

# District School Board of Pasco County

## Bid Recommendation

<b>RFP Title</b>	Medical Insurance & Pharmacy Benefits Management (PBM) Services		<b>Number of Vendors Notified</b>	377
<b>RFP Number</b>	09-005-AZ		<b>Number of Proposals Distributed</b>	21
<b>Date Solicited</b>	April 2, 2008		<b>Number of Vendors Proposing</b>	12
<b>Date Opened</b>	May 12, 2008		<b>Number of Formal "No Bid" Responses</b>	1
<b>Date Board Presentation</b>	September 2, 2008		<b>Funding Source</b>	84% general funds, balance all other funds
<b>Cost Impact to Board</b>	<b>Additional program cost \$1,825,085 (3.88%) with potential reserve fund \$3,401,630 on 12/31/09 (due to change from full insured to self insured)</b>		<b>Grand Total of Proposal</b>	<b>Medical \$42,754,745 estimated 1<sup>st</sup> year; PBM \$9,604,650 estimated 1<sup>st</sup> year</b>

**Recommendation:** Recommend acceptance of Blue Cross/Blue Shield of Florida (BCBS) as the highest-scoring responsive, responsible proposer for medical benefits. BCBS is the District's incumbent provider under a fully-insured plan; recommend migration to a self-insured plan with BCBS as being more economically advantageous to the District. Recommend acceptance of Medco Inc. as the highest-scoring responsive, responsible proposer for pharmacy benefits management, using a self-insured plan. Acceptance of these two firms will enable the Employee Benefits, Assistance & Risk Management Department to prepare information for calendar year 2009 open enrollment.

**Term of Contract:** This RFP is a five-year contract, renewable annually at the mutual consent of the parties. The first year term with each company is January 1, 2009 – December 31, 2009. BCBS administrative rates are firm in 2009 and 2010; they are capped at maximum increases of 5% in 2011 and 3% in 2012. Medco has guaranteed rebates of \$1,239,625 in 2009 (less administrative fees of 15%), with administrative and dispensing fees guaranteed for three (3) years.

**Notations and Exceptions:** The RFP response from Prescription Solutions was disqualified at the proposal opening for failure to properly execute the signature document. Submissions from two (2) agents, Aon Consulting and Hilb Rogal & Hobbs, were received. After consideration, the Evaluation Committee determined that the majority of the most crucial services being proposed are already provided by either District employees or consultants, and therefore are not required by the District at this time. The RFP responses from the compliant proposers were independently scored by members of the Evaluation Committee noted below, with all scores being totaled and averaged. Interviews with the highest-scoring firms in the categories of fully insured and self insured medical benefits, and fully insured and self insured pharmacy benefits management were conducted on July 7 and 8, 2008. These interviewed firms were asked to submit clarifications and enhancements to their original proposals.

Date/Time: August 26, 2008; 09:35:00

**Notations and Exceptions, continued:**

For the proposed medical plans, an independent auditor took 200 actual claims and repriced them according to information provided by the interviewed companies. An actuary then projected these claims for 2009. This important information, which is considered confidential, was shared with the Evaluation Committee and was factored into their independent scoring of the enhanced proposals (referred to as the “interview scores”). The original scores were added to the interview scores to produce the highest-scoring firms in each category.

The Evaluation Committee analyzed the District’s medical claims for the past five (5) years. It was determined that our claims are reasonably predictable. Even though the District assumes additional risk under a self-insured plan, prudent steps will be taken to mitigate that risk: we will purchase stop-loss insurance to cover any individual claim exceeding \$700,000, yearly audits will take place, and an actuary will monitor claims and estimate premiums. The grand total for medical noted above includes claims, administrative fees, stop loss insurance premiums, and a projected reserve of \$3,401,630, as recommended by the actuary.

On August 14, 2008, information regarding the value of moving to a self-insured medical plan was presented to the full Insurance Committee. At that meeting, the Insurance Committee unanimously accepted the recommendations of the Evaluation Committee as presented herein as the most cost-effective, highest-value choices for the District. Based on the Evaluation Committee’s analysis, the cost differential between medical fully-insured and self-insured options is \$3,277,559; the difference between PBM self-insured options is \$421,278. For the Board’s information, the total cost of the insurance program for 2009 (EAP, opt-out, dental, life, etc.) is expected to cost \$6,885,002, for a total insurance program cost of \$59,244,397 (\$5,132.07 annual cost per employee).

There will be no disruption to employees for medical benefits, as all plans will remain the same. There will be minimal disruption to employees in moving from Walgreen’s Health Initiatives, the District’s current provider, to Medco; all dispensing methods remain the same, and Medco’s accepted cost-containment strategies will have a three (3)-month phase-in period.

**Proposals Evaluated By:**

William Kleinsorge, Director of Finance Services  
Kevin Shibley, Supervisor of Employee Relations  
James Ciadella, USEP Representative  
Cheryl Ganci, Employee Benefits Specialist  
Patricia Howard, Employee Benefits Specialist  
Non-voting chair: Mary Tillman, Director of Employee Benefits, Assistance & Risk Management  
Analysis provided by: Al Waters and Hayden Knowlton, Waters Risk Management

**Proposal Prepared By:**

Arlene Zimney, CPPB, C.P.M., Buyer

**Reviewed and Authorized By:**

Kendra Goodman, CPPB, Purchasing Agent

DISTRICT SCHOOL BOARD OF PASCO COUNTY RFP TABULATION

Date of Opening: May 12, 2008					
<b>Proposal Title: Medical Benefits, Self Insured Option</b>	Aetna Health Inc.	Blue Cross//Blue Shield of Fla.	CIGNA Healthcare	United Healthcare Insurance Co.	
RFP Number: 09-005-AZ	151 Farmington Ave.	4800 Deerwood Campus Pkwy.	3101 W. MLK Blvd., Ste 200	9009 Corporate Lake Drive	
<b>**BOARD MEETING SEPTEMBER 2, 2008**</b>	Hartford, CT 06156	Jacksonville, FL 32246	Tampa, FL 33607	Tampa, FL 33634	
Cost and transparency (max. 25 pts)	16.920	20.950	21.360	17.480	<b>High to low ranking to determine interviewees</b>
Provider network (max. 20 pts)	15.200	19.000	16.000	16.200	
Coverage (max. 20 pts)	17.200	19.600	14.800	17.200	1) Blue Cross/Blue Shield
Service/Customer service (max. 10 pts)	7.600	9.400	8.800	6.200	2) Cigna Healthcare
Wellness/disease management programs (max. 15 pts)	11.250	11.900	9.550	9.250	3) Aetna Health
Reporting services (max. 5 pts)	3.600	4.400	5.000	4.000	4) United Healthcare
References (max. 5 pts)	4.670	4.330	4.310	4.230	
<b>TOTAL TO DETERMINE INTERVIEWEES</b>	<b>76.440</b>	<b>89.580</b>	<b>79.820</b>	74.560	
Interviews (max. 50 pts)	38.800	45.200	34.600		
<b>TOTAL</b>	<b>115.240</b>	<b>134.780</b>	114.420		

DISTRICT SCHOOL BOARD OF PASCO COUNTY RFP TABULATION

Date of Opening: May 12, 2008							
<b>Proposal Title: Pharmacy Benefits, Self Insured Option</b>	Aetna Health Inc.	Blue Cross//Blue Shield of Fla.	Caremark PCS Health, L.P.	CIGNA Healthcare	Express Scripts, Inc.	Medco Health Solutions, Inc.	Walgreens Health Initiatives
RFP Number: 09-005-AZ	151 Farmington Ave.	4800 Deerwood Campus Pkwy.	2211 Sanders Rd.	3101 W. MLK Blvd., Ste 200	One Express Way	100 Parsons Pond Dr.	1411 Lake Cook Rd.
<b>**BOARD MEETING SEPTEMBER 2, 2008**</b>	Hartford, CT 06156	Jacksonville, FL 32246	Northbrook, IL 60062	Tampa, FL 33607	St. Louis, MO 63121	Franklin Lakes, NJ 07417	Deerfield, IL 60015
Cost and transparency (max. 35 pts)	22.640	26.260	24.340	24.160	29.620	25.500	24.820
Provider network (max. 10 pts)	9.800	9.600	9.600	9.800	9.400	9.600	10.000
Coverage accommodation (max. 25 pts)	14.680	16.360	22.440	18.040	17.960	23.400	24.520
Service (max. 25 pts)	15.720	21.600	18.740	18.260	18.020	21.480	22.180
References (max. 5 pts)	4.370	4.330	4.670	4.500	4.330	4.770	4.540
<b>TOTAL TO DETERMINE INTERVIEWEES</b>	67.210	78.150	79.790	74.760	79.330	84.750	86.060
Interviews (max. 50 pts)						46.300	35.30
<b>TOTAL</b>						131.050	121.360

DISTRICT SCHOOL BOARD OF PASCO COUNTY RFP TABULATION

Date of Opening: May 12, 2008	
<b>Proposal Title: Pharmacy Benefits, Self Insured Option</b>	
RFP Number: 09-005-AZ	
<b>**BOARD MEETING SEPTEMBER 2, 2008**</b>	
	<b>High to low ranking to determine interviewees</b>
Cost and transparency (max. 35 pts)	1) Walgreen's Health Init.
	2) Medco Health
Provider network (max. 10 pts)	3) Caremark
	4) Express Scripts
Coverage accommodation (max. 25 pts)	5) Blue Cross/Blue Shield
	6) Cigna Healthcare
Service (max. 25 pts)	7) Aetna
References (max. 5 pts)	
<b>TOTAL TO DETERMINE INTERVIEWEES</b>	
Interviews (max. 50 pts)	
<b>TOTAL</b>	

DISTRICT SCHOOL BOARD OF PASCO COUNTY RFP TABULATION

Date of Opening: May 12, 2008						
<b>Proposal Title: Medical Benefits, Fully Insured Option</b>	Aetna Health Inc.	Blue Cross//Blue Shield of Fla.	CIGNA Healthcare	Humana Inc.	United Healthcare Insurance Co.	
RFP Number: 09-005-AZ	151 Farmington Ave.	4800 Deerwood Campus Pkwy.	3101 W. MLK Blvd., Ste 200	5401 W. Kennedy Blvd., Ste 161	9009 Corporate Lake Drive	
<b>** BOARD MEETING SEPTEMBER 2, 2008**</b>	Hartford, CT 06156	Jacksonville, FL 32246	Tampa, FL 33607	Tampa, FL 33609	Tampa, FL 33634	
Cost and transparency (max. 25 pts)	19.600	19.600	11.400	22.600	15.800	
Provider network (max. 20 pts)	15.200	19.000	15.600	16.400	15.800	<b>High to low ranking to determine interviewees</b>
Coverage (max. 20 pts)	17.200	19.600	15.200	17.600	17.200	
Service/Customer service (max. 10 pts)	7.600	9.400	8.800	7.600	6.000	1) Blue Cross/Blue Shield
Wellness/disease management programs (max. 15 pts)	11.200	11.400	12.000	11.200	9.000	2) Humana**
Reporting services (max. 5 pts)	3.200	4.400	4.800	4.000	3.600	3) Aetna
References (max. 5 pts)	4.670	4.330	4.310	4.330	4.230	4) Cigna Healthcare
						5) United Healthcare
<b>TOTAL TO DETERMINE INTERVIEWEES</b>	<b>78.670</b>	<b>87.730</b>	72.110	83.730	71.630	
** Only available with fully insured pharmacy plan						
Interviews (max. 50 pts)	38.600	45.200				
<b>TOTAL</b>	<b>117.270</b>	<b>132.930</b>				

DISTRICT SCHOOL BOARD OF PASCO COUNTY RFP TABULATION

Date of Opening: May 12, 2008						
<b>Proposal Title: Pharmacy Benefits, Fully Insured Option</b>	Aetna Health Inc.	Blue Cross//Blue Shield of Fla.	CIGNA Healthcare	Humana Inc.	United Healthcare Insurance Co.	
RFP Number: 09-005-AZ	151 Farmington Ave.	4800 Deerwood Campus Pkwy.	3101 W. MLK Blvd., Ste 200	5401 W. Kennedy Blvd., Ste 161	9009 Corporate Lake Drive	
<b>**BOARD MEETING SEPTEMBER 2, 2008**</b>	Hartford, CT 06156	Jacksonville, FL 32246	Tampa, FL 33607	Tampa, FL 33609	Tampa, FL 33634	
Cost and transparency (max. 35 pts)	27.100	33.000	17.800	24.300	13.600	<b>High to low ranking to determine interviewees</b>
Provider network (max. 10 pts)	9.800	9.600	9.800	9.200	10.000	1) Blue Cross/Blue Shield
Coverage accommodation (max. 25 pts)	14.200	18.200	18.600	12.600	22.800	2) Aetna
Service (max. 25 pts)	17.000	22.000	19.000	13.800	18.600	3) Cigna Healthcare
References (max. 5 pts)	4.370	4.330	4.500	4.230	4.230	4) United Healthcare
						5) Humana
<b>TOTAL TO DETERMINE INTERVIEWEES</b>	<b>72.470</b>	<b>87.130</b>	69.700	64.130	69.230	
Interviews (max. 50 pts)	33.600	41.200				
<b>TOTAL</b>	<b>106.070</b>	<b>128.330</b>				