



September 18, 2013

SUBJECT: Letter of Clarification No. **14 – Questions posed at the Pre-Proposal Conference on Thursday, September 11, 2013** relevant to the 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

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:** Is the indemnification language negotiable?

Answer: Indemnification language is not negotiable; there are no exceptions to the City of Houston's contract terms.

2. **Question:** The RFP states exceptions should be noted under terms and conditions in the responses. Is this for all terms and conditions?

Answer: All of the requirements must be followed. Section 7.2 of the RFP states that any exceptions to the terms and conditions contained in the Proposal may negatively affect the City's Proposal evaluation based on the evaluation criteria as stated in the RFP, or result in possible rejection of the Proposal.

3. **Questions:** **Pertaining to MWBE**

A. Have contractors failed to meet the MWBE goals in the past?

Answer: Yes. Contractors have failed to meet their MWBE goals in the past. However, evaluations were conducted to determine good faith efforts.

Conversation in this Pre-Proposal Conference is focused on guidelines, rules and regulations to meet the MWBE goals stated in this RFP.

B. If a vendor is an MWBE certified by the City, is the vendor considered a local or city business?

Answer: The vendor is considered a City business.

C. Can a vendor participate as a Prime contractor and submit as a subcontractor as well?

Answer: No. If a vendor is selected as the prime contractor, the vendor is required to subcontract with city-certified MWBE and qualified Hire Houston First firms.

D. Is the goal on the whole contract?

Answer: No. The goal is based upon the administrative services fees only.

4. **Question:** Do the Letters of Clarification posted to the RFP website need to be included on the proposal?

Answer: No. The Letters are for informational purposes only and do not need to be attached to your proposals.

5. **Question:** Do you want to ask the questions written on the index cards now or should they be submitted?

Answer: Short questions may be asked and answered now. Questions that are highly technical will be answered later and posted on the website. However, only posted answers are binding.

6. **Question:** The disruption file was sent with missing fields. This file is not visible in its current format; can it be sent in multiple formats?

Answer: The claims file must be opened in Microsoft Access in order for you to run the queries required to pull and sort the data provided and to avoid truncating information. .

7. **Question:** Be more specific regarding the required communications / open enrollment activities relative to the 700 City locations.

Answer: Printed communications materials are required; some will be sent directly to employees' and retirees' home addresses, in addition to information published online. The City has several hundred locations around Houston, where numerous meetings will be held in order to accommodate employees on all shifts. Staffing support will be required at many meetings, particularly at locations that have a large concentration of employees. Depending on the plan offerings, plan design, contribution structure, and

networks, we'd expect to schedule up to 500 meetings that will be held during a 31-day period. .

8. Question: Dedicated / designated resources: The RFP states four (4) onsite representatives are required, what else is necessary?

Answer: Requirements include:

- Four (4) onsite Customer Service Representatives (this number will be specified based upon current capabilities);
- A dedicated customer service group at the call center where inquiries and calls are taken.

9. Question: There are questions in the RFP relative to administration of PCP election requirements and reporting. Are there PCP election requirements in the current plans?

Answer: Limited network members have access to three (3) IPAs – Kelsey Seybold, Renaissance and the Mayor Group. Renaissance and the Mayor group require PCPs and PCP referrals to specialists within their respective IPA. Kelsey members can self-refer to a Kelsey specialist.

10. Question: Does the City expect to continue the Limited networks?

Answer: Yes. The City expects the Limited networks to continue.

11. Question: Question 12.2.4.E indicates you expect a zero administration fee; however, you request pass-through pricing. Question 13.1.1 is requesting administration fee amounts. Can you elaborate on expectations of zero fee?

Answer: The sentence indicating zero is a typo. We will post the correction. We are requesting administrative fees to be quoted on a PMPM basis. Per individual life.

12. Question: How will vendors handle mail order discounts?

Answer: Mail order discounts are traditionally based. The definition of transparency will assist in determining discount details.

13. Question: The city posted a response to a question indicating capitation represents 35% of costs. Will the City offer more guidance on capitation (provided in previous bids)?

Answer: The City did not post a response indicating the capitation percent of total costs. We will not provide additional guidance regarding capitation.

14. Question: Minimal disruption of services has been mentioned. Is there a specific level of provider disruption that is targeted in the RFP review process?

Answer: A specific percentage has not been determined at this time.

15. Question: What is the duration of the quiet period? Is this period lasting until the City Council meets to consider proposals?

Answer: *Neither Proposer(s) nor any person acting on Proposer(s)'s behalf shall attempt to influence the outcome of the award by the offer, presentation or promise of gratuities, favors, or anything of value to any appointed or elected official or employee of the City of Houston, their families or staff participants. All inquiries regarding the solicitation are to be directed to the designated City Representative identified on the first page of the solicitation. Upon issuance of the solicitation through the pre-award phase and up to the award, aside from Proposer's formal response to the solicitation, communications publicly made during the official pre-proposal conference, written requests for clarification during the period officially designated for such purpose by the City Representative, neither Proposer(s) nor persons acting on their behalf shall communicate with any appointed or elected official or employee of the City of Houston, their families or staff through written or oral means in an attempt to persuade or influence the outcome of the award or to obtain or deliver information intended to or which could reasonably result in an advantage to any Proposer. However, nothing in this paragraph shall prevent a Proposer from making public statements to the City Council convened for a regularly scheduled session after the official selection has been made and placed on the City Council agenda for action.*

Proposers may speak at the public sessions on Tuesdays.

16. Question: Does Hire Houston First (HHF) only apply to Prime Contractors or to subcontractors as well? Is there a benefit for a vendor to get an HHF affidavit with regard to a prime proposal?

Answer: Hire Houston First applies only to Contractors. The benefits relevant to the evaluation process are listed below.

- **THREE PERCENT** OF THE TOTAL EVALUATION POINTS AVAILABLE TO A "LOCAL BUSINESS," AS DEFINED IN SECTION 15-176 OF THE CITY OF HOUSTON CODE OF ORDINANCES, AND
- **FIVE PERCENT** OF THE TOTAL EVALUATION POINTS AVAILABLE TO A "CITY BUSINESS," AS DEFINED IN SECTION 15-176 OF THE CITY OF HOUSTON CODE OF ORDINANCES,
- UNLESS THE USER DEPARTMENT DETERMINES THAT AN AWARD TO THE LOCAL OR CITY BUSINESS WOULD UNDULY INTERFERE WITH CONTRACT NEEDS, AS PROVIDED IN SECTION 15-181 OF THE CODE.

17. Question: Question 12.2.4.E indicates a zero administrative fee. However you request pass-through pricing of retail discounts and rebates. And, Question 13.1.1 is requesting administrative fee amounts. Elaborate your expectation of zero fee.

Answer: The statement referencing a zero administrative fee is a typo. We are requesting administrative fees to be quoted on a PMPM basis - per individual life.

18. Question: Will we receive a copy of the attending proposers from today's Pre-Proposal Conference?

Answer: See Pre-Proposal Sign In Sheets Exhibit.
Sincerely,

Gerri R. Walker

Gerri R. Walker
Assistant Director, Human Resources