



## City of San Antonio

### ADDENDUM II

**SUBJECT:** Request for Proposals for Third Party Administrator for Medical Plans, Pharmacy & Spending Accounts, (RFP 16-031), Scheduled to Close: Wednesday, March 30, 2016; Date of Issue: Wednesday, February 17, 2016

**FROM:** Denise D. Gallegos, C.P.M., CPPB  
Procurement Administrator

**DATE:** March 18, 2016

**THIS NOTICE SHALL SERVE AS ADDENDUM NO. II - TO THE ABOVE REFERENCED REQUEST FOR PROPOSALS**

#### **THE ABOVE MENTIONED REQUEST FOR PROPOSALS IS HEREBY AMENDED AS FOLLOWS:**

1. The **submission deadline** has been changed from: **Wednesday, March 30, 2016, 11:00 a.m., local time** to **Wednesday, April 6, 2016, 11:00 a.m., local time**.
2. **Change:** Section 010 – Submission of Proposal, 2<sup>nd</sup> Paragraph, 1<sup>st</sup> Sentence to read as the following:  
  
*“Proposals must be received in the Office of the City Clerk no later than 11:00 a.m., local time, on Wednesday, April 6, 2016 at the address below.”*
3. **Change:** Section 014 – Schedule of Events, last two events to read as the following:  
  
*“Proposal Due - Wednesday, April 6, 2016 at 11:00 a.m.”.*
4. **Add:** **Exhibit 15 – Top 25 Episodes of Care from 10/1/15 – 1/31/16**, this document will be posted as a separate attachment.
5. **Add:** **Exhibit 16 – Network Utilization**, this document will be posted as a separate attachment.
6. **Add:** **Exhibit 17 – Top 25 Drug Distribution**, this document will be posted as a separate attachment.
7. **Add:** **Summary Plan Documents as follows;** these documents will be posted as separate attachments:  
**Exhibit 18 – Civilian, Consumer Choice**  
**Exhibit 19 – Civilian, New Value**  
**Exhibit 20 – Fire**  
**Exhibit 21 - Police**
8. **Remove:** **III. Performance Standards (Performance Bond) Section language from Exhibit 7 – Professional Services Agreement for Third Party Administrator (Sample Contract).**
9. **Add:** **Exhibit 22 – Pharmacy Pricing Arrangement**, this document will be posted as a separate attachment.

#### **QUESTIONS SUBMITTED IN ACCORDANCE WITH SECTION 011, RESTRICTIONS OF COMMUNICATION:**

Question 1: Can we get the portal address for all amendments for RFP 16-031?

- Response: All updated and current information regarding this RFP will be found at the City's website: <http://www.sanantonio.gov/purchasing/biddingcontract/opportunities.aspx>.
- Question 2: Is this RFP for an Administrative Services Only quote? Or are you also needing us to secure quotes from our carrier market that reflects potential rates?
- Response: All specifications and requirements for the City's TPA can be found in the Scope of Services – Section 004 of the RFP document.
- Question 3: Can a list of top the Top 50 Providers by spend for the past 12 months be included for analysis?
- Response: This information was provided and is available through Addendum I as Exhibit 13.
- Question 4: We would like to see a list of the top 25 episodes of care and/or diagnosis by paid amount.
- Response: A list of 25 episodes of care from October 1, 2015 to January 31, 2016 is attached to this addendum and posted as a separate document titled "Exhibit 15 – Top 25 Episodes of Care from 10/1/15 – 1/31/16".
- Question 5: Is it possible to obtain a full list of all programs and fees (including amounts) that currently fall outside of the admin fee?
- Response: Respondents will be expected to respond with a listing of the services/cost included in their proposal. Further detail may be included during a best and final offer (BAFO) through the RFP process.
- Question 6: Will you stipulate that the networks utilized in the disruption analysis be identical to those utilized in the discount analysis? If no, detail the differences.
- Response: It is expected to have the network disruption and discounts to be from the same network.
- Question 7: Will you allow a carrier's discount guarantee to exclude any claims? If yes, which claim types and/or dollar threshold will you allow to be excluded from the guarantee.
- Response: Respondents will be expected to provide parameters of any discount guarantees quoted.
- Question 8: What is the current percentage of savings being retained on rental (wrap) network claims? Example: UHC's Shared Savings Plan.
- Response: Shared Savings Program – 29% of savings with a cap of \$110,000. Respondents will be expected to disclose any percentage of savings on rental/wrap networks.
- Question 9: Are there any capitated networks being utilized currently? Will you allow for the use of capitated networks (ex. behavioral health)? If yes, will you allow the carrier to retain a percentage of the savings? If yes, what percentage?
- Response: No, the City does not utilize capitated networks. Respondents should provide responses on how they would handle Rx. Additional information may be provided during best and final offer (BAFO) through the RFP process.
- Question 10: Will you expect that all carriers quote an all-inclusive administrative fee that does not reflect additional fees, shared savings, or Rx rebate sharing?
- Response: Respondents will be expected to respond with a listing of the services/cost included in their proposal including any shared savings/RX rebates.
- Question 11: Who is the current AEP vendor or Benefit Admin System?
- Response: The City uses SAP as our benefits system.
- Question 12: What are the current UHC admin fees that the City is paying and can the fees be broken out in detail?
- Response: Net Medical ASO Fee - \$28.05, per employee, per month.
- Question 13: Can we get a copy of the Summary Plan Documents?
- Response: Yes, this information is attached to this addendum and will be posted as separate attachments.
- Question 14: Can we get a list of the current Wellness programs that are currently being offered to the City employees and are these programs offered to both Union and Civilian employees?
- Response: Current Wellness programs are offered to Civilian employees only:  
Health Coaching  
Virgin Pulse Pedometer Program

Fitness Discounts  
Weight Watchers  
Smoking Cessation

- Question 15: Can we get a utilization report broken out by the different networks? Example: Choice Plus, Shared Savings Plan, and Out of Network.  
Response: The City has Choice Plus utilization. Please see Exhibit 16 – Network Utilization referenced above in this addendum, it is posted as a separate attachment.
- Question 16: What was the average network discount percentage and in network utilization percentage for the past 12 months?  
Response: Average network discount 62.8% and in Network utilization 93.7%.
- Question 17: Can a list of the Top 25 Drugs by scripts and dollar amounts be provided for analysis?  
Response: A list of the Top 25 Drugs is attached to this addendum and posted as a separate document titled “Exhibit 17 – Top 25 Drug Distribution.”
- Question 18: Does the current carrier retain any portion of the Rx rebates (retail or mail order)? If yes, what percentage? Will this be allowed going forward?  
Response: 68%/32% split for retail. Respondents may provide any and all other rebates included in their proposal.
- Question 19: Will proposals featuring spread pricing be acceptable?  
Response: No, regarding pharmacy programs.
- Question 20: How are single source generics handled within the current program? Do single-source generics fall within generic or brand name benefit tiers?  
Response: Respondents should provide responses on how they would handle on Rx. Additional information may be provided during best and final offer (BAFO) through the RFP process.
- Question 21: Can the Union plan have a different formulary than what the Civilian plan has?  
Response: It is possible; today, we have one formulary for all plans.
- Question 22: Can we get an Rx claim file with the following information: date of service, metric quantity, NDC # of the drug, NABP # of the Pharmacy, days’ supply, and mail/retail indicator and formulary indicator?  
Response: As this requested information is voluminous we anticipate this data will be released under Addendum III. Addendum III is anticipated to be released after March 23, 2016.
- Question 23: What is San Antonio's definition of Mentorship Incentive and what would some of those activities include?  
Response: City of San Antonio Small Business Office will award five (5) evaluation criteria points to Prime Respondents that agree to mentor SBEDA eligible SMWBEs as part of the Mentor- Protégé Program. The Prime Respondent must complete the *Mentor Application* within 7 days of submitting the commitment form. Program details can be found at [www.besantonio.com](http://www.besantonio.com) or please contact the Bonding Assistance and Mentor Protégé (BAMP) program coordinator Janice (Jan) Wehrman at 210.486.5904 or email [jwehrman1@alamo.edu](mailto:jwehrman1@alamo.edu).
- Question 24: Are we required to have a Joint Venture (JV) to satisfy the mentorship incentive? If so, what is San Antonio Definition of a JV?  
Response: No, participation in Mentor-Protégé Program does not require a Joint Venture (JV).
- Question 25: For the LPP can we include that we do business in San Antonio to meet the requirements?  
Response: For a Prime Respondent to obtain preference points they must be headquartered within the City limits for one year or more to receive 10 points or have a local office within the City limits for one year or more to receive 5 points.
- Question 26: Are you accepting EAP bids at this time?  
Response: No, the City is seeking proposals for the scope of services listed in the RFP.
- Question 27: Does the proposal format requirement apply to the forms?  
Response: No. Please fill out the RFP forms/attachments as instructed on each document.

- Question 28: Do you require a 1” margin on the CIQ, Mentorship Incentive Commitment Form, LPP Identification Form, Veteran-Owned Small Business (VOSB) Preference Program Identification Form, Conflict of Interest Form, and Certificate of Interested Parties? Also, do all of these forms need to be in 12 point font and double sided?
- Response: No. Please fill out the RFP forms/attachments as instructed on each document; however we do prefer documents to be double-sided.
- Question 29: Will detailed Rx claims data be available for review at the NDC level including billed amounts to the City and paid amounts to the Pharmacy providers? If so, when can we expect to receive those claims?
- These are the data elements that we would want to see:
- NDC-11 – 11 digit National Drug Code number assigned by the FDA
  - Drug Name – Name of drug and dosage
  - Quantity – Number of units/pills/mL/IU/etc that were dispensed
  - Days Supply – Number of days dispensed for drug therapy
  - Fill Date – Date of Service or Date the Prescription was dispensed
  - Mail/Retail Indicator – Method of dispensing or delivery (Mail or Retail Pharmacy)
  - Drug Type Indicator – Indicator that identifies the product dispensed as a Brand (Single-Source or Multi-Source) or a Generic
  - NABP numbers of pharmacies where each claim was filled.
  - Dummy member ID so that we can track individual utilization without receiving any actual PHI
  - Ingredient Cost – Discounted (or adjusted) amount based on adjustment/discount applied
  - Dispense Fee – Contracted amount paid to the pharmacy for dispensing the product
  - Gross Cost – Total cost of drug (paid by member and plan—also defined as Ingredient Cost plus any dispensing fees and applicable taxes)
  - Usual & Customary Cost (not absolutely required but strongly recommended) – Usual and Customary Price of dispensed drug
- Response: As this requested information is voluminous we anticipate this data will be released under Addendum III. Addendum III is anticipated to be released after March 23, 2016.
- Question 30: In Attachment B-2, page 3: lines 6, 7, 8, 37, 38, 125, 203, 204, 205 it says to “Select One” and “Explanation.” Please explain what we are to “Select” or Explain.”
- Response: There is a drop down menu when selecting Retail Pricing Arrangement and Retail Network.
- Question 31: Who is the Consultant that has been hired by the City to help with the evaluation of the RFP?
- Response: The City’s current benefit consultant is Arthur J. Gallagher & Co. dba Gallagher Benefit Services.
- Question 32: Who is the Benefit Consultant that may require online accessibility to claims data for reporting purposes?
- Response: The City’s current benefit consultant is Arthur J. Gallagher & Co. dba Gallagher Benefit Services.
- Question 33: On a quarterly basis for the last two years, how much has the City received in formulary rebates?
- Response: The City has received \$2,441,849.86 in formulary rebates.
- Question 34: Can you please provide us with the current formulary drug list the City is using?
- Response: Access to this information is restricted to current members only.
- Question 35: Can you please provide us with a list of the current PA’s that are being used?
- Response: As this requested information is voluminous we anticipate this data will be released under Addendum III. Addendum III is anticipated to be released after March 23, 2016.
- Question 36: Is there any narrow network in place currently for either the medical or pharmacy benefit?
- Response: There are no narrow networks at this time.
- Question 37: On page 82, #12, please clarify when creditable coverage notices would be required for the PBM to provide.
- Response: Certificates of Creditable Coverage are no longer required since January 1, 2014.
- Question 38: Please provide a list of all current Step Therapies in place.
- Response: The City does not have Step Therapies.

- Question 39: What type of pharmacy pricing arrangement does the city have in place today?  
Response: This information is available through Exhibit 22 – Pharmacy Pricing Arrangement attached to this addendum as a separate document.
- Question 40: Please confirm there is an exclusive Specialty arrangement in place.  
Response: Specialty drugs are handled via mail-order except for higher cost medications that are handled at BriovaRx Specialty Pharmacy.
- Question 41: Are the Deductible and Out of Pockets aligned with the Fiscal year or plan year?  
Response: Deductibles and Out-of-Pockets are aligned on a calendar basis.
- Question 42: Can we be provided with the last year’s worth of Rx Claims data?  
Response: This information was provided and is available through Addendum I as Exhibit 10 and Exhibit 12.
- Question 43: How many grace fills are allowed for members to fill SRx medications at retail?  
Response: The grace fill allowance is two at retail before the member must go to mail order on specialty drugs.
- Question 44: Would the City consider a formulary with exclusions?  
Response: Respondents should provide their quotations with their preferred formulary arrangement.
- Question 45: Please indicate if you would prefer a traditional or transparent pricing model.  
Response: Respondents should provide their quotation with both a traditional and transparent pricing model.
- Question 46: On page 6 of the RFP there is a request for a “SOC II, Type II” report on the processing of transactions. If a Respondent presently obtains a SOC 1, Type II report, but not a SOC 2 report, will such a Respondent still be evaluated and considered?  
Response: The City will need the SOC II, Type II report from the Respondent.
- Question 47: On page 7 of the RFP (Ownership and Licenses), the RFP suggests that any records created or received by the Respondent in the performance of the services being solicited are local government records subject to the Texas local Government Code and Texas Government Code, as indicated. Will the City confirm that if any part of such records contains confidential trade secret information of the Respondent and the Respondent identifies such records as such, they will be handled in accordance with Chapter 552 of the Texas Government Code, including, specifically, Section 552.110?  
Response: Any request for confidential information will be handled in accordance with the applicable law and a Respondent would have the opportunity to submit arguments to the Texas Attorney General as to why the requested information should be accepted from disclosure.
- Question 48: The “Award of Contract and Reservation of Rights” section of the RFP on page 14 states that the successful Respondent will be expected to execute a contract in substantially the form attached to the RFP. Attachment I requests a certification that the Respondent will sign a contract in the form attached as Exhibit 7. If a Respondent must take an exception to any term in the draft contract attached as Exhibit 7, how should that be communicated to the City in the proposal? Would a redline of the contract be acceptable, understanding that the City is not obligated to agree to any edits?  
Response: Any exceptions to the standard contract language should be noted in redline for our further review with the exception that the comparative indemnification language is a requirement and will not be modified.
- Question 49: Have all SBE/ESBE/MBE/WBE business enterprises certified through the SBEDA Program been confirmed not to pose a conflict of interest as prohibited in the Conflicts of Interest section set forth on page 14 of the RFP?  
Response: The Small Business Office recognizes SBE/ESBE/MBE/WBE business enterprises that are certified through the South Central Texas Regional Certification Agency. The certifications are granted per the SCTRCA certification standards and are separate from the City’s Ethics Ordinance requirements regarding “Conflict of Interest.” It is the Prime Respondent’s responsibility to ensure that no entity or person that is connected to the project is in conflict in accordance with the City’s Ethics Ordinance, please refer to the RFP, Section 013 – Award of Contract and Reservation of Rights.

Question 50: Article III of the Professional Services Agreement attached to the RFP as Exhibit 7 indicates that a Performance Bond may be required. As such a bond requires payment of a premium that should be factored into Respondent's proper underwriting of its offer, can the City please advise if a performance bond will be required and, if so, in what amount and for what period of time?

Response: After review, the City has determined that no bond will be required for this solicitation.

Question 51: Section 3.1 of the Professional Services Agreement attached to the RFP as Exhibit 7 uses the term "Experience Period." Is the period one calendar year during the contract term? If not, please advise what length of time it is.

Response: Experience Period, as used in this Section 3.1 Performance Standards, is from January 1 to December 31 of each contract year.

Question 52: Please advise what the City's requested billing frequency and payment terms are for each of benefit claims and administrative fees.

Response: Please refer to Addendum I, response to Question 4. The City self-bills for the monthly administration fee. Medical and pharmacy claim expenses are reimbursed daily.



Denise D. Gallegos, C.P.M., CPPB  
Procurement Administrator  
Finance Department – Purchasing Division

Date \_\_\_\_\_

Company Name \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip Code \_\_\_\_\_

\_\_\_\_\_  
Signature