

# **REQUEST FOR PROPOSAL**

## **STOP LOSS MARKETING**

**CITY OF OVERLAND PARK, KANSAS**

**OCTOBER 1, 2019**

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## Introduction

### **Purpose**

On behalf of the City of Overland Park, Mercer is soliciting proposals from qualified carriers for specific stop loss insurance.

The City of Overland Park, Kansas, hereinafter referred to as “City,” is located in the Kansas City metropolitan area. It has a population of approximately 189,000, is the second largest City in the State of Kansas and the largest city in Johnson County, Kansas. The City has twelve elected council members and an elected Mayor, which comprise the Governing Body. The Governing Body hires a professional City Manager as the chief administrative official.

The purpose of this Request for Proposal (RFP) is to ensure that the City’s stop loss program is administered at a high service level and in the most cost-effective manner possible. The carrier must have the flexibility necessary to respond to the City’s current and changing needs.

This RFP provides interested carriers with sufficient information to enable them to prepare and submit proposals for each plan type for consideration by the City.

### **1. Objectives**

The City’s objectives are to contract with a carrier that will:

- Demonstrate the ability to deliver high quality benefit and administrative services at a competitive price
- Offer superior service to the benefit staff at the City
- Have a commitment to provide exemplary set-up and implementation support for a smooth transition
- Match the desired plan design and contract provisions
- Provide flexible and creative risk transfer solutions that enable the City to meet risk bearing objectives
- Work with the current claims administrator in a seamless manner

### **2. Medical Coverage**

#### **2019 Plans**

In 2019, the City offers three plans:

- Low Deductible Plan (PPO)
- HRA Plus Plan – (High Deductible PPO with Health Reimbursement Account (HRA))
- HRA Base Plan (High Deductible PPO with HRA)

Please note that, in 2019, wellness participants have different deductibles and out-of-pocket maximums than non-wellness participants.

The City is currently using BCBSKC for their network, medical claims administration services and pharmacy benefit management in 2019.

### **2020 Plans**

In 2020, the City will remove the wellness vs. non-wellness plan differential. The City will begin to offer a narrow network, the Blue Select Plus network, as an option alongside the Preferred Care Blue network. Plans will be the following:

- Preferred Care Blue - Low Deductible Plan (PPO)
- Preferred Care Blue - HRA Plus Plan – (High Deductible PPO with Health Reimbursement Account (HRA))
- Preferred Care Blue - HRA Base Plan (High Deductible PPO with HRA)
- Blue Select Plus - Low Deductible Plan (PPO)
- Blue Select Plus - HRA Plus Plan – (High Deductible PPO with Health Reimbursement Account (HRA))
- Blue Select Plus - HRA Base Plan (High Deductible PPO with HRA)

In 2020, BCBSKC will continue to administer the network and medical claims administration services. However, MedTrakRx will become the City's pharmacy benefit manager.

Please refer to Appendix I for more detailed information about the 2020 benefit offerings.

### **3. Eligibility/Current Personnel Data**

Per the Summary Plan Description:

*"You are eligible to enroll in the Plan if you are (i) a full-time participant who is scheduled to work at least 37.5 hours per week; (ii) a regular part-time Class D or H Participant who is determined to work at least 30 hours per week; (iii) a person who retires while covered under the Plan; (iv) a part-time Class A employee of the Plan Sponsor; (v) a contract employee with health coverage as a term of their contract; (vi) a current or former eligible Governing Body member; or (vii) any other person that may be*

*designated as eligible by the Plan Sponsor.”*

A census file reflecting medical enrollment elections (including waivers) is provided with this proposal in Appendix II.

#### **4. Selection of Carriers**

- The City is seeking a single carrier to provide specific stop loss coverage for all self insured medical and Rx benefits for actives and retirees.
- Coverage for the City will be effective January 1, 2020.
- The City is requesting rates for Specific Stop Loss coverage.

#### **5. Rejection of Proposals**

The City reserves the right to (1) accept or reject any and all proposals and to waive any technicalities or irregularities involving any proposal and to cancel the RFP process at any time prior to entering into a formal contract for services; (2) not award a contract for any or all of the services that are the subject of this RFP process; (3) negotiate contract terms acceptable to the City with the Consultant; (4) disregard all nonconforming, non-responsive or conditional proposals; (5) reject the response of any respondent which does not submit a proposal to the City's satisfaction, and (6) in its sole discretion, enter into preliminary negotiations with more than one respondent.

#### **6. Questions**

Questions concerning this RFP must be submitted by email to [tricia.iseman@mercer.com](mailto:tricia.iseman@mercer.com) and [sara.haynes@mercer.com](mailto:sara.haynes@mercer.com) by October 8<sup>th</sup>. All responses to questions regarding this RFP will be posted on the City's internet site, [www.opkansas.org/Bids-And-Proposals](http://www.opkansas.org/Bids-And-Proposals) on October 10<sup>th</sup>.

#### **7. Amendment to the RFP**

If it becomes necessary to revise any part of this RFP, an amendment will be issued to all carriers who received the initial RFP.

#### **8. Contractual Obligations**

All of your responses and the terms you include in response to this RFP shall be binding upon you until December 31, 2020.

Although this RFP and your responses will be the basis of a contract, it is not intended that this RFP or your responses will constitute all of the terms, conditions and elements of a contract or contracts between the parties. The City and responding carriers agree to negotiate in good faith

to address all the terms, conditions and elements of a contract. Contractual requirements will include, but will not be limited to, provisions for privacy and confidentiality (including privacy contracts as required under HIPAA); security and dishonesty bond requirements; errors and omissions coverage; general insurance requirements and other matters.

## **9. Economy of Preparation**

Proposals should be prepared simply and economically, providing a straightforward, concise description of the carrier's ability to meet the requirements of the RFP.

## **10. Prime Carrier Responsibilities**

The selected carrier will be required to assume responsibility for all services offered in its proposal whether or not the carrier produces them. Further, the City will consider the selected carrier to be the sole point of contact with regard to contractual matters.

## **11. Disclosure of Kansas Open Records Act ("KORA")**

The City is bound by the Kansas Open Records Act ("KORA") and considers all responses to be open records once a Vendor is chosen. If a Respondent believes any page or pages fit within an exception to the KORA, Respondent must identify such page or pages and reference the particular section(s) of K.S.A. 45-221(a).

## **12. Hold Harmless**

The carrier shall be responsible for and agree to indemnify and hold harmless the City from damages to property or injuries (including death) to any person(s) and any other losses, damages, expenses, claims, demands, suits, and actions by any party against the City in connection with the work performed by the carrier.

## **13. Confidentiality Agreement**

By accepting this RFP for consideration you agree to keep the information provided herein confidential. This requirement applies whether or not the recipient of the RFP package agrees to bid. Other than reports submitted to either the City or Mercer, the recipient/bidder agrees not to publish or reproduce or in any other way divulge such information in whole or in part, in any manner or form, or authorize or permit others to do so. Information may not be released to parties external to this process without the written consent of City.

By completing this RFP, you agree not to divulge the contents of your proposal to any other personnel if their names do not appear on this RFP. This stipulation is neither to impede nor inhibit your marketing or sales activity, but rather to ensure the confidentiality of your quotation.

#### 14. Project Timing

Tentative project timing will be as follows:

<b>Stop Loss Marketing Timeline</b>	
RFP Released	Tuesday, October 1 <sup>st</sup>
Written Questions due to Mercer	Tuesday, October 8 <sup>th</sup>
Response to questions posted to City's website	Tuesday, October 10 <sup>th</sup>
<b>Proposals Due</b>	<b>Tuesday, October 15<sup>th</sup> by 3:00 PM CST</b>
Evaluation/Presentation of Results	October 16 <sup>th</sup> – October 30 <sup>th</sup>
Vendor Selection – Recommendation to FAED committee	Wednesday, November 20 <sup>th</sup>
Effective Date	January 1, 2020

#### 15. Selection Criteria

All proposals will be reviewed and evaluated based on carrier qualifications as demonstrated by ability to meet proposal requirements as stated and the financial proposal.

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## Proposal Requirements

If you deviate from the specifications or bidding requirements, you must indicate the deviations clearly before signing below. Submission of your proposal without noting deviations implies concurrence with these specifications.

Please confirm that your proposal is subject to and is consistent with the national stop loss agreement currently in place with Mercer, if applicable.

1. Specific stop loss coverage applies to all medical and drug expenses, including all mental health and substance abuse claims, covered under the self-insured plan(s). All benefits paid under the benefit plan must accumulate to specific stop loss limits without any limitations or exclusions. The specific stop loss lifetime maximum must be consistent with the underlying medical plan(s).
2. Specific stop loss coverage applies to all eligible members as defined in the Introduction.
3. You will accept the claim administrator's interpretation as to what is an eligible expense under the medical plan.
4. The actively-at-work requirement and dependent non-confinement rules must be waived for all eligible members as of the effective date of coverage.
5. Pre-existing condition limitations are waived.
6. No new lasers at renewal, unless requested by or on behalf of the employer.
7. Quotes are to be on a firm basis for a January 1, 2020 effective date and guaranteed for 12 months. **Quotes are not to expire prior to December 1, 2019.**
8. Notice of the change in excess risk premium must be provided by 90 days before renewal date of each year. The new premium will not be effective until the following policy anniversary. Coverage must be binding no later than 60 days before the renewal date.
9. Written notice must be provided at least 60 days before you terminate the contract.



10. If necessary, you may revise premiums at a time other than the anniversary date only if specific events occur. These events are as follows:

- The number of covered employees changes by more than 15%
- There are significant changes in the underlying plans that would materially alter your risk.

11. You or your insurer, if a separate organization, must be rated A, A+ or A++ by A.M. Best or an equivalent rating bureau.

12. The City retains the right to terminate the contract at any time with 30 days written notice.

13. A copy of your sample stop loss contract must be included in your proposal.

14. A dedicated account management team will support the City's benefit staff.

15. Claims administrator(s) must be approved by your firm.

***Acceptance of Requirements***

Stop Loss Carrier agrees to the proposal requirements of the specifications:

☐

Without exception

☐

With exceptions described below

***Deviations / Exceptions from the specifications above***

Proposal Requirement Number(s):

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Explanation:

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Signature:

Officer's Name:

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Title:

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Date:

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***Your Contact information***

Please provide the name and contact information for the responsible party for this RFP who can be reached **October 2019 - December 2019**

Name

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Telephone Number:

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Fax Number:

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E-Mail Address:

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***Proposal Due Date***

All proposals must be submitted no later than **October 15, 2019 by 3:00 PM CST**. Two (2) signed originals of all proposals in printed form must be submitted in a sealed envelope or box with the following words clearly marked on the outside of the envelope: **Request for Proposal: Specific Stop Loss Insurance**. The vendor's name and address must be clearly indicated on the envelope or box. There will be no public opening of the proposals. It is the sole responsibility of the vendor to see that their proposal and the appropriate documents are delivered on time. **Any proposal received after the scheduled closing time for the receiving of proposals will be returned to the vendor unopened and will not be considered.** Proposals should be sent to the City of Overland Park at the address below:

City of Overland Park  
Attn: City Clerk  
8500 Santa Fe Drive  
Overland Park, KS 66212

**\*In addition, please send your proposal electronically via email to Tricia Iseman and Sara Haynes at Mercer:**

[tricia.iseman@mercer.com](mailto:tricia.iseman@mercer.com)  
[sara.haynes@mercer.com](mailto:sara.haynes@mercer.com)

***Contact Regarding this RFP***

Please direct any questions regarding this RFP to:

Sara Haynes  
Analyst  
2405 Grand Blvd., Suite 900  
Kansas City, MO  
Email: [sara.haynes@mercer.com](mailto:sara.haynes@mercer.com)  
Phone: 816 556 4825

Tricia Iseman  
Senior Associate  
2405 Grand Blvd., Suite 900  
Kansas City, MO  
Email: [tricia.iseman@mercer.com](mailto:tricia.iseman@mercer.com)  
Phone: 816 556 4812

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## Cost Proposal

### ***Quotation Specifications***

- Specific stop loss coverage should be quoted on the following basis:
  - Paid (BCBSKC/Incumbent) and 24/12 (all other vendors)
  - Unlimited lifetime maximum
  - Coverage for medical and Rx claims
- The City is requesting specific stop loss quotes for the following deductibles:
  - \$200,000 (current)
  - \$225,000
  - \$250,000
- All premiums should be quoted on a per employee per month (PEPM) basis.
- If you are lasering any individuals, please provide alternative “no laser” quotes.
- Please quote rates net of commission.
- The numbers of covered active and retired employees included in this proposal is **874**. This reflects current enrollment in the current self-insured plans.
- **The current premium for specific stop loss is \$83.76 PEPM (\$200,000 deductible).**

City – Paid (BCBSKC/Incumbent) and 24/12 Basis (all other vendors)					
	Number of Contracts	X	Premium Rate	=	Total Monthly Premium
Specific Deductible \$200,000	874			=	
Specific Deductible \$225,000	874			=	
Specific Deductible \$250,000	874			=	

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## Request for Information Questionnaire

### ***General***

1. Please provide your definition of an incurred claim.
2. Please provide your definition of a paid claim.
3. Define clearly the terms and conditions of your contract as they apply to contract termination.
4. Describe how you will treat ongoing claims as of the inception date of a contract.
5. Are you willing to waive the following?
  - A. Pre-existing condition limitations?
    - ☐ Yes
    - ☐ Yes, with qualifications
    - ☐ No

Provide specific qualifications.

- B. Actively-at-work?
  - ☐ Yes
  - ☐ Yes, with qualifications
  - ☐ No

Provide specific qualifications.

- C. Dependent non-confinement provisions?
  - ☐ Yes
  - ☐ Yes, with qualifications
  - ☐ No

Provide specific qualifications.

6. Will you agree not to laser new individuals upon renewal?

- ☐ Yes
- ☐ Yes, with qualifications
- ☐ No

7. Will you limit coverage for large, ongoing claim cases at renewal?

- ☐ Yes
- ☐ No

If yes, please explain.

8. Provide circumstances where you will not laser (i.e., no laser policy options, specific deductible thresholds).

9. Does your disclosure form contain wording which requires knowledge of any individual who may have a condition that might result in a claim level at 50% or more of the requested stop loss coverage threshold (or similar language)?

- ☐ Yes
- ☐ No

If yes, provide actual language.

10. If you require a disclosure statement, the employer will fill the information out to the best of their knowledge. In the event a claim occurs which should have been on the disclosure statement based upon information the plan administrator had but of which our client had no knowledge, will you treat this as a legitimate claim and reimburse the client without applying any benefit reduction and/or contractual modifications?

- ☐ Yes
- ☐ No

If no, please explain.

11. Will you allow a claim audit by the policyholder and/or third party?

- ☐ Yes
- ☐ Yes, with qualifications
- ☐ No

12. Describe your case management capabilities to monitor/manage potentially high dollar cases.

13. As the stop loss carrier, do you provide underwriting/claim service in-house?

- ☐ Yes
- ☐ No

If no, are these services vended to third parties (MGUs)?

- ☐ Yes
- ☐ No

If no, explain.

### ***Rating Procedures***

14. Describe your renewal rating process.

15. Describe your credibility formula.

16. Under what conditions do you reserve the right to revise or amend the specific and/or aggregate premium rate or aggregate attachment points off-anniversary?

17. Will you provide firm rates if all required underwriting information is provided based on the schedule below:

- Specific coverage only cases: Firm rates provided 90 days prior to the effective date based on data 120 days prior to the effective date.
- Specific and aggregate coverage cases: Firm rates provided 60 days prior to the effective date based on data 90 days prior to the effective date.

- ☐ Yes
- ☐ No

If no, explain.

### ***Claim Administrator***

18. You must be willing to work with BCBSKC to provide stop loss coverage. Please indicate your willingness below.

- ☐ Agree
- ☐ Do not agree

### ***Contractual Issues***

19. List your standard contract's set of general exclusions and limitations.

20. Describe your definition of experimental and investigational procedures.

21. What is the maximum time allowed for submission of valid claims?

***Rating Bureau Information***

What is your financial rating (AM Best, Moody, S&P or other)? Please provide the full name of your entity as listed under the rating agency.

***Specific Stop Loss Contract***

The City will select a stop loss contract with “run-in” coverage (e.g. Paid, 24/12) are there any limitations associated with the “run-in” claims?

22. Provide a brief description or list of data needed to process a specific claim reimbursement.

23. For claims exceeding the specific stop loss level, please address the following:

- A. describe overall procedure from start to finish
- B. timing parameters for all parties involved, including the client
- C. interacting with the claims administrator
- D. interacting with utilization review firm
- E. interacting with large case management service
- F. auditing stop loss claims

24. Does the specific stop loss coverage “blanket” the coverage of the base contract(s)?

- ☐ Yes
- ☐ No

If no, please explain:

*Blanket is defined as covering all provisions outlined in the Plan Document without exception.*



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## Stop Loss Questionnaire

Please complete all questions. You will not be considered unless this questionnaire is answered in its entirety.

Please make your responses as brief as possible. Exhibits or attachments to your responses are permitted but should be kept to a minimum. Do not use marketing/sales literature.

### ***General***

Assuming that coverage will meet all proposal requirements:

Please advise if you would be unable to work with BCBSKC and/or MedTrak Rx.

1. Are all benefit offerings described in the benefit summaries/SPDs eligible for reimbursement (e.g., Rx, MH/SA)?

### ***Rating Procedure***

How credible is the client's experience?

- For this proposal?
  - For renewal purposes?
2. Are you willing to provide multi-year rate or rate increase guarantees? Please give details here.
  3. Does your proposed offering allow you to load premium rates for "known" risks?

***Claim Administrators***

4. Are you willing to accept a large claims data feed on a quarterly basis?
5. Is the attached census format for eligibility data acceptable for covered participants?
6. How often does eligibility data need to be provided?
7. What claims and eligibility data is needed and what timing requirements do you place on the disclosure of this information (e.g., 50% notification)? Please be specific in your response.

***Contractual Issues***

8. Is your quotation a “conforming quotation” with respect to the national stop loss agreement currently in place with Mercer (if applicable)? If not, please specify the additional information needed for a conforming quote.

# APPENDICES

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## Appendix I: 2020 Benefit Summaries

Benefit summaries for all 2020 plans are included in electronic form for active and retired employees. Plan Deductibles are shown below.

### Preferred Care Blue - Low Deductible PPO Plan

	Network	Non-Network
Individual	\$600	\$1,200
Employee + 1	\$1,200	\$2,400
Family	\$1,800	\$3,600

### Preferred Care Blue - HRA Plus Plan

	Network	Non-Network
Individual	\$1,700	\$3,400
Individual + 1	\$3,400	\$6,800
Family	\$5,100	\$10,200

### Preferred Care Blue - HRA Base Plan

	Network	Non-Network
Individual	\$2,500	\$5,000
Individual + 1	\$5,000	\$10,000
Family	\$7,500	\$15,000

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### Blue Select Plus - Low Deductible PPO Plan

	Network	Non-Network
Individual	\$600	\$1,200
Employee + 1	\$1,200	\$2,400
Family	\$1,800	\$3,600

### Blue Select Plus - HRA Plus Plan

	Network	Non-Network
Individual	\$1,700	\$3,400
Individual + 1	\$3,400	\$6,800
Family	\$5,100	\$10,200

### Blue Select Plus - HRA Base Plan

	Network	Non-Network
Individual	\$2,500	\$5,000
Individual + 1	\$5,000	\$10,000
Family	\$7,500	\$15,000

Please contact either Sara Haynes ([sara.haynes@mercerc.com](mailto:sara.haynes@mercerc.com)) or Tricia Iseman ([tricia.iseaman@mercerc.com](mailto:tricia.iseaman@mercerc.com)) for copies of the appendices.

## Appendix II: Active and Retiree Census Data

A complete census file is included in electronic form for active employees, COBRA participants and retirees.

Please contact either Sara Haynes ([sara.haynes@mercer.com](mailto:sara.haynes@mercer.com)) or Tricia Iseman ([tricia.iseaman@mercer.com](mailto:tricia.iseaman@mercer.com)) for copies of the appendices.

## Appendix III: Large Claimant Reports

Large claims reports are included in electronic form for active and retired employees for 2017, 2018 and YTD 2019.

Please contact either Sara Haynes ([sara.haynes@mercer.com](mailto:sara.haynes@mercer.com)) or Tricia Iseman ([tricia.iseaman@mercer.com](mailto:tricia.iseaman@mercer.com)) for copies of the appendices.

## Appendix IV: Historical Claim Experience

Historical claim reports are included in electronic form for active and retired employees for the following time periods:

**1/1/17- 12/31/17**

**1/1/18- 12/31/18**

**1/1/19- 8/31/19**

Please contact either Sara Haynes ([sara.haynes@mercer.com](mailto:sara.haynes@mercer.com)) or Tricia Iseman ([tricia.iseaman@mercer.com](mailto:tricia.iseaman@mercer.com)) for copies of the appendices.



Mercer Health & Benefits LLC  
2405 Grand Boulevard, Suite 900  
Kansas City, MO 64108-2519  
+1 816 556 4800