SECTION I

A. Statements of Understanding for the Request For Proposal

The City of Durham is committed to an environment where those vendors offering proposals will be expected to work together to ensure the achievement of the objectives set forth in this RFP and to manage the benefit programs to best meet the needs of our employees, retirees and the citizens of Durham.

B. Objectives of Proposal Process **The objective of this RFP process is to:**

*Maximize the value of the benefits that are offered to employees and retirees by partnering with organizations that have adopted the best practice models of cost containment, atomization and customer service
*Provide benefit options with high quality providers that have demonstrated superior service
*Provide value added preventive care and wellness features within plans with high levels of communication
*Secure the highest quality standards for our employees and retirees
*Award contracts for a one-year period, with the annual option to renew for additional years
*Control short and long term costs for City of Durham and its employees
*Develop "well managed" benefits that provide the highest value for the most reasonable cost
*Partner with the City of Durham in furthering our goals of celebrating the strengths of our diverse work group and increasing the minority participation in the vendorship of our benefits.

C. List of Benefits for which the City is accepting proposals. A provider may submit proposals for one or all of these programs.

Group City Contribution Benefits

1. **Health Care Insurance (Fully Insured) with Pharmacy, excluding Vision,**
2. **EAP and Mental Health Care Plan (Self Insured)**
3. **Dental Care (Fully Insured or Self Insured Administration)**
4. **Group and Supplemental Term Life Insurance**

Group Voluntary, Employee Paid Benefits

5. **Short Term Disability Plan**
6. **Routine Vision Care Plan**
7. **Long Term Disability Plan**
8. **Cancer Insurance**
9. **Auto and Home Owners Insurance**
10. **Universal Life Insurance**
11. **Flex Spending Account Administration (Section 125)**
12. **Long Term Care Insurance**
13. **Group Medicare Supplement Insurance**
14. **Pre-Paid Legal Plan**
15. **Routine Vision Plan**

D. Summary of Current Benefits Plans

1. Current Programs	Provider	Comments
Health Care	WellPath	Fully Insured Health Care Plans (does not include Mental Health or Dental) Two Plan Levels. Enhanced Level Point of Service (POS) Basic Level is HMO. Covers employees and Retirees to age 65.
Dental Care Plan	Delta Dental	Group Self-Insured Dental Plan
EAP & Mental Health Services	Duke Mental Health	External EAP Services along with a Self Insured Mental Health Care Plan
Basic Term Life Insurance	NC Mutual	City Paid at Annual Salary
Supplemental Term Life Insurance	NC Mutual	Employee Paid Additional coverage. Option I: additional $5,000, Option II: additional annual salary and Dependant Coverage: additional $5,000.
Universal Life Insurance	NC Mutual	Voluntary, Employee Paid Life Insurance with Cash Accumulation Options
Flexible Spending Accounts	Colonial w/ Laymon Group	Administration of the Section 125, Pre-tax Premium, Conversion, and Flexible Medical, Dependent and Parking Accounts
Auto, Homeowners Insurance	MetPay	Voluntary, Employee Paid Insurance covering Property and Casualty
Short and Long Term Disability, Cancer, Critical Illness, Group Universal Life.	Colonial	Voluntary Employee Paid Insurance Plans provided to supplement the coverage provided by the City.
Long Term Care Insurance	Trans America	Voluntary, Employee Paid Insurance providing financial assistance for home healthcare and nursing facility expenses.
Routine Vision Care	Community Eye Care	Employee paid, voluntary benefit providing annual examination and discount, allowances and reimbursements for eye care.
Pre-Paid Legal Services	Pre-Paid Legal	Employee paid, voluntary benefit providing legal services and products at no cost or discounted rates

2. Desired New Programs

Employee New Home Ownership Program
COBRA administration by the vendor of the Health Care Plan
Increase the Supplemental Life Insurance amount to 3 times annual salary

E. Eligibility for Benefits

All Regular, Full-time employees, Temporary with Benefits employees, certain eligible Regular Part-time and dependents are eligible for coverage under these programs. Coverage is effective on the first day of the month following date of hire. Designated Regular Part-time employees are eligible for Health Care, Dental Care and Life Insurance. Retired employee and dependents are eligible for Health Care up to the age of 65 and Dental Care for up to 18 months from date of retirement.

Eligible Employees/Retiree may select dependent care coverage for Health and Dental coverage. Eligible dependents are: Employee's spouse. Employee's or spouse's unmarried children, stepchildren, legally adopted children, children for whom employee or employee's spouse are the legal guardian, or have permanent custody, or children who, by court order, must be provided health care coverage by the employee or the employee's spouse. Domestic Partners and the dependents of domestic partners are eligible to be covered by the employee or the retiree.

Eligible dependents are covered to age 19. Coverage ends the last day of the month in which the birthday occurs. Eligibility may continue past 19 if the eligible dependent is a full-time student. Student coverage ends at age 25. Employee's may cover a dependent who is unmarried and primarily dependent upon employee for support past the age of 19, if the dependent has a condition of physical handicap or mental retardation which renders the dependent unable to work. This incapacity must have started before age 25 and must be medically certified by a physician. Newborns, new spouses and other newly acquired dependents must be added to the employee's health care coverage within 31 days from the date of birth, date of marriage or date of other qualifying event (i.e. court appointment, adoption).

F. Employee Contributions **(See Benefits Rate Sheet 2005-06)**

1) Health Care

Current employee contributions are detailed in the City of Durham Employee Benefits Summary. Effective September 1, 2005, the City offered one health care vendor with two plan designs. The Basic Level plan offered an HMO plan design with higher copays and the lowest monthly employee premium. The Enhanced Level plan offered a POS plan design with lower copays for services and a higher monthly employee premium. The same network of Primary Care Physician, Specialist and medical facilities exists for both the Basic and Enhanced Plans. For retirees living outside of the local service area, the provider has offered a PPO option that also has Basic and Enhanced level plans. Retirees under the age of 65 are also eligible for coverage. Eligibility for retiree dependent coverage is similar to regular employees **(See Health Care Summary)**

2) Dental Care
Current employees receive dental coverage at no cost. Dependent coverage (Two-Party and Family) is paid for by the employee with no contribution from the City. **(See Dental Plan Summary)**

3) Term Life Insurance
Current employees receive Term Life Insurance in an amount equal to the annual salary to the nearest thousand dollars. Additional coverage is available at employee paid basis. Option I is additional $5,000 and Option II is an amount equal to the annual salary to the nearest thousand dollars. These are voluntary rates based on employee's age. The employee may also select Supplemental Dependent Coverage on spouse and children in the amount of $5,000 each. **(See NC Mutual Rate Sheet)**

4) The other benefits are employee paid without a contribution from the City.

G. Proposal Process Information and Requirements

Proposal of Current Plan Design
Previous practice requires that each proposal duplicate the current plan design. With this proposal the City of Durham would like to see those plans that would at least provide the current level of benefit. However, the City of Durham welcomes any alternatives you may wish to present in addition to your proposal for the existing design. You are invited to present alternative structures and designs, which add value to the plan along with any recommendations that may be of interest to the City of Durham and its employees based upon the objectives of this process. You are also invited to propose alternative funding arrangements. If you propose an alternative plan, please specify on the "Summary of Alternative Plan Design" exhibit how benefits are improved/enhanced under the proposed alternative plan. Detailed plan descriptions are included with this RFP

PLEASE NOTE THAT CITY OF DURHAM RESERVES THE RIGHT TO ACCEPT OR REJECT ANY AND ALL PROPOSALS, TO WAIVE ANY TECHNICALITIES OR REGULARITIES THEREIN, TO AWARD CONTRACTS, OR TO WITHDRAW THE REQUEST FOR PROPOSAL WITHOUT AWARDING A CONTRACT.

H. CONFIDENTIALITY

ALL DATA INCLUDED IN THIS RFP AND ACCOMPANYING APPENDICES, AS WELL AS CENSUS DATA, IS PROPRIETARY TO THE CITY OF DURHAM. IT IS FOR YOUR EXCLUSIVE USE IN PREPARING A PROPOSAL AND MUST NOT BE SHARED WITH ANY OTHER FIRM OR USED FOR ANY OTHER PURPOSE WITHOUT EXPRESSED WRITTEN PERMISSION BY THE CITY OF DURHAM. ORGANIZATIONS SUBMITTING PROPOSALS MUST INDICATE THEY ARE IN COMPLIANCE WITH HIPAA LEGISLATIONS AS IT RELATES TO THE PRODUCT OFFERED.

I. Submission, Review and Selection Schedule

January 1, 2006 **The City of Durham Advertises RFP**

January 1, 2006 **RFP Provided on Website and in HR**

January 24, 2006 **Pre-Bid Conference @ 3PM**
Durham City Hall
Personnel Briefing Room
101 City Hall Plaza
Durham, NC 27701

February 10, 2006 **Bids Due to the City of Durham @ 3PM**
Durham City Hall
Human Resources Department (First Floor)
101 City Hall Plaza
Durham, NC 27701

February 28, 2006 **Finalists Presentations (if necessary)**

April 20, 2006 **Recommendations Presented to Council**

June 10, 2006 **Open Enrollment Period Begins**

July 10, 2006 **Open Enrollment Period Ends**

September 1, 2006 **New Plan Year Begins**

The project timetable will be adhered to during the project's duration, subject to the sole discretion of the City of Durham. Please note that all propose are expected to have the appropriate staff available for finalist presentations and on-site reviews (should they be necessary) during the time frames indicated above**. If you are selected as a finalist and it will be necessary for there to be a presentation, you will be notified by February 28, 2006.**

SECTION II - PROPOSER INSTRUCTIONS

A. Response Format/Distribution Four (4) Copies of Bids Must be Provided

All proposals must clearly indicate on the front page:

1) **The name of the responding organization,**
2) **The type of Benefit, i.e.: Health Care Plan, Dental Plan, Term Life Insurance etc.**
3) **The name, address, telephone number and email address of the vendor's primary contact.**

RFP responses should be forwarded to:

Michael McGinnis, Planning and Systems Manager
City of Durham Human Resources Department
101 City Hall Plaza
Durham, NC 27701

All questions regarding this RFP are to be directed to Michael McGinnis, in writing. Additional written information, above that already provided in this RFP will not be provided as it could create an unfair advantage for one vendor over another and it would be difficult to provide to all interested.

Your organization will be bound by the terms and conditions of the original proposal and subsequent negotiations, as well as any follow-up data or correspondence transmitted to the City of Durham during the proposal process. All material submitted during the proposal process is the property of the City of Durham for its use and disposition.

B. Confidential Data

The City of Durham is subject to the NC Public Records Law and the Federal Freedom of Information Act, either of which may limit its ability to maintain as confidential or protect such data from becoming public.

This RFP is composed of several sections. Vendors are required to complete each section of the RFP for the plans they are submitting a proposal. Each section contains at least a questionnaire and requests financial exhibits that must be completed and returned with your RFP to be considered by the City. Your proposal must also include responses to any other questions or the providing of exhibits included within the section(s) for which you are proposing.

C. A Specific Summary of Exhibits must be completed for each benefit:

1. **Medical Care Plan**
2. **Dental Care,**
3. **Group and Supplemental Term Life Insurance Plan,**
4. **Employee Assistance Program (EAP) and Mental Health Plan,**
5. **Flexible Spending Account Administration (Section 125 Account),**
6. **Auto and Home Owners Insurance,**
7. **Additional Supplemental Insurance Options such as Cancer, Critical Incident, Universal Life, Disability,**

8. **Long Term Care (Voluntary, Employee Paid),**
9. **Medicare Supplement Insurance**

Proposals require each section be completed.

D. Evaluation Criteria

The City of Durham is committed to a total quality environment. Successful vendors are expected to work together in a mutual partnership with the City of Durham to ensure the achievement of the objectives set forth in this RFP, and to administer the programs to best meet the needs of City of Durham, its employees, retirees and covered dependents. The City of Durham is seeking to maximize the value of its benefits programs that are offered by partnering with health care organizations who have adopted the best practice models of care and cost management through provider and utilization management. **Therefore, proposals received by the City of Durham will be evaluated based on the following criteria**:

Service Provider Organization
- Stability and Financial Strength, Philosophy and Future Plans
- Flexibility
- Personnel & Policies (Affirmative Action, etc.)

Response to the Request for Proposal
- Ability to meet administrative and contractual requirements
- Quality and responsiveness of overall proposal for plans proposed
- Financial exhibits and summary of plan design deviation form for each plan proposed
- Respondents must answer questionnaire in same order as presented for each plan proposed

Management
- Demonstrated experience to provide requested plans and quality service
- Demonstrated application of innovative technology to enhance quality of service

Provider/Network Composition and Relationships
- Ability to selection and manage health care providers and facilities
- Network composition; geographic access for population
- Provider relations, communications & education information
- Provider retention statistics within network

Wellness, Health Promotion, Value Added Programs
- Care Management Programs
- Communication materials and programs related to wellness
- Health Promotion Philosophy
- Value added wellness and preventive care features/coverage within plans

Customer Service Organization
- Customer Service Responsiveness
- Claims processing systems, accuracy and timeliness
- Communication materials and capabilities (plan descriptions, ID cards)
- Service philosophy and delivery
- Plan implementation support
- Quality standards and measurements
- References for quality servicing in the Greater Durham areas

Financial Considerations and Cost Effectiveness

Rates, administrative & specialty service fees, other charges
Financial reporting
Provider/Network discounts
Provider funding alternatives that enhance cost effectiveness
Cost management strategies and philosophy

E. Assumptions and General Requirements

Overview

This section describes the assumptions to be used as a basis for your proposal, and general requirements that are expected to be met by successful vendors. Detailed requirements in the areas of level of benefits, administration and financial arrangements are included in this section of the RFP.

Assumptions

A Medical plan, Dental, Group and Supplementary Life Insurance, Disability plans, EAP & Mental Health plans, Auto and Home Owners Insurance, Universal Life plans, Long Term Care plans, etc. will be provided by the COD. You may submit a proposal for any or all of these coverage's.

Your company agrees to administer the takeover of this program for anyone who enrolls on a "no loss/no gain" basis for all active employees/retirees and dependents, currently participating in the plans, employees on leave of absence, and COBRA continuation**. Note that there is no pre-existing condition limitation.** The selected vendor(s) must unconditionally and unequivocally guarantee to provide coverage effective September 1, 2006, to each individual who is covered under any of the plans.

If, for some reason, after the acceptance of a vendor's proposal, there is a change in carrier/administrator, any and all claims information from the administrator will be transferred to the new administrator in a timely fashion to allow proper processing.

General Requirements

A responder must confirm compliance with each of the requirements outlined in this RFP.

The compliance confirmations (found on the following two pages) must be signed by an officer of the responding company and returned with your proposal.

Confirmations

The selected provider(s) must offer a full range of services to the following categories of eligible employees and their covered dependents participating in the City of Durham medical program:

Eligible Full and Part-time active employees, Employees on leave, retirees and COBRA participants

[ ] Yes **[ ] Yes with Deviation** **[ ] No**

Please indicate your network standards related to health care plan services and appointments:

Emergency services are accessible within ____ hours. ____ days per week.
Urgent office visits are accessible within ___ hours ____days per week.
Non-urgent symptomatic office visits are accessible within ____ hours ____ days per week.
Non-symptomatic office visits are accessible within ____ hours ____ days per week.

[ ] Yes **[ ] Yes with Deviation** **[ ] No**

Please confirm that:
You will furnish member identification cards prior to the effective date of coverage.
You will track and report to City of Durham the aggregate number and types of complaints received from City of Durham employees/retirees and eligible dependents.
You have a documented grievance procedure that is explained to employees. The procedures outline all steps in the process through final resolution, and include specific time periods within which each step must be completed.

[ ] Yes **[ ] Yes with Deviation** **[ ] No**

Compliance Confirmation
Your organization must agree to comply with the requirements delineated within this RFP.

Any exceptions must be clearly identified.
Please confirm your acceptance (subject to any exceptions which you have specifically identified) by returning a copy of this page signed by an officer of your organization.

Acceptance:
Company agrees to the level of benefits, administration and financial provisions of this request for proposal:

Without exception [ ] **With exception [ ]**

References:
Provide **at least three references** of similar size and structure to the City of Durham that uses each of the products you are proposing. Use the following format.

Company: _____

Signature: _____

Officer's Name: _____Title: _____

Date Services Provided: ____/_____/_____

Contact Information: Phone Number ( )_____

F. Administrative Requirements

The following details the administrative requirements and services you are expected to provide should you be awarded this contract. **Please note that these service criteria represent minimum expectations in the areas of:** Contract, General administration, Operations and client interface, Implementation services, Data reporting capabilities, Communications support, Equal Opportunity Equity Assurance requirements and other required services

1) Contract

Your company agrees to administer the takeover of appropriate programs for any who enroll on a no loss/no gain basis for: all active employees and dependents, employees on leave of absence, retirees currently covered by plans, and COBRA covered former employees. Note that there are no pre-existing condition limitations. The selected suppliers must unconditionally and unequivocally guarantee to provide coverage effective September 1, 2006, to each individual covered under any of the medical or benefit plans.

Your company will contract with the City of Durham for the twelve-month period, with option to renew for additional years at the discretion of the City of Durham.

2) General Administration

Supervision of the administration of the program will be done through the City of Durham Human Resources Department Manager.

The City of Durham will be given a copy of the summary results of your annual member satisfaction survey and HEDIS report cards, as appropriate.

3) Operations and Client Interface

Live customer service representatives will be available for all participants from at least 8:00 am to 8:00 PM EST Monday through Friday, and 8:00 am to 5:00 PM EST on Saturday. Participants will have access to the customer service representatives via a toll-free number. Customer service access will also be available via the vendor website. Contact information for these access sites will be made available to all eligible participants.

An account liaison will be designated who is dedicated to the City of Durham plan and will meet regularly with the City of Durham representatives.

4) Implementation Services

The City of Durham expects full cooperation of the selected vendor(s) in implementing the program. This will involve coordinating centrally with the Planning and Systems Manager in Human Resources and staff. A representative(s) from your organization will be available to explain benefits.

The vendor(s) will provide City of Durham a format layout for the initial and ongoing eligibility information and will work with the City of Durham to complete the enrollment process. Please specify options available.

The vendor will furnish administration manuals including instructions and all necessary forms (i.e., reimbursement agreement, claims, conversion) within 30 days following the date the City of Durham Council approves the recommendation.

5) Data Reporting Capabilities

The selected vendor will be required to provide timely reports. Below is a listing of reports that will be expected, at a minimum, from the vendor and the frequency with which they should be produced. Others will be made available upon request.

Quarterly utilization reports, including year to date summaries of activity for the plan(s). Such activity includes the status of any performance guarantees implemented on a basis and the procedures most commonly performed.

For those that propose self funded administration annual performance review report summarizing (at a minimum), the status of any performance guarantees implemented on a quarterly basis, the procedures most commonly performed, diagnostic codes most commonly treated and the providers most often utilized, by employee group.

6) Communications Support

The City of Durham expects that booklets, identification cards, and contracts will be produced in a timely manner. These items must be issued and available after open enrollment prior to the effective date of 9/1/06. The vendor organization is expected to accept full responsibility for printing and distribution of these materials to employees' homes. All text used in the communications must be approved by the City prior to the release of documents.

7) Technology Utilization

Your organization is expected to utilize interactive (e.g., telephonic, Internet, etc.) communication vehicles for plan participants and an internet enrollment and change process. Plans must be able to work with staff and other management consulting organizations that may be contracted to provide for electronic enrollment activity.

8) Disclosure of City of Durham Results

Data on the program results will not be used by the vendor organization without written consent from the City of Durham. This includes but is not limited to utilization statistics and other reported information in this RFP. Any breach of this requirement could lead to termination of the contract and legal action.

9) Equity Assurance Guidelines

The City of Durham requires that each vendor include a current EEO Quarterly Statement and a memo reporting on the efforts and accomplishments made in increasing the diversity of the organization. Each vendor must also include with the sample contract a statement confirming the City Small and Disadvantaged Business Enterprise Ordinance (SDBE) goals. The vendor must also be willing to participate in the City of Durham's Diversity Training at the expense of the vendor. **See Attachments: Small and Disadvantaged Business Enterprise Ordinance (SDBE)**

EQUAL BUSINESS OPPORTUNITY PROGRAM

It is the policy of the City to provide equal opportunities for City contracting for small firms owned by socially and economically disadvantaged persons doing business in the City's Contracting Marketplace. It is further the policy of the City to prohibit discrimination against any firm in pursuit of these opportunities, to conduct its contracting activities so as to prevent such discrimination, to correct present effects of past discrimination and to resolve complaints of discrimination. This policy applies to all professional services categories.

While there are no SDBE participation goals for this project, in accordance with the Ordinance, all contractors are required to provide information requested in the "SDBE Professional Services Forms" package. Proposals that do not contain the appropriate, completed "Professional Services Forms" will be deemed non-responsive and ineligible for consideration. The "Declaration of Performance," "Participation Documentation," Managerial Profile," "Equal Opportunity Statement" and the "Employee Breakdown" documents are required of all contractors. In lieu of "Employee Breakdown," contractors may submit a copy of the current EEO-1 form (corporate basis). Other forms in the package should be used as needed.

The Department of Equal Opportunity/Equity Assurance is responsible for the Equal Business Opportunity Program. All questions about "SDBE Professional Services Forms" should be referred to Deborah Giles or other department staff at (919) 560- 4180.

10) Other Required Services

Selected vendors are required to be active participates in service improvement meetings, health fairs and wellness programs. You are expected to comply with these requests.

G. Financial Requirements **Funding Arrangement**

Vendors may provide proposals on fully insured and/or a self-insured (with appropriate levels of stop-loss insurance) basis. For life insurance and short-term disability coverage's, vendors may quote either a fully insured product with a participating arrangement or an alternative funding vehicles that may be beneficial for both vendor and the City of Durham. A complete description of the financial arrangement must be provided with the proposal.

Supplier should assume that the incumbent vendor(s) will administer the "run-out" process.

H. Financial Guarantees and Notice of Change

For health and dental plans, twelve month guaranteed, three-tiered rates must be provided. These will include Single, Two Party, and Family. Additional rates will also be provided for four-tiered rates. These will include Single, Employee and Spouse, Employee and Child, and Family. Additional consideration will be given to vendors providing 2 and or 3 year rate guarantees or providing rate caps for years 2 and 3. When rate guarantees and rate caps are not provided, please describe underwriting methodology and the assumptions used to develop the rate caps.

All rates must exclude commissions, broker fees, and any such fees not directly associated with the administration of the plan. If commissions (or other such fees) are automatically included in the rates, please clearly identify the commissions and the associated commission structure.

Financial arrangements (rates and fees) will not be adjusted at any time during the plan year unless the City of Durham requests and agrees to an off-anniversary change.

All contract terms and conditions must be guaranteed by the vendor for the twelve-month term of the agreement.

I. Performance Objectives and Guarantees

Your organization is expected to perform at high levels of accuracy, timeliness and administrative effectiveness. You will agree to a schedule of performance standards and penalties for non-performance. Your response to this requirement should include a creative and comprehensive approach to this type of arrangement. The City of Durham is particularly interested in performance guarantees that address areas of care, utilization management and customer service.

Please provide performance guarantees with your proposal.

SECTION III TECHNICAL RESPONSE/QUESTIONNAIRE

The following questionnaire requests a variety of information on the vendor's organization, its capabilities and its abilities to meet the requirements of the City of Durham.

The questionnaire contains a section for each type of benefit we are requesting a proposal. You are required to complete only those sections for the benefit/s being proposed. Completely answer all of the questions for each type of coverage and return answers with the proposal.

Responses should be as concise as possible, however, not to the detriment of providing a full understanding of the proposal.

For information that has been requested in a specific format (e.g., utilization exhibit), provide the response in the indicated format. Missing information should be indicated as "not available." Information that is not applicable should be indicated as "N/A."

Failure to provide all requested information, or to follow requested response formats, may exclude the proposal from further consideration, at the sole discretion of the City of Durham.

MEDICAL BENEFITS

A. Network Management

1. Provide a GeoAccess type study for each of the plans proposed, using Durham, Wake, Orange, Alamance, county zip codes. Use the following parameters:
   - Two primary care physicians within a 10-mile radius of all zip codes.
   - Two specialists within a 10-mile radius of zip codes.
   - One hospital within a 15-mile radius of zip codes.
   - Include a listing of those areas where this is not provided.
2. Submit provider directories for each plan proposed. How often are directories of providers revised and published? In what media (e.g., paper, Internet, Internet, etc.) are directories available to participants? How are changes in providers communicated to plan participants in the interim?
3. Explain what happens to plan participants if a provider (e.g., PCP or hospital) whose services they are using terminates his or her contract with the network.
4. Can physicians limit the number of patients/cases that they accept? If so, how is the limit established and what is it? What percentage of physicians in the network(s) that will serve the City of Durham are at full capacity and are accepting no new patients? If a physician in the network is at full capacity, will current the City of Durham patient of the physician be allowed to remain with that physician?
5. Provide statistical evidence as to the relative stability of the plans network and providers over the past few years. What is the provider turnover ratios?
6. What arrangements/provisions will the plan make for providing coverage to employees and/or their dependents when they are out of the area and require coverage?
7. How will the plan provide for the diverse needs of an employer like the City of Durham?
8. Explain what happens when an enrollee obtains services outside the local, service area.

9. What percentage of PCPs are board-certified? How many primary care physicians are in the network? What percentage of specialists are board certified? How many specialists are in the network? What is the ratio of MD's to OD's?
10. Identify the top five hospitals in this plan's network considered to be the most important (and why) to meeting the organization's business objectives?
11. Describe the contracted arrangements, capitation arrangements and overall discount arrangements the organization has with network providers. Complete "Provider Financial Arrangements" and "Paid Claims by Hospital" exhibits.
12. Can changes in facility rates to the network during the plan year affect the client's rates in any way? Can projected claim expenses be affected? If so, how would the City of Durham be affected?
13. What are the medical services/specialties not available in the provider networks.
14. What kind of incentives are provided to participants to make healthy life changes such as smoking cessation, weight reduction, or fitness programs.
15. Can you provide a define contribution plan? Describe what you would recommend.
16. Confirm that your organization is HIPAA compliant.
17. Describe the plans system to provide unique non-Social Security identifier numbers.
18. Describe the Customer Service Organization (CSO) that will service the City of Durham. Is it team based or specialized ie: claims and customer service? What is average speed of answer, call abandonment rate and other CSO statistics that are tracked?

B. <u>Utilization Management</u>

1. Provide an example of the plans utilization exhibit
2. What percentage of surgical patients had a post-surgical infection in the past year?
3. What percentage of acute care admissions in the network resulted in an unplanned readmission within 30 days, in the past year?
4. Explain the plans provider credentialing and re-credentialing process.
   What are the standards, how were they developed, who is responsible for the process?
5. Explain your physician education programs. How are plan provisions and programs (e.g., disease state management) communicated to physicians?
6. Provide a detailed description of your utilization review and case management processes, how they operate and the protocols and criteria used. Are these local departments? Is there a toll-free number available to participants and providers?
7. What standards do you utilize in determining the highest quality providers?
9. What is the status of NCQA accreditation for your I-IMO? Provide a copy of your most recent HEDIS reports. Provide copies of "report cards" used to on performance measures.
10. Does the PCPs act as a gatekeeper for specialty care and services? Explain the reimbursement methodology.
11. Do primary care physicians assist in arranging for services such as: home health care, hospice, skilled nursing, convalescent facilities, durable medical equipment and mental health/chemical dependency? Please explain.
12. Describe the quality assurance programs that you have in terms of any qualitative and quantitative basis that you employ. Describe any quality improvement programs that are in place.
13. To what extent does your network perform on-site audits of hospitals and physician office charts to ascertain the quality of care provided? How is this information used?

14. What Health Education programs, Wellness programs or Disease State Management programs available through your organization? Do they include the following: Asthma, Diabetes, Cholesterol, FHV/AIDS, Immunizations, Maternity, Smoking Cessation or others? Describe them in detail.
15. How do you identify individuals with high-risk health problems in your network? What success have you had in communicating with and reaching out to these members?
16. If your organization is awarded a contract on a "take-over" basis, describe how participants actively involved in a treatment plan with a non-network provider will be accommodated.
17. For alternative proposals, clearly identify all plan exclusions and limitations.

C. <u>Organizational Management</u>

1. Describe your organizational structure. Is your company independently owned or affiliated either as a subsidiary or division of some other organization? What is your profit status? Does your organization have any financial ownership of the providers with whom you contract? If yes, describe the relationship.
2. How many clients do you service in the Durham area (by product line)? How many clients terminated their services with your firm during the last three years?
3. What model type is your plan, HMO, POS etc.? Are your networks URAC accredited? How long have the local products you are proposing been operational?
4. Describe how you will communicate to plan participants. What communication materials you have produced for your clients. Is the communication materials included in your regular fee for the use of the network? If not, what are the additional costs? At what level are you able to customize the communication materials?
5. Explain your claims appeal procedures. During the last 12 months, what percentage of claims processed were disputed? What is average length of time to resolve the dispute?
6. Do you monitor times to secure regular appointments for routine care? Appointments for Illness/Emergency care? What are these results?
7. Provide the address of the local and the principal offices that will provide service to the City of Durham. Would one centralized office handle all inquires? Would you provide a dedicated service representative or team to answer employee claim inquiries and resolve issues? What is the size of the professional/clerical staff that will service City of Durham?
8. Describe your claims processing system.
9. Describe procedures and time frame to prepare for open enrollment. Indicate how long it will take to print and distribute benefits literature, enrollment forms, etc. Indicate whether there will be a central telephone number, website link and a designated marketing representative available during open enrollment periods to respond to questions.
10. Describe all administrative duties to be performed by City of Durham (e.g. eligibility updates). In what format should these be submitted?
11. Detail the types of reports City of Durham will receive on a regular basis.
12. How many member grievances per 1,000 members were handled in 2004 and so far for 2005? How many resulted in arbitration?
13. What was your claims payment accuracy rate and claims turnaround time in 2004 and 2005?
14. Describe the proposed coordination between your account team and the City of Durham staff.

D. Financial Management

1. Will your organization agree to a multi-year rate guarantee, such as, guaranteed rates for the first two years (not necessarily level) and a cap on the amount of the increase in the third year? Would you agree to include this as a provision in your contract? Are there any circumstances for which a longer guarantee would be available? If so, what are those provisions and what guarantee duration would be provided? All proposed rates should be presented using financial exhibits.
2. What situations would cause any additional charges?
3. What factors are used in determining rates for the renewal re-rating period? Describe.
4. Provide your year to date financial statements filed with the state. What was your medical loss ratio in 2003 and 2004?
5. Describe all of your "baseline/standard" administrative services (e.g., ID card production, eligibility update). Explain any optional services?
6. How does your organization handle subrogation?

MANAGED PRESCRIPTION DRUG WITHIN THE HEALTH CARE PLAN

1 If necessary, how are reimbursements filled by participants?
2. What are the contracted discounts, administrative fees and dispensing fees (brand and generic) in your retail and mail order network? Please provide a sample copy of your pharmacy/provider contract. All proposed rates should be presented using the provided financial exhibits,
3. Submit a current listing of your participating pharmacies for Durham, Raleigh, Chapel Hill and surrounding counties.
4. Describe in detail your DUR System (including any additional charges and or fees).
5. Complete the following with respect to Mail Order portion of the program you are proposing:
   Where is your dispensing facility located and what is the toll-free number?
   What are the hours available to participants?
   How are prescriptions sent to Participants and is there a separate mailing charge?
   What is the turnaround time on filling prescriptions?
   If AWP, how often are your prices updated?
   If applicable, how is your average wholesale price determined?
   What is the copay for participant getting a three month supply of medication?
6. Describe your provider management program. Describe your protocol for communicating with your providers, handling problems and complaints from pharmacies.
7. What is your percentage of generic substitution? What is your percentage of formulary usage? Does your percentage of generic substitution include substitution of lower-priced brand name drugs for a more expensive version of the same drug?
8. What is your organization's definition of Disease State Management? Please illustrate your approach to Disease State Management by describing all programs you are currently operating today. Please include costs and potential savings illustrations.
9. Provide samples of plan communications provided to City of Durham. Can the materials be customized? If so, describe any additional charges for customization?
10. Please describe any on-line capabilities that may be available to City of Durham staff.
11. Describe any quality assurance programs that you employ.
12. Will you provide 90-day advance notice of significant changes in policies and practices.
13. What is your policy on injectible medication and new or experimental drugs?
14. Provide a copy of your exclusions.
15. Is this plan a Dispense as Written or Open Formulary?

DENTAL CARE PLAN

1. How do you determine and define "reasonable and customary" for dental benefits? Please provide your current "reasonable and customary" amount and managed dental reimbursement for each of the following procedures, in Durham, Raleigh, Chapel Hill area. How often is it updated? How are specific geographical areas determined?
   * Routine exam w/prophylaxis
   * Bite wing x-rays
   * Amalgam (3 surfaces)
   * Root canal (2 roots)
   * Crowns (plastic or metal)
2. What controls are in place to contain costs in your program? Please provide description of your benefit limitations and exclusions. Describe any pre-authorization requirements.

3. How are providers selected and credentialed for your networks? Describe your quality assurance programs. Describe your utilization review process and protocols.
4. Provide directories for your Durham, Raleigh, Chapel Hill area networks. Does your network include: Two general practice dentists within a 10-mile radius of an employee's zip code. Two specialists within a 10-mile radius of an employee's zip code.
5. Can you duplicate existing plan designs, covered items, co-pays, etc.? If proposing a managed dental program, describe any primary care dentist selection requirements.
6. Please describe the proposed funding arrangement. If quoting a fully insured product, please describe your underwriting assumptions, the renewal process and associated underwriting.
7. Where is the administrative office located that will serve the City of Durham?
8. How do you provide for the diverse needs of an employer like the City of Durham?
9. Please complete the following with respect to the program you are proposing:
   Is there a toll-free number for Participant usage and what are the hours available?
   What services offered are considered "optional"?
   How is eligibility determined and how often is eligibility updated?
   What is the in-house turnaround time for processing claims?
   What reports, if any, are provided?
10. Please provide samples of management reports that analyze dental utilization.
11. Explain your claims appeal procedures. What percentage of claims in the last 12 months were disputed? What was the average length of time to resolve the dispute?
12. Please include sample copies of communications materials, brochures, ID cards, etc.
13. Describe any administrative required of the City of Durham.
14. Please describe your service organization, including philosophy and structure. If applicable, please describe your claims processing operation, including internal performance standards, your measurement of these standards and your most recent results for claims processing accuracy.
15. How many clients do you serve in the Durham, Raleigh, Chapel Hill area? What has been the renewal rate for this block of business over the past one, two and three years?
16. Please clearly identify provider reimbursement procedures and capitation methodology.
17. Please describe any wellness or health promotion initiatives available to the City.
18. Describe your organizational structure. Is your company independently owned or affiliated either as a subsidiary or division of some other organization? Does your organization have any financial ownership of the providers with whom you contract? If yes, describe the relationship.
19. Confirm that your organization is HIPAA compliant.
20. Describe the plans system to provide unique non-Social Security identifier numbers.

GROUP TERM & GROUP UNIVERSAL LIFE INSURANCE

1. Propose duplication of current group life insurance with group AD& D.
2. Propose an additional voluntary supplemental dependent life insurance benefit.
3. Describe your underwriting assumptions and methodology
4. Describe any Evidence of Insurability requirements.
5. Describe the guarantee issue provisions of the products.
6. Describe how the product addresses: Portability, Age reduction, and Waiver of Premium.
7. Describe your Accelerated Death Benefit?

8. Describe your organizational structure. Is the company independently owned or affiliated either as a subsidiary or division of another organization?
9. Provide a copy of your most recent financial statement and AM Best etc. report.
10. Describe your service organization, including philosophy and structure. Include your claims processing operation, internal performance standards, and your most recent results for claims processing accuracy.
11. Where is the claims and customer service office that will be servicing the City of Durham located? Will a team of customer service personnel be assigned to the City of Durham?
12. Provide sample copies of communication materials.
13. How many clients do you serve in the Durham, Raleigh and Chapel Hill area? What has been the renewal rate for this block of business over the past three years?
14. How do you provide for the diverse needs of an employer like the City of Durham?
15. Will your organization agree to a multi-year rate guarantee? Describe.
16. Do you provide reduced rates for non-smoking employees?
17. Provide your rate structure.
18. Describe the plans system to provide unique non-Social Security identifier numbers.

SHORT and LONG TERM DISABILITY

1. Describe your procedures to monitor claims for verification of disability. Detail procedures for claims examination and use of external medical investigative services.
2. What steps does your organization take to stop fraud or abuse of benefits?
3. What is the return of work rate per claimant for your book of business for the past year? What is the rate year to date?
4. Do your claims personnel use disability duration guidelines? If so, how are they derived, updated and used? Explain how you coordinate care with the utilization management staff of medical carriers?
5. How often are checks issued? Describe your claims processing system.
10. What programs and procedures do you have in place to assist disabled workers in returning to work as soon as possible?
11. Describe your organizational structure. Is your company independently owned or affiliated either as a subsidiary or division of some other organization?
12. Can you duplicate existing plan designs, covered items?
13. Please describe your underwriting assumptions.
14. Where is the administrative office located that will serve City of Durham?
15. Please complete the following with respect to the program you are proposing:
    - What is the toll-free number for Participant usage?
    - What are the hours available to the Participant?
    - How are services generated (i.e., claim forms, telephone calls, etc.)?
    - How is eligibility determined?
    - How often is eligibility updated?
    - What is the in-house turnaround time for processing claims?
    - What reports, if any, are provided?
18. Explain your claims appeal procedures. During the last twelve months, what percentage of your claims processed were disputed?
19. Please include sample copies of communications materials.

20. Please describe your service organization, including philosophy and structure. Include your claims processing operation, internal performance standards, and your most recent results for claims processing accuracy.
21. How many clients do you serve in the Durham, Raleigh and Chapel Hill area?
22. What has been the renewal rate for this block of business over the past three years?
23. How do you provide for the diverse needs of an employer like the City of Durham?
24. Provide your rate structure.
25. Describe the plans system to provide unique non-Social Security identifier numbers.

EMPLOYEE ASSISTANCE PROGRAM & MENTAL HEALTH PLAN

1. Describe the structure of your organization.
2. Fully describe and provide summaries of the benefit.
3. Where are your headquarters and offices located?
4. How many clinicians (by type) do you have in the Durham, Raleigh and Chapel Hill area?
5. How do insure the confidentiality of participants?
6. Describe your EAP process from first contact for services, including time frames.
7. What additional services do you provide?
8. How do you provide for the diverse needs of an employer like the City of Durham?
9. What reports do you provide related to the services that you provide? How often are these reports provided? Is there a cost for the reports? Please provide an example of the types of reports that you provide.
10. How many clients do you serve in the Durham, Raleigh and Chapel Hill area? What has been the renewal rate for this block of business over the past three years?
11. Provide your rate structure.
12. Confirm that this plan would be HIPAA compliant.
13. Describe the plans system to provide unique non-Social Security identifier numbers.

LONG TERM CARE INSURANCE

1. Describe the structure of your organization.
2. Fully describe and provide summaries of the benefit.
3. Where are you located, Headquarters, Offices
4. How many representatives do you have in the Durham, Raleigh and Chapel Hill area?
5. How do you provide for the diverse needs of an employer like the City of Durham?
6. What additional services do you provide?
7. How do you provide for the diverse needs of an employer like the City of Durham?
8. What reports do you provide related to the services that you provide? How often are these reports provided? Is there a cost for the reports? Please provide an example of the types of reports that you provide.
9. How many clients do you serve in the Durham, Raleigh and Chapel Hill area? What has been the renewal rate for this block of business over the past three years?
10. Provide your rate structure.

SECTION IV Current City Census and Vendor Attachments

Employee Census Data EMPLOYEE CENSUS DATA

Including:

- **Age**
- **Income**
- **Gender**
- **Health Care**
- **Dental**
- **Life**
- **Zip Code**

RETIREE – COBRA HEALTH CARE

Current Health Care Plan Statistics

RATES and Participation For 2005 Health Care Plan

WellPath Enhanced Plan (POS)

Tier Level	Monthly Premium	Employee Rate	Participants
Employee Only	$313.49	$55	404
Two-Party	$656.44	$203	172
Family	$1075	332	259

WellPath Basic Plan (HMO)

Tier Level	Monthly Premium	Employee Rate	Participants
Employee Only	$282.55	$17	660
Two-Party	$585.67	$136	151
Family	$951.81	$221	329

WELLPATH EXPERIENCE

WELLPATH PLAN DESIGN

Pharmacy

Fully Insured Plan. Administration provide by CareMark as part of WellPath healthcare plans. Rx Claims included with overall Health Care Experience

Mental Health (Combined EAP & Mental Health Care Plan)

EAP Premium & MH/SACP Administration
(added to Healthcare Premium)

EAP (Fully Insured) **Premium: $46.00 per employee per year**

Mental Health/Substance Abuse Care Plan (Self-Funded)
Administrative Rate: $21.00 per employee per year

2005 Mental Health Fund $457,000
MENTAL HEALTH EXPERIENCE
DUKE MH PLAN DESCRIPTION

Dental (Self-Funded)

Administrative Fee = 7.1% of claims per month
Premiums charged Employees

Employee Only	$0
Two Party	$15
Family	$40

2005 Dental Fund $535,000
DENTAL BENEFITS SUMMARY

Routine Vision Plan (Employee Paid)

Premiums charged Employees

Employee Only	$10.73
Two Party	$20.37
Family	$30.00

Term Life Insurance

City Paid Basic Rates

City Paid Term = $.16.9 per $1k per mo + AD&D $.028 per $1k per mo

Employee Paid Supplemental Rates (Based on age per $1k per month)

Age of Employee	Amount per $1k per month
Less than 30	$.06
30 but less than 35	$.08
35 but less than 40	$.11
40 but less than 45	$.18
45 but less than 50	$.29
50 but less than 55	$.47
55 but less than 60	$.74
60 but less than 65	$1.15
65 but less than 70	$1.64

NC Mutual Premium and Claims Experience

Short Term Disability

Rates: **Vary based on age and coverage**

Long Term Disability

Rates: **Vary based on age and coverage**

Premium and Claims Experience

COLONIAL EXPERIENCE

Notice Under the Americans with Disabilities Act (ADA).

The City of Durham will not discriminate against qualified individuals with disabilities on the basis of disability. Anyone who requires an auxiliary aid or service for effective communications, or assistance to participate in a City program, service, or activity, should contact the office of Guillermo Rodriguez, RLA, ADA Coordinator, Voice: 919-560-4197 x237, TTY: 919-560-4809; guillermo.rodriguez@durhamnc.gov, as soon as possible but **no later than 48 hours** before the scheduled event.