

ITEMS REQUIRING BOCC APPROVAL
May 16, 2024
(3 Items)

1. EMPLOYEE MEDICAL AND PHARMACY BENEFITS -- HUMAN RESOURCES
FUNDING -- HUMAN RESOURCES

(Request sent to 25 vendors)

RFP #24-0019 Contract

	United HealthCare Services, Inc.	Aetna Life Insurance Company	Blue Cross Blue Shield of Kansas	EBMS	Luminare Health (Carved-In Aetna Network)	Luminare Health (Carved-In Provid's Network)
Carrier Administrative Services Only (Self-Funded)*						
Carrier Fees						
Administrative Fee Rate (PEPM)	\$0.73	\$34.77	\$7.90	N/A	N/A	N/A
Estimated Total Administrative Fee	\$21,321.84	\$1,014,310.00	\$230,459.00	N/A	N/A	N/A
\$500,000.00 Specific Stop Loss Premium ⁽³⁾	\$1,307,963.45	\$1,307,963.45	\$1,307,963.45	N/A	N/A	N/A
Carrier Fees Subtotal ⁽¹⁾	\$1,329,285.29	\$2,322,273.45	\$1,538,422.45	N/A	N/A	N/A
County's Responsibility						
Expected Med/Rx Claims	\$40,179,627.64	\$40,577,415.19	\$40,826,196.12	N/A	N/A	N/A
Estimated Rebates ⁽⁴⁾	-\$4,386,905.00	-\$4,530,000.00	-\$4,676,060.00	N/A	N/A	N/A
County's Responsible Funding Subtotal ⁽²⁾	\$35,792,722.64	\$36,047,415.19	\$36,150,136.12	N/A	N/A	N/A
Estimated Total Cost ^{(1) + (2)}	\$37,122,007.93	\$38,369,688.64	\$37,688,558.57	N/A	N/A	N/A
Third Party Administrator**						
Administrative Fee	N/A	N/A	N/A	\$1,437,304.44	\$1,255,271.16	\$1,163,087.64
No Submission	Allied Health	Cigna Healthcare	Continental Benefits	Humana		

	Liviniti (EBMS)	CVS (Luminare Health)	Liviniti (Luminare Health)	Pro Act Inc.	RxBenefits, Inc. Optum	Capital Rx, LLC	CarelonRx
Pharmacy Benefit Manager Only (Self-Funded)*							
County's Responsibility							
Rx Claims Only ⁽⁵⁾	\$12,599,279.00	\$13,183,113.00	\$12,599,279.00	\$12,885,625.00	\$12,647,864.00	\$12,764,767.00	\$12,949,930.00
Estimated Rebates ⁽⁴⁾	-\$4,204,521.00	-\$4,229,893.00	-\$4,204,521.00	-\$4,715,734.00	-\$5,708,690.00	-\$5,146,742.00	-\$6,214,951.00
Estimated Net Rx Amount	\$8,394,758.00	\$8,953,220.00	\$8,394,758.00	\$8,169,891.00	\$6,939,174.00	\$7,618,025.00	\$6,734,979.00
No Submission	Hart Pharmacy						

⁽¹⁾ Amount to be paid to provider for services provided. Total is based on quoted rates per employee per month (PEPM), and will vary if number of employees differs from assumption. Assumption for all providers is 2,434 participating employees.

⁽²⁾ Amount to be paid by county in addition to carrier fees. Expected claims provided by IMA in Sedgwick County Self-Funded Underwriting Analysis for 2025 and includes 2% claims margin.

⁽³⁾ Stop Loss Premiums are estimated for all options. Renewal is not available until fall 2024.

⁽⁴⁾ Estimated Rebates are a retrospective review of actual pharmacy claims for calendar year 2023.

⁽⁵⁾ Rx claims illustrated are retrospective review of actual pharmacy claims for calendar year 2023 and are not a depiction of Rx costs for 2025 plan year.

On the recommendation of Joe Thomas, on behalf of Human Resources, Brandi Baily moved to **accept the proposal from United HealthCare Services, Inc. (United HealthCare) (self-funded) for a first year cost of \$1,329,285.29 beginning January 1, 2025 for a period of three (3) years with two (2) one (1) year options to renew.** Tim Myers seconded the motion. The motion passed 3 to 4 with Anna Meyerhoff-Cole abstaining from the vote.

A committee comprised of Connie McAfee – HR Benefits Analyst; Cheryl Orme – HR Management Analyst; Sarah Meek – HR Data Analyst; Anna Meyerhoff-Cole - Deputy Chief Human Resources Officer; Kevin Nelson - Deputy Fire Chief; Kathy Wegner – Director of COMCARE Administration; Laura Oblinger – Sheriff’s Office Legal Advisor; Lindsay Poe-Rousseau - Chief Financial Officer; Sheena Schmutz – Chief Human Resources Officer; and Joe Thomas - Purchasing evaluated the proposal responses based on the criteria as set forth in the RFP. The committee reviewed all responses, shortlisted, and interviewed Blue Cross Blue Shield of Kansas, United HealthCare, Aetna Life Insurance Company, and CarelonRx.

The committee reviewed options including fully integrated prescription programs or carved out options. The committee unanimously agreed that fully integrated United HealthCare (*self-funded model*) offers the best proposal for the county. The solution presented the best cost savings for the county and its employees. United HealthCare offers a robust care solution with meaningful cost savings and decreased service interruption that will benefit our employees and their dependents.

The recommended carrier offers robust wellness and disease management supported through extensive technology-based applications including mobile apps, web-based programs, wellness coaching, and extensive condition management options which fully supports Sedgwick County's overall philosophy regarding employee health and goals. United HealthCare offered a three (3) year rate cap on the administrative service costs for self-funding, as well as, offered extensive guarantees for operational, service, clinical, and network discounting performance. United HealthCare's offer includes a PPO (preferred provider organization) product that allows easier access to network providers without the need for referrals. Their offering also includes providing a \$100,000.00 annual wellness fund to be used to support initiatives.

United HealthCare is the current provider for these services and has been well received by the county over the past years of their engagement.

Notes:

***Carrier Administrative Services Only (Self-Funded)** - A plan where all administrative services (claims administration, stop-loss, pharmacy benefit management, etc.) are provided by an insurance carrier. The employer pays for claims directly in lieu of premium payments.

****Third Party Administrator (TPA)** - An individual or firm hired by an employer to handle claims processing, pay providers, and manage other functions related to the operation of health insurance. The TPA is neither the policyholder or the insurer. The TPA performs tasks traditionally handled by the company providing the insurance or the employer.

This is a proposal and not a bid. Proposals are based on criteria set forth in the RFP. There are seven (7) components to this RFP.

Criteria	Component	Points
A.	Meeting all proposal requirements and instructions, submitting clear, detailed information and providing all requested documentation	20
B.	Overall cost of solution	15
C.	Ability to manage pharmacy benefits	15
D.	Network access and ability to administer alternative or unique network solutions	15
E.	Account management and service support for both county administrative staff and members of the plan	15
F.	Experience and Qualifications working with government entities	10
G.	Ability to provide cost containment solutions that meet the needs of the county	10
	Total	100

Questions and Answers

Brandi Baily: What's the price change from what we had previously? Did it remain the same or is there an increase/decrease?

Vanessa Keith: So the Administrative Fee for the United HealthCare arrangement is remaining the same as it has been for the last five (5) years at \$0.73 per employee per month.

Brandi Baily: Overall, what was our total annual spend previously?

Vanessa Keith: The total health care spend for 2023 plan year was \$31.7 million in total.

Brandi Baily: So there's a \$6,000,000.00 increase?

Vanessa Keith: That includes claim increases for the year. We're looking at the funding for the plan year, yes. It's \$7,000,000.00 in total.

Lindsay Poe Rousseau: I was a member of the committee. I do think it's important to clarify what we are using. So the county is self-funded. That means we pay the claims but we hire the contract with the company to actually administer the claims for us. What we talk about is a \$6,000,000.00 increase that is really maybe in the total plan spend from just medical and prescription. Remember we are not talking dental, vision, or life insurance. What we are asking for through this RFP is somebody coming and administering our claims because we are self-funded. So it's what Vanessa was speaking to in terms of the admin costs that we pay for them to do this not so much the actual claims spend because that will be based on how we as the county define the plan later in the year.

Brandi Baily: That makes sense.

Russell Leeds: Could you educate me? We have a line for third party administrators and it looks like Humana there's some numbers down there, \$1.4, \$1.2, and \$1.1MM, explain what that is?

Vanessa Keith: A third party administrator is what you partner with at the county to administer the plan like what Lindsay was discussing or laying out. We did have proposals from two (2) other administrators with one being EBMS and the other being Luminare. In the process of scoring, those two (2) proposals were declined as they were not as competitive as the three (3) we interviewed, being Blue Cross Blue Shield, Aetna, and United HealthCare. They did not make it to the final interview process.

Joe Thomas: Rusty, what you are looking at sir, that bottom line, those are the no submissions that included Allied Health, Cigna, Continental, and Humana.

Russell Leeds: EBMS, Luminare Health has two (2) proposals I guess. With N/As across the table, they weren't seemingly responsive to all of the requests in the RFP?

Vanessa Keith: They were responsive. They didn't make it to the final interview process for the administration.

Russell Leeds: They just had a single pricing model.

Vanessa Keith: That was for the administration of the plan was the \$1,437,304.44, \$1,255,271.16, and \$1,163,087.64 respectively.