

REQUEST FOR PROPOSALS (RFP) – Issued 5/6/11

QUESTIONS AND ANSWERS

1. What are the principal goals that OGB wishes to accomplish through the consideration of alternative methods of benefit delivery?

Answer: As set forth in the RFP, Section I(D), on page 4, OGB is seeking the services of a Consultant (financial advisor) to assist it in exploring other methods by which to perform its statutory responsibilities through a transaction involving the book of business or services provided by OGB.

Following is the current OGB enrollment:

Plan	Enrollees	Total Lives
HMO-Blue Cross	84,451	154,962
PPO-OGB	41,647	61,328
CDHP/HSA-UHC	181	285
MHHP-VHP	2,813	5,514
Medicare Adv	2,984	3,907
LSU-CIGNA	13,471	25,207
TOTALS	145,547	251,203

The HMO, PPO, and CDHP plans are OGB self-insured plans. The PPO plan is the only plan currently self-administered by OGB.

The Medical Home Health Plan pilot program is fully insured by Vantage Health Plan, offering services in northeast Louisiana (Monroe area). There are currently five fully insured Medicare Advantage options for Medicare eligible retirees.

The LSU System Health Plan is self-insured by LSU and is currently administered by CIGNA. Participation is limited to employees of the LSU system and others with whom LSU has interagency agreements.

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2.	Does OGB contemplate that lines of insurance other than the PPO business would be included in a transaction?
Answer:	<p>As set forth in RFP, Section I(E), on page 5, the scope of the assessment shall include any and all health benefits programs offered by the State of Louisiana, including but not limited to the OGB PPO Plan, the self-insured HMO Plan, and the self-insured consumer directed (high deductible) health plan with a health savings account. The negotiations, as well as any resulting contract, may include any or all of these plans. Any proposal for plan alternatives and/or combination of services may be acceptable if OGB finds that the proposed plan alternatives and/or combinations of services are advantageous to the state.</p>
3.	What is OGB’s view of a two-part compensation structure for this engagement: a fee for the development of a plan and a second fee for the implementation of the plan?
Answer:	<p>OGB will consider any compensation/payment structure offered by the successful proposer if such a compensation/payment is in the best interest of the State. OGB views the referenced contract akin to that of an M&A transaction and anticipates a compensation structure that is in accordance to industry norm or historic comparables.</p> <p>Further guidance can be found in Section III(C) on pages 16-17 of the RFP states that Cost Proposal (Tab 5) must contain a completed proposal cost summary and that the total cost must be stated to be a firm fixed price and valid for 90 days. The Cost Proposal must also contain narrative and additional itemized charts to assist OGB in understanding all costs associated with the approach adopted and resources required to successfully complete the project.</p> <p>Cost Proposal form (Tab 5)states that, in addition to a maximum total contract amount, the proposer must provide a detailed breakdown of costs and expenses related to providing the services and deliverables requested in the RFP must be included with the proposed total amount, including, but not limited to:</p> <ul style="list-style-type: none"> • Fixed fee per deliverable; • Fixed hourly rate(s) for change request work; • Cost and number of staff hours by month; • Itemized cost for miscellaneous direct expense items; and • Narrative and additional itemized charts.

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4.	Does OGB prefer a financial advisory fee that is a fixed fee, or a fee that might vary with the size or number of the transactions?
Answer:	See above. The proposal must set forth a maximum total contract amount.
5.	Does OGB intend that the engagement of the financial advisor would continue past the contemplated start of the alternative arrangements, which the RFP discloses is the start of the plan year beginning January 1, 2012?
Answer:	OGB does not contemplate that the engagement of the financial advisor would continue past the actual start of the alternative arrangements. The RFP indicates that the contemplated start is the plan year beginning January 1, 2012, but that date is subject to change depending on the time required to negotiate, finalize, and implement alternative arrangements.
6.	The RFP does not indicate a page limit for responses. Is there a suggested or preferred page length for responses?
Answer:	Your responses should be as complete as necessary and as concise as possible. Do not omit critical information, but do not include superfluous marketing material that is irrelevant to the task at hand. Otherwise, there is no suggested or preferred page length for responses.
7.	Section I, E (6) identifies that the scope of services will include testimony before any committee of the Louisiana legislature or other tribunal that may conduct hearings regarding any contract. To assist us in understanding the scope of work further, can you identify the estimated frequency of any anticipated tribunal or committee presentations?
Answer:	Under R.S. 42:802, any contract signed by OGB for the provision of health care services shall be subject to review and final approval by the House Committee on Appropriations and the Senate Committee on Finance. There have been four hearings on the subject of OGB transformation in Senate Committees, as of May 17, 2011. There may be more hearings requested, but at the present time, it is difficult to estimate. That said, we view the scope of services of the financial advisor is to primarily be that of a supportive and advisory role to the Office of Group Benefits, and therefore anticipate engagements with any committee of the Louisiana legislature or other tribunal to be limited and infrequent.

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8.	To further assist in defining the scope of work found in Section I, E (6), can you further describe the decision making process for the State and OGB with respect to its pursuit of any alternative method of OGB service delivery proposed by the selected financial advisor? Specifically, are there key decision points that would require legislative or executive approval which would assist respondents in understanding the scope of work and in assessing the fixed cost of services proposed?
Answer:	Any contract regarding the Office of Group Benefits will have to be approved by the Commissioner of Administration and the CEO of the Office of Group Benefits under R.S. 42:802. Any contract signed by OGB for the provision of health care services shall be subject to review and final approval by the House Committee on Appropriations and the Senate Committee on Finance.