ability to assume an account the size of the City: 22,000 employees and 9,136 retirees (includes retiree members in Medicare plans), with a total membership of 66,354 (includes retiree members in Medicare plans).

Proposers' responses or portions thereof may be incorporated into the final contract. All proposers should be aware that the final negotiated contract is presented to City Council for approval. To the extent that the offered products are similar to the City's current plans, the City desires to utilize, as much as possible, subject to any differences in terms specified in this request, the current contract terms attached hereto in Exhibits D, E and F as the basis for negotiation. All proposers must be willing to commit resources and time necessary to complete the actual contract document before the final selection is actually made. Any vendor unwilling to do so should not submit a proposal.

### 3. Intent to Propose

#### For the City of Houston's Health Benefits Program

Please return this intent to propose by 12:00 noon CDST, Monday, September 13, 2010 as confirmation of your receipt of the proposal specifications and as an indication of your intent to submit a proposal.

*Note: Please propose ONLY on the coverage(s), which you have checked.*

- Medical Plan
- Dental Plan
- Supplemental Insurance Plan
- Flexible Spending Account Administration

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Representative's Name & Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email: \_\_\_\_\_

**Email this form to Donna Mitchell at [Donna.Mitchell@houstontx.gov](mailto:Donna.Mitchell@houstontx.gov).**

#### **4. 2010 City of Houston Request for Proposal (RFP) Checklist**

**PROPOSER’S NAME:** \_\_\_\_\_

Please check a box on each line, indicating that you have completed and included each of these required forms/material with your proposal. Attach this two-page checklist to your transmittal letter at the front of your proposal.

	<b>ITEM</b>	<b>Yes</b>	<b>No</b>
1	Ten (10) copies of your proposal are provided		
2	Letter of Transmittal		
3	Certificate of Vote		
4	Anti-Collusion Statement		
5	Fair Campaign Ordinance		
6	List of Subcontractors		
7	License to operate in Texas		
8	Drug Policy		
	Drug Policy Compliance Agreement – Attachment A		
	Drug Policy Compliance Declaration – Attachment B		
	Certificate of No Safety Impact Positions – Attachment C		
	Drug Detection/Deterrence Procedures – Attachment D		
9	Insurance Certificates for:		
	General Liability		
	Auto Liability		
	Professional Liability		
	Workers’ Compensation		
10	References List		
11	Cost Sheets		
12	RFP questionnaire (hard copy and on CD-ROM)		
13	Local MWBE Participation		

**4. 2010 City of Houston Request for Proposal (RFP) Checklist**

**PROPOSER'S NAME:** \_\_\_\_\_

	<b>ITEM</b>	<b>Yes</b>	<b>No</b>
14	Letters of Intent		
15	Financial Statements		
16	Affidavit of Ownership or Control		
17	Section 5: Conditions		
18	Proposal Includes		
	a. Medical Plan		
	Insured		
	Self Insured		
	b. Dental Plan		
	DHMO		
	Indemnity		
	Other		
	c. Supplemental Insurance Plan		
	Cancer		
	Disability		
	Hospital		
	Other		
	e. Flexible Spending Account Administration		
	Health		
	Dependent Care		

## 5. CONDITIONS

### A. SPECIFIC CONDITIONS

Proposers must comply with the following conditions. If you are unable to meet a condition, please give an explanation.

1. No commissions, overrides, and/or finder's fees shall be paid to any party. All rates should be quoted net. If fees cannot be quoted net, please explain.
2. Proposers must be licensed to do business in all states in which the City of Houston has employees. Such license, where required, must be in effect on or before Wednesday, September 1, 2010.
3. The selected proposer's systems, data files, GeoAccess physician, dentist, and hospital information must be provided in the format and parameters specified by this RFP.
4. No loss/No gain: No covered employee or covered dependent shall lose or gain benefits as a result of vendor change. All pre-existing condition limitations, actively-at-work and non-confinement provisions must be expressly waived for the initial enrollment for covered employees and covered dependents that have already satisfied the limitations under the current plan. **Also, any partial or full satisfaction of a current limitation, deductible, or annual copayment must be credited.**
5. Claims administrators must be able to maintain eligibility files and receive updates from the City as required.
6. Managed care proposers must track PCP/PCD and group number electronically. The City will not provide PCP/PCD updates within its eligibility file transfer.
7. Interim plan accounting shall be provided monthly.
8. Renewal rate computations must be furnished at least 120 days prior to the end of the contract year.
9. Selected vendors shall assist in plan communication and enrollment for 21,255 active employees, some of whom work around the clock, in 700 work locations throughout Houston. Separate meetings may be required for the City's approximately 6,311 retirees as well (does not include Medicare plan enrollees).
10. All reports must be reconciled to billing.
11. Rate guarantees for three or more years are requested. If rates cannot be guaranteed for three or more years, please explain and provide alternative guidelines.
12. Proposers must agree to performance guarantees in connection with the implementation of services and for those services that are to be provided on an ongoing basis. The details of these guarantees will be negotiated during the finalist selection process. Examples of the types of guarantees that will be required can be found in the plan documents in Section 8.c of this RFP.

13. Proposers must agree to performance guarantees in connection with results of wellness / disease management programs implemented under the contract.
14. All vendors must agree to attend schedule monthly update and quarterly review meetings at the City's desired location in Houston, Texas.
15. All vendors that are awarded a contract must provide customized Summary Plan Booklets and Plan Documents to all subscribers annually.
16. All vendors must provide a single point-of-contact account manager and local contact representatives.
17. All vendors that are awarded a contract must contractually agree to provide "run-out" claims processing services at the level of service and price that are comparable to pre-termination services, for no less than 12 months at termination of the new agreement.
18. All vendors that are awarded a contract must maintain City files for seven (7) years from the date of service and allow the City the option to take over the records in electronic format.
19. All vendors that are awarded a contract must agree to transmit test data to a new vendor no less than 30 days prior to the termination of a contract and to provide a final verified transition data file to the new vendor within 30 days after the termination date.
20. All vendors that are awarded a contract providing an insured plan must provide the City with City-specific comprehensive experience reports quarterly and summary reports annually, including loss ratios and stop-loss data.
21. All vendors that are awarded a contract must provide I.D. cards to participants within ten (10) calendar days after receiving the initial enrollment eligibility file and at the beginning of each plan year. Thereafter, new I.D. cards must be provided to a participant within five (5) days of receiving any change request.
22. All vendors that are awarded a contract must have in place a plan for continuation of current treatment during transition. Please provide samples of the plans you have used for other large employers in your response.
23. The City shall have access to a comprehensive list of all members who have not selected a PCP in the HMO at any time upon written request.
24. The City reserves the right to, at any time, request that the vendor(s) change the manner in which they direct assignment of members who fail to designate a primary care physician.
25. The properly staffed and supervised customer/member services unit must be available to plan participants. In addition, the City will require an on-site service team with access to the vendor's computer system and the capability of providing services equal to that of the main customer service unit. (Applicable to the Medical Plan only.)
26. A knowledgeable IT service representative must be available to work with the City of Houston's IT department to prepare eligibility data for initial and continuing

transmission. A knowledgeable IT service representative must be available to work with the City and its consultant during the proposal process.

27. All City information disclosed during the proposal and contract term must remain strictly confidential unless disclosure is required by law.
28. All vendors awarded a contract shall provide and maintain networks of qualified providers that provide quality services on a cost-effective basis for the HMO/PPO and DHMO plans during the term of the contract. Each proposer must ensure that the providers continue to meet licensing, selection, and screening criteria and that required liability insurance is maintained. Each proposer must confirm in its response that its proposed network will remain under agreement throughout this proposal process. Subsequent to submission, any material changes must be brought to the City's attention immediately. Failure to do so may eliminate the proposal from consideration.
29. All vendors awarded a contract must accept and deliver electronic eligibility and enrollment data to the City of Houston's contracted carve-out vendor(s) (e.g. prescription drug vendor).
30. All vendors awarded a contract shall, upon request, process "run-out" claims from the prior vendor for an agreed upon fee.
31. All vendors awarded a contract shall conduct an annual member satisfaction survey. The terms, rewards, and penalties will be mutually agreed to by the selected proposers and the City.
32. All vendors awarded a contract shall agree to a jurisdiction and venue of the state of Texas.
33. All vendors will agree to contract language that is substantially the same as is found in the current plan documents, Section 8.c of this RFP.
34. All vendors awarded a contract shall allow the City to audit the financial and non-financial records of their organization pertaining to medical plans, with the audit to be performed by City personnel or by outside auditors at the City's expense.
35. All vendors of a health benefits delivery system that has a network of providers must have in place a system that admits providers on a nondiscriminatory basis. For providers who are not accepted or are terminated, the selected vendors will be encouraged to provide appropriate notice of the grounds for non-acceptance or termination and a hearing.
36. Proposers must satisfy the requirements of the tax delinquency rule before they can be considered a finalist.
37. It is the City's policy to encourage participation of certified local minority and women business enterprises (MWBES) in City contracts. Vendors will be required to make a good-faith effort to meet annual MWBE goals. There are specific MWBE goals for the medical and dental described in this RFP. The specific goals are defined in **Section 1, Introduction**, and also under the subheadings for Medical, Dental, Supplemental Insurance, and Flexible Spending Account Administration.

38. All proposers must timely satisfy the implementation of requirements under the Patient Protection and Affordability Care Act (PPACA) and administratively continue to support these requirements. Financial proposals will include costs through April 30, 2016 for mandatory PPACA programs.

**B. REPORTING REQUIREMENTS**

Vendors must contractually agree to provide (at no additional cost) the reports listed in Exhibit 8.c. within 60 days of the end of each plan quarter, as well as an annual summary within 60 days of the end of the plan year. Other reporting requests and reporting conditions will be discussed at a later date prior to finalizing the contract. The City currently receives an extensive reporting package quarterly and will require the new vendor to provide the same reports, at a minimum, as described in Section 8.c.

I certify that this proposal can meet the conditions outlined above. If any exceptions apply, they are listed below in detail. Please include a copy of this page with your proposal submission.

Signature \_\_\_\_\_

Print Name and Title \_\_\_\_\_

Name of Company \_\_\_\_\_

Date \_\_\_\_\_

Objections:

## **6. CONTRACTUAL TERMS, CONDITIONS, LIMITATIONS AND EXCEPTIONS**

1. This RFP does not commit the City of Houston to award a contract, issue a Purchase Order, or to pay any costs incurred in the preparation of a proposal in response to this request.
2. The proposals will become part of the City's official files without any obligation on the City's part. All Responses shall be held confidential from all parties other than the City until after the contract is awarded. Afterward, the proposals shall be available to the public.
3. The City of Houston shall not be held accountable if material from responses is obtained without the written consent of the vendor by parties other than the City, at any time during the proposal evaluation process.
4. In the event a Proposer submits trade secret information to the City, the information must be clearly labeled as a "Trade Secret". The City will maintain the confidentiality of such trade secret to the extent provided by law.
5. The Proposer shall not offer any gratuities, favors, or anything of monetary value to any official or employee of the City of Houston (including any and all members of the proposal evaluation committee) for the purpose of influencing consideration of a proposal.
6. Proposer(s) shall not collude in any manner, or engage in any practices, with any other Proposer(s), which may restrict or eliminate competition or otherwise restrain trade. This is not intended to preclude subcontracts and joint ventures for the purposes of: (a) responding to this RFP, or (b) establishing a project team with the required experience and/or capability to provide the goods or services specified herein. Conversely, the City can combine or consolidate proposals thereof, for the purposes mentioned above.
7. All proposals submitted must be the original work product of the Proposer. The copying or paraphrasing of the work product of another Proposer is not permitted.
8. The RFP and the related responses of the selected Proposer will by reference (within a Contract) become part of any formal agreement between the selected Proposer and the City. The City and the selected Proposer may negotiate a contract or contracts for submission to City Council for consideration and approval. In the event an agreement cannot be reached with the selected Proposer, the City reserves the right to select an alternative Proposer. The City reserves the right to negotiate with proposer the exact terms and conditions of the contract.
9. Proposers, their authorized representatives, and their agents are responsible for obtaining, and will be deemed to have full knowledge of the conditions, requirements, and specifications of the Request for Proposal at the time a proposal is submitted to the City.
10. The price agreements shall become effective on or about May 1, 2011 for a term of three (3) contract years. The City of Houston reserves the option of extending the agreements on an annual basis for two (2) additional one-year terms or portions thereof.
11. If necessary for the completion of tasks required under the project, the City will provide reasonable working space to the Contractor.

12. Clerical support and reproduction of documentation costs shall be the responsibility of the proposer. If required, such support and costs shall be defined in the contract negotiated.
13. Contractor personnel essential to the continuity and successful and timely completion of the project should be available for the duration of the project unless substitutions are approved in writing by the Human Resources Director.
14. The Contractor will be expected to adhere to all standard contractual requirements of the City which will include but are not limited to, provisions for: Time Extensions, Appropriation of Available Funds, Approvals, Term and Termination, Independent Contractor, Business Structure and Assignments, Subcontractors, Parties in Interest, Non-waiver, Applicable Laws, Notices, Use of Work Products, Equal Employment Opportunity, Force Majeure, and Inspections and Audits.
15. The City may terminate its performance under a contract in the event of a default by the Contractor and a failure to cure such default after receiving notice of default from the City. Default may result from the Contractor's failure to perform under the terms of the contract or from the Contractor becoming insolvent, having a substantial portion of its assets assessed for the benefit of creditors, or having a receiver or trustee appointed.
16. Contractor must promptly report to the City's Human Resources Director any conditions, transactions, situation, or circumstances encountered by the Contractor, which would impede or impair the proper and timely performance of the contract.
17. The City of Houston has sole discretion and reserves the right to cancel this RFP or to reject any or all proposals received prior to contract award.
18. The City reserves the right to waive any formalities canceling this RFP, or to reject any or all proposals or any part thereof.
19. The City reserves the right to request clarification of any proposal after all proposals have been received.
20. The City reserves the right to select elements from different individual proposals and to combine and consolidate them in any way that best serves the City's interest. The City reserves the right to reduce the scope of the project and evaluate only the remaining elements from all proposals. The City reserves the right to reject specific elements contained in all proposals and complete the evaluation process based only on the remaining items.
21. Proposers must furnish a "Certificate of Vote" signed by their Chief Executive officer or managing partners, which lists the specific officers who are authorized to execute agreements on behalf of the company.
22. The selected Proposer must furnish a "Certificate of Registration" which authorizes them to conduct business in the State of Texas prior to the awarding of the contract. Such Registration is obtained from the Texas Secretary of State's Office, which will also provide the certification thereof.
23. After contract execution, the Proposer is the prime contractor and responsible party for contracting and communicating the work to be performed to subcontractors and for channeling other information between the City and subcontractors. Any subcontracting must be specified in the proposal. Any subcontracting not specified in the proposal will need prior express approval from the Human Resources Director.

24. Prime Contractor assumes total responsibility for the quality and quantity of all work performed, whether it is undertaken by the Prime Contractor or is subcontracted to another organization.
25. If subcontractor involvement is required in the use of license, patent, or proprietary process, the Prime Contractor is responsible for obtaining written authorization from the subcontractor to use the process or providing another process comparable to that which is required and which is acceptable to the City, all at no additional cost or liability to the City.
26. Contractor should make citizen satisfaction a priority in providing services under this Contract. Contractor's employees should be trained to be customer-service oriented and to positively and politely interact with citizens when performing contract services. Contractor's employees should be clean, courteous, efficient and neat in appearance at all times and committed to offering the highest degree of service to the public. If, in the Human Resources Director's determination, the Contractor is not interacting in a positive and polite manner with citizens, the Contractor shall take all remedial steps to conform to the standards set by this Contract and is subject to termination for breach of contract.
27. City representatives may have the right to perform, or have performed, (1) audits of Contractor's books and records, and (2) inspections of all places where work is undertaken in connection with this Agreement. Contractor shall keep its books and records available for this purpose for at least three (3) years after this Agreement terminates. This provision does not affect the applicable statute of limitations.
28. Required Attachments and Samples:

**A. ORGANIZATION**

Please provide an organizational chart for the proposed account manager and service team assigned to the City. Be sure to also attach the following information for each team member:

- Biography
- Primary responsibility on this account
- Years of experience in managed care/insurance
- Years with the company
- Proposed percent of time dedicated to this account (based on 40 hour week)
- Contact information (title, phone, fax, address, email).

**B. QUALITY MANAGEMENT DOCUMENTATION**

Provide samples of each of the following:

- Sample authorization and denial letters.
- Copy of your quality management/improvement guidelines.
- Patient confidentiality guidelines and policies

**C. CONTRACTS**

Vendors should provide a sample of all provider contracts in your response (e.g.

Physicians /dentists, physician/dental networks (IPA or staff model clinics), hospitals, product types, etc.).

#### **D. IMPLEMENTATION**

Detailed implementation timetable, assuming the Mayor and City Council approve the contracts in mid-January 2012. Include an outline of the activities you expect to be performed prior to the stated effective date, completion dates, and the individuals or groups who will have major responsibility for each activity, including:

- Contracts completed (the finalized contract must be presented to City Council for the vendor to be officially awarded the City account),
- Banking arrangements established,
- Customer service toll-free phone line operational,
- ID cards mailed to employees,
- Interfaces with other vendors established,
- Electronic access established with the City,
- Program operational and ready to deliver benefits to members,
- Summary Plan descriptions,
- Welcome packets:
  - Sample ID card,
  - Samples of communication materials (i.e. benefit summary descriptions disseminated to members during open enrollment and at hire),
  - Samples of employee communication materials on use of the network, utilization review, etc.,
  - Sample copy of a standard EOB (explanation of benefits) form.

#### **E. GEO-ACCESS REPORTS**

- Using the enclosed census file, prepare a GeoAccess report based on the following standards. Each report should use the following standards as measured from the employee's home zip code. Submit a hardcopy of the summary with your proposal and a copy of the entire report on diskette or flash drive (for medical) or [gpetersen@segalco.com](mailto:gpetersen@segalco.com) (for dental). *Exclude physicians/dentists with closed practices from your analysis.* The standard shall be: 95% of employees have a choice of X PCPs within Y miles of their home zip code.

PCPs	2 within 5 miles
OB-GYNs	2 within 5 miles
Specialists	2 within 10 miles
Hospitals	1 within 10 miles

- Indicate the following in your response:
  - Number and percent of employees meeting each of the access standards

- Zip codes, number and percent of employees not meeting access standards.
- Within the access standard, average distance (2-10 miles) to a choice of providers
- Breakout of employee meeting access standards by key geographic areas (cities) Total number of employees and total number of providers by zip code
- Average distance to choice of one provider from employee's home zip codes.

**F. PLAN DESIGN**

Proposers will be required to propose/duplicate the current plan models. Plan design can be found in the plan documents in Section 8.c. Proposers are encouraged to propose other models, and other risk arrangements that would meet the City's goals.