

**CITY OF BUFFALO**

**REQUEST FOR PROPOSAL**

**INSURED**

**MEDICAL & PRESCRIPTION DRUG INSURANCE**

**ISSUE DATE: DECEMBER 31, 2009**

**QUESTIONS DATE: FEBRUARY 26, 2010**

**DUE DATE: MARCH 31, 2010**

**SELECTION DATE: JUNE 1, 2010**

**RESPOND TO:**

**Carla Thomas, Commissioner  
City of Buffalo  
Department of Human Resources  
1007 CITY HALL  
65 NIAGARA SQUARE  
BUFFALO, NY 14202**

## **CITY OF BUFFALO**

### **BACKGROUND**

The City of Buffalo, located in Western New York, sponsors group health insurance benefits for approximately 2,000 full-time employees and 3,000 retirees.

Nine collective bargaining unions (Local 650, 264 AFSCME 264 Teamsters, Crossing Guards, Police PBA, Local 282 Fire, 2651 Building Inspectors, Local 71 Engineers, Elected and Appointed) negotiate the type of health coverage plans for the majority of the population. Only one are not unionized and receive health options as determined by the white collar contract.

All health plans are fully insured and experience rates. Blue Cross/Blue Shield of WNY provide a variety of HMO & Indemnity products that are available to employees based on union affiliation, hire date etc. The City of Buffalo pays a varied of amounts towards the premium for all plans.

**INSTRUCTIONS TO BIDDERS**

**1.) The following Exhibits have been provided:**

- *Exhibit A~Summary of Membership Information (Active & Pre/Post Retirees)*
- *Exhibit B~ Plan Designs*
- *Exhibit C~ Number of employees by plan design*
- *Exhibit D~Claims Experience*
- *Exhibit E~ Census*

**2.) Please provide the following Quotes:**

- *Medical & Prescription Drug*
  - *Prospective Experience Rate*
  - *Minimum Premium Experience Rate*
  - *2 Year Rate Commitment*
  
- *Medical (only)*
  - *Prospective Experience Rate*
  - *Minimum Premium Experience Rate*
  - *2 Year Rate Commitment*

**QUOTATION REQUIREMENTS**

*The City of Buffalo* is requesting proposals for Experience Rated and Minimum Premium, for its Medical and Prescription Drug Coverage. The selected program will be effective **July 1, 2010 and all proposals must be received no later than noon on March 31, 2010 EST.**

Attached are the proposed plan designs. Employees will have the option to choose between the various plan designs during their open enrollment period. Price each plan design accordingly knowing that employees will have the option of enrolling in either of the plans during their initial enrollment period and subsequent enrollment periods. Please attempt to match the plan designs as closely as possible. If it is not possible to do so, alternate plan designs may be considered. All alternate plan designs must be indicated as such and clearly highlighted.

*The City of Buffalo* reserves the right to reject any and all bids, waive any informalities in any bid and to negotiate terms for such services as, in its opinion, best serves the interest of the *City of Buffalo*.

The insurance company/plan administrator will not be selected on the basis of cost alone. Quality, extent of service, and experience with agencies like the *City of Buffalo*, will be major factors in the decision making process.

The proposal should be submitted with the most favorable terms in which you can propose. **There will be no best and final offer procedure.**

Insurance and or TPA companies must be licensed in the State of New York, and in good standings. Any companies submitting a Self Funded proposal must be able to demonstrate a minimum of ten (10) years experience administering medical and prescription drug plans.

The City of Buffalo must have the option of terminating the contract with a 90-day notice.

**2.) Items to Be Submitted With Bids**

- 1.) Ten (10) Hard Copies and Ten (10) CD-ROM's (CD must be tested to ensure that all materials are there)
- 2.) Completed Summary of Quotations (Excel worksheet)
- 3.) Quotation Worksheet
- 4.) Completed Bidder's Questionnaire
- 5.) Claims Administration contract(s)
- 6.) Non- Collusive Bidding Certification
- 7.) Quotations Declaration to be furnished by Bidders
- 8.) Resumes detailing the qualifications and experience of key Personnel to be providing Claims Administration services and ongoing client customer service representation

- 9.) Sample reports
- 10.) Performance Guarantees with financial incentives/penalties
- 11.) Errors and Omissions Certificate
- 12.) Most recent audit results
- 13.) Participating Provider directories and appropriate website information
- 14.) Geo access analysis for participating networks

**3.) Fee Schedule**

Please provide your allowance for your top 50 CPT codes by Volume and Frequency.  
Please provide your average hospital reimbursement rate for your top 10 DRG's by frequency.  
Please provide your detailed prescription drug reimbursement methodology  
Out of Network reimbursement methodology

**4.) Pooling Level/Stop Loss**

The *City of Buffalo* will entertain Self Funded, Minimum Premium and Fully Insured funding options.

Quotes should include a \$250,000 Specific Pooling level/Stop loss on all medical quotes.  
Prescription should be quoted without pooling/stop loss.

**5.) Prescription Drug Proposal**

The City of Buffalo is looking to secure a prescription drug contract to be included as part of their Medical Plan. A separate Request for Proposal is being distributed for prescription drug coverage. If you are submitting bids for both medical and prescription coverage, you must complete and submit both requests.

**6.) Takeover Issues**

You must agree to "no loss/no gain" for all employees and dependents currently covered under the plan. NO participant will lose the following benefits/provisions already attained, nor will any participant gain additional benefits/provisions for which they have not yet satisfied the requirements or are not yet eligible:

- Pre-existing conditions or waiting periods
- Deductible
- Co-insurance and out-of-pocket limits

In addition:

- The "actively-at-work" requirement must be waived. The dependent non-confinement rule must be waived.
- All COBRA participants, whether or not disabled must be covered.

**7.) Accuracy of Information in Specifications**

The information contained in these Specifications are furnished for the convenience of the bidders. Each bidder must carefully examine these Specifications and make whatever reasonable inquiries are necessary for underwriting and rating purposes.

If conditions or exposures are determined to be at variance with information contained herein, bidders are to use the information furnished (and subsequently by addenda only) for quotation purposes and submit adjustments to contemplate the variances. All bidders obtaining the Specifications must make certain that each service provider furnished with the Specifications is also furnished with subsequent addenda, if issued.

**8.) Inquiries**

All inquiries regarding the Specifications should be directed to:

**Carla Thomas, Commissioner of Human Resources, via email only to:**  
[healthcarerfp@city-buffalo.com](mailto:healthcarerfp@city-buffalo.com)

**The subject line must identify the RFP by title**

**9.) Conditioned Bid and Recommendations**

Every bid must indicate the bidder's willingness to provide the service proposed at the price proposed without qualification. If acceptance of any contract is predicated upon compliance with certain recommendations, they must be clearly indicated in the bid together with an anticipated date of compliance. If there are additional feasible recommendations that would result in cost savings, such recommendations should be separately stated together with the amount of savings for each.

**10.) Deviations and Alternate Proposals**

A declaration of *all* deviations from the Specifications must be clearly stated in the Bidder's Questionnaire. Except for stated deviations, the service contract must provide all Services in these Specifications with no unusual limitations. The submission of specimen contracts shall not waive or modify the requirement to declare all deviations from these Specifications.

**11.) Reports**

Each bidding entity must agree to give *The City of Buffalo, the most detailed* comprehensive reports/reporting capability available, throughout the duration of this engagement. This includes claims utilization, loss information, membership data, premium data, online data base access, standard and customized reports upon request.

**12.) Fee Computations and Adjustments**

Each bidding entity must make certain that all bids on its behalf are correct and that the services proposed will be provided. Upon awarding of the contract, the successful bidder must provide a written statement of its acceptance of the services as bid and agreed to within three (3) working days.

**13.) Bidder's Questionnaire**

A complete Bidder's Questionnaire must accompany all proposals. If there is insufficient room to provide information on items such as deviations, alternate proposals, etc., an additional page or pages may be attached. Please, however, refer to the question number of the Bidder's Questionnaire, giving appropriate reference from Quotation Specifications.

**QUOTATIONS**

**Services to Be Provided**

- 1.) Establish reasonable requirements for verification of the payment and amount of such expenses.
- 2.) Process each claim in accordance with the applicable administrative notification and plan requirements.
- 3.) Perform reasonable and necessary administrative and clerical work in connection with reported claims.
- 4.) Maintain a current estimate of the cost of all anticipated costs on each claim.
- 5.) Contact treating medical care providers as may be deemed appropriate.
- 6.) Pursue subrogation recovery where warranted.
- 7.) Assist the *City of Buffalo* in communicating the benefits available to covered employees.
- 8.) Consult with key personnel of The *City of Buffalo* on the establishment of necessary procedures for filing, monitoring and paying claims.
- 9.) Participate in the orientation and training of appropriate *City of Buffalo* ' personnel who may be involved in the processing of claims.
- 10.) Review the program process periodically with *City of Buffalo* in order to identify problems & effectuate corrective action.
- 11.) Provide HIPAA notifications for terminated participants and verification procedures for new hires.
- 12.) Performance Guarantees that provide detail reporting of audit statistics and financial penalties for non-compliance.
- 13.) Track and verification procedures for student status.
- 14.) Coordination of Benefits.
- 15.) Online edits for medical appropriateness as well as claim edits for billing, i.e. bundling and unbundling.
- 16.) Utilization and Case Management.
- 17.) Cost containment services.

## **SECTION I BACKGROUND/MARKETING SPECIFICATIONS**

Since there are important considerations involved in selecting a service provider in addition to rates, The City of Buffalo will not necessarily accept the lowest bid. In addition to cost, professional competence, service, and coverage will serve as a basis for award of the contract.

City of Buffalo reserves the right to accept or reject all or any part of the proposals, waive minor technicalities, and award the proposal to a company that best serves the interest of the City. City of Buffalo also reserves the right to waive or dispense with any of the formalities contained herein.

Proposals must be submitted for coverage on all eligible, full-time, active employees and their dependents as well as retirees, both under and over age 65.

Coverage will be afforded an employee or dependent on no loss/no gain basis. This means your plan may not impose any actively-at-work/non-confined provisions. If, for any reason your plan is not fully compliant with HIPAA, you must give all employees and dependents covered under the prior plan, credit for the time covered against any pre-existing conditions or waiting periods contained in your plan. In addition, your plan must give credit for any deductible and/or coinsurance satisfied under the prior plan.

All materials necessary to effectively communicate and administer the program shall be prepared and printed by your company at your expense. These materials include, but are not limited to, master plan document, summary plan descriptions, schedules of benefits, claim forms, identification cards, check stock, explanation of benefits, and provider directories.

Enrollment meetings will be scheduled prior to the effective date of the contract. Your company will be responsible for presenting the new plan and enrolling employees at the various sites of the City.

City of Buffalo accepts no financial responsibility for any costs incurred by your company in the course of responding to these specifications.

Insurance and or TPA companies must be licensed in the State of New York, and in good standings. Any companies submitting a Self Funded proposal must be able to demonstrate a minimum of ten (10) years experience administering medical and prescription drug plans.

**SECTION II QUESTIONNAIRE**

**Failure to submit the questionnaire with the proposal documents will result in rejection of the proposal.**

**GENERAL INFORMATION**

- 1.) Please provide a brief background of your company including your company's products and services. Please provide a review of the evolution of the growth of your organization, highlighting any acquisitions, and/or mergers over the past five years. Are you owned or operated by a parent company?
- 2.) Please provide a high level overview of your organization's corporate structure. Please comment on any planned, potential, or publicly announced changes in ownership structure that may be occurring within your organization. Describe any impact, both positive and negative, that this change may have on Client. If your company is responding to this RFP in combination with any other vendors, such as strategic alliances or outsourced services, please describe those relationships, the operational structure, source of accountability to Client and the legal architecture behind the relationship.
- 3.) What type of clients do you serve?
- 4.) What is the average size of your clients?
- 5.) For what amount are persons with access to funds bonded? Name of Bonding Surety?
- 6.) Will you permit the audit of working files and claims handling performed by another firm?
- 7.) Describe escrow fund requirements, if any, and procedures for the payment of claims.
- 8.) Describe your services provided to the extent they may be unique or vary from the services requested.
- 9.) Provide seven (7) references from current clients with at least three (3) that are similar (size, municipality) to the City of Buffalo and two (2) terminated clients. Include name, address, contact person, phone number and email address for each.

**CLIENT SERVICE**

- 1.) Explain the organizational structure you intend to use to service The City of Buffalo. For example, will you provide a primary or dedicated client service team (e.g. day-to-day operational account manager, account director, eligibility specialist, member services manager, and implementation)? How do you define primary or dedicated?
- 2.) How do you define primary or dedicated? Please provide bios of key individuals, note their primary roles and responsibilities and document where each team member is located.
- 3.) What is the tenure and expertise of key claim personnel?
- 4.) How many claims processors will be dedicated to The City of Buffalo? What is the average claims processor workload? What is the workload of person(s) who will service The City of Buffalo?
- 5.) What office location will handle claims? What are the hours of operation?
- 6.) Is there a toll-free number available for members to contact the claims office?
- 7.) Do you provide automated interactive telephone customer service? If yes, please describe the menu available to callers. What is the percentage of calls handled by interactive vs. human voice?
- 8.) What phone statistics do you tabulate and monitor, (i.e., average waiting time, average time per call, percent abandonment rate, percent blocked calls, customer satisfaction with interaction and with help desk personnel, customer satisfaction with problem resolution, other). Are these statistics provided to Client? Is there a charge?
- 9.) Please provide your Customer Service goals and actual performance rates for calendar year 2007 by quarter. Include average speed of answer, percentage of blocked calls, and percentage of calls handled. Have any of these measures been validated by external parties such as auditors, or are they self-reported?
- 10.) How are calls handled after hours on weekends and holidays?
- 11.) How do you handle non-English speaking customers?
- 12.)
  - a. Who will The City of Buffalo Contact person address with problems and questions?
  - b. Does he/she control the account or just pass on information?
  - c. How many layers between the contact and person who will make the decisions?
- 13.) Estimate your minimum start up time from date of contract award to date of processing claims commencement. Do you have the needed personnel, equipment and claims systems? If not, how and when do you propose to obtain them?

- 14.) Can employee, employers, and providers' access claim history, claim forms, explanation of benefits, claim status and eligibility on line via a web portal?

### **CLAIMS PROCESSING SYSTEM**

- 1.) Describe your claims processing system and general capabilities.
- 2.) Describe what "quality of assurance" procedures you currently have in place to ensure:
  - **Accuracy of payments**
  - **Eligibility**
  - **Appropriateness of treatment versus diagnosis**
  - **Medical necessity**
  - **Coordination of Benefits**
  - **Subrogation recovery**
  - **Coding appropriateness**
  - **HIPPA Compliance**
- 3.) Describe your flexibility to deal with participant-specific eligibility data requirements and variations, member ID numbers varying in length; alphanumeric ID numbers, your ability to incorporate client specific departments, classes or product coding.
- 4.) Confirm your willingness to provide another vendor(s) with electronic data and membership changes on a daily basis. Is there a fee?

### **CLAIMS ADMINISTRATION AND REPORTS**

- 1.) Do you agree to a no-loss/no-gain takeover of all benefits?
- 2.) What are the options for processing Coordination of Benefits (COB)? Describe your COB payment processes.
- 3.) What information will be stored on a spouse's employment, other coverage, etc., for coordination of benefits purposes?
- 4.) How do you define turnaround time?
- 5.) What are your most recent turnaround statistics?
- 6.) In 2006/2007 has your company been fined for not processing claims in a timely manner? If so please provide details.
- 7.) In 2007 what was your COB percentage, with and without Medicare.

- 8.) Describe your procedures for handling appeals of denied or disputed claims.
- 9.) Are hospital bill audits routinely performed on large claims, regardless of whether the hospital is under contract and what is the dollar and/or diagnosis threshold for audits?
- 10.) Are professional claims checked for unbundling/up coding or procedure codes? If yes, what software is used? Are all claims run through the software? If not what criteria are used for selection of claims? How are savings reported?
- 11.) Describe your system for subrogation.
- 12.) In what office is the Medical Director located? Provide name, address, email address, biography and length of service.
- 13.) Please include copies of your “standard” claims utilization, cost containment, prescription drug, case management, high claimants and financial report package. **Include Print Screens.** Provide a list of reports that can be produced at the client’s request. Note frequency with which each individual report is generated and list the charges, if any, for report production.
- 14.) How soon after the close of the reporting period, are reports available? Will they automatically be sent or will they need to be requested?
- 15.) Describe cost containment services and global negotiations.
- 16.) Describe pooling point administration specifically related to claims expense for the Minimum Premium Proposal.
- 17.) Will large claimant reports be generated? Provide copy of report.

**MEDICAL UTILIZATION REVIEW, CASE MANAGEMENT, AND PRE-AUTHORIZATION**

- 1.) Is your medical Utilization Review Department accredited? If so, with what accrediting agency?
- 2.) Describe hospital pre-certification procedures and how emergency admissions, after normal business hours, are handled.
- 3.) Provide samples of all Utilization Management reports that the City of Buffalo will receive, as well as the frequency of reports.
- 4.) Outline medical staffing and their credentials, including the medical director. For example, number of Registered Nurses, number of Licensed Nurse Practitioners, number of non-professionals.
- 5.) Explain the appeal process.

6.) Describe your wellness and disease management programs in detail and provide sample reporting.

**NETWORK OVERVIEW**

- 1.) Describe your preferred Provider Organization network of participating providers for medical care, including numbers of providers, by specialty, and geographic location (attach additional information as necessary).
- 2.) Please provide Geo Access reports for the proposed census group according to the following network specifications:
  - oOne PCP within 10-mile radius
  - oTwo PCP's within 10-mile radius
  - oOne Hospital within 15 – mile radius
  - oTwo Hospitals within 15-mile radius
- 3.) Provide listing of all participating hospitals and Centers of Excellence.
- 4.) Describe your standard definition of “in the service area” for all plans.
- 5.) Furnish ten (10) copies of your latest provider directories and provide the web address where provider information is located. How often is the provider website database updated?
- 6.) Describe in detail your process for calculating “Reasonable and Customary” charges and what database is being utilized. Describe how frequently your schedules are updated and how rates vary geographically.
- 7.) What is your reimbursement allowance methodology for non participating providers?
- 8.) Complete the spreadsheet that shows the standard discounts for the designated CPT codes for each service area.
- 9.) List the name of national/regional networks being utilized. Are hospitals, diagnostics and physician networks available on a national basis?
- 10.) Is there a Centers of Excellence program for out-of- network benefits? If so, please describe the program.
- 11.) Are discounts applied to out of network claims?
- 12.) Indicate access fees for both local and national PPO access.
- 13.) Describe your physician credentialing process. Once a physician has been credentialed, do you re-evaluate the credentials at some point in the future? Explain.
- 14.) Describe your process for additions and deletions of providers from your network.

- 15.) Describe your communication process to members when a doctor is no longer participating with your network.

**PROGRAM ADMINISTRATION AND FINANCIAL MANAGEMENT**

- 1.) Assuming a July 1, 2010 effective date and an April contract award date, please provide a specific plan and timetable that will be used to implement the plan.
- 2.) Describe enrollment procedures. Is there an additional charge for on site enrollment, if so what is the cost?
- 3.) Is “on-line” enrollment, via web or telephone available? Is there a cost, if so, what is the cost?
- 4.) How soon after enrollment will you provide the plan document and booklet drafts for new plans? Are there additional costs associated with these items? If so, what is the cost?
- 5.) Can employees, employer and providers access claim information, eligibility and EOB’s via website or telephone?
- 6.) Does your proposal include the design and printing of employee identification cards, SPD booklets, schedules of benefits and claim forms? If not, what is the charge for these items?
- 7.) Does your plan comply fully with HIPAA Privacy and Portability rules? Do you provide all required notices to members including certificates of creditable coverage?
- 8.) Do you have a Utilization Review Department that closely monitors hospital admissions, length of stay, and large claims?
- 9.) Provide detailed information on performance measurements and show the amount of premium or fees that you will place at risk for failure to meet the measurements. Example, timely I.D. cards, phone service, claim payments, eligibility maintenance, financial accuracy etc.

**SPECIFIC STOP LOSS AT \$250,000**

	<b>1<sup>st</sup> Year</b>	<b>2<sup>nd</sup> Year</b>	<b>3<sup>rd</sup> Year</b>
<b>Specific Stop Loss</b>			

**QUOTATION DECLARATION TO BE FURNISHED BY BIDDERS**

The following must be included as part of the proposal:

TO: *The City of Buffalo*

The undersigned declares that he or she has carefully examined the Specifications and instructions and will furnish the insurance protection or service indicated for cost set forth in the proposal (assuming no change in exposures from those included in the background material).

*The City of Buffalo* acknowledges that the figures have been checked carefully and understand that *The City of Buffalo* will not be responsible for any errors or omissions on the part of the undersigned in making up this quotation offer.

It is understood that *The City of Buffalo* reserves the right to accept or reject any or all quotations and to waive any informality in any quotations received.

Name and Address of Company (ies)

Signature of Authorized Representatives

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Name and Address of  
Representative responding to the Proposal

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**CITY OF BUFFALO**

**Non-Collusive Bidding Certification**

By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury that to the best of knowledge and belief:

- 1.) The prices in this bid have been arrived at independently without collusion, consultation, communications, or agreements for the purpose of restricting competition, as to any matter relating to such prices with any other bidder or with any competitor;
- 2.) Unless otherwise required by law, the prices which have been quoted in this bid have not been knowingly disclosed by the bidder and will not knowingly be disclosed by the bidder prior to opening, directly or indirectly, to any other bidder or to any competitor; and
- 3.) No attempt has been made or will be made by the bidder to induce any other person, partnership or corporation to submit or not to submit a bid for the purpose of restricting competition.

**THE UNDERSIGNED AFFIRMS UNDER THE PENALTIES OF PERJURY THAT THE FOREGOING CERTIFICATION IS TRUE.**

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

Print Name: \_\_\_\_\_

Firm Name & Address: \_\_\_\_\_

Date: \_\_\_\_\_

**CITY OF BUFFALO**

**UNAUTHORIZED USE OF REQUEST FOR PROPOSALS**

This Request For Proposals has been prepared solely for use in connection with the competitive bidding of the medical care plan of the *City of Buffalo* to be effective July 1, 2008.

Any other use of this Request For Proposals, in whole or in part, is done so *without* the permission of *The City of Buffalo* or *Brown & Brown of New York, Inc.* Furthermore, any such unauthorized use of this Request For Proposals, in whole or in part, will be at the full risk of any other user. *The City of Buffalo* **will not** be responsible for any unauthorized use of this Request For Proposals in any capacity whatsoever.

**SECTION V EXHIBITS**

**Current Plan Summaries**

**Census**

**Medical Claims Experience**

**Prescription Claims Experience**

**CPT Codes**

**Cost Sheets**