City of Jacksonville, Florida

Lenny Curry, Mayor

Employee Services Department
City Hall, 117 West Duval St., Suite 150
Jacksonville, Florida 32202

ONE CITY. ONE JACKSONVILLE.

MEMORANDUM

To: Greg Pease, Chairperson

Professional Services Evaluation Committee

From: Bob Parr, Chief, Compensation and Benefits

Mary DiPerna, Manager, Compensation and Benefits

Re: P – 31-17 – Medical AST, Stop Loss and Pharmacy Services

Date: October 30, 2017

As a result of fee and contract negotiations with Florida Blue, we recommend that the City enter into a contract with Florida Blue. The contract shall begin on January 1, 2018 for an initial one-year period and will include renewal options for four additional one-year periods ending on December 31st of each year.

All other terms and conditions are according to the Scope of Services outlined in the Request for Proposal. The maximum indebtedness shall not exceed $3,800,000 for the CY 2018.

Andy Carroll
Strategic Account Executive, Public Sector
Telephone: 904-905-8068 • Facsimile: 904-301-1605

Florida Blue
In the pursuit of health

November 1, 2017

Mary Diperna
117 West Duval Street
Suite 150
Jacksonville, FL 32202

RE: CITY OF JACKSONVILLE RFP #P-31-17 NEGOTIATIONS

Dear Mary:

This letter serves as confirmation that the City of Jacksonville and Florida Blue met in a negotiation meeting on 9-22-17 regarding RFP #P-31-17. As a result of this meeting, there were several items that were questioned and discussed. Florida Blue provided our final agreed to responses to Bob Parr on 10-2-17. As such, those agreements made on 10-2-17 will be executed and included in the new Agreement effective 1-1-18.

Please review these details and let me know if you need anything else.

Thank you for your continued support of Florida Blue.

Section 4
Description of Services and Deliverables

A. In accordance with Chapter 126, Part 3, of the Jacksonville Municipal Code, the City of Jacksonville, Florida (City) is soliciting competitive proposals with this Request for Proposal (RFP), to provide administrative services, stop loss coverage, medical benefit plans, network access and pharmacy services and other requested services for all full time and part time employees working 30 or more hours per week, retirees and their eligible dependents, and certain other eligible members of the City of Jacksonville. The City includes all City departments, City Council, Tax Collector, Property Appraiser, Clerk of the Courts, Elections Office, Jacksonville Sheriff's Office, Jacksonville Fire Rescue, Jacksonville Housing Authority, Northeast Florida Planning Council, and First Coast Worksource.

B. The effective date of this plan of benefits is to be January 1, 2018.

C. The proposal must offer the following: two (2) HMO plans and one (1) PPO medical plan.

D. The City of Jacksonville is seeking one (1) company to offer administrative services, stop loss coverage, medical benefit plans, network access and pharmacy services to the active and part time employees working 30 hours or more per week, retirees and their eligible dependents.

E. Provide one (1) on-site full time company service representative to provide customer service to the plan members of the City of Jacksonville. They must be fully experienced and knowledgeable of your company's medical benefit plans offered to the City. This individual will work in the City of Jacksonville's Employee Benefits Office five (5) days a week, Monday - Friday for the working hours established by the City.

F. Provide the City of Jacksonville with a premium payment plan that allows the City to pay their Stop Loss premiums and ASO fees 45 days in arrears.

G. Provide quality and effective medical plan administration.

H. Provide a quality and effective PBM pharmacy plan.

I. Provide a quality and effective EAP plan.

J. Provide realistic and competitive premiums for the requested services.

K. Proposer must be able to accept electronic submissions of enrollment and eligibility transferred by the City of Jacksonville via HIPAA secured files.

L. Provide quality and timely claims service and benefit adjudication.

M. Provide quarterly claims information directly to the City's wellness program Go 365.

N. Provide excellent and timely client services and member services.

O. The City will be allowed to pay up to 15 days from submission of the monthly claims billings from the Contractor.

P. The proposer must use a unique member identifier other than Social Security numbers

Q. Provide a large quality network of HMO/PPO physicians and hospitals with timely access for appointments and short wait periods for service.

R. The winning proposer will provide the City a $200,000 wellness contribution annually. The City will have total discretion on how to spend this wellness money.

S. Provide a comprehensive fee and claims reporting package. This package at a minimum will report by benefit plan, total fee paid, total paid claims, number of participating employees and dependents and utilization on a quarterly basis.

T. Provide and promote wellness health education and healthy lifestyles for all of the City's members.

U. Provide quality educational and informational materials concerning health and wellbeing of the employees of the City of Jacksonville.

V. Provide the employees and covered dependents access to a dedicated and secure online web site to provide eligibility, claims payment information, network provider information and other information pertinent to the City's employee benefit plans.

W. Provide appropriate number of Contractor representatives to assist the City with educational seminars, health fairs, lunch and learns and other Contractor related educational and promotion activities.

X. The Contractor shall use the City intranet to disseminate information. This information will be kept updated by the proposer on a quarterly basis, or sooner, if plan changes, legislative revisions or updates are required. Proposer will notify the City as new legislation is created by federal and state legislators.

Y. The Contractor's counsel and/or legal department will originate and maintain formal plan documents and all amendments attached thereto in conjunction with the City of Jacksonville. It shall be the proposer's responsibility to maintain compliance with all current local, state and federal legislation and regulation so as to protect the eligibility and integrity of the City Employee Benefits Plan. The successful proposer shall be required to continually monitor all state and/or federal legislation and regulations concerning its medical plans and any effects that legislation and/or regulation may have on such plans and the services provided under this RFP, and provide timely updates to the plan documents when needed. The proposer shall consult with the City regarding any federal or state legislation or regulation and how it may impact plan design, benefit plans, claims adjudication or taxation within thirty (30) days following notice of such legislation or regulation.

Z. The Contractor is expected to provide prompt and professional member service. Each proposer should identify the location and staffing levels of the member service center that will provide service to the City of Jacksonville and their eligible membership. A member service "800" telephone number, internet and website access must be made available to the City and its members.

AA. The city will require the Contractor to have the upcoming renewal complete and finalized six (6) months prior to the next renewal date. The renewal should be in written form and delivered to the attention of Mary DiPerna at the City's Employee Benefits department.

BB. The Contractor will provide timely and complete reports to complete the RDS reporting requirements.

CC. Beginning with the 2018 plan year , City employees and eligible retirees will also have the option to enroll in the UF Health Direct Care plan, a high performance EPO plan that was designed for the City of Jacksonville. This medical plan will be a limited network plan, utilizing UF Health hospitals and medical providers in the North Florida area. All administrative services, stop loss coverage, medical benefit plans, network access and pharmacy services for this plan will be provided through UF Health Direct Care. The City expects an estimated enrollment of between 250 and 800 employees and retirees, however, more or fewer employees and retirees may enroll.

Proposals should take the UF Health Direct Care Plan into consideration. All proposed premiums, fees, charges and services must be firm regardless of the number of employees and retirees who enroll in the UF Health Direct Care plan. List any restrictions or limitations, as indicated in Section 5 of the RFP, the UF Health plan may impose on the services quoted. Any additional limitations or restrictions not disclosed shall be the responsibility of Contractor.

The City is interested in obtaining an alternate quote from your organization to provide similar services if, for some reason, the pilot program is discontinued. We are interested in your suggestions as to plan and network design. Again, the purpose is to increase utilization of UF Health providers. The City is estimating an initial enrollment of approximately 250 to 800 employees and retirees.

(End of Section 4 - Remainder of page intentionally left blank)

Self-Insured Premium/Fee Exhibits ~~15/12~~

As the incumbent carrier we will provide a (45/12)

Please complete the premium exhibits for the City of Jacksonville's Group Medical Insurance Plans and place them in Section 1 of your company's RFP proposal response.

Please illustrate in this section your company's self-insured premiums, fees, or charges that your company is proposing for the Group Medical Insurance Plan RFP. **Please provide your company's rates net of commission.** Any additional premiums, fees or costs not disclosed in this premium exhibit shall be the responsibility of the proposer.

Failure to disclose full information on premiums, rates, fees or additional charges may result in the lowering of your company's scoring or disqualification of your company's proposal.

Please provide two (2) copies of the premium exhibits in your proposal. If your company is proposing a multiyear rate guarantee, please show the rate guarantees for 12, 24, 36 or 48 months.

All proposed premiums and or fees should be net of commissions.

As stated in Section 1.15 of this RFP, Proposals must take the UF Health Plan into consideration. All proposed premiums, fees, charges for the services provided under this RFP must be firm regardless of the number of employees and retirees who enroll in the UF Health Plan. Contractors must specify any restrictions or limitations the UF Health Plan may impose on the premiums, fees, charges and services quoted. Any limitations or restrictions not disclosed in Contractor's Proposal shall be the responsibility of Contractor.

Alternate Quote Requested

As stated in Section 5 of this RFP, if Contractor provides an alternative quote for a UF Health Plan, the City may elect during the term of the Contract to ask the successful bidder under this RFP to offer employees and eligible retirees the option to enroll in a UF Health Plan as described in Contractor's Proposal. On this Form 1, Contractors should provide an alternate quote for all applicable premiums, fees and charges for providing the administrative services, stop loss coverage, medical benefit plans, network access and pharmacy services for the proposed UF Health Plan or clearly state that the Contractor is not providing the alternate quote and explain the reasons for not providing the alternate quote.

Contractors which provide the requested information and alternate quote for the UF Health Plan will be eligible to receive additional points for criteria #8 and #9 as provided in Attachment B – Evaluation Matrix.

Pursuant to Section 1.4.G (Minimum Requirements), failure by the Contractor to either: (i) provide an alternate quote on Form 1 (Proposed Pricing and Fee Exhibit) for a UF Health Plan described in its Response; or (ii) clearly state on Form 1 that the Contractor is not providing an alternate quote and explain the reasons for not providing the alternate quote as requested, shall result in the response not being evaluated and being rejected as non-responsive.

Will you be providing a quote for the alternate UF Health Plan? Yes X No_____

If no please explain why in the space below.

Option 1: ASO Fees offset by Rx rebates

Enrollment	HMO Bluecare 48	HMO Bluecare 65	PPO Blue Options 5782	UF Health Plan
Employee	3,550	563	1,122	TBD
Employee/Spouse	638	25	130	TBD
Employee/Children	910	24	154	TBD
Family	832	23	111	TBD
Total	5,930	635	1517	TBD

Premium/Fees	HMO Bluecare 48	HMO Bluecare 65	PPO Blue Options 5782	UF Health Plan
~~15/12~~ (45/12)				
Administration Fee with fees offset by Rx rebates **Rx Rebate Option #1**	$27.70	$27.70	$27.70	$27.70
Specific Premium				
Employee	$10.31	$10.31	$10.31	$10.31
Employee/Spouse	$10.31	$10.31	$10.31	$10.31
Employee/Children	$10.31	$10.31	$10.31	$10.31
Family	$10.31	$10.31	$10.31	$10.31
Network Fee	Network Acess Fees may apply to claims outside of FL. Refer to the funding document for details.	Network Acess Fees may apply to claims outside of FL. Refer to the funding document for details.	Network Acess Fees may apply to claims outside of FL. Refer to the funding document for details.	Network Acess Fees may apply to claims outside of FL. Refer to the funding document for details.
Disease Management	Included	Included	Inlcuded	Included
Wellness	Included LIP $45 per participant	Included LIP $45 per participant	Included LIP $45 per participant	Included LIP $45 per participant
Other **PCHM/ACO**	Self- funded clients in Value-Based Programs (PCMH/ACO) may have charges apply when eligible members utilize participating providers.	Self- funded clients in Value-Based Programs (PCMH/ACO) may have charges apply when eligible members utilize participating providers.	Self- funded clients in Value-Based Programs (PCMH/ACO) may have charges apply when eligible members utilize participating providers.	Self- funded clients in Value-Based Programs (PCMH/ACO) may have charges apply when eligible members utilize participating providers.

Other **Capitation**	Charges and fees for capitation are based on the member's benefit plans and are included as a line item on the claim invoice.	Charges and fees for capitation are based on the member's benefit plans and are included as a line item on the claim invoice.	Charges and fees for capitation are based on the member's benefit plans and are included as a line item on the claim invoice.	Charges and fees for capitation are based on the member's benefit plans and are included as a line item on the claim invoice.
Other **Subrogation**	To the extent our third-party vendor charges contingent fees for subrogation recovery, the self-funded group shall bear those costs. BCBSF will not charge an additional fee for subrogation recoveries beyond the third party fee(s).	To the extent our third-party vendor charges contingent fees for subrogation recovery, the self-funded group shall bear those costs. BCBSF will not charge an additional fee for subrogation recoveries beyond the third party fee(s).	To the extent our third-party vendor charges contingent fees for subrogation recovery, the self-funded group shall bear those costs. BCBSF will not charge an additional fee for subrogation recoveries beyond the third party fee(s).	To the extent our third-party vendor charges contingent fees for subrogation recovery, the self-funded group shall bear those costs. BCBSF will not charge an additional fee for subrogation recoveries beyond the third party fee(s).
Other **Rx Carve Out**	Pharmacy Carve out - Rx Accumulator Integration Charges may apply for accumulator integration dependent upon the selected carve-out vendor and the file layout format submitted.	Pharmacy Carve out - Rx Accumulator Integration Charges may apply for accumulator integration dependent upon the selected carve-out vendor and the file layout format submitted.	Pharmacy Carve out - Rx Accumulator Integration Charges may apply for accumulator integration dependent upon the selected carve-out vendor and the file layout format submitted.	Pharmacy Carve out - Rx Accumulator Integration Charges may apply for accumulator integration dependent upon the selected carve-out vendor and the file layout format submitted.
Total Fixed Cost	**$38.01**	**$38.01**	**$38.01**	**$38.01**
Administrative fees	$164,261.00	$17,589.50	$42,020.90	TBD
Specific Stop Loss Premium	$61,138.30	$6,546.85	$15,640.27	TBD
Wellness	Included	Included	Included	Inlcuded
Other: Please describe				

Other: Please describe				
Total Monthly Stop Loss Insurance and Administration Costs	$225,399.30	$24,136.35	$57,661.17	TBD
Total Annual Stop Loss Insurance and Administration Costs	$2,704,791.60	$289,636.20	$691,934.04	TBD

	Total Plan Costs for HMO and PPO plans only	Total Plan Cost for UF Health Plan only
Total Plan Administrative and Stop Loss Costs	$3,686,361.84	TBD

Total Projected Claim Cost	HMO Bluecare Plans and PPO Blue Options only	UF Health only
Expected Paid Claims (100%)	$78,737,862.66	TBD
Estimated annual Rx rebates paid to the City	BCBSF is providing 2 options for Rx rebates that the City can select 1 from. The details of those two options are as follows: 1. Contingent upon the successful renewal of both Medical AND Pharmacy Services, the City could choose to accept the medical ASO fee credit of $7 per employee per month (Net Admin fee would then be $27.70) in exchange for BCBSF retaining 100% of RX rebates. However, in this Rx rebate option, BCBSF will also retroactively implement an additional rebate return capping retained rebates incurred in Calendar Year 2017 at $10 PEPM (net of the 20% Rx rebate withhold needed to fund PBM services). This means that BCBSF will do an annual reconciliation of Rx Rebates incurred in a Calendar Year and anything over $10 PEPM (net of the 20% Rx rebate withhold needed to fund PBM services) would be returned to the City in a lump sum payment. Typically in Q2 of the following year. • This option will provide the City both the monthly immediate return of the Rx rebates in the amount of $7.00 PEPM and also allow the City to receive any additional earned rebates over $10 PEPM each year (net of the 20% Rx rebate withhold needed to fund PBM services) which will be paid out in Q2 of the following year.	

	• This option will continue for each year of this new agreement as well. 2. Option No 2 is also contingent upon the successful renewal of both Medical AND Pharmacy Services. With this option, there would be no monthly administrative fee credit for the Rx rebates (net admin fee would be $34.70 PEPM). The first quarterly payment would occur in late Q3 or early Q4 for Q1 incurred Rx rebates of that year, then quarterly thereafter. Prime Therapeutics would maintain 20% of the rebates and return 80% to the City. ***With both Options, based on unexpected Rx rebate activity in our current ASO contract and contingent upon the successful renewal of both Medical AND Pharmacy Services, BCBSF and Prime Therapeutics will apply a $900,000 administrative fee credit to The City of Jacksonville after the 1-1-18 RFP contract execution. The credit may be taken at the City's discretion either in the 4th quarter of 2017 or 1st quarter of 2018.	

The above premium/fees are guaranteed for:

	Fee/Premium Guarantee Period (months) for HMO and PPO plans only	Fee/Premium Guarantee Period (months) for UF Health Plan only
Administration Fee	60 months	60 months
Specific Premium	12 months	12 months
Wellness Benefit	60 months	60 months
Disease Management	60 months	60 months
Other		
Other		

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