



North Dakota Public Employees Retirement System

Request for Proposal

**Fully Insured Group Medical
and
Prescription Drug Coverage**

October 30, 2014

**Proposals Due:
By 5:00 p.m. CT
November 19, 2014**

Notices regarding the re-issue of the fully insured RFP

All changes to this RFP document and Appendices from the initial RFP released on July 9, 2014 have been noted in Appendix L of this revised RFP.

Any organizations electing to submit a proposal that did not submit a proposal in the initial RFP due September 4, 2014 will be required to submit all required components.

Organizations that did submit a proposal in the initial RFP due September 4, 2014, need only submit proposal content that has been changed from the initial proposal. All changes from initial proposal content submitted on September 4, 2014 must be specifically identified and submitted in Appendix M of this revised RFP.

All organizations submitting proposals are asked to include a transmittal/ executive summary letter that conforms to the following requirements:

An acknowledgement of receipt of the group health RFP specifications and any addenda and a statement that the proposal conforms to the RFP minimum requirements. This letter must include the title and signature of a Duly Authorized Officer of the company. As noted above, any deviations from the specifications must be clearly noted in your proposal. Failure to note deviations may exclude the proposal from further consideration.

Key Information

Objective

North Dakota Public Employees Retirement System (“NDPERS”) is soliciting proposals for the insurance and administration of its employee/retiree medical and prescription drug insurance plan, with a July 1, 2015 effective date. Medical insurance responses are required for the fully-insured financial arrangement as described in this RFP. Proposals will be accepted from insurance companies that are capable of offering a statewide provider network, utilization management, disease management, wellness program and pharmacy benefit manager services along with other related services.

This is the first of two RFP’s relating to the NDPERS group insurance plan. This first RFP, which is being re-solicited, is for a fully insured plan arrangement and is for a six year contract arrangement with renewals each two years (see contract term discussion). A second RFP requesting proposals for self-insured administration was distributed in August 13 and proposals were received on October 10, 2014. The Prescription Drug Plan (“PDP”), however, will have a contract date beginning January 1, 2016 to December 31, 2018.

The PERS Board will determine which funding approach it will implement based on the results of both RFPs.

Background

NDPERS is responsible for the administration of the State of North Dakota’s Retirement, Health, Life, Deferred Compensation, FlexComp, and Retiree Health Credit programs. In addition, cities, counties, schools and other political subdivisions of the state participate at their option. NDPERS also administers three voluntary insurance programs: a group dental, vision, and long-term care program. Approximately 23,000 active employees and 8,000 retirees are eligible to participate in these plans.

NDPERS reserves the right to select the health plan proposals that best fit its needs and the needs of its eligible employees/retirees. NDPERS has retained Deloitte Consulting LLP (“Deloitte Consulting”) to assist with the RFP process.

Currently Blue Cross Blue Shield of North Dakota (“BCBSND”) insures the medical and prescription drug plan under a fully-insured arrangement with some risk sharing provisions.

In determining which bid, if any, will best serve the interests of eligible employees/retirees and the state, the NDPERS and its Board shall give adequate consideration to the following factors:

1. The economy to be affected.
2. The ease of administration.
3. The adequacy of the coverages.
4. The financial position of the carrier, with special emphasis as to its solvency.
5. The reputation of the carrier and any other information that is available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services.

Proposed Timetable

The timeline is provided below for informational purposes. NDPERS reserves the right to change the dates. Every effort will be made to notify vendors of changes to the proposed timeline.

Activity	Date/Time (All Times in CT)
NDPERS publishes Revised Request for Proposal (RFP)	October 30, 2014
Vendor questions (via email) due	November 5, 2014 (5 pm)
NDPERS distributes answers to vendors' questions	November 12, 2014
Proposals due	November 19, 2014 (5 pm)
Vendor interviews (if requested)	November 24 or 25, 2014
Finalist presentations	TBD December 2014
NDPERS notifies finalist of intent to negotiate	TBD December 2014
Contractor and NDPERS complete negotiations	TBD Jan/Feb 2015
Contractor and NDPERS begin implementation	March 2015
Contractor(s) begins providing services	July 1, 2015

RFP Coordinator Contact

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Note:

From the date of issuance until the announcement of the finalist(s), vendors may contact only the RFP Coordinator. All correspondence and questions must be submitted in writing via e-mail to the RFP Coordinator in accordance with the timeline set forth in this RFP. NDPERS personnel are not authorized to discuss this RFP with vendors; doing so may result in disqualification. Vendors may continue to communicate with NDPERS staff regarding other relevant business matters.

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I. Overview of the NDPERS Program

NDPERS

North Dakota Public Employees Retirement System (NDPERS) is a separate agency created under North Dakota state statute, and while subject to state budgetary controls and procedures, as are all state agencies, is not a state agency subject to direct executive control. NDPERS is managed by a Board comprised of seven members:

- Chairman – appointed by the Governor
- Member – appointed by the Attorney General
- Member – elected by retirees
- Members (3) – elected by active employees
- State Health Officer or Designee

Dakota Plan

Currently, NDPERS contracts with Blue Cross/Blue Shield of North Dakota (“BCBSND”) to provide fully-insured health care coverage with a risk sharing agreement. If incurred claims plus expenses are more than premiums during the biennium, 50% of the first \$6,000,000 is refunded to BCBSND. If incurred claims plus expenses are less than premiums plus interest during the biennium, BCBSND retains 50% of the first \$3,000,000 of surplus and any remaining funds are returned to NDPERS. Prior to July 1, 1989, the program was self-insured. The plans provided pursuant to this fully funded arrangement are:

- PPO/Basic – Grandfathered plan
- PPO/Basic – Non grandfathered plan
- HDHP/HSA Plan – Non grandfathered
- Dakota Retiree Plan including Prescription Drug Program (PDP)

PPO

PPO stands for “Preferred Provider Organization” and is a group of hospitals, clinics, and physicians who have agreed to discount their services to members of NDPERS. Members have “freedom of choice” in selecting which physician or medical facility to use for services. Because PPO health care providers charge less for medical care services, cost savings are passed on to the members by way of reduced cost sharing amounts. The PPO discount NDPERS receives is in addition to the BCBSND negotiated reimbursement schedule with participating professional service providers in North Dakota. The present NDPERS PPO network discounts are not transferable and would need to re-negotiated by a new vendor.

Basic Plan

If a PPO health care provider is not available in the member’s area, or if the member chooses or is referred to a health care provider not participating in the Preferred Provider Organization, the member will receive the Basic Plan benefits.

High Deductible Health Plan (HDHP)

In addition to the PPO / Basic Plans, NDPERS offers eligible participants the option to enroll in a

high-deductible health plan (HDHP) through BCBSND, with a Health Savings Account (HSA) administered by Discovery Benefits. The HDHP/HSA option has a higher annual deductible and larger out-of-pocket cost for medical services. However, the higher out-of-pocket costs are partially offset by an employer contribution to the HSA. For the 7/1/13-6/30/14 plan year the NDPERS annual HSA contributions are: \$728.88 for single coverage and \$1,764.00 for family coverage. NDPERS members enrolled in the HDHP/HSA options are eligible to participate in BCBSND's HealthyBlue and Health Club Credit wellness programs, and may earn the same rewards available to NDPERS members enrolled in the Dakota PPO/Basic plan.

Coverage Rules: When Coverage Begins & Eligibility

An eligible employee is entitled to coverage the first of the month following the month of employment, provided the employee submits an application for coverage within the first 31 days of employment. Each eligible employee may elect to enroll his/her eligible dependents.

Eligible employees include:

- State employees or employees of participating Political Subdivisions first employed prior to August 1, 2013 who are at least eighteen (18) years of age and whose services are not limited in duration, who are filling an approved and regularly funded position, and who are employed at least 17 and one-half hours per week and at least five months each year;
- State employees first employed after August 1, 2013, who are employed at least twenty (20) hours per week and at least twenty weeks each year of employment are eligible to receive benefits; and
- A temporary employee employed before August 1, 2007, may elect to participate in the uniform group insurance program by completing the necessary enrollment forms and qualifying under the medical underwriting requirements of the program if such election is made prior to and they are participating in the uniform group insurance program as of January 1, 2015. A temporary employee employed on or after August 1, 2007, is only eligible to participate in the uniform group insurance program if the employee is employed at least twenty hours per week and at least twenty weeks each year of employment and elected to participate prior to, and is participating in the uniform group insurance program as of January 1, 2015. A temporary employee first employed on or after January 1, 2015, or any temporary employee not participating in the uniform group insurance program as of January 1, 2015, is eligible to participate in the uniform group insurance program only if the employee meets the definition of a full-time employee under section 4980H(c)(4) of the Internal Revenue Code [26 U.S.C. 4980H(c)(4)].
- An eligible dependent includes the eligible employee's spouse under a legally existing marriage between persons of the opposite sex, the employee's or the employee's living, covered spouse's children under the age of 26 years. Children are considered under age 26 until the end of the month in which the child becomes 26 years of age. The term child or children includes:

1. Children physically placed with the employee for adoption or whom the employee or the employee's living, covered spouse has legally adopted.
2. Children living with the employee for whom the employee or the employee's living, covered spouse has been appointed legal guardian by court order.
3. The employee's grandchildren or those of the employee's living, covered spouse if: (a) the parent of the grandchild is unmarried, (b) the parent of the grandchild is covered under this Benefit Plan and (c) both the parent and the grandchild are primarily dependent on the employee for support. If a lapse in coverage occurs due to ineligibility of the parent under this Benefit Plan, the grandchild cannot be reenrolled unless the employee has been appointed legal guardian.
4. Children for whom the employee or the employee's living, covered spouse are required by court order to provide health benefits.
5. Children beyond the age of 26 who are incapable of self-support because of intellectual disability or physical handicap that began before the child attained age 26 and who are primarily dependent on the employee or the employee's spouse for support. Coverage for such a disabled child will continue for as long as the child remains unmarried, disabled and the employee's dependent for federal income tax purposes. The employee may be asked periodically to provide evidence satisfactory to BCBSND of these disabilities.

Retiree Eligibility

Retirees or surviving spouses who are under age 65 and are receiving a retirement allowance from the Public Employees Retirement System, the Highway Patrol Retirement System, the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF), the Job Service Retirement Plan, the Teachers' Fund for Retirement (TFFR), or retirees who have accepted a retirement allowance from a participating political subdivision's retirement plan are eligible for benefits. However beginning July 1, 2015 all new Pre-Medicare retirees after that date will only be eligible for COBRA coverage. The pre-Medicare plan will no longer be available to retirees after that date. Pre-Medicare retirees who retire before that date will continue to be eligible and may participate.

The Non-Medicare retiree single rate is 150% of the active member single rate; the rate for a non-Medicare retiree plus one is twice the non-Medicare single rate, and the rate for a non-Medicare retiree plus two or more dependents is two and one-half times the non-Medicare retiree single rate.

Detailed information regarding current eligibility for dependents for the Dakota Plan can be found in the 2013-2014 Summary of Benefits at <http://www.nd.gov/ndpers/forms-and-publications/publications/grp-hlth-spd-actives.pdf>.

Dakota Retiree Plan

Employees who retire have the option to continue insurance coverage through NDPERS. The Dakota Retiree Plan provides health care coverage as a secondary payer to Medicare. Coverage for Medicare retirees is different than the coverage for non-Medicare retirees. The PERS Medicare retiree plan is identical to a Medicare supplement Plan F. Each eligible

retiree may elect to enroll his/her eligible dependents as described in the *Eligibility* section above. The prescription drug benefit for retirees is provided through a group Prescription Drug Program (PDP) on a calendar year basis.

Detailed information regarding current eligibility for dependents for the Dakota Plan can be found in the 2013-2014 Summary of Benefits at <http://www.nd.gov/ndpers/forms-and-publications/publications/grp-hlth-spd-retirees.pdf>

Pharmacy Benefit Manager

Currently, the prescription drug plan coverage for active and non-Medicare retirees is bundled with the medical plan provided by BCBSND who provides the core pharmacy benefit functions and services including claims processing, pharmacy network development/maintenance, drug formulary design, clinical program management, mail service, and specialty pharmacy except the Rx plan for Medicare eligible members. The plan for Medicare eligible members is identical in terms of plan provisions (out of pocket expenses) except this coverage is provided separately through a qualified PDP. Consequently, differences do exist in terms of the formulary and other such items. The PDP contract is on a calendar year basis.

Data Warehouse

NDPERS maintains a health care data warehouse. The medical records and related data of the employees, retirees, and dependents, obtained as the result of enrollment in the uniform group insurance program, are the property of the Public Employees Retirement System (Century Code Statute 54-52.1-12). Currently the health plan provides raw data, including detailed claims and enrollment data sets, based on a mutually agreed upon format no less than monthly for the data warehouse repository. All administrators are expected to submit claims and enrollment data, in an agreed upon format.

Reporting Requirements

All monthly reports should be done for each plan offered (e.g. Grandfathered PPO, Non-Grandfathered PPO, HDHP, etc.) and should also roll up to an annual, aggregate report. NDPERS requires vendors to provide reporting which includes, but is not limited to the following.

1. Monthly enrollment counts by plan. (Exhibit 18)
2. Yearly breakdown, by plan of membership, high dollar cases, claims, medical charges submitted, ineligible charges, provider discounts, COB savings, copayments, deductibles and coinsurance paid by participants and final paid claims. (Exhibit 5)
3. Annual policy accounting statement including claim reserves.
4. Quarterly summary to include financial/trend analysis, membership and health utilization summary, high dollar claims, RX and specialty spending and payment trend, health management and wellness program key indicators, performance standards and guarantees measures and accounting of completed and ongoing activities. (Exhibit 4)

5. Monthly experience report of premium, administration, interest, paid claims, Incurred But Not Reported (IBNR), refunds, reserves, and payments paid to date and projected through biennium.

Each vendor must:

1. Provide NDPERS with claims specific data on a monthly basis on compact disc or other agreed upon medium. This information shall be in a format acceptable to NDPERS and subject to all federal and state laws on confidentiality and open records.
2. Carry over any deductible and or coinsurance amounts incurred from January 1 to June 30, of the prior contract period.
3. Be able to provide upon request annual accounting of HSA accounts, including the following information:
 - a. Year end balances
 - b. Number (and value) of eligible expense withdrawals
 - c. Number (and value) of non-eligible expense withdrawals.
4. Provide Biennial close-out report

In addition to the above plan wide reporting, the successful vendor will provide plan specific reporting as requested for the following:

- PPO/Basic – grandfathered plan
- PPO/Basic – Non grandfathered plan
- HDHP/HSA Plan – Non grandfathered
- Dakota Retiree Plan including PDP

Also please note NDCC 54-52.1-12 which applies to all information the vendors acquire relating to NDPERS.

Funding

Currently NDPERS contracts with BCBSND to provide its health care coverage on a fully-insured basis with a risk sharing arrangement. BCBSND maintains full liability for incurred claims in excess of paid premium (no deficit carryover) subject to a risk corridor. All funds in the account get interest paid each month based upon the yield to maturity of US Treasury Notes maturing 24 months hence. Contractor shall identify the rate they propose to use in their proposal.

Risk Sharing Arrangements

A risk sharing arrangement is currently in place with BCBSND. If incurred claims plus expenses are more than premiums during the biennium, 50% of the first \$6,000,000 is refunded to BCBSND. If incurred claims plus expenses are less than premiums plus interest during the biennium, BCBSND retains 50% of the first \$3,000,000 of surplus. Any additional surplus is returned to NDPERS with interest. The interest rate shall be based on the US Treasury Notes quoted by the Wall Street Journal. NDPERS is requesting a similar or enhanced risk share arrangement for all quotes.

Performance Standards and Guarantees

The current health plan administrators adhere to agreed-upon performance standards and guarantees with a financial incentive/forfeiture component that is negotiated each biennium as part of the renewal process. The settlement/payment for such incentive/forfeiture is included in the annual settlement process. See appendix H for a copy of these performance standards and guarantees. You are required to offer your performance standards and guarantees for the board's consideration using appendix H. It is a priority for the board to have a comprehensive set of standards and guarantees relating to this plan.

Current Annual Settlement and Reconciliation

Within 31 days of 12 months after the end of the biennium NDPERS requires an accounting summary which will result in an initial settlement of the biennium agreement. Within 31 days of 24 months after the end of the biennium BCBSND provides an accounting summary which will result in a final settlement of the biennium agreement.

Current and Desired Plan Designs

In addition to matching the current coverage provisions, as noted below, the successful vendor shall include adding any federally required coverage provisions on or after July 1, 2015. For details, refer to the following:

Dakota Plan:

<http://www.nd.gov/ndpers/insurance-plans/group-health.html>

PPO/Basic – Grandfathered Plan

PPO/Basic – Non Grandfathered Plan

HDHP/HSA – Non Grandfathered Plan

Please note NDPERS is requesting that the proposer also provide a HSA product as part of this proposal for the HDHP product

Dakota Retiree Plan - <http://www.nd.gov/ndpers/forms-and-publications/publications/grp-hlth-spd-retirees.pdf>

PDP coverage for retirees - <http://www.nd.gov/ndpers/forms-and-publications/publications/medicare-benefits-summary-current.pdf>

Member Access

Members have “freedom of choice” in selecting which physician or medical facility to use for services. PPO benefits are currently available in the state of North Dakota, unless the medical facility provides services at a satellite location in another state. If a PPO health care provider is not available in the member's area, or if the member chooses or is referred to a health care provider not participating in the PPO, the member will receive the Basic Plan benefits. The copayments, annual deductibles and coinsurance amounts vary between the PPO Plan and Basic Plan.

Directory

The current provider directory is available through the BCBSND website at <http://provider.bcbsnd.com>. Health plan vendors must be able to reasonably match the existing provider networks to provide appropriate access on a statewide basis.

Disease and Other Health Management Programs

Currently, BCBSND provides disease management and health improvement programs for eligible members. The list below includes most of the programs currently offered:

- Coronary Heart Disease
- Diabetes
- Hypertension
- Immunizations
- ADHD
- Colorectal Cancer
- Asthma

BCBSND and most major Health Systems collaborate to offer a program called the Advanced Medical Home Program or MediQHome.

Vendors are expected to offer comprehensive, high quality case/disease management programs, including rare and chronic diseases, for the plans offered to both actives and retirees. Proposed programs and vendors shall be identified in this RFP.

Wellness Programs

Partnering with BCBSND, NDPERS participates in and offers a variety of wellness programs for eligible members and employers. The list below provides more details on some of the programs currently offered:

Employee Wellness Incentives:

- Covered employees and/or spouses are each eligible to receive up to \$250 per year through participation. All covered retirees and/or spouses are also eligible for this incentive. Each participant must complete an annual health risk assessment through HealthyBlue, the online wellness tool. Two programs are available to achieve the \$250 benefit. The programs are: HealthyBlue Online Wellness Tool – participants utilize the online wellness tool to take steps towards better health goals, including tracking activity and performing challenges to receive points for their participation. The points are then redeemed towards various gift cards or fitness related prizes - see Exhibit 1.
- Health Club Credit – participants who utilize a health club facility 12 days per month will be reimbursed \$20 per month towards their membership fee - see Exhibit 2.

Employer Wellness Initiatives:

Employer Based Wellness Program & Wellness Funding Program:

- The employer based wellness program provides that employers who do not have an on site wellness program pay premiums that are 1% higher. The program is given its authority in NDCC 54-52.1-14. The goals for the program are to:
 - have 100% of our employers supporting a wellness message at their worksite
 - have our members get a greater understanding of wellness
 - create a better quality of life for our membership
- Employers that participate in the NDPERS Group Health Insurance Plan have the opportunity to enroll in the employer based wellness program on an annual basis. For the wellness year July 1, 2014 to June 30, 2015, there are 192 of 273 employers participating. The wellness plan year is from July 1 to June 30. See the following for more details:

<http://www.nd.gov/ndpers/insurance-plans/docs/wellness-forum/employer-based-wellness-overview.pdf>

Wellness Benefit Funding Program:

The NDPERS Wellness Benefit Funding Program is available to employer groups that participate in the NDPERS group health plan and have been approved for the Employer Based Wellness Discount Program. The Wellness Funding Program, in conjunction with the Wellness Discount Program, encourages employers to commit to promoting wellness planning and programming at their work sites. The funding program provides funding assistance to employers that develop and sponsor on-site wellness programs for their employees. Benefits are available to eligible employers once each fiscal year of the biennium. For details, visit <http://www.nd.gov/ndpers/insurance-plans/docs/wellness-forum/wellness-program-funding-overview.pdf>

Additional Wellness Related Services & Programs:

- **Wellness Consultant** – a dedicated staff member to assist employees and employers with their wellness initiatives. Examples of services provided include:

To members:

- Assist with online wellness tool issues and questions.
- Develops various challenges for participants to do through online wellness tool.

To employers:

- Conducts monthly coordinator calls with employer wellness coordinators. – see Exhibit 15
- Prepares and distributes a monthly wellness newsletter for coordinators. – see Exhibit 14
- Coordinates monthly wellness star designee on online wellness tool. – see Exhibit 13
- Conducts coordinator workshops each summer across state for wellness coordinators to attend. – see Exhibit 19

Coordinates the awarding of up to 6000 points on the online tool for an employee's participation in the employer sponsored wellness program activities. – see Exhibit 11. **Member Education Presentations on Wellness Topics** – current vendor provides two member education consultants that travel statewide to worksites and conduct presentations for employees on various wellness related topics. There are currently 11 different topics provided. See Exhibit 16 for an example.

Added Value Programs: (See exhibit 10 for other details)

- Tobacco Cessation – All current state employees and their dependents age 18 and older who have coverage are eligible to participate. The program provides telephone counseling and up to \$700 in expenses including up to \$200 for a participant's office visit and co-pays and \$500 every six months for FDA-approved medications. See the following website for further details: <https://www.bcbsnd.com/search-preview/-/ndpers-tobacco-cessation>. This is a collaboration between the current vendor, the ND Department of Health and NDPERS.
- Prenatal Plus Program – a program designed to identify women at higher risk for premature birth and to prevent the incidence of preterm birth. See <http://www.nd.gov/ndpers/forms-and-publications/publications/grp-hlth-spd-actives.pdf#page=35> for details.
- Diabetes Management – this program is offered to covered members that are diabetic. The program is coordinated with the ND Pharmacy Association. See <http://www.aboutthepatient.net/patients/diabetes-info/ndpers-program-info/> for details.

Other Administrative Services – See Exhibit 10 for details

The successful vendor will also need to perform the following administrative services:

- Make payments for the NDPERS Tobacco Cessation Program <https://www.bcbsnd.com/search-preview/-/ndpers-tobacco-cessation2>. Make payment for the NDPERS Diabetes Program . See <http://www.aboutthepatient.net/patients/diabetes-info/ndpers-program-info/> for details.
- Make payments for the NDPERS Wellness Funding Program. – see <http://www.nd.gov/ndpers/insurance-plans/docs/wellness-forum/wellness-program-funding-overview.pdf> for details.

NDPERS will submit enrollment, billing and premium remittance via a centralized electronic system. NDPERS will collect enrollment/eligibility information which will be provided to the successful contractor on a data file that follows the HIPAA 834 file specifications. Premium payment information will be provided on a data file that follows the HIPAA 820 file specifications. Files will be transmitted using a secure file transmission process. The successful contractor must be able to receive this data in that format and media. Premiums will be eligible for salary reduction on a pre-tax basis, through IRC Section 125.

Employee Assistance Program (EAP)

The mission of the Employee Assistance Program (EAP) is to provide confidential, accessible counseling and referral services to individual employees in order to restore and strengthen the health and productivity of employees and the workplace. The EAP is available to employees and their immediate family members. For more information regarding the current EAP, refer to the website: <http://www.nd.gov/ndpers/eap/index.html>

The selected vendor(s) are expected to cooperate as needed to ensure seamless administration and member service. NDPERS is not seeking proposals for this service as part of this RFP.

COBRA Administration

NDPERS provides COBRA continuation for terminated/retired employees in compliance with federal regulations. NDPERS administers this program. The selected vendor(s) are expected to cooperate as needed to ensure seamless administration and member service. NDPERS is not seeking proposals for this service as part of this RFP.

Workers' Compensation Program

If benefits or compensation are available, in whole or in part, under provisions of a state workers' compensation act, laws of the United States or any state or political subdivision thereof, the benefits under the Dakota Plan will be reduced by and coordinated with such benefits or compensation available.

Conversion

The 2014 ACA environment has significantly changed how conversion works. There is no longer a specific conversion product, but there is still a conversion privilege used to purchase an individual metallic plan. This conversion privilege impacts what effective date a member can sign up once employment with NDPERS ends and ensures continuous coverage for members that apply within required timeframes. Administration of the conversion privilege shall comply with any applicable federal or state law or regulation. The vendor is expected to administer all notices and transactions, including billing (where applicable), with respect to this service.

Out of Area Coverage

If a member receives care from a non-participating health care provider within the state of North Dakota, benefit payments are reduced by a certain percentage and the member is responsible for the payment reduction. If a member receives care from a non-participating health care provider outside the state of North Dakota, the allowance for covered services will be an amount within a general range of payments made and judged to be reasonable by BCBSND. The benefits available under the Dakota Plan and Dakota Retiree Plan are also available to

members traveling or living outside of the United States (subject to certain requirements such as preauthorization and prior approval). Detailed information regarding eligibility and out of area benefit levels can be found in the 2013-2014 Summary of Benefits at <http://www.nd.gov/ndpers/forms-and-publications/publications/grp-hlth-spd-actives.pdf>.

Open Enrollment

Dakota Plan annual open enrollment typically takes place in October/November of each year. Employees may enroll in coverage or make changes in coverage during this period. Annual open enrollment is not applicable to Non-Medicare retirees.

Current and Historical Monthly Rates and Employee Contributions

The contributions for single or family coverage for state employees are currently paid at 100% by the State. Please note that for the state, a single composite rate is used instead of the single/family rate. The contributions for employees of participating political subdivisions are at the discretion of the subdivision and subject to the minimum contribution requirements of BCBSND. The contributions for temporary employees are either at their own expense or their employer may pay any portion of the premium subject to its budget authority. Effective January 1, 2015, the following applies:

In the case of a temporary employee who is an applicable taxpayer as defined in section 36B(c)(1)(A) of the Internal Revenue Code [26 U.S.C. 36B(c)(1)(A)], the temporary employee's required contribution for medical and hospital benefits self-only coverage may not exceed the maximum employee required contribution specified under section 36B(c)(2)(C) of the Internal Revenue Code [26 U.S.C. 36B(c)(2)(C)], and the employer shall pay any difference between the maximum employee required contribution for medical and hospital benefits for self-only coverage and the cost of the premiums in effect for this coverage.

The chart below shows the current total monthly rates for NDPERS members:

Dakota Plan		Single	Family	Single		Family
Enrolled Prior to July 1, 2013						
State Program	Grandfathered Plan			High Deductible Health Plan		
July 1, 2013 – June 30, 2015	Active	\$981.68		Active	\$981.68	
July 1, 2013 – June 30, 2015	COBRA/Part-Time/Temporary/LOA	\$472.74	\$1,139.34	COBRA/Part-Time/Temporary/LOA	\$412.00	\$992.34
Political Subdivision	Grandfathered Plan			NonGrandfathered Plan		
July 1, 2013 – June 30, 2015	Active/COBRA	\$505.06	\$1,220.22	Active/COBRA	\$512.74	\$1,238.76
Non Medicare Retirees	Grandfathered Plan					
July 1, 2013 – June 30, 2015	Non-Medicare Retirees	\$709.10	\$1,418.20			
	Family 3+	\$1,772.74				
Enrolled On or After July 1, 2013						
Political Subdivision	Grandfathered Plan			NonGrandfathered Plan		
July 1, 2013 – June 30, 2014	Active/COBRA	\$501.00	\$1,210.80	Active/COBRA	\$512.14	\$1,237.72
July 1, 2014 – June 30, 2015	Active/COBRA	\$529.28	\$1,279.40	Active/COBRA	\$541.06	\$1,307.84
Dakota Retiree Plan		Single	Family			
Enrolled Prior to July 1, 2013						
July 1, 2013 – June 30, 2015	Medicare Eligible	\$221.24	\$439.72			
	One Medicare/One Non-Medicare	\$609.40				
Enrolled On or After July 1, 2013						
July 1, 2013 – June 30, 2014	Medicare Eligible	\$222.16	\$441.50			
	One Medicare/One Non-Medicare	\$573.38				
July 1, 2014 – June 30, 2015	Medicare Eligible	\$227.00	\$451.22			
	One Medicare/One Non-Medicare	\$636.24				

Note: The retiree plan rates are a composite of the PDP premiums and medical premiums.

Age/Gender Statistics

Appendix E – Item 1 displays a breakdown of the member counts by age and gender for the period May 2014.

Contract Count

Appendix E – Item 2 displays a breakdown of the contract counts by month and cost category for the period of 1/2011 – 5/2014.

Member Count

Appendix E – Item 3 displays a breakdown of the member counts by month and cost category for the period of 1/2011 – 5/2014.

Claims Volume

Appendix E – Item 4 displays a breakdown of the total claims transactions by month and cost category for the period of 1/2011 – 5/2014.

Claims Dollars

Appendix E – Item 5 displays a breakdown of the total claims plan paid dollars by month and cost category for the period of 1/2011 – 5/2014.

Large Claim History

Appendix E – Item 6 displays a high level summary of unique members with plan paid dollars in excess of \$100,000 for the period of 7/1/12 – 6/30/13 and 7/1/13 – 5/30/14.

Contracts by Zip Code

Appendix E – Item 7 displays a breakdown of the contract counts by residence zip code for the period May 2014.

II. RFP Objectives and Vendor Responsibilities

RFP Objectives

North Dakota Public Employees Retirement System (“NDPERS”) is soliciting proposals for the insurance and administration of its employee medical and prescription drug insurance plan, with a July 1, 2015 effective date. Medical insurance responses are required for the fully-insured financial arrangement as described in this RFP. Proposals will be accepted for insurance companies that are capable of offering a statewide provider network, utilization management, disease management, wellness program, pharmacy benefit manager services along with other related services. In addition, the successful vendor will provide an HSA product for the HDHP. Approximately 23,000 active employees and 8,000 retirees are eligible to participate in these plans. Total membership in the plan is approximately 65,000 individuals.

On August 13th, a separate RFP requesting self-insured administration of the same plans and programs was distributed. Proposals were received on October 10, 2014. In order for a self-insured arrangement to be elected (NDCC 54-52.1-04.3), it must be determined to be less costly than the lowest bid submitted by a carrier for underwriting the plan with equivalent contract benefits on a fully insured basis. Based upon this legislative direction the Board is issuing this fully insured plan RFP and will be reviewing those responses first to determine which fully insured bid to compare to the self-insured bids when submitted.

Requested Bids

Revised Fully Insured (This RFP)

- All services
- All services except pharmacy

Note: Fully insured PDP bid and administration of Member Rebate Accounts (MRA) under the pharmacy plan are optional

Self-insured (2nd RFP)

- All services
- Pharmacy only

The contract will be for a six year term with two year renewals, beginning July 1, 2015 through June 30, 2017.

NDPERS is interested in providing high quality, comprehensive and affordable health care to all of its employees and their dependents. The intent of this RFP is to identify and evaluate the proposals that meet the minimum requirements as defined, and select one vendor that will support the program goals and objectives. Current goals and objectives include, but are not limited to, the following:

- **Competitive Overall Cost** – NDPERS intends to continue to provide its employees and retirees with comprehensive health care that is affordable and competitive. NDPERS is especially interested in stabilizing or controlling costs and increases to

- both the employer and employees. To accomplish this, it is interested in competitive administrative and program fees and competitive provider reimbursement arrangements.
- **Transparent PBM.** PERS is interested in evaluating financial arrangements based on the traditional approach to PBM pricing and pricing under a transparent arrangement. “Traditional” financial proposals should include guaranteed effective rate discounts, as well as specific fees and guaranteed rebate dollar amounts. “Transparency” for purposes of this Request for Proposal is defined as a full pass through to PERS of all monies paid to the PBM arising from all contracted arrangements as well as elimination of spread pricing. When answering questions and completing exhibits related to your financial proposal, please indicate if your answer would differ under a transparent or a traditional pricing arrangement. PERS will give preference to transparent proposals.

 - **Matching of existing coverage and arrangement.** NDPERS is interested in matching the existing coverage (<http://www.nd.gov/ndpers/forms-and-publications/publications/grp-hlth-spd-actives.pdf>), programs, and financial arrangements for six years, subject to two year renewals including having a PDP (optional) and an HSA . The PERS Board will determine whether and to what extent any proposals submitted adequately match the existing coverage and programs that best fit its needs and the needs of its eligible employees/retirees. In addition, NDPERS is requesting the effect on premiums for the following benefit plan changes:
 - Annual Premium Reductions to change deductible from \$400 single/\$1,200 family to \$450 single/\$1,350 family.
 - Annual Premium Reductions to change deductible from \$400 single/\$1,200 family to \$500 single/\$1,500 family
 - Annual Premium Reductions to change coinsurance maximum from \$750/\$1,500 to \$900/\$1,800 in network and \$1,250/\$2,500 to \$1,500/\$3,000 out of network
 - Annual Premium Reductions to change coinsurance maximum from \$750/\$1,500 to \$1,050/\$2,100 in network and \$1,250/\$2,500 to \$1,750/\$3,500 out of network
 - Annual Premium Reduction for a \$5 increase in office visit copay
 - Annual Premium Reduction for a \$10 increase in office visit copay
 - Annual Premium Reduction for a \$10 increase in emergency room copay.
 - Annual Premium Reduction for a \$25 increase in emergency room copay
 - Annual Premium Reductions to change Rx formulary Generic copay from \$5 to \$10 copay
 - Annual Premium Reductions to change Rx formulary Generic copay from \$5 to \$7.50 copay

- Annual Premium Reductions to change Rx Formulary Brand copay from \$20 to \$25 copay
- Annual Premium Reductions to change Rx Formulary Brand copay from \$20 to \$22.50 copay
- Annual Premium Reductions to change Rx Non-Formulary copay from \$25 to \$30 copay
- Annual Premium Reductions to change Rx Non-Formulary copay from \$25 to \$27.50 copay
- Annual Premium Reductions to change Rx Formulary coinsurance maximum from \$1,000 to \$1,200.
- Annual Premium Reductions to change Rx Formulary coinsurance maximum from \$1,000 to \$1,500
- Annual Premium Increases to provide coverage for colonoscopy pursuant to the appropriate national standards
- **Comprehensive, Statewide Provider Network** – NDPERS is interested in the following:
 - Broad network in terms of the number (%), breadth, quality and location of network providers, with the goal of matching as close as possible the current provider networks and geographic access.
 - Limited doctor/patient disruption – NDPERS is interested in limiting the disruption employees may experience in the event of a change in vendors. (see Appendix I.)
 - Access to preferred providers outside the local geographic service area (national).
 - Ability of the vendor to negotiate NDPERS-specific contracts.
 - The ability to match or exceed existing discount levels
 - Commitment to pay for performance and other cost and quality initiatives.
- **Plan Design** – with respect to plan options and design, NDPERS is interested in:
 - Confirming the vendor’s previous experience with and ability to administer the current plan designs.
 - Continuing to provide employees with choice and flexibility at an affordable cost.
 - Ability to administer existing Medicare Part D Group PDP plan (Optional).
- **Disease and Other Care Management Programs** – NDPERS wishes to continue to offer assertive disease management, care management and care support programs

as part of the overall health care program, and is interested in exploring innovative, positive incentives for participation in these programs. Vendors must demonstrate their ability to report and provide meaningful, interpretive data to better support the disease and other care management programs.

- **Health Improvement, Education and Wellness Programs** – NDPERS is interested in partnering with its vendors to offer the same or similar program. Our existing program also links to the NDPERS employer based wellness program and this should also be supported. Please refer [to http://www.nd.gov/ndpers/insurance-plans/employer-based-wellness.html](http://www.nd.gov/ndpers/insurance-plans/employer-based-wellness.html) for details on this program. NDPERS also wishes to maintain a dedicated wellness staff member with the successful vendor who will work with our worksite wellness coordinators. The successful vendor must provide this resource.
- **Retiree Coverage** – provide the same levels of coverage to our Medicare retirees (PDP optional).

Vendor Responsibilities

The selected vendor must demonstrate the ability to develop and manage a health care provider network, provide claims processing services, utilization management, medical management, disease management, wellness program, dedicated account service and support, dedicated member/customer service, data/management reporting, billing, and other administrative services. Vendors should also adjudicate and resolve Medicare Secondary Payer demand claims from the Center for Medicare and Medicaid Services (CMS) in a timely manner and reconcile Medicare D eligibility and premium discrepancies. (See Exhibit 8)

In addition, vendors are expected to conduct ongoing performance review meetings with NDPERS regarding plan financial performance, provider contracting issues, progress related to network goals and new network development, patient satisfaction, new or emerging legal issues, and other relevant and timely operational issues that may affect the plan. Vendors are to identify actions to enhance that performance.

Additional details regarding expected health plan administrator duties can be found in Appendix A – Existing Administrative Service Agreement of this RFP. Vendors must review this section carefully to identify potential deviations and exceptions. As noted throughout the RFP, vendors are required to list all exceptions and suggest proposed alternative contract language in Appendix F and submit this information with your proposal. Failure to provide this may eliminate your proposal from consideration.

The proposed effective date of the program is July 1, 2015, except the PDP, that effective date is January 1, 2016. Vendors will have the opportunity to demonstrate capabilities in these areas by responding to the questionnaire provided in Appendix C of this RFP and potentially with additional finalist questions and presentations.

III. Proposal Content

This section describes minimum requirements, unique content requirements, and outlines general conditions and requirements that are not specifically addressed in the sample contract/ASA. Review the general conditions and requirements carefully, and include any deviations and exceptions to these with your submission as described in this section and elsewhere in the RFP. Also refer to Section IV., Proposal Submission, for instructions and additional information regarding proposal format and content.

Required Forms

The following forms can be found in Appendix B, Response Template, of this RFP.

1. Face Sheet – This is included in Appendix B, Item 1.
2. Minimum Requirements for Administrative Services Checklist – This is included in Appendix B, Item 2.
3. Affidavit of Non-collusion – Each responder must complete the Affidavit of Non-collusion form and include it with the response. This is included in Appendix B, Item 3.
4. Conflicts of Interest list. Responder must provide a list of all entities with which it has relationships that create, or appear to create, a conflict of interest with the work that is contemplated in this Request for Proposals. The list should indicate the name of the entity, the relationship, and a discussion of the conflict. This is included in Appendix B, Item 4.
5. Compliance with Federal and State Laws Form – Responder must provide certification to NDPERS that they comply or if notified will comply with applicable Federal and State laws. This is included in Appendix B, Item 5.
6. Location of Service Disclosure Certification. Proposers must certify the location where services to be provided will be performed, and agree that the location will not change during the course of the contract without prior written approval from NDPERS. This is included in Appendix B, Item 6.

Unique Content Requirements

1. Questionnaire - This is included in Appendix C.
2. Cost proposal - This is included in Appendix D. **(Revised)**
3. Deviations and suggested alternatives to sample contract/ASA – This is included in Appendix F, Item F1.

Responders should review in detail the standard contract terms and conditions provided in the sample Administrative Agreement in preparing their responses. A sample NDPERS Financial and Administrative Services Agreement (ASA) is attached for your reference in Appendix A. Any final contract will include, but not be limited to, the

elements in the sample contract. Vendors should note that much of the language reflected in the contract is required by State statute and therefore is not negotiable.

If you take exception to any of the terms, conditions or language in the sample ASA, you must indicate those exceptions and suggest alternative language in your response to the RFP by submitting Appendix F and a redline version of the generic contract language (pertaining primarily to the narrative rather than the financial terms and provisions); certain exceptions may result in your proposal being disqualified from further review and evaluation. Only those exceptions indicated in your response to the RFP will be available for discussion or negotiation.

4. Deviations to other RFP requirements. This is included in Appendix F, Item F2.
5. Summary/checklist of specific items identified as trade secret.

All materials submitted in response to this RFP will become property of NDPERS and will become public record, after the evaluation process is completed. Completion of the evaluation process occurs when the government entity has completed negotiating the contract with the selected vendor. If the Responder submits information in response to this RFP that it believes to be propriety or trade secret materials the Responder must:

- a. clearly mark each provision that respondent believes to be proprietary or trade secret materials in its response at the time the response is submitted,
- b. include a statement with its response justifying the proprietary or trade secret designation for each provision.

Responder is put on notice that, except for information that is confidential or otherwise exempt from the North Dakota open records law (NDCC § 44-04), NDPERS must disclose to the public upon request any records it receives from Responder. If NDPERS receives an open records request for information that has been identified by respondent as proprietary or trade secret, NDPERS will review the above information submitted by Responder and may also contact Responder for additional input regarding the nature of those records, but NDPERS will be solely responsible for making the ultimate determination of whether the records are open or exempt. All information that has not been clearly identified by respondent as being proprietary or trade secret will be deemed to be open record. NDPERS will not consider the prices submitted by the Responder to be proprietary or trade secret materials.

6. Appendix H: Performance Standards and Guarantees
7. Appendix I: Disruption Analysis
8. Appendix J: Fee Schedule Analysis
9. Appendix K: Suggested Changes to Plan Design, Programs and Services
10. Appendix M. Listing of Changes to September 4, 2014 Proposal Content Modified in Re-Bid due November 19 (New)

1. Proposal Contents

By submission of a proposal, Responder warrants that the information provided is true, correct and reliable for purposes of evaluation for potential contract award. The submission of inaccurate or misleading information may be grounds for disqualification from the award as well as subject the responder to suspension or debarment proceedings as well as other remedies available by law. The contents of the proposal and any subsequent clarifications submitted by the successful proposers will become part of the contractual obligation and incorporated by reference into the ensuing contract.

The proposal that you submit will constitute your unqualified consent to the following mandatory requirements:

- Proposals submitted in response to this request will be considered the only submission; revised proposals will not be allowed after the proposal return date and time unless requested by NDPERS or approved by the NDPERS Board.
- All proposals must answer all applicable questions on the attached questionnaire.
- All proposals become the property of NDPERS and will not be returned to the offering company. Also all information provided is a public record under North Dakota unless specifically exempted by law.
- All offering companies must be prepared to make oral presentations if requested.

2. Term of Contract

The North Dakota Public Employees Retirement System is governed by North Dakota State statutes, which includes a requirement to solicit bids for medical benefits coverage for a specified term for a fully-insured arrangement and every other biennium for an Administrative Services arrangement. NDPERS has determined that the specified term for providing such hospital and medical benefits under a fully insured arrangement shall be six years to include three biennium periods: July 1, 2015 to June 30, 2017, July 1, 2017 to June 30, 2019, and July 1, 2019 to June 30, 2021.

If the plan is awarded as a fully insured plan pursuant to this RFP NDPERS and the successful proposer(s) may renegotiate the existing contract during the interim of each biennium without resorting to a formal bidding process. If the NDPERS and the successful proposer(s) are unable to reach an agreement during renegotiations, a formal bidding process will be initiated. Negotiations will begin in August and end in September in the final fixed year of the biennium. NDPERS also reserves the right to terminate any contract awarded pursuant to this bidding process within thirty (30) days notice.

3. Minimum Requirements

The following are the minimum requirements that need to be addressed in each proposal and apply unless waived by the board:

- 1) Electronic Data Collection and Reporting Requirements: Respondents must, at a minimum, meet the data collection and reporting requirements described in Section 1 under Reporting Requirements of the RFP.
- 2) Vendor must be able to take current 834 electronic enrollment file (containing member eligibility) at no cost.
- 3) Effective Date of Coverage: Respondents must be able to provide required coverages and services by July 1, 2015 and for the PDP (Optional) by January 1, 2016.
- 4) Licensure: Respondents must have all applicable licenses required by North Dakota or agree to obtain necessary licensure prior to the effective dates of coverage.
- 5) Term of Contract: NDPERS is required by state statute to solicit bids for medical benefit coverage for a specified term for a fully-insured arrangement and every other biennium for a self-funded arrangement. NDPERS has determined that the specified term for fully-insured arrangement shall be six years, subject to two year renewals; however, NDPERS reserves the right to extend the agreement subject to negotiation with the successful vendor if the Board deems it necessary.
- 6) Premium Rate Guarantees: For all insured proposals premium rates must be guaranteed for a period of two years, from July 1, 2015 to June 30, 2017. PDP rates will be developed each year based upon the federal subsidy.
- 7) Non-Medicare Retirees: Rates are governed by state statute. Non-Medicare retiree single rate is 150% of the active member single rate; the rate for a non-Medicare retiree plus one is twice the non-Medicare single rate, and the rate for a non-Medicare retiree plus two or more dependents is two and one-half times the non-Medicare retiree single rate.
- 8) PDP rates: Must be submitted to PERS by September of each year (Optional).
- 9) Renewals: Renewals must be submitted to NDPERS in August of the year preceding the contract renewal date and in September of each year for the PDP.
- 10) Contract Termination: Respondent's contract termination provision may not require more than 120-day notice and can occur only at renewal. NDPERS can terminate coverage at any time.
- 11) Match coverage: Respondent should match the existing coverage and financial terms for two years, including providing an HSA arrangement. Variances and exceptions to existing coverage can be offered in appendix F item F2.
- 12) Legislative Compliance: Respondents agree to comply with all provisions of the Health Insurance Portability Act of 1996 including, but not limited to providing certificates of creditable coverage.

Respondents must also be in compliance with all HIPAA Privacy and HIPAA EDI requirements and be able to conduct all applicable employer/plan sponsor and provider transactions consistent with those requirements. Respondents will be

expected to meet HIPAA security requirements when applicable to NDPERS.
Respondents will also be expected to be in compliance with all ACA requirements

- 13) Transition Management: Respondents agree, should they be selected, they will proactively manage the transition of coverage (e.g. claim accumulators, etc.) from the subsequent carrier.
- 14) Administration: Respondents must agree to comply with existing administration of NDPERS. Any modifications needed to accommodate NDPERS data will be done at the vendor's own expense.
- 15) Audit: Section 54-52-04 (10) relating to the audit authority of NDPERS .
- 16) North Dakota Legislation Requirements: Respondent must meet all requirements in the North Dakota Century Code including 54-52; 54-52.1, 54-52.4 and all requirements in the North Dakota Administrative Code including 71-03 and other applicable State Laws. Specific recognition of 54-52.1-12 should be acknowledged.
- 17) Ability to meet the specifications outlined in the RFP unless specifically noted.
- 18) Premium rates must be divisible by two.
- 19) Subject matter experts and other appropriate personnel will be available to attend board meetings, legislative hearings, etc. as needed.

IV. Proposal Submission

Instructions

All proposals should be submitted simply and economically providing a direct, concise delineation of the vendor's proposal and qualifications adhering to the proposal format guidelines outlined below. Vendors should also refer to Section III, Proposal Contents, for a list of minimum requirements.

- Proposals should be typed or printed on 8.5" x 11" paper (one side only).
- All proposals must include the transmittal letter/statement which includes the following:
 - An acknowledgement of receipt of the group health RFP specifications and any addenda and a statement that the proposal conforms to the RFP minimum requirements. This letter must include the title and signature of a Duly Authorized Officer of the company. As noted above, any deviations from the specifications must be clearly noted in your proposal. Failure to note deviations may exclude the proposal from further consideration.
- All proposals must include a table of contents and appropriate page number references.
- All pages of proposals must have consecutive page numbers.
- Proposals must respond to RFP minimum, unique, and general requirements.
- Responses to questions must include a restatement of the question (number and text) with the response immediately following.
- Appendices and other supplemental information provided with your proposal must be clearly identified.
- Cost proposal must be submitted in a separate, sealed envelope and clearly marked Cost Proposal. Premiums quoted in Appendix D: Cost Proposal Exhibits will be fully loaded rates. NDPERS will not be billed any additional amounts for services, including commissions or brokerage fees.
- North Dakota insurance law 54-52.1-10 (Exemption From State Premium Tax) provides that "All premiums, consideration for annuities, policy fees, and membership fees collected under this chapter are exempt from the tax payable pursuant to section 26.1-03-17". Thus, Offeror's responses should not reflect any amounts for premium taxes.
- Any and all deviations must be clearly noted and submitted under separate cover. If you do not identify and explain deviations, your proposal will be deemed a certification that you will comply in every respect with the requirements and contractual language set forth in this RFP. Deviations and exceptions to the sample contract/Administrative Services Agreement (ASA) must be submitted in the form of 1) completed Appendix F, Item F1, in a sealed envelope clearly marked as such. If you are unable to perform any required or requested service, you must also clearly identify in Appendix F, Item F2 a) the specific deviation or requirement your organization is unable to meet and b) the suggested alternative or solution.

Proposal Format and Contact Information

Vendors must use the response template/questionnaire provided in Appendices B, C and D in preparing proposals. Proposals should be submitted in two parts, with the cost proposal and deviations separate from the qualitative proposal in a clearly marked, sealed envelope (submitted to Deloitte Consulting only). Proposals will be sent to two parties, as described below

Vendors are required to submit one (1) unbound original and ten (10) paper copies of the **qualitative proposals** along with one (1) electronic copy to:

Cheryl Stockert
Manager, Administrative Services
North Dakota PERS
400 East Broadway
Suite 505
Bismarck, ND 58502

An electronic copy (on CD) of your entire qualitative proposal must be included with the hard copy original. Late proposals will not be considered unless approved by the board.

One (1) hard copy and one full electronic copy (on CD or flash drive) of the qualitative proposal and a separate, clearly marked envelope containing One (1) hard copy and one electronic copy of the cost proposal (Excel format) and deviations must be submitted to:

Josh Johnson
Manager
Deloitte Consulting LLP
50 South 6th Street
Suite 2800
Minneapolis, MN 55402

PLEASE NOTE: As indicated above, vendors must separate the cost proposal and deviations from the rest of the proposal and submit one paper copy and one electronic copy in a sealed envelope clearly marked “**Cost Proposal for NDPERS for Health Plan Vendor**”, along with your organization’s name, to Josh Johnson at Deloitte Consulting at the address listed above. Vendors must submit hard and electronic copies of the entire proposal.

From the date of issuance until the announcement of the finalist, vendors should only contact the Deloitte RFP coordinator, Josh Johnson. All correspondence and questions must be submitted in writing via e-mail to the RFP coordinator in accordance with the timeline set forth in this RFP. NDPERS personnel are not authorized to discuss this RFP with vendor; doing so may result in disqualification. Vendors may continue to communicate with NDPERS staff regarding other relevant business matters.

Questions and Answers

Vendors must submit questions in writing via e-mail to Josh Johnson at jkjohnson@deloitte.com **by 5:00 p.m. CT on November 5th, 2014**. Answers will be summarized and distributed to all vendors who have requested the RFP via email no later than close of business on November 12th, 2014 as well as posted on the NDPERS website. *Telephone inquiries will not be accepted.*

Proposal Deadline

All proposals must be received by Josh Johnson **by 5:00 p.m. CT on November 19th, 2014**. Late proposals will not be considered.

Proposed Timetable

The timeline is provided below for informational purposes. NDPERS reserves the right to change the dates. Every effort will be made to notify vendors of changes to the proposed timeline.

Activity	Date/Time (All Times in CT)
NDPERS publishes Revised Request for Proposal (RFP)	October 30, 2014
Vendor questions (via email) due	November 5, 2014 (5 pm)
NDPERS distributes answers to vendors' questions	November 12, 2014
Proposals due	November 19, 2014 (5 pm)
Vendor interviews (if requested)	November 24 or 25, 2014
Finalist presentations	TBD December 2014
NDPERS notifies finalist of intent to negotiate	TBD December 2014
Contractor and NDPERS complete negotiations	TBD Jan/Feb 2015
Contractor and NDPERS begin implementation	-March 2015
Contractor(s) begins providing services	July 1, 2015

V. Proposal Review and Evaluation

Rights of NDPERS

This RFP does not obligate NDPERS to complete the proposed project. NDPERS reserves the right to cancel the solicitation if it is considered to be in its best interest. Costs incurred for developing a proposal are the sole responsibility of the vendor. NDPERS also reserves the right to:

1. Reject any and all proposals received in response to this RFP.
2. Amend and re-issue this RFP.
3. Select proposals for contract award or for negotiations other than those with the lowest cost.
4. Consider a late modification of a proposal if the proposal itself was submitted on time, if the modifications were requested by the state, and if the modifications make the terms of the proposal more favorable to the state.
5. Determine that a deficiency is not substantive and waive the deficiency as immaterial. However, waiver of the deficiency shall in no way modify the RFP documents or relieve the vendor from full compliance with the terms of the contract if the vendor is awarded the contract.
6. Negotiate any aspect of the proposal with any vendor and negotiate with more than one vendor at the same time.
7. Use any or all ideas presented in any proposal received in response to this RFP, unless the vendor presents a positive statement of objection in the proposal. Objections will be considered as valid only relative to proprietary information of the vendor and so designated in the proposal. Exceptions to this are ideas that were known to NDPERS before submission of such proposal or properly became known to NDPERS thereafter through other sources or through acceptance of the proposal.

Selection Team

A review team made up of NDPERS staff and its hired consultant will evaluate all proposals. The NDPERS Board will make the final decision on the award. NDPERS reserves the right to alter the composition of this selection team and its responsibilities.

Proposal Review and Evaluation Criteria

Proposals will be reviewed and evaluated using multiple evaluation criteria. The cost proposal will be reviewed independently to ensure that it is complete and submitted in the format requested. In reviewing the proposals the requirements in NDCC 54-52.1-04 will be considered.

Phase I Preliminary Review Criteria

Proposals will initially be evaluated to determine if they comply with the following minimum requirements:

- Completeness of proposal, including minimum vendor requirements, unique content requirements, and general requirements as outlined in Section III., Proposal Content, and submitted in the format designated in Appendices B through F.
- Completeness and quality of responses to questionnaire provided in Appendix C and completeness of cost proposal provided in Appendix D.
- Extensive statewide provider network which provides access to key population areas within the State.

Phase II Evaluation Criteria

Proposals that have met the minimum requirements criteria listed above will then be reviewed based on the factors contained in the table below:

Phase II Evaluation Criteria
1. Ability to comply with terms outlined in the RFP and Board evaluation criteria
2. Equivalent Contract Benefits (Appendix G) including the following. <ul style="list-style-type: none"> 2a. Organizational experience and staff qualifications/experience <ul style="list-style-type: none"> – Dedicated unit comprised of account management team, customer service, provider relations, and provider contracting – Access to senior leadership team – Ability to respond to unique challenges with solution-focused flexibility and innovation – Client references – Financial stability and solvency 2b. Plan Design 2c. Provider network capabilities <ul style="list-style-type: none"> – Similar or greater number of providers in contract network – Similar or greater level of discounts – State-specific contracts – Quality initiatives – Contractual terms – Increase number of network providers

Phase II Evaluation Criteria
<p>2d. Quality and comprehensiveness of health population, disease management, and health education and wellness programs</p> <ul style="list-style-type: none"> – Utilization/case management capabilities – Quality initiatives – Ability to present appropriate innovative cost control strategies – Ability to support NDPERS employer based wellness program and employee wellness initiatives – Dedicated staff member for wellness program <p>2e. Cost of requested services and return on investment</p> <ul style="list-style-type: none"> – Value of provider reimbursement discounts – Administrative fees – Care, disease management, and health improvement programs – Medicare Part D Group PDP Offering (Optional) – Rx rebates
<p>3. Statutory Criteria</p> <ul style="list-style-type: none"> – The economy to be affected. – The ease of administration. – The adequacy of the coverages. – The financial position of the carrier, with special emphasis as to its solvency. – The reputation of the carrier and any other information that is available tending to show past experience with the carrier in matters of claim settlement, underwriting, and services

Preference Criteria

Preference Criteria will be applied by the board in the final evaluation of proposals as determined by the board.

PBM

NDPERS is interested in evaluating financial arrangements based on the traditional approach to PBM pricing and pricing under a transparent arrangement. “Traditional” financial proposals should include guaranteed effective rate discounts, as well as specific fees and guaranteed rebate dollar amounts. “Transparency” for purposes of this Request for Proposal is defined as a full pass through to NDPERS of all monies paid to the PBM arising from all contracted arrangements. When answering questions and completing exhibits related to your financial proposal, please indicate if your answer would differ under a transparent or a traditional pricing arrangement. NDPERS will give preference to transparent proposals.

Transparent “Pass Through” Pharmacy Contract:

- Retail discounts and dispensing fees are 100% pass through
- No spread pricing
- Bidder may assess an administration fee if appropriate
- Mail service terms reflect a standard “traditional” proposal where discounts are fixed

Bidder will pass through 100% of rebates and “rebate-like” revenues received from pharmaceutical manufacturers (defined as all revenue/financial benefits and credits received from outside sources attributed to the utilization of NDPERS or enrollment in programs. These would include but are not limited to all Manufacturer Administration Fees, Formulary Access Rebates (inclusive of any bundling), Market Share Rebates, Performance/Incentive Rebates, Data Fees, Compliance Program Funding, Clinical Program support/funding, Therapeutic Intervention funding, Education Fees, Marketing Grants for Clinical Studies, Specialty Drug Rebates, Specialty Clinical/Case Management Funding, Specialty Compliance Program funding, Research, Prompt Payment Discounts, etc.as a consequence of any relationship with NDPERS. Bidder will also include minimum rebate guarantee, preferably on a per paid claim basis (per brand basis may is also acceptable, however per rebatable claim basis is not acceptable).

Audit

PERS is also interested in being able to audit the PBM as determined by the board which could be annually. Preference will be given to those who agree to audits.

Proposal Evaluation Process

Evaluation of the proposals will be conducted in four phases:

1. Phase I — Preliminary Review

Proposals will receive preliminary review to determine if they meet the minimum proposal requirements and criteria listed above. NDPERS reserves the right to ask clarifying questions. Only proposals meeting the minimum requirements above will be considered for further evaluation in Phase II.

2. Phase II — Proposal Evaluation

Proposals will be evaluated based on the criteria specified above and per the terms outlined in this RFP. Proposers are encouraged to highlight how they differentiate themselves in these areas and provide this information in appendix K. Only the top proposals will be approved for further evaluation in Phase III. Once the initial evaluation is completed, the review team may ask for additional information to supplement the initial information gathered in response to these questions.

3. Phase III – Reference Checks, Best and Final Offer and Presentations

NDPERS staff may check references, request answers to further questions, and require presentations by key administrator personnel, which will be evaluated based on the stated criteria. During final consideration a best and final offer may be requested. Only the top proposals will be approved for further evaluation in Phase IV.

4. Phase IV – Site Visits, Final Selection, and Notification

The evaluation committee will forward findings and conclusions to the NDPERS Board and may request site visits and make a final review of the top proposals based on all of the criteria above to select a finalist. Vendors will be notified of the intent of NDPERS to negotiate a contract with the selected vendors via e-mail.

Note: Self-insured proposals will be evaluated after the fully insured bids to determine which contract type is expected to be most cost effective for NDPERS. .

NDPERS reserves the right to request clarifications and additional information regarding the proposal during the proposal evaluation process. However, NDPERS Board reserves the right to make an award without further clarification of the proposal received. Therefore, it is important that each proposal be submitted in the most complete manner possible.

VI. Appendices

[Appendix A: Sample Existing Contract/Administrative Services Agreement](#)

[Appendix B: Response Template](#)

[Appendix C: Questionnaire](#)

[Appendix D: Cost Proposal Exhibits](#)

[Appendix E: Program Information/Data](#)

[Appendix F: Proposal Deviations](#)

[Appendix G: Existing Contract Benefits](#)

[Appendix H: Performance Standards and Guarantees](#)

[Appendix I: Disruption Analysis](#)

[Appendix J: Fee Schedule Analysis](#)

[Appendix K: Suggested Changes to Plan Design, Programs and Services](#)

Appendix L: Listing of Changes to RFP and Appendices

Appendix M: Listing of Changes to September 4, 2014 Proposal Content Modified in Re-Bid due November 19

Appendix N – Transfer of employee contracts

VII. Exhibits

- [E1 Healthy Blue Overview](#)
- [E2 Health Club Credit Overview](#)
- [E3 Health Mandate Cost Fiscal Note](#)
- [E4 Quarterly Executive Summary](#)
- [E5 Annual Executive Summary](#)
- [E6 Monthly Financial Report](#)
- [E7 Annual Claims Audit](#)
- [E8 MSP Data Match Compliance](#)
- [E9 2015 – 2017 NDPERS Plan Options](#)
- [E10 Memorandum of Understanding for Value added programs](#)
- [E11 Wellness Program Voucher](#)
- [E12 Wellness Challenge](#)
- [E13 Wellness Star](#)
- [E14 Monthly Newsletter for Wellness Coordinators](#)
- [E15 Wellness Coordinator Call](#)
- [E16 Member Education Presentations](#)
- [E17 Enrollment/disenrollment Medicare Part-D Exception Report](#)
- [E18 Monthly Enrollment Report](#)
- [E19 Wellness Coordinator Workshop Agenda](#)

North Dakota Public Employees Retirement System
Request for Proposals - Health Plan Administrator
FULLY INSURED - WITH & WITHOUT PRESCRIPTION DRUG COVERAGE

Proposers are required to complete the questions and cost proposal exhibits provided in this section. As described in Section IV., Proposal Submission, of this RFP, cost proposal exhibits one (1) hard copy and one electronic copy (in Excel format) must be submitted in a separate, clearly marked sealed envelope to Deloitte Consulting only. The exhibits must be submitted in the prescribed format. Vendors may provide supplemental information but may not deviate from utilizing the provided Excel worksheets. Refer to Section IV. Proposal Submission for details. Instructions are outlined in the RFP and with each of the required exhibits (tabs).

Transparent PBM. NDPERS is interested in evaluating financial arrangements based on the traditional approach to PBM pricing and pricing under a transparent arrangement. “Traditional” financial proposals should include guaranteed effective rate discounts, as well as specific fees and guaranteed rebate dollar amounts. “Transparency” for purposes of this Request for Proposal is defined as a full pass through to NDPERS of all monies paid to the PBM arising from all contracted arrangements as well as elimination of spread pricing. When answering questions and completing exhibits related to your financial proposal, please indicate if your answer would differ under a transparent or a traditional pricing arrangement. NDPERS will give preference to transparent proposals.

The cost proposal consists of the following components and related exhibits:

- Medical & Rx Premiums (D1.1)
- Medical & Rx Premium Development (D1.2)
- Traditional Rx Terms (D1.3)
- Transparent (Pass-through) Rx Terms (D1.4)
- Medical (Only) Premiums (D1.5)
- Medical (Only) Premium Development (D1.6)
- [Optional]** Medicare Part D Group Prescription Drug Plan (PDP) Premiums (D2.1)
- [Optional]** Medicare Part D Group Prescription Drug Plan (PDP) Premium Development (D2.2)
- ACA Requirements (D3) **[CONFIRM INCLUDED IN RATES]**

**North Dakota Public Employees Retirement System
Request for Proposals - Health Plan Administrator**

FULLY INSURED

D1.1 MEDICAL + PRESCRIPTION DRUG PREMIUMS

Proposing Vendor:

- RATES MUST INCLUDE THE \$2.80 NDPERS ADMINISTRATION FEE
 - ASSUMES PROPOSING VENDOR WILL BE SOLE CARRIER
 - MEDICARE RATES EXCLUDE RX
- PLEASE NOTE THE TWO NEW QUESTIONS AT THE BOTTOM OF THIS EXHIBIT**

Dakota Plan		Status	Coverage Level	Current Rate	May-14 Enrollment	Proposed Rate	Biannual Premium
State Program							
Grandfathered Plan							
July 1, 2013 – June 30, 2015	Active	Flat Rate per Contract	\$981.68	15,246			
	COBRA/Part-Time/Temporary/LOA	Single	\$472.74	245			
		Family	\$1,139.34	48			
High Deductible Health Plan							
July 1, 2013 – June 30, 2015	Active	Flat Rate per Contract	\$981.68	148			
	COBRA/Part-Time/Temporary/LOA	Single	\$412.00	1			
		Family	\$992.34	1			
Political Subdivision							
Grandfathered Plan							
July 1, 2013 – June 30, 2015	Active/COBRA	Single	\$505.06	2,552			
		Family	\$1,220.22	2,883			
NonGrandfathered Plan							
July 1, 2013 – June 30, 2015	Active/COBRA	Single	\$512.74	169			
		Family	\$1,238.76	213			
Non-Medicare Retirees							
Grandfathered Plan							
July 1, 2013 – June 30, 2015	Non-Medicare Retirees	Single	\$709.10	385			
		Family	\$1,418.20	140			
		Family 3+	\$1,772.74	14			
Total					22,045		

Dakota Retiree Plan		Status	Coverage Level	Current Rate (Medical Only)	Enrollment	Proposed Rate (Medical Only)	Biannual Premium
July 1, 2013 – June 30, 2015	Medicare Eligible (Parts A&B)	Single	\$167.18	4,194			
		Family	\$331.56	2,015			
		One Medicare/One Non-Medicare	\$565.42	462			
Total					6,671		

CONFIRM WHETHER THE RATES ABOVE ASSUME TRADITIONAL OR TRANSPARENT/PASS-THROUGH RX TERMS. PROVIDE THE PERCENTAGE IMPACT TO THE ABOVE ACTIVE/NON-MEDICARE RATES UNDER THE OTHER RX CONTRACT TYPE

	Traditional/Pass-Through	Impact to change to Traditional/Pass-Through
--	--------------------------	--

CONFIRM THAT THE PROPOSED RATES INCLUDE \$2.80 PER CONTRACT FOR THE NDPERS ADMINISTRATIVE FEE.

	Yes or No
--	-----------

CONFIRM YOU ARE WILLING TO ENTER INTO A RISK SHARE ARRANGEMENT AS DESCRIBED IN THE OVERVIEW OF THE NDPERS PROGRAM.

	Yes or No
--	-----------

NEW
[OPTIONAL] Should NDPERS elect to change medical vendors, the new vendor agrees to administer all providers that were in-network under the prior medical carrier as in-network regardless of actual network status under the new network from July 1, 2015 through June 30, 2016 .
If applicable provide a percentage impact to the proposed rates above to agree to this provision:

--	--

NEW
[OPTIONAL] Should NDPERS elect to change medical vendors, the new vendor agrees to honor/retain all previous care and clinical authorizations from July 1, 2015 through June 30, 2016 (examples may include prior authorizations, continuation of treatment regimens, etc.)
If applicable provide a percentage impact to the proposed rates above to agree to this provision:

--	--

North Dakota Public Employees Retirement System
Request for Proposals - Health Plan Administrator

FULLY INSURED

D1.2 PREMIUM DEVELOPMENT - MEDICAL + PRESCRIPTION DRUG PREMIUMS

Proposing Vendor:

- RATES MUST INCLUDE THE \$2.80 NDPERS ADMINISTRATION FEE
- ASSUMES PROPOSING VENDOR WILL BE SOLE CARRIER
- COMPLETE THE FOLLOWING TABLE TO DEMONSTRATE HOW YOU DEVELOPED THE PROPOSED PREMIUM RATES IN D1.1
- RETENTION COSTS SHOULD BE CONSISTENT WITH OVERALL/TOTAL ADMINISTRATION COST

PREMIUM DEVELOPMENT

	YEAR 1 7/1/2015 - 6/30/2016	YEAR 2 7/1/2016 - 6/30/2017	COMBINED 7/1/2015 - 6/30/2017
Experience Period			
Claims			
Projection Period	7/1/2015 - 6/30/2016	7/1/2016 - 6/30/2017	
Midpoint	1/1/2016	1/1/2017	
Number of Months of Trend			
Trend Rate*			
Estimated Projected Claims	\$	\$	\$
IBNR			
Estimated Projected Incurred Claims	\$	\$	\$
Adjustments (list, explain)			
Administration/Retention**	\$	\$	\$
Total Claims and Expenses	\$	\$	\$

*From Trend Assumptions Table Below

**From Administration and Retention Table Below

TREND ASSUMPTIONS

Category	Cost	Utilization	Combined (Cost*Utilization)	Weighted Trend
Hospital Inpatient				
Hospital Outpatient				
Other Facility				
Physician Services				
Other Professional Services				
Additional Services				
Prescription Drug				
Other				
OVERALL TREND				

ADMINISTRATION AND RETENTION - PER MEMBER PER MONTH BASIS

Component	YEAR 1	YEAR 2
	7/1/2015 - 6/30/2016	7/1/2016 - 6/30/2017
Claims Processing		
Customer Service		
Communications		
Account Servicing		
Booklets		
Provider Directories		
Profit Margin		
Interest (Float)		
Risk/Contingency		
Network Access Fees		
COBRA Administration		
Conversion Charges		
Disease Management Programs		
Wellness Programs		
PPACA Fees		
All Other (list, explain)		
TOTAL		

COMMENTS:

1. List Disease Management Programs to be provided and included in the administrative fee above.

2. List Wellness Programs to be provided and included in the administrative fee above.

3. List any additional fees not included above NDPERS may be responsible for.

**North Dakota Public Employees Retirement System
Request for Proposals - Health Plan Administrator**

FULLY INSURED

D1.3 TRADITIONAL PRESCRIPTION DRUG PROPOSAL

Proposing Vendor:

Assumptions:

- Retail and mail discounts are fixed and guaranteed
- PERS will not be assessed administration fees
- Dispensing fees are fixed at retail with guaranteed per script maximum and no dispensing fees at mail
- Bidder will pass through 100% of rebates and "rebate-like" revenues received from pharmaceutical manufacturers (defined as all revenue/financial benefits and credits received from outside sources attributed to the utilization of PERS or enrollment in programs. These would include but are not limited to all Manufacturer Administration Fees, Formulary Access Rebates (inclusive of any bundling), Market Share Rebates, Performance/Incentive Rebates, Data Fees, Compliance Program Funding, Clinical Program support/funding, Therapeutic Intervention funding, Education Fees, Marketing Grants for Clinical Studies, Specialty Drug Rebates, Specialty Clinical/Case Management Funding, Specialty Compliance Program funding, Research, Prompt Payment Discounts, etc.as a consequence of any relationship with PERS. Bidder will also include minimum rebate guarantees, preferably on a per paid claim basis (per brand basis may is also acceptable, however per rebatable claim basis is not acceptable).

Traditional Proposal - Contract Pricing Terms

Ingredient discounts based on the following definitions:	Confirm	If not "Confirm" Explanation:
Guarantees are based on the AWP and MAC (combined MAC and Non-MAC) discounts	Confirmed	
Guarantees include "Zero Balance Due" claims at the guaranteed AWP component discount and shall not be counted as AWP-100%	Confirmed	
Guarantees exclude all claims that adjudicate at the "Usual & Customary" price	Confirmed	
Brand discount guarantees exclude multi-source brand (MSB) drugs subject to MAC pricing; generic discount guarantees include MSB drugs subject to MAC pricing	Confirmed	
Calculations exclude specialty/biotech drugs, compound drugs, vaccines, claim audit recoveries, therapeutic substitution savings, COB savings, DMR savings	Confirmed	

1.) Broadest Network Offering

I. Guaranteed Ingredient Discounts	7/1/2015 - 6/30/2017	Comments
Retail		
Brand (AWP - __%)		
Generic (MAC - __%)		
Generic (not on MAC) (AWP - __%)		
Guaranteed Overall Generic Discount		
Mail Order		
Brand (AWP - __%)		
Generic (MAC - __%)		
Generic (not on MAC) (AWP - __%)		
Guaranteed Overall Generic Discount		
Specialty		
Brand (AWP - __%)		
Generic (MAC - __%)		
Generic (not on MAC) (AWP - __%)		
Guaranteed Overall Generic Discount		
II. Guaranteed Dispensing Fees (Per Paid Script)		
Retail		
Brand		
Generic		
Mail Order		
Brand		
Generic		
Specialty		
Brand at Retail		
Generic at Retail		
Brand at Mail (Specialty Provider)		
Generic at Mail (Specialty Provider)		
III. Administrative Fees		
Per Employee Per Month (PEPM)		
Retail (per script)		
Brand		
Generic		
Mail Order (per script)		
Brand		
Generic		
Specialty (per script)		
Brand at Retail		
Generic at Retail		
Brand at Mail (Specialty Provider)		
Generic at Mail (Specialty Provider)		
Per Paper Claim		

IV. Guaranteed Rebates		
Retail		
Per Script		
Per Brand Script		
Estimated Annual Rebate (Total)		
Mail Order		
Per Script		
Per Brand Script		
Estimated Annual Rebate (Total)		
Specialty at Retail		
Per Script		
Per Brand Script		
Estimated Annual Rebate (Total)		
Specialty at Mail (through Specialty Provider)		
Per Script		
Per Brand Script		
Estimated Annual Rebate (Total)		
Are there any terms attached to the rebate guarantee? (i.e. formulary compliance). Provide all details.		
Confirm 100% of rebates will be shared.		
Will rebates earned above the guarantee be shared with PERS?		
At what percentage will rebates above the guarantee be shared with PERS?		

V. Allowances	7/1/2015 - 6/30/2017	Comments
Pre-Implementation Audit		
Total Dollar (\$) Amount		
Basis: Per Member or Per Employee		
Implementation		
Total Dollar (\$) Amount		
Basis: Per Member or Per Employee		
Communication		
Total Dollar (\$) Amount		
Basis: Per Member or Per Employee		
Audit		
Total Dollar (\$) Amount		
Basis: Per Member or Per Employee		
Other (Please Describe)		
Total Dollar (\$) Amount		
Basis: Per Member or Per Employee		

**North Dakota Public Employees Retirement System
Request for Proposals - Health Plan Administrator**

FULLY INSURED

D1.4 PASS-THROUGH PRESCRIPTION DRUG PROPOSAL

Proposing Vendor:

Assumptions:

- Retail discounts and dispensing fees are 100% pass through
- Bidder may assess an administration fee if appropriate
- Mail service terms reflect a standard "traditional" proposal where discounts are fixed
- Bidder will pass through 100% of rebates and "rebate-like" revenues received from pharmaceutical manufacturers (defined as all revenue/financial benefits and credits received from outside sources attributed to the utilization of PERS or enrollment in programs. These would include but are not limited to all Manufacturer Administration Fees, Formulary Access Rebates (inclusive of any bundling), Market Share Rebates, Performance/Incentive Rebates, Data Fees, Compliance Program Funding, Clinical Program support/funding, Therapeutic Intervention funding, Education Fees, Marketing Grants for Clinical Studies, Specialty Drug Rebates, Specialty Clinical/Case Management Funding, Specialty Compliance Program funding, Research, Prompt Payment Discounts, etc.as a consequence of any relationship with PERS. Bidder will also include minimum rebate guarantees, preferably on a per paid claim basis (per brand basis may is also acceptable, however per rebatable claim basis is not acceptable).

Pass Through Proposal - Contract Pricing Terms

Ingredient discounts based on the following definitions:	Confirm	If not "Confirm" Explanation:
Guarantees are based on the AWP and MAC (combined MAC and Non-MAC) discounts	Confirmed	
Guarantees include "Zero Balance Due" claims at the guaranteed AWP component discount and shall not be counted as AWP-100%	Confirmed	
Guarantees exclude all claims that adjudicate at the "Usual & Customary" price	Confirmed	
Brand discount guarantees exclude multi-source brand (MSB) drugs subject to MAC pricing; generic discount guarantees include MSB drugs subject to MAC pricing	Confirmed	
Calculations exclude specialty/biotech drugs, compound drugs, vaccines, claim audit recoveries, therapeutic substitution savings, COB savings, DMR savings	Confirmed	

1.) Broadest Network Offering		
I. Guaranteed Ingredient Discounts	7/1/2015 - 6/30/2017	Comments
Retail		
Brand (AWP - __%)		
Generic (MAC - __%)		
Generic (not on MAC) (AWP - __%)		
Guaranteed Overall Generic Discount		
Mail Order		
Brand (AWP - __%)		
Generic (MAC - __%)		
Generic (not on MAC) (AWP - __%)		
Guaranteed Overall Generic Discount		
Specialty		
Brand (AWP - __%)		
Generic (MAC - __%)		
Generic (not on MAC) (AWP - __%)		
Guaranteed Overall Generic Discount		
II. Guaranteed Dispensing Fees (Per Paid Script)		
Retail		
Brand		
Generic		
Mail Order		
Brand		
Generic		
Specialty		
Brand at Retail		
Generic at Retail		
Brand at Mail (Specialty Provider)		
Generic at Mail (Specialty Provider)		
III. Administrative Fees		
Per Employee Per Month (PEPM)		
Retail (per script)		
Brand		
Generic		
Mail Order (per script)		
Brand		
Generic		
Specialty (per script)		
Brand at Retail		
Generic at Retail		
Brand at Mail (Specialty Provider)		
Generic at Mail (Specialty Provider)		
Per Paper Claim		

IV. Guaranteed Rebates		
Retail		
Per Script		
Per Brand Script		
Estimated Annual Rebate (Total)		
Mail Order		
Per Script		
Per Brand Script		
Estimated Annual Rebate (Total)		
Specialty at Retail		
Per Script		
Per Brand Script		
Estimated Annual Rebate (Total)		
Specialty at Mail (through Specialty Provider)		
Per Script		
Per Brand Script		
Estimated Annual Rebate (Total)		
Are there any terms attached to the rebate guarantee? (i.e. formulary compliance). Provide all details.		
Confirm 100% of rebates will be shared.		
Will rebates earned above the guarantee be shared with PERS?		
At what percentage will rebates above the guarantee be shared with PERS?		

V. Allowances	7/1/2015 - 6/30/2017	Comments
Pre-Implementation Audit		
Total Dollar (\$) Amount		
Basis: Per Member or Per Employee		
Implementation		
Total Dollar (\$) Amount		
Basis: Per Member or Per Employee		
Communication		
Total Dollar (\$) Amount		
Basis: Per Member or Per Employee		
Audit		
Total Dollar (\$) Amount		
Basis: Per Member or Per Employee		
Other (Please Describe)		
Total Dollar (\$) Amount		
Basis: Per Member or Per Employee		

**North Dakota Public Employees Retirement System
Request for Proposals - Health Plan Administrator**

**FULLY INSURED
D1.5 MEDICAL (ONLY) PREMIUMS**

Proposing Vendor:

- RATES MUST INCLUDE THE \$2.80 NDPERS ADMINISTRATION FEE
- ASSUMES PROPOSING VENDOR WILL BE SOLE CARRIER
- ALL PROPOSED RATES SHOULD ASSUME RX IS CARVED OUT
- PLEASE NOTE THE TWO NEW QUESTIONS AT THE BOTTOM OF THIS EXHIBIT

Dakota Plan	Status	Coverage Level	Current Rate	May-14 Enrollment	Proposed Rate	Biannual Premium
State Program						
Grandfathered Plan						
July 1, 2013 – June 30, 2015	Active	Flat Rate per Contract	\$981.68	15,246		
	COBRA/Part-Time/Temporary/LOA	Single	\$472.74	245		
		Family	\$1,139.34	48		
High Deductible Health Plan						
July 1, 2013 – June 30, 2015	Active	Flat Rate per Contract	\$981.68	148		
	COBRA/Part-Time/Temporary/LOA	Single	\$412.00	1		
		Family	\$992.34	1		
Political Subdivision						
Grandfathered Plan						
July 1, 2013 – June 30, 2015	Active/COBRA	Single	\$505.06	2,552		
		Family	\$1,220.22	2,883		
NonGrandfathered Plan						
July 1, 2013 – June 30, 2015	Active/COBRA	Single	\$512.74	169		
		Family	\$1,238.76	213		
Non-Medicare Retirees						
Grandfathered Plan						
July 1, 2013 – June 30, 2015	Non-Medicare Retirees	Single	\$709.10	385		
		Family	\$1,418.20	140		
		Family 3+	\$1,772.74	14		
Total				22,045		

Dakota Retiree Plan	Status	Coverage Level	Current Rate (Medical Only)	Enrollment	Proposed Rate (Medical Only)	Biannual Premium
July 1, 2013 – June 30, 2015	Medicare Eligible (Parts A&B)	Single	\$167.18	4,194		
		Family	\$331.56	2,015		
		One Medicare/	\$565.42	462		
		One Non-Medicare				
Total				6,671		

CONFIRM THAT THE PROPOSED RATES INCLUDE \$2.80 PER CONTRACT FOR THE NDPERS ADMINISTRATIVE FEE.
 Yes or No

CONFIRM YOU ARE WILLING TO ENTER INTO A RISK SHARE ARRANGEMENT AS DESCRIBED IN THE OVERVIEW OF THE NDPERS PROGRAM.
 Yes or No

NEW

[OPTIONAL] Should NDPERS elect to change medical vendors, the new vendor agrees to administer all providers that were in-network under the prior medical carrier as in-network regardless of actual network status under the new network from July 1, 2015 through June 30, 2016 .
 If applicable provide a percentage impact to the proposed rates above to agree to this provision:

NEW

[OPTIONAL] Should NDPERS elect to change medical vendors, the new vendor agrees to honor/retain all previous care and clinical authorizations from July 1, 2015 through June 30, 2016 (examples may include prior authorizations, continuation of treatment regimens, etc.)
 If applicable provide a percentage impact to the proposed rates above to agree to this provision:

North Dakota Public Employees Retirement System
Request for Proposals - Health Plan Administrator

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D1.6 PREMIUM DEVELOPMENT - MEDICAL (ONLY) PREMIUMS

Proposing Vendor:

- RATES MUST INCLUDE THE \$2.80 NDPERS ADMINISTRATION FEE
- ASSUMES PROPOSING VENDOR WILL BE SOLE CARRIER
- COMPLETE THE FOLLOWING TABLE TO DEMONSTRATE HOW YOU DEVELOPED THE PROPOSED PREMIUM RATES IN D1.1
- RETENTION COSTS SHOULD BE CONSISTENT WITH OVERALL/TOTAL ADMINISTRATION COST

PREMIUM DEVELOPMENT

	YEAR 1 7/1/2015 - 6/30/2016	YEAR 2 7/1/2016 - 6/30/2017	COMBINED 7/1/2015 - 6/30/2017
Experience Period			
Claims			
Projection Period	7/1/2015 - 6/30/2016	7/1/2016 - 6/30/2017	
Midpoint	1/1/2016	1/1/2017	
Number of Months of Trend			
Trend Rate*			
Estimated Projected Claims	\$	\$	\$
IBNR			
Estimated Projected Incurred Claims	\$	\$	\$
Adjustments (list, explain)			
Administration/Retention**	\$	\$	\$
Total Claims and Expenses	\$	\$	\$

*From Trend Assumptions Table Below

**From Administration and Retention Table Below

TREND ASSUMPTIONS

Category	Cost	Utilization	Combined (Cost*Utilization)	Weighted Trend
Hospital Inpatient				
Hospital Outpatient				
Other Facility				
Physician Services				
Other Professional Services				
Additional Services				
Prescription Drug				
Other				
OVERALL TREND				

ADMINISTRATION AND RETENTION - PER MEMBER PER MONTH BASIS

Component	YEAR 1	YEAR 2
	7/1/2015 - 6/30/2016	7/1/2016 - 6/30/2017
Claims Processing		
Customer Service		
Communications		
Account Servicing		
Booklets		
Provider Directories		
Profit Margin		
Interest (Float)		
Risk/Contingency		
Network Access Fees		
COBRA Administration		
Conversion Charges		
Disease Management Programs		
Wellness Programs		
PPACA Fees		
All Other (list, explain)		
TOTAL		

COMMENTS:

1. List Disease Management Programs to be provided and included in the administrative fee above.

2. List Wellness Programs to be provided and included in the administrative fee above.

3. List any additional fees not included above NDPERS may be responsible for.

**North Dakota Public Employees Retirement System
Request for Proposals - Health Plan Administrator**

FULLY INSURED

D2.1 MEDICARE PART D GROUP PDP

[OPTIONAL]

Proposing Vendor:

- PREMIUM ESTIMATE TO BE BASED ON CURRENT ENROLLMENT AND PLAN DESIGN
- PRODUCT SHOULD BE CMS-ENDORSED, INSURED PDP PRODUCT WITH FULLY-INSURED WRAP-AROUND COVERAGE THAT COVERS ANY GAPS BETWEEN WHAT IS COVERED BY THE PDP PRODUCT AND THE EXISTING PLAN BENEFITS AVAILABLE TO QUALIFYING MEMBERS.

Premium	PDP Product	Wrap-around Coverage	Total
2016 Single	\$	\$	\$
2016 Family	\$	\$	\$
2017 Single	\$	\$	\$
2017 Family	\$	\$	\$

Please describe any assumptions that went into the rates above:

**North Dakota Public Employees Retirement System
Request for Proposals - Health Plan Administrator**

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D2.2 MEDICARE PART D GROUP PDP PREMIUM DEVELOPMENT

[OPTIONAL]

Proposing Vendor:



- PREMIUM ESTIMATE TO BE BASED ON CURRENT ENROLLMENT AND PLAN DESIGN
- PRODUCT SHOULD BE CMS-ENDORSED, INSURED PDP PRODUCT WITH FULLY-INSURED WRAP-AROUND COVERAGE THAT COVERS ANY GAPS BETWEEN WHAT IS COVERED BY THE PDP PRODUCT AND THE EXISTING PLAN BENEFITS AVAILABLE TO QUALIFYING MEMBERS.
- PROVIDE A CLEAR RATE DEVELOPMENT SUMMARY INCLUDING ESTIMATES OF TREND, ADMINISTRATIVE EXPENSES, REBATES, PROFIT MARGIN, ETC.

North Dakota Public Employees Retirement System
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D3 ACA Requirements

Proposing Vendor:

- PLEASE CONFIRM THE ACA REQUIREMENTS BELOW WILL BE IMPLEMENTED AND PROVIDE THE ACTUARIAL IMPACT (IF ANY) OF EACH
- **PLEASE CONFIRM THESE REQUIREMENTS WILL BE IMPLEMENTED AND ARE INCORPORATED INTO QUOTED RATES**

CONFIRMED (YES/NO)

NDPERS 2015-2017 ACA Implementation Impact

	Issue	Description	NDPERS			Actuarial Impact (%)	Comments
			Grandfathered Dakota Plan	Not Grandfathered Dakota Plan	Not Grandfathered NDPERS HDHP		
1	Out-of-Pocket Maximum	All member out of pocket costs including deductible, coinsurance, copays, and Rx are required to accumulate to the out of pocket maximum. Current separate Rx OOP maximum will be removed and Rx will apply to the overall OOP max. Non-formulary Rx sanction and infertility will not apply to OOP max.	N/A	X	X		
2	Removal of Waiting Period	Removal of all waiting periods associated with pre-existing conditions	X	X	X		
3	Conversion Language	There is no longer a specific conversion product, but there is still a conversion privilege used to purchase an individual metallic plan. This conversion privilege impacts what effective date a member can sign up once employment with NDPERS ends and ensures continuous coverage for members that apply within required timeframes	X	X	X		
4	BlueCard (Applicable to BCBS Only)	Federal law or laws in a small number of states may require the Host Blue to add a surcharge to the calculation. If federal law or any state laws mandate other liability calculation methods, including a surcharge, BCBSND would then calculate the Member's liability for any Covered Services according to applicable law.	X	X	X		
5	20% Non-Par Sanction (Remove)	Remove the 20% non-par reduction from the Non-Grandfathered plans to comply with the OOPM mandate.	N/A	X	X		
6	Eliminate Medical Qualification	PPACA mandates that all references to Medical Qualification be removed from all products and this ties to WPD's	X	X	X		
7	Alcohol Misuse	The USPSTF recommends that clinicians screen adults age 18 years or older for alcohol misuse and provide persons engaged in risky or hazardous drinking with brief behavioral counseling interventions to reduce alcohol misuse.	N/A	X	X		
8	Required Screening for Hepatitis C Virus	The USPSTF recommends screening for hepatitis C virus (HCV) infection in persons at high risk for infection. The USPSTF also recommends offering a one-time screening for HCV infection if: born between 1945 and 1965; or ever injected drugs; or received a blood transfusion before 1992.	N/A	X	X		

9	Breast Cancer Preventive Medications The USPSTF recommends that clinicians engage in shared, informed decision-making with women who are increased risk for breast cancer about medications to reduce their risk. For women who are at increased risk for breast cancer and at low risk for adverse medication effects, clinicians should offer to prescribe risk-reducing medications, such as tamoxifen or raloxifene.	N/A	X	X		
10	Lung Cancer Screening The USPSTF recommends annual screening for lung cancer with low-dose computed tomography in adults ages 55 to 80 years who have a 30 pack/year smoking history and currently smoke or have quit within the past 15 years. Screening should be discontinued once a person has not smoked for 15 years or develops a health problem that substantially limits life expectancy or the ability or willingness to have curative lung surgery.	N/A	X	X		
NOTE: The issues that affect the Grandfathered plans are shown in red. All of the above benefits would be effective 7-1-2015.						

Appendix L - Listing of Changes to RFP and Appendices

The following is a list identifying where revisions were made to the RFP document or any appendices or attachments from the initial RFP released July 9, 2014

RFP Document

- Notices regarding the re-issue of the fully insured RFP – p.1
- Timetable – p.3
- Section I – p. 10 – Current and Desired Plan Designs
- Section II – p. 17 – Requested Bids
- Section II – p. 18 – Matching of existing coverage and arrangements
- Section II – p. 19 – Plan Design
- Section II – p. 20 – Retiree Coverage
- Section III – p. 22-23 – Unique Content Requirements
- Section III – p. 25 – Minimum Requirements
- Section IV – p. 28-29 – Proposal Format and Timetable
- Section V – p. 32 – Phase II Evaluation Criteria
- Section VI – p. 35 – Addition of Appendix L and Appendix M

Appendix D – Cost Proposal

- D1.1 and D1.5 – Confirmation of optional network and care retention provisions for non-incumbent vendors
- D3 – Confirmation that ACA requirements are incorporated into quoted rates
- Response required to the above tabs

Appendix L – Listing of Changes to RFP and Appendices

- New

Appendix M – Listing of Changes to September 4, 2014 Proposal Content Modified in Re-Bid due November 19

- New – Response required

Appendix N – Transfer of employee contracts

- New – Response required

Appendix N – Transfer of employee contracts

Please submit your response to the following question as Appendix N in your proposal.

If NDPERS elects to change medical vendors, will your organization require all contract holders to complete applications in order to change carriers or will you accept a file feed?