



CITY OF HOUSTON

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September 18, 2013

SUBJECT: Letter of Clarification No. **16** 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: For question 14.16.17, could we get an updated top 100 drugs report with tabs showing the top 100 brand drugs at mail by cost. (The current list does not show brand drugs at mail.) Also, would you please provide the NDC number so that we can be sure that we correctly do a drug-to-drug comparison.

Answer: Please see Exhibit 21, Top 100 Mail Order Rx by Total Cost

2. Question: You mentioned in the pre-proposal meeting that we may have the opportunity for oral presentations. You mentioned that we may have 3 days to a week to prepare. Please provide a general idea of the month when these oral presentations would take place.

Answer: The presentations will most likely occur in late October to early November.

3. **Question:** How do you reconcile the capitation fees that are being paid to an IPA?

Answer: The Human Resources Finance Division receives a monthly capitation report from Cigna and reconciles this data to eligibility / enrollment / tier provided in the City's SAP system.

4. **Question:** What procedures do you expect to take place in the capitation reconciliation?

Answer: Procedures would include:

- Receipt of the monthly file from vendor to be manually reconciled against the city's SAP data;
- Monthly meeting with vendor to discuss discrepancies between the city's records and vendor's records to achieve resolution.

5. **Question:** Would you please tell us:

A. What is the "LWOP" designation? Is it Leave w/o Pay?

Answer: Yes, "LWOP" is the acronym for Leave without Pay.

B. What is meant by "Trailing Dependents"?

Answer: Trailing dependents are the spouses and children of deceased or retired city employees. Medicare covered retirees and their Medicare covered dependents are required to enroll in in a Medicare plan; however, split coverage is available for those dependents who are not eligible for Medicare.

C. Are the LWOP and/or the trailing dependents subsets of the other categories provided?

Answer: No, LWOP and trailing dependents are not subsets of other categories.

6. **Question:** Will the City require two on-site CSRs from carve-out PBM vendors? We feel this may have been intended for medical vendors.

Answer: The four on-site CSRs are required to be provided by the medical vendor only. If a carve-out PBM is selected, the City may require an on-site CSR.

7. **Question:** Please confirm if the City of Houston has an exclusive mail order program for specialty pharmacy.

Answer: Yes, the City does have an exclusive mail order program for specialty pharmacy.

8. Question: Will the City reconsider releasing month-by-month capitation payments from May 1, 2011 to a current date since capitation is traditionally considered a “claim” charge and not an administrative expense?

Answer: No, the City will not release month-by-month capitation payments, as this information sets the framework for proposers to easily calculate the current capitation rates, which is considered proprietary information.

9. Question: Will the City provide a short synopsis of medical and pharmacy benefit changes implemented on May 1, 2012?

Answer: There were no plan design changes effective May 1, 2012.

10. Question: The Mayor recently approved a reduction in some medical and some pharmacy copayments. No effective date was announced. How should a proposer's response reflect these anticipated changes?

Answer: The effective date of the rollback to the copayments is September 1, 2013, as indicated in Letter Amendment 9, posted to the RFP website on August 30, 2013. For comparison purposes, your proposal should include the plan designs reflected in Plan Design Amendment 8 and Letter Amendment 9.

11. Question: On the Open access plan, what is the difference between a Cigna Care Network Specialist and Non-Cigna Care Network Specialist?

Answer: The copayments paid to Cigna Care Network specialists are less than the copayments paid to non-Cigna Care Network specialists. This is explained in the Exhibit for the Open Access Plan and in Plan Design Amendment 8, posted on the RFP website.

12. Question: At the Pre-Bidders Conference on 09/11/13 a question was asked if bidders needed to include all of the Letters of Clarifications in the response and the City replied that No they did not need to be included. Can you please confirm that this is correct as the Letters of Clarification state "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?" This seems to indicate that they do have to be included in the response as indication that they have been received.

Answer: The Letters of Clarification may include some changes to the initial information provided in the original RFP. These changes must be incorporated into your responses. However, the letters do not need to be attached to your proposal(s).

13. Question: Regarding the City_Houston_medical_claims_output4 file that was to be used for the medical claims repricing. Would it be possible to include either the members' ZIP codes or the providers' ZIP so that we may assign the appropriate discount per 3-digit ZIP code? If we don't receive it, we will have to provide the average discounts for the Houston area. Thank you. Will the city accept aggregate claim repricing results and therefore specific results shared only with their consultant, Segal under a non-disclosure agreement?

Answer: This data can be gathered by cross-referencing the eligibility files (for member zip codes) and the provider files (for provider zips) with the member IDs and the provider TINs on the claims file, respectively. Segal has received an updated file that includes member / provider zip codes together; however, it will not be ready for posting to the secure website until later this week. If you have executed the non-disclosure agreement (NDA), you will be able to access this information on Segal's secure website when it becomes available. In addition, we have posted instructions for opening a csv file in Microsoft Access on the RFP website. You can also copy the file into SAS or SQL, as well as Access and Excel 64 bit.

14. Question: How often does City submit eligibility data files to the current medical vendor? Bi-weekly? Weekly?

Answer: The eligibility files are sent to the current medical vendor bi-weekly for active employees and monthly for retirees.

15. Question: I was notified that The Segal Company has added or updated a notice to RFP "City of Houston TPA Services RFP". This appears as 15.155 in the RFP. I've looked for it but I haven't been able to locate the document. Can you help?

Answer: This information has been posted to a secure website and requires execution of a non-disclosure agreement (NDA). This document is posted to the RFP website as Exhibit 20. The executed NDA must be forwarded to Joyce Hays at Joyce.Hays@houstontx.gov. Upon receipt, Joyce will notify the Segal Company, our consultant, who will then release the website access information to you.

Update to Letter of Clarification 12:

- **Clarification to Question #13 Response**

Mandatory generic or dispense as written penalties are not currently applied to the prescription drug program.

- **Clarification to Question #14 Response**

Due to Texas state regulations referencing “any willing “ provider, mandatory mail maintenance or specialty drugs are prohibited, negating necessity for a grace fill at retail.

Sincerely,

Gerri R. Walker

Gerri R. Walker
Assistant Director, Human Resources

END OF LETTER OF CLARIFICATION 16