



## Travis County Commissioners Court Agenda Request

**Meeting Date:** June 10, 2014

**Prepared By/Phone Number:** C.W. Bruner, 512-854-9760

**Elected/Appointed Official/Dept. Head:** Cyd Grimes

**Commissioners Court Sponsor:** Judge Biscoe

**Consider and take appropriate action on the following:**

**A. Approve contract award for Third Party Administration (TPA) Services, Pharmacy Benefit Management (PBM) Services, and Fully Insured Vision Coverage, RFP NO. 1311-003-CW, to the highest ranked Proposers:**

- a. United Healthcare Services, Inc. for TPA Services for Group Benefit Plans,
- b. Envision Pharmaceutical Services, LLC for PBM Services, and
- c. Davis Vision, Inc. for Fully Insured Vision Coverage.

**B. Authorize the County Judge to sign Group Application for Fully Insured Vision Coverage with Davis Vision, Inc. for Policy Specimen and Certificates.**

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

The contracts will provide Third Party Administration (TPA) Services, Pharmacy Benefit Management (PBM) Services, and Fully Insured Vision Coverage Travis County employees, retirees and their dependents.

RFP No. 1311-003-CW was issued November 21<sup>st</sup>, 2013 and closed on January 7<sup>th</sup>, 2014. A total of one-hundred and nineteen (119) vendors were solicited and eighteen (18) proposals were received. The Purchasing Office received an official request from BeneCard to withdraw their firm's offer for reasons not relating to the solicitation.

The RFP released requested proposals for the following four "buckets" of services and products:

- Third Party Administration (includes case/disease management, claims payment, vision insurance, wellness programs, provider network and discounts, COBRA administration and retiree billing)

**AGENDA REQUEST DEADLINE:** All agenda requests and supporting materials must be submitted as a pdf to [agenda@co.travis.tx.us](mailto:agenda@co.travis.tx.us) by **Tuesdays at 5:00 p.m.** for the next week's meeting.

- Pharmacy Benefit Manager
- Fully Insured Vision Insurance Coverage
- Fully Insured Stop Loss Insurance coverage

Six members of the benefits committee volunteered to be a part of the evaluation committee responsible for reviewing, analyzing, scoring, interviewing and making a recommendation for contract awards to begin October 1, 2014 (FY 15). In addition to the evaluation committee, Gallagher Benefit Services, our consultant for this procurement, assisted with the evaluation review process. Gallagher Benefit Services, serving as a consultant to the County for the RFP project, was instrumental in reviewing, assessing and compiling the responses and data from the proposers. Gallagher was also helpful in informing and educating the evaluation committee on the intricacies and details of products and services being requested within the solicitation. Based on all the scoring of all the evaluation factors, as approved by Court and detailed in the RFP, United Healthcare Services, Inc. (UHC) scored the highest for the TPA Services bucket, Envision Pharmaceutical Services, LLC (Envision) scored the highest for the PBM Services bucket, and Davis Vision, Inc. (Davis) scored the highest for the Fully Insured Vision Coverage bucket. Based on the scoring, Gallagher Benefit Services, HRMD and the evaluation committee recommend contract awards to the highest ranked Proposers for each bucket as listed above. At this time, the review is still pending for the bucket for Fully Insured Stop Loss Coverage but is anticipated to be completed by July 2014 with a recommendation to follow in August 2014.

UHC has performed TPA services for Travis County since 2001 and has a history and in-depth knowledge of the County's health plans and processes. The relationship has been very strong, and their proposal for FY 15 signals a strong commitment and alignment with the County's health and wellness goals for the future years. In addition to Administration services for the health plans, their proposal also includes several services and allowances to assist the County in reducing the health plan cost through participant wellness and engagement initiatives. UHC's proposal includes a wellness allowance of \$150,000 per year, an on-site UHC Health Coach for the duration of the contract, and a reduction to the Administration fee.

Envision's business model is focused on delivering full transparency of pharmacy costs and has agreed in contracts to pass through 100% of all monies received or earned through the utilization of Travis County and its health plan members. In addition to full transparency, Envision also has the flexibility through formulary management and pharmacy network management to meet the County's current and future needs. Envision included substantial performance guarantee monies for the performance and service of the plan. In addition to service guarantees, Envision is proposing a 9.5% spend reduction guarantee over the current pharmacy costs.

Davis' proposal included a match of the current vision benefits levels, high out-of-network reimbursements, the lowest premiums rates and a high match percentage to the current provider network which reduces disruption to current members. The evaluation committee feels awarding the contract to Davis Vision will benefit

employees and members by reducing the out-of-pocket premium while maintaining the same level of benefit and similar provider network. As part of their proposal Davis Vision has also offered a \$5,000 implementation allowance.

➤ **Contract-Related Information:**

Award Amount: N/A (Requirements Contracts, As needed)

Contract Type: Annual, Unilateral

Contract Period: October 1, 2014 through September 30, 2015

➤ **Solicitation-Related Information:**

|                     |     |                      |     |
|---------------------|-----|----------------------|-----|
| Solicitations Sent: | 119 | Responses Received:  | 18  |
| HUB Information:    | N/A | % HUB Subcontractor: | N/A |

➤ **Funding Information: N/A**

SAP Shopping Cart / Funds Reservation #: N/A

Comments: Shopping carts are to be processed monthly based on current eligible members and the contract rates.



# HRMD

## Human Resources Management

700 Lavaca Street, Suite 420

P.O. Box 1748

Austin, Texas 78767

(512) 854-9165 / FAX(512) 854-6677

### Backup Memorandum

**DATE:** May 29, 2014

**TO:** C.W. Bruner

**FROM:** John Rabb, Benefits Manager  
Shannon Steele, Benefits Administrator

**Subject:** Recommendation for Award, RFP # 1311-003-CW, Third Party Administration Services

The current contract with United Healthcare (UHC) for Third Party Administration (TPA) of the Travis County Health Plans expires on September 30, 2014. We would like to request the Purchasing Department recommend the awarding of the contract for TPA services only to UHC for an effective date of October 1, 2014.

The contract for TPA services for the Travis County Health Plans has been with UHC since October 1, 2001. This contract includes services for the payment of claims, provider network utilization and discounts, case and disease management, plan reporting, COBRA administration, retiree health plan billing, vision insurance and certain wellness programs. The contract with UHC that expires on September 30, 2014 also includes Pharmacy Benefit Management (PBM) services with Optum Rx (a UHC subsidiary) and fully insured Vision Insurance but we are recommending they be awarded under separate contracts beginning 10/01/2014.

On November 12, 2013 the Commissioners Court approved the release of 1311-003-CW RFP for Health Plan TPA & PBM and Fully Insured Vision & Stop Loss Coverage. Six members of the benefits committee volunteered to be a part of the evaluation committee responsible for reviewing, analyzing, scoring, interviewing and making a recommendation on the award of contracts to begin October 1, 2014 (FY 15). In addition to the evaluation committee, staff from Gallagher Benefit Services, the County Purchasing department, County Human Resources Management department and the County Attorney's office assisted with the process.

The RFP released requested bids for the following four "buckets" of services and products:

- Third Party Administration (includes case/disease management, claims payment, vision insurance, wellness programs, provider network and discounts, COBRA administration and retiree billing)
- Pharmacy Benefit Manager
- Vision Insurance

- Stop Loss Insurance

The RFP closed on January 7, 2014 and the County received multiple bids for all four lines of service.

### **Evaluation Criteria for Third Party Administration Service**

As approved by Court and detailed in the RFP, the following evaluation criteria were used to evaluate and score the proposals for TPA services.

1. Administrative Services
  - Competitive pricing for all services
  - Ability to add Out-of-Network providers to Network when requested
  - Ability to integrate with outside vendor(s)
  - Ability to accept downloads from outside vendor(s) and frequency that downloads are updated
2. Medical Claims Administration
  - Quality, performance and accuracy
  - Guarantees on claim resolution for members and for Travis County
  - Human Resources Staff
  - Claims payment system
  - Dedicated Account Manager and tenure
  - Customer service response times
  - Flexibility
3. Networks
  - Provider disruption
  - Level of network discounts
  - Ability to provide actual discounts, down to specific claim level
4. Cost Containment Programs
  - Utilization Review and Large Case Management
  - Disease Management
  - Case Management
  - Return on investment for programs
  - Coordination of Benefits
  - Subrogation
5. Wellness Programs
  - Biometric Screenings, HRA
  - Web/Smartphone Tools
  - Wellness challenges
  - Health coaches
  - Return on investment
6. Reporting

- Standard reports
  - Custom reports
  - Flexibility
  - Ability to incorporate clinic data into reports
  - Ad Hoc reporting capabilities
7. Website
- Employer portal
  - Participant portal
  - Ability to view claims history and prescriptions
  - Transparency Tools
8. Intangibles
9. Financial Viability

### **Evaluation of Third Party Administration Proposals**

Each member of the evaluation committee spent multiple hours and weeks reviewing all five proposals for the third party administration services. The proposals were extremely detailed, comprehensive and competitive. Gallagher Benefit Services, serving as a consultant to the County for the RFP project, was instrumental in reviewing, assessing and compiling the responses and data from the bidders. Gallagher was also helpful in informing and educating the evaluation committee on the intricacies and details of third party administration services. During the review process, clarifying questions were asked of all respondents to ensure the evaluation committee fully understood each point of their proposals. Given the scope and depth of the responses, this process took several meetings and multiple hours to complete.

Once all members of the committee read and reviewed the responses, each member of the committee scored each proposal. Based on the scoring on all of the evaluation factors, UHC scored the highest among the bidders. The evaluation committee therefore recommends the awarding of the contract for TPA services to UHC for October 1, 2014 (FY 15).

UHC has performed TPA services for Travis County since 2001 and has a history and in-depth knowledge of the County's health plans and processes. The relationship has been very strong, and their proposal for FY 15 signals a strong commitment and alignment with the County's health and wellness goals for the future years. In addition to administrative services for the health plans, their proposal also includes several services and allowances to assist the County in reducing the health plan cost through participant wellness and engagement initiatives. UHC's proposal includes a wellness allowance of \$150,000 per year, an on-site UHC Health Coach for the duration of the contract, and a reduction to the administrative fee.

The County would continue to use the same network of providers, therefore eliminating any disruption to service for employees, retirees and their dependents. UHC will also continue to use the Accountable Care Organization (ACO) provider network in addition to the PPO and EPO networks. The ACO provider network consists of the Seton Health Alliance and is designed to incentivize providers to improve outcomes and reduce overall health plan costs. The continuation of TPA services with UHC also reduces the implementation time and costs associated with transitioning to a new vendor.

**Rates, Fees and Services**

| <b>Third Party Administration Services</b>   | <b>Current (FY 14)</b>  | <b>Proposed (Fy 15)</b>                   |
|--|-------------------------|---|
| Network Access   | Included                | Included                                  |
| Case/Disease Management  | Included                | Included                                  |
| Standard Behavioral Care   | Included                | Included                                  |
| Care 24  | Not Included            | Not Included                              |
| Nurseline  | Included                | Included                                  |
| PS PHS/TDS/HeNotes, incl. Diabetes, CAD, CHF   | Included                | Included                                  |
|  |                         |   |
| Pharmacy Benefit Management (PBM)  |                         |   |
| PBM by OptumRx – Retail, Mail Order and Specialty                                      | Included                | Not Included<br>(Under separate contract) |
| Integration of Rx data from outside PBM (reports, utilization, case and disease mgmt.) | N/A                     | Included                                  |
|  |                         |   |
| Total TPA Fee  | \$37.46 PEPM            | \$35.54 PEPM                              |
| Integration with outside Stop Loss Carrier   | \$1.00 PEPM             | \$1.00 PEPM                               |
| Vision Coverage for Employees  | \$3.00 PEPM             | Not Included<br>(Under separate contract) |
|  |                         |   |
| UHC On-Site Health Coach   | Not Included            | Included                                  |
| Wellness Fund Allowance Per Year   | Not Included            | \$150,000                                 |
|  |                         |   |
| Total Coat Per Member Per Month  | \$41.46                 | \$36.54                                   |
|  |                         |   |
| Empoyees   | 5,200                   | 5,200                                     |
|  |                         |   |
| TPA Annual Projected Cost  | \$2,587,104.00          | \$2,280,096.00                            |
|  |                         |   |
| Additional Programs  |                         |   |
| Healthy Back Program   | Available - \$0.45 PEPM | Available - \$0.45 PEPM                   |
| Healthy Weight Program   | Available - \$0.65 PEPM | Available - \$0.65 PEPM                   |
| QuitPower (smoking cessation) Program  | Available - \$0.47 PEPM | Available - \$0.47 PEPM                   |
| Telephonic wellness coaching   | Available - \$1.35 PEPM | Available - \$1.35 PEPM                   |
|  |                         |   |



# HRMD

## Human Resources Management

700 Lavaca Street, Suite 420 • P.O. Box 1748 • Austin, Texas 78767 • (512) 854-9165 / FAX(512) 854-6677

### Backup Memorandum

**DATE:** May 23, 2014

**TO:** C.W. Bruner, Purchasing Agent IV

**FROM:** John Rabb, Benefits Manager  
Shannon Steele, Benefits Administrator

**Subject:** Recommendation for Award, RFP # 1311-003-CW, Pharmacy Benefit Management (PBM) Services

The current contract for Pharmacy Benefit Management (PBM) services with United Healthcare (UHC) expires on September 30, 2014. We would like to request the Purchasing Department recommend the awarding of the contract for PBM services to Envision, Inc for an effective date of October 1, 2014.

The contract for PBM services for the Travis County Health Plans with UHC has been in force since October 1, 2011. The pharmacy services are managed by a UHC subsidiary company, OptumRx. This contract includes services for the processing and payment of pharmacy claims, pharmacy network management, prior authorizations, quantity limits, mail-order pharmacy and specialty pharmacy services.

On November 12, 2013 the Commissioners Court approved the release of 1311-003-CW RFP for Health Plan TPA & PBM and Fully Insured Vision & Stop Loss Coverage. Six members of the benefits committee volunteered to be a part of the evaluation committee responsible for reviewing, analyzing, scoring, interviewing and making a recommendation on the award of contracts to begin October 1, 2014 (FY 15). In addition to the evaluation committee, staff from Gallagher Benefit Services, the County Purchasing department, County Human Resources Management department and the County Attorney's office assisted with the process.

The RFP released requested bids for the following four "buckets" of services and products:

- Third Party Administration (includes case/disease management, claims payment, vision insurance, wellness programs, provider network and discounts, COBRA administration and retiree billing)
- Pharmacy Benefit Manager
- Vision Insurance
- Stop Loss Insurance

The RFP closed on January 7, 2014 and the County received multiple bids for all four lines of service.

### **Evaluation Criteria for Third Party Administration Service**

As approved by Court and detailed in the RFP, the following evaluation criteria were used to evaluate and score the proposals for PBM services.

1. Pharmacy
  - Competitive pricing
  - Transparent pricing
  - Rebates
  - Covered PDL
  - Specialty Rx
  - Mail Order
  - Retail Pharmacy Network
  - Ability to provide Rx repricing down to the actual claim and pharmacy level
2. Reporting
  - Standard reports
  - Custom reports
  - Flexibility
  - Ability to incorporate clinic data into reports
  - Ad Hoc reporting capabilities
3. Website
  - Employer portal
  - Participant portal
  - Ability to view claims history and prescriptions
  - Transparency Tools
4. Intangibles
5. Financial Viability

### **Evaluation of Pharmacy Benefit Management Proposals**

The evaluation committee spent multiple hours and weeks reviewing all proposals for the PBM services. The proposals were extremely detailed, comprehensive and competitive. Gallagher Benefit Services, serving as a consultant to the County for the RFP project, was instrumental in reviewing, assessing and compiling the responses and data from the bidders. Gallagher was also helpful in informing and educating the evaluation committee on the intricacies and details of PBM services. After reviewing all responses, the committee scored each proposal based on the criteria listed in the previous section.

Once all members of the committee read and reviewed the responses, each member of the committee scored each proposal. Based on the scoring on all of the evaluation factors, Envision scored the highest among the bidders. The evaluation committee therefore recommends the awarding of the contract for PBM services to Envision for October 1, 2014 (FY 15).

Envision business model is focused on delivering full transparency of pharmacy costs and has agreed in contracts to pass through 100% of all monies received or earned through the utilization of Travis County and its health plan members. In addition to full transparency, Envision also has the flexibility through formulary management and pharmacy network management to meet the County’s current and future needs. Envision’s proposal includes a partnership with Costco for mail and specialty pharmacy and has agreed to a complete pass-through of all pharmacy discounts, which includes no spread pricing on retail, mail or specialty pharmacy.

Envision was one of several proposers to complete a re-pricing of pharmacy claims based on the County’s utilization for the prior year. Envision’s re-pricing exercise showed a reduction in the total pharmacy costs based on Envision’s level of network discounts and their proprietary point-of-sale rebate design. Envision included substantial performance guarantee monies for the performance and service of the plan. In addition to service guarantees, Envision is proposing a 9.5% spend reduction guarantee over the current pharmacy costs.

Envision has over 67,000 retail network pharmacies in the United States and includes all of the major chains. They contract directly with pharmacies rather than using rental networks which allows them to negotiate the best pricing and ensures there are no hidden rebates or network fees. They also have the option for health plan members to fill 90-day prescriptions at retail locations instead of requiring the use of the mail-order service. We view this as a positive benefit for members. Envision has been awarded the highest customer satisfaction ratings in the industry by The Pharmacy Benefit Management Institute (PBMI) for 4 years running.

The County would continue to use the same network of providers, therefore eliminating any disruption to service for employees, retirees and their dependents. UHC is open to including the Envision logo and information on the medical cards so participants would continue to use one card for their health and pharmacy benefits. Envision and UHC have also committed to working together to integrate the Rx data with the Medical data for case and disease management services as well as their predictive modeling tools.

**Rates, Fees and Services**

A summary of the cost structure for the proposed Envision contract is detailed below with a comparison to the current amounts with UHC and Optum Rx. Additional fees for services are included in the Contract.

| <b>Pharmacy Benefit Management</b> | <b>Current (FY 14)</b> | <b>Proposed (FY 15)</b> |
|------------------------------------|------------------------|-------------------------|
| Retail Network                     |                        |                         |
| Brand                              | AWP- 13.7%             | AWP- 15.15%             |
| Brand Dispensing Fee               | \$1.50                 | \$1.35                  |
| Generic                            | MAC                    | AWP-74.5%               |
| Generic Dispensing Fee             | \$1.50                 | \$1.40                  |
| 90-Day Retail Network              |                        |                         |
| Brand                              | Not available          | AWP- 20.10%             |
| Brand Dispensing Fee               | Not available          | \$0.00                  |

|                               |                                   |                      |
|-------------------------------|-----------------------------------|----------------------|
| Generic                       | Not available                     | AWP-75.25%           |
| Generic Dispensing Fee        | Not available                     | \$0.00               |
| 90-Day Mail-Order Network     |                                   |                      |
| Brand                         | AWP-22%                           | AWP – 20.40%         |
| Brand Dispensing Fee          | \$0.00                            | \$0.00               |
| Generic                       | MAC Pricing                       | AWP-79.00%           |
| Generic Dispensing Fee        | \$0.00                            | \$0.00               |
| Rebate Management             |                                   |                      |
| Retail Network                | 100% Pass-Through                 | 100% Pass-Through    |
| Retail Rebate Minimum         |                                   | \$17.35 per Brand Rx |
| Mail-Order Network            | 100% Pass-Through                 | 100% Pass-Through    |
| Retail Rebate Minimum         |                                   | \$66.60 per Brand Rx |
| Clinical Programs             |                                   |                      |
| Prior Authorizations          | Included                          | Included             |
| Quantity Limits               | Included                          | Included             |
| Case Review                   | \$55.00/case                      | \$8.00/case          |
| Physician Reviewed Prior Auth | \$390.00/case                     |                      |
| Administrative Fee PEPM       | Included as part of TPA Admin Fee | \$3.50               |



# HRMD

## Human Resources Management

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May 23, 2014

TO: C.W. Bruner, Purchasing Agent IV  
FROM: John Rabb, Benefit Manager *JR*  
Shannon Steele, Benefit Administrator

SUBJECT: Recommendation for Award, RFP # 1311-003-CW, Fully Insured Vision Insurance

The current contract for fully insured Vision insurance is set to expire on September 30, 2014. We would like to request the Purchasing Department recommend the awarding of the contract to Davis Vision for an effective date of October 1, 2014.

The evaluation committee has spent time carefully reviewing, evaluating and scoring all respondents to the Request for Proposal. The following criteria were used to evaluate and score the proposals.

1. Vision
  - Competitive pricing
  - Contractual terms
  - Claims processing
2. Networks
  - Provider disruption
  - Level of network discounts
3. Reporting
  - Standard reports
  - Custom reports
  - Flexibility
  - Ability to incorporate clinic data into reports
  - Ad Hoc reporting capabilities
4. Website
  - Employer portal
  - Participant portal
  - Ability to view claims history and prescriptions
  - Transparency Tools
5. Intangibles
6. Financial Viability

Davis Vision, Inc. scored the highest among all of the proposers. The evaluation committee and Gallagher Benefit Services, Inc. recommends award of this contract to Davis Vision, Inc. Their proposal included a match of the current vision benefits levels, high out-of-network reimbursements, the lowest premiums rates and a high match percentage to the current provider network which reduces disruption to current members. Davis Vision also has a robust web site for members and administrators, public sector experience, a frame and lens manufacturing plan in San Antonio, TX and a very experienced account management team to support the County. The evaluation committee feels awarding the contract to Davis Vision will benefit employees and members by reducing the out-of-pocket premium while maintaining the same level of benefit and similar provider network.

The evaluation committee requested two premium options be included in the contract and are detailed below. Each of these options are available for selections at the beginning of a plan year.

**Premium Option 1**

Premium Option 1 is a continuation of the current funding method used by the County for the fully insured Vision insurance. The County funds the Employee Only coverage for all enrollees of the County’s health insurance. The employee or retiree would then pay the difference between the Employee Only coverage and the Total Premium if they wish to enroll dependents in the plan. Currently we enroll all employees who have elected health coverage into an Employee Only vision plan unless the employee selects to enroll dependents as well. This option does not allow for an employee to take the vision coverage if they have declined enrollment in health coverage.

| <b>Active Employee and Retiree Vision Rates</b> |                      |                  |                      |
|---|----------------------|------------------|----------------------|
| <b>Coverage Tier</b>                            | <b>County Funded</b> | <b>EE Funded</b> | <b>Total Premium</b> |
| Employee Only                                   | \$2.86               | \$0.0            | \$2.86               |
| Employee + One Adult                            | \$2.86               | \$3.84           | \$6.70               |
| Employee + One Child                            | \$2.86               | \$3.84           | \$6.70               |
| Employee + Two or more Children                 | \$2.86               | \$4.70           | \$7.56               |
| Employee + One Adult + One Child                | \$2.86               | \$5.34           | \$8.20               |
| Employee +One Adult + Two or more Children      | \$2.86               | \$8.10           | \$10.96              |

Estimated annual County funding for this benefit option is \$179,871.10. This amount is based on enrollment of 4,439 active employees and 802 retirees as of April 2014. The current Vision plan is \$3.00 for Employee Only coverage which equates to \$188,676.00 annually. This option would reduce the County funding by \$8,805 annually compared to current.

**Premium Option 2**

The second premium option is also available at any point during the entire contract period and would be a change to the funding method currently used for Vision insurance. The County could elect to change and make the vision coverage fully voluntary. Since the enrollment numbers typically are reduced with this type of coverage, the rates are slightly higher than Option 1. This option does allow for employees who have declined health coverage with the County to enroll in the Vision coverage.

| Active Employee and Retiree Vision Rates   |               |           |               |
|--|---------------|-----------|---------------|
| Coverage Tier                              | County Funded | EE Funded | Total Premium |
| Employee Only                              | \$0.00        | \$4.26    | \$4.26        |
| Employee + One Adult                       | \$0.00        | \$8.10    | \$8.10        |
| Employee + One Child                       | \$0.00        | \$8.10    | \$8.10        |
| Employee + Two or more Children            | \$0.00        | \$8.96    | \$8.96        |
| Employee + One Adult + One Child           | \$0.00        | \$9.60    | \$9.60        |
| Employee +One Adult + Two or more Children | \$0.00        | \$12.38   | \$12.38       |

Estimated annual County funding for this option would be \$0.00 and would be an annual savings of \$179,871.10 compared to Option 1. This amount is based on enrollment of 4,439 active employees and 802 retirees as of April 2014.

**Renewal Premium Options Compared to Current**

| Active Employee and Retiree Vision Rates   |               |          |      |          |      |
|--|---------------|----------|------|----------|------|
| Coverage Tier                              | Current Rates | Option 1 |      | Option 2 |      |
| Employee Only                              | \$3.00        | \$2.86   | -5%  | \$4.26   | 42%  |
| Employee + One Adult                       | \$13.40       | \$6.70   | -50% | \$8.10   | -39% |
| Employee + One Child                       | \$12.10       | \$6.70   | -45% | \$8.10   | -33% |
| Employee + Two or more Children            | \$14.04       | \$7.56   | -46% | \$8.96   | -36% |
| Employee + One Adult + One Child           | \$14.74       | \$8.20   | -44% | \$9.60   | -35% |
| Employee +One Adult + Two or more Children | \$18.70       | \$10.96  | -41% | \$12.38  | -34% |

**Network Disruption**

Davis Vision provided a network disruption report to compare with the in-network providers with UHC vision. They were able to match 214 out of the 259 providers used in the last year which equates to an 83% match. Davis Vision has also provided a provider report showing alternate providers within 1 mile of the 45 providers who are in-network with UHC but will be out-of-network with Davis Vision. Representatives from Davis Vision along with HRMD

Benefit staff plans to work with employees and notify them of the network change and will assist in finding and locating alternate providers.

**Employee Education and Notification**

HRMD Benefit staff plan on holding education meetings in June 2014 along with open enrollment help sessions in August 2014. During these sessions and meetings we will inform and educate employees and retirees on the change in the vision vendor. Davis Vision representatives will also be on site to assist employees with education, resources and information regarding the change to the Vision insurance. Employees will be receiving a new vision insurance card in September 2014. As part of their proposal Davis Vision has also offered a \$5,000 implementation allowance.

If you have any questions, please contact John Rabb at 512-854-2742.

## RECOMMENDATIONS FOR TRAVIS COUNTY

**Subject:**

REQUEST FOR PROPOSALS (RFP) # 1311-003-CW for professional services associated with Health Plan Third Party Administration (includes Case/Disease Management, Wellness, COBRA and Retiree Billing Services) and Pharmacy Benefit Management and for fully-insured Vision and Specific Stop Loss coverage.

**Term of Contract:** Three (3) year effective October 1, 2014 ending 12:00 a.m. on September 31, 2017, unless changed by Travis County.

**Travis County Staff involved (Non-Voting):**

Mr. C.W. Bruner- Purchasing  
Ms. Debbie Maynor- HRMD  
Ms. Barbara Wilson, JD- County Attorney

**Travis County Insurance Committee (Voting):**

Ms. Tina Salazar- Transportation and Natural Resources  
Ms. Diana Ramirez- PBO  
Ms. Beth Blankenship- Auditor's Office  
Ms. Meg Seville- Sherriff's Office  
Mr. John Rabb- HRMD  
Ms. Shannon Steele- HRMD

**Outside Consultant(s):**

Ms. Nancy Webster  
Mr. P. Todd Dorton

**RFP Tool:** BidSync RFP Evaluator

**Recommended Vendors, as recommended by insurance committee and approved by consultants:**

Health Plan Third Party Administration- **United Healthcare**  
Pharmacy Benefit Manager- **Envision**  
Vision (fully-insured) - **Davis Vision**  
Specific Stop Loss coverage- **TBD**

## Notes:

Travis County engaged in one of the most comprehensive RFP exercises possible. Not only were the bid specifications extremely detailed, but the handling of the entire process by Mr. C.W. Bruner was deft, given the complexity of this exercise and the volume of information requested, compiled and evaluated. Travis County had four (4) members of the insurance committee that not only took their obligations seriously, but actually wanted to understand the details of all of the products being considered. With the assistance of County Staff, particularly Mr. Rabb, Ms. Steele, Ms. Maynor with Ms. Wilson's Counsel, the insurance committee used detailed questionnaires and a complex scoring system entered into the BidSync Evaluator that kept the evaluations of all products and proposers secure. This process also took much of the emotion, usually involved in such an exercise, out of this process. The process allowed for a fair and unbiased comparison of the varied factors involved with each component and each proposer to the extent possible.

Travis County, in this RFP, attempted to get all proposers on the Health Plan Third Party Administration to reprice actual medical claims down to the individual claim level. If successful, Travis County would know the discounts being obtained by Travis County that can and do vary from vendor to vendor. However, after much effort and even more time, the net result is that none of the proposers actually repriced the medical claims to the individual claim level. Rather, they either gave an average by zip code, general average or other methodologies that were not verifiable. In the end, all of the proposer's numbers were thrown out, as they did not meet the requirements as laid out in the RFP. In absence of verifiable better pricing, we concur with the insurance committee that staying with the known, UnitedHealthcare, was the choice that best fits Travis County with the least amount of disruption to the employees of Travis County. United Healthcare has reduced their administrative fees and provided \$250,000 in wellness allowances.

When the responses from the Pharmacy Benefit Managers were evaluated and all of the prescription claims repriced by the proposers, the committee scored Envision the highest. Envision will put in writing that they will only accept their per employee/per month fee and not accept any other monies associated with the prescription drug spend of Travis County. Additionally, Envision has a proprietary component to their product that allows for Travis County and their employees to obtain rebates available at the "point of sale", rather than after the end of the plan year and a reconciliation as required by the other proposers. The transparency of this product should result in significant savings on the drug spend at Travis County. The actual savings will be based on many variables, but we agree with the committee that Envision is an excellent choice for the pharmacy spend that will be totally transparent in pricing. With the buying clout of Travis County and great pressure applied to United Healthcare, the one hundred thousand dollar (\$100,000) fee that United Healthcare wanted to connect with Envision was waived for Travis County.

Davis Vision was clearly the best overall Vision proposal received. Taking into consideration pricing, quality and network availability, we concur with the insurance committee that Davis Vision was the right choice for Vision at Travis County. With their comprehensive system, including the actual production of lenses and proprietary selection of frames, Davis Vision, once all are acclimated to any potential network differences, Travis County appears to have made the right choice in choosing this vendor.

Stop loss coverage is currently with Sun Life and the only other proposers for stop loss or reinsurance were ING (Voya) and United Healthcare BP. However, due to the fact that more claims information will be needed to firm up renewal stop loss numbers, it is not possible currently to determine which of the two (2) proposers will offer the best reinsurance quote for Travis County for next year's stop loss coverage. Both are excellent carriers and Travis County can expect good choices from these carriers.

**Proposers reviewed:**

**Health Plan Third Party Administration**

UnitedHealthcare  
Aetna  
Boon-Chapman  
Blue Cross Blue Shield  
Cigna

**Pharmacy Benefit Managers**

UnitedHealthcare (Optum)  
Aetna (CVS Caremark)  
BCBS (Prime Therapeutics)  
BeneCard  
Catamaran  
Cigna/Catamaran  
Envision  
Humana  
HEB  
Optum  
ProAct

**Vision**

Aetna  
Davis Vision  
EyeMed  
MES (Gerber Life)  
National Vision Administrators  
Superior Vision  
VSP

**Stop Loss**

Sun Life  
ING (Voya)