

# Supplemental Information Request

## Administrative Services for the State of Wisconsin Employees and Participating Local Government Employees



Issued by the State of Wisconsin  
Department of Employee Trust Funds

Release Date: **April 1, 2013**

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## SECTION A. PROCEDURES

### Part 1.0 Supplemental Information Request

This section of the Supplemental Information Request details the procedures to follow to submit information for the State of Wisconsin Employees and Participating Local Government Employees.

#### 1.1 Introduction

The State is interested in understanding the feasibility of self-funding the existing insured HMOs and PPOs. In order to better understand the financial and operational considerations related to such a decision, the State is issuing this supplemental information request to the marketplace to better understand the interest and ability of marketplace vendors to provide administrative service only (ASO) services. This supplemental information request includes services related to medical services only, as prescription drugs are currently carved out, and would not be included in this analysis.

Key data to be captured through this supplemental information request includes:

- a) An indication of interest/ability to provide ASO services for the covered members for the entire state or regions of the state, a general assessment of the extent to which the vendor would expect discounts to change (e.g., vendor contracting through other vendors to gain network access), expected ASO fees under such an arrangement, and also a broad indication of available service areas across the state (including 3-digit zip codes within which network access is anticipated to be available).

*For those vendors currently serving the State, it is important to understand the incumbent vendor's ability to continue to provide, on a self-insured basis, the current HMO or PPO design or, absent that, the managed network designs available on a self-insured basis (e.g., EPO (self-insured HMO), POS, etc.).*

- b) Better understanding the network's "provider contracting terms" that would be anticipated to be achieved for a "market basket" of procedures representing the largest DRG and/or procedure codes and facilities.

#### 1.2 Procuring and contracting agency

This supplemental information request is issued for the State of Wisconsin Employees and Participating Local Government Employees by the Department of Employee Trust Funds. Deloitte Consulting LLP is the main point of contact for the State for this supplemental information request. The terms State, Department and Board may be used interchangeably in this document and its attachments.

All communications and responses should be directed to:

**Nichole Ramsey**

Deloitte Consulting LLP

E-mail: nramsey@deloitte.com

#### 1.3 Definitions

The following definitions are used throughout the supplemental information request:

**Administrator** means the vendor submitting information for the supplemental information request.

**Board** means the State of Wisconsin Group Insurance Board.

**Covered Individual** means each eligible member participating in the State of Wisconsin Employees and Participating Local Government Employees group health insurance program.

**Department** means the Wisconsin Department of Employee Trust Funds (ETF).

**Deloitte** means Deloitte Consulting LLP.

**ETF** means the Wisconsin Department of Employee Trust Funds.

**Guidelines** refers to the Terms and Conditions for Comprehensive Medical Plan Participation in the State of Wisconsin Group Health Benefit Program and Uniform Benefits for the 2013 Benefit Year contract.

**PBM** means the Pharmacy Benefit Manager.

**PEPM** is per employee per month.

**State** means State of Wisconsin.

**Vendor** means a firm or individual submitting supplemental information.

Please see the glossary on the ETF home page at: <http://etf.wi.gov/glossary.htm> for further definitions.

**1.4 Clarification of the specifications**

Any questions can be submitted via e-mail to the individual identified in *Part 1.2*.

**1.5 Estimated timetable for supplemental information request and project implementation**

Important dates by which actions related to this supplemental information request would potentially be completed are listed in the timetable below. The events with specific dates will be completed as indicated unless otherwise changed by the Board or the Department. In the event that the Board or the Department find it necessary to change any of the specific dates and times in the calendar of events listed below, it will do so by issuing a supplement to this supplemental information request. No other formal notification will be issued for changes in the estimated dates.

Date	Key Activity
April 1, 2013	Issuance of supplemental information request
April 7, 2013, 3:00 P.M. CT	Letter of interest
May 15, 2013, 3:00 P.M. CT	Supplemental information request responses due
August 27, 2013	Board Meeting to discuss Feasibility of Self-Funding

## 1.6 Letter of Interest

A letter of interest indicating your intent to submit a response should be submitted by the date listed in Part 1.5. In the letter, identify the vendor's organization and give the name, location, telephone number, fax number and e-mail address of one or more persons authorized to act on the vendor's behalf. Vendors may submit the letter of interest via e-mail to the contact in *Part 1.2*.

## Part 2.0 Preparing and Submitting Information

### 2.1 General Instructions

The review of vendors will be based on the information submitted and responses to requests for additional information or clarification.

### 2.2 Incurring costs

The State of Wisconsin, the Department and the Board are not liable for any costs incurred by vendors in replying to this supplemental information request.

#### Submitting the information

Vendors are asked to submit complete electronic copies of the responses and exhibits via e-mail to the individual identified in *Part 1.2*. In addition, any confidential material redacted should be provided and marked as "Redacted for Confidentiality" per Appendix A.

### 2.3 Information organization and format

The response should follow the same numbering system, use the same headings, and address each point given in *Sections B, C, and D*.

Supplemental information request sections and exhibits that we are seeking information on are:

- a. Section B - Vendor Information
- b. Section C - Administrative Capabilities
- c. Section D – Financial Details
- d. Exhibit 1 – Network Access GeoAccess
- e. Exhibit 2 – Repricing Exercise
- f. Exhibit 2a - Repricing Exercise, Narrow Network Only (only to be completed if the vendor has a narrow network)

The preferred formats are Microsoft Word (on an 8.5 by 11-inch layout) for responses to the questions in Sections B, C and D, and Microsoft Excel for the Exhibits. Vendors are requested to avoid submitting documents in PDF format.

## SECTION B. VENDOR INFORMATION

Please provide information requested below:

**Part 1.0 Organization’s Capabilities**

The vendor should have the ability to administer the services the current administrator provides, respond to and maintain compliance with applicable laws, regulations, rules and policies, and provide efficient and effective liaison with the Department.

Answers to the following questions should address your organization’s ability to administer a self-insured HMO or PPO on either a regional or state-wide level. The Department may request additional information at a later point to further understand your organization’s financial and/or administrative abilities.

**1.1** Please complete the following:

- a. Company name
- b. Home address
- c. Address of office that would serve the State
- d. Name and contact information (e-mail and phone) of person designated to respond to questions regarding the supplemental information request

**1.2** Please provide your company’s experience with administering both a Wisconsin and national HMO or PPO managed care network product on a self-funded basis.

Experience Administering Self-Funded Options:	HMOs or PPOs	All Other Plans (eg: POS)
Years of experience administering ASO business		
Number of WI Based ASO clients (as of 1/1/2013) * Government * All Other Industries		
Number of National ASO clients (as of 1/1/2013) * Government * All Other Industries		
Number of ASO lives* covered * Wisconsin * Nationally		
* Lives = employees + dependents		

**1.3** Please complete the following table, outlining your organization’s experience supporting large self-insured employers

Does your company have experience:	Yes or No	Comments (if any)
Administering claims in excess		

of 10,000 per week		
Handling benefit inquiries of approximately 1,100 per week (initially)		

## SECTION C. ADMINISTRATIVE CAPABILITIES

Section C addresses the functions and services the program may require if self-insurance was pursued. Your response should reflect your company's experience in providing the services mentioned in this section.

### Part 1.0 Client, Member and Provider Services.

The Board expects superior customer service. Discuss how your firm accomplishes, monitors, and improves customer service.

#### 1.1 Services Provided to the Department.

Can you provide the Department with access to the administrator's claims data, specific to our programs? Department access includes the ability to view plan data and standard reports.

### Part 2.0 System Capabilities

- 2.1 If any system or any of its parts used for the administration of this program (such as, but not limited to, claims processing, data warehousing, etc) is not owned and/or developed by your company, please explain what contractual arrangements have been made and with whom.

### Part 3.0 Claims Administration/Processing

- 3.1 Describe your claims processing system and capabilities to show how your organization adjudicates claims under a self-insured program.
- 3.2 Include data for the most recent 12 month period that indicates for your entire group health business:
- Number of claims received (specify what constitutes a "claim"). Number of claims reviewed under the above guidelines.
  - Dollar value of reviewed claims.
- 3.3 On what date did your current claims processing system become operational? Do you use the same claim system for insured and self-insured business? Does your organization anticipate changing this system or any other computer system for the term of the contract? If so, when?
- 3.4 Where is your organization in the process for preparing for ICD-10 implementation?

### Part 4.0 Provider Network

- 4.1** Can your organization provide the following services related to a self-insured HMO or PPO program: Hospital Pre-certification, Large Case Management, Retrospective Review of Hospital Bills, Disease Management (DM)? Do you offer any other innovative Utilization Review opportunities including such things as Centers of Excellence?

Describe any offerings you have in terms of wellness and disease management for self-funded clients. Include the following:

- a. Description of each service, and amount of time your organization has been offering the service
  - b. For DM, provide a list of disease states for which you have programs
  - c. Is your approach telephonic, on-site, internet based?
  - d. What outcomes can you share related to success of programs?
- 4.2** Describe what types of quality improvement plans your organization has in place that could benefit our members and provide cost containment for the program. Include examples of innovations in technology (analytical systems, data warehouses, smart cards), best practice standards (disease management, etc.), provider contracting (reimbursements that incent quality, initiatives to encourage participation in and compliance with Leapfrog and other quality measures that are available to members).

**4.3 Tiered Network**

Describe your history, experience, and results with establishing and maintaining a tiered provider network. What data and information or methodology is used to place provider groups into cost and quality tiers? Describe your experience and capability to operate client specified tiered network alignments.

**4.4 Network Strategy**

Please provide your provider network strategy including identification of any leased networks your organization utilizes. How has your network changed (grown and/or shrunk) over the past 3 years?

**Part 5.0 Network and Other Financial Savings**

**5.1 Provider Fee Structure**

Describe how your organization handles the establishment of professional fees and the determination of prevailing (that is, usual, customary and reasonable {UCR}) rates. What measures are in place to monitor for consistency in UCR values over time, to avoid aberrations due to sampling?

If provider profiles are to be used, please identify the percentile you plan to use. Also identify the frequency and method employed to adjust such profiles for inflation/new technology, etc. Also identify what coding system(s) you use to identify procedures (such as CPT-4 CRV, ICD-9, DRG, etc.) and, if applicable, the methodology used to establish dollar values for such procedures.

**5.2 Administrative Fee Structure by Enrollment**

If administrative fees vary based on size of enrolled employee population, please provide an explanation of the differences. Table 2e of Exhibit 2, provides a template to put your illustrative information.



### 5.3 Fee Discount Arrangements and Network Savings

Does your organization have in place any agreements with providers or vendors that permit discounts for fees? Describe the difference between HMO/PPO and other contracted providers. Describe the differences between HMO/PPO networks in and outside of Wisconsin.

- a. On what basis are the discounts provided (prompt or advance payment, such as sight drafts, capitated payments, rebates, etc.)? For each type of provider contract, please specifically describe the nature and extent of discount arrangements. Include a listing or description of the number and location of providers from whom these discounts are obtained.
- b. Estimate how many physicians and hospitals that you have negotiated discounts with in Wisconsin and the United States separately; identify any for HMO/PPO and other discounts that are to be passed on to the State for this program. In addition, provide in-state estimates for HMO/PPO and other by the regions outlined in the exhibits and estimate the number of physicians and hospitals, and the average discount. (For example, 500 physicians in Dane county with an average discount of 6%.) For your HMO/PPO and other networks, identify any major provider groups and hospitals that are excluded.
  - i. Please complete Tables 1a and 1b in Exhibit 1 and supply a list of Wisconsin in-network Preferred Providers by listed area and specialty, including facilities. For provider groups, list the group name and the number of listed specialists. Include, but do not be limited to the specialties: cardiology, oncology, musculoskeletal, endocrinology, orthopedics, and behavioral health. Include, but do not be limited to the areas: Milwaukee, Waukesha, Madison, Marshfield, Stevens Point.
  - ii. Does your company have flexibility in tightening your network to access higher discounts? If so, identify which provider groups would be eliminated in this narrower network compared to the more comprehensive network.
  - iii. How often are contracts renegotiated? Do you anticipate renegotiating any large provider network contracts in the next 12 to 24 months? Have you renegotiated any large provider contracts in the last 12 to 24 months? If you have, what was the financial impact to your organization and your customers?
  - vi. What is your standard process and advance notification timeframe to notify the employers like the State of Wisconsin and its members of network changes?
  - vii. Please list your most recent annual network provider turnover rates (percentages) for both voluntary and involuntary turnover.

## SECTION D. FINANCIAL DETAILS

Please complete the questions and tables in this section.

### Part 1.0 Provider Networks

- 1.1 Please complete the Table 2a, Exhibit 2 with the network information and indicate whether they are owned or leased. If leased, please include the name of the rental network, the contract start date and expiration date.

- 1.2 Do you expect any significant cost changes in 2014 or 2015?
- 1.3 Are you able contractually to stack networks?
- 1.4 Please provide the reimbursement methodologies (by percentage) agreed to in your contractual arrangements to reimburse inpatient and outpatient hospital services (e.g., discount from charges, case rate, per diem, global DRG, fee schedule, etc.)
- 1.5 Please provide the reimbursement methodologies (by percentage) used to reimburse professional services (e.g., fee-for-service from billed charges, fee-for-service with discount, percent of RBRVS, capitation).

## Part 2.0 Provider Network Analysis

- 2.1 Please complete Table 1c., Exhibit 1. Identify the percentage of Wisconsin employees that have access to each of the provider types based on the following criteria using the attached census data.
  - a. The analysis should be performed for all employees, retirees and COBRA participants in aggregate. Please use the following guidelines when performing the analysis:
    - i. PCPs include: general practitioners, family practice, internists
    - ii. Exclude closed practices from analysis
    - iii. All zip codes belonging to your potential service area should be included in the GeoAccess analysis.
  - b. **Please use the same network in a particular area when performing the GeoAccess and in reporting average discount levels.**

## Part 3.0 Physician and Facility Repricing Exercise

- 3.1 Please complete the Tables 2b through 2d in Exhibit 2 with average network reimbursement levels ("allowed" amount) as indicated. Please provide the most disaggregated level of data available that doesn't violate your contract with your providers. We may have additional questions if we deem the provided data is insufficient.

## Part 4.0 Provider Discount Levels

- 4.1 Please complete the sections Tables 2b through 2d in Exhibit 2 related to average provider discounts. The information should be based on your book of business for services delivered in the specified service area, that were reimbursed on a fee-for-service basis to persons covered under group health plans that were not eligible for Medicare.
  - a. For the purpose of this request the average discount is defined as one minus the ratio of allowed charges to billed charges, where:
    - i. Billed charges are amounts submitted by participating providers for covered healthcare services. Charges for services not covered by the plan and duplicate billed amounts (due to claims submitted more than once) should be excluded.

- ii. Allowed charges are the amounts payable to providers after billed charges are reduced for contractual payment provisions. Reductions in payments due to coordination of benefits and employee cost sharing should not be applied to reduce the allowed amount.

**Part 5.0 Account Administration**

- 5.1** Complete the Tables 2e and 2f in Exhibit 2 related to administrative fees.
- 5.2** Can you handle the transfer of eligibility data to Wisconsin's PBM and the resolution of any errors or discrepancies? What is the turnaround time?

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**EXHIBITS 1 AND 2**  
**Geoaccess Network Accessibility And Physician And Facility**  
**Repricing Exercise**

Please complete the tables described below. Instructions appear in the headers of the spreadsheet tabs. Submit them electronically via e-mail to the individual identified in *Section A, Part 1.2*. The prescribed format in Microsoft Excel is the preferred format for receiving submissions. Please avoid saving the Exhibits in other file formats.

The tables for completion are contained in separate electronic documents labeled:

- ***Exhibit 1\_Network Access GeoAccess.xls***
- ***Exhibit 2\_Repricing Exercise.xls***
- ***Exhibit 2a\_Repricing Exercise\_Narrow Network Only.xls*** (completion requested if narrow network is available)

**Appendix A**  
**Designation of Confidential and Proprietary Information**  
**Mandatory**

**This appendix must be completed with your response. The bidder must supply electronic copies marked as “Redacted for Confidentiality”.**

The attached material submitted in response to the Supplemental Information Request includes proprietary and confidential information which qualifies as a trade secret, as provided in s. 19.36(5), Wis. Stats., or is otherwise material that can be kept confidential under the Wisconsin Open Records Law. As such, we ask that certain pages, as indicated below, be treated as confidential material and not be released without our written approval.

Prices always become public information when opened, and therefore cannot be kept confidential.

Other information cannot be kept confidential unless it is a trade secret. Trade secret is defined in s. 134.90(1)(c), Wis. Stats. as follows: "Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique or process to which all of the following apply:

1. The information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.
2. The information is the subject of efforts to maintain its secrecy that are reasonable under the circumstances.

IN THE EVENT THE DESIGNATION OF CONFIDENTIALITY OF THIS INFORMATION IS CHALLENGED, THE UNDERSIGNED HEREBY AGREES TO PROVIDE LEGAL COUNSEL OR OTHER NECESSARY ASSISTANCE TO DEFEND THE DESIGNATION OF CONFIDENTIALITY AND AGREES TO HOLD THE STATE HARMLESS FOR ANY COSTS OR DAMAGES ARISING OUT OF THE STATE'S AGREEING TO WITHHOLD THE MATERIALS.

Failure to include this form in the response may mean that all information provided as part of the response will be open to examination and copying. The State considers other markings of confidential in the document to be insufficient. The undersigned agrees to hold the State harmless for any damages arising out of the release of any materials unless they are specifically identified above.

**Appendix A – Designation of Confidential and Proprietary Information**

We request that the following pages from our response to not be released (indicate Section, Page # and Topic):

Section	Page #	Topic
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