



**REQUEST FOR PROPOSALS
TO PROVIDE A THIRD PARTY ADMINISTRATOR (TPA)
FOR EMPLOYEE MEDICAL PLAN
CLAIMS/ADMINISTRATIVE SERVICES
FOR THE CITY OF STOCKTON, CALIFORNIA
(PUR 09-089)**



**PROPOSALS WILL BE RECEIVED UNTIL THE HOUR OF
2:00 O'CLOCK P.M., THURSDAY, NOVEMBER 19, 2009,
IN THE OFFICE OF THE CITY CLERK,
FIRST FLOOR, CITY HALL, 425 NORTH EL DORADO STREET,
STOCKTON, CALIFORNIA 95202-1997**

REQUEST FOR PROPOSALS (RFP)
TO PROVIDE A THIRD PARTY ADMINISTRATOR (TPA)
FOR EMPLOYEE MEDICAL PLAN CLAIMS/ADMINISTRATIVE SERVICES
(PUR 09-089)

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NOTICE INVITING PROPOSALS

NOTICE IS HEREBY GIVEN that Request for Proposals (RFP) are invited by the City of Stockton, California for specifications to provide Employee Medical Plan Claims/Administrative Services (PUR 09-089) in strict accordance with the specifications.

The City of Stockton is seeking proposals from qualified Third Party Administrator (TPA) firms to provide claims/administrative services for its self-funded employee medical plans which cover approximately 6,300 active & retired employees as well as their dependents in strict accordance with the specifications.

Proposal forms and specifications are available on the City's web site at <http://www.stocktongov.com/business/bidflash.cfm> and must be delivered to the Office of the City Clerk, City Hall, 425 North El Dorado Street, Stockton, up to but not later than, **Thursday, November 19, 2009, at 2:00 p.m.**

The City reserves the right to reject any and/or all proposals received.

Information on Technical Data

Tami Matuska, Human Resources Dept.
(209) 937-8865
e-mail: Tami.Matuska@ci.stockton.ca.us

Information on Bid Process/Clarification

Dianne Samples, Purchasing Division
(209) 937-7130
e-mail: Dianne.Samples@ci.stockton.ca.us

DISCLAIMER: The City does not assume any liability of responsibility for errors/omissions in any document transmitted electronically.

Dated: October 23, 2009

//s//KATHERINE GONG MEISSNER
CITY CLERK OF THE CITY OF STOCKTON

PROPONENT'S CHECKLIST
CITY OF STOCKTON / PURCHASING DIVISION

Did You:

- * ___ Sign and notarize by jurat certificate the "Non-Collusion Affidavit" form. An "All-Purpose Acknowledgment" form will not be sufficient.
 - * ___ Complete and sign the "Proponent's Fee Schedule" form, (under separate cover).
 - * ___ Sign the "Proponent's Agreement" form.
 - * ___ Include your **\$2,000.00** proponent's security, proponent's bond, certified or cashier's check.
 - * ___ Include self-addressed, unstamped envelope with proponent's security. **Please DO NOT seal your security, proponent's bond, certified or cashier's check in this envelope.** It is for returning the security to the proponent AFTER project award.
 - * ___ **Include with proposal, name and e-mail address for City contact.**
 - * ___ Submit one (1) ORIGINAL and SIX (6) COPIES of all proposal documents.
 - * ___ Review all clarifications/questions/answers on the City's website at <http://www.stocktongov.com/business/bidflash.cfm> .
 - * ___ Deliver sealed proposal to City Hall, City Clerk's Office (1st floor), 425 North El Dorado Street, Stockton, CA 95202, before **November 19, 2009, at 2:00 p.m.** Sealed proposal shall be marked "Proposal" and indicate project name, number, and proposal opening date. Please note that some overnight delivery services do not deliver directly to the City Clerk's Office. This could result in the proposal arriving in the City Clerk's Office after the proposal opening deadline and therefore not being accepted.
- A) "RFP – TO PROVIDE A THIRD PARTY ADMINISTRATOR (TPA) FOR EMPLOYEE MEDICAL PLAN CLAIMS/ADMINISTRATIVE SERVICES"**
- B) PUR 09-023**
- C) NOVEMBER 19, 2009**

CONTACT INFORMATION:

Information on Technical Data	Information on Bid Process/Clarification
Tami Matuska, Human Resources Dept. (209) 937-8865 e-mail: Tami.Matuska@ci.stockton.ca.us	Dianne Samples, Purchasing Division (209) 937-7130 e-mail: Dianne.Samples@ci.stockton.ca.us

*If not completed as required, your proposal may be voided.

DISCLAIMER: The City does not assume any liability or responsibility for errors/omissions in any document transmitted electronically.

THIS FORM IS FOR YOUR INFORMATION ONLY AND DOES NOT NEED TO BE SUBMITTED WITH YOUR PROPOSAL.

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1.0 GENERAL INFORMATION

1.1 REQUEST FOR PROPOSAL (RFP) PROCESS

The purpose of this Request for Proposal (RFP) is to request proponents to present their qualifications and capabilities to provide A THIRD PARTY ADMINISTRATOR (TPA) FOR EMPLOYEE MEDICAL PLAN CLAIMS/ADMINISTRATIVE SERVICES (PUR 09-089) for the City of Stockton.

1.2 INVITATION TO SUBMIT A PROPOSAL

Proposals shall be submitted no later than 2:00 p.m., on Thursday, November 19, 2009, in the office of:

CITY CLERK
CITY OF STOCKTON
425 NORTH EL DORADO STREET
STOCKTON, CA 95202-1997

One (1) original and SIX (6) copies of the proposal shall be submitted. The proposal should be firmly sealed in an envelope which shall be clearly marked on the outside, "Third Party Administrator (TPA) For Employee Medical Plan Claims/Administrative Services for the City of Stockton (PUR 09-089)." Any proposal received after the due date may not be accepted and may be rejected and returned, unopened, to the proponent.

Proponent may submit more than one proposal provided the proposal meets the functional requirements.

1.3 LOCAL BUSINESS PREFERENCE

Not Applicable to this project.

1.4 LOCAL EMPLOYMENT—PUBLIC WORKS CONTRACTORS

Not Applicable to this project.

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1.5 CONSEQUENCE OF SUBMISSION OF PROPOSAL

- A. The City shall not be obligated to respond to any proposal submitted nor be legally bound in any manner by the submission of a proposal.
- B. Acceptance by the City of a proposal obligates the proponent to enter into an agreement with the City.
- C. An agreement shall not be binding or valid against the City unless or until it is executed by the City and the proponent.
- D. Statistical information contained in these documents is for informational purposes only. The City shall not be responsible for the accuracy of said data. City reserves the right to increase or decrease the project scope.

1.6 ACCEPTANCE OR REJECTION OF PROPOSAL

The City reserves the right to select the successful proposal and negotiate an agreement as to the scope of services, the schedule for performance and duration of the services with proponent(s) whose proposal(s) is/are most responsive to the needs of the City. Further, the City reserves the right to reject any and all proposals, or alternate proposals, or waive any informality or irregularity in the proposal as is in the City's best interest.

The City reserves the right to reject any and all proposals, or portions thereof, received in response to the Request or to negotiate separately with any source whatsoever, in any manner necessary, to serve the best interests of the City. Additionally, the City may, for any reason, decide not to award an agreement(s) as a result of this Request.

Non-acceptance of any proposal shall not imply that the proposal was deficient. Rather, non-acceptance of any proposal will mean that another proposal was deemed to be more advantageous to the City or that the City decided not to award an agreement as a result of this Request.

1.7 RIGHT TO CHANGE OR AMEND REQUEST

The City reserves the right to change the terms and conditions of this Request. The City will notify potential proponent(s) of any material changes by posting on the City's website. No one is authorized to amend any of the Request requirements in any respect, by an oral statement, or to make any representation or interpretation in conflict with their provisions. If necessary, supplementary information and/or clarifications/questions/answers will be posted on the City's website @ <http://www.stocktongov.com/business/bidflash.cfm> . Failure of any proponent to not

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have received such information and/or clarifications/questions/answers shall not relieve such proponent from any obligation under his/her proposal as submitted.

Any exceptions to this Proposal shall be clearly stated in writing.

1.8 CANCELLATION

The City reserves the right to rescind award of the contract at any time before execution of the contract by both parties if rescission is deemed to be in City's best interest. In no event shall City have any liability for the rescission of award. The proponent assumes the sole risk and responsibility for all expenses connected with the preparation of its proposal.

1.9 EXAMINATION OF PROPOSAL MATERIALS

The submission of a proposal shall be deemed a representation and warranty by the proponent that it has investigated all aspects of the Request, that it is aware of the applicable facts pertaining to the Request process and its procedures and requirements, and that it has read and understands the Request. No request for modification of the provisions of the proposal shall be considered after its submission on the grounds the proponent was not fully informed as to any fact or condition. Statistical information which may be contained in the Request or any addendum is for informational purposes only. The City disclaims any responsibility for this information which may subsequently be determined to be incomplete or inaccurate.

1.10 ADDENDA AND INTERPRETATION

The City will not be responsible for, nor be bound by, any oral instructions, interpretations, or explanations issued by the City or its representatives. Any request for clarifications/questions/answers of this Request shall be made in writing/e-mail and deliverable to:

CITY OF STOCKTON
ATTN: TAMI MATUSKA
HUMAN RESOURCES DEPARTMENT
425 NORTH EL DORADO STREET
STOCKTON, CA 95202-1997
Tami.Matuska@ci.stockton.ca.us

CITY OF STOCKTON
ATTN: DIANNE SAMPLES
PURCHASING DIVISION
425 NORTH EL DORADO STREET
STOCKTON, CA 95202-1997
Dianne.Samples@ci.stockton.ca.us

Such request for clarifications/questions/answers shall be delivered to the City at least ten (10) calendar days prior to the date for receipt of proposals. Any City response to a request for clarifications/questions/answers will be posted on the City's website at <http://www.stocktongov.com/business/bidflash.cfm> (not later than five (5) calendar days

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prior to the due date), and will become a part of the Request. The proponent should await responses to inquires prior to submitting a proposal.

1.11 DISQUALIFICATION

Any of the following may be considered cause to disqualify a proponent without further consideration:

- A. Evidence of collusion among proponents;
- B. Any attempt to improperly influence any member of the evaluation panel;
- C. Any attempt to communicate in any manner with a City of Stockton elected official during the RFP/bid process will, and shall be, just cause for disqualification/rejection of proponent's proposal/bidder's bid submittal and considered non-responsive.
- D. A proponent's default in any operation of a professional services agreement which resulted in termination of that agreement; and/or
- E. Existence of any lawsuit, unresolved contractual claim, or dispute between proponent and the City.

1.12 INFORMAL PROPOSAL REJECTED

A proposal shall be prepared and submitted in accordance with the provisions of these Request instructions and specifications. Any alteration, omission, addition, variance, or limitation of, from, or to a proposal may be sufficient grounds for rejection of the proposal. The City has the right to waive any defects in a proposal if the City chooses to do so. The City may not accept a proposal if any document or item necessary for the proper evaluation of the proposal is incomplete, improperly executed, indefinite, ambiguous, or missing.

1.13 CONDITIONS TO BE ACCEPTED IF ANY WORK IS SUBCONTRACTED

- A. The proponent assumes full responsibility, including insurance and bonding requirements, for the quality and quantity of all work performed.
- B. If proponent's supplier(s) and/or subcontractor's involvement requires the use of a licensed, patented, or proprietary process, the proponent of the process is responsible for assuring that the subcontractor, supplier, and/or operator have been properly authorized to use the process or for providing another process which is comparable to that which is required prior to submission of a proposal.

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1.14 LICENSING REQUIREMENTS

Any professional certifications or licenses that may be required will be the sole cost and responsibility of the successful proponent.

A City of Stockton Business license may be required for this project. Please contact the City of Stockton Business License Division at (209) 937-8313.

1.15 INSURANCE REQUIREMENTS

Proponent, at proponent's sole cost and expense and for the full term of the resultant agreement or any extension, shall obtain and maintain at least all of the insurance requirements listed in Exhibit A.

All policies, endorsements, and certificates shall be subject to approval by the Risk Manager of the City of Stockton as to form and content. These requirements are subject to amendment or waiver if so approved in writing by the Risk Manager. Proponent agrees to provide City with a copy of said policies, certificates, and/or endorsements.

The proponent shall satisfy these insurance requirements concurrently with the signing of the contract prior to commencement of work. Please contact City of Stockton Risk Management at (209) 937-8682.

All coverage shall be provided by a carrier authorized to transact business in California and shall be primary.

1.16 HOLD HARMLESS DEFENSE CLAUSE

The contractor shall indemnify, defend, and save harmless the City against all loss, cost, or damage on account of any injury to persons or property, including employees or property of the City, contractor or third parties, occurring in the performance of the contract.

1.17 APPLICABLE LAW

This agreement shall be governed by the laws of the State of California. Venue shall be proper in the Superior Court of the State of California, County of San Joaquin, Stockton Branch, or, for actions brought in Federal Court, the United States District Court for the Eastern District of California, Sacramento Division.

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1.18 METHOD OF PAYMENT

Payment will be made within thirty (30) days after invoices are received and accepted by the City Manager. Invoices are to be rendered monthly.

1.19 NOTICE TO OUT-OF-STATE VENDOR

Do not charge any sales or use tax on this purchase. The City of Stockton will pay all applicable sales/use tax directly to the State of California for this purchase.

It is the policy of the City of Stockton to pay all applicable California sales/use tax directly to the State Board of Equalization (BOE) pursuant to California Revenue and Taxation Code 7051.3. The City of Stockton will self-accrue all sales/use tax on purchases made from out-of-state vendors.

Sales and use tax on purchases made by the City of Stockton from all companies located outside California and whose products are shipped from out of state will be remitted to the BOE directly by the City under permit number **SR KHE 28-051174 DP**. **Please do not include sales/use tax on the invoice that you submit to the City of Stockton.**

Questions regarding the City of Stockton's payment of sales/use tax can be directed to Janet Salvetti at (209) 937-8360.

1.20 TERM

The proposed agreement will be for an initial three (3) year term. If mutually agreeable, the agreement may be extended for an additional two (2) years with the option to renew on an annual basis. In no case will the combined term (including renewals) exceed five (5) years.

1.21 COMPETITIVE PRICING

Proponent warrants and agrees that each of the charges, economic or product terms or warranties granted pursuant to this Contract are comparable to or better than the equivalent charge, economic or product term or warranty being offered to any similarly situated commercial or other government customer of proponent. If proponent enters into any arrangements with another customer of proponent to provide product under more favorable charges, economic or product terms or warranties, proponent shall immediately notify CITY of such change and this Contract shall be deemed amended to incorporate the most favorable charges, economic or product terms or warranties.

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1.22 FUNDING

Any contract which results from this Request will terminate without penalty at the end of the fiscal year in the event funds are not appropriated for the next fiscal year. If funds are appropriated for a portion of the fiscal year, this contract will terminate without penalty, at the end of the term for which funds are appropriated.

1.23 UNCONDITIONAL TERMINATION FOR CONVENIENCE

The City may terminate the resultant agreement for convenience by providing sixty (60) calendar day advance notice unless otherwise stated in writing.

1.24 AUDITING OF CHARGES AND SERVICES

The City reserves the right to periodically audit all charges and services made by the successful proponent to the City for services provided under the contract. Upon request, the proponent agrees to furnish the City with necessary information and assistance.

1.25 PROPOSAL SECURITY

Every proposal offered shall be accompanied by cash or other acceptable financial instrument in favor of and payable to the City of Stockton for an amount not less than **\$2,000.00** or a proponent's bond executed by a surety authorized by the Insurance Commissioner to transact business of insurance in the State of California, made out in favor of the CITY OF STOCKTON for an amount not less than **\$2,000.00** and no proposal shall be considered unless accompanied by such check or proponent's bond.

If proponent elects to accompany their proposal with a proponent's bond, then said bond shall state on its face that, "in the event the person, firm, or corporation is awarded the contract and the said proponent shall fail, neglect, or refuse to enter into a contract to said equipment or materials, then the amount therein mentioned in the proponent's bond accompanying the proposal of said person, firm, or corporation shall be declared to be forfeited to the City."

In the event that the person, firm, or corporation to whom said contract may be awarded fails, neglects, or refuses to enter into contract to furnish said equipment or materials, as hereinbefore provided within thirty (30) days of award, then the cash, cashier's check, or certified check and the amount therein mentioned, accompanying the proposal of said person, firm, or corporation, shall be declared to be forfeited to said City; or, if non-complying proponent has accompanied their proposal with a proponent's bond, appropriate legal action to collect the proponent's bond shall be undertaken.

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1.26 CONTRACT BONDS

The successful proponent will be required to furnish the City of Stockton with a Faithful Performance Bond in the amount of \$2,000.00 and shall be furnished concurrently with the signing of the contract.

The surety which provides the bond(s) must be authorized by the Insurance Commissioner to transact business of insurance in the State of California.

Said bonds shall be executed by the surety and contractor concurrently with the signing of the contract. The form and content of said bonds must be approved by the appropriate City departments.

All alterations, extension of time, extra and additional work, and other changes authorized by these specifications or any part of the contract shall be made without securing the consent of the surety or sureties on the contract bonds.

1.27 CHANGES

The City's Representative has the authority to review and recommend or reject change orders and cost proposals submitted by the proponent or as recommended by the proponent's project manager, pursuant to the adopted City of Stockton Standard Specifications.

1.28 AWARD

Upon conclusion of the Request process, a contract may be awarded for the City of Stockton.

The City reserves the right to select the successful proponent and to negotiate terms of a contract with the proponent(s) whose proposal(s) is/are most responsive to the needs of the City. Further, the City reserves the right to reject any and all proposals, or alternate proposals, or waive any informality in the proposal as is in the City's best interest.

1.29 LIQUIDATED DAMAGES

N/A

1.30 PRODUCT OWNERSHIP

Any documents, products or systems resulting from the contract will be the property of the City of Stockton.

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1.31 CONFIDENTIALITY

If proponent believes that portions of a proposal constitute trade secrets or confidential commercial, financial, geological, or geophysical data, then the proponent must so specify by, at a minimum, stamping in bold red letters the term "**CONFIDENTIAL**" on that part of the proposal which the proponent believes to be protected from disclosure. The proponent must submit in writing specific detailed reasons, including any relevant legal authority, stating why the proponent believes the material to be confidential or a trade secret. Vague and general claims as to confidentiality will not be accepted. The City will be the sole judge as to whether a claim is general and/or vague in nature. All offers and parts of offers that are not marked as confidential may be automatically considered public information after the contract is awarded. **The proponent is hereby put on notice that the City may consider all or parts of the offer public information under applicable law even though marked confidential.**

1.32 OTHER GOVERNMENTAL AGENCIES

If mutually agreeable to all parties, the use of any resultant contract/purchase order may be extended to other political subdivisions, municipalities, or tax supported agencies.

Such participating governmental bodies shall make purchases in their own name, make payment directly to successful bidder and be liable directly to the successful bidder, holding the City of Stockton harmless.

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2.0 GENERAL NATURE OF SERVICES

2.1 BACKGROUND

The City of Stockton, California (population 279,513) is located in San Joaquin County. Stockton is a full service City providing, Police, Fire and Public Workers services. The City employs approximately 1603 full-time employees. Full-time employees are members of the Public Employees' Retirement system (PERS).

Most employees are represented by seven (7) bargaining units. Total payroll (salaries) for the 2007-08 fiscal year was approximately \$140,862,757.

The City has been self-insured for medical claims and administration since May 1, 1988. The City purchases excess insurance coverage for its medical claims, maintaining a self-insured retention level of \$250,000.

Since September 1, 1998, the City's Employee Medical Plan's claims and administration has been administered by Zenith Administrators.

The City's Assistant Director of Human Resources is responsible for management of the City's Medical Plans. The City's Human Resources Benefit Section coordinates the day-to-day aspects of the medical plans in coordination with the Third Party Administrator (Zenith), Pharmacy Benefit Manager (Medco), Eligibility Management System (Web-based portal through Keenan & Associates), and Anthem Blue Cross (preferred provider network and utilization review).

2.2 PURPOSE

The City of Stockton wishes to consider proposals to enter into an Agreement with a qualified Third Party Administrator (TPA) to provide claims/administrative services for its self-funded employee medical plans.

Currently, the City provides two employee medical plans to eligible employees/retirees, pursuant to Memoranda of Understanding with all employee bargaining units. The **Modified Employee Medical Plan** covers approximately 1,519 active employees, 880 retirees, and 3,772 dependents. The **Original Employee Medical Plan** is a closed group covering approximately 63 retirees and 33 dependents.

During the last fiscal year, approximately 82,000 claims were processed (180,000 services were rendered) for the City's plans (approximately \$75 million billed and \$28 million paid).

2.3 SCOPE OF SERVICES

The scope of claims/administrative services for the City of Stockton's self-insured medical plan would include, but would not be limited to, the automated processing and payment of medical and prescription drug claims (in accordance with plan documents and contracted PPO network reimbursement fee schedule), utilization review, case management, stop loss reporting, third-party recovery, and coordinating medical review.

A. Plan Documents

Maintain a master file of plan documents, summary plan descriptions, plan booklets, benefit provisions, claims administration policies and guidelines, changes in plan benefits, and any other material needed to properly administer claims in accordance with the provisions of the plan applicable state and federal law.

B. Eligibility

Maintain eligibility information to verify eligibility for benefits for plan participants and dependents. Eligibility to be transmitted electronically and/or manually, but the City of Stockton or its designee. The administrator will be required to maintain name and address files by employee and dependent. The administrator will also monitor and track the eligibility status of dependent children over the age of 19.

C. Forms

Design, print, deliver, and periodically update all forms and form letters used in connection with claims processing at administrator's expense. The City of Stockton reserves the right to approve and disapprove all forms and form letters. The forms required include, but are not limited to:

1. Explanation of Benefits
2. Third-party liability inquires
3. Coordination-of-Benefits inquiries
4. Student Eligibility Letters
5. Identification Cards

D. Claims Processing

1. Install historical data including, but not limited to, deductibles and lifetime maximums, from previous administrator. Maintain accurate claims records/files, which contain all pertinent claims, bills, correspondence, deductibles, benefits accumulated and maximums, coordination of benefits information, etc. Provide adequate security of patient information.

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2. Review and examine claims (bills, invoices, and statements) submitted by plan participants or received from physicians, hospitals, pharmacies, labs, and any other eligible providers who have rendered care to eligible employees and their dependents. Procure any missing information immediately, by personal contact, telephone, or correspondence.
3. Determine reasonableness of charges and monitor the quality, quantity, and utilization of professional, medical, and hospital care rendered, referring medical claims for "medical review" when necessary.
4. Process all appropriate claims as determined by the provisions of the plan documents and plan administrative policies/guidelines, utilizing the fee/reimbursement schedules established and provided by the City's contracted PPO network. For claims incurred outside of California, determine and pay reasonable and customary charges for that geographical area. Obtain timely updates of fee schedules and conversion factors. Accurate claims processing in a timely manner, according to performance standards.
5. Prepare/issue checks and itemized Explanation of Benefits forms to plan participants and providers.
6. Pend or deny claims not eligible for payment and issue related correspondence. Advise plan participants, dependents, or beneficiaries whose claims have been denied of the specific reasons for such denial, and the procedure for a review of the denial. Advise plan participants regarding the pending of a claim, the reasons for such action and the actions necessary to release the claim.
7. Follow the records retention policy established/approved by the City of Stockton.

E. Customer Service

1. Provide professional, courteous, and timely responses to telephone, written, in person inquiries and complaints from all sources. Such inquiries may include eligibility information, claims payment, benefit provisions, and related questions, from parties with authorized access to information such as plan participants, providers, legal counsel, the City of Stockton, etc.
2. Establish a Stockton telephone number and mailing address for filing claims.
3. Furnish a toll-free telephone number for incoming customer service calls.

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4. Provide assistance when requested with respect to special inquiries from the City of Stockton which could arise involving claims processing for payment of claims.
 5. Survey plan participants annually on their satisfaction with the service and provide results to the City.
- F. Prescription Drug Program
Coordinate processing and payment of prescription drug claims utilizing an electronic claims processing pharmacy system/network selected and/or approved by the City of Stockton.
- G. Case Management
Provide the services of a registered nurse/case manager (or a contracted case management agency) approved by the City of Stockton, for chronic or catastrophic injuries/illnesses. Services should include hospital/home visits to assess patient needs, making arrangements for necessary home health care/special equipment rentals, and coordination of patient care needs with physician, family and patient. Provide timely Case Management reports to the City of Stockton.
- H. Utilization Review Services
Provide hospital pre-admission certification; hospital concurrent utilization review; hospital length of stay monitoring; discharge planning services; preauthorization when requested by providers and plan participants, etc.
- I. Medical Review
Coordinate with the City's contracted PPO network to utilize their peer medical review services/committee or provide a medical review system, utilizing medical professionals, acceptable to the City of Stockton.
- J. Coordination of Benefits
- Provide coordination of benefits in accordance with plan documents and federal/state law. Apply standard, non-duplication of benefits.
 - Follow the requirements of federal law concerning coordination of benefits with Medicare, Medi-Cal, etc.
 - Track and utilize credit reserve for eligible plan participants.
- K. Stop Loss
Work with the City's Stop Loss insurance carrier, reporting large claims in a timely manner, in accordance with policy requirements, ensuring reimbursement to the City for claims exceeding the Stop Loss deductible each policy year. Provide stop loss documentation/reports to the City of Stockton's Benefit Section on a monthly basis.

REQUEST FOR PROPOSALS (RFP) TO PROVIDE A THIRD PARTY ADMINISTRATOR (TPA)
FOR EMPLOYEE MEDICAL PLAN CLAIMS/ADMINISTRATIVE SERVICES (PUR 09-089)

L. Subrogation – Third Party Liability

Pursue liens in favor of the City of Stockton for sums of money recovered by the plan participant in connection with any illness, injury, disease, or other condition for which a third party may be liable to the extent of the benefit payments made by the plans.

M. Overpayments

Collect all overpayments or other incorrect payments. Any outstanding overpayments/incorrect payments should be reported to the City of Stockton on a quarterly basis.

N. Management Reports

Provide reports/information pertaining to the program which may be required by us, our auditor, actuary, legal counsel, or consultant and assist with the preparation and filing of any reports required by law. This will include, but is not limited to:

- Register/report of claim payments and other claim data for each payment cycle.
- Monthly statistics report to include:
 - ✓ Number of claims by line of coverage (hospital, surgery, physician charges, prescription drugs, etc.)
 - ✓ Dollar amount claimed
 - ✓ Number of claims
 - ✓ Total allowable charges
 - ✓ Deductibles taken
 - ✓ Amount paid by line of coverage

All reports must be provided on a monthly and year-to-date basis by line of coverage each month. This information is to be prepared separately, by plan and group.

- Claims history will include dates received, date pended, additional information requested, additional information received, date processed, date paid, and/or date denied.
- Special reports including:
 - ✓ Case Management
 - ✓ Lag Studies
 - ✓ Coordination of benefits savings
 - ✓ Stop Loss and high-dollar claims
 - ✓ Quarterly subrogation

REQUEST FOR PROPOSALS (RFP) TO PROVIDE A THIRD PARTY ADMINISTRATOR (TPA)
FOR EMPLOYEE MEDICAL PLAN CLAIMS/ADMINISTRATIVE SERVICES (PUR 09-089)

O. Internal Controls

- Apply industry standard internal claim control systems/procedures necessary for the effective implementation of the plan.
- Audit all hospital claims where payment exceeds \$25,000.
- Administrator must agree to maintain the security and confidentiality of all medical, financial, and patient information, guaranteeing HIPAA requirements are met in all areas of operation.

P. Financial Services

- Follow the banking requirements of the City of Stockton, such as establishing, maintaining, and reconciling an interest-bearing, checking account with appropriate deposit and transfer procedures for the payment of claims; or make other claims payment arrangements, which are acceptable to the City of Stockton. The claims administrator will maintain check registers and will provide a monthly check register to the City of Stockton.
- Accumulate data, prepare, and mail 1099 forms for all providers of service who are paid during the calendar year, as required by the Internal Revenue Code.
- Provide any required federal or state financial or tax reports.
- Provide appropriate information and documentation to the City of Stockton's Auditor when requested.

Q. Administrative Expenses

The selected administrator will be expected to bear the cost of:

- Installing any necessary administrative systems
- Installing historical data, including lifetime maximums and deductibles from the previous administrator.
- Transferring records and systems to the succeeding Administrator at the termination of the contract.
- Administrative fees should cover the cost of administrator's staff, all office space, supplies, forms, medical plan identification cards, standard management reports, telephone expenses, postage, computer hardware/software and other equipment/supplies necessary for claims handling.

R. Client Communication

- Attend quarterly client meetings with City staff. Administrator's travel expenses in connection with client meeting or other matters relating to claims processing shall be paid by the administrator.
- Notify the City of Stockton of all claim back logs on a regular and timely basis.
- Provide prompt updates on legal and regulatory changes that could affect the plan.
- Obtain opinion/response from legal counsel (administrator's in-house or outside counsel) when necessary.
- Promptly notify the City of Stockton of any pending egregious claims and/or claims action and litigation.
- Provide assistance, such as cost calculations for benefit changes, benefit adequacy studies, etc., when requested for proposed plan design changes.
- Matters of significance must be called to the City's attention at the earliest appropriate time (i.e. claims processing back logs, system problems, large overpayments, etc.)

2.4 OTHER REQUIREMENTS

The Supplemental Questionnaire (Attachment 1) is a requirement of this Request for Proposal (RFP) and must be submitted in order for the proposal to be considered responsive.

REQUEST FOR PROPOSALS (RFP)
TO PROVIDE A THIRD PARTY ADMINISTRATOR (TPA)
FOR EMPLOYEE MEDICAL PLAN CLAIMS/ADMINISTRATIVE SERVICES
(PUR 09-089)

3.0 PROPOSAL GUIDELINES, CONTENT AND FORMAT

The City of Stockton uses a qualifications-based selection process in obtaining these services. In order for the City to properly evaluate the Proponents' qualification to perform this work, the proposals shall include, as a minimum, the following information:

- A. Evidence of the Proponent's ability to be responsive to this project in regard to timeliness and expertise, including availability of staff proposed to be assigned.
- B. The Proponents are encouraged to expand on the Scope of Work to demonstrate their expertise. Evaluation of the proposals will be based on qualifications, the experience of staff proposed to be assigned to the project, references and thoroughness of the proponent's response to the Scope of Services.
- C. Such additional information that the Proponent may feel would be pertinent to assist the City of Stockton in making its final decision.
- D. Please submit one (1) original and SIX (6) copies of your proposal/qualifications. One of the copies should be unbound to allow us to reproduce your proposal, as needed.

3.0.1 Cover Letter

Submit a letter on your company letterhead addressing the proposal and format. The letter should be signed by an officer of the firm authorized to bind the firm to all comments made in the proposal, and shall include the name, address, phone number and e-mail address of the person(s) to contact who will be authorized to represent your firm.

3.0.2 Minimum Experience Qualifications Summary

A statement of professional experience and ability.

3.0.3 Management/Method of Operation

Provide detailed description outlining your firm's approach to provide the service. Highlight innovative ideas your firm may have to provide to the City and describe in detail your procedures and management techniques.

3.0.4 References

See Supplemental Questionnaire (Attachment 1).

3.0.5 Financial Statement

A full and detailed presentation of the true condition of the proponent's assets, liabilities and net worth. The report should include a balance sheet and income statement. If the proponent is a new partnership or joint venture, individual financial statements must be submitted for each general partner or joint venture thereof. If firm is a publicly held corporation, the most current annual report should be submitted.

3.0.6 Corporate Structure, Organization

Describe how your firm is organized, noting major divisions and any parent/holding companies, as well as brief history of the firm and all personnel potentially to be involved in the project including all sub-consultants. Designate the Principal in Charge and other key personnel. Include résumés. Also provide a description of the experience your firm has had with similar processes.

3.0.7 Proposal Fee (Under Separate Cover)

Provide detailed basic fee structure and break-down of any other charges related to your firm's proposal. Finalist's fee structure may be subject to negotiation.

3.0.8 The proposal must be submitted, typewritten on 8½" X 11" white paper and must be bound in a secure manner.

3.0.9 Material and data not specifically requested for consideration, but which the proponent wishes to submit must not appear with the Proposal Form, but may appear only in an "Additional Data" section. This has specific reference to the following types of data:

Generalized narrative of supplementary information; and
Supplementary graphic material

3.0.10 All proposals must be signed with the full name of the proponent, if an individual; by an authorized general partner, if a partnership; or by an authorized officer, if a corporation.

3.0.11 When proposals are signed by an agent other than an officer of a corporation or a member of a general partnership, a power of attorney authorizing the signature must be submitted with the proposal.

3.0.12 If the proposal is submitted by a partnership or joint venture, the Statement of Personal History attached to the Proposal Form must be completed by each general partner or joint venture thereof. If the proposal is submitted by a corporation, the Statement must be completed by each principal officer of said corporation.

3.0.13 The original proposal must have wet ink signatures. Modification to a proposal after the proposal submittal deadline will not be accepted by the City.

3.1 EVALUATION PROCEDURE AND CRITERIA

The City is interested in selecting a qualified firm with the ability to provide A Third Party Administrator for Employee Medical Plan Claims/Administrative Services (PUR 09-089). A key component for the successful firm will be the ability to meet the City's performance desires while minimizing the cost.

The Evaluation Panel will consist of City of Stockton staff and any other person(s) designated by the City. Following review of the proposals, the Panel may invite one or more proponents to make an oral presentation. During these presentations, the proponent will be allowed to present such information as may be appropriate in order that the Panel can effectively and objectively analyze all materials and documentation submitted as part of the proposals.

Each firm must be represented by an individual who will be the prime contact person to the City and any other individuals whom the firm may select. The highest-rated proposal(s) will then be further scrutinized through financial analysis and reference checks.

To that end, the Panel will evaluate the proposals based on, but not limited to, the following criteria:

1. Proponent's ability to provide all services as outlined in the Scope of Services;
2. Related experience with similar projects, company background and personnel qualifications;
3. Proponent's Fee Schedule: completed and signed (under separate sealed cover);
4. Proponent's Agreement;
5. Non-Collusion Affidavit;
7. References;
8. Any other criteria as best suits the City of Stockton.

3.2 PROPOSED DEVELOPMENT COSTS

The cost of preparing and submitting a proposal is the sole responsibility of the proponent and shall not be chargeable in any manner to the City of Stockton.

3.3 PROPONENT CONTACT

Proponent shall provide the name, address, e-mail address and telephone number of an individual in their organization to whom notices and inquiries by the City should be directed as part of this proposal.

3.4 CITY'S USE OF PROPOSAL MATERIAL

All material submitted in or with the proposal shall become the property of the City, unless it is clearly marked as proprietary information. The City reserves the right to use any ideas presented in the proposals, without compensation paid to the Firm. Selection or rejection of the proposal shall not affect this right.

3.5 REJECTION OF PROPOSAL

The City reserves the right to reject any and all proposals submitted and to request additional information from the Proponent. The award will be made to the firm which, in the opinion of the City, is best qualified.

PROPONENT'S AGREEMENT

In submitting this proposal, as herein described, the proponent agrees that:

1. They have carefully examined the Scope of Work and all other provisions of this document and understand the meaning, intent and requirements of same.
2. They will enter into contract negotiations and furnish the services specified.
3. They have signed and notarized the attached Non-Collusion Affidavit form, whether individual, corporate or partnership. Must be 'A Jurat' notarization.
4. They have reviewed all clarifications/questions/answers on the City's website at <http://www.stocktongov.com/business/bidflash.cfm> .
5. Confidentiality: Successful Proponent hereby acknowledges that information provided by the City of Stockton is personal and confidential and shall not be used for any purpose other than the original intent outlined in the Request for Proposal. Breach of confidentiality shall be just cause for immediate termination of contract agreement.

FIRM

ADDRESS

SIGNED BY

TITLE OR AGENCY

TELEPHONE NO./FAX NO.

DATE

E-MAIL ADDRESS

NON-COLLUSION

No. 1 AFFIDAVIT FOR INDIVIDUAL PROPONENT

STATE OF CALIFORNIA, _____)ss.

County of _____)

(insert)

_____ being first duly sworn, deposes and says: That on behalf of any person not named herein; that said Bidder has not colluded, conspired, connived or agreed, directly or indirectly with, or induced or solicited any other bid or person, firm or corporation to put in a sham bid, or that such other person, firm or corporation shall or should refrain from bidding; and has not in any manner sought by collusion to secure to themselves any advantage over or against the City, or any person interested in said improvement, or over any other Bidder.

(Signature Individual Bidder)

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20_____

by _____, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Seal _____

Signature _____

No. 2 AFFIDAVIT FOR CORPORATION PROPONENT

STATE OF CALIFORNIA, _____)ss.

County of _____)

(insert)

_____ being first duly sworn, deposes and says: That they are the _____ of _____ a corporation, which corporation is the party making the foregoing bid, that such bid is genuine and not sham or collusive, or made in the interest or behalf of any person not named herein; that said Bidder has not colluded, conspired, connived or agreed, directly or indirectly with, or induced or solicited any other bid or person, firm or corporation to put in a sham bid, or that such other person, firm or corporation shall or should refrain from bidding; and has not in any manner sought by collusion to secure to themselves any advantage over or against the City, or any person interested in said improvement, or over any other Bidder.

(Signature Corporation Bidder)

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20_____

by _____, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Seal _____

Signature _____

No. 3 AFFIDAVIT FOR FIRM, ASSOCIATION, OR CO-PARTNERSHIP

STATE OF CALIFORNIA, _____)ss.

County of _____)

(insert)

_____,
each being first duly sworn, depose and say: That they are a member of the firm, association or co-partnership,

designated as _____ who is the party making the foregoing bid; that the other partner, or partners, are _____ that such bid is genuine and not sham or collusive, or made in the interest or behalf of any person not named herein; that said Bidder has not colluded, conspired, connived or agreed, directly or indirectly with, or induced or solicited any other bid or person, firm or corporation shall or should refrain from proposing; and has not in any manner sought by collusion to secure to themselves any advantage over or against the City, or any person interested in said improvement, or over any other Bidder.

(Signature)

(Signature)

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20_____

by _____, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Seal _____

Signature _____

INSURANCE REQUIREMENTS
CONSULTANT CORPORATION SERVICES

INSURANCE Throughout the life of this Contract, the Consultant shall pay for and maintain in full force and effect with an insurance company(s) (Company) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A: VII" in Best Insurance Key Rating Guide, the following policies of insurance:

- A. COMMERCIAL OR COMPREHENSIVE GENERAL LIABILITY** insurance which shall include Contractual Liability, Products and Completed Operations coverages, Bodily Injury and Property Damage (including Fire Legal Liability) Liability insurance with combined single limits of not less than \$2,000,000 per occurrence, and if written on an Aggregate basis, \$4,000,000 Aggregate limit (CG 0001).
- B. COMMERCIAL (BUSINESS) AUTOMOBILE LIABILITY** insurance, endorsed for "any auto" with combined single limits of liability of not less than \$1,000,000 each occurrence. (CA 0001)
- C. PROFESSIONAL ERRORS AND OMISSIONS**, Not less than \$1,000,000 per Claim./\$2,000,000 Aggr. (5 yr discovery and reporting tail period coverage). Certificate of Insurance only required.
- D. WORKERS' COMPENSATION** Insurance as required under the California Labor Code, and Employers Liability Insurance with limits not less than \$1,000,000 per accident/injury/disease.

Deductibles and Self-Insured Retention

Any deductibles or self-insured retention must be declared to and approved by CITY.

Other Insurance Provisions

The Policy (s) shall also provide the following:

- a.) The Commercial General Liability and Automobile Liability insurance shall be written on ISO approved occurrence form (see item 1 and 2 above) and endorsed to name: *City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are additional insureds*. ISO form CG 20 37 10 01 edition shall be used as the Additional Insured Endorsement. This form **must be used with** either ISO form CG 20 10 10 01, or CG 20 33 10 01 (or earlier editions of these forms).
- b.) For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City of Stockton, its Mayor, Council, officers, representative, agents, employees and volunteers. Any coverage maintained by the CITY shall be excess of the Consultant's insurance and shall not contribute with it. Policy shall waive right of recovery (waiver of subrogation) against the CITY.
- c.) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days' prior to written notice by certified mail, return receipt requested, has been given to the CITY. Further, the thirty (30) day notice shall be unrestricted, except for workers' compensation, which shall permit ten (10) days advance notice. The Insurer shall provide the CITY with notification of any cancellation, major change, modification or reduction in coverage.
- d.) Regardless of these contract minimum insurance requirements, the Consultant and its insurer shall agree to commit the Consultant's full policy limits and these minimum requirements shall not restrict the Consultant's liability or coverage limit obligations.
- e.) Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the California Civil Code.

- f.) The Company shall furnish the City of Stockton with the Certificates and Endorsements for all required insurance, prior to the CITY's, execution of the Agreement and start of work.
- g.) Proper Address for Mailing Certificates, Endorsements and Notices shall be:
 - City of Stockton,
 - Attn: Risk Services
 - 425 N. El Dorado
 - Stockton, CA 95202
- h.) Upon notification of receipt by the City of a Notice of Cancellation, major change, modification, or reduction in coverage, the Contractor shall immediately file with the City a certified copy of the required new or renewal policy and certificates for such policy.

Any variation from the above contract requirements shall only be considered by and be subject to approval by the City's Risk Services Manager (209) 937-8682. Our Fax is (209) 937-8833.

If at any time during the life of the Contract or any extension, the Consultant fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately, and all payments due or that may become due to the Consultant shall be withheld until acceptable replacement coverage notice is received by the City. Any failure to maintain the required insurance shall be sufficient cause for the City to terminate this Contract. In the event of insurance cancellation, the City reserves the right to purchase insurance or insure (or self-insure) for the above required coverages, at the Consultant's full expense.

If the Consultant should subcontract all or any portion of the work to be performed in this contract, the Consultant shall cover the Sub-consultant, and/or require each Sub-consultant to adhere to all subparagraphs of these Insurance Requirements section. Similarly, any Cancellation, Lapse, Reduction in Coverage, or Change of Subcontractors insurance shall have the same impact as described above.

**CITY OF STOCKTON
REQUEST FOR PROPOSAL (RFP)
EMPLOYEE MEDICAL PLAN CLAIMS/ADMINISTRATIVE SERVICES
(PUR 09-089)
*Supplemental Questionnaire***

1. TELL US ABOUT YOUR ORGANIZATION

Describe your company's overall experience and qualifications, especially in the public sector, and include the following information:

- Indicate how long your organization has administered health plans and how many clients you currently service in the public sector.
- Indicate whether your organization has been know by any other names within the last ten years.
- Is your organization anticipating any expansion or reorganization within the next year? If yes, please explain.
- Provide an outline/organizational chart for your company, listing departments, number of employees and departmental responsibilities.
- List any characteristics of your organization that you feel distinguishes you from other health plan administrators.

Note: Additional information will be requested from your firm if it's selected as a finalist.

2. STAFF QUALIFICATIONS

Please provide the names and attach resumes for key personnel who would be assigned to manage and/or work directly with this account, in the roles/areas listed below. Please include education, professional work experience.

- Chief Executive Officer
- Client Representative/Liaison
- Claims Processing
- Customer Service
- Data Management Systems and/or Information Technology

3. CLAIMS ADMINISTRATION SYSTEM

Please describe the software system used for claims adjudication and benefit/eligibility administration. Please indicate what functions, if any, are not automated and whether your programming/computer support is outsourced or managed internally. Your response should address the following:

- Electronic claim submission capabilities
- Identification and recovery of duplicate payments
- Identification of unbundled claims
- Coordination of benefits
- Identification and recovery of Third Party Liability claims
- Verifying benefit eligibility for dependent children over age 19 (students & disabled)
- Secure website for 24-hours access to claims status information
- Transmit and receive electronic eligibility data
- Indicate whether your firm offers Case Management and Utilization Review services

4. CLAIMS PROCESSING FACILITY

Please indicate the physical location(s) of the claims processing facility that would handle/process claims for this group, and the customer service office that would service this account.

5. STATISTICS FOR CLAIMS PROCESSING

For the claims processing facility designated in question number 4, please provide the following information:

- What is your average turnaround time for processing claims?
- How many medical plan groups were handled during 2008?
- How many medical plan groups were public entities?
- Approximately how many claims are processed annually?
- What was the error ratio during 2008 (financial and procedural)?
- Indicate the total number of employees that work at this location.
- Indicate how many employees were hired during 2008.
- Indicate how many employees were separated, for any reason, during 2008.

6. CLAIMS ADMINISTRATION STAFF

Briefly discuss your proposed approach to the claims administration for this group and include the following information in your response.

- Number of employees you anticipate will be necessary to manage/process claims.
- Do you anticipate hiring additional personnel in order to provide the claims processing services for this account?
- Are you willing to assign dedicated claims processing staff to this account?

7. CUSTOMER SERVICE STAFF

Briefly discuss your proposed approach to providing customer service to this group and include the following information:

- Indicate your response time for customer service inquiries.

- Indicate the number of employees you anticipate will be necessary to provide customer service for this account.
- Do you anticipate hiring additional personnel to provide customer service for us?
- Are you willing to assign dedicated customer service staff to this account?

8. PERIODIC / ADHOC REPORTS

Provide samples of regular claim reports (detailed claims experience, eligibility, statistical and financial reports) lag reports, stop-loss reinsurance reports, large claim/case management reports, etc., provided to your clients on a regular basis, and indicate the frequency they are issued. Also, please provide examples of adhoc reports that can be produced and indicate in what format these reports can be produced (i.e. Excel, PDF, etc.)

9. SAMPLES OF EXPLANATION OF BENEFITS AND FORM LETTERS

Provide samples of your Explanation of Benefits and any form letters issued in connection with claims and eligibility administration (e.g. coordination of benefit letters, student status letters, etc.)

10. INTERNAL AUDITING AND QUALIFYT CONTROL

Describe your internal auditing procedures and policies and the quality control measures in place to ensure financial and procedural accuracy in health plan claims administration.

11. DISASTER RECOVERY PROGRAM

Describe your disaster recovery program should the health plan records/data maintained in your system be adversely affected by earthquake, fire, flood, or another catastrophic event.

12. HIPAA PRIVACY AND SECURITY COMPLIANCE

Describe any automated systems, and policies/procedures in place to ensure compliance with HIPAA Privacy and Security rules.

13. COMPATABILITY WITH OTHER SYSTEMS

The City of Stockton currently utilizes the Anthem/Blue Cross Prudent Buyer Plan Preferred Provider network. We also use the web-based eligibility administration system, BenefitBridge, provided by Keenan and Associates, for management of our plan eligibility. Eligibility is transmitted electronically to the City's various third party administrators. Please confirm that your firm has the ability to transmit and receive electronic enrollment/eligibility data.

14. CLIENT REFERENCES – Current Clients:

Please **list the accounts** that you currently provide third party services, and include the following information for each:

- Client Name

- Contact Person
- Address
- Telephone Number

15. CLIENT REFERENCES – Past Clients:

List two accounts that you have been terminated by the client within the last three years, and include the following information for each:

- Client Name
- Contact Person
- Address
- Telephone Number

16. PREFERRED PROVIDER NETWORK ASSOCIATIONS

The current Preferred Provider Organization Network utilized by the City of Stockton is through Anthem/Blue Cross of California Prudent Buyer Network.

- Please indicate whether your company has worked with Anthem/Blue Cross networks for other group health plans.
- Please list all PPO networks your company has worked with in the administration of other group health plans.

17. TRANSITION PLAN

Describe the transition plan, including timeline.