

Questions & Answers to RFP #2161 for Third Party Administrative Services

Question 1: We are currently reviewing the RFP and wondered if you could provide this to us in a "Word" document format?

Response: Per the City's Purchasing Office, the PDF version of the RFP is available to be downloaded from the internet. However, a Word document of the RFP is not available.

Question 2: Can you please provide a breakdown of "open" claims between Medical & Indemnity?

Response: As of January 20, 2010, the City has 568 open claims which include 330 Medical Only claims and 238 Lost Time claims.

Question 3: Would you be willing to have some of your claims handled from our office in another state? This would be the most minor of medical only claims, the ones that only require a bill or two to be paid, then closed.

Response: In accordance with the Request for Proposal, the services to be rendered must be handled at an office located within the City of Memphis.

Question 4: If you have some old claims that are simply open due to open medical benefits and involve employees that no longer work for the City, would you be willing to allow us to handle those from another office in a City or State outside Memphis, TN?

Response: In accordance with the Request for Proposal, the services to be rendered must be handled at an office located within the City of Memphis.

Question 5: Also can you please provide a copy of the current and proposed contract for TPA services?

Response: A proposed contract has not been drafted. However, a copy of the current contract may be obtained by submitting a Tennessee Open Records request to the City of Memphis, City Attorney's Office.

Question 6: Please provide details of the current contract fees with regard to amounts paid per claim (medical only, lost time, report only) as well as other types of expenses you have allowed paid on an allocated loss adjustment expense basis (i.e.: outside experts, witnesses, Medicare set asides, independent adjusters, managed care nurses, if necessary, etc...).

Response: The City of Memphis pays the current Third Party Administrator a flat fee to process all On-the-Job Injury (OJI) claims filed against the City. This flat fee does not include any allocated loss adjustment expenses such as medical expenses, durable medical equipment, medications, and nurse case managers.

Question 7: With respect to the OSHA Form 300 Log and the OSHA Form 300 A, can you specify in more detail the duties of the third party administrator (TPA) on this issue? Is the log maintained by the City of Memphis with verification by the TPA or is the TPA maintaining the log and the Form 300 A?

Response: The TPA will be responsible for completing and maintaining the OSHA 300 log with verification from the City of Memphis. Additionally, the TPA will be responsible for completing and submitting the 300A forms to the Tennessee Department of Labor and Workforce on behalf of the City.

Question 8: The savings referenced in Item 17 on Page 16 of the RFP indicates a savings of 40% or greater through use of the network. It would appear that these savings are based on the amount billed rather than the amount paid below the Tennessee State Fee Schedule. Please provide the formula for which this 40% savings was based.

Response: The Request for Proposal requires the TPA to provide a PPO Network that will provide the City with a 40% savings or greater on the cost of medical care for the employees who are injured on the job. The formula utilized by the City's current vendor is proprietary to the vendor.

Question 9: Does the grand total amount paid for Medical claims on Page 7 represent a 40% average savings from billed amounts each year? If so, what was the average amount of savings below the Tennessee State Fee Schedule each year?

Response: No.

Question 10: Who is the incumbent PPO?

Response: The current TPA maintains the PPO contract. Accordingly, this information is proprietary to the incumbent TPA.

Question 11: Page 16 of the RFP, Item 17. (C), Discount Fee Schedules requires the sharing of any and all discount fee schedules. Most networks will contain thousands of providers with discounts and CPT codes of a proprietary nature. How can this be handled differently taking into account the proprietary nature of these contracts on each bidder?

Response: The City is requiring the TPA vendor to disclose any and all discounts applied in addition to showing whether the discount exists as a result of a specific PPO network or Tennessee Fee schedule discount. In the event such information is deemed proprietary, a Confidentiality Agreement may be executed for the protection of such information.

Question 12: How many personnel will the City of Memphis require to have access to the claims processing system?

Response: Approximately 20 City of Memphis employees will require access to the claims processing system. The City reserves the right to increase such personnel to the extent an increase is deemed necessary.

Question 13: Please provide the current number of open lost time and medical only claims that the new TPA will handle through transition?

Response: As of January 20, 2010, the City has 568 open claims. There are 330 Medical Only claims and 238 are Lost Time claims.

Question 14: Will a history conversion be required from the incumbent TPA's database?

Response: If applicable, a data conversion will be required from the incumbent TPA.

Question 15: How many years of history will need to be converted?

Response: If applicable, the entire database should be converted into Company's system.

Question 16: What claims handling software does the incumbent TPA use?

Response: The current TPA software utilization is proprietary information to the incumbent TPA.

Question 17: Please advise the number of lost time adjusters and medical only adjusters dedicated to your account with the current TPA vendor.

Response: The number of adjusters varies. However, the Request for Proposal requires that lost time adjusters maintain an average case load of 80 to 100 lost time claims and medical only adjusters maintain an average caseload of 200 to 300 medical only claims. As of January 20, 2010, the City has 568 open claims. There are 330 Medical Only claims and 238 are Lost Time claims.

Question 18: Please advise the number of dedicated managers and supervisors employed by the current TPA vendor for your account.

Response: The current TPA personnel structure is proprietary information that cannot be disclosed by the City. However, the Request for Proposal requires that the Company designate a supervisor approved by the City to supervise claims processed by Company on behalf of City.

Question 19: Please provide a copy of the current reports you currently receive from the current TPA vendor including the reserve worksheet referenced in the RFP.

Response: Samples of current reports are attached as Exhibit A-K.

Question 20: On page 7, an OJI claim history of the past four (4) years is presented with information on Grand Total Paid in Medicals, but with no information on Total Paid in Claims. We would request the following information over the past four (4) years: (1)Total paid in Claims processing fees (1)Total paid in Medical Bill Review fees including PPO (1)Total paid in Nurse Case Management fees.

Response: (1) The Total paid in Claims processing fees was paid at a flat rate. This information can be obtained via a Tennessee Open Records Request submitted to the City of Memphis, City Attorney's Office; (2) The City of Memphis did not pay Medical Bill Review Fees. However, the City of Memphis paid a negotiated rate to the incumbent TPA for savings realized via Bill Review. The negotiated rate is stated in the incumbent's contract and is available in accordance with the Tennessee Open Records Act. (3)Total paid in Nurse Case Management was approximately \$140,000 in 2009.

Question 21: On page 14, subsection (d), the City is requesting quarterly new claims reports to be submitted no later than the "3rd calendar day" of the last day of the quarter. Would "3rd business day" be acceptable due to the fact that in some instances the "3rd calendar day" would fall on a weekend/holiday?

Response: Yes.

Question 22: On page 16, section (14), the City references the Company's "dedicated" nurse case manager. Conversely on page 17 section (20-a) the City references the Company's "designated" nurse case manager. Please clarify whether the City is expecting the company to "dedicate" a nurse case manager to work solely on City of Memphis files, or whether the Company may "designate" a nurse case manager(s) to include City OJI files as part of their normal workload.

Response: The TPA selected for this contract will utilize the City's designated Nurse Case Manger vendor.

Question 23: On page 16, section (17-a), the City requires that the *Company shall provide a PPO Network that will provide City with 40% savings or greater on the cost of medical care*. Please clarify whether the 40% of savings is to include all savings (PPO, Fee Schedule, PT, DME, Out of network, etc.) or if it is to be strictly savings garnered from PPO contracts. **Response: The City’s goal is to seek 40% or more savings on all aspects concerning the medical treatment of an employee injured on the job. Medical care includes, but is not limited to doctors’ visits, hospitalizations, physical therapy, prescriptions, and durable medical equipment.**

Question 24: On page 17, section (18), the City refers to “*Statutory Discounts*”. Please describe how the City defines “Statutory Discounts”.

Response: Statutory Discounts are discounts pursuant to the Tennessee Workers’ Compensation Fee Schedule.

Question 25: On page 20, section (26), regarding Section 111 of the Medicare, Medicaid and SCHIP Extension Act, the City requires the Company be designated as the City’s *RRE*. This is not allowed by federal law and CMS specifically prohibits TPA’s from registering as RREs. Does the City intend, rather, that the Company be designated as the City’s reporting *Agent* and thereby assume the responsibility to report applicable OJI claims to CMS?

Response: The designated TPA will be responsible for reporting applicable OJI claims to CMS in accordance with federal law.

Question 26: On page 24, subsection C, the City requires that the Company office located within the City of Memphis be able to *handle all business of the City, including check processing and bill review services*. With security and fraud-prevention being of primary concern for large check writing operations, it is common practice to electronically process checks locally in Memphis but actually mail the physical checks to providers from a non-local secure location. Would this security practice be acceptable to the City?

Response: Yes.

Question 27: On page 29, section 6-E, we are asked to be bound by *special account servicing instructions developed by the client*. Is it correct to assume that these servicing instructions would be agreed upon by both parties prior to contract execution?

Response: Yes.

Question 28: Will a listing of TPAs be provided who are interested in partnering with certified minority woman-owned businesses?

Response: This information can be obtained through the City of Memphis Contract Compliance Office which is responsible for direct oversight of the MWBE program.

Question 29: Please confirm if RFP award is for sole vendor OR if services can be bid on separately.

Response: This RFP is for a sole vendor willing to provide services as a third party administrator and is therefore not subject to separate bidding.

Question 30: On page 17 of the RFP, Section (20) Nurse Case Manager, Part (a): mentions “City’s Designated nurse case manager”. Does this refer to a case manager designated by the Company awarded the contract? Or does the City of Memphis have/employ nurse case managers?

Response: The City of Memphis has a designated Nurse Case Management vendor.

Question 31: Understanding the desires of the City to have an office in Memphis, will the City consider other options which could reduce the overall costs of the administration of their OJI Program?

Response: In accordance with the Request for Proposal, the services to be rendered must be handled at an office located within the City of Memphis.

Question 32: Would the City prefer a "per claim" quote vs. a "flat fee" quote?

Response: Both are acceptable.

Question 33: Will the City provide a loss run that shows the number of open claims per policy period?

Response: As of January 20, 2010, the City has 568 open claims. There are 330 Medical Only claims and 238 are Lost Time claims.

Question 34: Does the City have a preference on the pricing of the takeover claims - annual fee vs. one-time takeover charge?

Response: The City does not have a preference on the pricing of takeover claims.

Question 35: Is the City under "performance guarantees" with the current TPA and will the City make these "performance guarantees" public knowledge in the upcoming response?

Response: The City’s contract with the current vendor does not include performance guarantees

Question 36: Will the City make the current TPA OJI Program administration costs available in the upcoming response?

Response: This information can be obtained by submitting a Tennessee Open Records request to the City of Memphis, City Attorney’s office.

Question 37: Does your current OJI policies/procedures call for open future lifetime medicals on all claims? HHL claims?

Response: The City of Memphis has opted out of the Tennessee Workers’ Compensation Scheme. Therefore, City Employees are governed by the City’s On the Job Injury Policy which does not offer future lifetime medicals.

Question 38: Is the City's current OJI Programs Medical Bill Review agreement on a per bill charge/ % of PPO savings vs. % of total savings allocation? Will the City disclose the current medical bill review pay structure agreement between the City and current TPA?

Response: The City of Memphis paid a negotiated rate to the incumbent TPA for savings realized via Bill Review. The negotiated rate is stated in the incumbent’s contract and is available in accordance with the Tennessee Open Records Act.