



CITY OF HOUSTON

Annise D. Parker

Mayor

P.O. Box 1562
Houston, Texas 77251-1562

Telephone – Dial 311
www.houstontx.gov

September 4, 2013

SUBJECT: Letter of Clarification No. **8** Third Party Administrator for Self-Funded Medical and/or Pharmacy Benefits Plans for the City of Houston

REFERENCE: Request for Proposal No. S37-T24702

TO: All Prospective Proposers

This Letter of Clarification is issued in response to proposers' questions posted on the RFP website as of September 5, 2013.

When issued, Letter(s) of Clarification shall automatically become a part of the proposal documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. All revisions, responses, and answers incorporated into the Letter(s) of Clarification are collaboratively from both the Strategic Purchasing Division and the applicable City Department(s). It is the responsibility of the proposers to ensure that it has obtained all such letter(s). By submitting a proposal on this project, proposers shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this proposal.

1. Question: Please confirm Exhibit 15E iv is inclusive of all claim expenses, including capitation. Please indicate whether the experience is on a paid or incurred basis (if it is not inclusive).

Answer: The claims in Exhibit 15E.iv represent fee-for-service claims incurred through April 30 of each year and paid through June 2013.

2. Question: Please provide monthly enrollment for the most recent 24 month period, broken out by plan.

Answer: See the exhibit referencing eligibility which has been posted to the secure website.

3. Question: Please provide utilization information by provider for both hospital and Physician claims for the top 25 providers for each category. We see the top 10 facility

information provided, however, we would like the hospital claims broken out by Inpatient, Outpatient, and ER.

Answer: See the exhibit referencing medical claims detail which has been posted to the secure website.

4. **Question:** Please provide benefit summaries for the 2012 plan year.

Answer: The benefits for plan year beginning May 1, 2012 are represented in the original plan designs plus the five (5) Letter Amendments included in the Exhibits.

5. **Question:** Are your plans currently grandfathered?

Answer: No. The plans are not grandfathered.

6. **Question:** Are the plans subject to Federal Mental Health Parity legislation?

Answer: The plans are subject to mental health parity.

7. **Question:** Please confirm how rebates are currently handled.

Answer: Pharmacy rebates are paid to the City.

8. **Question:** Please indicate whether the plan sponsor or the proposer should be claim fiduciary.

Answer: The proposer will be the plan fiduciary.

9. **Question:** For the option in which we eliminate the Open Access Plan, do you anticipate which remaining plan members will be driven to? Will there be a change in contribution strategy to drive members to a certain plan?

Answer: The City has not modeled members' movement from the Open Access Plan to another plan. With your proposal to eliminate the Open Access Plan, however, we requested you to also propose strategy that may cause members to migrate to the CDHP. A change to contribution strategy is a consideration.

10. **Question:** The current census looks to be a member census. Please also provide a subscriber only census for both Actives and Retirees.

Answer: Those members with a 1 in column E on the retiree census are retirees. Those members with a 1 or a blank in column I on the active census are employees.

11. **Question:** On the large claim report listing, the products are listed as EPP1, OAP1, and OAPIN. Can you please confirm that EPP1 is the limited Network plan, OAP1 is the CDHP plan, and OAPIN is the Open Access Plan? Please make corrections if necessary.

Answer: EPP1 is the Limited Plan, OAP1 is the CDHP plan and OAPIN is the Open Access plan.

12. Question: Please provide utilization information by provider for both hospital and Physician claims for the top 25 providers for each category. We see the top 10 facility information provided, however, we would like the hospital claims broken out by Inpatient, Outpatient, and ER.

Answer: See the exhibit for medical claims detail which has been posted to the secure website.

13. Question: For Question 5.1.6, please clarify. We are unable to determine the specific amount of any possible additional charges without knowing exactly what would be requested.

Answer: The City is not requesting exact charges. If new plans or design elements are added or another class of members is created, please indicate if additional administrative or program fees will be required.

14. Question: For Question 11.5.4, please clarify what specific types of customized reports will be requested.

Answer: The City is not requesting exact charges. The question merely inquires if custom reports are included in the basic fees. The number of custom reports is not expected to be excessive.

15. Question: The RFP requirements outlined by the City of Houston request a replacement for the existing self-funded group plans offered to active and retired participants. Will the City of Houston consider an alternative proposal for the retiree population that leverages the individual product market for both Pre65 and Post65 retirees?

Answer: The City is not requesting alternative health plans for retirees in this RFP.

Sincerely,

Gerri R. Walker

Gerri R. Walker
Assistant Director, Human Resources