

**THE SCHOOL DISTRICT OF ESCAMBIA COUNTY
PURCHASING DEPARTMENT
75 NORTH PACE BLVD.
PENSACOLA, FL 32505**

EVALUATION OF RFP #132001

Group Medical Benefits (Including Prescription Drugs)

Date and Time Posted: July 9, 2013, 4:00 pm Central Time

An RFP was issued for proposals to provide third party administration of the District's self-funded group employee medical and prescription drug insurance benefits for Escambia County School District (ECSD) employees, employee dependents, retirees and retiree dependents. The RFP addressed a self-funded funding program (Self-Insured). Firms could submit proposals on all benefit programs (medical only, prescription only, medical and prescription) for all employees and retiree groups.

The objective of this solicitation was to determine and secure the highest quality and best value Program(s) for the School District of Escambia County. We were seeking service providers that met or exceeded the current levels of service, offered comparable or improved pricing and provided a network that was comparable to the current network and would provide the least amount of employee disruption.

EVALUATION COMMITTEE:

Linda Cobb, Teacher / Appointee from the Escambia Education Association (Teacher Union)

David Bryant CPA, CIA, CGAP, Director - Internal Auditing

Patrick Palmer, Benefits Analyst - Risk Management

Linda Pate, Data Specialist / Appointee from the Union of Escambia Education Staff Professionals (Support Union)

Dr. Alan Scott, Assistant Superintendent – Human Resource Services

Kevin Windham, Director – Risk Management

Terry St. Cyr, Assistant Superintendent – Finance and Business Operations

Guy Mullendore – Senior Financial Analyst

John Dombroskie CPPB, FCPM, FCCM, Director – Purchasing, Participated in an administrative and advisory capacity only.

Willis of Florida, the District's benefit consultant was instrumental in the preparation and evaluation of both the District's Request For Proposal (RFP). The District also utilized the Truveris TruBid System through Willis of Florida to analyze Pharmacy Benefit Management (PBM) proposals.

EVALUATION PROCESS/RESULTS:

The RFP garnered seven responses:

Firm	Medical Proposal Submitted	Prescription Proposal Submitted
Aetna Life Insurance Company	X	X
Benecard PBF		X
Blue Cross and Blue Shield of Florida	X	
CaremarkPCS Health		X
Express Scripts Holding Company		X
Humana Insurance Company		X
UnitedHealthCare	X	X

The Committee utilized a series of meetings to identify the best firm(s) for the District. Initially the PBM proposals were evaluated followed by the Medical proposals. Once complete the Committee weighed the benefits of one provider for both medical and prescription drug insurance benefits.

At our initial meeting (April 5, 2013) Truveris presented their analysis of the PBM proposals and recommended that all PBM proposers with the exception of Benecard (who scored exceptionally low) be asked to submit “best and final offers” and be re-evaluated. The Committee approved that recommendation unanimously. Also at that time it was decided that additional/amplifying network and pricing information would be requested from the firms submitting Medical Proposals.

The re-evaluation of the PBM “best and final” offers led to the Committee selecting, in order of preference, Caremark, UnitedHealthCare (UHC) and Express Scripts as potential PBM providers.

The firms submitting Medical proposals were also asked to provide additional Network & Pricing details as noted above. The most meaningful results fell within the Network category since that is where most of the program dollars are spent. UHC showed significant discounts in this area while Aetna's discounts are slightly weaker in the Panhandle area. BCBS claimed the highest discounts but were unable to demonstrate this with pricing based on current year contracts. The disruption analysis, provider count and GEO access reports all showed that any of these vendors would be a good fit based on access to network providers.

With regards to pricing, UHC offered a reduction in administrative fees that remained flat for three years and a wellness allowance of \$40,000 for each of those three years. This equated to a savings to ECSD of over \$100,000 each year for the next three years. Aetna pricing also offered a savings when coupled with a wellness allowance however the wellness allowance is only for the first year so years two and three would be an increase. Blue Cross and Blue Shield (BCBS) offered the highest administrative fee but it remained flat for three years and offered a generous wellness allowance over three years. However, even with the wellness allowance there was a cost to move to BCBS of \$27,000 in year one and \$57,000 in years two and three. The Committee also considered the dollars at risk for performance guarantees, any integration costs, wellness budget and rate guarantees.

Sample reports, definitions, cost containment, accreditation, program integration, customer service and communication were also looked at to determine who would best fit ECSD needs. All vendors had excellent reporting packages that were customizable. All offered disease management and case management although UHC is the only vendor with full URAC accreditation that is certified through 2014. BCBS has local accreditation and expects to have this nationally in October of 2013. Aetna does not maintain the URAC accreditation but maintains the National Committee for Quality Assurance (NCQA) standards which are very comparable.

The final evaluation of the Medical offers led to the Committee selecting, in order of preference, UHC, Aetna and Blue Cross and Blue Shield as potential third party administrators of District employee medical insurance benefits.

After extensive review of all factors, the Committee chose to remain with UHC as the District's third part administrator for group employee medical insurance benefits for the next three years. UHC offered a reduction in fixed costs and is offering significant performance guarantees that secure the best contract terms for ECSD. The network discounts are a known factor and are guaranteed not to be reduced in the coming year, regardless of contracting status. They are currently working with Marathon, the District's health clinic provider. Many of the items that will be needed to implement the wellness programs as well as integrate the two entities, will be completed with no additional work needed.

It must be noted that it was the general consensus of the Committee that BCBS did not answer all of our questions so they could not be adequately compared to the other two firms. Also, there were concerns that after three requests BCBS still did not provide claims re-pricing information as requested leading the Committee to feel they could not rely on their discount information.

Once UHC was selected as our Medical provider the question was raised that while Caremark had the most highly rated PBM proposal, UHC was close, and would the District be better served with a single provider? The District's Risk Management Department and Willis were tasked by the Committee to investigate and provide a

recommendation. After reviewing the scoring from Truveris and analyzing the qualitative items such as disruption, internal administrative costs, clinical value, communication and integration with both the medical carrier and the District's clinic, as well as the contractual binding terms, it was determined that it was beneficial to have an integrated platform. While Caremark was aggressive in the pricing and terms, the fact that they would not agree to their proposal becoming part of the terms of a contract caused concern. It was decided unanimously by the Committee that the financial differences in the proposals were not significant enough to warrant having different firms for PBM and Medical given the other items to be considered.

This led to the following ranking:

- #1 UHC – Sole Provider
- #2 UHC – Medical, Caremark - PBM
- #3 Aetna – Medical, Caremark - PBM
- #4 Aetna – Medical, UHC - PBM

The Committee recommends award of the School District of Escambia County's RFP #132001 for Group Medical Benefits (Including Prescription Drugs) to UnitedHealthCare, Tampa, FL. for both medical and prescription drug benefits.

If an agreement cannot be agreed upon, the second highest ranked firm will be notified and an agreement will be negotiated. This process will continue until an agreement can be brought to the School Board.

BID TABULATION, RECOMMENDATIONS, AND PROTEST

Bid tabulations with award recommendations are posted for 72 hours in the Purchasing Department Office and are also posted to the School District's website address at: <http://old.escambia.k12.fl.us/adminoff/finance/purchasing/>

Failure to file a protest within the time prescribed in Section 120.57(3) Florida Statutes, and School Board Rules shall constitute a waiver of proceedings. Bid tabulations or recommendations will be distributed solely through the Purchasing website address. Notices will not be automatically mailed.

I hereby certify that the prices and bidders reflected herein are valid, and have been received in compliance to Escambia County School Board Rules and Florida Law.

John Dombroskie, Director
Purchasing Department