

State Comptroller Healthcare Policy and Benefit Services Division

Response to RFP Questions

Health and Other Employee Benefits Consulting Services

July 2015

Q: Why is the Office of the State Comptroller (OSC) putting this work out to bid via an RFP process?

A: The OSC has issued this RFP primarily because the current contract is ending.

Q: Who currently provides the OSC with health and other employee benefits consulting services?

A: ConnectiCare manages the State's Health Enhancement Program (HEP) as well as its chronic care management program. Milliman provides actuarial services for the health care plan and the San Francisco office of Milliman provides consulting services on investments.

Q: How long has the current consultant been providing these services?

A: Milliman has been providing services for ten years; ConnectiCare for approximately three years.

Q: Does the current consultant provide the same scope of services that are included in this RFP? If not, what was added/changed?

A: Over the past several years, the scope of needed consulting services has broadened considerably due to significant changes in the delivery of health care and the State's involvement.

Q: Has the OSC had any performance issues with the current carriers/vendors?

A: The OSC has issued this RFP primarily because the current contract is ending.

Q: Are the current services provided via a fixed-fee arrangement, on a time-and-expense basis, or a commission schedule?

A: Standard reporting and basic consulting services are provided on a fixed-fee basis, additional or ad-hoc reporting may be on a time-and-expense basis. OSC will entertain proposals that consider an additional fee associated with licensing fees for analytic tools, provided however, that the State is not restricted or limited in how it uses the analytic tool(s).

Q: If a fixed-fee arrangement, what is the most recent fee arrangement?

A: N/A

Q: If on a time-and-expense basis, what are the current hourly rates? What were the total fees charged in 2014?

A: Total fees were approximately \$1M.

Q: If on a commission schedule, what is the schedule? How much was paid to the consultant in 2014?

A: Standard reporting and basic consulting services are provided on a fixed-fee basis, additional or ad-hoc reporting may be on a time-and-expense basis. OSC will entertain proposals that consider an additional fee associated with licensing fees for analytic tools, provided however, that the State is not restricted or limited in how it uses the analytic tool(s).

Q: What were the fees paid for the “in-scope” and “out-of-scope” items for 2012, 2013 and 2014?

A: Total fees were approximately \$1M.

Q: Does the OSC have a payment preference? (Flat fee, commissions, etc.)

A: Standard reporting and basic consulting services are provided on a fixed-fee basis, additional or ad-hoc reporting may be on a time-and-expense basis. OSC will entertain proposals that consider an additional fee associated with licensing fees for analytic tools, provided however, that the state is not restricted or limited in how it uses the analytic tool(s).

Q: Approximately how many meetings per year has the attendance of the consultant been requested?

A: Consultants attend the monthly Health Care Cost Containment Committee monthly meetings as well as other in-person and conference call meetings on a frequent basis (i.e., weekly or bi-weekly).

Q: Traditionally, has the attendance of the consultant been requested during the open enrollment period?

A: No

Q: Can the OSC provide a copy of the deliverables produced in the last fiscal year for health and other employee benefits consulting services?

A: OSC will discuss expected deliverables with finalists.

Q: Does the Plan currently have an investment policy statement? If so, could you provide a copy?

A: No. Staff has drafted an investment policy statement but it has yet to be adopted. However, bidders should include a line item in their proposal for assistance in developing an investment policy statement.

Q: Does the Plan currently work with an investment consultant, and if so:

1. What firm is currently used?

A: Milliman (San Francisco)

2. What services does the firm currently provide?

A: Quarterly review of all investments, with special attention to the Stable Value Fund. Special attention is given to any funds that may be on a watch list.

3. What is the current fee schedule and/or the amount paid last year for the services?

A: Bidders should provide their most competitive bid for these services.

Q: What was the date of the last Plan service provider review and can you provide a copy?

A: N/A

Q: For the ARP and 403(b) that have grandfathered service providers, would the contracted services include the assets with these vendors?

A: No

Q: For the investment consulting services described on pages 10-11 of the RFP, is there a questionnaire (similar to RFP Section VIII) that should be completed or additional information that should be provided? If so, please outline the desired information.

A: No

Q: Can you share the amendment to the Conifer contract that allows third party access through the State Contract? Please also share the details of the data environment, the fields available, and the ability to create customized reports and queries against the Conifer detailed claims data.

A: This detail will be discussed with finalists.

Q: Will Conifer supply a data dictionary including but not limited to the carrier field names mapped to this data item, the data description and the data format?

A: A complete data dictionary with description and format will be provided to the awardee.

Q: Will the Conifer data warehouse be enhanced to capture all of the fields that are currently provided by the carriers as special feeds (i.e. not part of the regular weekly feeds) and that are used in several analyses today? For example, the Conifer data warehouse presently does not include all diagnosis codes; Anthem provides a customized file separately to the incumbent consultant that includes all inpatient diagnosis codes so that more comprehensive experience analyses can be performed. In addition, a separate file is provided to the incumbent consultant that shows ACO attribution that is not included in the standard weekly data feeds sent to Conifer.

A: OSC believes the data warehouse (DW) has sufficient diagnosis codes (up to eight fields) loaded where this detail is on the claims file. ACO attribution lists are also being provided to OSC and Conifer. For ad-hoc reports and other specialized reports other lists (such as union code, department code, ethnicity, etc.) may be provided so that cross-walks can be made with the claims data to provide needed reports.

Q: Will Conifer allow non-Conifer models and tools (e.g. risk adjusters, waste calculators) to be run against their data warehouse?

A: The RFP states the following: "The Conifer Data Warehouse currently receives files on a weekly or monthly basis, depending on the type of data being received. Data by Log Type are imported from files to SQL Server relational tables that match the incoming file structures and are cross-walked, normalized and converted to Conifer data structures and later transferred to the Conifer Data Warehouse. The Comptroller's office will facilitate required access to the Conifer DW by the successful respondent. The Comptroller's office will not pay additional data warehousing charges in conjunction with the award of this contract." The OSC will facilitate either direct ongoing access to the data warehouse or assure a monthly file transfer via SFTP to the successful bidder.

Q: Please share the contractual arrangements between the State and the ACOs.

A: OSC has already been collaborating with ASOs and ACOs on data exchange and the development of care delivery models. To date, formal contracts have not been necessary between the State and ACOs in order to accomplish this collaborative effort to improve health care delivery to participants in the State employee and retiree healthcare plan.

Q: Item 11 under the Health Benefits Consulting services in Section V. Scope of Work states: “Provide Consulting services to OSC and select Accountable Care Organizations to apply findings from the analytic tools to practice transformation to improve quality of care and lower overall healthcare costs.” The text implies a contractual relationship between the consultant and the ACOs since it states that the services are provided to the ACO. Does the State have a draft contract that will apply to such services that are implied between the consultant and the ACO? If so, please share those terms. If not, please advise how the State envisions this contractual arrangement to be structured.

A: At this time, OSC anticipates that the contractual relationship will be with OSC, and OSC will make certain resources are available to ACOs as part of the collaboration described in the previous answer. At this time OSC does not anticipate that this will require contractual relationships between the consultant and the ACOs since the goal is to improve the performance of the State Employee and Retiree Health Plan.

Q: Does a conflict of interest arise if the bidder’s firm provides consulting services to one or more ACOs in Connecticut? If so, under what circumstances can the conflict be resolved such that the bidder can be selected?

A: OSC is seeking a consultant who is responsible first and foremost to the State. If a bidder’s firm has other business relationships that may be in conflict with this responsibility, the State must be made aware of this conflict so that it may make a proper determination.

Q: The State's contract terms will need to be modified to meet our contracting standards; in the absence of modification, we may be unable to bid on some or all of the services included in the RFP. Specifically, please indicate the Attorney General's willingness to accept contract terms with limited liability and/or dispute resolution by arbitration. That is, please provide context for circumstances under which the provisions in the last sentence under item 22 (Entire Agreement) of Section X (Standard Contract Terms and Conditions) may be invoked. (“The contract may only be amended by means of a written signed agreement by the Office of the State Comptroller, the Contractor, and the Office of the Attorney General.”).

A: Bidders may submit proposals on those services for which they are qualified. If the State’s contracting standards present challenges to the bidder regarding certain services, the bidder may submit alternate language for consideration.

Q: Does the State’s contract with Conifer allow a third party consultant the ability to create tools and resources for use by OSC staff to monitor experience and to query the data warehouse?

A: Yes

Q: Will the consultant need to execute special agreement(s) with Conifer to do so? If so, please share a draft of such agreements(s).

A: None is anticipated.

Q: How much has the State budgeted for the services subject to this RFP, ideally split among health benefits consulting, GASB45 reporting, and investment consulting?

A: Bidders should provide their best pricing for each service. Where the service is an event or is predictable (such as annual actuarial report) a fixed price should be given. Where the level of activity is likely to be variable and subject to requests for analysis from the State, “up to” amounts and hourly rates should be given.

Q: In terms of monitoring the State’s defined contribution plans, is it expected that the investment consultant will provide quarterly performance analysis reports on the three State of Connecticut defined contribution plans?

A: Yes

Q: If quarterly performance analysis reports are provided by another source, what type of monitoring is expected by the investment consultant and how often?

A: N/A

Q: Would the investment consultant report to the State of Connecticut staff and/or the State’s Investment Committee?

A: Yes

Q: Would there be an annual review of the adequacy of investment options?

A: At least annually, quarterly preferred.

Q: What type of report would be expected in these reviews?

A: The State welcomes suggestions from bidders on what should be included in these reports.

Q: Would these reviews be based on statistical and performance data generated by the investment consultant or the Plans’ record keeper?

A: Both

Q: In what ways would the investment consultant be expected to assist with education and communications?

A: Not anticipated at this time.

Q: How often would assistance with monitoring performance of stable value managers and wrap providers be provided?

A: Quarterly

Q: Would this be considered a part of the regular quarterly review performed on the three defined contribution plans?

A: Yes

Q: Or is this monitoring on an annual or as requested basis?

A: N/A

Q: What services or activities might be required under the provision of ongoing program management support services?

A: At this time the State does not require ongoing management support services.

Q: Is the management of the competitive marketing process on an as needed service?

A: Yes

Q: Are there any particular areas that this process may be needed in the near future?

A: No

General

Q: Who is the current consultant for Health Benefits Consulting, GASB 45 Consulting and Investment Consulting?

A: Health Benefit: Milliman (Windsor, CT). GASB 45: Segal. Investment Consulting: Milliman (San Francisco).

Q: How long has each consultant been performing these services for the State?

A: Milliman: 10 years. Segal: Since 2006.

Q: What is/are the fees and/or annual budget amounts for Health Benefits Consulting, GASB 45 Consulting and Investment Consulting – separately by project?

A: Bidders should put forth their most competitive proposals for each project.

Q: Is there dissatisfaction with any of the current consultants, or is this RFP solely due to the existing contract(s) expiration?

A: This RFP is primarily due to expiration of existing contracts.

GASB

Q: When would the State be expecting a draft and final version of the GASB 45 reports?

A: Early 2016

Q: What is the expected timeframe for the first contract year?

A: Early 2016

Q: Is there a third party that currently handles the compilation of their census data? If so, will they be responsible for making sure the census has the correct indicators for which pension system each person is involved in, or will the consultant be required to contact each individual pension system and request a census?

A: The State will provide.

Retirement Consulting

Q: Do the DC plans have Investment Policy Statements and if so, does the scope of services for the investment consultant include drafting proposed policy reviews and revisions?

A: Not currently. However, the State is open to suggestions in this area.

Q: Do the DC plans incorporate participant outcomes into policy objectives, and if so what measures are used?

A: Measures will be shared with finalists in this area.

Q: Will the State's three defined contribution plans continue to share a common investment platform after transitioning to Prudential Retirement, and will there be any specific changes to the investment funds available to participants post transition?

A: Yes. The investment fund menu is continuously being monitored and may change.

Q: Are the Plans' expected to retain the PIMCO Total Return fund given Morningstar's decision to not utilize the strategy in their model portfolios?

A: The continuation of the PIMCO Total Return fund is currently under review.

Q: Does the State actively seek participation from additional political subdivisions in the 457(b) Plan?

A: Yes

Q: Can State employees elect to participate in the State's Pension plan after enrolling in the ARP, or are they locked in to either Plan once enrolled?

A: Plan selection is governed by rules established by IRC section 414(h).

Q: Why is the Pension plan not in scope for investment consulting services at this time, and is the current investment consultant to the State's DC plans also retained on the Pension plan?

A: The State Treasurer is responsible for pension plan investments, not the Office of the State Comptroller.

Q: How often are the board and/or investment subcommittee meetings?

A: Generally quarterly and more often as situations warrant.

Q: How often is the consultant team expected to review the adequacy of participant education and communications?

A: Not in scope.

Q: Please provide a copy of the current Milliman contract for benefits consulting services.

A: See information posted to website.