Travis County Commissioners Court Agenda Request

Meeting Date: December 20, 2011
Prepared By/Phone Number: Elizabeth Corey (854-9853), Bonnie Floyd
Elected/Appointed Official/Dept. Head: Cyd Grimes
Commissioners Court Sponsor: Judge Biscoe

Approve Modification No. 14 to Contract No. 02T00005OJ, Administrative Services Agreement, with United HealthCare Services, Inc.

Ø **Purchasing Recommendation and Comments:** Purchasing concurs with department and recommends approval of requested action. This procurement action meets the compliance requirements as outlined by the statutes.

The contract provides the group health benefit plans to Travis County employees, retirees and their dependents. The Commissioners Court approved the contract for the Group Health Benefits on September 25, 2001.

This Modification No. 14 corrects scriveners' errors in Modification No. 13. The Administrative Services Agreement requires us to provide access to networks and to network provider discounts. We are modifying many network provider agreements to include alternative payment methodologies, which may include various conditional payments, withholds, bonus payments, and incentives, if the network providers meet certain standards described in this modification.

Modification No. 13 extended the contract for twelve months, through September 30, 2012. It was approved by the Commissioners Court on September 27, 2011.

Modification No. 12 amended the Administrative Services Agreement to incorporate the agreement entitled "Early Retiree Reinsurance Program Data Release and Service Agreement for Self-Fund Plans." It was approved by the Commissioners Court on December 14, 2010.

Modification No. 11 extended the contract for twelve months, through September 30, 2011. It was approved by the Commissioners Court on September 28, 2010.

Modification No. 10 extended the contract for twelve months, through September 30, 2010. It was approved by the Commissioners Court on September 30, 2009.

Modification No. 9 extended the contract for twelve months, through September 30, 2009. It was approved by the Commissioners Court on September 30, 2008.

Modification No. 8 extended the contract for twelve months, through September 30, 2008. It was approved by the Commissioners Court on September 25, 2007.

Modification No. 7 extended the contract for twelve months, through September 30, 2007. It was approved by the Commissioners Court on September 12, 2006.

Modification No. 6 extended the contract for twelve months, through September 30, 2006. It was approved by the Commissioners Court on September 20, 2005.

Modification No. 5 amended the Administrative Services Agreement. It was approved by the Commissioners Court on April 19, 2005.

Modification No. 4 exercised the third option period to extend the contract for twelve months, through September 30, 2005. It was approved by the Commissioners Court on September 28, 2004.

Modification No. 3 exercised the second option period to extend the contract for twelve months, through September 30, 2004. It was approved by the Commissioners Court on September 23, 2003.

Modification No. 2 amended the Administrative Services Agreement to incorporate the Protected Health Information as defined under the privacy regulations issued pursuant to the Health Insurance Portability and Accountability Act. It was approved by the Commissioners Court on May 20, 2003.

Modification No. 1 exercised the first option period to extend the contract for twelve months, through September 30, 2003. It was approved by the Commissioners Court on September 24, 2002.

Ø **Contract Expenditures:** Within the last twelve months, $5,104,192.52 has been spent against this contract.

Ø **Contract Modification Information:**

Modification Amount: Estimated Requirement
Modification Type: Bilateral
Modification Period: October 1, 2011 – September 30, 2012

Ø **Funding Information:**

☐ Purchase Requisition in H.T.E.:
☒ Funding Account(s):
526-1145-522-4708 (Admin. EPO)
526-1145-522-4709 (Admin. PPO)
526-1145-522-4716 (Admin. CEPO)
526-1145-522-4717 (Admin. Retiree)
☐ Comments:

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted as a pdf to Cheryl Aker in the County Judge's office, Cheryl.Aker@co.travis.tx.us **by Tuesdays at 5:00 p.m.** for the next week's meeting.

MODIFICATION OF CONTRACT NUMBER: #02T00005OJ, Administrative Services **PAGE 1 OF 7 PAGES**

ISSUED BY: PURCHASING OFFICE 314 W. 11TH ST., RM 400 AUSTIN, TX 78701	PURCHASING AGENT ASST: **Oralia Jones** TEL. NO: (512) 854-9700 FAX NO: (512) 854-9185	DATE PREPARED: **November 16, 2011**
ISSUED TO: **United HealthCare Services, Inc.** **Attn: Cynthia Monarca** **185 Asylum Street** **Hartford, Connecticut 06103-3408**	MODIFICATION NO.: **14**	EXECUTED DATE OF ORIGINAL CONTRACT: **SEPTEMBER 11, 2001**

ORIGINAL CONTRACT TERM DATES: October 1, 2001-October 1-2002 CURRENT CONTRACT TERM DATES: October 1, 2009-October 1-2010

FOR TRAVIS COUNTY INTERNAL USE ONLY:

Original Contract Amount: $ N/A Current Modified Amount $ N/A.

DESCRIPTION OF CHANGES: Except as provided herein, all terms, conditions, and provisions of the document referenced above as heretofore modified, remain unchanged and in full force and effect.

This amendment number fourteen to the Administrative Services Agreement is made by the following parties: United HealthCare Services, Inc., formerly known as United HealthCare Insurance Company, a Texas corporation ("Our ", "Us", and "We" in this Amendment) and Travis County, Texas ("You" or "Your" in this Amendment").

RECITALS

You and we entered into a contract for administrative services for group employee benefits, such as self funded health coverage for county employees, retirees, and their dependents that began October 1, 2001.

Section 14.5 Amendment of the Administrative Services Agreement allows us and you to amend this agreement in writing signed by both of us.

We and You desire to correct scriveners errors in Modification 13.

The Administrative Services Agreement provides that We will provide access to Networks and to Network Provider discounts, and We and You understand that these contracts with Network Providers may vary and be modified from time to time. We are modifying many Network Provider agreements to include alternative payment methodologies, which may include various conditional payments, withholds, bonus payments and incentives if the Network Provider meets certain standards described in this Modification ("Alternative Payment Methodologies"). In consideration of Your agreement to fund the Alternative Payment Methodologies associated with Your Plan, We will process Your claims using these payments

AGREEMENT TO AMEND CONTRACT

You and we agree to amend the Administrative Services Agreement as stated in the attached pages:

1.0 CORRECTION OF SCRIVENERS' ERROR

1.1 **Pursuant to** Section 14.5 Amendment **of the Administrative Services Agreement,** Attachment A to Modification 13 is deleted and the Attachment A to this Modification 14 is inserted in its place.

Note to Vendor:

[XX] Complete and execute (sign) your portion of the signature block section below for all copies and return all signed copies to Travis County.

[ ] DO NOT execute and return to Travis County. Retain for your records.

United HealthCare Services, Inc. BY: Cynthia A Monarca SIGNATURE PRINT NAME: Cynthia Monarca TITLE: Sr. Contract Account Administrator, ITS DULY AUTHORIZED AGENT	☐ DBA ☑ CORPORATION ☐ OTHER DATE: 11-29-2011
TRAVIS COUNTY, TEXAS BY: _____ CYD V. GRIMES, C.P.M., TRAVIS COUNTY PURCHASING AGENT	DATE:
TRAVIS COUNTY, TEXAS BY: _____ SAMUEL T. BISCOE, TRAVIS COUNTY JUDGE	DATE:

2.0 AMENDMENT OF SERVICES ON JANUARY 1, 2012 AND SUBSEQUENT YEARS

Pursuant to **Section 14.5 Amendment** of the Administrative Services Agreement, **Section 12.4 Managed Care Network Services** of the Administrative Services Agreement, is amended by adding the following at the end of **Section 12.4 Managed Care Network Services:**

Value Based Contracting Program. Alternative Payment Methodologies. Our contracts with some Network Providers may include withholds, incentives, and/or provide that a bonus is earned and conditioned on meeting standards relating to utilization, quality of care, efficiency measures, compliance with Our other policies or initiatives, or other clinical integration or practice transformation standards. You shall fund the Alternative Payment Methodologies due the Network Providers in compliance with the terms of Our Agreement as soon as practicable after We make the determination the Network Provider is entitled to receive the payment under the Network Provider's contract.

Reporting. As We build out Our reporting capabilities We shall provide You reports describing the amount of Alternative Payment Methodologies made on behalf of Your plan.

Co-pay, Coinsurance and Deductibles. Only the initial claims based reimbursement to Network Providers will be subject to the Participant's rendering of a copayment, coinsurance or deductible. Subsequent payment of a performance bonus or incentive under the Network Provider's contract, although attributable to the covered services rendered by the Network Provider during the measurement period, will generally not give rise to a second coinsurance obligation or deductible liability for the Participants who received the original covered services to which the bonus or incentive is attributed; instead, You will pay the Network Provider the full bonus amount attributable to Your Participants, without a reduction for copayments or deductibles. You also agree that Participants may not be responsible for making a copayment or coinsurance payment on a bonus or incentive payment, as noted above, and therefore there will be no impact from the payment of a performance bonus or incentive on the calculation of the Participant's progress toward satisfying their annual deductible amount for the Plan year in question.

3.0 INCORPORATION OF CONTRACT

3.1 You and we hereby incorporate this amendment into the Administrative Services Agreement as amended by Modifications One, Two, Three, Four, Five, Six, Seven, Eleven and Thirteen. You and we hereby ratify all of the terms and conditions of the Agreement as amended.

4.0 EFFECTIVE DATES

4.1 The changes stated in Section 1 of this Modification are effective October 1, 2011.

4.2 The changes stated in Section 2 of this Modification are effective January 1, 2012.

ATTACHMENT A– PHARMACY PRICING AND GUARANTEES

The fees in this Attachment are for Pharmacy Services, and are in addition to fees specifically listed elsewhere in the Agreement. Except for the **Pharmacy Average Wholesale Price (AWP) Contract Rates**, all other fees in sections 2 and 3 of Modification 13 ("Service Fees") payable by You under this Agreement will be adjusted through a credit to your Service Fees in accordance with the guarantees below unless otherwise defined in the guarantee if we fail to pay You and will provide appropriate documentation about the calculation of the credit. These guarantees apply to pharmacy benefits and are effective for the period beginning October 1, 2011 and ending on October 1, 2012 (each twelve month period is a "Guarantee Period"). With respect to the aspects of our performance addressed in this Attachment, these fee adjustments are your exclusive financial remedies.

The guarantees will become effective upon the later of (1) the effective date of the Guarantee Period; or (2) the date this Agreement is signed by both parties
We reserve the right from time to time to replace any report or change the format of any report referenced in these guarantees. In that event, the guarantees will be modified to the degree necessary to carry out the intent of the parties. We shall not be required to meet any of the guarantees provided for in this Agreement or amendments to it to the extent Our failure is due to Your actions or inactions or if We fail to meet these standards due to fire, embargo, strike, war, accident, act of God, acts of terrorism or Our required compliance with any law, regulation, or governmental agency mandate or anything beyond Our reasonable control.

Prior to the end of the Guarantee Period, and provided that this Agreement remains in force, We may specify to You in writing new guarantees for the subsequent Guarantee Period. If We specify new guarantees, We will also provide you with a new Attachment that will replace this Attachment for that subsequent Guarantee Period.

"Claim" is defined as an initial and complete written request for payment of a Plan benefit made by an enrollee, physician, or other healthcare provider on an accepted format.

Retail Network		
Discounts and Dispensing Fees ⌖ Access to 62,000 pharmacies nationwide ⌖ Rates exclude compound and DMR claims ⌖ Aggregate average discount off AWP for MAC and non-MAC generics: 69%	Brand:	AWP –13.7% Post Rollback AWP –17.0% Equivalent Pre-Rollback $1.50 Dispensing Fee
	Generic:	**MAC** **$1.50 Dispensing Fee**

Mail Service		
Discounts and Dispensing Fees ⌖ Postage included ⌖ Based on an average days supply of 84 or greater for all claims with the exception of all specialty and certain non-specialty injectable drugs ⌖ Rates may vary for claims not covered under pharmacy benefit ⌖ Aggregate average discount off AWP for MAC & non-MAC generics: 71%	Brand:	AWP –22% Post Rollback AWP –25% Equivalent Pre-Rollback $0.00 Dispensing Fee
	Generic:	**MAC** **$0.00 Dispensing Fee**

Rebate Management		
⌖ Adoption of Our PDL, PDL management, and utilization management in conjunction with You ⌖ Collection and distribution of funds received ⌖ Rebate ineligible paid claims such as those from 340B pharmacies or entities eligible for federal supply schedule prices (e.g., Dept. of Veterans Affairs, US Public Health Service, Dept. of Defense) are excluded from rebate guarantees ⌖ Your Plan is accountable for at least half of the aggregate drug costs annually	Retail: Mail:	100% Pass Through 100% Pass Through

Standard Services	
⌖ **Dedicated Implementation and Client Management Team** ⌖ **Help Desks** – Toll-free access for members, physicians, and pharmacies ⌖ **DUR and System Edits** – Standard Concurrent DUR and flexible plan designs ⌖ **Real-Time Audit** – Filters 100% of claims before payment–outliers sent to audit team ⌖ **Safety Notifications for Providers and/or Members** (e.g., drug recalls)	**$0.81 per Paid Claim**

Clinical Programs	
Clinical Prior Authorization ⌖ Overrides requiring clinical intervention or evaluation	**Included**
Physician Reviewed Prior Authorization	**Included**
Clinical Initiatives ⌖ Standard Targeted Disease Intervention Programs ⌖ Provider and Member Education Programs	4 programs included, $0.08 PMPM per additional program selected
Core Clinical Programs ⌖ Programs Include: DIAP, Geriatric Monitor, Narcotic, and PolyPharmacy	Included
Health, Wellness, and Disease Education provided through website	Included
Customized Clinical Programs	**Quoted Separately Upon Request. Client claims data required for custom analysis and presentation**
Appeals Services for Prior Authorization	**Included**
Translation for Prior Authorization Appeals	**$220 per Letter**

Additional Services	
Custom Programming/Report Generation ***Minimum $500***	**$150 per hour**
E-Prescribing	**$0.18 per Eligibility Check**
Non-Standard or Manual Eligibility Maintenance	**$1.50 per Member**
Direct Member Reimbursement (DMR) **Entered by Us, includes creation and mailing of letters for denied claims, in accordance with state or federal requirements.**	**$4.50 per Claim plus postage**
Appeals Services for DMR	**Included**
Translation for DMR Appeals	**Included**

Pricing Terms

- Fees are adjusted annually based on CPI-U % change over the prior year. CPI-U is published by the US Department of Labor.
- Generic rates exclude generic drugs during the exclusivity period as granted by the FDA, which is typically 180 days, or as authorized by the original patent holder.
- Generic discounts exclude high cost generic drugs with a monthly cost of at least $600.
- Rebate guarantees and generic AWP discounts may be adjusted proportional to the impact of unexpected releases of generic products to market, or the withdrawal/recall of existing branded products.
- Mail service rates exclude specialty and certain non-specialty injectable products.
- "AWP" means and refers to the average wholesale price of medication, drugs or ancillary supplies, as applicable, as dispensed and as set forth in the latest edition of the Medi-Span Prescription Pricing Guide (with supplements) or any other nationally recognized pricing source mutually agreed upon by the parties (the "Pricing Source").

(a) You acknowledge that We are entitled to rely on Medi-Span and the publisher of any mutually agreed upon pricing source to determine AWP for purposes of establishing the pricing provided to You under this Agreement. You further acknowledge that We do not establish AWP, and We have no liability to You arising from the use of the Medi-Span Pricing Guide or information received from any other pricing source that is mutually agreed upon in a written modification to this Agreement.

(b) You further acknowledge that to account for the rollback of AWP implemented by Medi-Span on or after September 26, 2009 ("AWP Rollback"), We use the following AWP adjustment processes for all pricing based on AWP (including, without limitation, guarantees) that is provided to You under this Agreement:

(1) We shall adjust the Medi-Span AWP Pricing Information for each of the Affected National Drug Codes (NDCs) to reflect the markup factors utilized by Medi-Span immediately prior to the AWP Rollback. "Affected NDCs" means all NDCs with adjusted markup factors by the pricing source pursuant to the AWP Rollback.

(i) We adjust Affected NDCs with markup changes on or after September 26, 2009, to reflect the markup factors utilized by Medi-Span immediately prior to the AWP Rollback, and

(ii) New NDCs with markup factors used by the pricing source are adjusted by Us to reflect a markup factor of 1.25. New NDCs means those NDCs first issued and listed on the Medi-Span AWP Pricing Information after the effective date of the AWP Rollback.

(2) We shall continue to adjust the AWP Pricing Information, as described in this section, until AWP is no longer published by Medi-Span.

(3) If We decide to utilize a pricing benchmark other than AWP or We are required to do so because the Pricing Source discontinues publication of AWP and such change would materially affect Your economic benefit under this Agreement ("Material Pricing Change"), then We shall provide You with the modified pricing terms at least thirty (30) days before the effective date of that change. If We and You fail to mutually agree upon the modified pricing terms before the effective date of the Material Pricing Change, then Our proposed modified pricing terms go into effect until otherwise agreed. Additionally, if no agreement is reached concerning the Material Pricing Change, either party may terminate this Agreement upon thirty (30) days prior written notice to the other party.

Specialty Pharmacy	Rates
Specialty Products including ⌖ Ancillary supplies, needles, syringes, and sharps containers ⌖ Express overnight shipping	**See pricing schedule**
Unmixed Chemotherapeutic Agents ⌖ Shipped to physician's office or infusion clinic	**See pricing schedule**
Chemotherapy Adjunctive Medications	See pricing schedule
Value-added services provided at no additional charge ⌖ Care management: "High Touch" monitoring of patient response, side effects and disease progression ⌖ Clinical Management Programs to improve quality of care through education and communication for patients with Multiple Sclerosis, Hepatitis, or Rheumatoid Arthritis.	⌖ Patient Care Coordinators will proactively call members prior to each refill to help manage inventory of specialty products to ensure continuity of care ⌖ Member access to clinical pharmacists 24/7 ⌖ Provide access to patient advocate and assistance programs

Home Infusion Network/Access to Exclusive Drugs	Rates
Selection varies by geographic area (includes infusion services, specialty products and nursing)	**Rates vary per contract and may include dispensing or per diem fees. See pricing schedule**

Case Review	Rates
Authorization, Denial, Utilization and Case Management	$55.00 per case
Physician Reviewed Prior Authorization	$390.00 per case

Other	Rates
Standard Reports	Included
Online Reporting Tool	Included
Custom system or reporting configurations	$150 per hour, as approved by Client
Implementation set up fees	Included
Direct Member Reimbursement (DMR) **Entered by Us, includes creation and mailing of letters for denied claims, in accordance with state or federal requirements.**	**$4.50 per Claim plus postage**

Case Review Charges
A client may choose to have all or some specialty products go through the case review process (recommended) and reviewed by a licensed clinical pharmacist. Authorization, Denial & Limited Case Management, $55 per case. Services listed below are included.
Utilization Management ▪ Specialty Product Authorization accepted by phone or fax ▪ Verify eligibility of member ▪ Review requests for any specialty product. If no guideline exists, utilize FDA indications as basis for review, and perform additional research for off label use requests if necessary ▪ Request additional information, if needed ▪ Guideline Criteria Met □ Approve ▪ Diagnosis does not match guideline diagnosis□ Denial ▪ (Or convert to Non-FDA limited case management review) ▪ Guideline Criteria not met □ In depth review for off label use requires research and Medical Director consultation ▪ Guideline Criteria not met □ Redirect to other PO or specialty product when appropriate ▪ State Regulation & NCQA Denial Letters to be completed by Prescription Solutions (members and providers)

Off label Use ▪ At Direction of Client: Review medical necessity of off label use ▪ Medical Director review of submitted documentation (i.e. studies) ▪ External expert consultant if needed
Case Management ▪ Direct Case to appropriate delivery mechanism (i.e. home health vs. specialty product) ▪ Manage specialty product formulary when developed (i.e. direct to formulary Low Molecular Weight Heparin) ▪ Limited Case Management (i.e. proactive monitoring of EPO/ Neupogen lab parameters for re-auths)
Reporting – Case Log ▪ Drug, Date, Physician & Patient ▪ Decision ▪ Outcome notes (when applicable)
Clinical Support ▪ Guideline Development

Human Resources Management Department

1010 Lavaca #200 • P.O. Box 1748 • Austin, Texas 78767 • (512) 854-9626 / FAX(512) 854-3128

November 30, 2011

MEMORANDUM

To: Elizabeth Corey, Purchasing Department

From: Dan Mansour Risk and Benefit Manager
Cindy Purinton- Benefit Administrator

Department: Human Resources Management Department

Re: FY12 Benefit Plan Renewals- Modification 14

Contract #: 02T00005OJ- UHC Health Plan

Travis County HRMD is modifying the UHC contract to provide for a Value Based Contracting Program administered by UHC and to update the Pharmacy Pricing and Guarantees as a result of our change in Pharmacy Benefit Managers from Medco to Prescription Solutions October 1, 2011 and the implementation of the formulary effective January 1, 2012.
This modification will also correct a scrivener's error in section 14.5 in prior modification 13.

Funding Accounts are shown below

Administrative	526-1145-522-4708	EPO
	526-1145-522-4709	PPO
	526-1145-522-4716	CEPO
	526-1145-522-4717	Retiree
ERRP	526-1145-522-4708	ERRP req # 512081