



**STATE OF LOUISIANA**  
 DIVISION OF ADMINISTRATION  
**OFFICE OF GROUP BENEFITS**



**November 1, 2022**

**ADDENDUM #1**

Your reference is directed to RFX Number #3000020078 for the Request for Proposal (RFP) for Actuarial and Consulting Services, which is scheduled to open on November 09, 2022.

THIS ADDENDUM IS HEREBY OFFICIALLY MADE A PART OF THE REFERENCED REQUEST FOR PROPOSALS.

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**INQUIRIES AND RESPONSES**

No	Inquiry	Response
1	When does the Life and AD&D rate guarantee expire?	OGB's contract with Prudential Life Insurance Company of America ("Prudential") was extended by amendment through 12/31/2023.
2	During the most recent renewal for life and AD&D insurances, were rates held or increased? By what percent were the rates increased?	<p>Basic &amp; Supplemental Life insurance monthly premium rates per \$1,000 of coverage will change effective 1/01/2023 by variable amounts, depending on the age grouping:</p> <p>Ages 25 and under: 20% decrease            Ages 26 – 30: 10% increase            Ages 31 – 35: 30% increase            Ages 36 – 40: 40% increase            Ages 41 – 45: 40% decrease            Ages 46 – 50: 6.7% decrease            Ages 51 – 55: 35.7% decrease            Ages 56 – 60: 9.1% decrease            Ages 61 – 65: 5% increase            Ages 66 and older: 20% increase</p> <p>AD&amp;D and Dependent Life insurance monthly premium rates did not change.</p>
3	Is OGB considering changing the current cost-sharing arrangement for the Life programs?	Not at this time.

No	Inquiry	Response
4	Is OGB satisfied with the services and solutions that Prudential provides? Are employees satisfied with their experience with Prudential?	The question is not relevant to this RFP.
5	What other Prudential services does OGB take advantage of (e.g., EAP, etc.)?	Prudential offers group term life insurance to eligible OGB members.
6	With regard to life insurance, is the Evidence of Insurability (EOI) process automated with OGB's benefits administrator?	Not at this time.
7	What is the total annual premium for life insurance?	Based on the coverage volumes in effect as of 10/01/2022, plan year 2022 annual premiums are projected to total \$33,291,097; plan year 2023 annual premiums are projected to total \$36,736,420.
8	Please list the types of audits, the frequency (e.g., commercial drug audit once a year), and the corresponding vendors that OGB would like to conduct over the 35 months of the contract.	<p>On an annual basis:</p> <ul style="list-style-type: none"> <li>• PBM Commercial plan claims audit</li> <li>• PBM Commercial plan rebate audit</li> <li>• PBM EGWP claims audit</li> <li>• PBM EGWP rebate audit</li> <li>• Medical TPA claims audit</li> <li>• Capitated Primary Care Network performance guarantee audit (contingent upon the continuation of a contract for capitated primary care network services)</li> </ul> <p>On an ad-hoc basis:</p> <ul style="list-style-type: none"> <li>• PBM pre-implementation audit (contingent upon OGB changing PBM vendors during the period of the actuarial services contract)</li> <li>• Any other audits deemed necessary by OGB</li> </ul>
9	In the first paragraph under 1.1 Purpose, what coverages fall under "other benefit programs"?	In addition to health and life insurance, OGB offers its members access to a flexible benefits plan.
10	Under Task (3): Premium Rate Setting, what would litigation support entail?	Litigation support would include but not be limited to expert advice, report(s), testimony, detailed analytics, if needed. Please see Section 2.3 Deliverables, Bullet three (3).

No	Inquiry	Response
11	Under performance guarantees, actuarial errors, how is the annual administrative fee determined?	Fees to be paid by OGB to the actuarial services vendor under the terms of the contract for each 12 month contract measurement period.
12	Please describe the State of Louisiana's position as it pertains to using commissions and/or supplemental compensation derived from their insured programs (e.g., life insurance) to offset permissible consulting fees?	The Office of Group Benefits does not use commissions and/or supplemental compensation derived from their insurance programs to offset permissible consulting fees.
13	What were the professional fees paid for the "in scope" and "out of scope" items for 2020, 2021?	<p>OGB paid fees as follows:</p> <ul style="list-style-type: none"> <li>• Calendar Year 2020 original contract: \$768,000; amendment to expand Task 6 Audit to include HIPAA audit services \$110,000. Calendar Year 2021 original contract: \$768,000; amendment to expand Task 9 Procurement to add PBM assistance, \$213,669.66</li> </ul>
14	What is the average number of annual consulting hours required to complete the Scope of Services over the last three years?	The monthly average for the 12 most recent billed months (September 2021 through August 2022) is 259.23 hrs.
15	May proposers submit proposals for select Tasks or are all Tasks required? In other words, could OGB/State select more than one proposer?	All tasks included in the RFP should be included in the Proposer's response. Only one vendor will be awarded a contract as a result of the RFP.
16	Does the current contract include services listed in Task (10) - Pharmacy Benefit Manager Consulting services and Task (11) - HIPAA Services or are they additional scope?	Pharmacy Benefit Manager Consulting services are included in the current actuary contract. HIPAA Services were within scope and added to the current actuary contract by amendment.
17	Why is HIPAA consulting and compliance a focus for OGB?	OGB follows all applicable laws related to protected health information.
18	Task (6), Audits: How many audits were performed in 2019, 2020, 2021 and 2022?	<p>Calendar Year 2019: 2  Calendar Year 2020: 1  Calendar Year 2021: 4  Calendar Year 2022 (YTD): 3</p>
19	Task (6), Audits: What is meant by "6) HIPAA reporting"? Is that intended to be an audit of HIPAA reporting or does OGB require HIPAA reporting?	"HIPAA reporting" is intended to be an audit of HIPAA reporting.
20	Task (8), Participation in Meetings and Work Groups: The Task notes up to 12 board meetings, approximately how many additional in-person meetings are expected annually?	To the extent possible, OGB would prefer in-person quarterly meetings to discuss reporting, performance, and strategic

No	Inquiry	Response
		<p>planning. Additional meetings may be called depending on business climate.</p>
21	<p>Task (9), Procurement: When was the last competitive procurement for the medical, prescription drug, HRA, life and disability plans? Which procurements are expected in the 2023-2025 term?</p>	<ul style="list-style-type: none"> <li>• An ASO Administrative Services RFP was issued in 2020.</li> <li>• A PBM RFP was issued in 2020.</li> <li>• A Group Life Insurance RFP was issued in 2019. OGB currently anticipates issuing a Life Insurance RFP in 2023 for services effective 1/1/24.</li> <li>• An Individual Market Medicare Exchange Broker with Administrative Services for Health Reimbursement Arrangement RFP was issued in 2020.</li> <li>• A Fully-Insured Medicare Advantage RFP was issued in 2017.</li> <li>• A Fully-Insured HMO RFP was issued in 2017. OGB anticipates issuing RFPs for the following services in 2023: <ul style="list-style-type: none"> <li>• Life Insurance</li> <li>• Fully-insured Medicare Advantage</li> <li>• Fully-insured HMO</li> <li>• FSA/COBRA</li> </ul> </li> </ul> <p>OGB anticipates issuing an RFP for the following services in 2025:</p> <ul style="list-style-type: none"> <li>• ASO Administrative Service</li> <li>• Individual Medicare Market Exchange</li> </ul> <p>Additional RFPs may be issued during this time period at OGB's discretion.</p>
22	<p>Task (12), General Services: The Task includes "Provide training for health and PBM weekly claims file review". Please describe the weekly claims file review and the intended purpose.</p>	<p>Train and assist OGB staff with monitoring PBM and Health vendors' performance guarantee compliance, claim reporting to identify trends, possible fraud, and invoice consistency.</p>
23	<p>Please provide the total annual fees paid to the incumbent each of last three years? Are they reimbursed on the maximum monthly or best value per 100 hours method?</p>	<ul style="list-style-type: none"> <li>• Calendar Year 2020: \$878,000</li> <li>• Calendar Year 2021: \$981,669.66</li> <li>• Calendar Year 2022 (YTD): 613,289.51</li> </ul> <p>Incumbent vendor is paid a monthly fee based on the maximum monthly fee submitted in their cost proposal. When additional services were added to the contract by amendment, the prices for the additional services were negotiated at flat rates.</p>

No	Inquiry	Response
24	Has there been any plan or vendor changes for 2023?	Currently, OGB is working to implement Caremark/CVS to provide pharmacy benefit management services for the contract term of 1/1/23 – 12/31/25.
25	Do you have a FY2023 budget compared to FY2022 listed in the RFP (\$1,555,637,044)? Just trying to see what you are projecting as a total cost increase.	Fiscal Year 2023 health, life and flexible benefit program expenditures are projected to be \$1,610,168,659.
26	Can you provide timing on the RFPs that the contractor will preparing? When are medical, rx, etc. contracts expiring and expected to be marketed?	OGB's contracted actuary assists in the preparation, review and cost proposal analysis of certain RFPs. OGB anticipates issuing RFPs for FSA/COBRA, Life Insurance, and Fully-Insured HMO and Fully-Insured Medicare Advantage services in early 2023. See Answers to Question #21 and Question #24 regarding future RFPs.
27	If Maximum Monthly Fee is selected as the preferred payment method, is this simply an annual retainer divided by 12 and billed accordingly?	Yes.
28	If the Best Value per 100 hours is selected as the preferred payment method, is the contractor to bill by the specific hourly rates or by the composite rate?	The contractor is to bill by composite rate/total blended hourly rate.
29	Can you please provide the total numbers of hours worked by the incumbent for each of the last three years?	See Answer to Question #14
30	Has there been any scope changes from the current contract that the incumbent is operating under?	No. HIPAA Services and PBM Implementation Services were within the Scope of the RFP and added by Amendment to the current contract.
31	It appears that evaluation scoring is intended to line up with 1.9 Proposal Response Format. Our question would be where in the response would you like vendors to put the PBM Consulting Services that have a score of 13 points. Should we add a section between 1.96 and 1.97 for our response? Or should we included it under approach?	Information regarding the PBM Consulting Services can be added to Section 1.9.5- Approach and Methodology. See Revision to RFP, below.

No	Inquiry	Response
32	Under Part 2.2, Task 1 there are a number of question on data exchange. It is correct to assume the selected vendor will be using their own data management system and be expected to load all the claims data and provide quarterly reports?	Yes. Vendor must be able to accommodate other vendor(s) formats.
33	Under Part 2.2 Task 6 Audits – can you please provide the expected number of audits each year and the specific ones? This looks like annual pharmacy audits but there are no medical audits listed. Could you also please clarify the frequency on the HIPAA Privacy and Security?	See Answer to Question #8 above.
34	Please specify the audits that have been performed by the incumbent each of the last three years.	See Answer to Question #8 above.
35	Under Part 2.2 Task 7 Reporting – could you please clarify what “Corrective actions by the actuary shall be made available within 15 calendar days of such request” means?	‘Corrective action’ means the actuary’s recommended actions to mitigate or correct abnormal cost trends identified through the MER review process that have been requested or agreed upon by OGB management.
36	Under Part 2.2 Task 7 Reporting – although GASB allows for full valuations every two years, please verify that it is OGB’s intention to have a full valuation each year.	OGB may require the successful proposer to perform a full GASB OPEB valuation each year if there are significant changes to the plan, or if there are changes in the discount rate in the “roll-forward” year between the valuation date and the measurement date. Additionally, OGB will require the successful proposer to provide a spreadsheet each year with the updated OPEB liability, deferred inflows, and deferred outflows by agency.
37	Under Part 2.2 Task 8 – we understand that COVID was in place and probably led to many more virtual on-site meetings. Could you estimate overall how many meeting [sic] you would expect the consultant to be on-site in a year? Do you expect virtual meetings to continue somewhat next year?	See Answer to Question #20 above. OGB and the actuary may engage in virtual meetings outside of scheduled on-site meetings, as needed.
38	When is the legislature typically in session during the year?	The 2023 Louisiana Regular Legislative Session will convene on 4/10/2023 and adjourn on 6/8/2023. Some legislative committees meet throughout the year and participation in these intermittent legislative committee meetings may also

No	Inquiry	Response
		<p>be required. A listing of the future Louisiana legislative session dates can be found at the following link:  <a href="http://www.legis.la.gov/legisdocs/sessioninfo.pdf">http://www.legis.la.gov/legisdocs/sessioninfo.pdf</a></p>
39	<p>Under Part 2.2 Task 9 – how does OGB typically work with the consultant during a procurement? Does the consultant handle the majority of the process or are they to be more focused on the financial impact and/or cost analysis?</p>	<p>OGB and OGB's contracted actuary collaborate on preparation of RFPs.</p>
40	<p>Under 2.3 Deliverables – is it correct to assume the initial assessment report is meant to be very high level? It would be difficult to have full evaluation done in 30 days.</p>	<p>Yes. A high level initial assessment report is acceptable. A high level response would include an initial assessment of OGB's plans coverage; comparison to other like size memberships; and estimation of delivery of an in-depth evaluation of OGB revenue, expenditures, and risk.</p>
41	<p>Under 2.3 Deliverables - the MER is due 30 days after the close of the quarter. Is the intent to include all the claims data for all vendors through the end of the quarter? If so, can you give us the timing on when the data will be made available from your vendors? If there is a delay in getting the data, it will be challenging to get it combined into the data warehouse, usable, and have insights back to OGB in that timeframe.</p>	<p>There will be real-time integration between the actuary and OGB's self-funded health plan vendors.</p>
42	<p>Under 2.3 Deliverables – is the annual OGB satisfaction survey meant to be a survey of the contractor's performance for OGB or meant to be a survey of the members about the program?</p>	<p>This deliverable is a survey of the contractor's performance for OGB.</p>
43	<p>Under 2.4 Performance Guarantees – can you direct us to what the “annual administrative fee penalty assessment as risk per error” is?</p>	<p>Refer to Section 2.4 Performance Guarantees of the RFP, page 40, <b>Performance Guarantee (Amount or Percent of Contract Value at Risk Annually).</b></p>
44	<p>For Attachment VI: Cost Proposal – can you please confirm how you would like the chart II filled out? We want to make sure to fill this out correctly – we assume the Cost column would be based on 100 hours of time. So for example, if the first line was: Consultant A, Vice President, a \$300 hourly rate, 5% of 100 hours, total cost for that line would be \$1500 (5 hours x \$300). We would then do that all the way down to get to the total cost for 100 hours and then divide that by 100 to get the Blended Hourly Rate cost.</p>	<p>Please list the following for each staff member anticipated to perform work on the OGB actuarial services contract:</p> <ul style="list-style-type: none"> <li>• Name</li> <li>• Position title</li> <li>• Hourly billable rate</li> <li>• The percent of 100 hours of work the staff member is anticipated to perform</li> <li>• The product of “Hourly Billable Rate” amount times the “% of 100 Hours” amount</li> </ul>

No	Inquiry	Response
		The "Total Cost" row is to be the sum of the amounts listed in the "Cost" column The "Total Blended Hourly Rate Cost" row is to be the product of the "Total Cost" row amount times 100.
45	How many lives are in the ESI plan?	Effective 10/1/22, there were 199,800 covered lives.
46	Are the retirees covered under an RDS or EGWP?	Employer Group Waiver Plans (EGWPs) are offered by OGB to its retiree population.
47	Does OGB have a Mail Order pharmacy program?	OGB's current PBM vendor provides a mail order pharmacy program.
48	When was the last PBM audit?	A PBM audit is currently in process.

The following changes are to be made to the referenced solicitation below:

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## II. Revision to Section 1.6 Schedule of Events

Event	Date
RFP advertised in newspapers and post to LaPac	October 7, 2022
Deadline for receipt of written inquiries	October 14, 2022
Deadline to answer written inquiries	October 28, 2022
Deadline for receipt of proposals  ALL PROPOSALS SHALL REMAIN SEALED UNTIL THE DATE AND TIME LISTED.	<b>November 9, 2022; 4:00PM CST</b>
Presentations & Discussions (if applicable)	Time, Date, and Location To Be Determined
Notice of Intent to award announcement, and 14-day protest period begins, on or about	To Be Determined
Contract execution, on or about	February 1, 2023

**NOTE: OGB reserves the right to revise this schedule. Revisions, if any, before the Proposal Submission Deadline will be formalized by the issuance of an addendum to the RFP.**



**III. Revision to PART 1: Section 1.9.5- Approach and Methodology, which is hereby revised to request information regarding PBM Consulting Services by adding the following bullet:**

**1.9.5 Approach and Methodology**

- Describe its understanding of the nature of the Scope of Services, Pharmacy Benefit Manager Consulting Services, and how its Proposal will best meet the needs of OGB.

**IV. Revision to RFP, PART 3: EVALUATION**

Language is hereby revised to track all Criteria:

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“Proposers must receive a minimum score of 29 points (50%) of the total available points in the technical categories of Company Background and Experience, Approach and Methodology, Proposed Staff Qualifications, and Pharmacy Benefit Manager Consulting Services, to be considered responsive to the RFP.

**V. Revision to RFP, PART 3, 3.1 Cost Evaluation**

The Proposer with the lowest total cost shall receive **30** points. Other Proposers shall receive cost points based upon the following formula. Points will be assigned for cost using a calculation-based evaluation process based on the cost (inclusive of travel and all contract-related expenses) submitted by each Proposer on the Attachment VI: Cost Proposal Template.

Each cost component (i.e., Maximum Monthly Fee -up to 15 points) and Best Value per 100 Hours - up to 15 points ) of the Cost Proposal will be scored separately using the following methodology:

1. The lowest cost Proposal will receive 100% of the available points for the cost component.
2. Remaining Proposals will receive points based on application of the following formula:

$$CCS = (LPC/TCP \times 15)$$

Where: CCS = Computed Cost Score (points) for Proposer being evaluated  
LPC = Lowest Proposed Cost of all Proposers  
TCP = Total Cost of Proposer being evaluated

Scores for the two (2) cost components will be added together to determine the total Cost Proposal score.