



STATE OF ALASKA
Department of Administration
Division of Retirement and Benefits
333 West Willoughby, Sixth Floor
Juneau, AK 99811

Request for Proposals (RFP)
Number: **2013-0200-1396**

Date of Issue: **November 9, 2012**

Title of RFP:

- (1) Medical Claims Administration and Managed Network, (2) Pharmacy Benefit Management Services, (3) Healthcare Management, and (4) Dental Claims Administration and Managed Network RFP

Offerors Are Not Required To Return This Form.

Important Notice: You must register with Buck Consultant's eRFP system in order to receive subsequent amendments. Failure to register with Buck Consultant's eRFP system will result in the rejection of your offer.

Proposers must register with Buck Consultant's eRFP system at the following website.

<http://buckconsultants.proposaltech.com/app.php/register>

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Procurement Officer
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(1) Medical Claims Administration and Managed Network,
(2) Pharmacy Benefit Management Services, (3) Healthcare
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1. SECTION ONE INTRODUCTION AND INSTRUCTIONS

1.00 Vision and State Objectives

A. Introduction

The State provides employee benefit plans to (1) a portion of State employees, (2) defined benefit retired employees of the State and its political subdivisions, and (3) defined contribution retired employees of the State and its political subdivisions. The plans have different provisions and funding structures. Benefits for most State employees are subject to collective bargaining agreements.

The State has implemented a wellness program that is intended to improve the health of AlaskaCare Employee plan members and their dependents, reduce the escalation of health care costs by establishing a culture of health in the workplace, institute effective disease management programs and encourage members to initiate or expand healthy lifestyle choices.

It is the intent of the State to make the wellness program available to non-AlaskaCare plan members (NPM) such as Health Trust members and employees of State of Alaska political subdivisions. NPM's will participate at the same price per employee offered on the contract and may only be added through a mutual agreement between the NPM requesting participation, the Department of Administration and the contractor.

The State is issuing this RFP for the following services: (1) Medical Claims Administration and Managed Network, (2) Pharmacy Benefit Management Services, (3) Healthcare Management, and (4) Dental Claims Administration and Managed Network. Each component may be awarded independently or on a bundled basis. The State's group health plans are self-funded and it is the intention of the State to keep that funding mechanism in place at this time. The initial contract will be for a three-year period with the option of the State to renew for two subsequent one-year periods.

It is important that respondents understand overall objectives and the criticality of data integration among Contractors (should more than one be selected through this RFP). Offerors - even those proposing only a subset of overall services requested - are encouraged to read all four components to better understand objectives and develop proposals.

Currently the Division internally handles some of the work related to customer service, benefits processing, counseling and appeals. Each of these areas is a subject of this RFP. The Division may conduct a feasibility study or studies to contract this work to one or more vendors with whom the State contracts as a result of this RFP. Any such contracted work would be subject to negotiation and contractual amendment.

B. Vision

With the issuance of this RFP, the State of Alaska is focusing on reducing costs and improving quality. This RFP provides an opportunity for Offerors to showcase what they bring to the table plus demonstrate leadership in these areas. We encourage Offerors to show how they can achieve significant and lasting cost reductions for the State while improving health care quality for the participants.

The State wishes to break down silos and facilitate insight into how all the various health care pieces interact to drive costs. The State expects that Offerors will use and provide advanced analytics to create detailed reports that deliver reliable information to identify the State's most significant cost drivers and provide comparisons to benchmark data. Medical cost and quality outcomes depend on understanding how to predict and "bend" medical trends, as well as providing for effective provider engagement, health management, and pharmacy management strategies. The State must be able to track key cost factors, quantify medical cost trends, and confidently pinpoint how and why trend is changing month-to-month and year-to-year. The State expects Offerors to provide solutions that reduce costs, improve care and provide quality outcomes. This is central to achieving a systematic approach to improving health care for people with chronic health conditions. Care management and disease management must focus on delivering care more effectively and efficiently with patients taking an active role in their care and providers supported to better assist their patients in managing their illness. Goals of the State's future care management/disease management programs include:

- Develop a care management program that meets patient and provider needs using consistent protocols, evidence based and scientifically proven interventions and medical adherence follow up methods.
- Increase disease patient adherence with appointments, medication, immunizations, tests and education.
- Improve health habits/levels of disease patients by decreasing negative lifestyle choices (i.e. smoking, excessive alcohol, etc.) and improving desired health levels.
- Continued data assessment, outcome sharing and plan reporting.

The State seeks disease management to hold down growth in cost through supporting behavior change and will consider ways to incentivize personal investment in better health and treatment. The State is open to innovative ways to provide care to the highest-risk population group through triage services, disease support, and "wrap-around" services as this is considered an investment in keeping employees healthy, productive and at work. The State of Alaska wants to help healthy employees stay healthy and keep higher risk employees from more serious complications.

The State of Alaska believes that an individual's health is a large part of his/her human capital. The more an individual can benefit personally from good health, the more it matters to the person to be healthy. That same benefit extends to the employer and the health plan through increased productivity and decreased costs. The State needs to have our individual members make the connection between their own behavior and health so that we can engage them in their own care.

The State is exploring the creation and implementation of aligned incentives that have the potential to reduce the use of health-related benefits, not by discouraging necessary care, but by encouraging health protection and rewarding individual responsibility. The State is willing to explore the creation of incentives that increase the likelihood that people will engage in more health-protecting behaviors and lessen the likelihood of discretionary medical procedures. Our goal is one of better health and more appropriate healthcare utilization while providing funding for necessary healthcare.

The State expects effective provider relations with development of participating provider networks that deliver both improved access and savings to the State and its members. As networks continue to evolve, the State expects that in addition to effective price discounts that utilization management, quality assurance and accountability will be addressed in contracting.

C. State Objectives

The State's goal is to identify a Contractor(s) that will help the State fulfill its vision as set forth above including:

- Encouraging patients to engage in the management of their own health
- Providing them with resources and skills to obtain appropriate health care services
- Designing the delivery system to ensure the provision of effective, efficient clinical care
- Embedding clinical decision support tools into daily practice
- Using information technology to support patient education, patient care planning, coordination of care, and monitoring of compliance
- Increasing overall value through cost reduction and improved health outcomes and improved quality of health care
- Expanded contractual discount relationships with providers and networks of providers, including centers of excellence, to provide our members with access to comprehensive and excellent care at an affordable cost
- Comprehensive collection, analysis and utilization of data to inform and guide policy and plan design decisions
- High accuracy in claims processing
- Use of innovation and best practices to achieve state objectives
- Quality customer service

D. Plan Changes

The Plan Documents are subject to amendment by the Commissioner of the Department of Administration. Any such amendments will be communicated upon adoption to the Contractors hereunder.

The State is considering introducing a federally qualified HDHP sometime during the contract period. The State has not yet determined the plan design, or made any decisions regarding the availability of HSAs to be offered alongside the HDHP.

The State currently participates in the Medicare Retiree Drug Subsidy program. The State is considering recommendations to participate in new methods of providing Medicare benefits afforded by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, such as EGWPs.

Legislation in 2006 created a new tier of employees who will first become eligible for a Defined Contribution Retiree medical plan beginning as early as 2015. This plan is currently under development.

1.01 Proposal Submittal, Contact Person, Telephone and Deadline for Receipt of Proposals

Offerors must submit one electronic copy of their general proposal and all required attachments to Buck Consultants through its eRFP System.

The proposal and accompanying introduction and instruction can be found at

<http://buckconsultants.proposaltech.com/app.php/register>.

All questions regarding the proposal system can be submitted via email to support@proposaltech.com

Department of Administration
Division of Retirement & Benefits

Request for Proposal (RFP) Number: **2013-0200-1396**

Project name: ***(1) Medical Claims Administration and Managed Network, (2) Pharmacy Benefit Management Services, (3) Healthcare Management, and (4) Dental Claims Administration and Managed Network RFP***

Proposals must be received no later than Friday, December 28, 2012 at:

- 1:00 P.M., Alaska Time
- 2:00 P.M., Pacific Time
- 3:00 P.M., Mountain Time
- 4:00 P.M., Central Time
- 5:00 P.M., Eastern Time

An Offeror's failure to submit its proposal prior to the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation.

PROCUREMENT OFFICER: **David Bohna** – PHONE (907) 465-5656 FAX (907) 465-2194
TDD (907) 465-2205. E-mail address: david.bohna@alaska.gov

1.02 Definitions and Glossary of Acronyms

Definitions:

“Buck” or “Consultant” is defined as Buck Consultants.

“Contract” means the agreement or agreements issued to and binding the Offeror or Offerors under this RFP. The Contract includes all terms of this RFP as well as a professional services agreement containing the terms and conditions of the agreement. The professional services agreement will be negotiated prior to issuance of the notice of intent to award.

“Contractor” is defined as a successfully awarded Offeror.

“Employee” means a state employee eligible for health plan coverage under applicable Alaska law and the AlaskaCare Select Benefits Insurance Information Booklet.

“Offeror” is defined as a responder to this RFP.

“Procurement Officer” means David Bohna, his designee or successor.

“Project Director” is defined as the Director of the Division of Retirement and Benefits or as otherwise designated by the Commissioner of the Department of Administration, and their authorized designee(s).

“Project Team” includes all persons, subcontractors, and joint ventures that are necessary to perform the services required by this RFP.

“Questionnaire” means the four evaluation questionnaires that contain the evaluation criteria for the four components of this RFP.

“Retiree” means an individual eligible for health plan coverage under applicable Alaska law.

Acronyms:

This section provides an alphabetical listing of the acronyms used in this RFP for the reader’s convenience. The full spelled out source of the acronym will only be listed in this section. All other references will be in acronym form only (except in headings).

AAC	Alaska Administrative Code (www.legis.state.ak.us/basis/folio.asp)
AAM	Alaska Administrative Manual (www.doa.alaska.gov/dof/manuals/aam/index.html)
AD&D	Accidental Death & Dismemberment
ADP	Automated Data Processing
AS	Alaska Statutes (www.legis.state.ak.us/basis/folio.asp)
ASO	Administrative Services Organization
AWP	Average Wholesale Price

STATE OF ALASKA

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CMS	Centers for Medicare and Medicaid Services
COB	Coordination of Benefits
COBRA	Consolidated Omnibus Budget Reconciliation Act
CPT4	Current Procedural Terminology-Fourth Edition
DCR	Defined Contribution Retiree
DCAP	Dependent Care Assistance Plan
DRG	Diagnosis Related Group
DUR	Drug Utilization Review
DVA	Dental Vision Audio
EAP	Employee Assistance Plan
EGWP	Employer Group Waiver Plan
EOB	Explanation of Benefits
FSA	Flexible Spending Account
HDHP	High Deductible Health Plan
HERS	Health Eligibility Reporting System
HIPAA	Health Insurance Portability and Accountability Act of 1996
HSA	Health Savings Account
ICD	International Classification of Diseases
ICM	Individual Case Management
IRC	Internal Revenue Code
LOS	Length of Stay
LTC	Long Term Care
MAC	Maximum Allowed Charge
MA-PD	Medicare Advantage-Prescription Drug
NCQA	National Committee for Quality Assurance
NDC	National Drug Code
NIA	Notice of Intent to Award
PBM	Pharmacy Benefit Management
PEC	Procurement Evaluation Committee
PFFS	Private Fee-For-Service
PHI	Protected Health Information
POS	Point of Sale
PPO	Preferred Provider Organization
RDS	Retiree Drug Subsidy
RFP	Request for Proposals
ROI	Return on Investment
STAT-C	Specifically Targeted Antiviral Therapy for Hepatitis C
UCR	Usual Customary and Reasonable
UM	Utilization Management
UR	Utilization Review
VSP	Vision Service Plan (Vendor's Name)

YTD	Year to Date
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1.03 Contract Term and Work Schedule

The initial period of performance will be from July 1, 2013, to June 30, 2016. The State reserves the right to renew the contract for up to two additional one-year terms.

The State also reserves the right to add two additional one-year terms at the end of the initial 5-year period contingent upon passage of applicable law allowing for the increased overall term. No such legislation is pending at this time. The State also reserves the right to stagger the re-issuance of new RFPs to replace existing contracts for any of the four components listed in this RFP.

The contract term and RFP schedule set out herein represents the State's best estimate of the schedule that will be followed. If a component of this schedule, such as the opening date, is delayed, the rest of the schedule will be shifted by the same number of days. Timing and sequence of events resulting from this RFP will ultimately be determined by the State.

Unless otherwise provided in this RFP, the State and the successful Offeror/Contractor agree: (1) that any holding over of the contract excluding any exercised renewal options, will be considered as a month-to-month extension, and all other terms and conditions shall remain in full force and effect and (2) to provide written notice to the other party of the intent to cancel such month-to-month extension at least 30-days before the desired date of cancellation.

The approximate RFP schedule is as follows:

- Public Comment period: August 16 – August 27, 2012
- RFP issued: November 9, 2012
- Pre-proposal Conference: November 29, 2012 (see section 2.2)
- Offeror questions due: December 7, 2012
- Offeror Q & A posted: December 14, 2012
- Deadline for Receipt of Proposals: December 28, 2012
- Phone Interviews: January 14 - 18, 2013
- PEC completes evaluation of proposals and Best and Final Offers if required: January 31, 2013
- Notice of Intent to Award a Contract issued: February 7, 2013
- State of Alaska issues contract: February 21, 2013
- Delivery of Implementation/Transition Plan: February 28, 2013
- Transition Period through: June 30, 2013
- Actual services start: TBD (the State will work with the Offeror(s) selected to identify a mutually agreed upon start date)

As indicated, the PEC will conduct telephonic interviews prior to scoring the proposals. Questions for

the interviews will be developed based on the proposals received and made public prior to the interviews. The same questions will be asked of each Offeror. They will be used to provide further clarification to proposals and the answers will be used in scoring the proposals.

Each Offeror will be responsible for assigning the representative or representatives to be interviewed. No other individuals from the Offeror's organization will be allowed to sit in or participate in the interview.

The State may request additional information prior to interviews (such as a list of similar past contracts or a detailed service schedule, etc). Personnel being interviewed are prohibited from making any reference to the proposed cost or any other reference to cost data associated with the proposal.

1.04 Purpose and Scope of the RFP

The Department of Administration's, Division of Retirement and Benefits is soliciting proposals for a Contractor or multiple Contractors to provide the services described in this RFP. The State is the plan administrator for the plans listed in Section 1.04 (b). The plans have been self-insured since July 1, 1997, and the State currently maintains and reports eligibility.

(a) Scope of the RFP

Services being sought are comprised of four separate components: 1) Medical Claims Administration and Managed Network; 2) Pharmacy Benefit Management Services; 3) Healthcare Management, and 4) Dental Claims Administration and Managed Network.

Offerors are allowed to submit a proposal on any or all of the four components. Subcontractors or joint ventures are acceptable to handle portions of the package in accordance with the sections of this RFP that relate to subcontractors and joint ventures.

The scope of the RFP, the scoring criteria and evaluation questions consist of the following:

1. Medical Claims Administration and Managed Network

A. Company Profile

1. General
2. Account Management Team
3. Organizational Capacity
4. Implementation Plan
5. HIPAA Compliance
6. Communications
7. Information Technology
8. Integration with Other Vendors

B. Patient Value Chain

1. Network
2. Indemnity Vision and Managed Care Network
3. Eligibility & Enrollment
4. Customer / Member Services
5. Utilization Management (UM)
 - i. Concurrent Review
 - ii. Outpatient Review
 - iii. Discharge Planning
 - iv. Approvals/Denials
 - v. Travel Management
6. Case Management
7. Claims Processing
 - i. UCR Management
 - ii. Explanation of Benefits (EOB)
 - iii. Coordination of Benefits (COB)
 - iv. Health Flexible Spending Account (FSA)
 - v. Dependent Care Assistance Program (DCAP)
8. Quality Control
 - i. Performance Guarantees
9. Appeals
10. Data Analysis
 - i. Data Collection
 - ii. Reporting
11. Financial
 - i. Subrogation
 - ii. Banking
 - iii. Direct Bill
 - iv. COBRA

C. State Objectives

1. Plan Design
2. Policy Development
3. Innovation
4. Performance Incentives

D. Cost

1. Fees
2. Discounts/Network

2. Pharmacy Benefit Management Services

A. Company Profile

1. General
2. Account Management Team

3. Organizational Capacity
4. Implementation Plan
5. HIPAA Compliance
6. Communications
7. Information Technology
8. Integration with Other Vendors

B. Patient Value Chain

1. Definitions
2. Networks
 - i. Retail Networks
 - a. Broad National Retail Networks
 - b. Retail-90 Networks
 - c. Price Source(s) for Retail Networks
 - ii. Mail Order
 - a. Shipping and Handling
 - b. Member Payments
 - iii. Specialty Pharmacy Pricing
 - a. Definition of Specialty Drugs
 - b. Distribution Alternatives and Operations
 - iv. Required Attachments
3. Pricing
 - i. Maximum Allowable Cost (MAC)
 - ii. Average Wholesale Price (AWP)
 - iii. Drug Classification
 - iv. Retail Pricing
 - v. Mail Order
 - vi. Specialty Pharmacy Pricing
 - vii. Rebates
4. Eligibility & Enrollment
5. Customer / Member Services
 - i. Pharmacist Availability
 - ii. Specialty Drugs
6. Claims Processing
7. Coordination of Benefits (COB)
8. Clinical Programs
 - i. Drug Utilization Review (DUR) Programs
 - ii. Formulary
9. Medicare Part D
 - i. Medicare Part D Administration
 - ii. Retail Network
 - iii. Formulary
10. Quality Control
 - i. Performance Guarantees

- 11. Appeals
- 12. Data Analysis
 - i. Data Collection
 - ii. Reporting
- 13. Financial
 - i. Subrogation
 - ii. Banking

C. State Objectives

- 1. Plan Design
- 2. Policy Development
- 3. Innovation
- 4. Performance Incentives

D. Cost

- 1. Fees

E. Required Attachments

3. Healthcare Management

A. Company Profile

- 1. General
- 2. Account Management Team
- 3. Organization Capacity
- 4. Implementation Plan
- 5. HIPAA Compliance
- 6. Communications
- 7. Information Technology
- 8. Integration with Other Vendors

B. Patient Value Chain

- 1. Customer Service
- 2. Establishing Population Needs
 - i. Identification
 - ii. Health Risk Assessment
 - iii. Biometrics
- 3. Outreach
- 4. Incentives
- 5. Participation
- 6. Effectiveness
- 7. Healthcare Management Services
 - i. Wellness Services
 - ii. Nurse Call Line

- iii. Disease Management Programs
- iv. Maternity Management
- v. Employee Assistance Program (EAP)
- 8. Quality Control
 - i. Performance Guarantees
- 9. Data Analysis
 - i. Data Collection
 - ii. Data Reporting
- 10. Financial

C. State Objectives

- 1. Plan Design
- 2. Policy Development
- 3. Innovation
- 4. Performance Incentives

D. Cost

- 1. Fees

4. Dental Claim Administration and Managed Network

A. Company Profile

- 1. General
- 2. Account Management Team
- 3. Organizational Capacity
- 4. Implementation Plan
- 5. HIPAA Compliance
- 6. Communications
- 7. Information Technology
- 8. Integration with Other Vendors

B. Patient Value Chain

- 1. Network
- 2. Plan Design
- 3. Eligibility & Enrollment
- 4. Customer / Member Services
- 5. Utilization Management
 - i. Approvals / Denials
- 6. Claims Processing
 - i. UCR Management
 - ii. Explanation of Benefits (EOB)
 - iii. Coordination of Benefits (COB)
- 7. Quality Control
 - i. Performance Guarantees

- 8. Appeals
- 9. Data Analysis
 - i. Data Collection
 - ii. Reporting
- 10. Financial
 - i. Subrogation
 - ii. Banking
 - iii. Direct Bill
 - iv. COBRA

C. State Objectives

- 1. Plan Design
- 2. Policy Development
- 3. Innovation
- 4. Performance Incentives

D. Cost

- 1. Fees
- 2. Discounts/Network

(b) Plan Documents

Description of Existing Plans:

- 1. The plan documents for the health plans may be found as follows:

- a. AlaskaCare Employee Health Plan.
www.doa.alaska.gov/drb/ghlb/employee/pubs/booklets.html
- b. AlaskaCare Retiree Health Plan.
www.doa.alaska.gov/drb/ghlb/retiree/pubs/booklets.html
- c. AlaskaCare Wellness Program.
www.alaskacare.com/wellness

- 2. Summaries of the plan documents may be found at:

- a. AlaskaCare Employee Health Plan.
www.doa.alaska.gov/drb/alaskaCare/employee/plans/index.html
- b. AlaskaCare Retiree Health Plan.
www.doa.alaska.gov/drb/alaskaCare/retiree/plans/index.html

The State maintains a website, www.AlaskaCare.gov for the plans which includes information regarding enrollment, eligibility, plan benefits and forms, brochures and other material related to the plan. And,

you can locate the State's quarterly reports at

<http://doa.alaska.gov/alaskacare/headlines/quarterlyReports.html>

The State statutes applicable to the health plans may be found in AS 39.30, 14.25, 22.25, and 39.35.

(c) Plan Funding

- i. AlaskaCare Employee Health Plan. The State, with the assistance of its health plan actuarial consultant, computes the premiums for the plan options on an annual basis. The State also computes a benefit credit which is an employer contribution appropriated for each Employee. The benefit credit and the premiums contributed by Employees are deposited into the Group health and life benefits fund established in AS 39.30.095.
- ii. AlaskaCare Retiree Health Plan. The State, with the assistance of its health plan actuarial consultant, computes the premiums for the plan options on an annual basis. The retiree systems each have health trust funds established under AS 39.30.097 that fund the health plan benefits.

The health plan also provides for elective coverages (including DVA and LTC) for which retirees pay additional premiums. The State normally collects these additional premiums directly from retiree warrants and deposits them in the Retiree Health Fund. However, if retirees have insufficient funds from their benefit warrant to pay for their insurance selections, the claims administrator is responsible for collecting the premiums directly from the retiree, a process called Direct Bill. Certain early retirees must pay the entire premium for the health plan. There are approximately 450 retirees currently self-paying various insurance coverages.

- iii. AlaskaCare DCR Health Plan. Once retirees eligible for this plan enter retirement, the State, with the assistance of its health plan actuarial consultant, will compute the premiums for the plan options on an annual basis. The DCR systems each have health trust funds established under AS 39.30.097 that partially fund the health plan benefits. The DCR Health Plan provides for an employer funded Health Reimbursement Arrangement Plan, established in AS 39.30.300-.495. The HRA account enables DCR retirees to pay their portion of the premiums of the DCR Health Plan, until such account is exhausted.

The DCR health plan may provide for elective coverages (including DVA and LTC) for which retirees will pay additional premiums. The State anticipates it would normally collect these additional premiums directly from the HRA account and retiree warrants. However, if retirees have insufficient funds in their HRA account or from their benefit warrant to pay for their insurance selections, the claims

administrator will be responsible for collecting the premiums directly from the retiree, a process called Direct Bill. Offerors should refer to the DCR census data for more information regarding the DCR population.

The claims administrator administers billing and premium collection under the COBRA continuation plans for former State employees, retirees, and/or their dependents.

(d) Exclusions from this RFP.

- a. The scope of work under this RFP does not include the following provisions of the AlaskaCare Employee Health Plan (page references to plan booklet):
 - i. Life Insurance (pp. 118-120)
 - ii. Accidental Death and Dismemberment (pp. 121-125)
 - iii. Survivor Benefits (pp. 126-128)
 - iv. Disability Benefits (pp. 130-138)
 - v. Group Life Insurance (pp. 149-159)
 - vi. Travel Accidental Death and Dismemberment Benefits (pp. 161-163)
- b. The scope of work under this RFP does not include the following provisions of the AlaskaCare Retiree Health Plan (page references to plan booklet):
 - i. Group Life Insurance Plan (pp. 113-116)
 - ii. Long Term Care is not included in the scope of this RFP (separate booklet).

1.05 Location of Work

By signing Attachment B, attached hereto and required to be submitted with the Offeror's proposal, the Offeror certifies that:

- (a) all services provided under this contract by the Contractor and all Subcontractors shall be performed in the United States; and
- (b) the Offeror is not established and headquartered or incorporated and headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report.

The most recent United States Department of State's Trafficking in Persons Report can be found at the following website: <http://www.state.gov/g/tip/>

Failure to comply with (a) or (b) of this requirement will cause the State to reject the proposal as non-responsive, or cancel the contract.

1.06 Assistance to Offerors with a Disability

Offerors with a disability may receive accommodation regarding the means of communicating this RFP or participating in the procurement process. For more information, contact the Procurement Officer no later than ten days prior to the deadline for receipt of proposals.

1.07 Questions Received Prior to Opening of Proposals

All questions must be submitted via email through Buck's eRFP System through the "Ask Question" located on the left hand menu on the proposal site.

All questions submitted will be answered and made available as amendments for all Offerors in accordance with the RFP timeline.

1.08 RFP Amendments

If an amendment is issued, it will be provided to all who registered through Buck's eRFP System.

1.09 Alternate Proposals

Offerors may only submit a proposal(s) for the services requested. In accordance with 2 AAC 12.830 alternate proposals (proposals that offer something different than what is asked for) will be rejected.

1.10 Right of Rejection

Offerors must comply with the State Procurement Code (AS 36.30), and all applicable local, state, and federal laws, codes, and regulations. The Procurement Officer may reject any proposal that does not comply with all of the material and substantial terms, conditions, and performance requirements of the RFP.

Offerors may not qualify the proposal nor restrict the rights of the State. If an Offeror does so, the Procurement Officer may determine the proposal to be a non-responsive counter-offer and the proposal may be rejected.

Minor informalities may be waived by the Procurement Officer that:

- are merely a matter of form or format
- do not change the relative standing or otherwise prejudice other offers
- do not change the meaning or scope of the RFP
- are trivial, negligible, or immaterial in nature
- do not reflect a material change in the work
- do not constitute a substantial reservation against a requirement or provision

The State reserves the right to refrain from making an award if it determines that to be in its best interest.

A proposal from a debarred or suspended Offeror shall be rejected.

1.11 State Not Responsible for Preparation Costs

The State will not pay any cost associated with the preparation, submittal, presentation, or evaluation of any proposal.

1.12 Disclosure of Proposal Contents

All proposals and other material submitted become the property of the State of Alaska and may be returned only at the State's option. AS 40.25.110 requires public records to be open to reasonable inspection. All proposal information, including detailed price and cost information, will be held in confidence during the evaluation process and prior to the time a NIA is issued. Thereafter, proposals will become public information.

Confidential material, including trade secrets and proprietary data, contained in proposals may be held confidential if the Offeror requests in writing that the Procurement Officer do so, and if the Procurement Officer agrees in writing to do so. Material considered confidential by the Offeror must be clearly identified and the Offeror must include a brief statement that sets out the reasons for confidentiality. The Buck eRFP system allows Offerors to specify information provided in the Questionnaires as confidential.

1.13 Subcontractors / Joint Ventures

Subcontractors or joint ventures may be used to perform work under this contract.

The Contractor will be ultimately responsible for all services provided under the resulting contract including services provided by any Subcontractors and joint ventures.

The Offeror must provide the following information with their proposal concerning each prospective subcontractor and joint venture:

- (a) Complete name of the Subcontractor or joint venture;
- (b) Complete address of the Subcontractor or joint venture;
- (c) Type of work the Subcontractor or joint venture will be performing; and
- (d) Description of the work to be performed by the Subcontractor or joint venture, including all rights and responsibilities regarding performance and payment.

An Offeror's failure to provide this information may cause the State to consider the proposal non-responsive and reject it.

During the term of the contract:

(1) the State reserves the right to require the replacement of a Subcontractor or joint venture.

(2) the substitution of one Subcontractor or joint venture for another, whether initiated by the State or the Contractor, is subject to the written approval of the Project Director.

Any services provided by any subcontractor or joint venture performed in the state require a valid Alaska business license.

1.14 Offeror's Certification

By signing Attachment B, attached hereto and required to be submitted with the proposal, Offeror, and any Subcontractors and joint ventures retained by it to perform work under this contract, certifies that:

- (a) it complies with the laws of the State of Alaska;
- (b) it complies with the applicable portion of the Federal Civil Rights Act of 1964;
- (c) it complies with the Equal Employment Opportunity Act and the regulations issued thereunder by the federal government;
- (d) it complies with the Americans with Disabilities Act of 1990 and the regulations issued thereunder by the federal government;
- (e) it complies with all terms and conditions set out in this RFP;
- (f) the Proposal is not made in connection with any competing Offeror submitting a separate response to the RFP, and is in all respects fair and without collusion or fraud; Offeror did not participate in the RFP development process, had no knowledge of the specific contents of the RFP prior to its posting for public comment, and that no employee of the agency participated directly or indirectly in the Offeror's proposal preparation;
- (g) the offers will remain open and valid for at least 120 days; and
- (h) programs, services, and activities provided to the general public under the resulting contract conform with the Americans with Disabilities Act of 1990, and the regulations issued thereunder by the federal government.

If any Offeror fails to comply with [a] through [h] of this paragraph, the State reserves the right to disregard the proposal, terminate the contract, or consider the contractor in default.

1.15 Conflict of Interest

The Commissioner, Department of Administration, reserves the right to reject the proposal or cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the program to be developed by the Offeror. The Commissioner's determination regarding any questions of conflict of interest shall be final.

1.16 Right to Inspect Place of Business

During normal business hours, the State may inspect those areas of the Contractor's and/or Subcontractor's or joint venture's place of business that are related to the performance of a contract. If the State makes such an inspection, the Contractor, Subcontractor or joint venture must provide reasonable assistance.

1.17 RFP Public Notice

Public notice has been provided in accordance with 2 AAC 12.220.

1.18 News Releases

News releases related to this RFP and resulting Contracts will not be made without prior approval of the Commissioner of the Department of Administration.

1.19 Assignment / Novation

Per 2 AAC 12.480, the Contractor may not transfer or assign any portion of the contract without prior written approval from the Procurement Officer.

1.20 Applicable Law

Any dispute or appeal arising out of this RFP will be resolved under the laws of the State of Alaska.

1.21 Severability

If any provision of the Contract is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected; and, the rights and obligations of the parties will be construed and enforced as if the contract did not contain the particular provision held to be invalid.

1.22 Federal Requirements

The Offeror must identify all known federal requirements that apply to the proposal, the evaluation, or the contract. Additionally, the privacy provisions of HIPAA apply to health information created or maintained by health care providers who engage in certain electronic transactions, health plans and health care clearinghouses. Offerors must be knowledgeable of, and responsible for, actions implicating HIPAA compliance under the RFP and contract.

2. SECTION TWO STANDARD PROPOSAL INFORMATION

2.1 Authorized Signature

An individual authorized to bind the Offeror to the provisions of the RFP must sign Attachment B, appended hereto. Proposals must remain open and valid for at least 120-days from the opening date.

2.2 Pre-proposal Conference

A pre-proposal conference will be held at 8:00am, AST, on November 29, 2012 in the large conference room in the Commissioner's Office on the 10th floor of the State Office Building in Juneau, Alaska. You will also be able to participate telephonically, if needed, using call-in number 1-866-556-0164, participant code: 142-9409. The purpose of the conference is to discuss the work to be performed with the prospective Offerors and allow them to ask questions concerning the RFP. Questions and answers will be transcribed and sent to prospective Offerors as soon as possible after the meeting.

2.3 Site Inspection

The State may conduct on-site visits to evaluate the Offeror's capacity to perform the contract. An Offeror must agree, at risk of being found non-responsive and having its proposal rejected, to provide the State reasonable access to relevant portions of its work sites. Individuals designated by the Project Director at the State's expense will make site inspection.

2.4 Amendments to Proposals

Amendments to or withdrawals of proposals will only be allowed if acceptable requests are received prior to the deadline that is set for receipt of proposals. No amendments or withdrawals will be accepted after the deadline unless they are in response to a State request in accordance with 2 AAC 12.290.

2.5 Supplemental Terms and Conditions

If the State fails to identify or detect terms or conditions in the Offeror's proposal that conflict with those contained in this RFP or that diminish the State's rights under any Contract, the term(s) or condition(s) will be considered null and void. After award of Contract:

- a) If conflict arises between a term or condition included in the proposal and a term or condition of the RFP, the term or condition of the RFP will prevail; and
- b) If the State's or Retiree's rights would be diminished as a result of application of a term or condition included in the Offeror's proposal, the term or condition will be considered null and void and severed from the Offeror's proposal and any related Contract.

2.6 Clarification of Offers

In accordance with 2 AAC 12.285 and AAM 81.470(5) the State reserves the right to clarify, or seek clarification, on any proposal (this includes contacting past clients to verify performance, interviewing key personnel, performing additional investigating on the firms performance history, and requiring additional documentation or information to respond to any performance findings).

In order to determine if a proposal is reasonably susceptible for award, communications by the Procurement Officer or the PEC are permitted with an Offeror to clarify uncertainties or eliminate confusion concerning the contents of a proposal. Clarifications may not result in a material or substantive change to the proposal. The evaluation by the Procurement Officer or the PEC may be adjusted as a result of a clarification under this section.

During the evaluation process, the Procurement Officer or the PEC may communicate with an Offeror to clarify uncertainties or eliminate confusion. This communication may not result in a material or substantial change to the proposal, but it may result in an adjustment to the Procurement Officer or PEC's evaluation.

2.7 Discussions with Offerors

In addition to the interviews provided for in the RFP Timeline, the State may conduct discussions with Offerors in accordance with AS 36.30.240 and 2 AAC 12.290. Discussions may be conducted with responsible Offerors who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of, and responsiveness to, the RFP. Offerors reasonably susceptible of being selected for award shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and revisions may be permitted after submissions and before the award of the contract for the purpose of obtaining best and final offers.

Offerors of proposals reasonably susceptible for award as determined in the evaluation conducted in accordance with the criteria in the RFP and 2 AAC 12.260 may be offered the opportunity to discuss their proposals with the Procurement Officer or PEC at the discretion of the Procurement Officer. The Procurement Officer may limit discussions to specific sections of the proposals received or specific sections of the RFP. The opportunity for confidential discussions, if held, must be extended to all Offerors submitting proposals deemed reasonably susceptible for award. Auction techniques that reveal one Offeror's price to another, and disclosure of any information derived from competing proposals, are prohibited.

Any oral modification of a proposal resulting from proposal discussion shall be reduced to writing by the Offeror.

Following discussions, the Procurement Officer may set a date and time for the submission of best and final proposals. Best and final proposals may be submitted only once. However, the Chief Procurement Officer or the Commissioner of the Department of Administration may make a written determination that it is in the State's best interest to conduct additional discussions or change the state's requirements and require another submission of best and final proposals. Otherwise, discussion of or changes in the best and final proposals may not be allowed before award. If an Offeror does not submit a best and final proposal or a notice of withdrawal, the Offeror's previous proposal is considered the Offeror's best and final proposal.

The evaluation of a proposal may be adjusted as a result of a discussion under this section. The conditions, terms, or price of the proposal may be altered or otherwise changed during the course of the discussions provided the changes are within the scope of the RFP. After best and final proposals are received, final evaluations will be conducted.

Offerors with a disability needing accommodation should contact the Procurement Officer prior to the date set for discussions so that reasonable accommodation can be made. Any oral modification of a proposal must be reduced to writing by the Offeror.

2.8 Minimum Prior Experience

In order for proposals to be considered responsive, Offerors must meet the minimum prior experience and qualification requirements as provided under each RFP component. In order to be eligible to participate, an Offeror must meet all of the following qualification requirements for the component(s) to which it is responding.

(a) Medical Claims Administration and Managed Network – Offeror must have:

- i. provided claim administration for medical, vision and FSA services and managed network services for at least one employer of 6,000 or more employees for at least 5 years
- ii. provided claim administration for medical services and managed network services for at least one group of 20,000 or more retirees for at least 5 years
- iii. at least 5 years of experience in processing over 125,000 claims per month for one group
- iv. provided claim administration for a government employer or public retirement plan for medical services and managed network services for at least 3 years

(b) Pharmacy Benefit Management Services– Offeror must have:

- i. provided claim administration for pharmacy services and managed pharmacy network services for at least one employer of 6,000 or more employees for at least 5 years
- ii. provided claim administration for pharmacy services and managed pharmacy network services for at least one group of 20,000 or more retirees for at least 5 years

- iii. at least 5 years of experience in processing over 100,000 pharmacy point of sale claims per month for one group
 - iv. at least 5 years of experience in processing over 75,000 pharmacy mail order claims per month for one group
 - v. provided claim administration for pharmacy services and managed pharmacy network services for a government employer or public retirement plan for at least 3 years
- (c) Healthcare Management – Offeror must have:
- i. provided healthcare management services for at least one employer of 6,000 or more employees for at least 5 years
 - ii. provided healthcare management services for at least one group of 20,000 or more retirees for at least 5 years
 - iii. provided healthcare management services for a government employer or public retirement plan for at least 3 years
- (d) Dental Claims Administration and Managed Network – Offeror must have:
- i. provided dental claim administration and managed network services for at least one employer of 6,000 or more employees for at least 5 years
 - ii. provided dental claim administration and managed network services for at least one group of 20,000 or more retirees for at least 5 years
 - iii. at least 5 years of experience in processing over 5,000 dental claims per month for one group
 - iv. provided dental claim administration and managed network services for a government employer or public pension plan for at least 3 years

An Offeror's failure to meet these minimum prior experience requirements will cause its proposal to be considered non-responsive and its proposal will be rejected.

2.9 Evaluation of Proposals

The PEC, made up of at least three State employees or public officials, will evaluate proposals with technical assistance from the Consultant. The Consultant will perform the re-pricing, cost projections, discount analysis and geo-access studies called for in the cost sections. The evaluation will be based solely on the evaluation factors set out in this RFP.

After receipt of proposals, if there is a need for any substantial clarification or material change in the RFP, an amendment will be issued. The amendment will incorporate the clarification or change, and a new date and time established for new or amended proposals. Evaluations may be adjusted as a result of receiving new or amended proposals.

2.10 Vendor Tax ID

A valid Vendor Tax ID must be submitted to the issuing office with the proposal or within five days of the State's request.

2.11 F.O.B. Point

All goods purchased by the State for use by the State through the Contract will be F.O.B. final destination. Unless specifically stated otherwise, all prices offered must include the delivery costs to any location within the State of Alaska.

2.12 Alaska Business License and Other Required Licenses

At the time the proposals are opened, all Offerors must hold a valid Alaska business license and any necessary applicable professional licenses required by Alaska Statute. Without the business license, you will be declared non-responsive and your proposal will be rejected. (Registering as a foreign corporation does not meet the Alaska business license requirement.)

Proposals must be submitted under the name as appearing on the Offeror's current Alaska business license in order to be considered responsive. Offerors should contact the Department of Commerce, Community and Economic Development, Division of Corporations, Business, and Professional Licensing, P. O. Box 110806, Juneau, Alaska 99811-0806 (www.commerce.alaska.gov/occ/home_bus_licensing.html), for information on these licenses. Offerors must submit evidence of a valid Alaska business license with the proposal. **An Offeror's failure to submit this evidence with the proposal will cause its proposal to be determined non-responsive.** Acceptable evidence that the Offeror possesses a valid Alaska business license may consist of any one of the following:

- i. Copy of an Alaska business license;
- ii. Certification on the proposal that the Offeror has a valid Alaska business license and has included the license number in the proposal;
- iii. A canceled check for the Alaska business license fee;
- iv. A copy of the Alaska business license application with a receipt stamp from the state's occupational licensing office; or
- v. A sworn and notarized affidavit that the Offeror has applied and paid for the Alaska business license.

Offerors are not required to hold a valid Alaska business license at the time proposals are opened if the Offeror possesses one of the following licenses and are offering services or supplies under that specific line of business:

- i. Fisheries business licenses issued by Alaska Department of Revenue or Alaska Department of Fish and Game;

- ii. Liquor licenses issued by Alaska Department of Revenue for alcohol sales only;
- iii. Insurance licenses issued by Alaska Department of Commerce, Community and Economic Development, Division of Insurance; or
- iv. Mining licenses issued by Alaska Department of Revenue.

2.13 Application of Preferences

Certain preferences may apply to all contracts for professional services, regardless of their dollar value:

Alaska Bidder Preference – AS 36.30.170
Alaska Offeror's Preference – AS 36.30.250
Alaska Veteran's Preference – AS 36.30.175
Alaska Products Preference - AS 36.30.332
Recycled Products Preference - AS 36.30.337
Local Agriculture and Fisheries Products Preference - AS 36.15.050
Employment Program Preference - AS 36.30.170(c)
Alaskans with Disability Preference - AS 36.30.170 (e)
Employers of People with Disabilities Preference - AS 36.30.170 (f)

Offerors may qualify for more than one preference.

Guides that contain excerpts from the relevant statutes and codes, explain when the preferences apply and provide examples of how to calculate the preferences are available at the Department of Administration, Division of General Services' web site: www.doa.alaska.gov/dgs/policy.html

The Division of Vocational Rehabilitation in the Department of Labor and Workforce Development keeps a list of qualified employment programs; a list of individuals who qualify as persons with a disability; and a list of persons who qualify as employers with 50 percent or more of their employees being disabled. A person must be on this list at the time the bid is opened in order to qualify for a preference under this section.

As evidence of an individual's or a business' right to a certain preference, the Division of Vocational Rehabilitation will issue a certification letter. To take advantage of the employment program preference, Alaskans with Disability Preference or Employers of People with Disabilities Preference described above, an individual or business must be on the appropriate Division of Vocational Rehabilitation list at the time the proposal is opened, and must provide the procurement officer a copy of their certification letter. Offerors must attach a copy of their certification letter to the proposal. The Offeror's failure to provide the certification letter mentioned above with the proposal will cause the State to disallow the preference.

2.14 Alaska Bidder Preference AS 36.30.170 & 2 AAC 12.260

An Alaska Bidder Preference of a five percent reduction in a qualified Offeror's cost proposal will be applied during evaluation. To qualify, an Offeror must:

- (a) hold a current Alaska business license;
- (b) submit a proposal for goods or services under the name on the Alaska business license;
- (c) have maintained a place of business within the state staffed by the Offeror, or an employee of the Offeror, for a period of six months immediately preceding the date of the proposal;
- (d) be incorporated or qualified to do business under the laws of the state, is a sole proprietorship and the proprietor is a resident of the state, is a limited liability company organized under AS 10.50 and all members are residents of the state, or is a partnership under AS 32.05 or AS 32.11 and all partners are residents of the state; and
- (e) if a joint venture, be composed entirely of entities that qualify under (a)-(d) of this subsection.
- (f) include a statement in Attachment B, appended hereto, certifying that the Offeror is eligible to receive the Alaska Bidder Preference.

2.15 Alaska Veteran Preference

AS 36.30.175

An Alaska Veteran Preference in the amount of a \$5,000 reduction in a qualified Offeror's cost proposal will be applied during evaluation. To qualify, an Offeror must:

- (a) Be a:
 - i. Sole proprietorship owned by an Alaska veteran;
 - ii. Partnership under AS 32.06 or AS 32.11 if a majority of the partners are Alaska veterans;
 - iii. Limited liability company organized under AS 10.50 if a majority of the members are Alaska veterans; or
 - iv. Corporation that is wholly owned by individuals and a majority of the individuals are Alaska veterans.
- (b) Include a statement in Attachment B, appended hereto, certifying that the Offeror is eligible to receive the Alaska Veteran Preference.

2.16 Alaska Offeror's Preference

AS 36.30.250 & 2 AAC 12.260

An Alaska Offeror's Preference of 10 percent of overall evaluation points will be applied during evaluation. Alaska Bidders, as defined in AS 36.30.170(b) and set forth in section 2.12 above, are eligible for the preference. This preference will be added to the overall evaluation score of each Alaskan Offeror.

2.17 Formula Used to Convert Cost to Points

The Alaska Bidder's Preference and the Alaska Veteran's Preference are cost-based preferences. Offerors that qualify receive a reduction in their cost for the purpose of awarding points, increasing the number of points awarded for cost. This is different and separate from the Alaska Offeror's Preference which awards an additional ten percent just for being an Alaskan Offeror as defined in AS 36.30.170(b).

The lowest cost proposal will receive the maximum number of points allocated to cost. If an Offeror or Offerors qualify for these preferences, the point allocations for cost on the other proposals will be determined through the method set out below.

In the example below, cost is weighted as 50% (500 points) of the overall total score of 1,000 points. And, the Offeror qualifies for the Alaska Bidder's Preference and the Alaska Veteran's Preference.

EXAMPLE

Formula Used to Convert Cost to Points

[STEP 1]

List all cost proposals:

Offeror #1	-	Non-Alaskan Offeror	\$15,000,000
Offeror #2	-	Alaskan Offeror	\$16,000,000
Offeror #3	-	Alaskan Offeror	\$17,000,000

[STEP 2]

Apply Alaska Bidder Preference and Alaska Veteran Preference (Veteran Preference is capped at \$5,000), as applicable:

[STEP 3]

Calculate the 5% Alaska Bidder's Preference as follows:

Offeror #2	-	$\$16,000,000 \times 5\% = \$800,000$
Offeror #3	-	$\$17,000,000 \times 5\% = \$850,000$

[STEP 4]

List all proposal prices adjusted for Alaska Bidder's Preference if applicable:

STATE OF ALASKA

(1) Medical Claims Administration and Managed Network,
(2) Pharmacy Benefit Management Services, (3) Healthcare
Management, and (4) Dental Claims Administration and
Managed Network RFP

RFP No. 2013-0200-1396

Offeror #1	-	\$15,000,000 (no preferences apply)
Offeror #2	-	\$15,200,000 (\$16,000,000 - \$800,000)
Offeror #3	-	\$16,150,000 (\$17,000,000 - \$850,000)

[STEP 5]

List all proposal prices adjusted for Alaska Veteran's Preference if applicable:

Offeror #1	-	\$15,000,000 (no preferences apply)
Offeror #2	-	\$15,195,000 (\$15,200,000 - \$5,000)
Offeror #3	-	\$16,145,000 (\$16,150,000 - \$5,000)

In this example, Offerors #2 and #3 have their cost proposals reduced because they both qualify for the Alaska Bidder's Preference and the Alaska Veteran's Preference.

[STEP 6]

Convert cost to points using this formula.

$$\frac{[(\text{Price of Lowest Cost Proposal}) \times (\text{Maximum Points for Cost})]}{(\text{Cost of Each Higher Priced Proposal})} = \text{POINTS}$$

Offeror #1 receives the total 500 points.

The reason it receives that amount is because the lowest cost proposal, in this case is the \$15,000,000.

Offeror #2 receives 493.58 points.

$$\begin{array}{rclclcl} \$15,000,000 & \times & 500 & = & 7,500,000,000 & \div & \$15,195,000 & = & 493.58 \\ \text{Lowest} & & \text{Max} & & \text{Offeror \#2} & & \text{Points} & & \\ \text{Cost} & & \text{Points} & & \text{Adjusted By} & & & & \\ & & & & \text{The Application Of} & & & & \\ & & & & \text{All Applicable} & & & & \\ & & & & \text{Preferences} & & & & \end{array}$$

Offeror #3 receives 464.54 points.

$$\begin{array}{rclclcl} \$15,000,000 & \times & 500 & = & 6,000,000,000 & \div & \$16,145,000 & = & 464.54 \\ \text{Lowest} & & \text{Max} & & \text{Offeror \#2} & & \text{Points} & & \\ \text{Cost} & & \text{Points} & & \text{Adjusted By} & & & & \\ & & & & \text{The Application Of} & & & & \\ & & & & \text{All Applicable} & & & & \\ & & & & \text{Preferences} & & & & \end{array}$$

EXAMPLE

Alaska Offeror Preference**[STEP 1]**

Determine the number of points available to Alaskan Offerors under the preference.

Total number of points available - 1000 Points

$$\begin{array}{rcccl} 1000 & \times & 10\% & = & 100 \\ \text{Total Points} & & \text{Alaskan Offerors} & & \text{Number of Points} \\ \text{Available} & & \text{Percentage Preference} & & \text{Given to Alaskan Offerors} \\ & & & & \text{Under the Preference} \end{array}$$

[STEP 2]

Add the preference points to the Alaskan offers. There are two Offerors: Offeror #2, and Offeror #3. They are both eligible for the Alaska Offeror Preference. For the purpose of this example presume that all of the proposals have been completely evaluated based on the evaluation criteria in the RFP. Their scores at this point are:

Offeror #1 - 890 points

Offeror #2 - 800 points

Offeror #3 - 880 points

Offeror #2 and Offeror #3 each receive 100 additional points. The final scores for all of the offers are:

Offeror #1 - 890 points

Offeror #2 - 900 points

Offeror #3 - 980 points

Offeror #3 is awarded the contract.

2.18 Contract Negotiation

After final evaluation, consistent with 2 AAC 12.315, the Procurement Officer may negotiate with the Offeror of the highest-ranked proposal. Negotiations, if held, shall be within the scope of the RFP and limited to those items which would not have an effect on the ranking of proposals. The negotiations shall include the drafting and finalization of a professional services contract that will contain the binding terms and conditions of the agreement. Such terms and conditions may include those set forth in Attachment N of this RFP as well as the performance guarantees set forth in the Attachments I1 – I4.

Contract negotiations may take place by telephone, electronic mail and in person. Any in-person negotiations will take place in **Juneau**, Alaska, and the Offeror will be responsible for its travel and per diem expenses.

2.19 Failure to Negotiate

Per 2 AAC 12.315, if the selected Offeror:

- (a) fails to provide the information required to begin negotiations in a timely manner
- (b) fails to negotiate in good faith
- (c) indicates it cannot perform the contract within the budgeted funds available for the project; or
- (d) and the State, after a good faith effort, simply cannot come to terms,

the State may terminate negotiations with the Offeror initially selected and commence negotiations with the next highest ranked Offeror.

2.20 Notice of Intent to Award (NIA) — Offeror Notification of Selection

After the completion of contract negotiation the Procurement Officer will issue a written NIA and send copies to all Offerors. The NIA will set out the names of all Offerors and identify the proposal selected for award. A sample of the NIA can be found in Attachment E.

2.21 Comments and Protest

AS 36.30.560 provides that an interested party may protest the content of the RFP. An interested party is defined in 2 AAC 12.990(a) (7) as "an actual or prospective bidder or Offeror whose economic interest might be affected substantially and directly by the issuance of a contract solicitation, the award of a contract, or the failure to award a contract."

(a) Comments based on alleged improprieties and ambiguities in RFP

1. Offerors should carefully review this RFP for alleged improprieties, ambiguities, defects and questionable or objectionable material.
2. Comments concerning alleged improprieties, ambiguities, defects and questionable or objectionable material must be made via email to the Procurement Officer at david.bohna@alaska.gov in accordance with the RFP timeline. This will allow issuance of any necessary amendments.

(b) Protest

1. Protests based on any alleged impropriety or ambiguity will be disallowed if objections are not brought to the attention of the Procurement Officer, in writing, at least ten days before the time set for opening as provided in AS 36.30.565.

2. AS 36.30.560 also provides that an interested party may protest the award of a contract or the proposed award of a contract.
3. If an Offeror wishes to protest the award of a contract or the proposed award of a contract, the protest must be received, in writing by the Procurement Officer within ten days after the date the NIA the contract is issued.
4. A protester must have submitted a proposal in order to have sufficient standing to protest the proposed award of a contract. Protests must include the following information:
 - a. The name, address, and telephone number of the protester;
 - b. The signature of the protester or the protester's representative;
 - c. Identification of the contracting agency and the RFP or Contract at issue;
 - d. A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and
 - e. The form of relief requested.
5. Protests filed by telex or telegram are not acceptable because they do not contain a signature. Fax copies containing a signature are acceptable.
6. The Procurement Officer will issue a written response to the protest. The response will set out the Procurement Officer's decision and contain the basis of the decision within the statutory time limit in AS 36.30.580. A copy of the decision will be furnished to the protester by certified mail, fax or another method that provides evidence of receipt.
7. All Offerors will be notified of any protest. The review of protests, decisions of the Procurement Officer, appeals, and hearings, will be conducted in accordance with the State Procurement Code (AS 36.30), Article 8 "Legal and Contractual Remedies."

3. SECTION THREE STANDARD CONTRACT INFORMATION

3.1 Contractor Compensation

(a) Fees:

1. **Medical Claims Administration and Managed Network.** The State will pay administrative fee charges on a per Employee and per Retiree per month basis. Offerors should submit a cost proposal in accordance with this requirement.

2. Pharmacy Benefit Management Services. The State will pay an administrative fee charge on a per Employee and per Retiree per month basis for PBM services. This does not preclude the State from paying additional fees to the Offeror for services outside of the base PBM administrative fee, should the exclusion of such service from the base fee be amenable to the State, and the State requests this service of the Offeror. Offerors should submit a cost proposal in accordance with this requirement; additional services that incur fees outside of the base administrative fee charge must be clearly outlined in the appropriate cost proposal bid form.

3. Healthcare Management. The State will pay administrative fee charges on a per Employee and per Retiree per month basis. Offerors should submit a cost proposal in accordance with this requirement. The State reserves the right to re-negotiate the price based on increased volume of wellness participants.

4. Dental Claim Administration and Managed Network. The State will pay administrative fee charges on a per Employee and per Retiree per month basis. Offerors should submit a cost proposal in accordance with this requirement.

- (b) The rates offered in this RFP shall remain valid for a minimum of the first three years of the contract (through June 30, 2016). Beginning with the fourth year of the contract, the successful contractor may request negotiations for a rate increase. The Contractor must request the rate increase from the State at least 120 days before the effective date of change. Notwithstanding, annual negotiated monthly base fee changes for the two extension years will be capped at the lesser of 4% of the previous rate or the increase, if any, in the Consumer Price Index for Anchorage from July 1 to June 30 of the prior year. Negotiated rate changes are effective for one year.

3.2 Performance Incentives

The Offeror may propose annual fee increments for accomplishing State Objectives as outlined in Section 1.00 of the RFP. Examples of annual fee increments include but are not limited to:

- 1. Cost Containment Fee Increment.** An annual fee increment in an amount to be proposed by the Offeror to be awarded if cost growth per member declines xx% from the prior fiscal year and claims processing accuracy audits show claims processing accuracy exceeds 98% for the fiscal year. Applicable to Medical, PBM and Dental services.
- 2. Cost Reduction Fee Increment.** An annual fee increment in an amount to be proposed by the Offeror to be awarded if overall claims costs are less than xx% from the prior fiscal year and claims processing accuracy audits show claims processing accuracy exceeds 98% for the fiscal year. Applicable to Medical, PBM and Dental services.
- 3. Increased Utilization Of Preventive Care Fee Increment.** An annual fee increment in an amount to be proposed by the Offeror to be awarded if utilization of preventive care among the Member population increased by xx% over the prior fiscal year. Applicable to Healthcare Management services.

4. Increased Participation in Wellness and Disease Management Programs Increment. An annual fee increment in an amount to be proposed by the Offeror to be awarded if participation in the wellness and disease management programs among the Employee population increased by xx% over the prior fiscal year. Applicable to Healthcare Management services.

The State reserves the right in its sole and absolute discretion to reject or negotiate the annual fee increment proposals of any Offeror.

3.3 Contract Approval

This RFP does not, by itself, obligate the State. The State's obligation will commence when the Contract is approved by the Commissioner of the Department of Administration, or the Commissioner's designee. Upon written notice to the Contractor, the State may set a different starting date for the Contract.

3.4 Standard Contract Provisions

Unless otherwise agreed to by the parties, the Contractor will be required to sign and submit the attached State's Standard Agreement Form for Professional Services (form 02-093/Attachment A). The Contractor must comply with the contract provisions set out in this attachment. No alteration of these provisions will be permitted without consultation with the Department of Law. Objections to any of the provisions in Attachment A must be set out in the Offeror's proposal.

3.5 Proposal as a Part of the Contract

All of this RFP and the successful proposal will be incorporated into the Contract.

3.6 Additional Terms and Conditions

The State reserves the right to add terms and conditions during contract negotiations. These terms and conditions will be within the scope of the RFP and will not affect the proposal evaluations.

3.7 Insurance Requirements

The successful Offeror must provide proof of workers' compensation insurance prior to contract approval.

The successful Offeror must secure the insurance coverage required by the State. The coverage must be satisfactory to the Department of Administration Division of Risk Management. An Offeror's failure to provide evidence of such insurance coverage is a material breach and grounds for withdrawal of the award or termination of the contract.

Offerors must review Attachment D, Indemnity and Insurance, for details on required coverage. No alteration of these requirements will be permitted without prior written approval from the Department of Administration, Division of Risk Management. Objections to any of the requirements in Attachment D must be set out in the Offeror's proposal.

3.8 Contract Funding

The State's approval or continuation of payment for a Contract is contingent upon legislative appropriation.

3.9 Proposed Payment Procedures

The State will make payments based on a negotiated payment schedule. Each billing must consist of an invoice submitted by the Contractor that details the computation of the fee amount. No payment will be made until the invoice has been approved by the Project Director.

3.10 Interest and Taxes

Under no conditions will the State be liable for the payment of any interest charges associated with Contractor delay in payment of costs it incurs that are related to fulfilling the requirements of this contract.

The State is not responsible for and will not pay local, state, or federal taxes. All costs associated with the contract must be stated in U.S. currency.

3.11 Contract Personnel

The Offeror must identify and provide contact information for all key personnel that are ultimately responsible for the services provided to the State under this RFP. For each key personnel identified, the Offeror must provide the person's education, work experience and other relevant experience. Any change of the Project Team key personnel named in the proposal must be approved, in advance and in writing, by the Project Director. The Contractor must provide written justification as to why these key personnel are being removed or diverted; provide the names of the proposed substitutes or replacements including the education, work experience, and other relevant experience of each. Personnel changes that are not approved by the State may be grounds for the State to terminate the Contract.

3.12 Inspection & Modification - Reimbursement for Unacceptable Deliverables

The Contractor is responsible for the completion of all work set out in the Contract. All work is subject to inspection, evaluation, and approval by the Project Director. The State may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the Contract. The Project Director may instruct the Contractor to make corrections or modifications if needed in order to accomplish the Contract's intent. The Contractor will not unreasonably withhold such changes.

Substantial failure of the Contractor to perform the contracted services may cause the State to terminate the Contract. In this event, the State may require the Contractor to reimburse monies paid (based on the identified portion of unacceptable work received) and may seek associated damages.

3.13 Contract Changes - Unanticipated Amendments

During the course of this contract, the Contractor may be required to perform additional work related to the general scope of the Contract. When additional work is required, the Project Director will provide the Contractor a written description of the additional work and request the Contractor to submit a firm time schedule for accomplishing the additional work and a firm price for the additional work. Cost and pricing data must be provided to justify the cost of such amendments per AS 36.30.400.

The Contractor will not commence additional work until the Project Director has secured any required state approvals necessary for the amendment and issued a written contract amendment, approved by the Commissioner of the Department of Administration or the Commissioner's designee.

3.14 Nondisclosure and Confidentiality

(a) State's Confidential Information.

Contractor agrees that all confidential information shall be used only for purposes of providing the deliverables and performing the services specified herein and shall not disseminate or allow dissemination of confidential information except as provided for in this section. The Contractor shall hold as confidential and will use reasonable care (including both facility physical security and electronic security) to prevent unauthorized access by, storage, disclosure, publication, dissemination to and/or use by third parties of, the confidential information. "Reasonable care" means compliance by the Contractor with all applicable federal and state law, including the Social Security Act and HIPAA. The Contractor must promptly notify the state in writing if it becomes aware of any storage, disclosure, loss, unauthorized access to or use of the confidential information.

Confidential information, as used herein, means any data, files, software, information or materials (whether prepared by the State or its agents or advisors) in oral, electronic, tangible or intangible form and however stored, compiled or memorialized that is classified confidential by federal or state law, or as defined by State of Alaska classification and categorization guidelines (i) provided by the State to the Contractor or a Contractor agent or otherwise made available to the Contractor or a Contractor agent in connection with this Contract, or (ii) acquired, obtained or learned by the Contractor or a Contractor agent in the performance of this Contract. Examples of confidential information include, but are not limited to: patient health information, personally identifiable information, technology infrastructure, architecture, financial data, trade secrets, equipment specifications, user lists, passwords, research data, and technology data (infrastructure, architecture, operating systems, security tools, IP addresses, etc).

If confidential information is requested to be disclosed by the Contractor pursuant to a request received by a third party and such disclosure of the confidential information is required under applicable State or federal law, regulation, governmental or regulatory authority, the Contractor may disclose the

confidential information after providing the State with written notice of the requested disclosure (to the extent such notice to the State is permitted by applicable law) and giving the State opportunity to review the request. If the Contractor receives no objection from the State, it may release the confidential information within 30 days. Notice of the requested disclosure of confidential information by the Contractor must be provided to the State within a reasonable time after the Contractor's receipt of notice of the requested disclosure and, upon request of the State, shall seek to obtain legal protection from the release of the confidential information.

The following information shall not be considered confidential information: information previously known to be public information when received from the other party; information freely available to the general public; information which now is or hereafter becomes publicly known by other than a breach of confidentiality hereof; or information which is disclosed by a party pursuant to subpoena or other legal process and which as a result becomes lawfully obtainable by the general public.

(b) Contractor Confidential Information

If the State requests or is legally required to produce information the Contractor considers confidential or proprietary in nature, the Contractor will so notify the Project Director. If the State agrees with the Contractor's designation of the information as confidential or proprietary, the State will use its best efforts to provide appropriate protection for such information prior to disclosure, including seeking a court issued protective order.

3.15 Termination

(a) The Contract may be terminated as provided in Article 5 of Attachment C.

(b) Document retention. Notwithstanding Article 10 of Attachment C, the Contractor must retain all documents, working papers and supporting data related to services provided under this contract for a period of seven years after the expiration of this contract, including all extensions. In addition, the Contractor must retain any documents, working papers, and supporting data that may be required in litigation involving the services provided under this contract, if requested to do so, and for as long as requested by the State of Alaska. Additionally, any requested documents must be provided to the State at no cost within thirty (30) days of request.

4. SECTION FOUR TERMS AND CONDITIONS

4.01 Terms and Conditions

Proposed terms and conditions of the Contract are set forth in Attachment N. The terms and conditions of the Contracts herein will be negotiated as set forth in Section 2.18 of this RFP.

5. SECTION FIVE PROPOSAL FORMAT, CONTENT, EVALUATION AND SCORING CRITERIA

5.1 Proposal Format and Content

The State discourages overly lengthy and costly proposals and is using an electronic submittal format to evaluate proposals fairly and completely. Offerors must include and/or address all the information requested.

The electronic eRFP system will allow the Offeror to attach all necessary documents needed for their proposal.

Proposals must consist of the following, in no particular order:

1. Comments on Standard Agreement Form, if any (Attachment A)
2. Offeror's Information and Certification (Attachment B)
3. Comments on General Provisions, if any (Attachment C)
4. Comments on Indemnity and Insurance, if any (Attachment D)
5. Questionnaire(s)
6. Pricing Exhibit(s) (Attachments F1 – F4)
7. Performance Guarantees / Incentives (Attachments I1-I4)
8. Network/Disruption Analysis Worksheets (Attachments J1 – J4, J7)
9. Comments on Proposed Terms and Conditions, if any (Attachment N)
10. All supporting documentation to the proposal

Offerors are responsible for reading the RFP and complying with all requirements. An Offeror's failure to include these items in the proposals may cause the proposal to be determined to be nonresponsive and the proposal may be rejected.

A type font size of ten or larger is preferred.

5.2 Offeror's Information and Certification

The Offeror's Information and Certification can be found in Attachment B.

5.3 Questionnaire

Submitted proposals shall contain a completed Questionnaire for each component the Offeror is proposing.

5.4 Cost Proposal / Pricing Exhibit

Offerors must complete the Pricing Tables (Attachment F1 – F4) for the services proposed.

Based on the evaluation of the pricing exhibits and application of Alaska Bidder's and Alaska Veteran's Preferences, as applicable, the lowest cost proposal will receive the maximum number of points allocated to cost. The point allocations for cost on the other proposals will be determined through the method set out in Section 2.17.

5.5 Performance Guarantees / Incentives

Offerors must complete the Performance Guarantees/Incentives worksheets in Attachments I1 – I4. Any additional guarantees that Offerors would like to propose may be listed in the blank area provided in each of the attachments. The State reserves the right to negotiate additional performance guarantees/incentives. The State will audit the Contractor's performance as necessary.

5.6 Evaluation Criteria: Questionnaires and Cost Proposal

All proposals will be reviewed to determine if they are responsive and responsible. Proposals will be scored using the criteria below and pricing evaluation methodology in Attachments G1 – G4 and H1 – H4. The State's actuarial consultant will perform the cost, discount and pricing analysis. The Procurement Officer will apply applicable Alaska Bidder's and Alaska Veteran's Preferences to determine allocation of points.

An evaluation may not be based on discrimination due to the race, religion, color, national origin, sex, age, marital status, pregnancy, parenthood, disability, or political affiliation of the Offeror.

Responsibility: The State expects to award a contract to the Offeror whose proposal is responsive, responsible and the most advantageous as determined by the State in its sole discretion. In determining responsibility and as allowed in 2 AAC 12.500; the State reserves the right to request supplementary information to assure the prospective contractor has a satisfactory record of performance, is qualified legally to contract with the State, and has supplied all necessary information in connection with an inquiry concerning responsibility. Additionally, the State reserves the right to require the prospective contractor to demonstrate they have the necessary financing, equipment, facilities, expertise, and personnel.

Scoring Formula: The following process and calculations will be used to award evaluation points.

First, Offerors' responses to each section of the questionnaires will be rated comparatively against one another by each PEC member assigning a score of 1, 5, or 10 (1 representing the lowest score, 5 an average score and 10 the highest).

Next, the scores from all PEC members will be totaled for each section and a raw average score will be developed by dividing the total score by the number of PEC members. The Offeror receiving the highest raw average score will receive the total points available for that section.

And, the final step will be the calculation of points to be awarded to the proposals that did not receive the highest raw average score for each section. Their scores will be calculated by multiplying their raw average score by the maximum number of points available divided by the highest raw average score.

$$\frac{\text{Raw Average Score} \times \text{Max Points}}{\text{Highest Raw Average Score}} = \text{Points Awarded}$$

Example based on total possible points of 50:

	PEC Member 1	PEC Member 2	PEC Member 3	Total Score	Raw Average Score	Award Points
Offeror 1	5	10	10	25	8	42
Offeror 2	1	5	1	7	2	12
Offeror 3	10	10	10	30	10	50
Offeror 4	5	5	5	15	5	25
Offeror 5	1	1	1	3	1	5

Scoring:

Points available for each component are shown below. Each component will be evaluated separately.

Medical Claims Administration and Managed Network

1. Company Profile: 150 points
2. Patient Value Chain: 150 points (excluding Medical Disruption)
3. State Objectives: 100 points
4. Medical Disruption: 100 points
5. Alaska Offerors' Preference: 100 points
6. Cost: 400 points

Total: 1,000 points

Pharmacy Benefit Management

1. Company Profile: 150 points
2. Patient Value Chain: 150 points
3. State Objectives: 100 points
4. Alaska Offerors' Preference: 100 points
5. Cost: 500 points

Total: 1,000 points

Healthcare Management

- | | |
|---------------------------------|------------|
| 1. Company Profile: | 150 points |
| 2. Patient Value Chain: | 150 points |
| 3. State Objectives: | 100 points |
| 4. Alaska Offerors' Preference: | 100 points |
| 5. Cost: | 500 points |

Total: 1,000 points

Dental Claims Administration and Managed Network

- | | |
|---------------------------------|--|
| 1. Company Profile: | 150 points |
| 2. Patient Value Chain: | 150 points (excluding Dental Disruption) |
| 3. State Objectives: | 100 points |
| 4. Dental Disruption: | 100 points |
| 5. Alaska Offerors' Preference: | 100 points |
| 6. Cost: | 400 points |

Total: 1,000 points

6. SECTION SIX ATTACHMENTS

6.1 Attachments (An example of the process/flow for pricing has been provided in Attachments F, G and H and titled as Vendor 1. Vendor 2 and Vendor 3 were added into Attachments G and H to provide an example of the distribution/award of points.)

- A. Standard Agreement Form for Professional Services (**identify those terms, if any, you object to**)
- B. Offeror Information and Certification (**complete form in its entirety**)
- C. General Provisions (**identify those terms, if any, you object to**)
- D. Indemnity and Insurance (**identify those terms, if any, you object to**)
- E. Notice of Intent to Award a Contract (**informational**)
- F. Pricing Tables (**complete these forms in their entirety/examples attached**)
 - 1. Medical Claims Administration and Managed Network Pricing Tables and Example
 - i. Medical Claims Administration Fees Example
 - 2. Pharmacy Benefit Management Pricing Tables and Examples
 - i. Pharmacy Pricing Pass-Through
 - ii. Administrative Fee Services
 - iii. EGWP Pricing + wrap
 - iv. EGWP Administrative Fees + wrap
 - v. Pharmacy Benefit Management Pricing Pass-Through Example

- vi. Pharmacy Benefit Management Administrative Fee Services Example
- 3. Healthcare Management Pricing Tables and Examples
 - i. Administrative Fee Services
 - ii. Wellness
 - iii. Disease Management
 - iv. Employee Assistance Program (EAP)
 - v. Data Integration
 - vi. Healthcare Management Administrative Fee Services Example
 - vii. Healthcare Management Wellness Example
 - viii. Healthcare Management Disease Management Example
 - ix. Healthcare Management Employee Assistance Program (EAP) Example
 - x. Healthcare Management Data Integration Example
- 4. Dental Claims Administration and Managed Network Pricing Tables and Example
 - i. Dental Claims Administrative Fee Services Example
- G. Scoring Methodology (**informational**)
 - 1. Medical Claims Administration and Managed Network Scoring Methodology
 - 2. Pharmacy Benefit Management Services Scoring Methodology
 - 3. Healthcare Management Scoring Methodology
 - 4. Dental Claims Administration and Managed Network Scoring Methodology
- H. Scoring Methodology Examples (**informational**)
 - 1. Medical Claims Administration and Managed Network Scoring Methodology Example
 - i. Scoring Methodology Example
 - ii. Discounted Allowed Charges Example
 - 2. Pharmacy Benefit Management Services Scoring Methodology Example
 - 3. Healthcare Management Scoring Methodology Example
 - 4. Dental Claims Administration and Managed Network Scoring Methodology Example
 - i. Scoring Methodology Example
 - ii. Discounted Allowed Charges Example
- I. Implementation and Performance Guarantees (**complete these forms in their entirety**)
 - 1. Medical Claims Administration and Managed Network Implementation and Performance Guarantees
 - 2. Pharmacy Benefit Management Services Implementation and Performance Guarantees
 - 3. Healthcare Management Implementation and Performance Guarantees
 - 4. Dental Claims Administration and Managed Network Implementation and Performance Guarantees
- J. Network Claims / Disruption Worksheets (**complete these forms in their entirety/examples attached**)
 - 1. Medical Active Network Claims and Disruption Worksheet
 - 2. Medical Retiree Network Claims and Disruption Worksheet
 - 3. Dental Active Network Claims and Disruption Worksheet
 - 4. Dental Retiree Network Claims and Disruption Worksheet
 - 5. Medical Disruption Scoring Example
 - 6. Dental Disruption Scoring Example
 - 7. Pharmacy Benefit Management Services GeoAccess and Network Analysis

- K. Census Data (**informational**)
 - 1. Active Census
 - 2. Retiree Census
 - 3. DCR Active Data as of 6/30/2011
 - 4. Active and Retiree Census Structure
- L. Claims Data (**informational**)
 - 1. Active - Medical Enrollment and Claims Paid
 - 2. Active - Vision Enrollment and Claims Paid
 - 3. Active - Dental Enrollment and Claims Paid
 - 4. Retirees - Medical Enrollment and Claims Paid
 - 5. Retirees – Audio - Vision Enrollment and Claims Paid
 - 6. Retirees - Dental Enrollment and Claims Paid
 - 7. Monthly Utilization by Plan Summary – 10/10 – 05/12
 - 8. Pharmacy Supplemental Utilization and Plan Design Reference
- M. Additional Data (**informational**)
 - 1. Medical Claims Processed Appeal Volume
 - 2. Dental Claims Processed Appeal Volume
 - 3. Call Volume Reports
 - 4. Claims, calls and appeals
 - 5. Employee Assistance Program Statistics
- N. Proposed Terms and Conditions (**identify those terms, if any, you object to**)
- O. PEC Scoring Sheets (**informational**)
- P. PEC Worksheet Guide (**informational**)
- Q. PEC Evaluator's Guide (**informational**)