

STATE OF NORTH CAROLINA  
DURHAM COUNTY

IN THE OFFICE OF  
ADMINISTRATIVE HEARINGS  
23 INS 738

BLUE CROSS AND BLUE )  
SHIELD OF NORTH CAROLINA, )

Petitioner, )

v. )

NORTH CAROLINA STATE )  
HEALTH PLAN FOR )  
TEACHERS AND STATE )  
EMPLOYEES, )

Respondent, )

and )

AETNA LIFE INSURANCE )  
COMPANY, )

Respondent-Intervenor. )

**VOLUME 1 OF APPENDIX TO  
BLUE CROSS NC'S RESPONSE IN  
OPPOSITION TO MOTIONS FOR  
SUMMARY JUDGMENT**

Blue Cross and Blue Shield of North Carolina submits the following  
Volume 1 of Appendix to Blue Cross NC's Response in Opposition to Motions for  
Summary Judgment:

**Appendix Volume 1 – Non-Confidential Documentary Exhibits and  
Deposition Excerpts**

<b>Deposition Ex. No.</b>	<b>Bates Reference</b>	<b>Description</b>	<b>Appendix Page Nos.</b>
22	N/A	Minutes of State Health Plan Board of Trustees Webinar, (initial session June 8, 2022, reconvened June 28, 2022)	BCNC1 941-953
217	N/A	State Health Plan Request for Proposal #: 270-20191001TPAS Third Party Administrative Services (issued Oct. 1, 2019)	BCNC1 954-1123
N/A	N/A	Excerpts of Deposition Transcript of Dale Folwell (Sept. 21, 2023)	BCNC1 1124-1130
N/A	N/A	Excerpts of Deposition Transcript of Aimee Forehand (Sept. 7, 2023)	BCNC1 1131-1158
N/A	N/A	Excerpts of Deposition Transcript of Gregory Russo (Nov. 28, 2023)	BCNC1 1159-1164

This 11th day of January, 2024.

ROBINSON, BRADSHAW & HINSON, P.A.

/s/ Matthew W. Sawchak  
Matthew W. Sawchak  
N.C. State Bar No. 17059  
msawchak@robinsonbradshaw.com

Stephen D. Feldman  
N.C. State Bar No. 34940  
sfeldman@robinsonbradshaw.com

434 Fayetteville Street, Suite 1600  
Raleigh, North Carolina 27601  
Telephone: (919) 239-2600  
Facsimile: (919) 328-8790

Nathan C. Chase, Jr.  
N.C. State Bar No. 39314  
nchase@robinsonbradshaw.com

Benjamin C. DeCelle  
N.C. State Bar No. 52102  
bdecelle@robinsonbradshaw.com

101 N. Tryon Street, Suite 1900  
Charlotte, North Carolina 28246  
Telephone: (704) 377-2536  
Facsimile: (704) 378-4000

Erik R. Zimmerman  
N.C. State Bar No. 50247  
ezimmerman@robinsonbradshaw.com

Emily J. Schultz  
N.C. State Bar No. 58747  
eschultz@robinsonbradshaw.com

1450 Raleigh Road, Suite 100  
Chapel Hill, North Carolina 27517  
Telephone: (919) 328-8800  
Facsimile: (919) 328-8791

MORNINGSTAR LAW GROUP

Shannon R. Joseph  
N.C. State Bar No. 22144  
sjoseph@morningstarlawgroup.com

421 Fayetteville Street, Suite 530  
Raleigh, North Carolina 27601  
Telephone: (919) 590-0360  
Facsimile: (919) 882-8890

*Counsel for Blue Cross and Blue Shield of  
North Carolina*

CERTIFICATE OF SERVICE

I certify that today, I caused this appendix to be filed through this Tribunal's electronic-filing system. Under Rule 03.0501(4), the system will electronically serve the appendix on the following counsel:

J. Benjamin Garner, Esq.  
North Carolina State Health Plan for Teachers and State Employees  
ben.garner@nctreasurer.com

Aaron Vodicka, Esq.  
North Carolina State Health Plan for Teachers and State Employees  
aaron.vodicka@nctreasurer.com

Robert H. Edmunds, Jr., Esq.  
Fox Rothschild LLP  
bedmunds@foxrothschild.com

Marcus C. Hewitt, Esq.  
Fox Rothschild LLP  
mhewitt@foxrothschild.com

Elizabeth Sims Hedrick, Esq.  
Fox Rothschild LLP  
ehedrick@foxrothschild.com

*Attorneys for Respondent*

Lee M. Whitman, Esq.  
Wyrick Robbins Yates & Ponton LLP  
lwhitman@wyrick.com

Benjamin N. Thompson, Esq.  
Wyrick Robbins Yates & Ponton LLP  
bthompson@wyrick.com

Sophia V. Blair, Esq.  
Wyrick Robbins Yates & Ponton LLP  
sblair@wyrick.com

*Attorneys for Respondent-Intervenor*

This 11th day of January, 2024.

/s/ Matthew W. Sawchak  
Matthew W. Sawchak



**Board of Trustees Webinar  
June 8, 2022 (initial session)  
Reconvened June 28, 2022  
Minutes**

The Microsoft Teams virtual meeting of the North Carolina State Health Plan for Teachers and State Employees (Plan) Board of Trustees was called to order by Chair Dale R. Folwell, CPA, at 8:00 a.m. on Wednesday, June 8, 2022.

**Board Members Present:** Dale R. Folwell, Charles Perusse, Russell "Rusty" Duke, Cherie Dunphy, M.D., Kim Hargett, Donald Martin, Peter Robie, M.D., Mike Stevenson

**Board Members Absent:** Wayne Fish

**Welcome**

Chair Folwell welcomed the Board and members of the public to the meeting. He reviewed the rules for conducting remote meetings.

- a. Board members shall announce their name when speaking.
- b. All chats, instant messages, texts, or other written communications between members of the public body regarding the transaction of the public business during the remote meeting are deemed a public record.
- c. All votes shall be by roll call.

**Conflict of Interest**

No conflicts of interest were noted.

**Reading of SEI Statements into Minutes Pursuant to the Ethics Act § 138A-15(c)**

No Statements of Economic Interest (SEI) were read into the minutes.

**Public Comment**

Two State Health Plan members addressed the Board regarding Continuous Glucose Monitoring (CGM) and insulin pump supply coverage for members with diabetes.

**Board Approval**

Minutes – March 2, 2022, Meeting

**Board Vote:** Motion by Dr. Martin; second by Ms. Hargett; roll call vote was taken; unanimous approval by Board to approve March 2, 2022, meeting minutes.

## Operations Updates

### Financial Updates

Matthew Rish, Sr. Director, Finance, Planning & Analytics, presented the fiscal and calendar year-to-date financials through April 2022, comparing them to April 2021. He noted the cash balance movement over the last two years relative to cash transfers and revenue decline. With the passing of the new State budget in mid-November 2021, Plan revenue improved. For the Fiscal Year, net claims payments increased by approximately \$357 million, with \$309 million attributed to medical claims.

Net administrative expenses were favorable, compared to the prior year, driven largely by the new Blue Cross NC contract that went into effect January 1, 2022. Total Plan expenses were \$266M greater than the prior year, largely due to higher claims. The Plan had a net income through April 2022, compared to a net loss in 2021.

The Plan received \$215M for COVID-19 reimbursement in April 2022, which had a favorable impact on the ending cash balance. The non-operating cash transfer received in December 2021, was the gain share payment from UnitedHealthcare for the Medicare Advantage contract that was in place for 2020. It was immediately transferred to the Retiree Health Benefit Trust Fund (RHBTf).

Mr. Rish presented the Calendar Year-to-Date report. He noted that the Target Stabilization Reserve (TSR) will be a regular line item on future reports since the decline in the Plan's ending cash balance is now getting much closer to the TSR. Plan revenue increased by \$152 million due to the General Assembly contributions and net claims grew by \$88 million compared to the prior year. Medical claims increased by \$98M and pharmacy claims decreased by approximately \$10M. Total Plan expenses increased by \$111 million, and the ending cash balance remained nearly even compared to April 2021.

Mr. Rish stated that, although the Plan has \$1B in cash, the quarterly financial projections demonstrate income losses beginning in 2022, with a negative cash balance in 2024.

### Operations Updates

Dee Jones, Executive Director, stated that the Plan recently had the opportunity to work with Humana, the Plan's Medicare Advantage (MA) vendor, to provide three member-friendly benefit enhancements to Plan members enrolled in the Humana MA Plans. These changes impact approximately 1,100 members and saves them approximately \$1.5M. Ms. Jones stated that the information would be sent to board members and that it would also be shared with the public via a press release following the meeting.

Benefit	Current Cost Share	Proposed 2023 Cost Share
Lab services at Urgent Care Facility	\$40 copay Base; \$10 copay Enhanced	\$0 Copay
Dialysis Services at Outpatient Facility	20% Coinsurance on Base; Enhanced	\$0 Copay
Dialysis Services at Dialysis Center	20% Coinsurance on Base; Enhanced	\$0 Copay

### Funding Strategy

Mr. Sam Watts, Legislative Liaison for the Department of State Treasurer, provided a summary of the funding strategy for the Plan over the next five years. One of the major challenges is the need for an additional \$5.6B over what has been projected by the Fiscal Research Division and Office of State Budget and Management. The Plan's current funding level of 4% leaves a funding gap with trend at 7%.

While recent contract negotiations with Humana and Blue Cross NC have provided substantial savings for the Plan, the additional \$5.6B needed requires more funding from the General Assembly or provider price concessions.

Mr. Watts stated that he had made 14 different offers to hospital liaisons and lobbyists to discuss price concessions with hospitals. Only one accepted the offer and that was UNC Healthcare although no agreement was reached.

#### ***Board Comments and Questions Addressed:***

One member encouraged the Treasurer and Plan staff to continue pushing the hospital association regarding provider concessions.

Question: Can some of the money in the RHBTf be used by the General Assembly to help close the funding gap? Mr. Watts responded that that money goes toward the unfunded liability and the \$2B is protected. He added that the unfunded liability is growing faster than ever before.

Question: Why are Medicare eligible members given the option to choose the Base PPO Plan (70/30) if it costs the Plan more money? Mr. Watts stated that the Plan is waiting on the outcome of the Lake lawsuit before a decision is made regarding plan options for those members.

Chair Folwell stated that the Plan has a very large number of retirees who have not yet turned 65. These members, plus the Medicare eligible members who have chosen the Base 70/30 Plan rather than the Humana MA plan, are costing the Plan a lot of money. He added that if the Medicare eligible members in the Base 70/30 Plan chose the Humana MA plan, it would make a significant dent in Plan costs.

Several additional questions regarding the Lake lawsuit were asked and Joel Heimbach, Assistant General Counsel for the Plan, discussed the status of the Lake case and suggested that the board discuss the lawsuit in executive session at the September Board meeting.

At the request of Judge Duke, Ms. Jones stated that a copy of the most relevant Lake lawsuit documents would be sent to him following the meeting.

The Board then lost a quorum at 9:10 am and recessed the meeting until such time that a quorum could be obtained.

**Board of Trustees Meeting  
Webinar / Recorded  
June 8, 2022 (Initial Session)  
Reconvened June 28, 2022  
Minutes**

The board reconvened the meeting on July 28, 2022, at 3:00 pm.

Operations Updates, cont.

Ms. Jones stated that the COVID public health emergency was extended on April 15, 2022 and is currently set to expire on July 15, 2022. There has been no word regarding further extensions.

The next Board of Trustees meeting is scheduled on July 13, 2022, from 3 to 5 p.m. The Plan will present rates for the 2023 Calendar Year, based on the budget that was passed in November 2021.

Blue Cross NC Facets Implementation Issues – Summary (see Exhibit 1, Full Report)

Ms. Jones provided a summary regarding the implementation issues the Plan has experienced with the Blue Cross NC Facets claims processing system. She noted that a reference document was discussed with Blue Cross NC (BCNC) and sent to board members prior to the meeting.

Facets is the BCNC claims processing system. This system replaces the Power MHS system (legacy system) that has been in place since the 1970s. In early 2016, BCNC transferred 400,000 customers to Facets and ran into numerous over-billing and dropped coverage issues. These concerns were widely reported in the local media. At that time, BCNC decided to wait and convert the Plan, with 685,000 members, at a later date.

As a result of these issues, BCNC was fined by the Department of Insurance in September of 2016. BCNC signed a settlement agreement for \$3.6 million in civil penalties because of the significant over-billing and dropped coverages mentioned previously. This fine is in addition to \$11.3 million in premium refunds and \$8.3 million in late interest payments on claims made to health care providers.

The Plan intentionally waited until the most recent contract was to be implemented before committing to transitioning to Facets. Plan staff worked with BCNC staff from the late February 2020 award date until the January 1, 2022, Go Live date to prepare for the transition. Unfortunately, the transition did not go well. Plan staff is still – in June - materially involved in solving major conversion issues with the BCNC team every week.

It has become clear, after waiting six years for the system to stabilize, almost two years of implementation and now five plus months of troubleshooting, that BCNC did not adequately anticipate the impact of more than 10 years of customization on the Power MHS system (legacy system). Plan staff was told the customizations did not convert as anticipated.

**Facets Issues Outlined**

1. Resources – lack of Plan experience and expertise
2. Timeliness of Claims Payments – system configuration issues
3. Prompt Pay Penalties and Performance Guarantees – significant fluctuation has led to reimbursements to the Plan
4. Enrollment Challenges – multiple challenge areas
5. Primary Care Providers (PCPs) – numerous issues discovered with PCPs

6. Medicare Data Audits – quarterly audits with CMS ensure the Plan has the most current Medicare information for members. Medicare data impacts both premiums and claims.
7. Portal Issues – various issues and now mostly resolved
8. Open Enrollment Testing – not ready 6/20/22 as promised but was back on track within a day or two

Ms. Jones concluded by stating that the Plan remains hopeful that these issues will be resolved soon. She then turned the meeting over to Blue Cross NC staff, who were present to answer questions from the board members and staff. They included Roy Watson, Vice-President, State Segment, Tasha Fletcher, Vice-President, Operations, and Sandi Murray, Director, State Health Plan Operations.

Roy Watson, Vice President, State Segment, Blue Cross NC – Comments

Mr. Watson began by apologizing for the time and effort spent by Plan staff to help resolve the issues outlined by Ms. Jones. He stated that Blue Cross NC has enjoyed the 40-year relationship with the Plan and its members.

Mr. Watson noted that the Plan was one of the last customers to migrate to the Facets system, stating that many lessons were learned during the migration of other Blue Cross NC customers which began in 2016. A positive outcome was that Plan members weren't affected by some of the problems associated with ID cards, an issue that was corrected prior to the Plan's migration. With the Plan's unique customization issues, he acknowledged that Blue Cross NC wasn't adequately prepared.

He stated that Blue Cross NC is committed, at the highest level, to resolving the outstanding issues. Dr. Tunde Sotunde, CEO of Blue Cross NC, receives weekly updates and is very engaged as to what is needed to resolve the issues. Mr. Watson also noted that Blue Cross NC has made organizational changes, moving back to a dedicated State Health Plan team. He expressed confidence that all issues would be resolved, hopefully by the end of the year.

Chair Folwell stated that the Plan has incurred expenses in the migration to the Facets system. Most are attributed system enhancements required to link the data between Blue Cross NC and other Plan vendors. The cost, to date, is approximately \$1.2M and growing. Mr. Watson committed to provide some level of reimbursement to the Plan for the costs incurred.

Ms. Jones requested that additional questions should be emailed to her or Lorraine Munk. The questions will then be sent to Blue Cross NC for official, written responses. (see **Exhibit 2 – Q&A**)

Ms. Jones also stated that the Plan will have a Request for Proposal (RFP) for a third-party administrator (TPA) ready for release in late August or early September 2022, with an award in December 2022. She noted that Blue Cross NC is aware of this action, as are other major insurance carriers. She acknowledged that the timeline is very accelerated, noting that the RFP process has been streamlined. More time will be allotted to the implementation process rather than the front-end work.



## Blue Cross NC Facets Implementation Issues

June 28, 2022

### Introduction

Facets is the Blue Cross NC (Blue Cross NC) claims processing system. This system replaces the Power MHS system (legacy system) that has been in place since the 1970s. In early 2016, BCNC transferred 400,000 customers to Facets and ran into numerous over-billing and dropped coverage issues. These concerns were widely reported in the local media. At that time, BCNC decided to wait and convert the NC State Health Plan (Plan), with 685,000 members, at a later date. <sup>1</sup>

As a result of these issues, BCNC was fined by the Department of Insurance in September of 2016. BCNC signed a settlement agreement for \$3.6 million in civil penalties because of the significant over-billing and dropped coverages mentioned previously. This fine is in addition to \$11.3 million in premium refunds and \$8.3 million in late interest payments on claims made to health care providers. <sup>2</sup>

The Plan intentionally waited until the most recent contract was to be implemented before committing to transitioning to Facets. Plan staff worked with BCNC staff from the late February 2020 award date until the January 1, 2022, Go Live date to prepare for the transition. Unfortunately, the transition did not go well. Plan staff is still – in June - materially involved in solving major conversion issues with the BCNC team every week.

It has become clear, after waiting six years for the system to stabilize, almost two years of implementation and now five plus months of troubleshooting, that BCNC did not adequately anticipate the impact of more than 10 years of customization on the Power MHS system (legacy system). Plan staff was told the customizations did not convert as anticipated.

### Facets Issues Outlined <sup>3</sup>

#### *1. Resources – lack of Plan experience and expertise*

BCNC reorganized 5-6 years ago moving away from a centralized, dedicated team for the Plan. The negative impact of this transition was immediate as key players left because of the changes. Over time, additional people left taking their Plan expertise with them. Unfortunately, the BCNC membership team has struggled to manage Plan enrollment ever since.

## Blue Cross NC Facets Implementation Issues

June 28, 2022

The Plan's eligibility rules and premium structures are complex and take time to fully understand; the lack of bench strength at BCNC has created a void that is not easy to fill. What we have determined over the last six months is that BCNC staff is unable to triage and resolve issues without assistance from Plan staff and Benefitfocus.

Fortunately, BCNC has now determined that dedicated resources are required to effectively manage Plan activity and they are working toward a new organizational structure to include additional, dedicated staff.

### 2. *Timeliness of Claims Payments – system configuration issues*

On the Go Live date, January 1, 2022, simple claims processed correctly. Unfortunately, most claims are not simple.

- a. Infusion Claims – held > 8,200 claims until mid-February
- b. Allergy Shots – held > 6,800 claims until mid-February
- c. Retirement Systems (Medicare Prime) – held > 80,000 claims until mid-February until the Medicare data could be updated correctly
- d. Copays – Multiple issues related to taking the correct copay for certain services remain unresolved
- e. Claims “stuck” with other non-operations teams causing them to be released way outside their targeted 30-day turnaround time (resulted in prompt pay penalties)
- f. Overall claims payments delays – the Monthly Payment History table below shows the monthly payment history for 2022 vs. 2021. While we are finally close to a reasonable year to date amount, it is clear there has been significant fluctuation to date 2022.

#### *Monthly Payment History*

Month	2022	2021	\$ Diff	% Diff
January	\$220,374,297	\$249,175,763	(\$28,801,466)	-12%
February	\$170,958,628	\$206,969,976	(\$36,011,348)	-17%
March	\$181,007,544	\$220,573,630	(\$39,566,086)	-18%
April	\$227,888,714	\$222,704,889	\$5,183,825	2%
May	\$340,224,223	\$284,056,746	\$56,167,477	20%
<b>Total May to Date</b>	<b>\$1,140,456,406</b>	<b>\$1,183,481,004</b>	<b>(\$43,024,598)</b>	<b>-4%</b>

Source: BCNC FP104 report at 05.31.22

## Blue Cross NC Facets Implementation Issues

June 28, 2022

### 3. *Prompt Pay Penalties and Performance Guarantees – significant fluctuation has led to reimbursements to the Plan*

- a. The Plan is subject to Prompt Payment laws, and thus requires the TPA to abide by those requirements. These laws mandate efficiency and timeliness of Claims Payments. BCNC is required by contract to make provider payments in accordance with NC G.S. 58-3-225 (e) or pay an interest penalty of 18% APR beginning on the date following the day on which the claim should have been paid. BCNC self-reports claims payment timeliness and provides the Plan with detailed reports for validation
- b. As of May 31, 2022 - BCNC has paid \$2.6M (0.23% of claims payments) in prompt pay penalties**
- c. For context, during the entire calendar year 2021, BCNC paid \$2.3M (0.09% of claims payments) in prompt pay penalties**
- d. Performance Guarantee Payments for Q1 2022 (\$600k) were double the payments for Q1 2021 (\$300k)**

### 4. *Enrollment Challenges – multiple challenge areas*

The implementation of new enrollment files between Benefitfocus and BCNC was, while not a complete failure, a huge disappointment. Multiple scenarios that passed all testing scripts, failed in production. Since early January 2022, the Plan, BCNC and Benefitfocus have met at least 2 hours per day, Monday thru Thursday, to resolve individual enrollment issues, triage root causes and determine required fixes. Unfortunately, new issues are still being uncovered and fixes are taking time to fully implement.

### 5. *Primary Care Providers (PCPs) – numerous issues discovered with PCPs*

- a. Retro-terminated 354 Primary Care Providers (PCP) in error
- b. Q1 - Mailed > 3,000 of letters to members stating PCP was terminated in error
- c. Q2 - Mailed another 3,500 letters out in error advising members that their PCP had terminated
- d. PCP Maintenance – multiple issues maintaining accurate PCP data

## Blue Cross NC Facets Implementation Issues

June 28, 2022

6. *Medicare Data Audits – quarterly audits with CMS ensure the Plan has the most current Medicare information for members. Medicare data impacts both premiums and claims.*
  - a. Initial Facets audit, conducted in December 2021, uncovered the fact that BCNC did not have their Facets Medicare processes outlined appropriately therefore the audit was not finalized
  - b. Second Facets audit, conducted in March, showed little improvement
  - c. **Third Facets audit is not yet completed**
  
7. *Portal Issues – various issues and now mostly resolved*
  - a. Blue Connect – member portal
    - i. Display issues (member ID cards, claims etc.)
    - ii. Split contracts not initially supported
  - b. Employer Portal – Multiple display issues
  - c. Provider portal (Blue E) not fully able to support CPP providers
  
8. *Open Enrollment Testing – not ready 6/20/22 as promised but was back on track within a day or two*

<sup>1</sup> Retrieved June 10, 2022 from <https://www.fiercehealthcare.com/payer/no-end-sight-for-bcbs-north-carolina-technology-woes>; By Evan Sweeney, February 8, 2016.

<sup>2</sup> Retrieved June 10, 2022 from <https://www.bluecrossnc.com/provider-news/department-insurance-voluntary-settlement-agreement-signed>. Published September 15, 2016.

<sup>3</sup> Weekly Facets issues logs dated from 03/11/2022 to current.

State Health Plan Board of Trustees

Questions for Blue Cross NC

June 28, 2022

1. Judge Duke

- a. How long have the problems/issues been going on? The concerns were realized in mid-January
- b. What has been done to correct these problems/issues? We have done several things to help correct the problems including but not limited to dedicated technical resources to help research, identify root cause and provide fixes. The solutions are delivered via system code deployments and delivery of additional features based upon State Health Plan requirements. We've also updated our operating model which will provide an additional level of structure and accountability to the functions that impact how we administer the Plan's business.
- c. How long do you anticipate the problems/issues continuing? In our experience, customers usually return to a steady operating state prior to the groups next renewal cycle.

2. Kim Hargett

- a. It seems there has been significant State Health Plan staff involvement in solving the Facet problems/issues – what is the possibility of getting some form of compensation returned to the Plan? Compensation has been provided to the Plan in the form of performance guarantee penalty payments due to Blue Cross NC not meeting metrics established by the Plan. Through the first quarter of 2022, the Plan has received over \$500,000 in performance guarantee payments.
- b. Do Prompt Payment penalties go to SHP or to providers? The State Health Plan pays interest as a part of the payment to the provider when there are delays in claim processing. The State Health Plan is reimbursed for any interest paid on those claims by Blue Cross NC.
- c. It is good that Blue Cross NC is creating a dedicated Plan organization, albeit a bit late. Is it possible to have member services staff that has a regional specialization? For

example, East, West, Triangle, Triad, Charlotte areas? The Plan has dedicated customer service professionals already assigned to help Plan members with any issue that may arise regarding their coverage. They are not currently broken up by region as service questions are not usually region specific but are universal in nature and could apply to any region of the State.

3. Dr. Martin

a. Has Blue Cross NC lost business due to the Facets issues/problems? Blue Cross NC has lost some members due to some of the concerns related to migration.

4. Dr. Robie

a. Regarding late payment penalties, where does the money come from to pay these penalties? Blue Cross NC is a fully taxed entity and are required by the State of NC to have dollars in reserve. Those reserves help us to continue to serve our customers when concerns and problems arise such as a pandemic or other issues. It allows our members to be protected from catastrophic issues that may occur.

b. It seems Plan staff has had to been overly involved in identifying and solving the Facets problems/issues – how much longer do you anticipate this unanticipated level of involvement? Our goal is to be at a steady operating state as soon as possible. We have seen with other migrations and anticipate prior to the next renewal cycle we will be operating at a steady state.

5. State Treasurer

a. The Plan was at or toward the end of the implementation cycle with the Blue Cross NC book of business which should have minimized the risk of so many problems/issues; why has this not been realized? Blue Cross NC learned many lessons from previous customer migrations and implemented functionality that prevented the Plan from experiencing similar issues faced by other customers. Some of the issues being experienced by the Plan are unique to the Plan's structure. Although Blue Cross NC planned and prepared for the unique Plan related items, not all of them were anticipated in advance.

b. Why have so few providers called the Treasurer about late payments? We do not know

why providers have not called the Treasurer regarding late payments.

c. Could the Plan have chosen to not transition to Facets? Blue Cross NC made the decision to change to a different operating system platform to administer all commercial lines of business. As such, the Plan needed to migrate from our legacy platform to Facets.

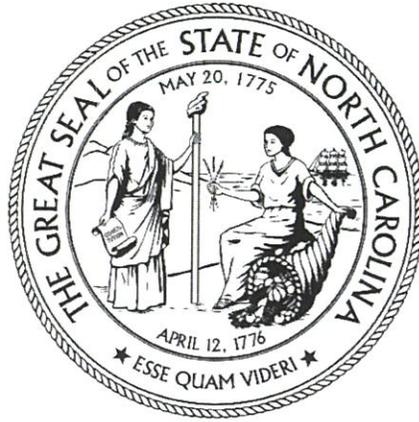
d. Was Blue Cross NC aware of the amount of money that the Plan had paid for its other vendors to update their systems relative to the Facets transition (likely between \$1.0M to \$1.5M)? Blue Cross NC was not aware of the amount of money the Plan has paid to update their systems relative to the Facets transition.

e. Will Blue Cross NC consider reimbursing the Plan for incurred costs? Blue Cross will consider some level of reimbursement to the Plan. We will confirm an amount and provide to the Plan.

**6. Staff – Charles Sceiford**

a. You responded that issues around the transition to FACETS are generally resolved after 12 months. Would the Plan's large membership create additional difficulty that would extend that time beyond 12 months? If yes, how much additional time would you anticipate? No, it should not. We anticipate that the Facets migration concerns the Plan is experiencing should not extend beyond the 12 months.

b. Have other groups in their 2nd half of the 12-month FACETS transition period had a large amount of "Incurred But Not Reported" claims that were eventually found? No, they have not.



## STATE OF NORTH CAROLINA

THE NORTH CAROLINA STATE HEALTH PLAN

FOR TEACHERS AND STATE EMPLOYEES

Request for Proposal #: 270-20191001TPAS

THIRD PARTY ADMINISTRATIVE SERVICES

Date of Issue: October 1, 2019

Proposal Opening Date: January 3, 2020

At 02:00 PM ET

Direct all inquiries concerning this RFP to:

Sharon L. Smith

Manager of Contracting & Compliance

Email: [Sharon.Smith@nctreasurer.com](mailto:Sharon.Smith@nctreasurer.com)

[SHPContracting@nctreasurer.com](mailto:SHPContracting@nctreasurer.com)

Phone: 919-814-4432

*Sealed, mailed responses ONLY will be accepted for this solicitation.*



## STATE OF NORTH CAROLINA

### Request for Proposal # 270-20191001TPAS

For internal State agency processing, including tabulation of proposals in the Interactive Purchasing System (IPS), please provide your company's Federal Employer Identification Number or alternate identification number (e.g. Social Security Number). Pursuant to G.S. 132-1.10(b) this identification number shall not be released to the public. **This page will be removed and shredded, or otherwise kept confidential**, before the procurement file is made available for public inspection.

**This page is to be filled out and returned with your proposal.  
Failure to do so may subject your proposal to rejection.**

**ID Number:**

---

Federal ID Number or Social Security Number

---

Vendor Name

 <b>STATE OF NORTH CAROLINA</b> <b>North Carolina Department of State Treasurer</b>	
Refer <u>ALL</u> Inquiries regarding this RFP to:  <b>Sharon L. Smith, Manager of Contracting and Compliance</b>  <u>sharon.smith@nctreasurer.com with a copy to SHPContracting@nctreasurer.com</u>	Request for Proposal # 270-20191001TPAS <hr/> Proposals will be publicly opened: <b>January 3, 2020, 2:00 p.m. ET</b> <hr/> <b>Contract Type: Open Market</b> <hr/> <b>Commodity No. and Description: 948 – Health Related Svcs.</b> <hr/> <b>Using Agency:</b> The North Carolina State Health Plan for Teachers and State Employees <hr/> <b>Requisition No.:</b> 270-20191001TPAS

**Sealed, mailed responses ONLY will be accepted for this solicitation.**

**EXECUTION**

In compliance with this Request for Proposals (RFP), and subject to all the conditions herein, the undersigned Vendor offers and agrees to furnish and deliver any or all items upon which prices are bid, at the prices set opposite each item within the time specified herein. By executing this proposal, the undersigned Vendor certifies that this proposal is submitted competitively and without collusion, that none of its officers, directors, or owners of an unincorporated business entity has been convicted of any violations of Chapter 78A of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934. Furthermore, by executing this proposal, the undersigned certifies to the best of Vendor's knowledge and belief, that it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any Federal or State department or agency. The undersigned Vendor certifies that it, and each of its Subcontractors for any Contract awarded as a result of this RFP, complies with the requirements of Article 2 of Chapter 64 of the NC General Statutes, including the requirement for each employer with more than 25 employees in North Carolina to verify the work authorization of its employees through the federal E-Verify system. G.S. 133-32 and Executive Order 24 (2009) prohibit the offer to, or acceptance by, any State Employee associated with the preparing plans, specifications, estimates for public Contract; or awarding or administering public Contracts; or inspecting or supervising delivery of the public Contract of any gift from anyone with a Contract with the State, or from any person seeking to do business with the State. By execution of this response to the RFP, the undersigned certifies, for your entire organization and its employees or agents, that you are not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

**Failure to execute/sign proposal prior to submittal shall render proposal invalid and it WILL BE REJECTED. Late proposals cannot be accepted.**

VENDOR:		
STREET ADDRESS:	P.O. BOX:	ZIP:
CITY & STATE & ZIP:	TELEPHONE NUMBER:	TOLL FREE TEL. NO:
PRINCIPAL PLACE OF BUSINESS ADDRESS IF DIFFERENT FROM ABOVE (SEE INSTRUCTIONS TO VENDORS ITEM #10):		
PRINT NAME & TITLE OF PERSON SIGNING ON BEHALF OF VENDOR:	FAX NUMBER:	
VENDOR'S AUTHORIZED SIGNATURE:	DATE:	EMAIL:

Offer valid for at least 180 days from date of proposal opening, unless otherwise stated here: \_\_\_\_\_ days.

**ACCEPTANCE OF PROPOSAL**

If any or all parts of this proposal are accepted by the State of North Carolina, an authorized representative of the NC Department of State Treasurer, State Health Plan Division shall affix his/her signature hereto and this document and all provisions of this Request For Proposal along with the Vendor proposal response and the written results of any negotiations shall then constitute the written agreement between the parties. A copy of this acceptance will be forwarded to the successful Vendor(s).

<p><b>FOR STATE USE ONLY:</b> Offer accept and Contract awarded this _____ day of _____, 20____, as indicated on the attached certification, by _____</p> <p><b>(Authorized Representatives of the NC Department of State Treasurer and State Health Plan Division).</b></p>
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## 1.0 VISION AND OVERVIEW OF THE STATE HEALTH PLAN

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### 1.1 VISION

The North Carolina State Health Plan for Teachers and State Employees (Plan) seeks a Vendor that will provide superior third party administrative services. The Vendor must be willing to work with the Plan in meeting the mission and priorities set by the Treasurer and the Board of Trustees. The Plan intends to be a leader in North Carolina known for providing cost-effective, quality health care programs for its membership.

To this end, the Plan is currently undertaking an initiative called the Clear Pricing Project to provide affordable, quality care and increase transparency, predictability, and value for Plan Members. In the first phase of this project, the Plan has begun to build its own network of North Carolina providers, with reimbursement rates that are referenced to Medicare rates. There are currently approximately 25,000 providers, including 3 hospitals, who have committed to participate in this network. During this initial phase, this network will be supplemented by the TPA's network in order to provide adequate access for Plan Members. It is the Plan's intent in the next phase of this project to further partner with these providers by designing alternative payment arrangements such as, but not limited to, bundled/episodic payments, shared risk/savings, and global payment/capitation. In the future, the Plan hopes to secure partnerships with additional providers in order to expand the size of this network and eliminate the need for a supplemental network from the TPA.

In fulfilling its mission and vision, the Plan seeks to focus on the key principles of Member education, transparent pricing, high quality care and service, and effective vendor partnerships.

The Plan expects all Plan vendors to work in concert with Plan staff to fulfill its mission and vision while serving its Members. The selected Vendor will possess the following traits at a minimum:

- Flexible and Adaptable
- Confident and Committed
- Responsive and Capable
- Provide superior administrative and technical services
- Model, design, and implement alternative provider payment models
- Put financial performance guarantees in place
- Demonstrate dedication to providing a superior customer experience
- Provide quality services
- Collaborate with other Plan vendors to integrate data across the Plan

The Vendor must also demonstrate a dedication to providing a superior customer experience for all the services provided under the RFP which may require integration with other Plan vendors. Each Member touch point should be designed to be easily accessible and understandable. The Vendor must have sufficient resources who are well educated on the Plan's unique benefits and services to respond to Member, Employing Unit, and Plan inquiries in a timely fashion.

Finally, the Vendor must show a dedication to providing quality services. Providing accurate information, processing claims with a high degree of accuracy, and delivering accurate reports and data files are all examples of the kind of dedication to quality that the Plan requires of its vendors. To demonstrate this dedication to excellence, the Vendor must provide comprehensive staff training, deploy appropriate operational controls, conduct frequent audits, and accept appropriate performance guarantees to measure the success of these services.

### 1.2 OVERVIEW OF THE STATE HEALTH PLAN

#### Background

The Plan operates as a division of the Department of State Treasurer. The Treasurer is responsible for administering and operating the Plan as described in Article 3B of Chapter 135 of the North Carolina General Statutes subject to certain approvals by and consultations with the Board of Trustees. An Executive Administrator oversees the day-to-day

operations of the Plan. The State Treasurer, Board of Trustees, and Executive Administrator are required to carry out their duties and responsibilities as fiduciaries for the Plan. The Plan employs approximately forty (40) staff members.

There are over four hundred (400) Employing Units whose employees are eligible to receive benefits from the Plan. Employing Units include State agencies and departments, universities, public school systems, local community colleges, and the retirement system. In addition, a number of local government entities and charter schools receive benefits under the Plan. In total, the Plan provides benefits for approximately seven hundred thirty-four thousand (734,000) lives. Members reside in all of North Carolina's one hundred (100) counties, all fifty (50) states, and other countries.

The Plan is exempt from the Employee Retirement Income Security Act of 1974 (ERISA) pursuant to 29 U.S.C.S. § 1003 as it is a self-funded state government health benefit program established for the benefit of State employees. Benefits, premium rates, copays, deductibles, and coinsurance maximums are set by the State Treasurer as approved by the Board of Trustees. Refer to the Plan's website at [www.shpnc.org](http://www.shpnc.org) for a complete overview of benefits.

In State fiscal year 2017-2018, Plan expenditures were approximately \$3.33 billion including \$2.30 billion in medical claims, \$669.6 million in net pharmacy claims, \$211.1 million in premium payments for fully insured Medicare Advantage plans, and \$146.0 million in administrative costs.

### Membership Statistics

As of July 2019, the Plan's membership consisted of 734,057 teachers, State Employees, retirees, current and former lawmakers, state university and community college personnel, and their Dependents.

Among total membership, there are:

- 498,446 active Employees and their Dependents.
- 1,362 Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) participants and their Dependents. COBRA requires most employers with group health plans to offer employees the opportunity to continue their group health care coverage temporarily under their employer's plan if their coverage otherwise would cease due to termination, layoff, or other change in employment status. COBRA rules apply to the Plan pursuant to Title XXII of the Public Health Service (PHS) Act, 42 U.S.C. §§ 300bb-1 through 300bb-8.
- 231,326 Medicare and non-Medicare retirees and disabled Members and their Dependents.
- 2,923 Members and their Dependents who are eligible for the Plan on a fully contributory basis who are invoiced for their premiums (Direct Bill Members) on a monthly basis.

### Plan Offerings

The Plan offers two (2) Preferred Provider Organization (PPO) plans to active Employees and Non-Medicare retirees, described below, using the North Carolina State Health Plan Network for services incurred in North Carolina. Members who seek services outside of North Carolina have access to Blue Cross Blue Shield of North Carolina's (BCBSNC) Blue Card network.

- The 82/20 PPO Plan has higher premiums in exchange for lower copays, coinsurance, and deductibles. This plan includes the ability for the Subscriber to lower the monthly Subscriber premium by attesting to be a non-tobacco user or a tobacco user willing to complete a tobacco cessation program. As of July 2019, the 80/20 PPO Plan accounted for 333,768 Members.
- The 70/30 PPO Plan has lower premiums in exchange for higher copays, coinsurance, and deductibles. Like the 80/20 PPO Plan, the 70/30 PPO Plan includes the ability for the Subscriber to lower the monthly Subscriber premium by attesting to be a non-tobacco user or a tobacco user willing to complete a tobacco cessation program. As of July 2019, the 70/30 PPO Plan accounted for 221,631 Members.

In 2019, the State Health Plan offered three (3) health plan options for Medicare Primary Members. These plans include the 70/30 PPO Plan, which is also offered to Non-Medicare primary Members and administered through BCBSNC, and two (2) Group Medicare Advantage (PPO) Plan options — offered through UnitedHealthcare — which

include benefits and services such as access to the SilverSneakers® Fitness Program, a nurse help line, and disease and case management services.

- UnitedHealthcare Group Medicare Advantage PPO Base Plan – 131,278 Members
- UnitedHealthcare Group Medicare Advantage PPO Enhanced Plan – 22,020 Members
- 70/30 PPO Plan – 24,928 Members

The Plan offers a High Deductible Health Plan (HDHP) to Employees determined by their Employing Units to be full-time Employees in accordance with Section 4980H of the Internal Revenue Code and who do not qualify for coverage under subdivision (1), (5), (6), (7), (8), (9), or (10) of N.C.G.S. § 135-48.40(b). Eligibility is also subject to N.C.G.S. § 135-48.43.

- 432 HDHP Members

### Plan Vendors

The Plan contracts with a number of vendors to provide third party administrative, pharmacy benefit management, and other related services:

- BCBSNC is the current Third Party Administrator (TPA) for Claims and Related Services for the Plan's three (3) self-funded plan options.
- The two (2) fully insured Medicare Advantage Plan designs are provided by UnitedHealthcare.
- CVS/Caremark is the Pharmacy Benefit Manager (PBM).
- Benefitfocus is the Plan's eligibility and enrollment services (EES) vendor.
- iTEDIUM provides COBRA administration and billing services.

A full list of the Plan's contracted vendors (Plan vendors) is available on the Plan's website at [www.shpnc.org](http://www.shpnc.org).

## 2.0 GENERAL INFORMATION

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### 2.1 REQUEST FOR PROPOSAL DOCUMENT

The RFP is comprised of the base RFP document, any attachments, and any addenda released before Contract award. All attachments and addenda released for this RFP in advance of any Contract award are incorporated herein by reference.

### 2.2 E-PROCUREMENT SOLICITATION

**ATTENTION:** This is NOT an E-Procurement solicitation. Paragraph #16 of Attachment C: North Carolina General Contract Terms and Conditions, paragraphs b), c), and d) do not apply to this solicitation.

### 2.3 NOTICE TO VENDORS REGARDING RFP TERMS AND CONDITIONS

It shall be the Vendor's responsibility to read the Instructions, the State's terms and conditions, all relevant exhibits and attachments, and any other components made a part of this RFP, and comply with all requirements and specifications herein. Vendors also are responsible for obtaining and complying with all addenda and other changes that may be issued in connection with this RFP.

If Vendors have questions, issues, or exceptions regarding any term, condition, or other component within this RFP, those must be submitted as questions in accordance with the instructions in Section 2.5 PROPOSAL QUESTIONS. If the State determines that any changes will be made as a result of the questions asked, then such decisions will be communicated in the form of an Addendum. The State may also elect to leave open the possibility for later negotiation and amendment of specific provisions of the Contract that have been addressed during the question and answer period. Other than through this process, the State rejects and will not be required to evaluate or consider any additional or modified terms and conditions submitted with Vendor's proposal. This applies to any language appearing in or attached to the document as part of the Vendor's proposal that purports to vary any terms and conditions or Vendors' instructions

herein or to render the proposal non-binding or subject to further negotiation. Vendor's proposal shall constitute a firm offer. **By execution and delivery of this RFP Response, the Vendor agrees that any additional or modified terms and conditions, whether submitted purposely or inadvertently, shall have no force or effect, and will be disregarded. Noncompliance with, or any attempt to alter or delete, this paragraph shall constitute sufficient grounds to reject Vendor's proposal as nonresponsive.**

If a Vendor desires modification of the terms and conditions of this solicitation, it is urged and cautioned to inquire during the question period, in accordance with the instructions in this RFP, about whether specific language proposed as a modification is acceptable to or will be considered by the State. Identification of objections or exceptions to the State's terms and conditions in the proposal itself shall not be allowed and shall be disregarded or the proposal rejected.

Contact with anyone working for or with the State regarding this RFP other than the State Contract Manager named on the face page of this RFP in the manner specified by this RFP shall constitute grounds for rejection of said Vendor's offer, at the State's election.

## 2.4 RFP SCHEDULE

The table below shows the *intended* schedule for this RFP. The State will make every effort to adhere to this schedule.

Event	Responsibility	Date and Time
Issue RFP	Plan	October 1, 2019
Vendor Deadline for Submission of Written Minimum Requirements Questions	Vendor	October 8, 2019
Plan Responds to Minimum Requirements Questions (Posted on IPS)	Plan	October 14, 2019
Deadline to Submit Minimum Requirements Proposals including executed Attachment I	Vendor	October 21, 2019
Notify Vendors if Minimum Requirements Met		October 29, 2019
Issue Vendor's designated recipient, a link to Secure File Transfer Protocol (SFTP) system for attachments and Data Files	Plan	October 29-31, 2019
Vendor Deadline for Submission of All Written Questions	Vendor	November 7, 2019
Plan Responds to Questions (Posted on IPS)	Plan	November 15, 2019
Opening of Proposals by Plan (Bid Closes)	Vendor	January 3, 2020
Evaluation Period (Review of Proposals and Finalist Presentations)	Plan	January 15-28, 2020
Proposed Finalist Presentations	Vendor	February 6-10, 2020
Best and Final Offer (BAFO)	Plan	February 11-14, 2020
Plan Seeks Approval from the Attorney General's Office	Plan	February 17-26, 2020
Present award recommendation to the Board	Plan	February 27-28, 2020
Award of the Contract	Plan & Vendor	February 28, 2020
Implementation Period	Plan & Vendor	March 1, 2020 through December 31, 2021
Services Begin	Vendor	January 1, 2022

## 2.5 PROPOSAL QUESTIONS

Upon review of the RFP documents, Vendors may have questions to clarify or interpret the RFP in order to submit the best proposals possible. To accommodate the Proposal Questions process, Vendors shall submit any such questions by the above due dates. Questions received after these dates will not receive a response.

Written questions shall be emailed to [Sharon.Smith@nctreasurer.com](mailto:Sharon.Smith@nctreasurer.com) with a copy to [SHPCContracting@nctreasurer.com](mailto:SHPCContracting@nctreasurer.com) by the date and time specified above. When submitting Minimum Requirements questions, Vendors should enter “RFP # 270-20191001TPAS: Minimum Requirements Questions” as the subject for the email. When submitting all other questions, Vendors should enter “RFP # 270-20191001TPAS Questions.” Question submittals should include a reference to the applicable RFP section and be submitted in the format shown below:

Reference	Vendor Question
RFP Section, Page Number	Vendor question ...?

Questions received prior to the submission deadline dates in Section 2.4, the State’s response, and any additional terms deemed necessary by the State will be posted to the Interactive Purchasing System (IPS), <http://www.ips.state.nc.us>, in the form of an Addendum to this RFP. No information, instruction, or advice provided orally or informally by any State personnel, whether made in response to a question or otherwise in connection with this RFP, shall be considered authoritative or binding. Vendors shall rely *only* on written material contained in an Addendum to this RFP.

## 2.6 PROPOSAL SUBMITTAL

### 2.6.1 RFP Phases for Submission

- a) This RFP requires that Vendors meet certain Minimum Requirements in order for technical and cost responses to be evaluated for possible Contract award (See Section 5.1). Therefore, submission of responses are divided into two phases:
  - i. Minimum Requirements Submission
  - ii. Technical and Cost Proposal Submission
- b) Vendors that meet the Minimum Requirements will be notified and may provide Technical and Cost Proposals in response to the RFP. Vendors that do not meet the Minimum Requirements will be disqualified from further consideration.
- c) Vendors that meet the Minimum Requirements and submit the signed Nondisclosure Agreement, Attachment I, will be provided a de-identified medical claims file for repricing. The files will be provided via SFTP. The instructions for accessing the data files are as follows:
  - i. The Plan will provide its Actuarial/Analytical and Health Benefits Consulting vendor Segal a listing of the Vendors that meet the Minimum Requirements and each Vendor’s designated recipient.
  - ii. Segal will send each Vendor’s designated recipient a link to the SFTP system, the appropriate data dictionary(s), file layouts, and reference tables.
  - iii. The designated recipient may access the SFTP system and download each of the files.
- d) Sealed proposals, subject to the conditions made a part hereof and the receipt requirements described below, shall be received at the address indicated in the table below, for furnishing and delivering those items or Services as described herein.

**Mailing and Office address for delivery of proposal via US Postal Service, special delivery, overnight, or any other carrier**

PROPOSAL NUMBER: 270-20191001TPAS  
 NC Department of State Treasurer  
 State Health Plan Division  
 3200 Atlantic Avenue  
 Raleigh, NC 27604

Attention: Sharon Smith, Manager of Contracting and Compliance

**IMPORTANT NOTE:** All proposals shall be physically delivered to the office address listed above on or before the proposal deadline in order to be considered timely, regardless of the method of delivery. **This is an absolute requirement.** All risk of late arrival due to unanticipated delay—whether delivered by hand, U.S. Postal Service, courier or other delivery service is entirely on the Vendor. **It is the sole responsibility of the Vendor to have the proposal physically in this office by the specified time and date of opening.** The time of delivery will be marked on each proposal when received, and any proposal received after the proposal submission deadline will be rejected. Sealed proposals, subject to the conditions made a part hereof, will be received at the address indicated in the table in this Section, for furnishing and delivering the commodity as described herein.

All Vendors are urged to take the possibility of delay of the U.S. Postal Service into account when submitting the Minimum Requirements Proposal and the Technical and Cost Proposals. **Attempts to submit a proposal via facsimile (FAX) machine, telephone, or electronic means, including but not limited to email, in response to this RFP shall NOT be accepted.**

**All Vendors shall follow the instructions below when submitting the Minimum Requirements Proposal and the Technical and Cost Proposals.**

### **2.6.2 Minimum Requirements Proposal Submission**

- a) Submit **two (2) signed, original executed** Minimum Requirements Proposal responses, thirteen (13) photocopies, one (1) photocopy of the Minimum Requirements Proposal redacted in accordance with Chapter 132 of the General Statutes, the Public Records Act, two (2) un-redacted electronic copies on flash drives and, if required, one (1) redacted copy in accordance with Chapter 132 of the General Statutes, the Public Records Act, on flash drive of your proposal simultaneously to the address identified in the table above. Redacted copies shall exclude any proprietary information in accordance with Chapter 132 of the General Statutes, the Public Records Act. All redactions shall be made in black so that the redactions are easily identifiable by the Plan.
- b) Submit your Minimum Requirements Proposal in a sealed package. Clearly mark each package with: (1) Vendor name; (2) the RFP number; (3) "Minimum Requirements Proposal"; and (4) the due date. Address the package(s) for delivery as shown in the table above.
- c) The electronic copies of your proposal must be provided on separate read-only flash drives. The files on the flash drives **shall NOT** be password protected, shall be in .PDF or .XLS format, and shall be capable of being copied to other media including readable in Microsoft Word and/or Microsoft Excel.
- d) Flash Drive One must contain the entire Minimum Requirements Proposal including any proprietary information and have the following label affixed to the flash drive: 1) Vendor name; (2) the RFP number; (3) the due date; and (4) the words "Minimum Requirements Proposal Non-Redacted."
- e) Flash Drive Two, if required for confidentiality, must contain the Minimum Requirements Proposal excluding any information identified as confidential and proprietary in accordance with Attachment B, Paragraph 14 of the Instructions to Vendors. The Plan in responding to public records requests, will release the information on this flash drive. It is the sole responsibility of the Vendor to ensure that this flash drive complies with the requirements of Attachment B, Paragraph 14 of the Instructions to Vendors. The following label must be affixed to the flash drive: (1) Vendor name; (2) the RFP number; (3) the due date; and (4) the words "Minimum Requirements Proposal Redacted."

### **2.6.3 Technical and Cost Proposal Submission**

- a) Submit **two (2) signed, original executed** Technical and Cost Proposal responses, thirteen (13) photocopies, one (1) photocopy of the Technical and Cost Proposal redacted in accordance with Chapter 132 of the General Statutes, the Public Records Act, two (2) un-redacted electronic copies on flash drives and, if required, one (1) redacted copy in accordance with Chapter 132 of the General Statutes, the Public Records Act, on flash drive of your proposal simultaneously to the address identified in the table above. Redacted copies shall exclude any proprietary information in accordance with Chapter 132 of the General Statutes, the Public Records Act. All redactions shall be made in black so that the redactions are easily identifiable by the Plan.
- b) Submit your technical and costs proposals in two (2) separate sealed packages. Clearly mark each package with: (1) Vendor name; (2) the RFP number; (3) "Technical or Cost Proposal"; and (4) the due date. Address the

package(s) for delivery as shown in the table above. If Vendor is submitting more than one (1) proposal, each proposal shall be submitted in separate sealed envelopes and marked accordingly. For delivery purposes, separate sealed envelopes from a single Vendor may be included in the same outer package. Proposals are subject to rejection unless submitted with the information above included on the outside of the sealed proposal package.

- c) The electronic copies of your proposal must be provided on separate read-only flash drives. The files on the flash drives **shall NOT** be password protected, shall be in .PDF or .XLS format, and shall be capable of being copied to other media including readable in Microsoft Word and/or Microsoft Excel.
- d) Flash Drive One must contain the entire Technical and Cost Proposal including any proprietary information and have the following label affixed to the flash drive: 1) Vendor name; (2) the RFP number; (3) the due date; and (4) the words "Technical and Cost Proposal Non-Redacted."
- e) Flash Drive Two, if required for confidentiality, must contain the Technical and Cost Proposal excluding any information identified as confidential and proprietary in accordance with Attachment B, Paragraph 14 of the Instructions to Vendors. The Plan in responding to public records requests, will release the information on this flash drive. It is the sole responsibility of the Vendor to ensure that this flash drive complies with the requirements of Attachment B, Paragraph 14 of the Instructions to Vendors. The following label must be affixed to the flash drive: (1) Vendor name; (2) the RFP number; (3) the due date; and (4) the words "Technical and Cost Proposal Redacted."

## 2.7 PROPOSAL CONTENTS

Vendor proposal responses shall:

- a) Match the order of the RFP.
- b) Include the RFP section and requirement or specification numbers.
- c) Include a Table of Contents.
- d) Include tabs indexing each section.
- e) Be submitted in multiple three (3) ring binders no larger than three (3) inches each.
- f) Include at a minimum the following information: RFP number, RFP title, Proposal title, and the submitting Vendor's name on the front and side of each binder.

### 2.7.1 Minimum Requirements Proposal Contents

Vendors shall populate RFP attachments indicated below that require the Vendor to provide information and include an authorized signature where requested. Vendors' Minimum Requirements Proposal responses shall include the following items and those attachments should be arranged in the following order:

- a) Completed and signed ATTACHMENT J: Minimum Requirements Submission Information.
- b) Third Party Administrative Services Minimum Requirements Proposal (RFP Section 5.1).
- c) ATTACHMENT C: NORTH CAROLINA GENERAL CONTRACT TERMS AND CONDITIONS.
- d) Completed version of ATTACHMENT D: LOCATION OF WORKERS UTILIZED BY VENDOR.
- e) Completed and signed version of ATTACHMENT E: CERTIFICATION OF FINANCIAL CONDITION.
- f) Completed and signed version of ATTACHMENT G: BUSINESS ASSOCIATE AGREEMENT.
- g) Completed and signed version of ATTACHMENT H: HIPAA QUESTIONNAIRE.
- h) Completed and signed version of ATTACHMENT I: NONDISCLOSURE AGREEMENT.

### 2.7.2 Technical and Cost Proposal Contents

Vendors shall populate all attachments of this RFP that require the Vendor to provide information and include an authorized signature where requested. Vendors' Technical and Cost Proposal responses shall include the following items and those attachments should be arranged in the following order:

- a) Completed and signed version of EXECUTION PAGES along with the body of the RFP, and signed receipt pages of any addenda released in conjunction with this RFP (if required to be returned).
- b) Technical Response (RFP Sections, 4.6, 4.10, 5.2, & 6.3).

- c) Completed version of ATTACHMENT A: PRICING.
- d) ATTACHMENT B: INSTRUCTIONS TO VENDORS.
- e) Completed version of ATTACHMENT F: SUPPLEMENTAL VENDOR INFORMATION.

## 2.8 DEFINITIONS, ACRONYMS, AND ABBREVIATIONS

- a) **ADDENDUM:** Written clarification or revision to this RFP during the procurement process and prior to the close of bids.
- b) **ADMINISTRATIVE DECISION MEMO (ADM):** Document that outlines the Plan's business rules and/or requirements and the processes used by the Vendor to support the Plan. The ADM must be signed by the Plan's Contract Administrator regarding day-to-day activities, and/or his/her delegate and the Vendor's Contract Administrator regarding day-to-day activities, and/or his/her delegate.
- c) **AUDIT FILES:** A Full File that provides all records/transactions required to successfully validate vendor or partner data including, but not limited to, enrollment (i.e. demographics, Member categories) and coverage periods (i.e. effective and expiration dates, plan, and Group).
- d) **BAFO:** Best and Final Offer, submitted by a Vendor to alter its initial offer, made in response to a request by the State.
- e) **BEACON – (Building Enterprise Access for NC's Core Operation Needs):** State system that integrates employee benefit enrollment with HR and Payroll SAP software. It also supports related payroll processes, reporting, and other related services. Currently, enrollment data from BEACON is sent via daily EDI files to the Plan's eligibility and enrollment services vendor.
- f) **BENEFIT EFFECTIVE DATE:** The date the Vendor is obligated to start processing claims.
- g) **BENEFIT YEAR:** The fiscal 12-month period which begins every January 1st and ends every December 31st during which yearly plan design features such as the copayments and co-insurance and specific benefit maximums accumulate.
- h) **BOARD OF TRUSTEES (BOARD):** The governing board whose members are appointed by the Governor, the General Assembly, and the State Treasurer and who act as fiduciaries for the Plan in carrying out their duties and responsibilities as set forth in law.
- i) **BUSINESS REQUIREMENTS:** Customer needs and expectations that will be memorialized in a Business Requirements Document.
- j) **BUSINESS REQUIREMENTS DOCUMENT (BRD):** Document that outlines the Business Requirements, for a benefit, program, or process and may include requirements for multiple Plan vendors.
- k) **CHANGE FILE:** An EDI file that provides records/transactions, including retro-activity, that have changed or are new since the last EDI file. Change Files are often desirable as they are smaller in size and are quicker to process than Full Files. With Change Files, successive files will contain only data that has changed since the preceding Change File or Full File.
- l) **CLARIFICATION:** A written response from a Vendor that provides an answer or explanation to a question posed by the State about that Vendor's proposal. Clarifications are incorporated into the Vendor's proposal response.
- m) **CLOSE-OUT DOCUMENT:** A document developed by the Vendor to tie up any loose ends from a project and officially deliver the project to the operations and/or business teams.
- n) **CMS:** Federal Centers for Medicare and Medicaid Services.
- o) **COBRA:** Consolidated Omnibus Budget Reconciliation Act of 1986, 29 U.S.C. §. 1161-1168 as applicable to the North Carolina State Health Plan pursuant to Title XXII of the Public Health Service Act, U.S.C. §§ 300bb-1 through 300bb-8. Provides certain former Employees, retirees, spouses, former spouses, and Dependent children the right to temporary continuation of health coverage at group rates. The coverage, however, is only available when coverage is lost for specific qualifying events.
- p) **COBRA PARTICIPANTS:** Any Members of the Plan covered under COBRA.
- q) **CONFLICT OF INTEREST:** Situations or circumstances through which the Vendor, or entities or individuals closely affiliated with the Vendor, will derive, or reasonably may be perceived as deriving, direct financial or other pecuniary benefit from its performance of this Contract other than through the compensation received according to the Contract for performance of the Contract, or that might impair, or reasonably be perceived as impairing, the Vendor's ability to perform this Contract in the best interests of the State.
- r) **CONTRACT ADMINISTRATOR:** Representative of the Plan who will administer this Contract for the State.
- s) **CONTRACT MANAGER:** Representative of the Plan who corresponds with potential Vendors regarding this RFP.
- t) **COVERAGE TIER:** The type of coverage (Employee only, Employee + spouse, Employee + child(ren), and Employee + family) the Subscriber has elected.
- u) **CUSTOMER:** For the purposes of this RFP, any entity for which a service is provided such as Providers, Plan Members, Health Benefit Representatives (HBRs), and Plan Staff.

- v) **CUSTOMER EXPERIENCE:** The service experience of Customers.
- w) **DATA CENTER:** A facility that performs one or more of the following functions:
  - a. Physically houses various equipment, such as computers, servers (e.g., web servers, application servers, database servers), switches routers, data storage devices, load balances, wire cages or closets, vaults, racks, and related equipment;
  - b. Stores, manages, processes, and exchanges digital data and information;
  - c. Provides application services or management for various data processing, such as web hosting internet, intranet, and telecommunication and information technology.
- x) **DATA FILE:** An electronic file containing data.
- y) **DATA WAREHOUSE:** A Data Warehouse is a merged repository that stores data from multiple sources from an enterprise's various operational systems, that is constructed with predefined schemas designed for data analytics and reporting, for current and historical decision support information. Essential components of a Data Warehouse include the means to (1) retrieve, extract, transform, and load data from different sources for access and analysis, (2) processes to cleanse the data from the operational systems to ensure data quality before it is used for analytics and reporting, (3) maintain, catalogue, and utilize associated metadata including the data dictionary and reference code sets, (4) analyze data, and (5) operate across very large amounts of data. A Data Warehouse differs from a database. A database is used to capture and store data from a limited set of transactional systems (or one), its schema is normalized, and it is not designed to run across very large data sets. A Data Warehouse differs from a data lake. A data lake is a central repository for all types of raw data, whether structured or unstructured, from multiple sources, and its schema is undefined.
- z) **DELIVERABLE:** Refers to any service, duty, performance, or other contractual obligation of the Vendor.
- aa) **DEPENDENT:** An eligible Plan Member other than the Subscriber.
- bb) **DEPENDENT CHILD:** Natural, legally adopted, or foster child or children of the Employee and/or spouse, up to the first of the month following his/her 26th birthday, whether or not the child is living with the Employee.
- cc) **DEPLOYMENT PLAN:** A document developed by the Vendor to outline the sequence of operations or steps that must be carried out to deploy new functionality or processes.
- dd) **DIRECT BILL MEMBERS:** Members who are invoiced directly for their premium contributions by the Plan's billing vendor. This includes, but is not limited to, individuals on COBRA or leave of absence, retirees for whom the State of North Carolina makes partial contributions, former Employees who have elected to continue reduction in force benefits beyond the initial twelve (12) months, and surviving Dependents. Any Member in this population could be enrolled in and invoiced for multiple benefits.
- ee) **ELECTRONIC DATA INTERFACE (EDI):** Standard format for exchanging business data.
- ff) **EMPLOYEE OR STATE EMPLOYEE:** Any individual eligible for coverage pursuant to their employment with a qualifying Employing Unit as described in Article 3B of Chapter 135 of the North Carolina General Statutes, as may be amended from time to time.
- gg) **EMPLOYING UNIT:** A North Carolina local education agency; community college; State department, agency or institution; or association or examining board or commission, whose Employees are eligible for membership in a State of North Carolina-supported retirement system as defined in Article 3B of Chapter 135 of the North Carolina General Statutes as may be amended from time to time. An Employing Unit also shall mean a charter school in accordance with Part 6A of Chapter 115C of the North Carolina General Statutes whose board of directors elects to become a participating employer in the Plan under N.C.G.S. § 135-39.17. Bona fide fire departments, rescue or emergency medical service squads, and National Guard units are deemed to be Employing Units for the purpose of providing benefits under this Article. An Employing Unit shall also mean an employer, as defined for local government employers by N.C.G.S. § 128-21(11) who has received legislative authority to and has elected to participate in the Plan.
- hh) **END-TO-END TESTING:** Testing that begins at the first step of the process and concludes with the last step. In this Contract, End-to-End Testing includes testing the process from the beginning step to the last step which includes testing with every Plan vendor involved in the item to be tested.
- ii) **ENTITY:** For the purposes of this Contract, Entity refers to a distinct grouping of Employing Units. They include, but are not limited to:
  - a. **BEACON Groups** – Employing Units utilizing the BEACON payroll system.
  - b. **Universities** – Employing Units that are part of the North Carolina University System.
  - c. **Community Colleges** – Employing Units that are part of the North Carolina Community College System.
  - d. **Public Schools** – Employing Units that are part of the North Carolina Public Schools or Local Education Associations (LEAs).
  - e. **Charter Schools** – North Carolina Charter Schools that have elected to participate in the Plan.
  - f. **Local Governments** – Local Governments that have elected to participate in the Plan.
- jj) **E-PROCUREMENT SERVICES:** The program, system, and associated Services through which the State conducts electronic procurement.

- kk) **FOCUS AUDITS:** Audits performed on an as-needed basis at the Plan's discretion throughout the Plan Year. The North Carolina Office of the State Auditor may initiate an audit at any time.
- ll) **FULL FILE:** EDI file that provides all records/transactions between a date range or a complete historical dump of data. Full Files can also contain termination and future transactions based on the requirements. Full Files are larger in size and take longer to process. With Full Files, successive files will contain more and more and take longer and longer to process. For example, if Full Files are created each month, every Full File created will contain all records/transactions from the previous Full File and any additional records/transactions created during the current month. Examples of standard Full Files include but are not limited to:
- Audit Files** – A Full File that provides all records/transactions required to successfully validate vendor or Partner data including, but not limited to enrollment (i.e., demographics and Member categories) and coverage periods (i.e. effective and expiration dates, plan, and Group).
  - Billing Files** – A Full File that provides all records/transactions required to successfully deduct premiums including, but not limited to, enrollment (i.e., demographics and Member categories) and coverage periods (i.e., effective and expiration dates across plan years, plan, and Group).
  - Seed File** – A Full File that provides all records/transactions required to successfully “seed” or baseline Plan data with a vendor, Partner, or the Plan. This data includes, but is not limited to enrollment (i.e. demographics Member categories) and coverage periods (i.e. effective and expiration dates, plan, and Group).
  - Annual or Open Enrollment File** – A Full File that provides all records/transactions required to successfully validate vendor or Partner data for the subsequent Plan Year, including but not limited to enrollment (i.e. demographics and Member categories) and coverage periods (i.e. effective and expiration dates, plan, and Group). Vendors and Partners may request that an Annual Enrollment Full File is broken up into several files due to file size processing limitations.
- mm) **FUNTIONAL REQUIREMENTS DOCUMENT:** The document developed by the Vendor to ensure the technical specifications are in alignment with the Business Requirements. This document may also be called a Solutions Document.
- nn) **GO-LIVE:** The first time a system or service can be used after all tests have been completed and the functionality has been implemented. There shall be a Go-Live date in every Implementation Plan.
- oo) **GROUP:** The entity through which Members are “grouped” to enroll and be invoiced (i.e. Employing Units, Retirement Systems, Direct Bill, and COBRA).
- pp) **GROUP PREMIUM INVOICE:** Monthly Invoice provided to the Employing Unit and/or Entity responsible for paying the monthly health benefit premiums.
- qq) **HEALTH BENEFIT REPRESENTATIVE (HBR):** The Employee designated by the Employing Unit to administer the Plan for the unit and its Employees. The HBR is responsible for enrolling new Employees, reporting changes, explaining benefits, reconciling group statements, and remitting group fees. The State Retirement System is the HBR for retired State Employees.
- rr) **HEALTH ASSESSMENT:** Individual health questionnaires that provide a systematic approach to collecting information from individuals that identifies risk factors, provides individualized feedback, and links the person with at least one intervention to promote health, sustain function and/or prevent disease.
- ss) **HIPAA:** The Health Insurance Portability and Accountability Act of 1996, 42 U.S.C.§. 1301 et seq. The law provides uniform federal privacy protection standards for consumers across the country. The standards protect patients' medical records and other health information provided to health plans, doctors, hospitals, and other health care providers. Developed by the Federal Department of Health and Human Services, these standards provide patients with access to their medical records and more control over how their personal health information is used and disclosed. The term HIPAA also includes all amendments and implementing regulations including specifically the HITECH Act of 2009, Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009 (ARRA), Pub. L. No. 11-5.
- tt) **IMPLEMENTATION PLAN:** Documentation of the agreed upon target dates for meeting milestones and deliverables that must be completed for the provision of services to Go-Live. Implementation Plans shall be utilized for the initial implementation and Go-Live of the Contract and for any subsequent Amendments or activities that require Vendor system development or Plan vendor integration. Implementation Plans shall include a description of the co-dependencies and tasks, identification of business, and/or deliverable owner(s).
- uu) **INTERACTIVE VOICE RESPONSE (IVR):** A technology that allows a computer to interact with humans through the use of voice and keypad inputs.
- vv) **MAY:** Denotes that which is permissible, not mandatory
- ww) **MEDICAL MANAGEMENT:** A general term applied to practices of utilization management (UM), case management (CM), and disease management (DM), alone or in combination with each other.
- xx) **MEMBER:** Any Subscriber enrolled in the North Carolina State Health Plan for Teachers and State Employees, or a Dependent currently enrolled in the health benefit plan for which a premium is paid.
- yy) **N.C.G.S.:** North Carolina General Statutes.

- zz) **PARTIES TO THE CONTRACT:** The Parties (Parties) to this Contract are the Plan and the Vendor(s) selected through the RFP process.
- aaa) **PARTNER:** State sister agencies or other governmental units including BEACON, the State Retirement Systems, the University system, community college system, and public school systems.
- bbb) **PERFORMANCE GUARANTEE:** A contractual obligation or performance standard the Vendor must comply with or be subject to contractual fee reductions, payments to the Plan, or legal remedies.
- ccc) **PLAN YEAR:** A twelve-month period which runs from January 1 through December 31.
- ddd) **PLAN'S AUDITORS:** Includes external audit Vendors engaged by the Plan, internal Plan auditors, and Certified Public Accountants.
- eee) **PLAN DESIGN:** Each version of the Health Benefit Product is known as the Plan Design. For example, the Plan currently has three (3) PPO Plan Designs for Active Members: 80/20, 70/30, and the HDHP.
- fff) **PRIOR AUTHORIZATION:** The process of obtaining certification or authorization from the PBM or TPA for specified medications or specified quantities of medications or certain medical claims. The process involves clinical appropriateness review against pre-established criteria. Failure to obtain Prior Authorization when required may result in non-payment of claims by the Plan.
- ggg) **PRODUCT:** Health Benefit Products are generally differentiated by the network and provider reimbursement methodology but may have other differentiating characteristics. The Plan currently offers two different Products: Preferred Provider Organizations (PPO) and Medicare Advantage Plans.
- hhh) **PROTECTED HEALTH INFORMATION (PHI):** Shall have the same meaning as the term "Protected Health Information" in 45 C.F.R. § 160.103, limited to the information created or received by the Business Associate from or on behalf of the Covered Entity.
- iii) **QUALIFIED PROPOSAL:** A responsive proposal submitted by a responsible Vendor.
- jjj) **REBATES:** The amounts paid to the Vendor (a) pursuant to the terms of an agreement with a pharmaceutical manufacturer, (b) which are directly related and attributable to, and calculated based upon, the specific and identifiable utilization of certain prescription drugs by Members. Rebates include all revenue received by the Vendor from outside sources related to the Plan's utilization or enrollment in programs. These would include, but are not limited to access fees, market share fees, rebates, Formulary access fees, administrative fees and marketing grants from pharmaceutical manufacturers, wholesalers, and data warehouse vendors.
- kkk) **REDACT:** For purposes of this RFP, to edit a document by obscuring or removing information that is considered confidential or proprietary as defined by N.C.G.S. § 132-1.2.
- lll) **REDUCTION IN FORCE (RIF):** The act of suspending or dismissing an employee, for lack of work or because of corporate reorganization.
- mmm) **REQUEST FOR PROPOSAL (RFP):** The document which establishes the bidding and contract requirements and solicits bid proposals to meet the purchase needs of the State as identified herein.
- nnn) **SECURE File Transfer Protocol (SFTP):** Secure file transfer protocol in which a standard network protocol is used to exchange files over a TCP/IT based network.
- ooo) **SERVICE PERIOD:** The initial service period begins upon the Plan's acceptance of all implementation deliverables for which all TPA services are in effect. The Service Periods for this Contract equate to the Plan Year.
- ppp) **SERVICES:** The tasks and duties undertaken by the Vendor to fulfill the requirements and specifications of this RFP.
- qqq) **SHALL OR MUST:** Denotes that which is a mandatory requirement.
- rrr) **SHOULD:** Denotes that which is recommended or preferred, but not mandatory.
- sss) **SPECIALTY DRUGS:** Medications classified by the Plan as having unique uses for the treatment of complex diseases, require special dosing or administration, require special handling, are typically prescribed by a specialist provider and exceed four hundred dollars (\$400) cost to the Plan per prescription.
- ttt) **SPLIT CONTRACT:** Retiree who is Medicare Primary with one or more Dependents that are Non-Medicare Primary or vice versa.
- uuu) **STANDARD AUDITS:** Audits performed on an ongoing quarterly basis by the Plan's auditors and/or the North Carolina Office of the State Auditor. Standard Audits are used to measure claims accuracy, generally, and associated with Performance Guarantees, identify overpayments, and prepare the State's Comprehensive Annual Financial Report (CAFR).
- vvv) **STATE:** The State of North Carolina, including any of its sub-units recognized under North Carolina law.
- www) **STATE AGENCY:** Any of the more than 400 sub-units within the executive branch of the State, including its departments, boards, commissions, institutions of higher education, and other institutions.
- xxx) **STATE BUSINESS DAY:** Monday through Friday 8:00 a.m. through 5:00 p.m., Eastern Standard Time, except for North Carolina state holidays as defined by the Office of State Personnel:  
<http://www.osp.state.nc.us/holsched.htm>.
- yyy) **SUBCONTRACTOR:** An entity having an arrangement with a Plan vendor, where the Plan vendor uses the products and/or services of that entity to fulfill some of its obligations under its contract with the Plan, while retaining full responsibility for the performance of all of its [the Vendor's] obligations under the contract, including payment to the Subcontractor. The Subcontractor has no contractual relationship with the Plan, only with the Vendor.

- zzz) **SUBSCRIBER:** The primary health benefit plan contract holder.
- aaaa) **TEST PLAN:** The document or tool developed by the Vendor to manage, organize and track test cases.
- bbbb) **TIER 1 PROVIDER:** In-Network provider that meets the established high quality and low cost criteria.
- cccc) **TIER 2 PROVIDER:** In-Network provider that does not meet the Tier 1 provider quality and/or cost criteria.
- dddd) **THIRD PARTY ADMINISTRATOR (TPA):** A firm that provides administrative services and assumes responsibility for administering health benefit plans including claims processing without assuming financial risk for claims payments.
- eeee) **THIRD PARTY ADMINISTRATIVE (TPA) SERVICES:** Services provided by the Third Party Administrator.
- ffff) **UNIT TESTING:** Testing performed in isolation of interdependencies.
- gggg) **VENDOR:** Supplier, bidder, proposer, company, firm, corporation, partnership, individual, or other entity submitting a response to this RFP.

## 3.0 METHOD OF AWARD AND PROPOSAL EVALUATION PROCESS

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### 3.1 METHOD OF AWARD

Pursuant to N.C.G.S. § 135-48.34, this solicitation is not subject to the requirements of Article 3 of Chapter 143 of the North Carolina General Statutes. Contracts will be awarded in accordance with N.C.G.S. § 135-48.33 and the evaluation criteria set out in this solicitation. Prospective Vendors shall not be discriminated against on the basis of any prohibited grounds as defined by applicable Federal and State law.

All qualified proposals will be evaluated, and awards will be made to the Vendor(s) meeting the RFP requirements and achieving the highest and best final evaluation based on the criteria described below.

While the intent of this RFP is to award a Contract(s) to a single Vendor, the State reserves the right to make separate awards to different Vendors for one or more line items, to not award one or more line items, or to cancel this RFP in its entirety without awarding a Contract, if it is considered to be most advantageous to the State to do so.

The status of a Vendor's E-Procurement Services account(s) shall be considered a relevant factor in determining whether to approve the award of a contract under this RFP. Any Vendor with an E-Procurement Services account that is in arrears by 91 days or more at the time of proposal opening may, at the State's discretion, be disqualified from further evaluation or consideration.

The State reserves the right to waive any minor informality or technicality in proposals received.

### 3.2 CONFIDENTIALITY AND PROHIBITED COMMUNICATIONS DURING EVALUATION

During the evaluation period—from the date proposals are opened through the date the contract is awarded—each Vendor submitting a proposal (including its representatives, Subcontractors, and/or suppliers) is prohibited from having any communications with any person inside or outside the using agency, issuing agency, other government agency office, or body (including the purchaser named above, department secretary, agency head, members of the general assembly and/or governor's office), or private entity, if the communication refers to the content of Vendor's proposal or qualifications, the contents of another Vendor's proposal, another Vendor's qualifications or ability to perform the contract, and/or the transmittal of any other communication of information that could be reasonably considered to have the effect of directly or indirectly influencing the evaluation of proposals and/or the award of the contract. A Vendor not in compliance with this provision shall be disqualified from contract award, unless it is determined in the State's discretion that the communication was harmless, that it was made without intent to influence and that the best interest of the State would not be served by the disqualification. A Vendor's proposal may be disqualified if its Subcontractor and supplier engage in any of the foregoing communications during the time that the procurement is active (i.e., the issuance date of the procurement to the date of contract award). Only those discussions, communications or transmittals of information authorized or initiated by the issuing agency for this RFP or general inquiries directed to the purchaser regarding requirements of the RFP (prior to proposal submission) or the status of the contract award (after submission) are excepted from this provision.

### 3.3 PROPOSAL EVALUATION PROCESS

The State shall review all Vendor responses to this RFP to confirm that they meet the specifications and requirements of the RFP.

#### a) The State will conduct a One-Step evaluation of Proposals:

Proposals will be received from each responsive Vendor in a sealed envelope or package.

All proposals must be received by the State no later than the date and time specified on the cover sheet of this RFP. At that date and time, the package containing the proposals from each responding Vendor will be opened publicly and the name of the Vendor will be announced.

At their option, the evaluators may request oral presentations or discussion with any or all Vendors for the purpose of clarification or to amplify the materials presented in any part of the proposal. Vendors are cautioned, however, that the evaluators are not required to request presentations or other clarifications—and often do not. Therefore, all proposals should be complete and reflect the most favorable terms available from the Vendor.

Only information which is received in response to this RFP will be evaluated; reference to information previously submitted or available elsewhere shall not be evaluated or considered.

The State shall conduct a comprehensive, fair, and impartial evaluation of the proposals received in response to this request. Proposals will be evaluated according to completeness, content, and experience with similar work, the ability of the Vendor and its staff, and cost(s). Specific evaluation criteria are listed in 3.4 EVALUATION CRITERIA, below.

Vendors are cautioned that this is a request for offers, not an offer or request to contract, and the State reserves the unqualified right to reject any and all offers at any time if such rejection is deemed to be in the best interest of the State.

The State reserves the right to reject all original offers and request one or more of the Vendors submitting proposals within a competitive range to submit a best and final offer (BAFO), based on discussions and negotiations with the State, if the initial responses to the RFP have been evaluated and determined to be unsatisfactory.

Upon completion of the evaluation process, the State will make Award(s) based on the evaluation and post the award(s) to IPS under the RFP number for this solicitation. Award of a Contract to one Vendor does not mean that the other proposals lacked merit, but that, all factors considered, the selected proposal was deemed most advantageous and represented the best value to the State.

#### b) Evaluation Committee

An Evaluation Committee (Committee) will be established to review each proposal and recommend a Vendor. The Plan may engage the professional services of Plan vendors to assist in the evaluation process. The Plan reserves the right to alter the composition of the Committee or to designate other staff to assist in the process. Other designated staff and senior management from the Department of State Treasurer may attend oral presentations during the evaluation process. However, all decisions regarding scoring and the final award recommendation will be made solely by Committee members.

The Committee will review and evaluate all proposals submitted by the deadline specified in this RFP. This Committee will be responsible for the entire evaluation process. Committee participants are obligated to keep information identified as trade secret and proprietary confidential.

Technical Proposals meeting the Minimum Requirements described in Section 5.1 will be considered and evaluated as follows:

##### 1: Evaluation of Technical Proposal

- Written Technical Proposal
- Oral Presentations (if deemed necessary by the Plan)

##### 2: Evaluation of Cost Proposal

### 3: Determination of Successful Proposal Based on the Combination of Technical & Cost

#### c) Approval for Contract Award

The Plan's Executive Administrator will award the Contract after approval by the Plan's Board of Trustees and Attorney General's Office, if applicable. A Contract is not binding until the Plan's Executive Administrator and State Treasurer have signed the Acceptance of Proposal.

### 3.4 EVALUATION CRITERIA

#### a) Overall Scoring Weights:

Each Vendor's proposal will be evaluated and scored on several factors. The Technical Proposal includes the written proposal and oral presentation. The Technical Proposal and the Cost Proposal will be scored separately based on the overall point scale described below.

*The total points scale will reflect the following weights:*

Technical Proposal	60%
Cost Proposal	<u>40%</u>
<b>Total:</b>	<b>100%</b>

Continues on next page.

**b) Technical Requirements & Specifications:**

Scoring points for the Technical Proposal will be allocated as follows:

<b>TECHNICAL AREAS</b>	<b>POINTS</b>
Section 5.2.2 Account Management	1,000
Section 5.2.3 Finance and Banking	1,100
Section 5.2.4 Network Management	1,200
Section 5.2.5 Medical Management & Health Care Support	600
Section 5.2.6 Pharmacy Management	400
Section 5.2.7 Enrollment & Group Set-Up	900
Section 5.2.8 Group Billing & Collection	900
Section 5.2.9 Data & Technology	900
Section 5.2.10 Customer Experience	700
Section 5.2.11 Product Management	400
Section 5.2.12 Claims Processing & Appeals	300
Section 5.2.13 Audit	500
Section 5.2.14 Recovery and Investigations	600
Section 5.2.15 Initial and Ongoing Implementations	500
<b>Total for Technical Areas</b>	<b>10,000</b>

**c) Cost Proposal:**

Cost Proposals will be scored based upon the assumption that the Vendor’s broad network described in Section 5.2.4.3 and priced in Attachment A will be used as a wrap-around to supplement the Plan’s custom network. The maximum number of total points will be awarded to the Vendor offering the lowest total cost with others receiving points proportionately. A Vendor’s total cost will include the projected claims costs associated with the Vendor’s broad network providers, excluding North Carolina State Health Plan Network providers, based upon information from Attachment A and the Vendor’s administration fees priced in Attachment A-7.

The following calculations will be used:

- i. The Vendor with lowest total cost will be awarded the maximum number of 10,000 points allocated for this component.
- ii. The Vendor with next lowest cost and remaining bids will be given a pro-rata share of the total number of points allocated for this component = (lowest bid/bid being evaluated).

Costs associated with other network combinations may be calculated for informational purposes only, but will not factor into any scoring associated with this RFP.