



# CITY OF SAN ANTONIO

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

May 11, 2011

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

## **ADDENDUM II:**

The above mentioned Request for Proposal is hereby amended by replacing RFP Attachment B – Pricing / Compensation Schedule with Revised RFP Attachment B.

The following are questions that were received on May 5, 2011, prior to the Pre-Proposal Conference, and are restated below followed by their responses:

Question 1: Will the City provide the following information for CY2010 for medical bills?

- Number of bills adjudicated
- Number of lines adjudicated
- Total fee schedule reductions
- Total audit reductions
- Total network reductions
- Total out of network reductions
- Total paid
- Total medical bill review fees
- Total audit/enhanced savings fees
- Total network fees

Response: For CY 2010:

- Number of Bills – 17,547
- Number of lines – As fee was based per bill and not per line, the information is not captured.
- Total Fee Schedule Reductions and Audit Reductions – \$9,018,057.06
  - The current medical provider combined the fee schedule and audit reductions.
- Total network reductions – \$481,389.28
- Total paid – \$5,365,440.96
- Total medical bill review fees – \$67,394.50
- Total Audit fees – \$129,606.25

Question 2: Is the City currently participating in an HCN or 504 network? If yes, when did the City first implement the HCN or 504 network?

Response: See Addendum I, Question 6.

Question 3: Does the City have an active return to work program?

Response: Yes, it was implemented by the Risk Management staff.

Question 4: What are the current referral criteria for case management services?  
Response: Case management referrals are done on a case by case situation for major or catastrophic injuries where more attention is needed. Referrals are reviewed and approved by the Workers Compensation Section of Risk Management for appropriateness.

Question 5: Does the City use telephonic case management, or only field case management?  
Response: Both; see Addendum I, Question 10 (e).

Question 6: How many medical bills were processed in the preceding year?  
Response: See Addendum I, Question 10 (a).

Question 7: How many preauthorization requests were processed in the preceding year?  
Response: See Addendum I, Question 10 (c).

Question 8: How many clients had case management assigned in the preceding year?  
Response: See Addendum I, Question 10 (e).

Question 9: What managed care services were utilized on liability claims last year? Please include volumes for each type of service.  
Response: None.

Question 10: There is a bullet point requiring that we attend meetings, mediations, and legal proceedings. Would any expense (travel, etc.) incurred by adjusters be considered Allocated Expenses and billed to the file?  
Response: No, it is includable in the flat fee.

Question 11: Regarding the claim volume. What number are lawsuits?  
Response: As of 9/30/2010, a total of 286 suits were pending. As of 3/31/2011, there were 252. About 75 new suits are filed each year.

Question 12: Who is the current TPA?  
Response: See Addendum I, Question 4.

Question 13: Does the City have a broker you work with on this project and if so, who is the broker?  
Response: Marsh USA is City's broker for insurance procurement, but they are not involved in TPA operations except for claims audit and general information.

Question 14: Is there a more detailed breakdown of the claim history in terms of number of lost time vs. medical only, and the number of open claims?  
Response: There were 471 open workers' compensation claims as of March 31, 2011. See Revised RFP Exhibit 5 – Claims History. During FY 2010, there were 830 medical only claims and 626 indemnity claims.

Question 15: Where is the City's current claim team located? Is it the City's expectation that the new TPA retain this claims team?  
Response: Sedgwick CMS has offices at 9601 McAllister Freeway, San Antonio.

Staffing decisions are within the discretion of the third party administrator.

On May 6, 2011, the City hosted a Pre-Proposal Conference at 111 Soledad, Suite 1100, to provide information and clarification regarding the Request for Proposal for Third Party Claims Administrator and Medical Cost Containment Services. The questions and responses from the conference are provided below:

Question 16: On page 15, the City is asking for a daily data dump. Will the City accept the TPA's format or will we need to use the Stars system?

Response: It will need to be in the Stars system format.

Question 17: On the pricing schedule, the Medical Cost Containment Services section on pre-authorizations requests the price "per bill". Is it "per request"?

Response: Yes, it is the price per pre-authorization request. See Revised RFP Attachment B – Pricing / Compensation Schedule.

Question 18: What is the role of the onsite nurse?

Response: The onsite nurse's role is to provide professional guidance on workers' compensation claims, review medical reports to ensure proposed treatment is reasonable for the established diagnosis, and to work along with the adjuster.

Question 19: In regards to the SBEDA requirement that 20% of total company employees must be located within the SAMSA in order to have a "significant business presence", is it acceptable that the local office will be established even though it does not currently exist?

Response: No, the office must be established for at least a year.

The following questions were received in accordance with Section X, Restrictions on Communication. The questions are restated below, followed by the response:

Question 20: In regards to the updated losses provided, I was wondering if we could get those losses broken down by Medical Only, Loss Time, and Report Only claims?

Response: See Question 14. No listing for "Report Only" claims is available.

Question 21: In reference to RFP Exhibit 5 - Claims History

- a. How many of the open Workers Compensation claims are classified as Lost Time or Indemnity?
- b. Of the total number of Auto Liability, how many involved property damage only?
- c. Of the total number of General Liability claims, how many involved property damage only?

Response: 

- a. See Question 14.
- b. This is unavailable.
- c. This is unavailable.

Question 22: Under Section II "Scope of Services":

Prepare and submit all queries and quarterly reports to the Center for Medicare

and Medicaid Services (CMS) in accordance with the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA), as hereafter amended;

- a. Should the costs associated with these reporting requirements be included in annual claims administration price schedule OR will City consider a one time per claim fee and paid as an allocated loss adjustment (ALAE) expense to the claim file?

Response: No separate provision is made in the Pricing Schedule (RFP Attachment B) of the RFP documents, so MMSEA reporting should be included in the flat fee for workers' compensation claims and for liability claims.