

# Health Plan RFP Recommendations



Council Presentation  
May 15, 2018



# Background

## Goals & Objectives:

- Fiscally Responsible
- Improve Wellness Initiatives
- Simplicity
- Self-Insured vs. Fully Insured
- Examine Potential Relief to Employee Costs



# Self-Insured vs. Fully-Insured

## FY 2019 Expense Forecast for Medical Plans:

### Self-Insured Cost

BCBS                \$34.6 million

### Fully Insured Cost

BCBS                \$42.9 million

Aetna                \$43.8 million

UHC                 \$45.2 million

Fully-Insured bids were at least \$8.3 million more than remaining Self-Insured



## Health and Welfare Employee Benefits RFP #1484 Computation of 3-year costs

	Current		RFP (Self-Insured)		Savings
	Company	3-year cost	Company	3-year cost	
<b>Medical/Dental/COBRA</b>	UHC	103,290,000	BCBS	97,860,000	(5,430,000)
<b>Pharmacy</b>	ESI	28,210,000	CVS	26,800,000	(1,410,000)
<b>Life Insurance</b>	Standard	2,430,000	Dearborn	2,060,000	(370,000)
<b>LTD Insurance</b>	Lincoln	1,230,000	Ochs	680,000	(550,000)
<b>Grand Total</b>		<b>135,160,000</b>		<b>127,400,000</b>	<b>(7,760,000)</b>



# RFP Evaluation – Medical

**Current Provider**  
**United**  
**HealthCare**

- 3<sup>rd</sup> in Overall Scoring
- 3<sup>rd</sup> in Price
- Network savings have not materialized and high shared savings fees

**Recommendation**

- Committee Recommendation: Blue Cross Blue Shield of Texas

		BCBS of Texas	Aetna	United Healthcare
<b>Evaluation Criteria</b>	<b>Points</b>	(Staff Recommendation) <b>Ranking – 1</b>	Ranking – 2	Ranking – 3
Technical Proposal	100	<b>98.17</b>	90.87	88.37
Interview	10	<b>9.50</b>	5.83	7.67
Total Score	100%	<b>97.59</b>	95.78	94.92
Administrative Services Only (Fixed Costs )		<b>\$1,278,857</b>	\$1,266,080	\$1,231,706
Estimated Medical Costs – Year 1 (Estimated based on claims repricing network discounts)		<b>\$22,445,000</b>	\$23,100,000	\$24,100,000
Year 1 Total		<b>\$23,723,857</b>	\$24,366,080	\$25,331,706
Difference in Cost			+ \$ 642,224	+ \$1,607,849
Percentage Difference			+2.71%	+6.60%

**Estimated 3-year cost savings from selecting Blue Cross Blue Shield of Texas over Current Provider (Medical/Dental/COBRA)**

**\$ 5,430,000**



# RFP Evaluation – Pharmacy

**Current Provider  
Express Scripts**

- 6<sup>th</sup> in Overall Scoring. Did not advance to the Interview portion of the evaluation.
- 2<sup>nd</sup> in Price
- Several ongoing issues including Plan Setup, Administration, and Customer Service

**Recommendation**

- Committee Recommendation: CVS

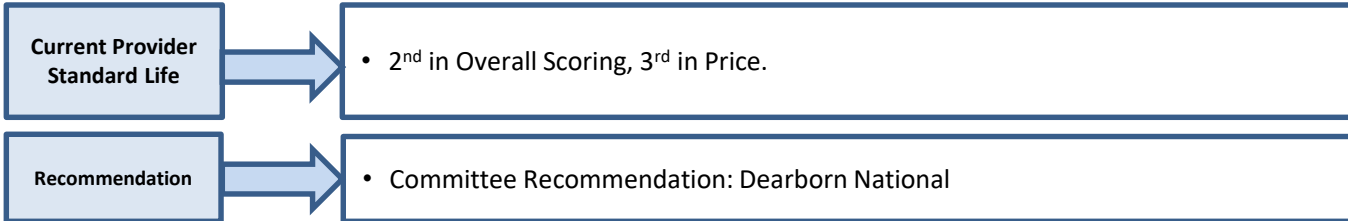
		CVS (Staff Recommendation) <b>Ranking – 1</b>	BCBS of Texas Ranking – 2	Magellan Ranking – 3	Aetna Ranking – 4	United HealthCare Ranking – 5
<b>Evaluation Criteria</b>	<b>Points</b>					
Technical Proposal	100	<b>99.00</b>	91.09	87.69	89.49	89.99
Interview	10	<b>10.00</b>	6.83	8.00	5.17	4.50
Total Score	100%	<b>109.00</b>	97.92	95.69	94.66	94.49
Estimated Prescription Costs – Year 1 (Estimated based on claims repricing submissions)		<b>\$7,007,000</b>	\$8,583,993	\$7,546,322	\$8,216,084	\$7,905,033
Difference in Cost			+ \$1,576,993	+ \$539,322	+1,209,084	+898,033
Percentage Difference			+22.51%	+7.7%	+17.26%	+12.82%

**Estimated 3-year cost savings from selecting CVS  
over Current Provider**

**\$ 1,410,000**



# RFP Evaluation – Life Insurance

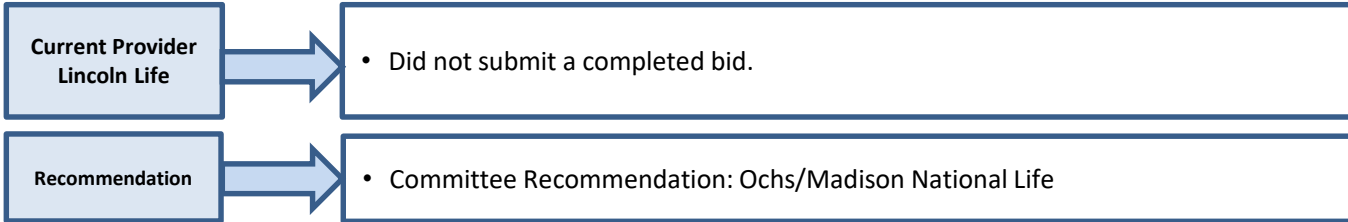


		<b>Dearborn National</b>	<b>Standard</b>	<b>Securian</b>	<b>MetLife</b>
<b>Evaluation Criteria</b>	<b>Points</b>	<b>(Staff Recommendation) Ranking – 1</b>	Ranking – 2	Ranking – 3	Ranking – 4
Technical Proposal	100	<b>98.66</b>	95.16	93.76	82.44
Total Score	100%	<b>98.66</b>	95.16	93.76	82.44
Estimated Premiums – Year 1		<b>\$681,387</b>	\$747,371	\$749,544	\$974.356
Difference in Cost			+ \$65,984	+\$68,157	+292,970
Percentage Difference			+9.68%	+10.0%	+43.00%

<b>Estimated first year cost savings from selecting Dearborn over Current Provider</b>	<b>\$370,000</b>
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# RFP Evaluation – Long Term Disability (LTD) Insurance



		Ochs (Staff Recommendation) Ranking – 1	Dearborn Ranking – 2	Standard Ranking – 3	MetLife Ranking – 4
<b>Evaluation Criteria</b>	<b>Points</b>				
Technical Proposal	100	<b>96.33</b>	79.60	79.37	73.21
Total Score	100%	<b>96.33</b>	79.60	79.37	73.21
Estimated Premiums – Year 1		<b>\$214,144</b>	\$289,769	\$281,443	\$327,716
Difference in Cost			+ \$75,625	+\$67,299	+113,572
Percentage Difference			+35.32%	+31.43%	+53.04%

<b>Estimated first year cost savings from selecting Dearborn over Current Provider</b>	<b>\$550,000</b>
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