



Travis County Commissioners Court Agenda Request

Meeting Date: Tuesday, September 25, 2012
Prepared By/Phone Number: C.W. Bruner (854-9760)
Elected/Appointed Official/Dept. Head: Cyd Grimes
Commissioners Court Sponsor: Judge Biscoe

Approve the following twelve-month extensions to Contract No. 4400000006 (H.T.E. Contract No. 02T00005OJ), United Healthcare Services, Inc.:

- (A) Modification No. 16 for Administrative Services Agreement**
- (B) Modification No. 12 for COBRA Administrative Services Agreement**
- (C) Modification No. 12 for Customer Reporting System Internet Access Agreement**

for Travis County employees, retirees, and their dependents.

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

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

The modifications will extend the contract for the self-funded health care services and coverage with UnitedHealthcare Services, Inc., for an additional twelve (12) months, through September 30, 2012. The contract extension is permitted pursuant to Section 9 of the contract, entitled "Term of the Agreement." The Commissioners Court approved the rates and services being provided by United Healthcare on September 13, 2011.

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.

- **Contract Expenditures:** Within the last twelve (12) months \$2,764,546.60 has been spent against this contract.

- **Contract Modification Information:**
 - Modification Amount: Not Applicable
 - Modification Type: Bilateral
 - Modification Period: October 1, 2011 – September 30, 2013

- **Funding Information:**
 - Shopping Cart/Funds Reservation in SAP:
 - Comments: Shopping carts are to be processed monthly based on current eligible members and the contract rates.

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 8 PAGES
(SAP # 4400001092)

ISSUED BY: PURCHASING OFFICE 700 LAVACA STREET, 8 TH FLOOR AUSTIN, TX 78701	PURCHASING AGENT ASST: CW Bruner TEL. NO: (512) 854-9760 FAX NO: (512) 854-4211	DATE PREPARED: September 14, 2012
ISSUED TO: United HealthCare Services, Inc. Attn: Frank Sievel 185 Asylum Street Hartford, Connecticut 06103-3408	MODIFICATION NO.: 16	EXECUTED DATE OF ORIGINAL CONTRACT: September 18, 2001
ORIGINAL CONTRACT TERM DATES: <u>October 1, 2001-October 1-2002</u>		CURRENT CONTRACT TERM DATES: <u>October 1, 2012-September 30, 2013</u>

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 sixteen 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 the Agreement in writing signed by both of Us.

Section 8.2 Changes in Service Fees provides those circumstances under which changes in rates are allowed.

We have provided UHC staff member at Your offices to assist with claims resolution on a full time basis. In relation to Your Fiscal Year ending in 2013 and only in relation to that fiscal year, We and You have decided that this customer services support will be provided by Our Claims Team that actually processes Your claims through a toll-free number instead of a representative at Your offices.

AGREEMENT TO AMEND CONTRACT

You and We agree to amend the Administrative Services Agreement as follows:

1.0 EXERCISE OF OPTION

1.1 Pursuant to **Section 1 Definitions**, in the definition of “**Agreement Period**” and **Section 9.1 Services Begin** of the Administrative Services Agreement, as amended herein, You exercise Your option to extend this agreement for an additional one year option period from October 1, 2012 through September 30, 2013.

Note to Vendor:
 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.

LEGAL BUSINESS NAME: United HealthCare Services, Inc.	<input type="checkbox"/> DBA
BY: _____ SIGNATURE	<input type="checkbox"/> CORPORATION
BY: _____ PRINT NAME	<input type="checkbox"/> OTHER
TITLE: _____ ITS DULY AUTHORIZED AGENT	DATE:
TRAVIS COUNTY, TEXAS	DATE:
BY: _____ CYD V. GRIMES, C.P.M., TRAVIS COUNTY PURCHASING AGENT	
TRAVIS COUNTY, TEXAS	DATE:
BY: _____ SAMUEL T. BISCOE, TRAVIS COUNTY JUDGE	

2.0 MODIFICATION TO FEES

2.1 Pursuant to Section 14.5 Amendment of the Administrative Services Agreement, sections 3.1 and 3.2 of Modification 15 are deleted and the following are inserted in their place:

3.1 FEES FOR FY 2013

3.1 Pursuant to **Section 8.2 Changes in Service Fees** and **Section 9.1 Services Begin** of the Administrative Services Agreement as amended herein, the fees applicable for the option period from October 1, 2012 through October 31, 2013 are as follows:

Administrative Fees for County Fiscal Year ending September 30, 2013 with the following components included:

Pharmacy Fee with Optum Rx
 United Behavioral Health (UHB) Fee at National Service Center—PPO
 Optum Fees for Nurseline and Ps Personal Health Support Ps PHS/HeNotes, including Diabetes, Coronary Artery Disease and Congestive Heart Failure
 PHS Nurse team with a Clinical Lead to work directly with Your benefit staff to resolve member care management and health issues including predictive modeling results specific to you and enhance member specific wellness mailings and messaging
 Treatment Decision Support for members facing surgical treatment decisions for Musculoskeletal (back pain, knee and hip replacement); Women’s Health (benign uterine conditions and hysterectomy) Men’s Health (benign prostate disease), Heart Disease (coronary disease, CABG, angioplasty) Obesity (bariatric surgery—not covered by Your plan)
 Spectera Fee
 Medicare Part D Reporting
 On Site Customer Service Representative
 Data Extracts and Expanded Employer Customer Reporting (eCR)
 Systems Interface and Reporting services for stop-loss

The sum of the following prior to rebates:

- \$39.91 per month per Employee covered under the “United HealthCare Choice Plus” portion of the Plan.
- \$39.91 per month per Employee covered under the “United HealthCare Choice” portion of the Plan.
- \$39.91 per month per Employee covered under the “United HealthCare Coinsured Exclusive Provider Network” portion of the Plan.

Pharmacy Average Wholesale Price (AWP) Contract Rates

There is more than one applicable rate for pharmacy services because of the variety of services involved. Your contract rates for prescription drugs are stated in Attachment A to this Modification. We use Medispan’s national drug data file as the source for average wholesale price (AWP) information. We reserve the right to revise the pricing and adopt a new source or benchmark if there are material industry changes in pricing methodologies and will give you notice of any revisions or new sources or benchmarks at least 30 days before they are implemented.

Service Fee for Facility Reasonable Charge Determination and Negotiation

You will pay a fee for our services, as described in Section 12, equal to thirty (30%) of the amount of the reductions obtained through our efforts.

We will bill you for the amounts that you owe us. The bill will reflect reductions obtained during the preceding month and adjustments, if any, from previous months.

Service Fees for Shared Savings Program

You will pay a fee equal to thirty-five (35%) of the “Savings Obtained” as a result of the Shared Savings Program as described in Section 12. “Savings Obtained” means the amount that would have been payable to a health care provider, including amounts payable by both the Participant and the Plan, if no discount were available, minus the amount that is payable to the health care provider, again, including amounts payable by both the Participant and the Plan, after the discount is taken.

Service Fees for Medicare Cross-over Program

\$1.46 per month per Employee covered as a Medicare Eligible Participant

Service Fees for Benefit Plan for Prescriptions ONLY for Retirees Only

\$2.10 per month per Employee covered by the Benefit Plan for Prescriptions ONLY for Retirees

3.2 If You exercise Your option to extend this Administrative Services Agreement for an additional one year option period from October 1, 2013 through September 30, 2014, We will provide a UHC staff member at Your offices to assist with claims resolution on a full time basis as provided prior to October 1, 2012, and the fees applicable to the Administrative Fee, including that service, for that option period are as follows:

Administrative Fees for County Fiscal Year ending September 30, 2013 with the following components included:

- Pharmacy Fee with Optum Rx
- United Behavioral Health (UHB) Fee at National Service Center—PPO
- Optum Fees for Nurseline and Ps Personal Health Support Ps PHS/HeNotes, including Diabetes, Coronary Artery Disease and Congestive Heart Failure
- PHS Nurse team with a Clinical Lead to work directly with Your benefit staff to resolve member care management and health issues including predictive modeling results specific to you and enhance member specific wellness mailings and messaging
- Treatment Decision Support for members facing surgical treatment decisions for Musculoskeletal (back pain, knee and hip replacement); Women’s Health (benign uterine conditions and hysterectomy) Men’s Health (benign prostate disease), Heart Disease (coronary disease, CABG, angioplasty) Obesity (bariatric surgery—not covered by Your plan)
- Spectera Fee
- Medicare Part D Reporting
- On Site Customer Service Representative
- Data Extracts and Expanded Employer Customer Reporting (eCR)
- Systems Interface and Reporting services for stop-loss

The sum of the following prior to rebates:

- \$42.16 per month per Employee covered under the “United HealthCare Choice Plus” portion of the Plan.
- \$42.16 per month per Employee covered under the “United HealthCare Choice” portion of the Plan.
- \$42.16 per month per Employee covered under the “United HealthCare Coinsured Exclusive Provider Network” portion of the Plan.

Pharmacy Average Wholesale Price (AWP) Contract Rates

There is more than one applicable rate for pharmacy services because of the variety of services involved. Your contract rates for prescription drugs are stated in Attachment A to this Modification. We use Medispan’s national drug data file as the source for average wholesale price (AWP) information. We reserve the right to revise the pricing and adopt a new source or benchmark if there are material industry changes in pricing methodologies and will give you notice of any revisions or new sources or benchmarks at least 30 days before they are implemented.

Service Fee for Facility Reasonable Charge Determination and Negotiation

You will pay a fee for our services, as described in Section 12, equal to thirty (30%) of the amount of the reductions obtained through our efforts.

We will bill you for the amounts that you owe us. The bill will reflect reductions obtained during the preceding month and adjustments, if any, from previous months.

Service Fees for Shared Savings Program

You will pay a fee equal to thirty-five (35%) of the “Savings Obtained” as a result of the Shared Savings Program as described in Section 12. “Savings Obtained” means the amount that would have been payable to a health care provider, including amounts payable by both the Participant and the Plan, if no discount were available, minus the amount that is payable to the health care provider, again, including amounts payable by both the Participant and the Plan, after the discount is taken.

Service Fees for Medicare Cross-over Program

\$1.46 per month per Employee covered as a Medicare Eligible Participant

Service Fees for Benefit Plan for Prescriptions ONLY for Retirees Only

\$2.10 per month per Employee covered by the Benefit Plan for Prescriptions ONLY for Retirees

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, Fourteen and Fifteen. You and we hereby ratify all of the terms and conditions of the Agreement as amended.

4.0 EFFECTIVE DATE

4.1 The changes stated in this amendment are effective October 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 section 2 of Modification 16 (“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, 2012 and ending on October 1, 2013 (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		
<i>Discounts and Dispensing Fees</i> ⊕ 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		
<i>Discounts and Dispensing Fees</i> ⊕ 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		
<ul style="list-style-type: none"> ⊕ 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		
<ul style="list-style-type: none"> ⊕ 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	Included	
⊕ Overrides requiring clinical intervention or evaluation		
Physician Reviewed Prior Authorization	Included	
<i>Clinical Initiatives</i> <ul style="list-style-type: none"> ⊕ Standard Targeted Disease Intervention Programs ⊕ Provider and Member Education Programs 	4 programs included, \$0.08 PMPM per additional program selected	
<i>Core Clinical Programs</i> <ul style="list-style-type: none"> ⊕ Programs Include: DIAP, Geriatric Monitor, Narcotic, and PolyPharmacy 	Included	
<i>Health, Wellness, and Disease Education provided through website</i>	Included	
Customized Clinical Programs	Quoted Separately Upon Request. Client claims data required for custom analysis and presentation	
<i>Appeals Services for Prior Authorization</i>	Included	
Translation for Prior Authorization Appeals	\$220 per Letter	
Additional Services		
<i>Custom Programming/Report Generation Minimum \$500</i>	\$150 per hour	
E-Prescribing	\$0.18 per Eligibility Check	
Non-Standard or Manual Eligibility Maintenance	\$1.50 per Member	
<i>Direct Member Reimbursement (DMR)</i> 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	
<i>Appeals Services for DMR</i>	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
<i>Direct Member Reimbursement (DMR)</i> 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.		
<i>Utilization Management</i>		
<ul style="list-style-type: none"> ▪ 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 <input type="checkbox"/> Approve ▪ Diagnosis does not match guideline diagnosis <input type="checkbox"/> Denial (Or convert to Non-FDA limited case management review) ▪ Guideline Criteria not met <input type="checkbox"/> In depth review for off label use requires research and Medical Director consultation ▪ Guideline Criteria not met <input type="checkbox"/> Redirect to other PO or specialty product when appropriate ▪ State Regulation & NCQA Denial Letters to be completed by Optum Rx (members and providers) 		
<i>Off label Use</i>		
<ul style="list-style-type: none"> ▪ 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		
<ul style="list-style-type: none"> ▪ 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		
<ul style="list-style-type: none"> ▪ Drug, Date, Physician & Patient ▪ Decision ▪ Outcome notes (when applicable) 		
Clinical Support		
<ul style="list-style-type: none"> ▪ Guideline Development 		

MODIFICATION OF CONTRACT NUMBER: 02T00005OJ,Reporting, UHC (SAP # 4400001092) PAGE 1 OF 1
PAGE

ISSUED BY: PURCHASING OFFICE 700 LAVACA STREET, 8 TH FLOOR AUSTIN, TX 78701	PURCHASING AGENT ASST: CW Bruner TEL. NO: (512) 854-9760 FAX NO: (512) 854-4211	DATE PREPARED: September 14, 2012
ISSUED TO: United HealthCare Services, Inc. 9900 Bren Road, East Minneapolis, MN 55440	MODIFICATION NO.: 12	EXECUTED DATE OF ORIGINAL CONTRACT: September 11, 2001

ORIGINAL CONTRACT TERM DATES: October 1, 2001-October 1-2002 CURRENT CONTRACT TERM DATES: October 1, 2012-September 30, 2013

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 twelve to Customer Reporting System Internet Access Agreement is made by the following parties: United HealthCare Services Inc., a Texas corporation (“UHS”) and Travis County, (“User”).

RECITALS

User and UHS entered into a contract for Customer Reporting System Internet Access in conjunction with an Administrative Services Agreement with United HealthCare Insurance Company for group employee benefits, such as self funded health coverage for county employees, retirees, and their dependents that began October 1, 2001.

Section 6 **Term and Termination** of the Customer Reporting System Internet Access Agreement with UHS grants User the option to extend this agreement for additional one year periods if the option to extend the Administrative Services Agreement with United HealthCare Insurance Company for that period has also been exercised by User, with all terms and conditions remaining unchanged except the term of the agreement.

EXERCISE OF OPTION TO EXTEND CONTRACT

Pursuant to Section 6 **Term and Termination** of the Customer Reporting System Internet Access Agreement, as amended herein, User hereby exercises its option to extend this agreement for an additional one-year period from October 1, 2012 through September 30, 2013.

User and UHS hereby incorporate this amendment into the Customer Reporting System Internet Access Agreement. User and UHS hereby ratify all of the terms and conditions of the Agreement as amended in Modifications 1, 3, 4, 5 and 6. The changes stated in this amendment are effective when it is executed by both User and UHS.

Note to Vendor:
 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.

LEGAL BUSINESS NAME: United HealthCare Services, Inc.	<input type="checkbox"/> DBA
BY: _____ SIGNATURE	<input type="checkbox"/> CORPORATION
BY: _____ PRINT NAME	<input type="checkbox"/> OTHER
TITLE: _____ ITS DULY AUTHORIZED AGENT	DATE:

TRAVIS COUNTY, TEXAS	DATE:
BY: _____ CYD V. GRIMES, C.P.M., TRAVIS COUNTY PURCHASING AGENT	

TRAVIS COUNTY, TEXAS	DATE:
BY: _____ SAMUEL T. BISCOE, TRAVIS COUNTY JUDGE	

ISSUED BY: PURCHASING OFFICE 700 LAVACA STREET, 8 TH FLOOR AUSTIN, TX 78701	PURCHASING AGENT ASST: CW Bruner TEL. NO: (512) 854-9760 FAX NO: (512) 854-4211	DATE PREPARED: September 14, 2012
ISSUED TO: United HealthCare Services, Inc. 185 Asylum Street Hartford, Connecticut 06103-3408	MODIFICATION NO.: 12	EXECUTED DATE OF ORIGINAL CONTRACT: September 18, 2001
ORIGINAL CONTRACT TERM DATES: <u>October 1, 2001-October 1, 2002</u>		CURRENT CONTRACT TERM DATES: <u>October 1, 2012-September 30, 2013</u>

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 twelve to COBRA Administrative Services Agreement is made by the following parties: United HealthCare Services, Inc., formerly known as United HealthCare Insurance Company, a Texas corporation (“UnitedHealthcare”) and Travis County, Texas (“Contractholder”).

RECITALS

Contractholder and UnitedHealthcare entered into a contract for administrative services for COBRA benefits for self funded health coverage for county employees, retirees, and their dependents that began October 1, 2001.

Section VIII General Provisions of the COBRA Administrative Services Agreement with UnitedHealthcare allows Contractholder and UnitedHealthcare to amend this agreement if the amendment is in writing and signed by both parties.

Section X Term of Agreement of the COBRA Administrative Services Agreement with UnitedHealthcare grants Contractholder the option to extend this agreement for additional one year periods, with all terms and conditions remaining unchanged except the Agreement Period and negotiated rate changes.

AGREEMENT

1.0 EXERCISE OF OPTION

1.1 Pursuant to **Section X Term of Agreement** of the COBRA Administrative Services Agreement, as amended herein, Contractholder exercises its option to extend this agreement for the one year period from October 1, 2012 through October 1, 2013.

Note to Vendor:
 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.

LEGAL BUSINESS NAME: United HealthCare Services, Inc.	<input type="checkbox"/> DBA
BY: _____ SIGNATURE	<input type="checkbox"/> CORPORATION
BY: _____ PRINT NAME	<input type="checkbox"/> OTHER
TITLE: _____ ITS DULY AUTHORIZED AGENT	DATE:

TRAVIS COUNTY, TEXAS	DATE:
BY: _____ CYD V. GRIMES, C.P.M., TRAVIS COUNTY PURCHASING AGENT	

TRAVIS COUNTY, TEXAS	DATE:
BY: _____ SAMUEL T. BISCOE, TRAVIS COUNTY JUDGE	

2.0 RATE CHANGES

2.1 Pursuant to **Section VI Fees and Charges; Due Dates, Payments and Penalties** of the COBRA Administrative Services Agreement and **Exhibit A – Services Fees** of the Administrative Services Agreement as amended in Amendment One, the rates applicable for this option period from October 1, 2012 to October 1, 2013 are as follows:

COBRA/Direct Billing Set Up and Maintenance

This annual fee has been waived.

Service Fee for Open Enrollment Services

\$11.75 per person for partial Open Enrollment Services which includes a custom letter and plan change form

COBRA Services

On-going Continuant per month charge	\$11.25
Qualifying Event notification (includes timely distribution of Qualifying Event notices and election form via proof mail with instructions and processing of enrollment forms returned to set up those individuals for premium billing services)	\$30.00 per Qualifying Event
COBRA Initial Rights Notifications	\$4.46 per notice
Retro COBRA Initial Rights Notifications	\$4.46 per notice
Texas State Continuation Notice	No fee per notice
Past Due Notices to Continuant	No fee per notice

Direct Billing Administration (Billing and Collection)

Retiree Direct Billing for Retirees covered by UnitedHealthcare Options PPO or Choice EPO or Coinsured EPO or Rx Only Plan	\$7.35 per retiree per month
Past Due Notices to Retirees	No fee per notice

Open Enrollment Services

Partial Open Enrollment Service Includes custom letter and plan change form	\$11.75 per person
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Outside Carrier

Outside carrier eligibility feeds and premium remittance \$41.21 per carrier per month.

QUALIFIED BENEFICIARY CHARGE

On-Going Service

2% of Premium included in Qualifying Beneficiary billing rate collected from Continuants to be credited back to Contractholder.

3.0 INCORPORATION OF CONTRACT

3.1 Contractholder and UnitedHealthcare hereby incorporate this amendment into the COBRA Administrative Services Agreement, Modification One, Modification Three, Modification Four, Modification Five, Modification Six, Modification Seven, and Modification Eight. Contractholder and UnitedHealthcare hereby ratify all of the terms and conditions of the Agreement as amended.

4.0 EFFECTIVE DATE

4.1 The changes in this amendment are effective October 1, 2012.



HRMD

Human Resources Management

700 Lavaca Street, Suite 420

P.O. Box 1748

Austin, Texas 78767

(512) 854-9165 / FAX(512)

Backup Memorandum

DATE: August 27, 2012

TO: Members of the Commissioners Court

FROM: Leslie Browder, County Executive, Planning and Budget Office
Diane Poirot, Director, Human Resources Management Department
John Rabb, Benefits Manager
Cindy Purinton, Benefit Administrator (transition)
Shannon Steele, Benefits Administrator

Subject: **United Healthcare – Fiscal Year 2013 Administrative rates**

Proposed Motion

- A. Consider and take appropriate action to renew United Healthcare as the Third Party Administrator for the Travis County Employee Benefit Plan and to approve administrative rates as shown below for Fiscal Year 2013
- B. Consider and take appropriate action to renew United Healthcare Cobra and Retiree Billing administration.

Summary

United Healthcare has been the County's Third Party Administrator for the healthplan since October 1, 2001, the inception of the self-funded plan. For FY2012, Travis County negotiated a significant reduction in UHC's administrative fees with a two-year rate guarantee. The administrative rates below reflect the negotiated rates, with an additional 1.1% reduction for FY2013.

Staff Recommendation:

- A. Staff recommends approval of United Healthcare as the Third Party Administrator and recommends approval of UnitedHealthcare administrative rates for the Fiscal Year 2013
- B. Staff recommends approval of UnitedHealthcare Cobra/ Retiree Billing Administration and the rates for the Fiscal Year 2013.

The following bulleted items are the important points or changes for the plan renewal with UnitedHealthcare.

- The Plan administration fee will **decrease** by approximately 1.1%. (.46) from \$40.37 to \$39.91 PSPM (per subscriber per month) for all three plans.

- The administrative rates for Cobra Administration and Retiree Billing Administration will remain the same for Fiscal Year 2013.
- Front-line customer service support will be provided by the UHC Claims Team who actually process Travis County's claims via the toll-free number provided by UHC (on the back of every ID card) rather than an on-site UHC representative. This change expands the service hours for front-line customer support and reduces the administrative fees by 1.1%.
- Escalated issues may be handled via HRMD Staff or directly through the UHC Service Center.
- Prescription Solutions has undergone a name change to Optum Rx.

The following items are included in the UHC administration fee:

- **Personal Health Support (PHS) 2.0 Nurse Team**
 - **The PHS Nurse team** will be assigned to Travis County. There will be a Clinical Lead who can work directly with Travis County Benefit Staff to resolve members care management/health issues.
 - Customer specific predictive modeling results;
 - Enhanced member-specific wellness mailings and messaging
- **Treatment Decision Support**
 They have added these two services in an effort to help us with our ongoing high claimants and specifically high cost back surgery claims.
 - **The Treatment Decision Support program** is designed for members facing surgical treatment decisions for nine conditions with high practice variations or outcomes, including:
 - **Musculoskeletal:** back pain / Knee and hip replacement
 - **Women's Health:** benign uterine conditions / hysterectomy
 - **Men's Health:** Benign prostate disease
 - **Heart Disease:** Coronary disease / CABG / Angioplasty
 - **Obesity:** Bariatric surgery (note: Travis County plan does not cover Bariatric Surgery).

Budgetary and Fiscal Impact

The monthly fixed costs of the plan will **decrease 1.1%** due to negotiation, and removal of onsite representative.

	Current Fiscal Year 2012	Fiscal Year 2013
Average Monthly Cost	\$199,428	\$197,153
Average Annual Cost	\$2,393,134	\$2,365,841
		-1.1%
Note: costs shown above do not include Individual Stop Loss premiums. This item is currently under bid and will be brought to the Court in a agenda item.		

Authorizations

<u> X</u>	Planning and Budget Office (854-9106)
<u> X</u>	Human Resources Management Department (854-9165)
<u> X</u>	Purchasing Office (854-9700)
<u> X</u>	County Attorney's Office (854-9415)
<u> X</u>	County Auditor's Office (854-9125)

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ATTACHMENT 1

UNITEDHEALTHCARE ADMINISTRATIVE SERVICES ONLY (ASO) RENEWAL EXHIBIT

Fixed Costs		Current fiscal year 2012 administrative rates	Renewal- fiscal year 2013 administrative rates
Administration Fee			
Plan name	Enrollment		
Choice EPO	910	\$40.37	\$39.91
Choice CoInsured EPO	700	\$40.37	\$39.91
Choice Plus PPO	3330	\$40.37	\$39.91
Total Subscribers	4940		
Composite Fee per Subscriber per month-PSPM		\$40.37	\$39.91
Fixed cost PSPM (per Subscriber per month)			
Monthly Fixed Cost		\$199,428	\$197,153
Annual Fixed Cost		\$2,393,134	\$2,365,841
% of increase or decrease			-1.1%
Expected Claims PSPM (per Subscriber per month)			
		\$815.52	\$842.96

ATTACHMENT 2

Fiscal Year 2013 COBRA AND RETIREE Direct Billing and Administrative Fees (NO INCREASES)

Cobra/ Retiree billing-UnitedHealthcare Benefit Services	Fiscal Year 20 09	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
On going maintenance Fee (once a yr charge)	\$1,155.00	\$1,155.00	\$1,155.00	Fee waived	Fee waived
Cobra continuant takeover charge (1 time chg per current continuant from previous Cobra Administration) (should not apply in our case as we haven't changed)	\$16.54	\$16.54	\$16.54	\$16.54	\$16.54
Ongoing Cobra Continuant per month charge	\$11.25	\$11.25	\$11.25	\$11.25	\$11.25
Outside carrier eligibility feeds and premium remittance –per carrier per month	\$41.21	\$41.21	\$41.21	\$41.21	\$41.21
Qualifying Event- fee per qualifying event	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00
Cobra Initial Rights Notifications-per notice	\$4.46	\$4.46	\$4.46	\$4.46	\$4.46
Retro Cobra Initial Rights notices- per notice	\$4.46	\$4.46	\$4.46	\$4.46	\$4.46
TX State Continuation- per notice	\$11.00	\$11.00	\$0.00	\$0.00	\$0.00
Past Due notices to continuants -per notice	\$2.10	\$2.10	\$0.00	\$0.00	\$0.00
Direct Billing Services					
Retiree Billing-per retiree per month	\$7.35	\$7.35	\$7.35	\$7.35	\$7.35
Past Due notice- per notice	\$2.10	\$2.10	\$0.00	\$0.00	\$0.00
OPTIONAL SERVICES					
Employee notification Services					
HIPAA is abbreviation for - Health Insurance Portability and Accountability Act					
HIPAA Initial rights notifications –per notice	\$4.25	\$4.25	\$6.25	\$6.25	\$6.25
Retro HIPAA Initial Rights Notifications –per notice	\$4.25	\$4.25	\$6.00	\$6.00	\$6.00
Post-COBRA HIPAA certificates of coverage on outside COBRA members – per certificate	\$6.25	\$6.25	Not indicated on renewal	Not indicated on renewal	Not indicated on renewal
HIPAA Privacy Notices- per notice	\$6.00	\$6.00	Not indicated on renewal	Not indicated on renewal	Not indicated on renewal
Women's Health Cancer Rights Act- per notice	\$3.25	\$3.25	Not indicated on renewal	Not indicated on renewal	Not indicated on renewal
Open Enrollment Services					
Partial Open Enrollment Service- per person Includes custom letter and plan change form	\$11.75	\$11.75	\$11.75	\$11.75	\$11.75
Full open enrollment Services- per person Same as partial Plus packaging and distribution of all related benefit materials and or informational documents as designated and provided by the client	\$23.50	\$23.50	\$23.50	\$23.50	\$23.50

UnitedHealthcare returns the 2% COBRA administrative fee that is charged to COBRA participants to the County.