



CITY OF SAN ANTONIO

P.O. BOX 839966
SAN ANTONIO, TEXAS 78283-3966

May 6, 2011

**RE: REQUEST FOR PROPOSAL (RFP) FOR THIRD PARTY CLAIMS ADMINISTRATOR AND
MEDICAL COST CONTAINMENT SERVICES DATED APRIL 17, 2011**

ADDENDUM I:

The above mentioned Request for Proposal is hereby amended as follows:

1. Replace RFP Exhibit 5 – Claims History with Revised RFP Exhibit 5
2. Add RFP Exhibit 6 – Zip Code Analysis

The following are questions that were received prior to the Pre-Proposal Conference as of May 4, 2011, and are restated below followed by their responses:

Question 1: If a primary partners with a subcontractor, does the sub need to maintain a local office?

Response: To count towards the 8% subcontracting goal, the subcontractor must maintain an office within the San Antonio Metropolitan Statistical Area (SAMSA) which currently includes the counties of Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina and Wilson, or have a “significant business presence” (20% of total company employees located within the SAMSA) in addition to being certified as a Small Business by the South Texas Regional Certification Agency (STRCA). See RFP Exhibit 1 and sctrca.org.

Respondents and/or their agents are encouraged to contact the Small Business Office of the International and Economic Development Department for assistance or clarification with issues specifically related to the City’s Small Business Economic Development Advocacy (SBEDA) Program policy and/or completion of the SBEDA form. The point of contact is Marissa Newman. Ms. Newman may be reached by telephone at (210) 207-3962 or by e-mail at marissa.newman@sanantonio.gov. Contacts to the Small Business Office regarding this solicitation after the solicitation closing date is not permitted.

Question 2: If a subcontractor is involved, does the City want some/all/none of the RFP attachments completed by the sub and included with the Primaries attachments? e.g. *Attachment A, Part One* General Information, References, Former Client References; *Attachment A, Part Two* Experience, Background, Qualifications

Response: The RFP attachments must be completed by the Primary Respondent. Please note that if Respondent is proposing as a team or joint venture, the same information for each member of the team or joint venture must be provided. As specified in Attachment A, Part One, 1. Respondent Information,

subcontractors are not Co-Respondents. However, Attachment A, Part Two, items 4 and 10 provide opportunities to include any supplemental information concerning proposed subcontractors. It is optional for subcontractors to complete the RFP attachments in their entirety.

Question 3: The Medical Cost Containment services require an “on-site nurse”. Is it expected that the nurse will be full time? Is this service to be included in the annual flat fee for Workers Compensation and Liability Claims handling?

Response: The position need not be full time, but the associated costs must be included in the flat fee.

Question 4: Which TPA does COSA currently use?

Response: Sedgwick CMS, Inc, since January, 2007.

Question 5: Does the current TPA provide all of the medical cost containment services exclusively? If not, which companies provide which services?

Response: The current TPA subcontracts with Argus Services Corporation for these services.

Question 6: Does COSA plan to consider a TX HCN or 504 Plan in the future?

Response: It is under consideration.

Question 7: Do you currently utilize a PBM? If so, who?

Response: Yes, Modern Medical.

Question 8: II. Scope of Services, pg 6 – Obtain employee’s signature authorizing release of medical records.... – Can you explain why would we need to obtain a release for medical records on a workers’ compensation claim? WC is an exempted entity and releases are not required for medical records.

Response: We require this for use in the event that subrogation or medical history investigation becomes appropriate.

Question 9: II. Scope of Services, pg 7 - Who does the City currently use for legal representation of TDI/DWC hearings?

Response: Flahive, Ogden, and Latson, PC represents the City as necessary. Generally, the adjuster handling the claim appears for the City at a Benefit Review Conference. In FY 2010, the City appeared in 11 Contested Case Hearings and at least 21 Benefit Review Conferences.

Question 10: Can you disclose the following numbers received in 2010 for both WC and liability as applicable?

- a. # of bills
- b. # of reconsiderations
- c. # of total UR/preauthorization requests broken down by nurse reviews and physician reviews
- d. # of preauthorization reconsiderations/appeals broken down by nurse reviews and physician reviews
- e. # of case management referrals broken down by TCM and FCM
- f. # of peer reviews

- Response: For FY 2010:
- a. 22,802 bills were reviewed.
 - b. The current cost containment agency does not capture this information.
 - c. 1,773 pre-authorizations were done of which 362 were physician reviews.
 - d. The current cost containment agency does not capture this information.
 - e. 1 Telephone Case Management and 3 Field Case Management
 - f. 40 peer reviews
- Question 11: In Exhibit 2, Insurance Requirements, there is a requirement the City be added to the TPA Crime Policy as an Additional Insured Endorsement. We have been advised that is not allowed, however, the City can be added as a Joint Loss Payee on the endorsement. Will this be acceptable by the City? If not, does the current TPA have this endorsement on their crime policy?
- Response: You are correct – the Additional Insured Requirement is not applicable to the Crime Policy.
- Question 12: Who is the current TPA? How long have they provided TPA services to the City?
- Response: See Question 4.
- Question 13: Does the City, or TPA providing claim services to the City, have existing direct Agreements with providers? If so, approximately how many Agreements are in place?
- Response: No.
- Question 14: What is the expectation of the City on the operating hours for the dedicated phone line to report claims directly to the TPA?
- Response: We expect proposals to incorporate service outside ordinary business hours and the evaluation of proposals will take into consideration the extent of service proposed.
- Question 15: Do you have a Pharmacy Benefit Management preferred provider? If so, who?
- Response: See Question 7.
- Question 16: Can the City provide a list of zip codes for their employees, preferably in excel format?
- Response: See RFP Exhibit 6 – Zip Code Analysis.
- Question 17: What Private Investigation firm is currently being utilized by the City?
- Response: The City has no direct agreement with any private investigation agency. The current TPA has subcontract agreements with Tinker, Hurd, and Associates and Triple J Investigations.
- Question 18: What was the number of RMEs, Peer Reviews and Designated Doctor examinations for the past calendar year or fiscal year (broken down by type)?
- Response: RMEs – 60
Peer Reviews – 40

DD – We do not track the number of DD's.

Question 19: What was the number of case management assignments (broken down by field and telephonic) for the last calendar year or fiscal year? How many cases remain open as of April 30, 2011?

Response: See Question 10.

Question 20: What is the name of defense law firm used for DWC Administrative Hearings; and how many BRC's and CCH's did the City have in the last calendar year or fiscal year?

Response: See Question 9.

Question 21: Will the City agree to allow the TPA to image all incoming correspondence? If yes, will the City entertain a review of the destruction policy of the TPA awarded the contract?

Response: Yes. The contract will require the TPA to conform to the City's records retention policies.

Question 22: Does the current TPA have hard copy files, imaged files or both?

Response: Both

Question 23: Does the City currently participate in a Certified 1305 Network or a 504 Physician Panel? If yes to either, what network/panel is being utilized and what was the effective date?

Response: See Question 6.

Question 24: What was the number of pre-authorizations for the last calendar year or fiscal year, separated into nurse review and physician review?

Response: See Question 10.

Question 25: What was the number of medical bills for the last calendar year or fiscal year? Please separate into medical and hospital if possible.

Response: For FY 2010 : 22,862 bills
Acupuncturist Bills – 34
Ambulance Bills – 206
Ambulatory Surgical Center Bills – 158
Certified First Assistant – 2
Certified Registered Nurse – 13
Clinical Social Worker – 33
Clinical Surgical Assistant – 14
Chiropractic – 4,917
Dentist – 3
Medical Equipment – 960
Doctor of Osteopathy – 510
Doctor of Podiatric Medicine – 89
Hospital Inpatient – 82
Hospital Outpatient – 850
Independent lab – 318
Licensed Professional Counselor – 411
Licensed Surgical Assistant – 29

Medical Doctor – 11,575
Nurse First Assistant - 12
Nurse Practitioner – 21
Occupational Therapy – 134
Physician Assistant – 97
Physical Therapy – 2,319
Psychologist – 21
Radiology – 10
Pharmacy - 44

Question 26: Which company currently provides cost containment services?

Response: See Question 5.

Question 27: What is the name of RMIS [claims system] currently being used?

Response: The current TPA uses Juris and the City has recently initiated use of a CS Stars system.

Question 28: Who is the current Excess Carrier?

Response: Star Insurance Company

Question 29: What is the City's definition of "Lost Time" claims?

Response: A claim where indemnity benefits are payable beginning the first day of incapacity for work.

Question 30: You require that files be securely locked in climate controlled storage. Is having all files scanned into a paperless system acceptable?

Response: Electronic copies for new claims and records are acceptable. TPA will be responsible for maintenance of established claim records, including hard copies.

Question 31: Pertaining to the requirement that an internal audit is to be done to ensure contract requirements is being fulfilled every six months and provide report finding. What type of report does the City want?

Response: Any report which contains adequate information to demonstrate compliance with Best Practices standards will satisfy this requirement.

Question 32: The requirement that says "Provide an on-site nurse" does the nurse have to be an employee of the TPA?

Response: No.

Question 33: Pertaining to the statement "Deny a claim if TPA determines the City has no liability or where immunity had not been waived. City, however, reserves the right to make such determinations on its own." Will the City indemnify the TPA if a bad faith claim arises and the TPA determines the claim should be paid but the City chooses to deny the claim?

Response: No, as no bad faith action is available to third-party plaintiffs. Further, the City is legally prohibited from indemnifying another party.

Question 34: Can you provide detailed current valued loss runs? The losses in the RFP are as of 12-31-10.

Response: See Revised RFP Exhibit 5 – Claims History.

Question 35: We have reviewed both the SCTRCA web site as well as the City's vendor database and the pool of qualified SBE's is very limited. Will the City accept an SBE certificate from another certifying agency or is the SBE certification limited to SCTRCA? Will the city allow some leeway with regard to the SBE being headquartered in San Antonio (or surrounding counties) and having a significant business presence in San Antonio? What is the possibility of expanding the SBE requirement and allowing MBE, WBE or HUB certified companies to fulfill the requirement?

Response: We can accept certifications from other certifying agencies so long as their criteria meet our criteria listed in the SBEDA Ordinance. The eligibility requirement regarding SBEs being headquartered or demonstrating significant business presence in the SAMSA cannot be waived. Businesses certified as WBEs, MBEs, or HUB must also be certified as SBEs to meet the requirement.

Question 36: In the general information section, it requests information on Annual Revenue. Is the requested information for the company, the local claims handling office or for the contract?

Response: This refers to the Respondent and any Co-Respondents. Co-Respondents are two or more entities proposing was a team or joint venture with each signing the contract, if awarded.

Question 37: In the general information section, it requests information on “Current Clients” and “Total number of employees”. Is the requested information for the company, the local claim handling office or for the contract?

Response: The company. However, information for local offices is requested in item 6.

Question 38: Please provide clarification on the SBE requirement. Currently, we note only two businesses are listed as SBEs per the SBEDA website. Both businesses are due to expire in 2011.

Response: The SBE Subcontracting Program requires Respondent to subcontract at least 8% of its prime contract value to certified SBE firms headquartered or with significant business presence in the San Antonio Metropolitan Statistical Area. The Respondent demonstrates such commitment by submitting a completed Subcontractor / Supplier Utilization Plan with its response.

Question 39: Please explain the definition of a “prime contract”. Please provide an example of how the City of San Antonio calculates the 8% of a prime contract.

Response: “Prime contract” refers to the dollar amount received by the Prime Respondent from the City. A minimum of eight percent of the total proposed contract value must be allocated to SBEs meeting SBEDA requirements. For example, if your estimated contract value is \$100, \$8 would pay another firm for a subcontracted service relating to the contract.