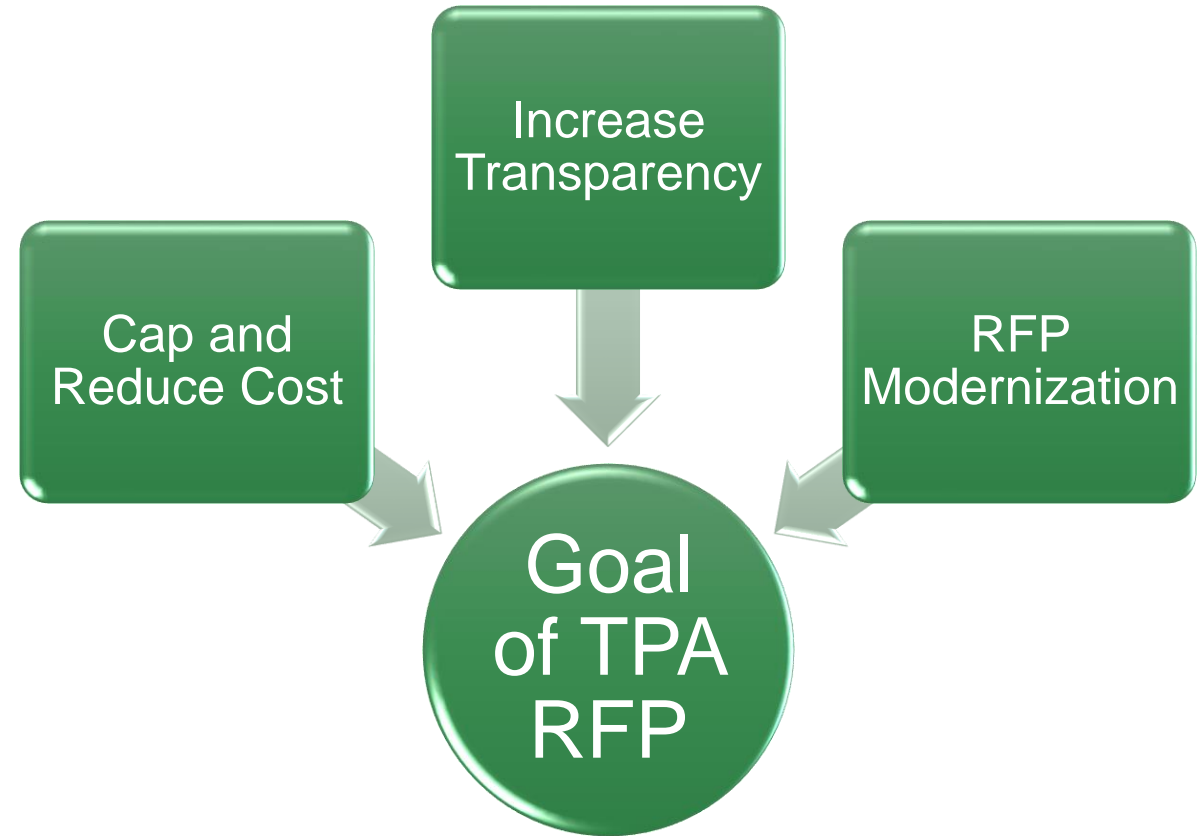


# State Health Plan Third Party Administrative Services RFP Transparency Documents Review Media Briefing Presentation

# TPA RFP Discussions & Goals

- Board of Trustees Discussions
  - March 2022 Meeting Minutes
  - Video
  - June 2022 Meeting Minutes
  - Video
  - September 2022 Meeting Minutes
  - Video
- Executive Director Communications
- News & Observer Article (Paywall)
- Business North Carolina Article



## TPA RFP Timeline

Pre-RFP Meetings	Aetna, June 1, 2022, 9:00 AM Blue Cross NC, June 15, 2022, 10:00 AM United Healthcare, June 21, 2022, 1:00 PM
Issue RFP	August 30, 2022
Phone call with potential Offerors	September 1, 2022, 10:00 a.m. ET
Vendor Deadline for Submission of Written Minimum Requirements Questions	September 12, 2022, 12:00 p.m. ET
Plan Responds to Minimum Requirements Questions	September 16, 2022
Deadline to Submit Minimum Requirements Responses	September 26, 2022, 10:00 a.m. ET
Evaluation of Minimum Requirement Responses	September 27 – 29, 2022
Notify Vendors if Minimum Requirements Met.	September 29, 2022
Issue data files	September 29 – 30, 2022
Vendor Deadline for Submission of All Written Questions	October 10, 2022, 12:00 p.m. ET
Plan Responds to Questions	October 14, 2022
Opening of Proposals by Plan (Bid Closes)	November 7, 2022, 10:00 a.m. ET
Evaluation of Proposals	November 8 – 16, 2022
Best and Final Offer (BAFO)	November 17 – 30, 2022
Plan Seek Approval from the Attorney General's Office	December 1 – 7, 2022
Present award recommendation to the Board	December 14, 2022
Award of the Contract	December 14, 2022
RFP Debrief Meetings	Aetna, December 15, 2022, 10:30 AM Blue Cross NC, December 16, 2022, 8:30 AM United Healthcare, December 16, 2022, 10:00 AM; January 4, 2023, 4:00 PM
Implementation Period	January 1, 2023 – December 31, 2024
Services Begin	January 1, 2025

# Major Steps in the TPA Evaluation Process

- The Plan received initial inquiries from four potential bidders.
- The Plan received minimum requirement proposals from: Aetna, Blue Cross NC, and UMR.
- All three bidders passed the minimum requirements and were allowed to submit full proposals.
- The technical and cost components of the RFP were weighted 50/50.
- The evaluation committee objectively reviewed all technical proposals and scored proposals in accordance with the RFP criteria.
- Segal, the Plan's actuarial consulting firm, reviewed the cost proposals and presented its findings along with scoring to the evaluation committee.
- Following the technical proposal evaluation and the initial cost proposal evaluation, the evaluation committee submitted a request for best and final offers (BAFO #1) to all three bidders.
- Segal reviewed BAFO #1 proposals and presented its findings and final scoring to the evaluation committee.
- The evaluation committee concluded its review and voted to present all three proposals to the Board for their consideration with a recommendation to award to the highest point recipient.

# Scoring Summary of RFP

	Maximum Points	Vendor		
		Aetna	Blue Cross NC	UMR
<b>TOTAL TECHNICAL POINTS</b>	310	310	303	310
<b>BAFO #1 COST POINTS</b>	10	8	8	7
<b>FINAL RANKING TECHNICAL</b>				
		3	1	3
<b>FINAL RANKING COST</b>				
		3	3	1
<b>FINAL RANKING TECHNICAL AND COST</b>				
		6	4	4

- Weighting is 50/50 technical vs cost.
- Aetna and UMR tied for first place on technical.
- Aetna and Blue Cross NC tied for first place on cost.
- Consequently, Aetna wins overall.

# Technical Proposal Scoring by Category

Title	Maximum Points	Vendor		
		Aetna	Blue Cross NC	UMR
Account Management	20	20	20	20
Finance and Banking	19	19	19	19
Network Management	28	28	27	28
Product and Plan Design Management	41	41	41	41
Medical Management Programs	18	18	18	18
Enrollment, EDI, and Data Management	40	40	39	40
Customer Experience	52	52	48	52
Claims Processing and Appeals Management	16	16	15	16
Claims Audit, Recovery, and Investigation	25	25	25	25
Initial Implementation and Ongoing Testing	3	3	3	3
Reporting	48	48	48	48
<b>TOTAL TECHNICAL POINTS</b>	<b>310</b>	<b>310</b>	<b>303</b>	<b>310</b>

# Technical Proposal Scoring

## Points Lost by Blue Cross NC

### Blue Cross NC Lost One Point

Vendor will apply the same utilization management and payment rules to providers located in North Carolina and throughout the United States.

### Contract Technical Proposals – “Does Not Confirm”

- Vendor will apply the same utilization management and payment rules to providers located in North Carolina and throughout the United States. (5.2.3.2.b.iii.)
- Vendor will use the unique Member ID number provided by the EES vendor as the primary Member ID for claims processing, customer services and other operational purposes; therefore, the unique Member ID number provided by the EES vendor will be the sole Member ID on the ID Card. (5.2.6.2.b.xvi.)
- Vendor’s member portal will accept and display Member-specific information from the other systems and Vendor’s health team, including each of the following. Vendor shall confirm each below:
  - Electronic medical and health records. (5.2.7.2.b.xxiv.1)
  - Disease Management Nurse notes. (5.2.7.2.b.xxiv.2)
  - Case Management notes. (5.2.7.2.b.xxiv.3)
  - Health Coach notes. (5.2.7.2.b.xxiv.4)
- Upon request, Vendor will pay all claims, including non-network claims, based on assignment of benefits. (5.2.8.2.b.v.)

### Why Important?

- Provides transparency.
- Provides certainty of benefit administration across state lines.
- For example, prior authorizations requirements should not vary by state.

- NC borders four other states and Plan members cross those borders to seek health care.
- The Plan also serves retirees and members across the U.S.

# Technical Proposal Scoring

## Points Lost by Blue Cross NC

### Blue Cross NC Lost One Point

Vendor will use the unique Member ID number provided by the Enrollment vendor as the primary Member ID for claims processing, customer services and other operational purposes; therefore, the unique Member ID number provided by the Enrollment vendor will be the sole Member ID on the ID Card.

This avoids FACET-like situations.  
N&O Article 2016 (Paywall)

### Contract Technical Proposals – “Does Not Confirm”

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  - Case Management notes. (5.2.7.2.b.xxiv.3)
  - Health Coach notes. (5.2.7.2.b.xxiv.4)
- Upon request, Vendor will pay all claims, including non-network claims, based on assignment of benefits. (5.2.8.2.b.v.)

### Why Important?

- Reduces complexity.
- One ID number stays with Plan members regardless of TPA.
- Allows for simpler and more cost-efficient integration with other vendors.



# Technical Proposal Scoring

## *Points Lost by Blue Cross NC*

### Blue Cross NC Lost Four Points

Linking member-specific information from other systems and health team, including:

- (1) electronic medical health records,
- (2) disease management nurse notes,
- (3) case management notes, and
- (4) health coach notes.

### Contract Technical Proposals – “Does Not Confirm”

- Vendor will apply the same utilization management and payment rules to providers located in North Carolina and throughout the United States. (5.2.3.2.b.iii.)
- Vendor will use the unique Member ID number provided by the EES vendor as the primary Member ID for claims processing, customer services and other operational purposes; therefore, the unique Member ID number provided by the EES vendor will be the sole Member ID on the ID Card. (5.2.6.2.b.xvi.)
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  - Case Management notes. (5.2.7.2.b.xxiv.3)
  - Health Coach notes. (5.2.7.2.b.xxiv.4)
- Upon request, Vendor will pay all claims, including non-network claims, based on assignment of benefits. (5.2.8.2.b.v.)

### Why Important?

- Provides transparency.
- Having information all in one place makes for a better member experience.

# Technical Proposal Scoring

## Points Lost by Blue Cross NC

### Contract Technical Proposals – “Does Not Confirm”

- Vendor will apply the same utilization management and payment rules to providers located in North Carolina and throughout the United States. (5.2.3.2.b.iii.)
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  - Case Management notes. (5.2.7.2.b.xxiv.3)
  - Health Coach notes. (5.2.7.2.b.xxiv.4)
- Upon request, Vendor will pay all claims, including non-network claims, based on assignment of benefits. (5.2.8.2.b.v.)

### Blue Cross NC Lost One Point

Upon request, Vendor will pay all claims, including non-network claims, based on assignment of benefits.

### Why Important?

- Reduce complexity/improve service.
- Paying the member instead of the provider for out-of-network claims can have unintended consequences.

CNN health Life, But Better Fitness Food Sleep Mindfulness Relationships



Example of problem we want to avoid.

**Insurer sent \$33,000 to a man struggling with addiction. He used the cash to go on a binge – and died**

# Cost Proposal/Scoring of Cost Proposal

Vendor	Rank By Cost Category			Points Scored			
	Claims	Admin	Cost Guarantees	Claims	Admin	Cost Guarantees	Total
Aetna	3	2	2	6	1	1	8
Blue Cross NC	2	3	1	6	2	0	8
UMR	1	1	3	5	0	2	7

- Aetna had the lowest claims cost.
- Blue Cross NC had the lowest administrative cost.
- UMR had the most favorable cost guarantees.
- Aetna and Blue Cross NC received the same score on claims cost because they were separated by less than 0.5%.
- Aetna and Blue Cross NC received the same overall score on their cost proposals.

# Cost Proposal/Actual Cost Projections

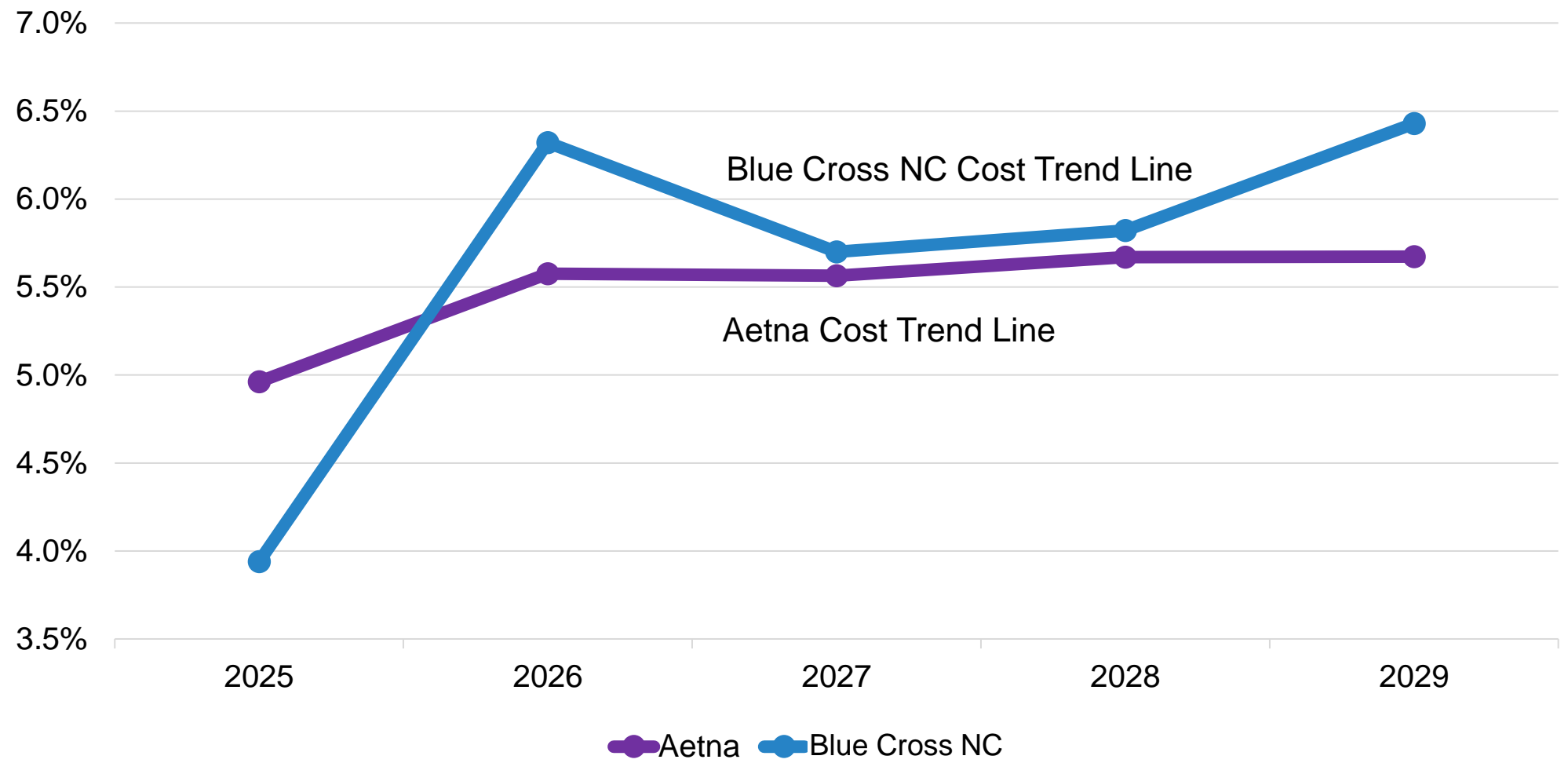
Total Claims (\$M)									
	2025	2026	2027	2028	2029	Total	Diff	Points	
Aetna	3,035.7	3,209.6	3,393.9	3,588.7	3,794.7	17,022.7	-	6	
Blue Cross NC	3,049.9	3,224.7	3,409.8	3,605.5	3,812.5	17,102.5	+ 79.8	6	
UMR	3,060.1	3,241.2	3,427.2	3,623.9	3,831.9	17,184.3	+ 161.6	5	
Total Administrative Fees (\$M)									
	2025	2026	2027	2028	2029	Total	Diff	Points	
Aetna	97.5	98.2	97.9	101.1	104.5	499.2	+ 96.8	1	
Blue Cross NC	52.7	74.0	76.9	84.2	114.5	402.3	-	2	
UMR	112.2	122.1	123.0	124.4	125.9	607.5	+ 205.2	0	
Total Cost (\$M)									
	2025	2026	2027	2028	2029	Total	Diff	Points*	Rank Score**
Aetna	3,133.1	3,307.8	3,491.9	3,689.9	3,899.2	17,521.9	+ 17.1	8	3
Blue Cross NC	3,102.6	3,298.7	3,486.8	3,689.7	3,927.0	17,504.8	-	8	3
UMR	3,172.3	3,363.2	3,550.2	3,748.3	3,957.8	17,791.8	+ 287.0	7	1
* Total Points available was 10									
** Rank Score includes the Network Pricing Guarantee points, which were UMR (2 pts), Aetna (1), Blue Cross NC (0)									

Tied for 1<sup>st</sup> as most favorable cost proposal.

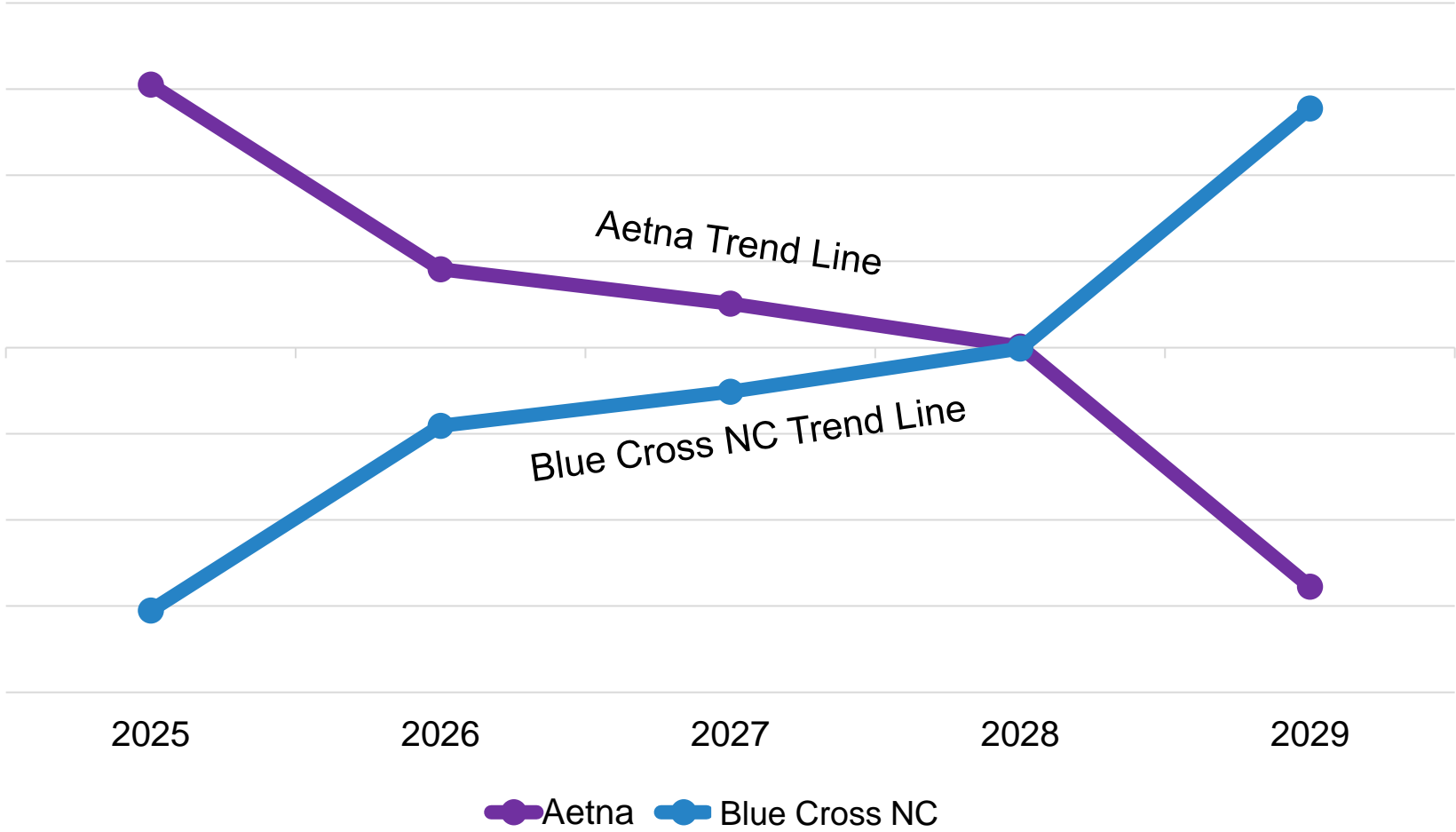
Notes:

- Administrative Fees combine Standard Fee and Optional Disease Management Fee.
- Fees include credits from implementation or otherwise mentioned in their response.
- Blue Cross NC has a 3-month administrative fee runout after termination added to final year.

# Cost Proposal/Trend Analysis Aetna vs Blue Cross NC



# Cost Proposal/Cost Variance Analysis Aetna vs. Blue Cross NC



# Cost Proposals/Network Pricing Guarantees

- Network Pricing Guarantee: The amount of guaranteed dollars that a Vendor places at risk to demonstrate that they intend to hit the network discount they have put forth in the network pricing proposal.
- Proposals were evaluated and ranked based on their proposed network pricing guarantees. The value of the pricing guarantees were based on the combination of the competitiveness of the guaranteed targets and the amount placed at risk.
- This is important to the Plan as it shows the sincerity of the network discounts put forth in the bid.
- The stronger the network pricing guarantee, it is believed that the Vendor has greater confidence in their ability to meet the network pricing put forth.
- UMR had the strongest guarantee based on the criteria above, followed by Aetna, then Blue Cross NC.
- According to Segal's analysis of the respective proposals:
  - Aetna offered both discount and trend guarantees of moderate comparative value.
  - Blue Cross NC offered the least comparative value for both discount and trend guarantees, primarily due to the amount at risk. Blue Cross NC's low amount at risk is due to a combination of having significantly lower admin fees and only placing a low percentage of administrative fees at risk.
  - UMR offered the greatest comparative value discount guarantee with a high percentage of administrative fees and a moderate comparative value trend guarantee.

# 2022 TPA RFP/2025 TPA RFP Differences

Current Contract with Blue Cross NC



VS

Contract for 2025 with Aetna





# 2022 TPA RFP/2025 TPA RFP Differences

- **Change in Point Value for Technical and Cost Proposals**
  - Increase the overall objective analysis of RFPs. Minimize subjectivity.
  - Revise the scoring methodology to ensure fair and objective scoring, efficient analysis by the Evaluation Committee.
    - The previous 10,000-point scale was of low value to the Plan's evaluation and failed to add capability to distinguish between vendors.
  - Ensure that vendors are able and willing to work with the Plan to meet the priorities and requirements of the Plan and the RFP without qualification.
  - Avoid “micromanaging” every possible detail from the outset to provide the Plan flexibility and adaptability; instead, use Administrative Decision Memos and Business Requirements Documents to implement initiatives as needed.
- **Change “Lowest Total Cost” to “Most Competitive Cost Proposal”**
  - Cost, transparency, and accomplishment of RFP objectives.
- **Prohibited Narrative Responses**
  - Increase the overall objective analysis of RFPs by moving away, as much as reasonably possible, from subjective parsing of vendors' own descriptions of their capabilities.
  - Ensure that vendors are able and willing to work with the Plan to meet the priorities and requirements of the Plan and the RFP without qualification.
- **Removed Preference for Vendors “With Resources in NC”**
  - Any vendor confirming its ability to meet requirements in the Minimum Requirements and Technical Proposal portions is attesting to its “resources in North Carolina.”
  - Such a preference in the technical scoring was deemed inappropriate, anti-competitive, and increased cost to the Plan.

# Provider Network Comments

- All three vendors that passed the minimum requirements in the RFP have networks that meet the needs and the goals of the State Health Plan.
- Provider networks are notoriously difficult to measure on a comparable (apples to apples) basis.
  - Different vendors structure provider contracts differently – some incorporate multiple providers, locations, etc. and some don't.
  - Networks can also be evaluated on a dollar value basis.
  - Network statistics can even include providers that have never been utilized by State Health Plan members and can include duplicative figures that inflate the network size.
- What truly matters for State Health Plan members is what provider availability will look like on January 1, 2025.
- Debating various slicing and dicing of hypotheticals of what provider availability would have looked like in 2021 is a backwards looking exercise that ignores four important facts:
  - The new TPA vendor has 18 months to sign up willing and capable providers in its current network.
  - The State Health Plan also has the option to continue its own network of Clear Pricing Project providers, which has more than 28,000 providers.
  - The State Health Plan can also prevent assignment of benefits, such that in 2025 – unlike today– the billing of a visit to an “out-of-network” provider will function much like it does for an “in-network” provider, thus allowing members to more easily exercise choice of providers.
  - The State Health Plan has greater capabilities under the new TPA contract to engage in innovative and transparent contracting arrangements that can ensure access and lower cost.

# TPA RFP Transparency Website

## Third-Party Administrator (TPA) Request for Proposal (RFP) Transparency

### Third-Party Administrator (TPA) Request for Proposal (RFP) Transparency

Welcome to the TPA RFP Transparency page created to provide documents associated with the TPA RFP. As documents become available they will be added to this page.



<https://www.shpnc.org/tpa-rfp-transparency>