

ARLINGTON COUNTY, VIRGINIA
OFFICE OF THE PURCHASING AGENT
2100 CLARENDON BOULEVARD SUITE 500
ARLINGTON, VIRGINIA 22201

NOTICE OF CONTRACT AMENDMENT

TO: Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. 2101 East Jefferson Street Rockville, Maryland 20849	DATE ISSUED: AGREEMENT NO: AGREEMENT TITLE:	August 10, 2018 <hr/> 564-14 <hr/> Health Care Services <hr/>
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**THIS IS A NOTICE OF A CONTRACT AMENDMENT AND NOT AN ORDER. NO WORK IS AUTHORIZED UNTIL THE
VENDOR RECEIVES A VALID COUNTY PURCHASE ORDER ENCUMBERING CONTRACT FUNDS**

This is your notice that the above referenced contract has been amended. The contract documents consist of the terms and conditions of Arlington County Agreement **No. 564-14**, dated December 16, 2014, including any exhibits or attachments thereto.

ATTACHMENTS:

REFER TO AMENDMENT NO. 1, DATED AUGUST 10, 2018, ATTACHED HERETO.

EMPLOYEES NOT TO BENEFIT:

NO COUNTY EMPLOYEE SHALL RECEIVE ANY SHARE OR BENEFIT OF THIS CONTRACT NOT AVAILABLE TO THE GENERAL PUBLIC.

VENDOR CONTACT: Maureen Breheny	TELEPHONE NO.: (301) 816-5968
	EMAIL ADDRESS: maureen.m.breheny@kp.org
COUNTY PROJECT OFFICER: Colleen Donnelly	TELEPHONE NO.: (703) 228-3447
	EMAIL ADDRESS: cdonnelly@arlingtonva.us

ARLINGTON COUNTY, VIRGINIA
AGREEMENT NO. 564-14

AMENDMENT NUMBER 1

This Amendment Number 1 ("Amendment") is made on the date of execution of this Amendment by the County and amends Arlington County Agreement Number 564-14, dated December 16, 2014 ("Main Agreement", and made between Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc., 2101 East Jefferson Street, Rockville, Maryland 20849 ("Contractor"), a Maryland corporation authorized to transact business in the Commonwealth of Virginia, and the County Board of Arlington County, Virginia ("County").

Whereas, the County and the Contractor desire to amend the Main Agreement, the Contractor and the County, in consideration of the promises and other good and valuable consideration specified in this Amendment, amend the Main Agreement as follows:

Pursuant to Exhibit B Pricing, Payments, and Performance Guarantees, section J. Pricing, the County elects to increase monthly rates in accordance with Attachment A - Kaiser Permanente FY19 Rate Proposal, attached hereto.

All other terms and conditions of the Main Agreement, as amended, shall remain in full force and effect.

WITNESS THESE SIGNATURES:

THE COUNTY BOARD OF ARLINGTON
COUNTY, VIRGINIA

AUTHORIZED
SIGNATURE:

Cynthia Davis

PRINT

NAME: Sharon Lewis
~~MARIA MEREDITH~~

TITLE: ~~ACTING PURCHASING AGENT~~

DATE:

August 10, 2018

KAISER FOUNDATION HEALTH PLAN OF THE
MID-ATLANTIC STATES, INC.

AUTHORIZED
SIGNATURE:

Mark Ruszczyk

PRINT

NAME: Mark Ruszczyk

TITLE: Vice President

DATE:

7/23/18

ATTACHMENT A

Arlington County Government

Effective from 07/01/2018 through 06/30/2019

2018 Revised Renewal

<u>Region(s)</u>	<u>Group(s)</u>
Mid-Atlantic States	2040, 4126

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Rate and Benefit Summary – Commercial
Region: Mid-Atlantic States
Jurisdiction: VA
Contract Period: 07/01/2018 – 06/30/2019
Group Name: Arlington County Government
Group Numbers: 4126
Subgroups: 0026
Nov16 – Oct17
Average Members*:
2,023
Product Type: HMO VA SIG
Eligibles: 3000
Quote Name: HMO SIG Retirees
Rates are contingent upon the stipulations indicated in the group specific requirements.
Current Rates

Rate Tiers	Medical	Ratio
Subscriber only *	\$522.69	1.00
Subscriber and Spouse	1,100.69	2.11
Subscriber and 1 Child	969.70	1.86
Subscriber and 2 or more Children	969.70	1.86
Subscriber and Spouse and 1 or more children	1,595.26	3.05

Proposed Rates

Rate Tiers	Subscribers	Medical	%Change	Ratio
Subscriber only	71	\$564.51	8.00%	1.00
Subscriber and Spouse	30	1,188.74	8.00%	2.11
Subscriber and 1 Child	4	1,047.27	8.00%	1.86
Subscriber and 2 or more Children	8	1,047.27	8.00%	1.86
Subscriber and Spouse and 1 or more children	17	1,722.88	8.00%	3.05

Estimated Monthly Cost: \$117,599
Billing Frequency: Monthly
Proposed HMO Benefits – Tier 1 – In Network Benefits
Network: SIG
Annual Deductible: Individual / Family per calendar year(s): None
Out-of-Pocket Maximum: Individual / Family: \$3,500/\$9,400/cont yr Med/RX EMB
Lifetime Maximum: Individual / Family: None
Prescription Drugs: 30d 1 copay, 90d 3 copay, MO 90d 2 copay; KP \$15/30/55, CM \$20/45/60, MO \$15/30/55
Outpatient
Primary Care: \$20 copay
Preventive Care: \$0 copay with HCR preventive services included
Specialty Care: \$40 copay
Urgent Care: \$50 copay
Other Professional
Outpatient Surgical Services: \$100 copay
Chiropractic Services: \$40 copay/visit 20 visits/cont yr
Acupuncture Services: \$40 copay/visit 20 visits/cont yr
Dental: not covered
Infertility Diagnosis & Testing: 50% coins
Infertility Assistive Reproductive Technology: not covered
Occupational Therapy: \$40 copay 90 days/episode
Physical Therapy: \$40 copay 90 days/episode
Speech Therapy: \$40 copay 90 days/episode
Ambulance and Emergency Services
Ambulance Services: \$0 copay
Emergency Services: \$200 copay

* Includes Actives and/or pre 65 Retirees only.

Created On: 3/14/2018

NPS Quote Number: 19538331

NPS RQR Number: 10903336

NPS RQR Name: Arlington Cnty Gov – Alt

**Rate and Benefit Summary – Commercial**

Region: Mid-Atlantic States

Jurisdiction: VA

Contract Period: 07/01/2018 – 06/30/2019

Group Name: Arlington County Government

Group Numbers: 4126

Subgroups: 0026

Nov16 – Oct17

Average Members*:

2,023

Product Type: HMO VA SIG

Eligibles: 3000

Quote Name: HMO SIG Retirees

Laboratory and Imaging

Outpatient Lab, Pathology, & Diagnostic Testing: \$0 copay

Outpatient Diagnostic Radiology: \$0 copay

Outpatient Specialty Imaging: \$75 copay

Hospital Inpatient

Hospital Services, Inpatient: \$200 copay/admit

Skilled Nursing Facility Care: \$200 copay/admit up to 100 days/cont yr

Mental Health and Chemical Dependency

Behavioral Health-Group Therapy: \$10 copay

Behavioral Health-Individual Therapy: \$20 copay

Behavioral Health, Inpatient: \$200 copay/admit

Other

Basic Durable Medical Equipment: \$0 copay

Prosthetics: \$0 copay

Orthotics: \$0 copay

Eyeglass Frames: 19+ 25% discount, <19 \$0 (1 pair/yr)

Eyeglass Lenses: 19+ 25% discount, <19 \$0 (1 pair/yr)

Hearing Aids: not covered

Domestic Partners: None

Student / Overage Dependent Coverage: 26/26

Commission: None

Other: All mandated Federal & State benefits apply.

APP: No

* Includes Actives and/or pre 65 Retirees only.

Created On: 3/14/2018

NPS Quote Number: 19538331

NPS RQR Number: 10903336

NPS RQR Name: Arlington Cnty Gov – Alt


Rate and Benefit Summary – Commercial
Region: Mid-Atlantic States
Jurisdiction: VA
Contract Period: 07/01/2018 – 06/30/2019
Group Name: Arlington County Government
Group Numbers: 4126
Nov16 – Oct17
Subgroups: 0024,0025,0027
Average Members*:
2,023
Product Type: HMO VA SIG
Eligibles: 3000
Quote Name: HMO SIG Actives
Rates are contingent upon the stipulations indicated in the group specific requirements.
Current Rates

Rate Tiers	Medical	Ratio
Subscriber only	\$522.69	1.00
Subscriber and Spouse	1,100.69	2.11
Subscriber and 1 Child	969.70	1.86
Subscriber and 2 or more Children	969.70	1.86
Subscriber and Spouse and 1 or more children	1,595.26	3.05

Proposed Rates

Rate Tiers	Subscribers	Medical	%Change	Ratio
Subscriber only	408	\$564.51	8.00%	1.00
Subscriber and Spouse	100	1,188.74	8.00%	2.11
Subscriber and 1 Child	73	1,047.27	8.00%	1.86
Subscriber and 2 or more Children	53	1,047.27	8.00%	1.86
Subscriber and Spouse and 1 or more children	198	1,722.88	8.00%	3.05

Estimated Monthly Cost: \$822,280
Billing Frequency: Monthly
Proposed HMO Benefits – Tier 1 – In Network Benefits
Network: SIG
Annual Deductible: Individual / Family per calendar year(s): None
Out-of-Pocket Maximum: Individual / Family: \$3,500/\$9,400/cont yr Med/RX EMB
Lifetime Maximum: Individual / Family: None
Prescription Drugs: 30d 1 copay, 90d 3 copay, MO 90d 2 copay; KP \$15/30/55, CM \$20/45/60, MO \$15/30/55
Outpatient
Primary Care: \$20 copay
Preventive Care: \$0 copay with HCR preventive services included
Specialty Care: \$40 copay
Urgent Care: \$50 copay
Other Professional
Outpatient Surgical Services: \$100 copay
Chiropractic Services: \$40 copay/visit 20 visits/cont yr
Acupuncture Services: \$40 copay/visit 20 visits/cont yr
Dental: not covered
Infertility Diagnosis & Testing: 50% coins
Infertility Assistive Reproductive Technology: not covered
Occupational Therapy: \$40 copay 90 days/episode
Physical Therapy: \$40 copay 90 days/episode
Speech Therapy: \$40 copay 90 days/episode
Ambulance and Emergency Services
Ambulance Services: \$0 copay
Emergency Services: \$200 copay

* Includes Actives and/or pre 65 Retirees only.

Created On: 3/14/2018

NPS Quote Number: 19538332

NPS RQR Number: 10903336

NPS RQR Name: Arlington Cnty Gov – Alt


Rate and Benefit Summary – Commercial
Region: Mid-Atlantic States

Jurisdiction: VA

Contract Period: 07/01/2018 – 06/30/2019

Group Name: Arlington County Government

Group Numbers: 4126

Subgroups: 0024,0025,0027

Nov16 – Oct17
Average Members*:
2,023
Product Type: HMO VA SIG

Eligibles: 3000

Quote Name: HMO SIG Actives

Laboratory and Imaging

Outpatient Lab, Pathology, & Diagnostic Testing: \$0 copay

Outpatient Diagnostic Radiology: \$0 copay

Outpatient Specialty Imaging: \$75 copay

Hospital Inpatient

Hospital Services, Inpatient: \$200 copay/admit

Skilled Nursing Facility Care: \$200 copay/admit up to 100 days/cont yr

Mental Health and Chemical Dependency

Behavioral Health–Group Therapy: \$10 copay

Behavioral Health–Individual Therapy: \$20 copay

Behavioral Health, Inpatient: \$200 copay/admit

Other

Basic Durable Medical Equipment: \$0 copay

Prosthetics: \$0 copay

Orthotics: \$0 copay

Eyeglass Frames: 19+ 25% discount, <19 \$0 (1 pair/yr)

Eyeglass Lenses: 19+ 25% discount, <19 \$0 (1 pair/yr)

Hearing Aids: not covered

Domestic Partners: None

Student / Overage Dependent Coverage: 26/26

Commission: None

Other: All mandated Federal & State benefits apply.

APP: No

* Includes Actives and/or pre 65 Retirees only.



Rate Assumptions and Requirements

Group Name: Arlington County Government

Region: Mid-Atlantic States

Contract Period: 07/01/2018 – 06/30/2019

Group Numbers: 4126

Subgroups: 0024,0025,0026,0027

KP Offered: Alongside other carrier(s)

Quotes Included

HMO SIG Actives – 19538332

HMO SIG Retirees – 19538331

Proposal Assumptions

The proposed rates and benefits included on the Rate and Benefit Summary page are based on the participation and contribution requirements described below. If any of the following are not met, Kaiser Permanente (KP) reserves the right to withdraw our rate proposal, decline coverage, re-rate this proposal or terminate your Group Agreement.

1. **Group-specific requirements:** The rates proposed are contingent upon the rates for the competitor, Cigna, for existing benefits to increase by a minimum of 5%, the employee contributions remain the same or further favor Kaiser Permanente, and that no additional carriers or benefit plans are being offered. In the event that the contingencies are not met, Kaiser Permanente reserves the right to rescind the current rates at the 8% increase.
2. **Rating Assumptions:**

Rates assume a 12-month policy period of 7/1/2018 through 6/30/2019 unless otherwise specified above.

The rates and benefits in this proposal include the Federal Health Care Reform requirements. KP reserves the right to modify the rates and benefits if we receive further clarification of Federal Health Care Reform requirements, or to incorporate other applicable Federal Health Care Reform requirements. In addition, Kaiser Permanente reserves the right to make any change in these rates and benefits due to changes in State or Federal legislation or regulatory action.

KP reserves the right to rerate if actual enrollment results in a +/-10% change in the rates from what was assumed at the time of this quote. Examples of changes that may impact rates include, but are not limited to, the following:

 - a. A change in the demographic factor.
 - b. A change in the average family size or subscriber distribution.
 - c. A change in the number of subscribers enrolled in KP.
 - d. A change in the number of plans offered alongside KP.
 - e. A change in the benefit design of a plan offered alongside KP.
 - f. A change in the employer contribution formula.
 - g. Groups must abide by the Break-in and Break-away Policy.

KP reserves the right to change the rates in the event the employer funds, or offers to fund, all or part of an individual or family deductible, copayment or coinsurance which is applicable under the KP plan unless specifically noted in the Group-Specific Requirements above.
3. **Participation and contribution requirements:**
 - a. Proposed rates and benefits assume 75% of overall eligible group employees enroll in a company-sponsored plan excluding those waiving for alternative group coverage.
 - b. Proposal assumes employer pays at least 50% of the employee only cost and is non-discriminatory.
4. **Quote assumes KP is offered alongside another health care plan**

KP must be offered on conditions that are no less favorable than those for other health care plans. Examples include, but are not limited to, the following:

 - a. KP is offered to all eligible employees.
 - b. KP has access to the employer and to the employees on the same basis as all other health care plans offered.
 - c. The employer's contribution formula does not put KP in a disadvantaged position. This quote assumes that all benefit plans offered to group subscribers provide similar benefits and levels of coverage. If not, the employer's contribution strategy must account for benefit differences among plans offered to subscribers. For example, if KP provides coverage in excess of the minimum essential level of coverage required by law, and another plan does not, the employer will ensure that the member contribution for KP's plan does not exceed the dollar amount for the other plan.

 Rate Assumptions and Requirements

Group Name: Arlington County Government

Region: Mid-Atlantic States

Contract Period: 07/01/2018 - 06/30/2019

Group Numbers: 4126

Subgroups: 0024,0025,0026,0027

KP Offered: Alongside other carrier(s)

- d. Basic and optional benefits such as DME, prescription drugs, and infertility are comparable among all health care plans offered, however, KP will allow preventive services as defined by Health and Human Services (HHS) to vary if specifically approved by underwriting.
 - e. KP is not offered alongside plans with pre-existing condition provisions, health condition exceptions or lifetime coverage limits.
 - f. If early retirees are covered, the employer offers all health care plans to early retirees on the same basis.
 - g. Eligibility rules such as dependent age limits and waiting periods for new hires are the same for all health care plans.
 - h. No other plan is allowed preferential treatment that adversely affects KP.
 - i. KP prefers that the number of employee subscribers enrolled in KP be the greater of 5 or 5% of the total number of employees enrolled in all health plans in regions where KP is offered.
 - j. Kaiser Permanente must NOT be offered along side an age-rated health care plan.
 - k. Rate tier ratios and their definitions should be the same among all health plans offered by the group (employer).
5. **Product-specific participation requirements:**
Additional Kaiser Permanente Medicare Senior Advantage (KPSA), Medicare Plus or Medicare Cost Requirements:
- a. Please refer to the group's contract for full definitions of Primary Medicare and Secondary Medicare.
 - b. Members must have Medicare Parts A and B to enroll in Medicare Senior Advantage (KPSA), Medicare Plus or Medicare Cost and be eligible for Medicare rates. In some regions members with only Part B may also enroll but their rates will be subject to a surcharge.
 - c. Medicare eligible members must reside in the approved Medicare Senior Advantage (KPSA), Medicare Plus or Medicare Cost service areas to receive benefits for the group Medicare Senior Advantage (KPSA), Medicare Plus or Medicare Cost offering.
 - d. Enrollment in Medicare Senior Advantage (KPSA), Medicare Plus and Medicare Cost is contingent upon receipt of an accurately completed enrollment form.
 - e. Preliminary Medicare Senior Advantage (KPSA), Medicare Plus or Medicare Cost rates and benefits are subject to change.
 - f. Medicare Senior Advantage (KPSA), Medicare Plus or Medicare Cost products may not be available for sale in all KP regions.
- Additional Out-of-Area Product Requirements:
- a. All employees offered KP Out-of-Area products must reside and work outside the KP service area.
6. **Proposal requires eligibility for KP plan based on the following:**
- a. Employer - the employer cannot be considered a small group according to state law.
 - b. Actives:
 - The group (employer) must be related to those offered a KP plan by virtue of employment. This includes when the group contract is with a Taft-Hartley Trust, Professional Employer Organization (PEO), association or Joint Power of Authority (JPA).
 - An eligible employee is defined as an active, permanent employee who is on the employer's payroll, and works the minimum number of hours mandated by federal and/or state law to be considered an "eligible employee." Any agreement to change the minimum hours required must be in writing. Temporary and independent contractors (i.e., 1099 employees) are not eligible unless noted otherwise in this Rate Assumptions and Requirements document.
 - The employee must live or work in the service area specific to the product they enroll in.
 - 100% of eligible employees must be covered by Worker's Compensation, where mandated by law.
 - c. New enrollees:

The probationary period for new employees is non-discriminatory and reflects no more than a 90-day waiting period unless noted otherwise in this Rate Assumptions and Requirements document.
 - d. COBRA
 - It is the responsibility of the employer group to enroll eligible members into the KP COBRA plan in compliance with federal law.
 - It is the employer's responsibility to comply with appropriate COBRA statutes.
 - KP will generally include COBRA members as part of the group bill. If individual billing has been arranged, KP will assume responsibility for collecting premiums from COBRA members, only acting as a collection agent on behalf of the group, not as a fiduciary for the group. In addition, KP retains the authority to terminate a direct-billed member for non-payment.

 Rate Assumptions and Requirements

Group Name: Arlington County Government

Region: Mid-Atlantic States

Contract Period: 07/01/2018 – 06/30/2019

Group Numbers: 4126

Subgroups: 0024,0025,0026,0027

KP Offered: Alongside other carrier(s)

e. Retirees

- Eligible early retirees must enroll in a health plan at the time of retirement and may later elect to enroll in a KP plan at open enrollment as long as they have maintained continuous enrollment in a health plan since the time of retirement.
- Early retirees under the age of 65 must be reported to KP and set up as a separate employee class or subgroup.
- Medicare eligible retirees cannot enroll in the active plan.
- Applicants for a Medicare Senior Advantage (KPSA), Medicare Plus or Medicare Cost plan must meet all the Medicare eligibility requirements, including those stated in this Rate Assumptions and Requirements document.

f. Dependents

- If an "in-area" employee has dependents that live outside the service area, the employee and dependents must be enrolled in the same product.

7. Compliance:

KP reserves the right to make any change in the employer group's benefits and/or rates due to changes in State or Federal legislation or regulatory action.

8. Broker Payment:

Brokers may be paid commissions and other financial incentives by Kaiser Permanente.

The contracting employer must also meet all other group-specific responsibilities and requirements described in your Group Agreement.