

AMENDMENT # 2

**STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF GROUP BENEFITS (OGB)**

NOTICE OF INTENT TO CONTRACT (NIC)

FOR

ADMINISTRATIVE SERVICES (ASO)

FOR

(1)

**EXCLUSIVE PROVIDER ORGANIZATION (EPO)
PHYSICIAN AND HOSPITAL PROVIDER NETWORK**

(2)

**HEALTH MAINTENANCE ORGANIZATION (HMO)
PHYSICIAN AND HOSPITAL PROVIDER NETWORK**

(3)

**MANAGED CARE OPTION (MCO)
PHYSICIAN AND HOSPITAL PROVIDER NETWORK**

**ISSUED
SEPTEMBER 21, 2006**

AMENDMENT # 2

The following replaces language in the original Notice of Intent to Contract (NIC) that was issued August 28, 2006.

SECTION I

GENERAL INFORMATION AND INSTRUCTIONS OF PROPOSAL FORMAT

A. Introduction/Purpose

The State of Louisiana, Office of Group Benefits (hereinafter called “OGB” or the “Program”) request proposals from any qualified Organization (hereinafter called “Proposer”) to provide Administrative Services Only (ASO) for the following OGB Plan of Benefits:

Option 1-S Exclusive Provider Organization (EPO) Plan of Benefits – Statewide Basis

Option 1-R Exclusive Provider Organization (EPO) Plan of Benefits – Regional Basis

Contractor for the EPO Organization will also be required to re-price OGB’s PPO claims that are for emergencies (loss of limb(s) or life ONLY) when participants travel out of Louisiana or when OGB determines that an Extraordinary Circumstance exist in regards to provider services required by a PPO participant.

Option 2-S Health Maintenance Organization (HMO) Plan of Benefits – Statewide Basis

Option 2-R Health Maintenance Organization (HMO) Plan of Benefits – Regional Basis

Option 3-S Managed Care Option (MCO) Plan of Benefits – Statewide Basis

Option 3-R Managed Care Option (MCO) Plan of Benefits – Regional Basis

These Plan of Benefits are currently administered by the following Contractors:

- EPO United HealthCare Insurance Company
- HMO Humana Insurance Company
- MCO FARA Benefits Services, Inc
- HMO Vantage Health Plan (Region 9 ONLY)

OGB also has a Preferred Provider Organization (PPO) Plan of Benefits that it administers itself. Proposals are not requested for administration of the PPO Plan.

NOTE # 1: Proposer may submit a Proposal for one or all options. OGB reserves the right to reject any and all Proposals. OGB will determine which of the options are in the best interest of the State, OGB and its plan participants. Each Proposal will be evaluated separately.

NOTE # 2: Each option should be submitted as a separate Proposal in accordance with Section I – G. Instructions on Proposal Format. In order to avoid the excessive duplication And inclusion of submitted materials, a proposer may, in some instances, submit duplicate information only once. This allowance does not apply to the Cover Letter and Executive Summary, Provider Networks, Mandatory Signature Pages and Cost Quotes. (See the following Example).

Example:

Section I-G. Instructions on Proposal Format – 3. Order of Presentation:

Cover Letter & Executive Summary (Please include in all Options Proposals).

Section V- Proposer Requirements/Attachments/Checklist

- Tab 1 – Audited Financial Statements (If you submit more than one Proposal include this in one of your Proposals and refer to it in other Options Proposal).
- Tab 2 – Membership Satisfaction Survey
- Tab 3 – Management Reports
- Tab 5 – Proposer Checklist

Tab 4 – List of Network Providers (Please include in all Options Proposal).

Section VI – Proposer Information

- Tab 6 - Proposer Information (If you submit more than one Proposal include this in one of your Proposals and refer to it in other Options Proposal).

Section VII – Mandatory Signature Page (Please include in all Options Proposal).

Section VIII – Cost Quotation Proposal Form Separate Envelope (Please submit separate Cost Quotations Proposal Forms for all Options).

Note: Be sure to include the required electronic claims re-pricing information in your Cost Quotation Proposal Envelope. You can mark it “Proprietary”.

NOTE: Please follow all instructions in the NIC regarding the submission of Proposals unless a change is indicated in this amendment. Pay special attention to the requirement to submit your Cost Quotation Form in a separate envelope.

Regions by Zip Code:

Region 1	New Orleans	700 & 701
Region 2	Houma Area	703
Region 3	Hammond Area	704
Region 4	Lafayette Area	705*
Region 5	Lake Charles Area	705* & 706
Region 6	Baton Rouge Area	707 & 708
Region 7	Alexandria Area	713 & 714
Region 8	Shreveport Area	710 & 711
Region 9	Monroe Area	712

* Only Zip Codes beginning with 705 in Jeff Davis Parish are in Region 5.

NOTE: See Exhibit 5 – Statewide Regions by City and Zip Codes.

SECTION II
SCHEDULE OF EVENTS

A. Time Line

NIC Issued – Public Notice by Advertising in the Official Journal of the State/Posted OGB Website/Posted to LAPAC	August 28, 2006
NIC Notice Mailed or Available to Prospective Proposers/Posted to OGB Website/Posted to LAPAC	August 28, 2006
NIC Amendment # 1 Issued Replacing Exhibit 2 (OGB Plans Comparison Chart)	September 12, 2006
NIC Amendment #1 Available to Prospective Proposers/Posted to OGB Website/Posted to LAPAC	September 12, 2006
NIC Amendment # 2 Issued Revisions: Schedule of Events, Seeking Options on Statewide and Regional Basis, Proposer Requirements	September 21, 2006
NIC Amendment # 2 Available to Prospective Proposers/Advertised in the Official Journal, Posted to OGB Website/Posted to LAPAC	September 21, 2006
Deadline to Notify OGB of Interest to Submit a Proposal (MANDATORY)	September 26, 2006
Deadline for OGB to Receive Questions	September 26, 2006
OGB Response to Questions	September 29, 2006
Proposer Conference – Attendance in Person (MANDATORY)	October 10, 2006
Electronic Data to Interested Proposers	October 10, 2006
Proposals Due to OGB	October 25, 2006
Finalist’s Interviews/Site Visits	TBD
Probable Selection and Notification of Award	TBD
Contract Effective Date	July 1, 2007

NOTE: OGB reserves the right to deviate from this schedule

SECTION V**PROPOSERS REQUIREMENTS/ATTACHMENTS/CHECKLIST****The following replace A. – Proposer Requirements and;
C. Proposer Checklist – Tab 5 of Proposal****A. Proposer Requirements**

To be eligible for consideration, a Proposer must provide documentation of the following:

1. You are a licensed Third Party Administrator (TPA), Health Maintenance Organization (HMO), or Insurer pursuant to Title 22 of the Louisiana Revised Statutes.
2. You are in good standing with the Louisiana Department of Insurance.
3. You have a minimum of three (3) years of operation experience in providing ASO health coverage to plan members and 10,000 covered lives immediately prior to the date proposals are due.
4. The initial term of the Contract award pursuant to this NIC will be one Twelve (12) months commencing July 1, 2007 and ending June 30, 2008. By listing a provider you are guaranteeing a 97% retention rate of all physicians and 100% retention rate of all hospitals listed as a network provider throughout the initial term of the contract.
5. You must submit “Interest to Submit a Proposal” on the date listed in the Schedule of Events.
6. You must have a representative of your organization attend the Mandatory Proposer’s Conference on the date listed in the Schedule of Events.
7. You must submit your firm’s audited financial statements for your most recent two (2) fiscal years. If you are a Insurer or HMO you must submit your most recent Annual Statement filed with the Louisiana Department of Insurance.
8. You must be able to submit the required data layouts/reporting information.
9. You must be able to provide an annual SAS-70 Type II Audit Report as required by the Louisiana Legislative Auditor.

B. Proposer Checklist – Tab 5 of Proposal

Answers may be handwritten on Checklist form. Explanations can be attached or added onto the back of the Checklist if desired. This Checklist will be Tab 5 in your submitted Proposal.

<u>Requirements – Questions</u>	<u>Yes</u>	<u>No</u>
1. Do you have a least three years of operational experience in providing the required services?		
2. Are you currently providing the type of services required to at least 10,000 covered lives?		
3. Do you agree to meet all the General Contractual requirements set forth in Exhibit 7 (Contract/BAA/Reporting Requirements)?		
4. Do you agree to meet all of the requirements set forth in this NIC?		
5. Is your organization certified in Louisiana in compliance with La R.S. 40:2721 et seq.?		
6. Will you designate one key person and at least one back-up staff member as the contacts to OGB for all daily operational questions related to your operations statewide?		
7. Did you the submit an “Interest to Submit a Proposal” which was a Mandatory Requirement?		
8. Do you agree to provide the Plan of Benefits which meets the benefit plan requested in the NIC?		
9. Do you acknowledge that a Sub-Contractor hired by you will be clearly identified in your Proposal and that OGB will be notified in advance if you intend to subcontract any other services or change the way in which you contract with current subcontracted vendors during the course of the Contract since Sub-Contractors are subject to prior OGB approval?		

Requirements – Questions – Continued	Yes	No
10. Do you agree to provide all of the required reports and data for the data warehouse requested in the NIC ?		
11. Do you acknowledge that no commission or finder fees of any type will be payable by you with this Contract?		
12. Have you included in your NIC response your organization’s audited financial statements for the 2 most recent fiscal years?		
13. Did a representative from your Organization attend the Mandatory Proposers Conference?		
14. Have you included in your NIC response a complete copy of your last 2 annual Department of Insurance filings?		
15. Have you submitted a complete response to all questions set forth in the Narrative Section of this NIC?		
16. Have you included all of the required attachments requested in the NIC?		
17. Can you provide a SAS-70 Type II audit on a fiscal year basis as required by the State Legislative Auditor?		
18. Are you URAC Accredited?		
19. Are you NCQA Accredited?		
20. Have you included your electronic re-pricing information in your proposal?		

SECTION VIII

COST QUOTATION FORM

Cost Proposal Form is to be submitted in a separate envelope marked “ASO NIC Cost Proposal” on the outside of the Envelope

Replaces the Cost Quotation Form in the NIC

1. Administrative Fee

Proposer must provide a fixed monthly Administrative Fee to be paid to Proposer for administering the OGB Plan of Benefits.

Option	Plan Year	Fixed Monthly Administrative Fee Per Employee/Retiree Per Month (PEPM)	
EPO 1-S	7/1/07 – 6/30/08	\$	PEPM
	7/1/08 – 6/30/09	\$	PEPM
	7/1/09 – 6/30/10	\$	PEPM
EPO 1-R	7/1/07 – 6/30/08	\$	PEPM
	7/1/08 – 6/30/09	\$	PEPM
	7/1/09 – 6/30/10	\$	PEPM
HMO 2-S	7/1/07 – 6/30/08	\$	PEPM
	7/1/08 – 6/30/09	\$	PEPM
	7/1/09 – 6/30/10	\$	PEPM
HMO 2-R	7/1/07 – 6/30/08	\$	PEPM
	7/1/08 – 6/30/09	\$	PEPM
	7/1/09 – 6/30/10	\$	PEPM
MCO 3-S	7/1/07 – 6/30/08	\$	PEPM
	7/1/08 – 6/30/09	\$	PEPM
	7/1/09 – 6/30/10	\$	PEPM
MCO 3-R	7/1/07 – 6/30/08	\$	PEPM
	8/1/08 – 6/30/09	\$	PEPM
	9/1/09 – 6/30/10	\$	PEPM

NOTE # 1: CONTRACTOR CAN NOT QUOTE DIFFERENT ADMINISTRATIVE FEES BY REGIONS, THE AMOUNT QUOTED MUST BE THE SAME FOR ALL REGIONS.

NOTE # 2: CONTRACTOR AGREES THAT THE ADMINISTRATIVE FEE INCLUDES SERVICES TO BE PROVIDED BY CONTRACTOR TO PAY RUN OUT CLAIMS AFTER TERMINATION OF CONTRACT.

2. Re-Priced Claims

Proposer will be required to re-price claims files that will include hospital and physician claims. This information will be used along with the other cost information to evaluate the overall cost proposal.

The electronic data file will be distributed to Proposer at the Mandatory Proposers Conference.

3. Estimated Incurred Monthly Claims Cost Effective 7/1/07 – 6/30/08.

- Please see Exhibit 1 Plan of Benefits
- Please see Exhibit 2 OGB Plans Comparison Chart (See Amendment # 1)
- Please see Exhibit 4 Statewide Regions by City and Zip Codes
- Please see Exhibit 5 Official Premium Rates

Use the following format for all Options (EPO 1-S, 1-R; HMO 2-S, 2-R,; MCO 3-S, 3-R):

Cost Quotation	Option _____ Class of Coverage	Estimated Incurred Monthly Claim Cost
<u>Active</u>		
Single		\$
With Spouse		\$
With Children		\$
Family		\$
<u>Retired No Medicare</u>		
Single		\$
With Spouse		\$
With Children		\$
Family		\$
<u>Retired With (1) Medicare</u>		
Single		\$
With Spouse		\$
With Children		\$
Family		\$
<u>Retired With (2) Medicare</u>		
With Spouse		\$
Family		\$