

Program Structure

1. If multiple carriers are selected how will a purchasing entity offer the multiple carriers – as sole carrier or as slice? Could a Town elect to be slice and a BOE sole carrier?

Multiple carriers would be offered as slice business, consistent with the current MEHIP arrangement. It is expected that entities will enter as a full Town or Full BOE.

2. If the multiple carrier approach is taken, will the MEHIP administrator receive service/administrative payment overrides? Will these be paid by the purchasing entity or the carriers? What are the metrics for payment?

Your proposal should not include payments to a TPA.

3. It is indicated that future retirees will retire into the proposed plan designs. Please confirm that this will be for any future retirees who retire after 7/1/08.

Confirmed.

4. Which carriers have been asked to respond to this RFP?

All carriers who filed a letter of intent to bid on the State of Connecticut Healthcare RFP.

5. Please confirm how current ancillary programs will be administered; i.e., if there is embedded pricing or administrative structure tying medical and ancillary lines of coverage together.

This request for proposal only requests medical and prescription drug benefits. Since the State of Connecticut is currently out to bid for dental as well, a dental component may be added if participating municipalities are interested.

6. What is the projected enrollment for 7/1/08? How many towns or BOE's have specifically committed to enroll as of 7/1/08?

Recent State survey has identified nearly 70 municipal entities with approximately 64,000 employees.

Benefit Design

1. Please confirm if the Rx program will have mandatory generic or step therapy.

The plan design requests mandatory generic and step therapy. We understand there is no OTC substitution.

2. What claim dollars specifically accumulate to the claim dollar maximums? Both medical and pharmacy?

Yes.

3. What is the chiro benefit?

Co-pay will be \$15 and limited to 50 visits per year, consistent with the physical therapy.

4. What is the vision benefit?

One eye exam every 12 months and any discount program available. Please illustrate the discount program.

5. Is it the intent of the Mega MEHIP program to not follow parity for MH/SA?

It is expected to comply with the Federal Parity.

Financial

1. Can groups join for 1/1/09 or future 1/1 dates?

For this proposal, assume a July 1 effective date.

2. As claims data will be released to each entity, what mechanisms will be in place to reduce the possibility of adverse selection?

The adverse selection issue has been addressed in the RFP.

3. Since we will not be paying commissions, will the Town or BOE pay those commissions directly if they wish to engage a broker?

Yes, the Town or BOE would either pay directly, in the case of consulting fees, or by authorizing that the commission cost be added to the premium, in which case the MEHIP administrator would pay the commission.

4. Who owns the fiduciary responsibility and banking arrangements?

We are not expecting the administrator to be the fiduciary.

5. Will the State set the fully insured premium equivalent at expected or maximum? If set at expected, how will the gap between the expected and 120% attachment point be funded?

The State will create a rate that duplicates a fully-insured rate. There will be provisions for claims fluctuation margin, and reserves.

6. Assuming there is a contract with each entity, how will a smaller town absorb the cash flow impact of one or several catastrophic claims, especially claims that are below the ISL?

Rates will be built based upon the pool's risk.

7. ConnectiCare's COBRA administration has been limited to billing and collecting premium for COBRA participants. Is it mandatory for carriers to also assume responsibility for employee notifications?

No.

8. There is little information on the banking arrangements. Is it the State's intent to set up a bank account from which ASO fees and claims will be paid?

Yes.

9. What information will this program be providing to assess the needed specific and aggregate reinsurance levels? When will this information be available?

Upon receipt, the information will be provided.

10. Will the aggregate reinsurance be on each group or on the program as a whole?

Aggregate stop-loss will be provided for the group as a whole.

11. The following is stated in the RFP: "Your proposed fee structure should assume the following:

- Pertaining to the sole provider fee quotations, you should assume that billing and eligibility will be handled by you, the administrator.
- Pertaining to the multiple provider fee quotations, you should assume that the current MEHIP administrator will perform the current billing and eligibility functions.”

Regarding the second bullet above, should our fee be quoted net of any fee that would be paid to the current MEHIP administrator?

Yes.

Pharmacy Benefits

1. Can you clarify what "No OTC substitution" means.

No over the Counter Substitution.

2. What data are you looking for in the "AWP" boxes for both retail and mail order generic and brand?

Your average discounts compared to Average Wholesale Price.

3. Under the pharmacy guarantee period, what are you asking to guarantee: rebates, dispensing fees, and discounts?

Yes, these are the items we are requesting you guarantee.

Medical Benefits

Is it correct to say all benefits that are not listed on the plan design grid would be Health Net standard, for example the prior authorization list?

We request that you provide a proposal consistent with the prior authorization requirements for other municipal clients.

Performance Guarantees

1. They have not been provided; will they be the Health Net standard list?

We request that you propose performance guarantees consistent with those you have already provided the State.

2. What is the target percentage of the fees that will be at risk?

The aggressiveness of your dollars at risk will be compared to other proposed performance guarantee quotations.

Stop Loss

What information will be provided for a stop loss quote?

Upon receipt of census, current benefit, and claims data, we will forward it to you.

General question

How will the MEGA MEHIP entity handle financial shortfalls if the claims exceed the fully insured equivalent premium collected?

Mega MEHIP participants will build up and replenish the appropriate reserve levels.

Rating Guarantees

1. What are you requesting for 3 years, a flat rate guarantee, or is it okay to have percentage rate increases every year for the 3-year period?

This is up to you. We will compare your administrative expense and fee guarantee quotations to all other quotations.

2. Does Connecticut law permit the pooling of groups for self-insurance of medical claims?

For the purposes of this RFP, assume the affirmative.

3. Does Connecticut law permit the pooling of groups for stop loss coverage?

For the purposes of this RFP, assume the affirmative.

4. Is Mega Mehip considered a MEWA as described in DOI bulletin reference HC43?

The Connecticut Attorney General has determined that MEHIP and Mega MEHIP are not subject to the state's MEWA laws and regulations.

5. Will the DOI allow a licensed health insurance carrier to participate in this arrangement?

For the purposes of this RFP, assume the affirmative.

6. Do the projected health benefits cost in excess of \$275 million include only medical, Rx and actives?

The information that was provided included prescription drug and retiree claims information.

7. If multiple carriers are used does a group have the option to use multiple carriers within their group or must a group select one carrier?

They may offer multiple carriers, consistent with the current MEHIP plan.

8. What is the timing of the reimbursement to the carrier?

- a. For claims?
- b. For Self Insurance fees?
- c. For Stop Loss?

The banking arrangement will dictate the timing for payment of the benefits provided.

9. For billing and financial reporting purposes, will this be set-up as one firm with multiple firm divisions, and one bank account?

Yes.

10. If a multiple carrier exists, what fees will be paid to Marsh and who pays those fees?

The fees payable in the multiple carrier model should not be part of your pricing quotation at this time.

11. How does the aggregate stop loss work? The entire pool in aggregate? Each group individually?

It will be applied to the entire risk pool.

12. Is stop-loss on an incurred and paid basis in year one, and a paid basis in subsequent years? Are there any maximum payouts on stop-loss coverage (annual or lifetime)? Is lasering allowed?

There will be no maximum pay-outs and no lasering of risk. The stop-loss should be created on 12/15 basis. Since new entities will be joining as the group is continuing to run, the 12/15 stop-loss arrangement will remain in place.

13. Who is at risk for claims in excess of the FI equivalent premium (allocation rates), but below the aggregate stop-loss threshold? Who is responsible to chase the funds due?

Fully-insured equivalent premium rates will not equal allocation rates. The State will be responsible for recouping the appropriate costs for the pool.

14. Is a reserve required for the pool or individual municipalities?

Reserves and reserve funds cannot be required. The State will create a rate structure that accounts for claims fluctuation and reserves.

15. What happens to current pre-Medicare retirees in a group? Will they be offered traditional MEHIP fully insured product? Will they be expected to remain with current carrier? At what rate?

Under 65 retirees will have to remain, unless they agree to opt-out, in their current arrangement according to Public Act 06-123. We expect that the current rating methodology would remain in place.

16. Existing retirees of all new groups in subsequent years will be excluded from this plan?

In accordance with Public Act 06-123 this is the expectation.

17. How will retiree groups be viewed under small group legislation?

According to CGS 38-564, retirees are considered part of the larger group and therefore not subject to the small group legislation.

18. Impact of MEHIP administrator on performance guarantees?

We request that you provide performance guarantees consistent with what is already in place with the State.

19. Will performance guarantees be applied to the on the whole pool or per municipality?

On the whole pool.

20. Are current mandated benefits included in the benefit packages?

Yes.

21. How will future mandated benefits be handled?

The oversight Committee will have the authority to approve or deny.

22. How will certain benefits be administered:

a. Co-pay for diagnostic (x-ray and lab)?

There will be a co-pay of \$15 for the lab and x-ray benefits.

b. Cost share maximum on HMO & EPO?

Yes.

c. What is the chiropractic benefit desired?

50 visit maximum and a \$15 co-pay.

d. What are the network and geo access requirements?

2 providers within 8 miles. 1 hospital within 15 miles. National access to PPO and HMO benefits.

e. Detox is this 100% for 7 days?

Consistent with the in-patient co-pay of \$100 with a 7 day max.

f. What services are included for coverage under mental health? Will we follow State and/or federal parity?

Federal parity is requested.

g. Should the preventive schedule follow carrier's standard age based schedule?

This is typically consistent with the AMA schedule and that is appropriate.

h. No hospital copay if readmitted within 90 days, does this assume the same medical diagnosis?

Yes.

i. Do Rx copays apply for diabetic drugs and are diabetic drugs mandatory mail order?

Co-pays apply and mail order is not mandatory.

j. DME/Prosthetics what is the coverage?

Coverage follows current state plan benefit.

k. How is infertility covered and are oral contraceptives covered?

Infertility will be consistent with the State mandate, and oral contraceptives will be covered.

l. What medical exclusions if any should be assumed like gastric bypass, TMJ, cosmetic, hearing aides, laser eye surgery etc.?

We request that the standard list of exclusions apply. All listed should be excluded from the plan benefits.

23. How will benefits be implemented for municipalities with multiple union contract dates, or for union contracts which are closed or not due to renew for multiple years?

The initial commitment from the unions involved is that they will agree to negotiate the Mega MEHIP plan so the entire municipal entity can join as a whole unit.

24. How will the fully insured equivalents be calculated?

The State will hire an independent actuary to assist in the pricing of the pools plan of benefits.

25. Will the fully insured equivalent rates be the same or different for each enrolled municipality?

Rates for the pool will be set by the State and may or may not take regional factors into account.

26. Will stop loss apply to both medical and Rx?

Medical only.

27. How will it be handled if the medical and Rx carrier are different?

Rx will not be included in the stop-loss calculations.

28. If Rx is awarded to a separate carrier, how will Rx data be shared, how often and at what cost?

It is required that the data-sharing by the entity providing prescription drug benefits will not add any additional administrative fees. The format and timing of the shared data will be negotiated upon vendor selection.

29. Is quote null and void below 64,000 employees for each carrier?

No, you can provide pricing at lower employee counts, but please provide pricing at the requested employee levels.

30. What is the minimum number guaranteed for participation?

There is no guarantee set to move this program forward. There is a minimum requirement that the Board or Town join as a whole entity, rather than as separate unions of the entity.

31. Is the State of Connecticut Account a possible group starting 7/1/2008?

Due to the current State collective bargaining agreement through 2017, they are not be eligible participants for 7/1/2008.

32. How are commissions to be passed to individual entities, and by whom?

Administrative fees are requested to be quoted without commissions. If municipalities see value in relationships that include commission arrangements, the commission agreement will be communicated to the administrator and the administrator will pay the commission to the broker.

33. What is notification lead time for implementation of new groups and terminations?

We request that groups supply ample time for implementation, no less than 90 days. We would require written notice prior to 90 days of cancellation.

34. What is the retroactivity policy for individual members?

On a group basis there will be no retroactivity. The oversight committee will take action on individual cases.

35. Who will determine claims paid by exception, what is allowed for additional administration fees, and how will that affect stop-loss?

The oversight committee will make these determinations.

36. What are the termination provisions?

At least 90 day notice and entity cannot re-enter for a full year after the next renewal.

37. Are access fees allowed as a variable percentage of savings, or must they be fixed pcpm?

We request a fixed fee on a pcpm, or pepm, basis.

38. ISL Rate is not shown on the rate exhibits.

We are not requesting an ISL at this time.

39. Must pharmacy be on a per script basis?

You may provide your rebate quotation as a percentage of the claims base.

40. Is the renewal timeline for stop-loss pricing annual?

Yes, it is based on a one-year rate.

41. Are current enrolled municipal MEHIP groups required to join Mega MEHIP?

No.

42. Please confirm eligible groups are Town, Cities and Boards of Education only. Are union groups eligible for Mega MEHIP?

Eligible groups will be all municipal groups. Taft-Hartley unions are not considered eligible at this time.

43. Will the State enter into the ASO agreement with the carrier for the financial portion of this arrangement?

Yes.