



September 07, 2021

REQUEST FOR PROPOSALS

Health Benefit Program & Associated Services

1. Overview

The City of Springfield, Tennessee (hereinafter referred to as the City) is requesting proposals for general TPA/ASO services and PBM services for its health benefit plan. The City currently purchases these services from BlueCross BlueShield Tennessee. Approximately 215 employees and their families are receiving benefits under the City's plan.

SHERRILL MORGAN will be coordinating this Request for Proposal.

2. Purpose and Evaluation Method

The City is seeking general third party administrative (TPA) or administrative services only (ASO) services and pharmacy benefit management (PBM) services. The City feels it is prudent to request proposals at this time in order to ensure that it receives the best price and service for its employees, and is able to control the cost of its medical and pharmacy benefits. The Respondent's ability to demonstrate help with managing health care costs will be considered. The City is also interested in obtaining exceptional customer service.

The City will contract directly with organizations capable of performing the requirements of this Request for Proposals. Respondents must be represented directly. Participation by brokers or commissioned agents will not be allowed during the proposal process or during the term of the proposed contract. Respondents may submit a partial proposal. If a partial proposal is being submitted, the services being proposed must be clearly defined and all sections of this Request for Proposals

pertaining to those services must be completed. Respondents submitting a proposal for all of the services described in this Request for Proposals must specifically address all of the requirements in Section 3 of this Request for Proposals and must also complete Sections 5 and 6 of this Request for Proposals. Section 6 should be completed separately for each PBM proposed, if more than one. Section 3.3 should be completed separately for each PPO proposed if more than one.

Some of the services requested will be evaluated on a point system. The points allotted to each service are listed throughout this document. There are **100** total points possible. **Partial points may be awarded** based upon the strengths and abilities of the Respondent to provide some portion of the desired services. Other services, such as customer service and the overall cost for the services offered will be evaluated on a subjective basis.

A summary of current and proposed plans will be provided upon request. Claims reporting for stop loss will be provided upon request. Requests for data will not be considered an addendum request for clarification. Any request for data, questions or requests for clarification must be directed to:

Michelle Middendorf
SHERRILL MORGAN
859-291-6600
michelle@sherrillmorgan.com

A Letter of Intent to Respond should be sent to Michelle Middendorf no later than September 14, 2021. The intent to submit a proposal may be sent in the form of an e-mail message or an MS Word document attachment that is e-mailed. Briefly state the Respondent's understanding of the work to be done and make a positive commitment to perform the work. Respondents may withdraw their Letters of Intent to submit at any time before the deadline for submittal of Proposals. While a letter of intent to respond is not required to submit a proposal, it is necessary if you wish to receive any RFP notifications or addendums.

RFP TENTATIVE SCHEDULE

<u>EVENT #</u>	<u>DATE</u>	<u>DESCRIPTION</u>
1	09/07/21	The City Issues RFP
2	09/14/21	Submittal of Letter of Intent to Respond
3	09/21/21	Deadline for Written Questions
4	09/28/21	Addendum Issued to Answer Questions
5	10/05/21	Deadline for Submittal of Proposals

6	10/11/21- 10/22/21	Respondents interviewed by the City (interviews will be virtual)
7	11/16/21	Contract Award

3. General Requirements *(Evaluated on the point system described above)*

3.1 Plan Design (Point Value: 5 Points)

A complete plan document re-write must be completed by the successful Respondent and any costs associated with preparation of this document must be included in the fees quoted. Also, Respondents must demonstrate the ability to administer ERISA-exempt plans and the regulations of the State because of this exemption. Please describe your ability to assist the City in these and other compliance issues, including those relating to federal health care reform legislation and associated regulations.

3.2 Pharmacy Program (Point Value: 10 Points)

The City is seeking a pharmacy benefit manager (PBM) to administer its prescription drug program. **Pharmacy pricing must be stated on a fully transparent and pass-through basis. Proposals must include 100% of rebates retained by the City.** Please complete the attached Pharmacy Benefit Manager Questionnaire for each PBM option submitted. Points will be given for employee on-line access to the participating pharmacy list, formulary lists, and personal pharmacy information. Points will also be given for access to a pharmaceutical consultant, preferably a licensed pharmacist, who can analyze the City’s pharmacy program and make recommendations. The City may also negotiate PBM services outside of the scope of this RFP or directly with pharmacy benefit vendors.

3.3 PPO Network (Point Value: 10 Points)

The City currently utilizes the BCBS TN provider network. The top five facilities currently utilized by the City are Northcrest Medical Center, Vanderbilt University Medical Center, Ascension Saint Thomas Hospital, Vanderbilt Childrens Hospital, and Cumberland Heights Treatment Center. The TPA/ASO must either be able to continue the present network arrangements, or provide other network options.

Respondents proposing other network options should submit a GeoAccess report with the following minimal parameters: 2 primary care physicians within a 5-mile radius; 2 specialists within a 10-mile radius; 2 pediatricians within a 10-mile radius; 2 OB/GYNs within a 10-mile radius, and 1 hospital within a 10-mile radius. A disruption report may be required of finalists.

3.4 Reference Based Pricing Plan (RBP) Administration (Point Value: 10 Points)

The City may utilize a “Reference-Based Pricing” plan. This type of plan pays claims on a “percentage above Medicare” basis, rather than utilizing a network. Please indicate whether you can administer this type of plan. If you are currently administering Reference-Based plans, please describe your experience with existing clients in this regard. Please note whether you utilize direct provider contracts in this regard. Please also provide information regarding the vendors you use for negotiating balance billing, drafting plan language, and negotiating direct contracts.

3.5 Stop Loss (Point Value: 10 Points)

The City’s current stop loss contract is with Sun Life. Respondents must indicate if they are an approved TPA with Sun Life. The specific deductible is \$100,000 and the aggregating specific deductible is \$75,000. The City also purchases aggregate coverage. The City will entertain proposals with higher specific stop loss deductibles, but a \$100,000 specific deductible option must be quoted. The City currently has a 24/12 contract for both specific and aggregate. Only 24/12 or Paid Contracts will be considered. Currently, medical and prescription drug claims are covered under the specific and aggregate and the City is requesting that this remain the same with the new stop loss coverage.

Current specific rates are:	Single \$79.58; Family \$190.59
Current aggregate rate is:	\$12.16
Current aggregate factors are:	Single \$706.09; Family \$1,977.05

The group currently has and requires a no new laser with a rate cap.

If necessary, further negotiation with successful Respondents regarding stop loss will be permitted after the deadline. **Stop loss should be quoted net of commissions.**

3.6 Utilization Review/Medical Management (Point Value: 5 Points)

Please identify if your utilization review is a part of your services and whether it is an in-house service or provided by an outside vendor, and whether you’re UR/medical management is URAC-accredited. Also, please describe how individuals are reported to UR/medical management and the procedures involved.

3.7 Disease Management/Wellness Programs (Point Value: 5 Points)

Respondents should provide information on disease management and wellness programs they offer. Discuss ability to provide a Gaps in Care component to wellness programs offered.

3.8 COBRA (Point Value: 5 Points)

The chosen TPA/ASO must be able to provide COBRA services on behalf of the City. Please indicate whether COBRA administration is provided in-house or through an outside vendor.

3.9 On-line Capabilities (Point Value: 5 Points)

The City would like as much on-line access as possible to the plan information for management purposes as well as, but not limited to, the ability to monitor claims, run reports and make enrollment changes online. Consideration will also be given to vendors that allow employees to check personal information on-line or on a mobile app. Any additional cost for this service should be quoted separately.

3.10 Health Reimbursement Arrangement (HRA) (Point Value: 10 Points)

The City does offer a Health Reimbursement Arrangement. Respondents should indicate if they can administer an HRA and whether members could view their HRA account information on-line.

3.11 Section 125 (Point Value: 5 Points)

Please indicate whether you are able to administer Section 125 plans, including Flexible Spending Accounts and Dependent Care Accounts. Please confirm that you can offer a debit card in conjunction with these accounts.

3.12 Dental/Vision Administration (Point Value: 5 Points)

Please confirm that you can administer dental and vision benefits in the event that the City should decide to change its dental or vision plans in future plan years.

3.13 References (Point Value: 10 Points)

At least five references in total should be provided, and one of the five must be a former client. Representation of government agencies, especially those in Tennessee, will receive significant regard.

3.14 Run-in/Run-out Claims

Run-in claims may be negotiated with successful Respondents, and services for run-in should be quoted.

3.15 Additional Criteria (Point Value: 5 Points)

All proposals must be submitted in writing. Criteria that will be used to determine award of the contract will include but will not be limited to the following:

- a. The cost per employee per month for all services. Cost quoted must be guaranteed for at least a one-year period following acceptance.
- b. References provided.
- c. The qualifications and experience of the Respondent's staff and associated vendors. **Please describe.**
- d. The scope and degree of services provided.
- e. Thoroughness and usefulness of reports provided to the City on a monthly basis. **Please describe your reporting package and provide examples.**
- f. On-line services not already described above. **Please describe.**
- g. The ability to work with related vendors. **Please describe.**
- h. Demonstrated customer service. **Please describe.**
- i. Claims turnaround time. **Please state your average clean claim turnaround time.**
- j. Size/scope of the PPO network.
- k. Thoroughness of the response to the RFP.

4. Specifications

4.1 Procurement Process

- a. Proposals will be received until 4:00 P.M., Central Time on **October 5, 2021**.
- b. An original hard copy, signed by an authorized representative and marked original, plus 3 hard copies are required to be submitted in a sealed manner to:

Ms. Lisa Crockett, City Recorder
 City of Springfield
 405 Main Street
 Springfield, TN 37172

In addition, one hard copy of the proposal shall be submitted to:

Ms. Michelle Middendorf
 SHERRILL MORGAN
 525 W. 5th Street, Suite 310
 Covington, Kentucky 41011

An electronic copy of the proposal shall be submitted to Candice Tillman and Michelle Middendorf at:

candice.tillman@springfieldtn.gov
michelle@sherrillmorgan.com

- c. Proposals, modifications, or corrections received after the scheduled closing time of the receipt of proposals will not be considered. The City is not responsible for delays in delivery by mail, courier, etc.

- d. No submitted proposal may be withdrawn for a period of sixty (60) days after the scheduled closing time of the receipt of proposals. The City reserves the right to accept or reject proposals, in part or in whole, and issue additional RFPs as necessary.
- e. No oral interpretation will be made to any Proposer as to the meaning of the proposal specifications or any part thereof. Each written request for clarification or interpretation shall be made to Michelle Middendorf by email (michelle@sherrillmorgan.com).

NOTE – It is the intent of the City to issue one (1) addendum, if necessary. Written request for clarification and/or interpretation must be submitted in writing to Michelle Middendorf by email (michelle@sherrillmorgan.com) by the end of the business day, **September 21, 2021**, and addendum will be issued by 4:00 P.M., Central Time, on **September 28, 2021**.

It shall be the Proposer’s responsibility to make inquiry as to the addenda issued. Any and all addenda shall become part of the specifications and all Proposers shall be bound by such addenda, whether or not received by Proposer.

Nothing in this RFP or addenda shall create a contract or obligate the City to enter into any contract.

Successful Respondents will need to be available for interview during the time period of **October 11 – October 22, 2021**. Interviews will be conducted virtually.

4.2 General Terms and Conditions

- a. Taxes – The City is exempted from Federal Excise Taxes, State of Tennessee and local sales taxes and Proposer must quote prices which do not include such taxes, unless by law the taxes must be a part of the price. Exemption Certificates will be furnished upon request.
- b. Indemnification – Proposer agrees to indemnify and hold the City, its directors, officers, agents and employees harmless from any liability, loss or damage they may suffer as a result of claims, demands, costs or judgments against them arising out of the activities to be carried out pursuant to the obligations of the agreement. The City will not indemnify the successful Proposer.
- c. Patent Liability – The successful Proposer, at his own expense, will defend any suit which may be brought against the City to the extent that it is based on a claim that the goods furnished through a contract/agreement infringes a United States patent, and in any such suit will pay those costs and damages which are attributable to such claims and finally awarded against the City.
- d. Limitation of Remedies – Any remedies in the Proposer’s Proposal, to include Agreement, License Product Agreement, Terms and Conditions, Literature, etc., that may be considered in agreement to waive the legal rights of the City may be considered cause for rejection.

- e. All agreements related to the purchase and sale of any product pursuant to this bid document will include the following conditions: "Notwithstanding anything in this section to the contrary, any provision or provisions of this Section will not apply to the extent they are (it is) finally determined by a court of competent jurisdiction, including Appellate review if pursued, to violate the laws or Constitution of the State of Tennessee."
- f. Insurance – During any work performed by the successful Proposer(s) on the premises of the City or otherwise, the successful Proposer(s) agrees to take such measures as to effectually prevent any accident to persons or property during or in connection with the work; and especially to indemnify and save harmless the City from all loss, costs, damages, expense and liability for property damage and for bodily injuries to, or death of, any persons, including without limitation, as to both property damage and bodily injury, and the Proposer and the City and their representative agents and employees, occasioned in any way by the acts or omissions of the Proposer, or the Proposer's agents, employees, during or in connection with said work, excepting only property damage, bodily injury or death caused by the sole negligence of the City, its agents or employees.

The successful Proposer shall maintain such insurance as will protect it from claims under Workers' Compensation Acts and from any claims for bodily injuries, including death, either to its employees or others, and from all claims on account of property damage, which may arise in connection from said work.

All Certificates of insurance and policies shall contain the following clause: "The insurance covered by this Certificate will not be canceled or materially altered, except after thirty (30) days written notice has been received by the City."

The City shall be named as an additional insured on a primary and non-contributory basis on the general liability policy.

Insurance required with a minimum of One Million Dollars (\$1,000,000.00) limits are Comprehensive General Public and Professional Liability, Comprehensive Automobile Liability and Owner's Liability. Malpractice Insurance is required with a minimum limit of One Million Dollars (\$1,000,000.00) per occurrence, Five Million Dollars (\$5,000,000.00) aggregate. This requirement will be effective for the life of any contract/agreement entered into by the Proposer and the City.

- g. F.O.B. – All prices will be quoted F.O.B. Springfield, Tennessee delivery to the City's location shall be without additional charge, if applicable.
- h. By submission of a signed Proposal, the Proposer certifies total compliance with Title VI and Title VII of the Civil Rights Act of 1964, as amended, and all regulations promulgated thereunder.
- i. Contracts and purchases will be made or entered into with the lowest, responsible, compliant Proposer meeting specifications for the particular grade or class of material, work or service desired in the best interest and advantage to the City. Responsible Proposer is defined as a Proposer whose reputation, past

performance, and business and financial capabilities are such that he would be judged by the appropriate authority to be capable of satisfying the City's needs for a specific contract or purchase order.

- j. The City reserves the right to determine the low Proposer either on the basis of the individual items or on the basis of all items included in its Request for Proposal, unless otherwise expressly provided in the Request for Proposal. The City reserves the right to accept any item or group of items of any kind and to modify or cancel in whole or in part, its Request for Proposal.
- k. All contracts or purchase orders issued for this award will be governed by the laws of the State of Tennessee. Arbitration is not permitted and if a dispute arises between the parties concerning any aspect of the contract or purchase order and it cannot be resolved by mutual agreement, any party may resort to resolution of the dispute by litigation in the state or federal courts for the City of Springfield, Robertson County, Tennessee. Mandatory and exclusive venue and jurisdiction for any disputes shall be in state or federal courts for the City of Springfield, Robertson County, Tennessee.
- l. The City, in accordance with its governing directives, reserves the right to reject any and all Proposals, to waive any informality or irregularities in Proposals and unless otherwise specified by the Proposer, to accept any item.
- m. All contracts, purchase orders, and any documents or material obtained by the City may be subject to disclosure in whole or in part pursuant to the Tennessee Open Records Act without regard to any provision contained in the document declaring information confidential.
- n. All contracts or purchase orders will include a provision that is not assignable by the Proposer without the written consent of the City.
- o. Vendor must provide the City with a recent SSAE 16 SOC 1 assessment ensuring your organization has developed and has in place all required information security and operational specific policies and procedures for SOC compliance.

4.3 Approval by Regulatory Authorities

Respondents shall be approved by the appropriate regulatory authorities in the State of Tennessee to provide the services herein described.

4.4 Compliance with Laws

Respondent's contracts shall comply with applicable Federal, State, and Local statutes, rules, and regulations.

4.5 Financial Statements

Respondents shall furnish the latest statements showing the Respondent's financial condition at the City's request, as well as any subsidiary statements or explanations that the City may request. Please provide financial ratings for any stop loss carriers included in your proposal.

4.6 Consequence for Unsatisfied Requirements

Failure to meet specifications as outlined or failure to provide any of the information asked for or addressed in this request in a manner which will permit thorough assessment of a provider's program may be grounds to reject any proposal.

4.7 Assignment

The successful Respondent shall not assign, transfer, convey, sublet or otherwise dispose of any award or any or all of its rights, title or interest therein, without prior written consent of the City. Such consent by the City shall not relieve the assignor of liability in the event of default by the assignee.

4.8 Contract Term and Effective Date

The contract for the City will cover a one-year period and will commence on JANUARY 1, 2022 and will end on DECEMBER 31, 2022. The contract may be renewed for like terms on the anniversary date upon written notice by the City. The contract can be terminated by the City with at least thirty days' prior written notice of termination. It is anticipated that the contract will be renewed for consecutive years. Multi-year contracts will be considered if offered.

4.9 Contact Information

Questions regarding this Request for Proposals should be directed to:

Ms. Michelle Middendorf

SHERRILL MORGAN

525 West 5th Street, Suite 310

Covington, Kentucky 41011

1-859-291-6600

E-mail address: michelle@sherrillmorgan.com

No other persons other than Michelle Middendorf should be contacted in regard to this RFP.

5. Additional Quote Requirements for TPA/ASO & Associated Vendors

****Please attach this form to the front of your proposal****

ATTACHMENT TO RFP: ADMINISTRATIVE SERVICES

Third Party Administrator or ASO Provider: _____

Contact Information: _____

This form must be completed according to how administrative fees are applicable to your organization.

❖ *All rates should be provided as a PEPM (per employee per month) charge unless otherwise indicated.*

Base Administration _____

COBRA Administration _____

Utilization Review/Medical Management _____

Name of UR/Case Management Organization _____

Disease Management Fee _____

PPO Administration/Coordination Fee _____

PPO Access Fee _____

Rx Administration/Coordination Fee _____

Medicare Part D Notices & Testing _____

HRA Administration _____

Other Fee _____

TOTAL MONTHLY FEES _____

Other Annual Fees (if applicable) _____

Setup (One time fee) _____

Are on-line administrative services available? _____

Is a copy of your EOB included? _____

Rate guarantees (please specify) _____

6. Pharmacy Benefit Manager Questionnaire
Please complete for each PBM offered as part of this proposal

The City requests that each Pharmacy Benefit Manager confirm its stance on the following contractual and administrative issues.

***Pricing must be stated on a fully transparent and pass-through basis.
Proposals must include 100% of rebates retained by the City.***

Please Insert the Name of PBM: _____

1. Pricing

- a. Affirmatively state whether the proposed PBM's pricing is quoted on a fully transparent and pass-through basis, and whether 100% of rebates will be passed through to the City.
- b. Does the proposed PBM own its pharmacy network? If not, please identify the network it uses and state whether the network passes through all discounts to the PBM.
- c. Does the proposed PBM own its claims processor? If not, please identify the claims processor it uses and state whether the processor passes through all discounts to the PBM.
- d. Does the proposed PBM own its mail order vendor? If not, please identify the mail order vendor it uses and state whether the mail order vendor passes through all discounts to the PBM. Please also state whether the City may use a mail order vendor other than the one used by the PBM.
- e. Does the proposed PBM own its specialty drug network? If not, please identify the specialty drug network it uses (if any) and state whether the specialty drug network passes through all discounts to the PBM. Please also state whether the City may use a specialty drug network other than the one used by the PBM

2. Corporate Capabilities

- a. Identify the staff that would be directly involved with the City's contract, along with their titles and responsibilities with respect to the group.
- b. Identify three references of clients similar to the City.

3. Maximum Allowable Costs

Describe your MAC program including discounts and maintenance procedures.

4. Rebate Management

a. The City requests the access and right to audit all records regarding rebates with drug manufacturers as it pertains to the City. Please describe your current policy and scope for outside audit procedures.

b. Do you utilize a rebate processor? If so, does your rebate processor pass through 100% of rebates to you?

c. Describe the process for recommending formulary changes in conjunction with rebate contracts in order to obtain the most cost effective net per member per month cost.

5. Price Proposal

a. Identify the administrative services fee per employee per month (PEPM). Identify all of the administrative services included in this fee. If there are any other charges that will be assigned to other services please identify these services and the associated fee. Any fees not identified will be assumed to be part of the administrative services included in the PEPM service fee.

b. Identify retail dispensing fees.

c. Identify mail order dispensing fees.

d. Identify proposed specialty pharmacy services reimbursement fees and/or current product list as applicable.

e. Identify drug ingredient cost discounts for your block of business for:

- All retail brand claims for the period January 1, 2019-December 31, 2019
- All mail order brand claims for the period January 1, 2019-December 31, 2019
- All retail generic claims for the period January 1, 2019-December 31, 2019
- All mail order generic claims for the period January 1, 2019-December 31, 2019
- All retail brand claims for the period January 1, 2020-December 31, 2020
- All mail order brand claims for the period January 1, 2020-December 31, 2020
- All retail generic claims for the period January 1, 2020-December 31, 2020
- All mail order generic claims for the period January 1, 2020-December 31, 2020