



EMPLOYEES RETIREMENT
SYSTEM OF TEXAS

200 E. 18TH STREET, AUSTIN, TEXAS 78701 | P. O. BOX 13207, AUSTIN, TEXAS 78711-3207 | (512) 867-7711 | (877) 275-4377 TOLL-FREE | WWW.ERS.STATE.TX.US

June 1, 2011

RE: Request for Proposal ("RFP") to provide third-party Administrative Services for HealthSelectsm of Texas; and/or a High Deductible Health Plan with a Health Savings Account Option under the Texas Employees Group Benefits Program.

To Whom It May Concern:

The Employees Retirement System of Texas ("ERS") in accordance with Texas Insurance Code, Chapter 1551, is issuing a Request for Proposal ("RFP") seeking qualified third-party administrators ("TPA") to provide Health Care administration (claim processing, network management and utilization review services) benefits and/or services for HealthSelect, currently a self-funded, managed care, point-of-service ("POS") health plan under the Texas Employees Group Benefits Program ("GBP") beginning September 1, 2012 through an initial term of August 31, 2016.

The services requested and described in the RFP have been segregated into two (2) distinct Plan Administrations: a) High Deductible Health Plan with a Health Savings Account ("HDHP with HSA") option, and b) Preferred Provider Organization/Point-of-Service. Qualified TPAs may submit a Proposal and bid response materials to provide services for one or both programs. ERS reserves the right to select one or more TPA's to provide services for either or both a Preferred Provider Organization/Point-of-Service model or an HDHP with HSA option.

Any references to HealthSelect in this RFP should be construed to include either the current Health Insurance Plan or the HDHP Plan.

A Texas Register Notice will be published on or after June 10, 2011 at: <http://www.sos.state.tx.us/texreg/index.shtml> with additional RFP information. Your firm has been identified as offering the services listed above, and ERS encourages you to review the posting and request access to the secured bid materials when they become available on the ERS website.

ERS anticipates receiving high quality Proposals for the services listed above, and we encourage your organization to give full consideration to the development of a Proposal that complies with the RFP requirements.

If you have any questions regarding this process, please submit your inquiry directly to the IVendor Mailbox at: ivendorquestions@ers.state.tx.us.

Thank you for your interest in doing business with the GBP.

Sincerely,

ROBERT P. KUKLA
Director of Benefit Contracts

Request for Proposal

**To Provide Third-Party Administrative Services
for HealthSelectSM of Texas; and including a
request to provide proposals for a possible
High Deductible Health Plan with a Health
Savings Account Option**

ERS

EMPLOYEES RETIREMENT
SYSTEM OF TEXAS

June 1, 2011

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TPA RFP Deliverables Checklist

Order of Return: The entity submitting a Proposal in response to the RFP (“TPA”) is required to submit a total of six (6) sets of the TPA’s Proposal in the following formats: One (1) printed “Original” (which shall be labeled as such) and three (3) additional printed copies shall be submitted and include fully executed documents as appropriate, signed in blue ink and without amendment or revision. The remaining two (2) copies shall be submitted via CD-ROMs in Excel or Word format as applicable and labeled *TPA RFP Proposal Duplicate*. **No PDF documents may be reflected on the CD-ROMs with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials.**

All binders must contain:

PAPER FORMAT	RFP REFERENCE
RFP FEEDBACK FORM	Page vii.
TAB I Instructions	I.
<input type="checkbox"/> Executed RFP Signature Pages signed in <i>blue ink</i> (Appendix A)	I.B.8.
<input type="checkbox"/> Executed Data Security and Breach Notification, signed in <i>blue ink</i> (Appendix D)	I.B.14
<input type="checkbox"/> Confidential and Proprietary Schedule	I.B.23.
<input type="checkbox"/> HUB Designation Confirmation	I.B.25.
TAB II Proposal Evaluation Criteria	II.
<input type="checkbox"/> Minimum Requirements (<i>evidence of the TPA’s satisfaction of Requirements</i>)	II.B.
<input type="checkbox"/> Preferred Criteria (<i>evidence of the TPA’s satisfaction of Criteria</i>)	II.C.
TAB IV GBP Self-Funded Basic Coverage Program	IV.
<input type="checkbox"/> HDHP plan type	IV.A.1.
<input type="checkbox"/> Banking arrangements for HSA administration	IV.A.2.
<input type="checkbox"/> Alternate 1 – Point-of-Service plan type for HealthSelect	IV.E.1.
<input type="checkbox"/> Alternate 2 – Preferred Provider Organization plan type for HealthSelect	IV.E.1.
TAB V Pilot Programs & Other Services	V.
<input type="checkbox"/> Program Inquiry Responses and Requested Materials	V.A.1. – V.D.18.
TAB VI Proposal Response Format	VI.
<input type="checkbox"/> Price Proposal Responses	VI.A.1. – VI.C.
TAB VII Communication Requirements	VII.
<input type="checkbox"/> Provide draft copies of all proposed marketing materials to include, but not be limited to: power point presentations, scripts for presentations, newspaper/press releases, billboard, television, and radio advertisements for GBP Annual Enrollment or for any other GBP-specific purpose	VII.A. and VII.B.4.
<input type="checkbox"/> Fact Sheet – Submit as part of Response	VII.C.8. – VII.C.8.a.
<input type="checkbox"/> ID card – Provide electronic mock-up of GBP-specific ID card on CD-ROM	VII.C.9.a.
<input type="checkbox"/> Provide a format of the TPA’s proposed website to include ALL screen shots on CD-ROM in the GBP website format and an ACTIVE URL address	VII.C.12.a.

<input type="checkbox"/> URL address to access proposed GBP-specific FY 2012 TEST website	VII.C.12.a
<input type="checkbox"/> Proposed FY 2012 screen shots of ALL web materials in the required GBP website format (<i>draft copies</i>).	VII.C.12.a.
TAB VIII Operational Specifications	VIII.
<input type="checkbox"/> Submit all of TPA's claim forms and sample EOBs	VIII.C.6.a.
<input type="checkbox"/> Submit TPA's sample standard reports	VIII.C.9.a.
<input type="checkbox"/> Data Exchange and Services Supplement related to ERRP signed in <i>blue ink</i> (Appendix P)	VIII.G.
TAB IX Provider Network Requirements	IX.
<input type="checkbox"/> Provide a copy of GeoNetworks® Provider Network Accessibility Analysis	IX.A.1.
<input type="checkbox"/> A provider network for each service area, containing separate files for each of the following proposed provider networks:	IX.B.
Hospitals	IX.D.1.
Primary Care Physicians	IX.D.2.
Specialty Care Physicians (including Ancillary Providers)	IX.D.3.
Behavioral Health Providers	IX.D.4.
TAB XI Organizational Information	XI.
<input type="checkbox"/> Organizational Information Responses and Requested Materials	XI.A.1. – XI.D.7.
TAB XII Deviations	XII.
<input type="checkbox"/> Deviation Responses	XII.A.1. – XII.A.18.
TAB XIII Interrogatories	XIII.
<input type="checkbox"/> Interrogatory Responses and Requested Materials	XIII.A.1.a. – XIII.C.19.
CD Format	<u>REFERENCE</u>
<input type="checkbox"/> All materials described above shall be received in CD-ROM Format. The two (2) separate Proposal CD-ROMs shall be in either Word or Excel format.	I.B.4.a. – I.B.4.b.
<input type="checkbox"/> Two (2) complete sets of CD-ROMs – Set One (Confidential and Proprietary Information) and Set Two (Public Information).	I.B.24. - I.B.24.a.

NOTE: Keep this Checklist for your records. Do not return with your submission.

Request for Feedback

Employees Retirement System of Texas

The Employees Retirement System of Texas, Benefit Contracts Division, periodically publishes requests for proposals, applications or information and is interested in your organization's feedback regarding our request. To assist the Benefit Contracts Division in creating future requests, we would be interested in knowing how we could improve our solicitation process or how we could make our request more user-friendly. Please take a moment to answer the following questions and return it at your earliest convenience.

1. Did your organization submit a bid?
 Yes
 No
2. If No, why did your organization elect not to bid? (Check all that apply)
 Timing, not enough time to complete bid
 Contract Provisions/Parts of the Contract
 Complexity of RFP
 Other:

3. Please elaborate on question #2 or provide other reasons for not submitting a bid.

4. Please provide any suggestions that might improve the bid process.

Additional Comments

About Your Organization

Name _____ Contact Email _____
Address _____ Phone _____
City, State, ZIP Code _____

An ERS representative may, if necessary, contact you by email or telephone for further clarification of your responses.

Thank you for your consideration and participation!

I. Instructions

A. Request for Proposal (“RFP”) Summary

- A.1. **Introduction.** ERS is soliciting Proposals from qualified third-party administrators (“TPA”) to provide administrative, claim processing, network management and utilization review services for HealthSelectsm of Texas (“HealthSelect”), currently a self-funded, managed care, point-of-service (“POS”) health plan under the Texas Employees Group Benefits Program (“GBP”) beginning September 1, 2012 through an initial term of August 31, 2016. The TPA shall provide services for the level of benefits required in the RFP and meet other requirements that are in the best interests of ERS, the GBP, its Participants and the state of Texas, and shall be required to execute a Contractual Agreement (“Contract”) provided by, and satisfactory to, ERS.

The services requested and described in the RFP have been segregated into two (2) distinct Plan Administrations: a) High Deductible Health Plan (“HDHP”) with a Health Savings Account option, and b) Preferred Provider Organization/Point-of-Service (“PPO/POS”) option.

- A.1.a. A TPA wishing to respond to this request shall meet all of the minimum requirements as referenced in Article II of the RFP. Qualified TPAs may submit a proposal (“Proposal”) and bid response materials to provide either or both HDHP and/or PPO/POS services for the TPA Contract and the specified services required and outlined herein.

ERS reserves the right to make separate awards for the HealthSelect TPA Contract and the HDHP TPA Contract. These Contracts may or may not be awarded to the same organization.

FAILURE TO PROVIDE PROPOSALS IN THE FORMAT REQUESTED MAY RESULT IN THE TPA BEING ELIMINATED FROM FURTHER CONSIDERATION. ALL PROPOSALS SHALL BE VALID THROUGHOUT THE ENTIRE RFP PROCESS AND ANY RESULTING CONTRACT TERM.

A.2. **Schedule of RFP Process.** The RFP process and Contract award shall be conducted in accordance with the following schedule, unless notified otherwise by ERS:

On or After June 1, 2011	12:00 p.m. (CT)	RFP is available on ERS' website. To access the RFP, the TPA shall email a request to: ivendorquestions@ers.state.tx.us A USERID and Password will be provided only to those qualified bidders requesting access to the secured sections of the RFP. The TPA is prohibited from contacting agency employees, officials, and its consulting actuaries regarding any aspect of the RFP by telephone or in person throughout the bid process other than as directed by ERS.
June 16, 2011	4:00 p.m. (CT)	Submission deadline for ALL RFP questions. RFP questions should be submitted to: ivendorquestions@ers.state.tx.us
June 17, 2011	4:00 p.m. (CT)	To register for the Bidders Web Conference, send requests to: ivendorquestions@ers.state.tx.us
June 23, 2011	2:00 p.m. (CT)	Bidders Web Conference
July 27, 2011	12:00 Noon (CT)	The TPA is required to submit all bid materials in the formats reflected below in one (1) sealed container: <ul style="list-style-type: none"> • One (1) fully executed and labeled "Original"; • Three (3) identical printed, hard copies; and • Two (2) identical copies provided on CD-ROMs. Two (2) complete sets of CD-ROMs – Set One (<i>Confidential and Proprietary Information</i>) and Set Two (2) (<i>Public Information</i>). No PDF documents may be reflected on the CD-ROMs with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials. Submit Bid Materials to: Robert P. Kukla, Director of Benefit Contracts Employees Retirement System of Texas 200 E. 18th Street Austin, Texas 78711-3207 RE: TPA RFP Proposal
TBD		Bid finalists may be required to participate in a face-to-face or teleconference interview session that will be announced at an ERS designated time and location. Required TPA participants and interview guidelines will be provided if an interview appointment is extended by ERS.
December 2011		ERS Board selects a TPA
July 2012		Annual Enrollment Period
September 1, 2012		Plan Year 2013 begins

ERS RESERVES THE RIGHT TO EXTEND ANY AND ALL DEADLINES ABOVE, TO REJECT ANY AND ALL PROPOSALS, TO CONTRACT WITH ONE OR MORE FIRMS, OR TO ISSUE A NEW RFP AT ANY TIME, IN ITS SOLE DISCRETION. ERS WILL NOT NOTIFY RESPONDENTS UNLESS THEY ARE SELECTED FOR INTERVIEWS OR ENGAGEMENT.

- A.3. The TPA is responsible for reviewing and responding to the RFP materials available on the ERS website https://www.ers.state.tx.us/community_group.aspx?groupid=2&view=contracts. ERS' website provides interested TPAs with background information and an electronic version of the RFP. The information contained in this offering provides instructions for the TPA to submit a Proposal to ERS' RFP and specifies a deadline for the submission of questions as reflected in the table provided in Section I.A.2. above and Sections I.B.3. – I.B.4.d. below.

B. General Information

- B.1. **Agent of Record.** ERS shall not designate an Agent of Record or any other such company employee or commissioned representative to act on behalf of either ERS or the TPA. Any requests for ERS to provide such designation shall be rejected.
- B.2. **News Release.** Prior written approval by ERS shall be required for any news releases regarding a Contract awarded to a TPA. Additional requirements regarding the management of News Releases are further outlined in Sections VII.A.8. – VII.A.8.d.
- B.3. **Inquiries.** Questions regarding ERS and/or the RFP shall be submitted via email no later than 4:00 p.m. CT on June 16, 2011.
- B.3.a. In its sole discretion, ERS shall post the question and response that it deems appropriate on ERS' website in a timely manner. Such inquiries should be directed to:

Robert P. Kukla, Director of Benefit Contracts
Email: ivendorquestions@ers.state.tx.us

- B.4. **Proposal Submission.** All bid materials shall be packaged collectively in one (1) sealed container and submitted to ERS as noted below. ERS may not consider a Proposal unless one (1) "Original" and five (5) copies are received by ERS at the appropriate address no later than 12:00 Noon CT on July 27, 2011. The mailing label for the Proposal shall be clearly marked as: *TPA RFP Proposal*.
- B.4.a. The one (1) printed "Original" (which shall be labeled as such) and three (3) additional printed copies shall be submitted with all requested supporting documentation, including, but not limited to, the Data Exchange and Services Supplement (See Section VIII.G.), the Data Security and Breach Notification (see Sections I.B.14. and I.B.14.a. below), and Signature Pages, (see Section I.B.8. below) executed in **blue ink**.
- B.4.b. The remaining two (2) copies shall be submitted via CD-ROMs in Excel and/or Word format and labeled *TPA RFP Proposal Duplicate*. **No PDF documents may be reflected on the CD-ROMs with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials.**
- B.4.c. For instructions relating to the submission of Confidential and/or Proprietary Information in response to this RFP, please refer to Sections I.B.24. – I.B.24.a. below.
- B.4.d. ERS is not responsible for receipt of any Proposal that is not labeled, packaged or delivered properly. All bid materials shall include complete, properly executed, and detailed supporting documentation as required.

The TPA shall mail or deliver its sealed Proposal to ERS at the following address:

Robert P. Kukla, Director of Benefit Contracts
Employees Retirement System of Texas
200 E. 18th Street
Austin, Texas 78711-3207
RE: TPA RFP Proposal

- B.5. **Retention of Proposal.** All Proposals submitted become the sole property of ERS.
- B.6. **Notification of Withdrawal of Proposal.** A Proposal may be withdrawn prior to the date and time specified for Proposal submission with a formal written notice by an authorized representative of the TPA and accepted by the Executive Director of ERS.
- B.7. **Order of Proposal Materials.** The TPA shall submit its executed Signature Pages, as well as all Proposal materials, in the order prescribed in the *RFP Deliverables Checklist* located behind the *Table of Contents* contained in this RFP.
- B.8. **Signature Requirements.** The Chief Executive Officer or other authorized officer who is at a Vice President or higher level of the TPA shall execute, in **blue ink**, the Signature Pages referenced as Appendix A, which is a part of this RFP. The signature of the TPA's authorized representative on the Proposal's signature page and all other related documents submitted by the TPA reflects the TPA's agreement with the truth and accuracy of all statements, warranties and representations contained in the Proposal and other documents submitted by the TPA. The signature further reflects the TPA's authorization for ERS to rely on same for all purposes in connection with the RFP/Proposal process.
- B.9. **Supplements to RFP.** In the event that it becomes necessary, at ERS' discretion*, to revise any part of this RFP, or if ERS determines that any additional information is needed to clarify the provisions of this RFP, supplemental information shall be provided to each TPA that has indicated interest in this RFP. However, ERS shall not be bound by any deviations from or to this RFP unless ERS specifically agrees in writing to the specific deviation.
- B.10. **Reserved Rights.** Section 1551.212, Texas Insurance Code ("TIC"), specifies that ERS retains the right to approve the Proposal of the TPA that is in the best interests of the employees, retirees and their dependents covered under the Texas Employees Group Benefits Act ("the Act"), Chapter 1551, TIC, and further that ERS is not required to select the lowest proposed rate, but shall take into consideration other relevant criteria, including the TPA's ability to service contracts, past experience, quality and accessibility of the provider network, financial stability and other factors as ERS may require. Evaluation criteria are described in Article II, *Proposal Evaluation Criteria*, of the RFP. ERS staff and Board may determine that other factors may be considered important based on their review of a TPA's response to the RFP and the Interrogatories. ERS and the TPA shall enter into a Contractual Agreement acceptable to ERS and in which shall include, but not be limited to, the Contractual Agreement identified in Appendix B.
- B.10.a. ERS reserves the right to reject any and all Proposals submitted that do not fully comply with the RFP's instructions and criteria, including minimum requirements for the PPO/POS TPA as reflected in Sections II.B.1. – II.B.5., and for the HDHP TPA as applicable and reflected in Sections II.B.6. – II.B.7., and call for new Proposals for either or both options if deemed by ERS to be in the best interests of ERS, the GBP, its Participants and the state of Texas. ERS is under no legal requirement to execute a Contract on the basis of this RFP.
- B.10.b. ERS specifically reserves the right to revise any or all RFP or Contract provisions set forth at any time prior to ERS' execution of a Contract where ERS deems it to be in the best interests of ERS, the GBP, its Participants and the state of Texas.
- B.10.c. ERS reserves the right to audit/validate all materials and responses submitted with the TPA's Proposal. Audit/validations would include, but not be limited to, physician and facility reimbursement data as requested in Forms 3 and 5 in Section VI.C.
- B.10.d. ERS reserves the right to modify the performance requirements and benefit plans during this RFP process or Contract term.
- B.11. **Costs incurred for Proposal preparation.** ERS will not pay any costs incurred by the TPA prior to execution of a Contract. Issuance of this RFP in no way obligates ERS to award a Contract or to pay any costs incurred by the TPA in the preparation of an offer or Proposal.

*All references in this RFP to matters within ERS' discretion mean ERS' sole discretion.

ERS specifically reserves the right to vary all provisions set forth at any time prior to execution of a Contract where ERS deems it to be in the best interests of ERS, the GBP, its Participants and the state of Texas. Furthermore, the selected TPA agrees to act in good faith and to cooperate with ERS in the execution of any document necessary to effect a change to the RFP or Contract, following execution of the Contract by ERS, if ERS deems it to be in the best interests of ERS, the GBP, its Participants and the state of Texas.

- B.12. **Prohibited Interest.** Except as a Participant in the GBP, a member, Board member, or employee of ERS may not have a direct interest in the gains or profits of any Contract executed by ERS pursuant to this RFP, and may not receive any payment or emolument for any service performed for the TPA.
- B.12.a. In the case where a Board member or employee of ERS receives any payment from the TPA for any services performed for the TPA or for any gains or profits from any Contract executed by ERS pursuant to this RFP, ERS may terminate its relationship with the TPA immediately, and ERS reserves the right to seek any legal, equitable or contractual relief to which it may be entitled. Under such circumstances, the TPA shall complete any outstanding transactions with ERS as soon as possible. In its discretion, ERS may choose not to consider any future Proposals from the TPA.
- B.12.b. By submitting its Proposal, the TPA warrants and represents that it does not have, nor shall it permit, any actual or perceived conflicts of interest that would impair its ability to perform the services required by the Contract in the best interests of ERS, the GBP, its Participants and the state of Texas. The Contract shall have additional requirements in this regard.
- B.13. **HIPAA.** As a business associate of ERS, the TPA shall comply with all privacy protections as provided in Tex. Health & Safety Code Ann. Chapter 181 (Vernon 2010) and in the "Privacy Rule" adopted pursuant to the federal Health Insurance Portability and Accountability Act of 1996 [Pub. L. No. 104-191], amended by the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the implementing regulations issued and amended by the U.S. Department of Health and Human Services Secretary (45 C.F.R. Parts 160 and 164) (hereinafter referred to as "HIPAA").
- B.14. **Information and Data Security.** The TPA shall comply with the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code ("TBCC") and information security standards as outlined in Title 1, Texas Administrative Code § 202. Further, the TPA shall comply with the requirements for handling and use of personal information as more fully outlined in Appendix D, *Data Security and Breach Notification*. The execution of the Data Security and Breach Notification will be required prior to final execution of a Contract.
- B.14.a. The TPA shall utilize proven methods of ensuring the control and security of Participant and GBP information.
- B.15. **Business Associate Agreement.** The TPA is hereby notified that the execution of the Business Associate Agreement ("BAA") attached as Appendix C is a preferred submission requirement of this RFP. It includes additional duties and obligations the TPA is required to provide or perform. ERS prefers that the BAA be signed and returned without amendments or revisions with the Proposal submission. However, if a TPA in good faith determines that it does not agree with any provisions of the BAA in the form attached as Appendix C, the TPA may elect not to return an executed BAA with its Proposal, but must instead submit deviations to the BAA's terms, which must be provided in accordance with Section XII.A.14 of this RFP. Any such deviations will be considered by ERS; however, ERS will not be obligated to accept or agree to any such deviations, and ERS may determine in its sole discretion not to proceed with further negotiations with a TPA based upon such deviations. To prevent any misunderstanding, while the TPA's Proposal may be evaluated if returned with deviations, such deviations may themselves form a basis for ERS to conclude that the TPA's Proposal will not be considered further beyond its initial evaluation. Any TPA submitting a signed BAA with its Proposal shall have the BAA executed, in *blue ink*, by the duly authorized officer of the TPA as reflected in Sections I.B.8. and XI.A.8.
- B.15.a. ERS reserves the right to reject any Proposal if the BAA is revised or returned unsigned, and ERS further retains the right to modify the BAA and to add additional terms at its discretion.

Upon approval of the Proposal, notification to the TPA of its selection by the Board and any clarifications to be required in the Proposal, and upon execution of the BAA by ERS, it is ERS' intent that the written BAA shall be in force.

- B.16. **Contractual Agreement.** The TPA is hereby notified that the execution of the Contractual Agreement ("Contract") attached as Appendix B, is a preferred submission requirement of this RFP. ERS prefers that the Contract be signed and returned without amendments or revisions with the Proposal submission. However, if a TPA in good faith determines that it does not agree with any provisions of the Contract in the form attached as Appendix B, the TPA may elect not to return an executed Contract with its Proposal, but must instead submit deviations to the Contract's terms, which must be provided in accordance with Section XII.A.13.a. of this RFP. Any such deviations will be considered by ERS; however, ERS will not be obligated to accept or agree to any such deviations, and ERS may determine in its sole discretion not to proceed with further negotiations with a TPA based upon such deviations. To prevent any misunderstanding, while the TPA's Proposal may be evaluated if returned with deviations, such deviations may themselves form a basis for ERS to conclude that the TPA's Proposal will not be considered further beyond its initial evaluation. Any TPA submitting a signed Contract with its Proposal shall have the Contract executed, in **blue ink**, by the duly authorized officer of the TPA as reflected in Sections I.B.8. and XI.A.8.
- B.16.a. ERS reserves the right to reject any Proposal if the Contractual Agreement is revised or returned unsigned, and ERS further retains the right to modify the Contractual Agreement terms and to add additional terms at its discretion. Upon approval of the Proposal, notification to the TPA of its selection by the Board and any clarifications to be required in the Proposal, and upon execution of the Contractual Agreement by ERS, it is ERS' intent that the written Contract shall be in force.
- B.17. **Contract Term and Chronology of Responsibility.** The Contract and all its aspects shall be for an initial term beginning after the Board has accepted the TPA's Proposal and has notified the TPA of its selection and immediately upon the execution of the Contract by ERS, and extending through the 31st day of August 2016, unless terminated, renewed or extended.
- B.17.a. The TPA products and services to be provided under the Contract's initial term shall occur between September 1, 2012 and August 31, 2016. ERS and the TPA also agree and acknowledge that there are duties and obligations specified by the Contractual Agreement to be performed prior to September 1, 2012 and following August 31, 2016, and the parties each agree to perform all such duties and obligations, and all damage provisions included herein and in the Contractual Agreement shall thereby be in effect. Such prerequisites, duties and obligations include, but are not limited to, the following:
- Selection by the Board of Trustees is anticipated at the December 2011 meeting.
 - Execution of the Contractual Agreement by ERS' Executive Director after all clarifications have been agreed to and accepted or rejected by ERS.
 - The Contract includes the RFP, the Contractual Agreement including all exhibits, and any other information, duties or obligations the TPA may be required to provide or perform thereto as accepted by ERS and that does not conflict with terms of the Contractual Agreement executed by the parties, and the TPA's Proposal. The Contract includes important requirements that may not be expressly referenced in this RFP.
 - Any and all activities required by the TPA to effectively implement the requirements of this Contract.
 - The TPA shall coordinate and work cooperatively with other GBP Vendors as applicable.
- B.18. **Termination of Contract.** In the event that the TPA fails or refuses to perform or it appears that the TPA is not capable of performing any of its duties or obligations as provided by the Contract, which includes this RFP, the TPA's Proposal accepted by ERS and the signed Contractual Agreement, ERS, without limiting any other rights or remedies it may have by law, equity or under Contract, shall have the right to terminate the Contract immediately. The TPA understands and acknowledges that, notwithstanding any termination of the Contract, certain obligations of the TPA shall survive the termination of the Contract. The Contract expands upon this provision.
- B.19. **Liquidated Damages.** The TPA acknowledges that it is impossible or impractical to estimate certain damages with any degree of certainty. Therefore, the TPA understands and acknowledges that the Contract includes a liquidated damages provision that is in addition to any other remedies that ERS may have in the event the TPA fails or refuses to perform, or it

appears that the TPA is not capable of performing, any obligation it may have in connection with the Contract to the satisfaction of ERS. The Contract has additional requirements in this regard.

B.20. **Contract Implementation.** To ensure the successful implementation and delivery of the TPA's benefits, coverages and services to the GBP and its Participants, the TPA shall complete the proposed dollar value at risk by the TPA in Article VI. *Proposal Response Format.*

B.20.a. **Implementation Period.** Following selection of a TPA by the Board and upon ERS' execution of the Contract, the TPA shall immediately staff an implementation team and name an implementation manager. The names, positions and qualifications of the implementation team shall be communicated to ERS no less than fifteen (15) business days from the award of the Contract. The period of time beginning with the selection of the TPA by the Board and upon ERS' execution of this Contract to the point at which the TPA assumes full responsibility for the duties specified hereunder, such date being no later than August 1, 2012, shall be known as the "Implementation Period."

During the Implementation Period, the TPA warrants and represents the following:

- It shall maintain appropriate, sufficient and qualified staff, technical capabilities and resources that are fully devoted to the Implementation of the Health Insurance Program(s). ERS reserves the right to require the TPA to add additional staff or to remove staff from the Implementation Team;
- It shall not permit any current or prospective business, projects or other matters to interfere in any manner with the smooth and timely implementation of the Health Insurance Program(s);
- The TPA understands and agrees that time is of the essence in the performance of this Contract and in the implementation of the HealthSelect Plan;
- The TPA acknowledges and agrees that the GBP, its Participants and ERS shall suffer irreparable harm if HealthSelect is not fully and completely implemented on or before September 1, 2012;
- To the extent the Liquidated Damages and/or Performance Guarantee provisions of the Contract require prior notice, the TPA hereby waives such prior notice during the Implementation Period;
- ERS may immediately assess against the TPA the agreed upon Liquidated Damages, and/or *Performance Guarantees* as referenced in Appendix G or implementation of other legal remedies available to ERS in the Contract to this RFP, without prior notice, in the event the TPA fails, refuses or if it reasonably appears that it will fail or refuse to complete or perform or will not be capable of completing or performing any aspect of the Contract in connection with the timely and smooth implementation of the Health Insurance Program(s); and
- All communication materials dealing with the implementation, including Participant communication materials, call center staff training materials, Interactive Voice System ("IVR"), and website design are subject to ERS' review and approval before Implementation.

B.21. **Finalist Interview.** Following ERS' initial review of the RFP Proposals, if the TPA is selected as a finalist in the TPA selection process, ERS may request that personnel from the TPA, at the TPA's expense, attend a meeting at an ERS-designated location to clarify the TPA's Proposal and to answer questions regarding the TPA's Proposal. If ERS deems necessary, a site visit to the TPA may be conducted during the RFP review period at ERS' expense.

B.21.a. If the TPA is selected as a finalist and has been requested to participate in a Finalist face-to-face or teleconference interview session, the TPA shall prepare and present a Proposed Implementation Plan that will ensure the successful Implementation and delivery of the TPA's benefits, coverages and services to the GBP and its Participants. The Implementation Plan shall include the following:

- A detailed Project Plan that will define the manner in which the Implementation project will be managed and guided. The Project Plan will clearly define all actions, activities and objectives that will be coordinated and the owners of said action and activities.
- A detailed description of all activities the TPA expects ERS to perform related to the Implementation Plan.

- A project schedule that defines the series of tasks, meetings and associated dates for the proposed Implementation project to include the timeline with start and end dates for tasks to be completed over the life of the project.
 - Schedules of meetings between the TPA and ERS to facilitate the transition.
 - Schedules of meetings between other contracted Vendor(s) and ERS to facilitate transition.
- A Sample Go-Live Contingency Plan as described in Section I.B.22.b. below.
- A list of sample reports relevant to RFP reporting – specific GBP reports will be determined following Contract award.

ERS recognizes that the TPA will have updates and/or amendments to the Implementation Plan to reflect mutually agreed-upon changes as additional work is defined throughout the Implementation Period.

- B.21.b. **Sample Go-Live Contingency Plan.** This document captures the priorities and major milestones of activities that shall occur in order to ensure a successful go-live date on September 1, 2012. In addition to reflecting the steps that shall occur along with their corresponding “drop dead dates,” the document outlines the steps that should be taken to avoid and resolve any disruptions or loss of service. This document also identifies the individuals from each functional area and the escalation path of contact. See Appendix Q.
- B.22. **Public Information Act.** As reflected in greater detail in Sections I.B.23. – I.B.23.d. below, ERS is required to provide access to certain records in accordance with the provisions of Chapter 552, Tex. Gov’t Code, the Texas Public Information Act (“PIA”), formerly known as the Open Records Act.
- B.22.a. During the evaluation process, ERS shall make reasonable efforts as allowed by law to maintain Proposals in confidence, and shall release Proposals only to personnel involved with the evaluation of the Proposals and implementation of the Contract unless otherwise required by law.
- B.22.b. However, ERS cannot prevent the disclosure of public documents and may be required by law to release documents the TPA considers to be confidential and proprietary. By execution of the Signature Pages, as further referenced in Sections I.B.8. above, the TPA warrants and represents that all information that the TPA in good faith considers to be properly excepted from disclosure under the PIA will be clearly labeled as confidential by the TPA upon submission to ERS. The TPA’s signature further reflects that all documents submitted by the TPA that are not marked “confidential” shall be considered to be public information. All public information in response to this RFP may be fully disclosed by ERS without liability and without prior notice to or consent of the TPA or any of the TPA’s subcontractors or agents.
- B.23. **Disclosure of Information.** In order to protect and prevent inadvertent access to confidential information submitted in support of its Proposal in accordance with the PIA as reflected in Sections I.B.22. - I.B.22.b. above, the TPA is required to supply in good faith and with legally sufficient justification, a separate schedule of all pages considered by the TPA to contain any confidential and/or proprietary information. The TPA shall supply its confidential and/or proprietary information to ERS each time it submits information to ERS, whether in its initial Proposal or in any supplemental information submitted to ERS. The TPA shall submit its confidential and proprietary information in accordance with the instructions given in Sections I.B.24. – I.B.24.a. below of this RFP.
- B.23.a. By submitting a Proposal, the TPA acknowledges and agrees that ERS shall have no liability to the TPA or to any other person or entity for disclosing information in accordance with the PIA. Furthermore, ERS shall have no obligation or duty to advocate the confidentiality of the TPA’s material to the Texas Attorney General, to a court, or to any other person or entity.
- B.23.b. The TPA further understands and agrees that, upon ERS’ receipt of a PIA request for the TPA’s information, the only information that ERS shall treat as the TPA’s confidential and proprietary information in accordance with the PIA shall be the documents the TPA identifies as required above.
- B.23.c. It is the TPA’s sole obligation to advocate in good faith and with legally sufficient justification the confidential or proprietary nature of any information it provides to ERS. The TPA acknowledges and understands that the Texas Attorney General may nonetheless determine

that all or part of the claimed confidential or proprietary information shall be publicly disclosed.

B.23.d. In addition, the TPA specifically agrees that ERS may release the TPA's information, including alleged confidential or proprietary information, upon request from individual members, agencies or committees of the Texas Legislature where needed for legislative purposes, as provided for in the PIA, or to any other person or entity as otherwise required by law.

B.24. **Confidential and/or Proprietary Schedule – Public Information Submission.** In order to protect and prevent inadvertent access to confidential and/or proprietary information submitted in support of its Proposal, each TPA submitting a Proposal to this RFP is required to supply two (2) sets of CD-ROMs containing full and complete copies of all information that the TPA in good faith, and with sufficient legal justification, considers to: (Set One) contain any confidential and/or proprietary information; and (Set Two) contain all public material, a total of four (4) CD-ROMs to be received upon initial submission. The TPA shall supply this information in this manner to ERS each time it submits information to ERS, whether in its initial Proposal or in any supplemental information submitted to ERS. Otherwise ERS will presume that all information submitted by the TPA that does not comply with this directive is public information subject to disclosure. The documents reflected on the CD-ROMs shall correlate in order and by title to those reflected on the separate schedule required in Section I.B.23. above.

B.24.a. Upon ERS' receipt of a PIA request, ERS will provide the requestor the information provided on the TPA's public CD-ROM(s) (Set Two) under the applicable provisions above. If the TPA fails to submit its confidential and/or proprietary information as outlined herein, ERS shall consider TPA's information to be public, and it will, therefore, be released without notification to the TPA upon receipt of a PIA request.

B.25. **Historically Underutilized Businesses (“HUB”).** ERS makes a good faith effort to assist HUBs in receiving agency contract awards. As appropriate, the TPA shall provide the following information in the submitted Proposal materials:

- a. If Respondent is certified as a Texas HUB, please provide the TBPC VID/Certification Number.
- b. If an engagement is awarded and the TPA plans to engage a subcontractor for all or any of the Contract services, the TPA shall identify all proposed HUB subcontractors. The required forms with video instructions can be found at the following website:

<http://www.window.state.tx.us/procurement/prog/hub/hub-forms/>

B.26. **Subcontractors.** Any planned or proposed use of subcontractors by the TPA related to the management of or access to GBP Participant data shall be clearly disclosed and documented in the TPA's Proposal and shall not be accepted until agreed to in writing prior to bid award by ERS. The TPA shall be completely responsible for all services performed and for fulfillment of its obligations under the Contract, even if such services are delegated to a subcontractor.

The TPA agrees that any and all subcontracts entered into by the TPA for the purpose of meeting the requirements of the Contract are the responsibility of the TPA. ERS will hold the TPA responsible for assuring that subcontractors meet all of the requirements of the Contract and all amendments thereto. The TPA shall provide complete information regarding each subcontractor used by the TPA to meet the requirements of the Contract.

B.26.a. The TPA shall agree to accept the following administrative requirements:

- A qualified TPA will be required to sign an ERS Contract;
- The TPA shall be solely responsible for all subcontracted activities in support of the benefits and services outlined in any executed agreement with ERS;
- Any subcontractor utilized to provide the benefits and services as described herein and in support of any subsequent Contract, shall be located within the United States for the duration of the contracted term; and
- If a TPA subcontracts any part of the outlined benefits and services, the subcontractor(s) are subject to review and acceptance by ERS throughout any contracted term.

- B.27. **The Employee Retirement Income Security Act of 1974 (“ERISA”).** As a state government plan, the GBP is not subject to ERISA; however, the TPA shall assume the same fiduciary responsibilities that apply to ERISA plan administrators for all claims processing and payments, adjudication and appeals.
- B.28. **Board Rules.** The Board has sole rulemaking authority in connection with the GBP pursuant to Chapter 1551, TIC. In the event of a conflict of laws or regulations, then ERS’ interpretation of the applicability and controlling status of the law or rules shall control.
- B.29. **No Solicitation.** An approved TPA shall not use, or otherwise disseminate, copy, or make available to any person or entity, lists of GBP Participants or employees, or any other Participant data to solicit any other insurance coverage, annuity products, or any other services or products, unless specifically approved in writing by ERS’ authorized representatives. This requirement shall survive the termination of the Contract. The Contract has additional requirements in this regard.
- B.30. **IRS Withholding.** The parties acknowledge that effective December 31, 2012 or as otherwise required by law, Internal Revenue Code subsection 3402(t) requires ERS to withhold three percent (3%) income tax withholding on all payments to persons or entities that have provided goods or services to the state government or ERS. ERS is required to withhold the three percent (3%) income tax withholding at the time of payment to TPA and remit it to the United States Treasury. Both parties agree to cooperate in satisfying the income tax withholding requirements of federal tax law. The TPA agrees that it shall also withhold and pay to the U.S. Treasury any and all such applicable sums from any Provider, subcontractor, Agent or any other person or entity providing any Services, coverages, benefits, Equipment, supplies, products and other Services in connection with the performance of the Contract.

C. General Specifications

- C.1. Changes Required by Statute, Regulation, Court Orders, or Program Funding: ERS acknowledges that certain factors may change conditions with regard to the TPA’s benefits and administration. Some factors that may affect the TPA include, but are not limited to:
- Changes in federal and state statutes, regulations, and new court decisions and administrative rulings;
 - Changes in anticipated funding by the Texas Legislature; and
 - Changes in Plan design.

The TPA agrees to make a good faith effort to comply with any additional responsibilities or changes to the GBP imposed as a result of the above factors, and other similar factors that may arise, requiring plan design changes and/or an increase or decrease of the TPA’s administrative fees, to cooperate with ERS to effect any such changes and to execute any agreements that may be required as a result. However, should a mandated change materially affect the TPA’s obligations under the Contract, ERS reserves the right to negotiate with the TPA regarding any administrative fees increase (or decrease) that may be appropriate under the circumstances, as provided in the Contract.

C.2. Alternative Benefit Design or Financial Arrangements

- C.2.a. ERS will evaluate Proposals based on the current benefit design and financial arrangement. However, ERS reserves the right to revise the benefits and/or financial arrangements should that become necessary due to legislative, budgetary, or other factors. The purpose of this RFP and the subsequent review process is to select the TPA that ERS considers to be most qualified to provide the most effective, efficient and high-quality services, supplies and products to the GBP, its Participants, ERS and the state of Texas. ERS views the relationship with the TPA as a cooperative one, and nothing contained in this RFP, nor any action taken in the review and approval process, shall prevent ERS from continuing negotiations with the selected TPA after the selection is made.

- C.2.b. The TPA agrees to act in good faith in connection with all such negotiations and in performing all of its services, duties, and provisions of coverage related to the GBP.

- C.3. The TPA shall maintain fidelity and liability insurance coverage throughout the term of the Contract, and any extension, amendment, or renewal thereof. Evidence that such coverage

(declaration page of policy) is being maintained throughout the term of the Contract shall be submitted to ERS no later than fifteen (15) business days following the effective date and each subsequent anniversary date of such policy.

- C.4. **Materials.** A copy of all materials to be used by the TPA in administering the GBP benefits shall be provided as requested in Article VII., *Communication Requirements*. The TPA is required to submit proposed marketing and other informational materials in ERS' required format according to deadlines to be set by ERS, including, but not limited to, the Master Benefit Plan Document ("MBPD"), Exhibits A and B as referenced in Appendices T and U, Benefits Books as referenced in Appendices E and F, and marketing materials, this also includes, but is not limited to, all scripts to be used by the TPA customer service representatives. The cost for preparation of these materials for the term of the Contract must be included in the administrative fee quoted by the TPA. ERS shall retain the right to review and approve all such documents before distribution.
- C.5. **Service-Oriented Architecture.** ERS is moving toward a service-oriented architecture ("SOA"), which will combine a number of technologies to provide comprehensive and cost-effective technical solutions that will integrate our front-end information (website) and processes (ERS OnLine) with our back-end information systems. SOA deployment at ERS will be incremental and scaled as business processes, opportunities, and capabilities require. An example of such technology would include ERS' ability to extract XML-tagged content from a GBP Vendor website through the use of "data feeds." Throughout ERS' SOA evolutionary processes, the TPA shall provide compliant information in a timely manner and afford all necessary technological support as required by ERS' staff and consultants.
- C.6. **Enrollment and Coverage.** ERS is responsible for determining the eligibility of its Participants in the GBP and for reporting eligibility to the approved TPA. ERS provides a 100% weekly enrollment file via **secure file transfer protocol ("SFTP")** within a site-to-site virtual private network ("VPN") tunnel and the file shall be encrypted with ERS' public key (PGP). GBP Participants and new hires utilize ERS OnLine through ERS' website (www.ers.state.tx.us), which allows Participants to enroll in or change their coverage during the Annual Enrollment ("AE") period (generally held in July of each plan year) and throughout the plan year.
- C.7. **Claims Payments.** The TPA pays all claims based on the enrollment data provided by ERS.
- C.8. **Administrative Audit.** As plan administrator for the GBP, ERS may access, request, and audit appropriate TPA documents and Participant records as required for purposes of administering the Plan.
- C.9. **Annual Audit of the TPA.** Pursuant to Chapter 1551 of the TIC, ERS shall commission an annual audit of the TPA's claims administration by an independent auditor to determine the adequacy, timeliness, and accuracy of the TPA's procedures and performance for the prior plan year. ERS will determine the scope of the audit, and the TPA shall be prepared to fully support the activities of and in good faith cooperate with the auditor. In addition, if ERS or any of its duly authorized representatives or designees request records, data, information, report analysis rebuttals, etc. of the TPA, timely release of all information requested shall be required by the TPA.

The TPA's support shall include maintaining readily available data that is accessible electronically as well as through hard copy. Neither ERS nor the Auditor shall reimburse or indemnify the TPA for any cost incurred or any claim that may arise in connection with or relating to these audits.

In addition, ERS or any of its duly authorized representatives or designees shall, during the term of the Contract and until the expiration of seven (7) years after the final payment is made under the Contract, have access to and the right to examine any and all pertinent books, documents, papers and records involving transactions relating to the Contract. In the event there arises any claim, dispute or litigation concerning the Contract, the period of access and examination described above shall continue until the disposition of such claim, dispute, or litigation is final. The Contract has additional requirements regarding audits.

- C.10. **Employee Identification Number.** Current employee, retiree, and dependent (collectively referred to as Participants) enrollment reporting is based on their (Participant's) unique

employee identification number ("ID"). Texas law mandates the removal of Social Security Numbers from ID cards.

The TPA's system shall have the capability to manage an eleven (11) digit number in its reporting system. The TPA shall be required to issue ID cards to Participants within fifteen (15) business days of the transfer of the final enrollment file at the end of AE or by September 1, 2012, whichever is sooner. The TPA shall be capable of identifying Participants based on the enrollment information submitted by ERS.

- C.11. **ERS Actuary.** ERS retains a consulting actuary, Rudd & Wisdom, Inc., to advise the ERS Board of Trustees, ERS staff and management on insurance and other financial matters related to the GBP. The consulting actuary also assists and advises the ERS Board on benefit plan designs, application reviews, rating analysis, and certain audit related activities as described herein.
- C.12. **TPA Personnel Changes.** The experience and professional qualifications of the TPA project personnel are critical elements to the awarding of the project; therefore, substitutions of or other changes in assigned personnel shall require the prior approval of ERS' Executive Director. In any event, ERS may, at any time, request the removal or reassignment of the TPA's staff, or the staff of any subcontractor, in connection with the TPA's performance under this Contract.
- C.13. **Fiscal/Plan Year.** The Fiscal/Plan Year ("FY"/"PY") begins each September 1st, and ends the following August 31st. GBP fiscal year shall be determinative for all Contract reporting requirements.
- C.14. **Online Access.** The TPA shall provide to ERS and its designated representatives online access to any information reasonably related to the GBP, its Participants, and the services, coverages, benefits, supplies and products specified hereunder. Such online access, at a minimum, must give ERS the ability to view, download and print such information. Thus, any information regarding the services, coverage, benefits, supplies or products that the TPA is required to perform, deliver or provide in connection with the GBP shall be fully accessible and available to ERS via online access.
- C.15. **Definitions.** A list of definitions applicable to certain terms used in this RFP is referenced in Appendix J, *Glossary of Definitions*.

D. TPA Enrollment and Claims Data

Refer to the Experience Data, referenced as Appendix K. This appendix presents historical enrollment, financial, utilization and cost data from the GBP's health plans.

To assist in the analysis of this information, electronic information is included in Appendix K which contains all of the data exhibits from this appendix. Instructions for reading the files are included in Exhibit U. In addition to the exhibits, the RFP contains (i) a GBP enrollment file, (ii) a file containing recent HealthSelect claims to be re-priced by the TPA as described in Article VI of this RFP and (iii) a file containing five provider network-related exhibits which are to be completed by the TPA as described in Article VI of this RFP. Exhibit U includes additional information regarding these electronic files.

II. Proposal Evaluation Criteria

A. General Evaluation Information

A.1. **Introduction.** Proposals submitted in response to this RFP shall be evaluated on the basis of the criteria listed below. The criteria are not listed in order of importance. While the criteria provides the basis for an objective evaluation of each Proposal, the experience and judgment of ERS' staff, Board and their advisors shall also be important in the selection process. The criteria include the TPA's response to all items reflected in its Proposal, and any clarifications. The criteria include:

- Compliance with, and adherence to, the RFP and Contractual Agreement;
- Minimum requirements and preferred criteria as reflected below;
- Provider network and service area;
- Experience serving large group programs;
- Experience in performing, delivering and providing TPA services, coverage, benefits, supplies and products;
- Administrative capability;
- Proposed Administrative Fee;
- Tiered and/or Efficient Network;
- Health Care Management Incentive;
- Alternate Provider Payment Initiatives;
- Financial strength and stability;
- Legal disclosure requirements;
- Technological capabilities;
- Operating requirements;
- References;
- Site Visits; and
- Other factors, as determined during the evaluation review process.

A.2. ERS reserves the right to reject any and/or all Proposals and/or call for new Proposals if ERS deems it to be in the best interests of ERS, the GBP, its Participants and the state of Texas.

A.2.a. The selected TPA shall adhere to these requirements upon Contract award and throughout the term of the Contract and any renewals or extensions thereof. ERS also reserves the right to reject any Proposal submitted that does not fully comply with the RFP's instructions and criteria. ERS is under no legal requirement to execute a Contract on the basis of this notice or upon issuance of the RFP or receipt of a Proposal.

A.2.b. Proposed deviations to the minimum requirements identified below shall not be considered, and submission of such may disqualify the TPA's Proposal package. Failure to satisfy the mandatory minimum requirements may result in elimination from the evaluation process.

B. Minimum Requirements

Those wishing to respond to the RFP shall demonstrate their competence to perform the services required by ERS, and shall evidence the ability to satisfy each of the following minimum requirements by specifically identifying supporting documentation contained in the TPA's response.

B.1. The TPA shall maintain its principal place of business and provide all products and/or services including, but not limited to: call center, billing, eligibility, claims processing and programming, etc. within the United States of America and shall have a valid Certificate of Authority and/or license to do business in Texas as a TPA from TDI and be in good standing with all agencies of the state of Texas, including TDI.

B.2. The TPA shall have been providing administrative, claim processing, network management and utilization review services for organizations with a membership of no less than 100,000 or no less than an aggregate of 3,000,000 covered lives for a minimum of three (3) years.

- B.3. The TPA shall have a current net worth of \$100 million as evidenced by a 2010 audited financial statement. Since the TPA may be required to advance up to two (2) weeks of claim payments totaling approximately \$70 million before being reimbursed by ERS, the TPA shall have at least \$100 million of cash and cash equivalents available, on average, throughout its 2010 financial period.
- B.4. The TPA shall have the capability to provide all reports and supporting documentation electronically and in CD-ROM format.
- B.5. The TPA shall demonstrate it has a provider network capable of servicing no less than 85% of GBP Participants as of January 31, 2011.

HDHP/HSA

In addition to the minimum requirements listed in Sections II.B.1. – II.B.5. above, the following reflect supplemental minimum requirements for the TPA proposing HDHP with HSA benefits and services.

- B.6. The HDHP TPA shall be licensed as necessary to do business in the state of Texas in order to perform the duties described in this RFP, and be in good standing with all agencies of the state of Texas including TDI. The GBP requires the HDHP TPA to comply with all applicable state and federal laws, rules and regulations.
- B.7. The HDHP TPA directly or through an affiliation shall have been providing electronic debit card services to at least three (3) clients for a minimum of five (5) years and to a minimum of 10,000 active debit card Participants.

C. Preferred Criteria

Those wishing to respond to the RFP shall demonstrate their competence to perform the services required by ERS, and shall evidence the ability to satisfy (or not), each of the following preferred requirements by specifically identifying supporting documentation contained in the TPA's response.

- C.1. The TPA shall have experience working with and/or extensive knowledge of applicable Texas laws and federal regulations affecting the GBP.
- C.2. The TPA shall have experience working with and/or extensive knowledge of public or governmental benefit plans that are not subject to ERISA.

III. Eligibility and Program Information

This Article presents eligibility and participation, funding sources, benefits, network management and Program requirements that apply to HealthSelect and the High Deductible Health Plan. No deviations from these required benefits will be allowed.

Any determination or interpretation of eligibility and effective dates shall be made solely by ERS, and may include retroactive participation and effective date determinations due to such occurrences as administrative error, reinstatement of a terminated employee who has been reinstated due to legal or administrative action, and other situations deemed appropriate by ERS. The Executive Director of ERS has exclusive authority by law to determine all questions relating to enrollment and eligibility, and the payment of claims arising from plans or coverage provided under the GBP.

Provider Assistance. The TPA will require that network providers cooperate with reasonable requests by the Participants to prepare and provide routine execution of forms documenting medical status, the copying and providing of medical records, and the ordering and documentation of prescription drug refills as consistent with applicable laws. Providers shall comply with all applicable laws regarding fees for medical and mental health records including, but not limited to, Tex. Health & Safety Code § 161.202.

A. Eligibility

A.1. **Eligibility for Active Employees.** The eligibility rules for active employees of state agencies and institutions of higher education are different.

A.1.a Each new full-time employee and elected or appointed official is eligible for health coverage on the first of the month following the first ninety (90) days of employment or office holding with the state, a higher education entity, or other institution participating in the GBP. A rehired employee with a break in health coverage will also be subject to the waiting period. In some instances, a retiree may be required to meet the waiting period before being eligible for retiree health insurance. The ninety-day waiting period (“health coverage waiting period”) is further described in Section III.A.4. below.

A part-time state agency employee is subject to the same eligibility rules as a full-time employee.

A.1.b. A higher education employee is eligible to participate in the GBP provided they are eligible to participate in the Teacher Retirement System of Texas (“TRS”). A graduate student employed at least twenty (20) hours a week by an institution of higher education is eligible to participate in the GBP even though graduate students are not eligible to participate in TRS. Part-time higher education employees are eligible for health coverage on the first day of service if certain specific conditions are met. Adjunct faculty members may also be eligible to participate in the GBP provided they meet the criteria in Section 1551.1021, TIC. The health coverage waiting period for higher education employees is further described in Section III.A.4.a. below.

A.2. **Eligibility for Retirees.** A retiree retiring directly from state employment is generally eligible for health coverage on the day he or she becomes eligible to receive an annuity, if certain requirements are met. The health coverage waiting period for retirees is further described in Section III.A.4.b. below.

A.3. **Eligibility for Dependents.** The dependents of a new employee or retiree are eligible for health coverage on the same day that the employee or retiree becomes eligible. A newly eligible dependent of an existing employee or retiree will begin coverage on the 1st of the following month from the Qualifying Life Event (“QLE”) date. Newborns, Medical Support Order and adopted dependents are eligible on the date they become a dependent of the employee or retiree.

A.3.a. Other persons eligible to be covered include the surviving spouse of a retiree (whether he or she is an annuitant or not); certain retirees of TRS; certain retirees of the Optional Retirement Program (“ORP”); certain former members and employees of the Texas Legislature; certain judges; COBRA Participants; unmarried children whose COBRA eligibility as a formerly eligible GBP dependent has expired; and others as designated by statute.

- A.4. **Health Coverage Waiting Period.** Health insurance eligibility begins on the first day of the calendar month that begins after the 90th day after the date the employee performs services for a state agency or is qualified for and begins to hold elected or appointed office.
- A.4.a. Some higher education entities elect to subsidize the waiting period, so that the employee's health coverage can begin on the date of hire. Eligibility for institution of higher education employees, may not begin earlier than the first day that an employee performs services for an institution of higher education if any amount paid for premium incurred before the date of hire and any dependents of the employee is paid from money not appropriated from the general revenue fund, in accordance with policies and procedures established by the governing body of the institution of higher education.
- A.4.b. For an individual who does not retire at the end of the last month for which the individual is on the payroll of a state agency before retirement, eligibility begins on the first day of the calendar month that begins after the 90th day after the date the individual retires.
- A.5. **Enrollment.** New full-time employees and new retirees are automatically enrolled in HealthSelect when first eligible for health coverage. In lieu of enrolling in HealthSelect, an employee/retiree may enroll in an HMO for which he or she is eligible or decline all coverage in the GBP. Any employee/retiree electing to decline coverage is not eligible for any contribution the state of Texas would have otherwise made for his or her insurance coverage. A new employee/retiree may, within thirty (30) days of his or her eligibility, change, add, or delete coverage or dependents without additional requirements. HealthSelect coverage for the employee/retiree or dependent coverage applied for after thirty (30) days from the eligibility date is subject to Evidence of Insurability ("EOI") administered by the TPA or requires proof of other coverage for enrollment. The Patient Protection Affordable Care Act ("PPACA") and subsequent reconciliation of legislation may require changes to the Enrollment provisions stated above; the TPA shall be required to administer the Program(s) in accordance with all state and federal laws and regulations that ERS determines are applicable to the GBP.
- A.5.a. Since September 1, 1999, all GBP Participants are automatically enrolled in premium conversion upon enrollment in the GBP. Effective September 1, 2002, PayFlex Systems USA, Inc., became the flexible benefits program administrator. Changes to GBP Participants' coverage during the plan year shall only be allowed if a QLE occurs consistent with ERS rules and the Participant is otherwise eligible for the coverage.
- A.6. **Termination.** GBP Participant's coverage under this agreement terminates under those conditions specified in the plan document, statutes, and rules and regulations.
- A.6.a. The TPA shall not regard a Participant as terminated until the TPA receives an official termination notice directly from ERS. However, the TPA may suspend coverage on a Participant if payment for that Participant is not received, or ERS otherwise notifies TPA of such suspension of coverage being required.
- A.6.b. Participants may voluntarily terminate coverage at any time. If a retiree, survivor or vested member terminates coverage with the GBP, he/she is no longer eligible for coverage.
- A.7. **Consolidated Omnibus Budget Reconciliation Act, Public Law 99-271 ("COBRA").** The TPA shall comply with the COBRA provisions, Public Law 99-272, and administer the required maximum period of continuation coverage for eligible Participants. The selected TPA shall provide the services described herein for COBRA Participants. All enrollments, billing, collection and other administrative matters shall be handled directly by ERS.

B. Annual Enrollment Period

ERS may conduct AE each year prior to September 1. During each AE, Participants may change HMOs, change from HealthSelect to an HMO, or vice versa, or choose to remain in HealthSelect. Participants may also add or drop dependents from their HMO or HealthSelect coverage. HealthSelect Participants may also apply through the EOI process to add dependents for which HealthSelect coverage was previously declined. PPACA may require changes to the Enrollment provisions stated above; the TPA shall be required to administer

the Program(s) in accordance with all state and federal laws and regulations that ERS determines are applicable to the GBP.

- B.1. These election changes (with the exception of HealthSelect coverage) become effective on September 1 following AE. Changes to HealthSelect coverage become effective following the Plan administrator's approval of the coverage through the EOI process. AE is generally during the month of July. There are a number of obligations associated with AE that the TPA shall be required to perform before and after the commencement of the initial Contract term.

C. Participant Transfers

- C.1. GBP Participants who are enrolled in an HMO which is no longer able or willing to provide services or which loses ERS approval shall be allowed to enroll in (a) another HMO or (b) HealthSelect. The newly selected plan, however, shall not have liability for any claims incurred prior to the effective date of such Participants' enrollment in such plan.
- C.2. A GBP Participant enrolled in an HMO who lives or works in that HMO service area and moves outside that HMO service area, may enroll in any HMO available in that area, or enroll for HealthSelect. Request for such a plan change must occur within thirty-one (31) days from the date of the change in the location of residence or employment or as further defined by a QLE. If ERS determines there is no HMO available in the area, the Participant shall be enrolled in HealthSelect. PPACA may require changes to the EOI provisions stated above; the TPA shall be required to administer the program in accordance with all state and federal laws and regulations that ERS determines are applicable to the GBP.

D. Funding Sources

The cost for coverage provided under the GBP is funded from two (2) sources: Employer contributions and employee/retiree contributions. The Texas Legislature appropriates monies to fund group insurance benefits for all eligible state and certain higher education employees, retirees and their dependents.

- D.1. The Texas Legislature will set the state contribution for FY 2013. Resulting budgetary issues could require modifications to any Contract entered into as a result of this RFP. In the event that funding for FY 2013 is projected to be inadequate to support the benefits included in this RFP, ERS shall work with the TPA to administer a benefit plan that matches funding capability. The TPA shall, at the direction of ERS, implement benefit changes for HealthSelect necessitated by budgetary constraints. The TPA shall be expected to negotiate in good faith regarding an adjustment in the TPA's fees, if any, which may be warranted by required benefit changes.

E. Evidence of Insurability

Late entrants to HealthSelect may be subject to satisfactory compliance with EOI requirements. EOI may also apply to dependents being added to HealthSelect after the Participants' initial thirty-one (31) days of eligibility has expired, except as provided elsewhere in this document.

The TPA shall provide the underwriting support and appropriate staff, including qualified and duly licensed medical doctors in good standing with the appropriate state and/or federal licensing and regulatory agencies, to service the EOI function. The TPA shall provide all supplies, forms, and related items that are required in the underwriting process. In addition, pursuant to statutory authority, ERS may approve coverage, the underwriting guidelines notwithstanding. In any contested case where the underwriting guidelines were utilized to deny or otherwise limit coverage, the guidelines will become an exhibit in the contested case. Approximately 6,000 individual applications for HealthSelect coverage are submitted annually, with a preponderance of requests received during the AE period (July).

- E.1. During the Plan year, EOI is not required to obtain health coverage during the ninety (90)-day waiting period, as described in Section III.A.4. above, for insurance for a new hire or retiree, or to add the appropriate dependents within thirty-one (31) days of a QLE such as a marriage or a birth.

- E.1.a. Any employee, retiree, or dependent who initially declined HealthSelect coverage and who resides in an area served by an HMO, must provide satisfactory EOI or require proof of other coverage to enroll in HealthSelect.
- E.1.b. A dependent that is a late applicant for coverage in an area not served by an HMO shall be required to provide satisfactory EOI upon application for coverage at any time other than during the AE period.

The above notwithstanding, it is ERS' intent to abide by state and federal laws and regulations it determines are applicable to the GBP regarding the use of EOI.

F. HealthSelect Current Structure and Benefits

F.1. Structure

- F.1.a. **Category of Participation.** Participants who live or work in Texas or who are retired under age 65 are classified as "in-area."
- F.1.b. Participants who live outside of Texas are classified as "out-of-area" unless they work in Texas and select "in-area" coverage. Other out-of-area Participants are retirees age 65 and older, disabled retirees with Medicare who are age 65 and older, or are disabled retirees under age 65 who have elected out-of-area benefits.
- F.1.c. A Participant's classification applies to a Participant's dependent family members, with the exception noted in Section III.F.1.d. below.
- F.1.d. Participants, who are in-area by virtue of the county where they live or work, may select out-of-area coverage for their dependents if those dependents reside outside of Texas.

F.2. Retirees

- F.2.a. **Non-Medicare eligible retiree.** Retirees participating in HealthSelect who are not eligible for Medicare are required to participate based on their county of residence. However, employees who are in-area based upon the county where they work may choose to continue to receive in-area benefits upon retirement, based upon the county where they were employed at the time of retirement.
- F.2.b. **Medicare-eligible.** Medicare-eligible retirees (including any higher education retirees who do not qualify for Medicare Part A) are classified as out-of-area Participants as of the first of the month in which they attain the age of 65, regardless of where they live or work. In addition, retirees who became Medicare eligible due to disability are classified as out-of-area Participants at the time they become Medicare-eligible. Those retirees under the age of 65 who became Medicare-eligible due to disability will remain classified as in-area Participants. In addition, ERS allows Medicare-eligible retirees who reside in Texas to apply to have their under age 65 dependents, who are not Medicare-eligible, classified as in-area.
- F.3. **In-Area Coverage.** Within the network service area, Participants access the health care system under a POS option. Under POS, an in-area Participant has an option each time he requires health care to seek such care through the network providers or from any other eligible provider that he chooses (non-network). The following are major characteristics of the in-area coverage.
- F.4. **Special Situations.** As stated earlier in this document, in-area Participants may select out-of-area coverage for their dependent(s) if the dependent(s) lives out-of-area. This is accomplished by the Participant contacting the TPA to change the dependent's address or by completing ERS' GBP Supplemental Information Form, which is then provided to the TPA.
 - F.4.a. Retirees who have in-area coverage based on their work county may retain in-area coverage upon retirement until they reach age 65 or become Medicare eligible. This is accomplished during the retirement process.
 - F.4.b. Once a retiree reaches age 65, Medicare becomes the primary payer and HealthSelect becomes secondary coverage. Therefore, the TPA shall administer the HealthSelect Plan as secondary coverage for eligible Participants who retired after September 1, 1992. If a

Participant retired prior to September 1, 1992, and Medicare Part B was not purchased, HealthSelect will pay primary.

- F.4.c. Retirees who become Medicare-eligible shall have their HealthSelect benefits determined assuming they have purchased Medicare Part B. HealthSelect shall pay secondary benefits only. This provision shall be implemented in each individual case upon the date of discovery of Medicare-eligibility.
- F.4.d. As stated earlier in this document, Medicare-eligible retirees residing in Texas who have out-of-area coverage currently may request that their dependents continue their in-area coverage (until the dependents are Medicare-eligible). The selected TPA must be able to administer this function on an automated basis.

Participants who have a dependent under age 65 and who wishes to continue with in-area benefits, may contact the TPA to make arrangements for the dependent to continue with in-area benefits. Once in-area coverage is established for the dependent, a new Medical ID Card shall be issued for that dependent. This new Medical ID Card will provide in-area benefits information and a different group number.

- F.5. **Return to Work Retirees.** If an employee retired from a state agency on or after May 31, 2009, a state agency cannot hire the retiree until at least ninety (90) days after retirement date.
- F.5.a. Employees who retired from state service and returned to work at a state agency or higher education institution that participates in the GBP have the option to elect coverage as an active employee.
- F.5.b. If employees retired prior to January 31, 2006, and were eligible to enroll in a health plan as a **retiree**, the state pays 100 percent of his/her health insurance premium and 50 percent of their dependent's premiums, whether the employee was full-time or part-time at retirement. Effective with retirements on or after January 31, 2006, employees designated as **part-time** for any of the three (3) consecutive months prior to retirement continue to receive the part-time contribution on their health insurance premiums (if they qualify for GBP coverage as a retiree): 50 percent for retirees, 25 percent for dependents.
- F.5.c. If a retiree returns to work and enrolls in benefits as an **active** employee, the employer contribution will depend on their employment status. If classified as full-time, the state pays the full contribution of 100 percent for their premium and 50 percent for their dependents' premiums. However, if part-time and employee chooses to enroll in active employee benefits, the state will pay 50 percent of premiums and 25 percent of their dependents' premiums. However, ERS reserves the right to revise the benefits and/or financial arrangements should that become necessary due to legislative, budgetary, or other factors.

Benefits

- F.6. HealthSelect benefits are presented in the HealthSelect Benefits Book titled *Making Your Benefits Work for You* and the HealthSelect MBPD. No deviations from these required benefits will be allowed. (While it is the intention of ERS to use the benefit design presented in these appendices, modifications may be required subsequent to the Contract award.) As previously discussed in this RFP, applicable benefit levels shall be determined on the basis of a Participant's in-area or out-of-area status. For in-area Participants, benefits shall be based on a **POS/PPO** option to access the HealthSelect network.
- F.7. **Coverage, Limitations and Exclusions.** ERS intends for HealthSelect benefits, coverages, limitations and exclusions to be consistent with and administered in substantially the same manner as those currently in effect. Unless otherwise specified herein, the TPA shall provide the coverages, benefits, limitations and exclusions described in the current benefits books and MBPD.
- F.8. **Plan Design.** HealthSelect Participants using the network receive a higher level of reimbursement than those in-area Participants who do not use the network.
- F.8.a. **Primary Care Physician ("PCP").** HealthSelect uses a PCP to direct the health care to in-area Participants utilizing the network. Functioning as a gatekeeper, the PCP directs and

coordinates a Participant's health care. To be eligible for network benefits, a Participant must first use a network PCP. All services, supplies and referrals must be authorized by the PCP, with the following exceptions:

- Females may self-refer to a network OB/GYN for all treatment that an OB/GYN may provide.
- All Participants may self-refer to a network optometrist/ophthalmologist for an annual routine eye exam.
- All Participants may call the TPA's Behavioral Health department for treatment referrals.

HealthSelect offers flexibility in a Participant's selection of a network PCP. A Participant is allowed to change PCPs, and in most cases, such change should be effective within twenty-four (24) hours.

The network PCP panel must include Family/General Practitioners, Internists, Pediatricians, and Obstetricians/Gynecologists.

F.8.b. **Network Benefit Administration.** Network benefit administration has the following characteristics:

- All preauthorization and cost containment activities are provider-initiated.
- Except for required copayments, coinsurance and ineligible charges, network providers may not balance bill any Participant.
- Participants are not required to submit claim forms when care is rendered through the network.

For in-area Participants who use non-network providers, a PCP visit or referral is not required, but benefits are paid at lower levels than apply to network benefits care, Participants may be required to file claims, and Participants can be balanced-billed.

F.9. **Out-of-area Coverage.** Participants who reside outside Texas or the U.S. access the health care system and receive health benefits in accordance with a managed indemnity plan. Participants may access levels of care through types of providers listed in the MBPD. Participants are required to satisfy preauthorization and other cost containment provisions specified herein. While providers may assist them in their compliance with these requirements and submission of claims forms, Participants retain ultimate responsibility for such compliance and submission of claims.

F.10. **Deductible and Coinsurance Carryover.** Persons covered on the Contract date (September 1, 2012) who present satisfactory evidence (e.g., EOB) that they have met all or a portion of their calendar year 2012 coinsurance maximum, inpatient copayments maximums, and/or deductible shall be considered by the TPA to have satisfied like dollar amounts for the remainder of calendar year 2012.

F.10.a. ERS shall make available records of deductible and coinsurance accumulations for current HealthSelect Participants through SFTP within a site-to-site VPN tunnel and the file shall be encrypted with ERS' public key (PGP) or other like means.

F.11. **Coordination of Benefits ("COB").** The method of COB with Medicare/Medicaid and other insurance coverage shall be as described in the MBPD. HealthSelect employs a true COB process, using the total allowable expense approach. It does not function as a Medicare carve-out or Medicare supplement. COB follows the normal rules of COB adopted by TDI.

HealthSelect calculates regular plan benefits in the absence of other coverage and then pays the lesser of regular plan benefits or the amount remaining to be paid after payment by the primary carrier. COB savings are calculated on a claim-by-claim basis and applied to payments for non-coordinated items within that claim.

The National Association of Insurance Commissioners' ("NAIC") guidelines are currently used to determine the order of payment by carriers, which include using the "birthday rule" for dependent children of parents not separated or divorced. For the dependent of separated or divorced parents, the order of benefits is determined based on legal custody and court decree.

The TPA's response should include a provision regarding COB. The TPA shall collect other health insurance information for the purposes of COB. The TPA is required to coordinate

benefits with any group plan (other than a GBP-sponsored plan) under which a GBP Participant has coverage. The TPA is not relieved of the duty to provide covered services as a result of such COB. If a GBP Participant is eligible to receive benefits under another group plan for services, the TPA shall be responsible to coordinate benefits.

- F.12. **Medicare.** It is estimated that virtually all retired state agency and university employees eligible for Medicare are enrolled in Part A. Certain community/junior colleges do not participate in Social Security, although the employees of such institutions hired on or after April 1, 1986, participate in Medicare. As a result, some of their present and future retirees do not have Medicare Part A coverage. Some of the higher education retirees not covered by Social Security, however, may have Medicare Part A as a result of previous employment or through their spouse's coverage. With respect to all retirees, HealthSelect provides benefits secondary to Medicare Part A, if the retiree is enrolled in Medicare Part A. If the retiree is not enrolled in Medicare Part A, HealthSelect pays primary.

It is estimated that over 80% of those eligible are enrolled in Part B. For employees who retired and were Medicare eligible before September 1, 1992, HealthSelect provides benefits secondary to Medicare Part B only if the retiree is enrolled in Medicare Part B. If the retiree is not enrolled in Medicare Part B, HealthSelect pays primary. For employees who retired and became Medicare eligible on or after September 1, 1992, HealthSelect provides only secondary benefits, whether or not the retiree is enrolled in Medicare Part B.

- F.13. **Subrogation.**

- F.13.a. **Participants.** The plan shall be subrogated to all rights of recovery that any Participant may acquire against any person or organization for negligence or any willful act resulting in illness or injury for which benefits are provided under the plan, but only to the extent of the benefits so provided. Any Participant, by receiving benefits hereunder in such case, shall be deemed to have assigned such rights of recovery to ERS and to the TPA acting on behalf of ERS and to have agreed to protect and preserve ERS' rights to subrogation and reimbursement and do whatever may be necessary to secure the recovery of funds, including execution of all appropriate documents.

- F.13.b. **Provider Contracts.** When a Provider settles with or is found liable for medical malpractice, the TPA will seek recoupment of benefits paid in connection with services negligently rendered by Provider prior to seeking subrogation from Participant. The TPA will be expected to incorporate a provision in the TPA's contracts with Providers to implement this provision.

- F.13.c. The TPA must include in its Provider contracts a provision stating that Providers may not condition treatment of Participants on any requirement that Participant agrees not to discuss Provider's services in any forum.

- F.14. **Conversion Privilege.** Any Participant for whom group health coverage ends under the Contract shall have the right to convert to an individual plan of coverage, without EOI. The TPA shall make such a conversion policy available to, or arrange for a conversion policy for, HealthSelect Participants.

- F.15. **COBRA.** The TPA must administer coverage for those categories of Participants who have lost or shall lose coverage as a result of a qualifying event as defined in Title X of Public Law 99-272 ("COBRA"). Any such Participant is entitled to elect to continue coverage in accordance with the provisions set forth in COBRA, and as administered by ERS, in accordance with its administrative practices. ERS handles notification of COBRA eligibility and enrollment and collection of premiums.

During any interim period between cancellation of coverage due to a qualifying event and enrollment in COBRA continuation coverage, the TPA shall administer for qualified beneficiaries, on a fee-for-service basis, the identical benefits that are available to a non-COBRA Participant, and shall upon receipt of confirmation of COBRA enrollment from ERS, refund to the COBRA Participant all eligible charges less any appropriate copayment and/or coinsurance amounts.

A retiree that does not qualify for insurance upon retirement has the opportunity to purchase interim insurance through the GBP. The retiree pays the total actuarial cost of coverage and it is available until retiree qualifies for insurance at age 65.

Interim insurance is only available through HealthSelect and EOI is not required.

- F.16. **Nondiscrimination.** The TPA shall not practice discriminatory selection, or encourage segregation, among the total group of eligible GBP Participants by excluding, seeking to exclude, or otherwise discriminating against any of the following classes of people:
- Women – As prohibited by Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C.A. § 2000a, et seq.; Executive Order 11246 of 1965, as amended.
 - Pregnant Women – As prohibited by the Pregnancy Discrimination Act of 1978, PL 95-555. 42 U.S.C.A. §§ 2000e(k), 2000e-2.
 - Racial Minorities – As prohibited by Title VII of the Civil Rights Act of 1964, as amended. 42 U.S.C.A. § 2000a, et seq.
 - Aged and Retired – As prohibited by the Age Discrimination in Employment Act of 1967, as amended. 29 U.S.C.A. § 621 et seq.
 - Handicapped and those with catastrophic and terminal illness – As prohibited by §§ 503 and 504 of the Rehabilitation Act of 1973, as amended. 29 U.S.C.A. § 701 et seq.
 - Disabled – As prohibited by the Americans with Disabilities Act of 1990, 42 U.S.C.A. § 12101 et seq. as amended; subject to the specific provisions of Title V, § 12112, thereof.

The TPA shall not limit or discourage enrollment of any GBP Participant by “quota” or other enrollment restrictions, unless approved by the Board of Trustees of ERS.

IV. GBP Self-Funded Basic Coverage Program

This Article presents general program requirements for benefits and/or services for a TPA to administer the GBP Program (also known as "HealthSelect"), currently a self-funded, managed care, POS health plan available under the GBP. The TPA shall provide a level of benefits and services consistent with those offered to state agency and certain higher education employees, retirees, and their qualified dependents ("Participants").

The Contract to be executed in accordance with this document shall involve no insurance or reinsurance. The Contract for the TPA's services shall at minimum include, but not be limited to: claim processing, administrative services, network management, and utilization review services as described in this RFP and shall be executed in accordance with the requirements outlined in the Contract. Other financial requirements may be further outlined elsewhere in this RFP.

The TPA shall administer a self-funded Preferred Provider Organization ("PPO") or Point-of-Service ("POS") Plan (as determined by ERS) to GBP Participants. The TPA understands and accepts that it is bound by various statutory, regulatory and fiduciary duties and responsibilities and, therefore, the TPA expressly agrees that it shall accept and abide by such duties and responsibilities when acting on behalf of the GBP pursuant to this engagement. The TPA shall administer the HealthSelect program in a manner consistent with applicable state and federal statutory law, regulations and rules of ERS and at the direction of the ERS Board, its Executive Director, and ERS' staff. The TPA shall recover any costs related to the requirements set forth in this Article by ERS only through the TPA's *Proposal Response Format*, Article VI.

A. High Deductible Health Plan Option

A.1. It is possible that ERS may decide to add an HDHP option to HealthSelect for FY 2013 or at a subsequent date during the Contract. Although the plan design for the HDHP option, if any, is unknown at this time, ERS intends to select a TPA with the ability to administer a high quality HDHP. The TPA will indicate its willingness to make such an option available by including a proposal for the administrative fee for such an option in the Proposal Response Format.

A.2. **Banking.** Where possible, banking arrangements for the Health Savings Account ("HSA") administration shall be included in this Proposal. This banking arrangement may be contracted directly through the TPA. ERS reserves the right, however, to award the Contract with or without the banking arrangement or to separately bid and contract for HSA banking arrangements.

A.3. **Performance Guarantees.** The HDHP TPA shall comply with all the performance guarantees reflected throughout the RFP. At the discretion of ERS, supplemental performance guarantees may be added and/or applicability of existing performance guarantees may be determined post contract award for the HDHP Plan.

B. HealthSelect Program

Approximately, 93 percent of GBP Participants are enrolled in HealthSelect, which offers health benefit coverage throughout Texas and the United States.

Currently, the state of Texas pays 100 percent of the contribution rate for eligible state and higher education employees and retirees, and 50 percent of the contributions for dependent coverage for members enrolled in HealthSelect. Health plan Participants share costs with the plan through copayments, co-insurance and in some instances, deductibles.

Currently, HealthSelect has a two-tiered structure, in-area and out-of-area coverage. The HealthSelect network service area, referred to as "in-area," currently covers the entire state of Texas. The TPA must commit to develop by May 1, 2012, provider networks adequate to provide statewide network coverage. The TPA shall be required to submit a data file of current providers as specified elsewhere in this document to reflect TPA's ability to meet this

requirement. However, ERS reserves the right to revise the benefits and/or financial arrangements should that become necessary due to legislative, budgetary, or other factors.

C. Funding Methodology

C.1. **Funding Methodology.** Each month ERS will collect the state and member contributions and hold such contributions in a Fund that is designed solely for the payment of expenses incurred by Participants of the GBP's HealthSelect program. Remittance of funds to the TPA will be made in accordance with the following:

C.2. **Reimbursement of Claims.** Under the self-funded arrangement, the TPA shall process and pay all claims submitted under the plan as described herein and in the Contract. The claims shall be paid by the TPA through the issuance of drafts or through Electronic Funds Transfer from the TPA's account prior to reimbursement from ERS. On the first business day of each week, the TPA shall present an invoice to ERS for all claim payments actually made and paid during the previous week. ERS will use reasonable efforts to process and submit the payment voucher to the Comptroller of Public Accounts ("CPA") for payment within five (5) business days following receipt of the invoice. It is anticipated that authorization shall be returned to ERS within four (4) business days and, upon receipt by ERS, shall be immediately deposited into the TPA's account at its designated financial institution via wire transfer. Although the TPA shall be responsible for maintaining sufficient funds to provide for the costs incurred under HealthSelect, the TPA shall have no risk for the sufficiency of plan contributions. Due to the timing of the claims reimbursements, the TPA may be required to advance up to two (2) weeks of claims payments. Recently, two (2) weeks of claims payments for the HealthSelect program have averaged around \$70 million.

In the event that the invoice is not presented on the first business day of each week to ERS requesting reimbursement for all payments actually made by the TPA during the previous week, ERS' Finance division will contact the TPA by telephone and email to obtain the invoice. ERS then will follow the process described in Section IV.C.2. above.

C.2.a. If the TPA's Contract with providers includes payment on a capitation basis, such capitation shall be submitted and reimbursed as any other claim as described above. Reimbursement of capitated amounts shall be subject to adequate documentation presented by the TPA. Such documentation shall include the provider's name, the number of HealthSelect Participants included in each capitation arrangement and the amount of the capitation.

C.2.b. ERS shall have the right to audit appropriate TPA records to determine the accuracy of the monthly payments. Further audit requirements are more fully discussed as reflected in Article VIII., *Operational Specifications*.

D. Financial Requirements

D.1. **Administrative Fee.** In accordance with the Contract, ERS shall remit the administrative fee to the TPA within forty-five (45) days following the due date of such fee (i.e., within fifteen (15) days following the end of the month to which such fee applies.)

D.1.a. In responding to this RFP, the TPA shall propose an administrative fee(s), which will be guaranteed for four (4) years.

D.1.b. The proposed administrative fee(s) for FY 2013 shall be provided as specified in Article VI. The maximum fee increase in future years is subject to the following: the proposed FY 2013 fee(s) shall be indexed for FY 2014 based on the percentage change in the Consumer Price Index for All Urban Consumers ("CPI-U") from (a) December 2011 to (b) December 2012, subject to a maximum increase of 4%. The FY 2014 fee(s) shall be indexed for FY 2015 based on the percentage change in the CPI-U from (a) December 2012 to (b) December 2013, subject to a maximum increase of 4%. The FY 2015 fee(s) shall be indexed for FY 2016 based on the percentage change in the CPI-U from (a) December 2013 to (b) December 2014, subject to a maximum increase of 4%. The TPA may propose a lower fee and lower proposed increases of such fees.

D.1.c. The administrative fee proposed by the TPA must cover the cost incurred for the performance of all services described herein prior to and during the entire term of the Contract and during

any runoff period following termination of the Contract. TPA shall not be paid any fees or earn any compensation in connection with the Contract except for the administrative fee.

- D.1.d. Section 1551.012 TIC exempts the GBP from any state tax, regulatory fee, or surcharge including premium or maintenance taxes or fees. The administrative fee should not include any provision for such taxes or fees.
- D.1.e. To the extent that the TPA intends to recover start-up costs through the administrative fee, such recovery should be amortized over the four-year period.
- D.2. **Runoff.** Following termination of the Contract for any reason, the TPA shall continue to be responsible for processing and paying claims incurred during the term of the Contract. The cost of such runoff administration should be included in any proposed administrative fee. Administrative fees will not be paid following termination of the Contract.

However, in the event of termination, the TPA will be liable for adjudicating 100% of the claims incurred during the period of the Contract. There may be other obligations surviving termination of the Contract.

- D.3. **Annual Experience Accounting.** Within ninety (90) days after the end of each Contract year, the TPA must provide ERS with an accounting of the HealthSelect financial experience under the Contract. The accounting shall include monthly enrollment, paid claims, and administrative fees. (This accounting is required by TIC, Chapter 1551.) In addition, the TPA shall provide ERS with such other experience data and accounting information as ERS shall reasonably require. Additional information in this regard may be provided post Contract award.
- D.4. **Fiduciary Liability.** Although as a state government plan HealthSelect is not subject to ERISA, it is the intent of ERS that the TPA perform its duties in a fiduciary capacity pursuant to the Contract.
- D.5. **Health Care Management Incentive (“HCMI”).** Under the Contract, the TPA will have an incentive for the efficient and cost-effective management of health care provided to in-area Participants. Generally, the incentive will be a bonus or a penalty to the TPA based on actual in-area claims (Actual Claims) as compared to Target Claims agreed upon in advance by the TPA and ERS as described more fully below. The TPA will earn a bonus if Actual Claims are less than 95% of Target Claims. The TPA will be charged a penalty if Actual Claims are more than 105% of Target Claims. This incentive is not an insurance or reinsurance arrangement. The Contract will not include either specific or aggregate stop loss coverage.
 - D.5.a. The HCMI will be structured as follows:
 - D.5.a.1. For Participants residing in-area, the TPA is required to state a Target Claim Cost (“TCC”) in response to this RFP. The TCC will include both network and non-network claims expected to be incurred during the fiscal year. Out-of-area Participants (including all over age 65 Medicare-eligible retirees) will not be included in the determination of the HCMI. The TCC will be expressed as an amount per Employee/Retiree per month as specified in Section VI.A.2.
 - D.5.a.2. The TCC for FY 2013 will be calculated and finalized on or before February 1, 2013, based on:
 - (a) a specified, guaranteed formula submitted in the Proposal and accepted by ERS, and
 - (b) actual claims experience for FY 2012 based on data available through November 30, 2012. The provision for incurred, but unpaid FY 2012 claims as of November 30, 2012, will be determined through good faith negotiations.
 - D.5.a.3. The formula referenced in Section IV.D.5.a.2. above must be specified in the Proposal, although it may take into account actual FY 2012 claims experience, FY 2013 enrollment data available through November 30, 2011, and the anticipated impact of benefit/eligibility changes implemented for FY 2013, if any. Enrollment variability may recognize the following changes in composition of the in-area participation: (a) relative proportion of the enrollment in the various employee/dependent categories, (b) age distribution, (c) gender distribution, (d) geographic distribution and (e) relative proportion of the enrollment in HMOs. The manner in which the variability in these factors will be recognized must be clearly specified. The anticipated impact of any benefit/eligibility changes will be determined through good faith negotiations.

- D.5.a.4. All in-area locations will be combined for the purpose of determination of the TCC and the ultimate calculation of the gain or loss.
- D.5.a.5. The Target Claims for FY 2013 will be equal to the sum of the products of each month's actual in-area enrollment and the TCC determined above.
- D.5.a.6. ERS recognizes that a certain degree of variability in claims experience is inevitable and beyond the influence of the TPA. Accordingly, ERS will establish a corridor in the range of +/- 5% of the Target Claims. Should Actual Claims fall in this claims corridor (95% to 105% of Target Claims), neither a bonus nor a penalty will be assessed under the Health Care Management Incentive.
- D.5.a.7. The Actual Claims for FY 2013 will be determined based on claims incurred through August 31, 2013, using actual claims paid through February 28, 2014. The provision for incurred, but unpaid FY 2013 claims as of February 28, 2014, will be determined through good-faith negotiations.
- D.5.a.8. The gain or loss for the year will be determined through comparison of Target Claims and Actual Claims calculated as described herein.
- D.5.a.9. Should Actual Claims exceed 105% of Target Claims, the TPA will be assessed a penalty determined as follows: To the extent that Actual Claims are more than 5% but less than 10% above Target Claims, the TPA will pay a penalty equal to 10% of the difference between Actual Claims and 105% of Target Claims. To the extent that Actual Claims are more than 10% but less than 15% above Target Claims, the TPA will pay a penalty equal to 0.5% of Target Claims plus 20% of the difference between Actual Claims and 110% of Target Claims. To the extent that Actual Claims are more than 15% above Target Claims, the TPA will pay a penalty equal to 1.5% of Target Claims. The maximum penalty will be 1.5% of Target Claims per plan year. This penalty is in addition to any other remedy available to ERS.
- D.5.a.10. Should Actual Claims be less than 95% of Target Claims, the TPA will receive a bonus determined as follows: To the extent that Actual Claims are more than 5% but less than 10% below Target Claims, the TPA will receive a bonus equal to 10% of the difference between 95% of Target Claims and Actual Claims. To the extent that Actual Claims are more than 10% but less than 15% below Target Claims, the TPA will receive a bonus equal to 0.5% of Target Claims plus 20% of the difference between 90% of Target Claims and Actual Claims. To the extent that Actual Claims are more than 15% below Target Claims, the TPA will receive a bonus equal to 1.5% of Target Claims. The maximum bonus will be 1.5% of Target Claims per plan year.
- D.5.a.11. Similar, yet independent determinations will be made for each year of the Contract.
- D.5.b. Exhibit 1 on page 28 presents both tabular and graphic displays of the requested HCMI structure.
- D.5.c. The TPA's ability to provide a cost-effective managed care network is best evaluated on the basis of the in-area target claims level to which the TPA is willing to commit. Accordingly, this document requires the TPA's Proposal to include such a target. The target level will be an important factor in the evaluation process. The cost associated with the PDP is not a part of the TCC determination.
- D.6. **Renewal Year TCC.** In addition to submission of a formula with guaranteed factors for FY 2013, a TPA responding to this RFP must also submit a formula for determination of the TCC for the second, third and fourth years of the Contract. While such a formula may take into consideration Actual Claims, actual enrollment and the anticipated impact of any benefit/eligibility changes that may be implemented in the second, third and/or fourth years, it must guarantee the maximum trend factors that will be utilized in developing second, third and fourth year TCC.
 - D.6.a. The actual trend factors used for renewal year TCC will be determined through good faith negotiations subject to the guaranteed maximum. The anticipated impact of any benefit/eligibility changes effective for the second, third and/or fourth years of the Contract will be determined through good faith negotiations. Any benefit/eligibility changes occurring after

the TCC has been established for a given year will result in a revision to such TCC with such revision determined through good faith negotiations.

Exhibit 1
TEXAS EMPLOYEES GROUP BENEFITS PROGRAM

HealthSelect of Texas
Health Care Management Incentive Arrangement

The following table displays the in-area health care management incentive arrangement:

Actual Claims Range	Relative Share of Gain (Loss) ¹ In the Actual Claims Range		Maximum Bonus/Penalty to TPA
	ERS	TPA	
95%-105% of Target Claims	100%	0%	0
90%-95% of Target Claims, or 105%-110% of Target Claims	90	10	0.5% of Target Claims
85%-90% of Target Claims, or 110%-115% of Target Claims	80	20	1.5% of Target Claims
Less than 85% of Target Claims or more than 115% of Target Claims	100	0	1.5% of Target Claims

¹Gain (Loss) = Target Claims – Actual Claims

The arrangement is displayed graphically as follows:

		-15%	-10%	-5%	Target Claims	+5%	+10%	+15%
Relative	ERS	100%	80%	90%	100%	90%	80%	100%
Share of	TPA	0%	20%	10%	0%	10%	20%	0%
Gain (Loss)								

Examples: Each of the examples is based on the following assumptions:

Target Claims = \$1.00 billion
Maximum bonus/penalty = \$15 million

Example 1: Actual Claims = \$0.98 billion
Bonus to the TPA = \$0 (Actual Claims are more than 95% of Target Claims)

Example 2: Actual Claims = \$1.07 billion
Penalty to the TPA = \$2 million (Actual Claims exceed Target Claims by 7%; i.e., they fall in the range of more than 5% but less than 10% of the target claims. Therefore the TPA incurs a penalty of 10% of \$20 million.

Example 3: Actual Claims = \$0.88 billion
Bonus to the TPA = \$9 million (Actual Claims are 12% less than Target Claims; i.e., they fall in the range of more than 10% but less than 15% of the Target Claims. Therefore the TPA earns a bonus of (a) 10% of \$50 million plus (b) 20% of \$20 million.

E. Summary of Plan Provisions

E.1. **HealthSelect Plan Type.** In response to this RFP, the TPA shall submit a Proposal to administer either or both of the following options for HealthSelect Plan Type:

Alternate 1 – Point-of-Service (“POS”); or

Alternate 2 – Preferred Provider Organization (“PPO”).

The TPA is advised that ERS has not made a decision as to which alternate it will select for HealthSelect for FY 2013.

Once established by ERS, the TPA shall not deviate from the Schedule of Benefits plan design unless the TPA obtains prior written approval by ERS’ authorized representative.

E.2. **Schedule of Benefits.** Appendices T and U contain the description of the current HealthSelect Schedule of Benefits the TPA must match.

E.2.a. HealthSelect is offered as an optional plan in the GBP benefits offering; therefore, ERS cannot guarantee the degree of participation.

E.2.b. It is ERS’ intent to abide by applicable controlling federal laws and regulations as determined by ERS. The TPA’s Proposal shall specify what it believes applicable law and regulations require regarding member versus employee cost allocation in connection with the benefit design.

F. General Information

F.1. **Member and Consumer Information Sources.** The TPA shall have a variety of tools and information sources for GBP Participants. This includes, but is not limited to, the following:

- New Participant and AE information;
- Interactive web-based benefit “calculators” to allow cost modeling of GBP program choices (HealthSelect v HMO v Copay Plan);
- Examples of cost scenarios to help Participants understand how the health plan works;
- Provider Directory;
- Sample cost information for the most common physician, hospital and pharmacy services in Texas;
- Participant information services to track deductible, coinsurance and out-of-pocket maximum status; and
- Non-web information similar to web tools for those without web access.

F.2. **Medical Services Management.**

F.2.a. The TPA shall prospectively and concurrently perform reviews by appropriately qualified medical personnel for medical necessity, appropriate level of care and length of stay for scheduled hospital admissions, emergency hospital admissions, medical, surgical, mental health, and other health care services.

F.2.b. The TPA shall use documented clinical review criteria that are based on sound clinical evidence and are evaluated periodically to assure ongoing efficacy. The TPA may develop its own clinical review criteria, or may purchase or license clinical review criteria from qualified vendors. The TPA shall make available its clinical review criteria upon request.

F.2.c. The TPA shall provide physician to physician communication. A licensed clinical peer of the same medical specialty shall evaluate the clinical appropriateness of adverse determinations.

F.2.d. The TPA shall obtain all information required to make a utilization review decision, including pertinent clinical information. The TPA shall have a process to ensure that utilization reviewers are appropriately qualified to perform the review and apply clinical review criteria consistently.

F.2.e. Utilization management services will be conducted by appropriately trained and experienced individuals. The utilization management staff must consult with appropriate specialists and

sub-specialists in conducting utilization review of hospital, physician, mental health services, and other outpatient services.

- F.2.f. The TPA shall provide a toll-free telephone number and adequate lines for plan Participants and providers to access the utilization management program.
- F.2.g. In compliance with the patient privacy provisions of HIPAA, results of any adverse determination will be forwarded in writing within one (1) business day to the Participant (patient) and the provider. All letters will include procedures for the Participant to initiate an appeal.
- F.2.h. The TPA shall identify case management opportunities and provide case management services for Participants with specific health care needs which will assist Participants and providers in the coordination of services across the continuum of health care services, optimizing health care outcomes and quality, while minimizing cost.
- F.2.i. The TPA shall have a mechanism to proactively identify and target for intensified management those cases having the potential to incur large expenditures. The large case management program shall:
- Identify potential large cases before expenses mount;
 - Mobilize local health care resources to meet the Participant's long-term care needs; and
 - Coordinate the individual health needs of Participants through multiple levels of care and transition the Participant through appropriate levels of care as recovery milestones are met.
- F.2.j. The TPA shall provide case managers who will be appropriately trained, experienced individuals, and licensed to work with Participants and providers to coordinate all services deemed necessary to provide the Participant with a plan of medically necessary and appropriate health care.
- F.2.k. The TPA is encouraged to offer self-care initiatives to Participants such as health education, nurse help line, health risk assessment, reminders, and motivation and wellness services to assist Participants with health care decisions.
- F.2.l. The TPA shall offer the HealthSelect program disease management services. ERS defines Disease Management Services to be those services established to assist an individual in managing a disease or other chronic health condition such as heart disease, diabetes, respiratory illness, end-stage renal disease, HIV infection, or AIDS.
- F.2.m. The TPA shall provide evidence of the effectiveness of its disease management programs. Evidence shall include Participant health improvement and the impact on costs.
- F.2.n. The TPA shall be required to provide a progress report of HealthSelect-specific disease management programs at a minimum, after every six (6) months throughout the term of the Contract.
- F.2.o. The TPA shall provide a toll-free line staffed by licensed nurses to answer medical questions from Participants. The nurse line shall be available twenty-four (24) hours a day, seven (7) days a week.

F.3. Process for Grievance and Appeals:

1. If a claim for benefits under the Plan is denied, the Participant must first appeal the denial to the TPA, the TPA shall provide the Participant with a written or oral explanation including the specific reasons for the denial.
2. If the Participant does not agree with a claim denial, he may call or write to the TPA and request that the claim be reviewed. Additional information may be submitted with the request for review.
3. If the claim is again denied, the TPA shall furnish written instructions to the Participant on how to file a grievance with ERS. The grievance must be in writing, signed and postmarked or received by ERS within ninety (90) days of the date of the TPA's letter to the Participant. After a grievance is filed with ERS, ERS shall notify the Participant of the

decision in writing. Participants who do not accept ERS' decision may appeal the decision to the designee of the ERS Board of Trustees provided the decision grants a right of appeal. This appeal must be in writing, signed and postmarked or received by ERS within thirty (30) days of the date the decision is mailed by certified or first class mail.

4. Grievance and appeal rights are not provided on plan design issues including, but not limited to, the terms of the MBPD, the scope of coverage provided in the MBPD, Prior Authorization determinations under Appendix V, Exhibit C, Article I.AA. and Formulary and Quantity Limitation determinations under Exhibit C, Article I.BB.

F.4. **Grievance and Appeals.** The TPA's grievance procedure shall be in compliance with all applicable statutes and regulations.

F.4.a. Section 1551.352 of the TIC provides that the Executive Director of ERS has exclusive authority to determine all questions relating to eligibility or payment of claims arising from programs or coverage provided under the GBP. A decision by ERS under this Article may be appealed, if appeal rights are available, only to the designee of the ERS Board of Trustees. An appeal to the Board's designee is a contested case under Chapter 2001, Tex. Gov't Code, and hearings are currently conducted by referral to the State Office of Administrative Hearings ("SOAH"). SOAH's recommendation in an appeal is submitted to the Board's designee for a final ERS decision. Any further appeal of ERS' decision goes to the state district court in Travis County, Texas, and the standard of review is by "substantial evidence." Appeals of plan design features are not available, and the administrative appeal process under Section 1551.355, TIC, is the exclusive remedy available to a Participant whose claim is denied.

F.4.b. The Rules of the ERS, Title 34, Part IV, § 81.9 Tex. Admin. Code, describe the Grievance Procedure available to a person participating in the GBP and is attached as Appendix L.

F.4.c. The TPA shall provide support for both of these functions. Among these requirements are the TPA's maintenance of adequate staff to produce grievance rights letters to Participants who request ERS' review of a claim determination, to provide applicable medical and related opinions and records to ERS, to review the medical necessity of treatment, to conduct professional staff reviews of claim determinations and the provision of legal representation to the TPA in administrative hearings under Chapter 1551, TIC and Chapter 2001, Tex. Gov't Code.

V. Pilot Programs & Other Services

Introduction and Objectives. ERS is interested in increasing its participation in pilot program(s) within the state of Texas in which the GBP, in cooperation with provider groups, health plans, and other health systems, would work jointly to achieve greater program efficiencies and effectiveness through the refinement and customization of benefit programs offered to GBP Participants in at least the minimum following ways:

- Support integrated, efficient and effective systems of care, delivery and payment;
- Promote a Participant-centered approach to service delivery and payment;
- Improve Participant outcomes; opportunities to develop, share and systemically sustain best-practices;
- Encourage and reward the prevention and management of disease;
- Promote the value of care over the volume to measurably lower costs;
- Support payment and processes that are transparent, easy to understand, and simple to administer for Participants, providers, purchasers and other stakeholders;
- Balance the interests of Participants, payers and providers while pursuing necessary change thereby yielding shared savings;
- Greater efficiencies with opportunities to reduce or eliminate provider costs; and
- Standardize business processes to facilitate improved technical data exchange.

ERS is interested in programs that incorporate a combination of one or more of the strategies listed below:

- Accountable Care Organizations (“ACO”) or groups of providers that come together in a formal manner to accept responsibility for health services provided to all GBP Participants or a defined set of Participants.
- Episode of care payment systems (bundled payments) made to a group of providers to cover all of the services a particular Participant requires during a defined episode of illness.
- Global payment systems which are prospectively paid, fixed dollar amount payments for a specified range of services to Participant over a set period of time.
- Payments for coordinating the care of Participants with complex or chronic conditions to prevent complications and reduce costs.
- Performance-based incentives for health care providers that achieve target levels of performance.

All programs must comply with applicable state and federal laws and regulations, including those related to anti-kickback prohibitions.

Program Inquiries. The following questions are broken into varied sections that are targeted to specific programs. In order to effectively review and evaluate the TPA responses, the TPA shall answer the following questions as appropriate to support the TPA’s organization Proposal(s):

A. Medical Home

- A.1. What definition does the TPA currently use for a medical home (i.e., Joint Principles or something else)?
- A.2. Describe the terms and how the TPA currently ensures that Participants receive quality medical care. [REDACTED]
- A.3. Does the TPA currently offer a medical home program? Yes No
- A.3.a. If yes, respond in detail to the following:
- A.4. Discuss the TPA’s experience in managing a medical home program. [REDACTED]
- A.5. Is the TPA capable of working with ERS in the establishment of a pilot medical home program for GBP Participants? Yes No
- A.6. Describe the TPA’s process to access provider capabilities to be a medical home. [REDACTED]

- A.7. How will the TPA **initially** engage Participants, provider groups, health plans, and health systems in project initiatives, if such involvement is needed?
- A.7.a. What incentives does the TPA use to encourage ongoing program participation?
- A.8. What is the health and risk factor metrics that the TPA suggests to be included in a medical home program?
- A.9. Describe the skills, experience and expertise that indicate why your TPA is better qualified to pursue this work.
- A.10. How does the TPA propose to measure the extent of achieved project objectives and goals?
- A.11. What would represent success of the project, and what historical outcomes does the TPA offer to reflect potential for success with the GBP?
- A.12. Essential to the medical homes program is accountability for performance. In return for the accountability, the GBP is considering rewarding accomplishments with shared savings, additional reimbursements and/or some other incentives would be negotiated. What reimbursements strategies does the TPA currently have in place? Discuss rationale.
- A.13. How long would it take to get this type of model in operation following onset of the Contract?
- A.14. Is there a different health care program design that could produce similar or greater cost savings for the GBP population that is superior to those described herein?
- A.14.a. Please discuss the program.
- A.14.b. What is the reimbursement structure?
- A.15. Does the TPA have the ability to pay a care coordination fee to a medical home provider on a per capita basis? Yes No
- A.16. Does participation in the pilot as discussed present any legal or regulatory concerns, including but not limited to, payment strategies? Yes No

B. Accountable Care Organization

- B.1. Does the TPA offer a pilot program to contract with an ACO? Yes No
- B.1.a. If yes, discuss the advantages and disadvantages of offering an ACO for a demographic group such as the GBP. [REDACTED]
- B.2. Does the TPA have any pilots or demonstration projects currently in Texas in which provider groups are participating? [REDACTED]
- B.3. How does the TPA determine provider payments and payment levels to support an ACO?
- B.4. Does participation in the pilot as discussed present any legal or regulatory concerns, including but not limited to, payment strategies? Yes No

C. Bundled Payments and Global Capitation

- C.1. Can the TPA provide a pilot program for episode based bundled payments? Yes No
- C.1.a. Discuss the disadvantages and advantages of the TPA's bundled payment approach. [REDACTED]
- C.1.b. Of the disadvantages, discuss how the TPA's organization mitigates the risks associated with the difficulties of a bundled payment approach. [REDACTED]
- C.1.c. Discuss the method used to distribute payments to providers. [REDACTED]

- C.2. For a group such as the GBP, discuss the benefits of the bundled payment process and, in particular, how such process would be delivered in a pilot program setting. [REDACTED]
- C.2.a. Is the TPA currently participating in a pilot with another state/private entity? Yes No
- C.2.b. If yes, provide details:
- C.2.c. What episodes will the bundled pilot program target? [REDACTED]
- C.2.d. What types of organizations are eligible for participation in the bundled pilot program?
- C.3. What is bundled in the global payment for an episode of care in the pilot? [REDACTED]
- C.4. Does participation in the pilot as discussed present any legal or regulatory concerns, including but not limited to, payment strategies? Yes No
- C.4.a. If so, what are they? [REDACTED]
- C.5. Discuss how the success of the pilot will be measured and evaluated. [REDACTED]

D. Provider Contracting and Network Management

The current provider network for the GBP consists of a commercial network for the HealthSelect program and is managed by the current TPA. The TPA shall have experience in the development and management of a traditional provider network. In addition, ERS is interested in exploring a tiered provider network throughout the state of Texas designed to provide GBP Participants with financial incentives for choosing more cost-effective physicians and hospitals.

- D.1. Does the TPA currently have an active “high performance” or “tiered” network in Texas?
 Yes No
- D.1.a. If yes, what is the basis for the establishment of those providers in the TPA’s highest ranking group? [REDACTED]
- D.2. What is the TPA’s estimated reduction in cost of using a high performance network? [REDACTED]
- D.3. Discuss the TPA’s ability to administer unique financial reimbursement arrangements with providers, including, but not limited to, hospitals and physician hospital organizations, that have different discounts from the TPA’s current agreement. [REDACTED]
- D.4. Discuss if the TPA currently performs hospital and physician performance measurement to assess variations in cost, quality, and Participant safety for in-network and non-network providers. [REDACTED]
- D.4.a. Indicate the various performance measures used by the TPA when making these assessments categorized by unit cost, efficiency, quality, and Participant safety. [REDACTED]
- D.4.b. Does the TPA rank or otherwise distinguish hospitals and physicians by their level of performance? [REDACTED]
- D.5. What is the methodology used to assign providers to various tiers? [REDACTED]
- D.5.a. How often is tiering re-assessed? [REDACTED]
- D.6. Does the TPA offer products that include incentives for enrollees to access high performing providers? Yes No
- If yes, what is the benefit differential? [REDACTED]
- D.7. Is the TPA currently administering any evidence-based benefits for any Texas clients?
 Yes No

- D.7.a. Describe these programs and their initial results. [REDACTED]
- D.8. Are the TPA's networks owned and operated by the TPA? Yes No
- D.8.a. If no, please identify the network's owner and thereafter answer the following questions. If yes, please answer the following questions.
- D.9. How are providers selected and qualified for participation in the network? [REDACTED]
- D.9.a. Are primary care practices required to comply with clinical guidelines developed by the TPA's organization or other parties? Yes No
- D.10. Discuss the current financial arrangements with network providers and what percent of the TPA's contracts are paid using one of the following methods:
- D.10.a. Hospitals and other institutional providers:
- i. Discount off charges [REDACTED]
 - ii. Case rates, including but not limited to, episode based bundled payments [REDACTED]
 - iii. Diagnostic Related Groups [REDACTED]
 - iv. Per Diem [REDACTED]
- D.10.b. Primary care physicians and specialists:
- i. Capitation [REDACTED]
 - ii. Fee schedules [REDACTED]
 - iii. Discount off charges [REDACTED]
 - iv. Other [REDACTED]
- D.10.c. Behavioral health providers (psvchiatrists, psychologists, licensed clinical social worker, etc.):
- i. Capitation [REDACTED]
 - ii. Fee schedules [REDACTED]
 - iii. Discount off charges [REDACTED]
 - iv. Other [REDACTED]
- D.11. Describe any risk sharing arrangements between the TPA's organization and providers relative to in-network referrals and use of out-of-network providers. [REDACTED]
- D.12. Provide a copy of the standard contracts with primary care physicians, specialists, and hospitals. For what period of time are the providers committed under the terms of the TPA's contracts? [REDACTED]
- D.13. Within the past three (3) years, how many physicians have been terminated from the network based upon a decision by the TPA? [REDACTED]
- D.14. Describe any network arrangements the TPA maintains with out-of-state providers available to GBP Participants traveling and/or living out-of-state, i.e. college students, retirees, active employees. [REDACTED]
- D.15. Should ERS be able to negotiate a separate unique provider agreement for GBP Participants, can the TPA administer the contract along with its standard agreement? Yes No
- D.15.a. Explain.
- D.16. Discuss the TPA's capacity to limit a GBP Participant to a specific provider or provider network.
- D.17. Describe the TPA's ability to implement a capitated payment structure.
- D.18. Does participation in the pilot as discussed present any legal or regulatory concerns, including but not limited to, payment strategies? Yes No

VI. Proposal Response Format

A. In-Area Target Claim Cost

A.1. Formulas

A.1.a. Specify the formula the TPA shall use in developing the final FY 2013 TCC on or before February 1, 2013. The formula shall comply with the requirements and guidelines stated in Article IV, Section D of the RFP. Enumerate the variables included in the TPA's formula. Variables are limited to actual FY 2012 claims and the composition of FY 2013 in-area enrollment as discussed herein. All other factors including trend, network usage assumptions, plan design adjustments, network utilization/price adjustments and factors used to adjust for demographic and geographic changes must be guaranteed for the term of the Contract. Note: the Projected FY 2013 TCC requested below should be based on the current HealthSelect benefits. If benefits are revised for FY 2013 or a subsequent year, the adjustment factors for the benefit change will be subject to good faith negotiation.

A.1.b. Specify the formula the TPA shall use in developing the FY 2014, FY 2015 and FY 2016 TCC. Enumerate the variables included in the formula. Maximum in-area trend factors must be guaranteed for the term of the Contract as indicated in Section VI.A.3. below. The formula shall comply with the requirements stated in Article IV, Section D of the RFP.

A.2. Projected FY 2013 TCC. Based on the formula specified in Section VI.A.1. above, project the FY 2013 TCC. Provide detailed documentation regarding the projection.

\$ _____ per employee/retiree per month

A.3. FY 2014, FY 2015, and FY 2016 Maximum Guaranteed Trends. Specify the maximum guaranteed trends to be used in projecting the TCC for FY 2014, FY 2015, and FY 2016. These are the maximum rates that shall be used; the actual rates shall be subject to good faith negotiation between ERS and the TPA.

	<u>Maximum Trend</u>
FY 2014	_____
FY 2015	_____
FY 2016	_____

B. Administrative Fee

B.1. FY 2013.

B.1.a. ERS will select Alternate 1 or 2 below:

Alternate 1: POS \$ _____ per employee/retiree per month
 Alternate 2: PPO \$ _____ per employee/retiree per month

B.1.b. ERS may choose to include an optional HDHP within HealthSelect

Optional HDHP \$ _____ per employee/retiree per month

B.2. FY 2014, FY 2015 and FY 2016. At this time, ERS reserves the right not to permit an administrative fee increase for subsequent years during the Contract term. However, should ERS agree to an administrative fee increase, the maximum fee increase in future years is subject to the following: the proposed FY 2013 fee(s) shall be indexed for FY 2014 based on the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) from (a) December 2011 to (b) December 2012, subject to a maximum increase of 4%. The FY 2014 fee(s) shall be indexed for FY 2015 based on the percentage change in the CPI-U from (a) December 2012 to (b) December 2013, subject to a maximum increase of 4%. The proposed FY2015 fee(s) shall be indexed for FY 2016 based on the percentage change in the CPI-U from

(a) December 2013 to (b) December 2014, subject to a maximum increase of 4%. The TPA may propose a lower fee and lower proposed increases of such fees.

B.3. Allocate the administrative fee(s) proposed in (Section VI.B.1.) above to the following categories for each of (a) Alternate 1, (b) Alternate 2, and (c) the Optional HDHP:

Utilization Review ¹	\$	_____
Claims Processing ²		_____
Network Management		_____
Behavioral Health Program ³		_____
General Administration ⁴		_____
Communication		_____
Other ⁵		_____
Total	\$	_____

¹Includes all cost containment activities.

²Includes all subrogation related costs and related legal expenses and coordination of benefits.

³Includes any amounts paid to a behavioral health subcontractor for administrative services.

⁴Includes actuarial, legal, underwriting, reporting and other technical assistance.

⁵Specify.

B.4. Amount placed at risk for PPO/POS GBP Self-Funded Basic Coverage Program *performance guarantees* \$_____

Note: The *performance guarantees* shall reflect a total aggregate dollar amount equal to but no less than 5% of the total estimated cost for the Plan. At ERS' discretion, *Performance Guarantees* will be allocated to the various severity levels based on the total amount at risk. Assessments for any single Plan Year will not exceed the total amount at risk.

B.5. Amount placed at risk for High Deductible Health Plan *performance guarantees* \$_____

Note: The *performance guarantees* shall reflect a total aggregate dollar amount equal to but no less than 5% of the total estimated cost for the Plan. At ERS' discretion, *Performance Guarantees* will be allocated to the various severity levels based on the total amount at risk. Assessments for any single Plan Year will not exceed the total amount at risk.

C. Provider Reimbursement

Appendix K, Experience Data, includes an EXCEL file titled NETWORKFORMS.XLS. This file contains five (5) forms, which are to be completed by the TPA and submitted electronically with the Proposal. The forms request information regarding the TPA's provider network and network reimbursement. Below is a brief description of each of the five (5) forms.

Form 1 requests information regarding the number of network providers for selected provider types for certain areas of Texas. The form requests both the current number of network providers and the TPA's projected number of network providers as of September 1, 2012 if the TPA were to be selected as the HealthSelect TPA.

Form 2 requests information regarding the type(s) of reimbursement arrangements used by the TPA in selected areas. Please indicate with an "x" which type(s) of reimbursement are utilized.

Form 3 contains selected professional physician procedure codes ("CPT") for certain areas of Texas. Provide the TPA's average network allowable charge as of February 2011, for each procedure in each service area. Provide a global, unmodified fee for all procedures other than lab and radiology. For lab and radiology procedures (other than chest x-ray), provide a modifier 26 (professional only) fee. For chest x-ray, provide a global, unmodified fee. If the TPA utilizes multiple fee schedules in an area, provide the average fee weighted by the percentage of current membership. If the TPA utilizes capitation in its professional reimbursement methodology for certain physicians, so indicate.

Please note that ERS reserves the right to validate by audit the TPA's submitted reimbursement amounts.

Form 4 requests information regarding the effective dates of the current physician fee schedules for selected areas of Texas.

Form 5 is to be completed with the TPA's allowable charge for each of the claims included in the file claims.zip, which is described in Appendix K of this RFP. Instructions for reading the file and a file record description are included in Exhibit U of Appendix K. For each claim, the TPA is to provide (i) the claim number, (ii) the claim extension, (iii) the line number, (iv) whether the provider was a network provider at the time of the claim, and (v) the charge amount that the TPA would have allowed under its reimbursement arrangement with that provider at the time the service was incurred. The information provided in the claims file should be adequate to determine the allowable charge. The TPA is not to provide payment amounts, only allowable charges. Provide a description of the methodology used to reprice these claims along with a detailed example of repricing an individual claim. If the TPA utilizes capitation in its reimbursement methodology for certain facilities, so indicate.

Please note that ERS reserves the right to validate by audit the TPA's submitted allowable charge amounts for these sample claims.

VII. Communication Requirements

This Article describes the TPA's requirements in communicating with Participants and potential Participants, employers, ERS staff, and other constituents, as further described herein. The TPA shall administer its plans in a manner consistent with all applicable state and federal laws, regulations and rules of ERS, and at the direction of the ERS Board, its Executive Director, and ERS staff. The cost of the requirements described herein shall be recovered by the TPA only by making provision for such expenses in the TPA's *Proposal Response Format* in Article VI.

The TPA's communication materials designed for GBP Participants cannot, and the TPA represents and warrants that it shall not, advertise or promote coverage, services, products or materials, other than those relating to the TPA's participation in the GBP. Prior approval of all communication material's design and content shall follow a formal process that requires ERS' documented authorization. In all cases, the TPA is not allowed to disseminate materials or information relating to the GBP program without prior written ERS approval. The final materials used by the TPA shall not differ in form or utility from those approved by ERS.

A. General Information

- In all cases, the TPA communication materials, whether disseminated via the Internet, written, or in oral form shall be approved by ERS prior to dissemination. The TPA is required to submit to ERS for prior approval draft copies of all proposed marketing materials to include, but not be limited to: power point presentations, scripts for presentations, newspaper/press releases, billboard, television, and radio advertisements for GBP AE or for any other GBP-specific purpose (as required in the latest version of the *Marketing Guidelines for GBP & ERS Vendors*, Appendix M). The final materials used by the TPA shall not differ in form or utility from those approved by ERS.
- A.1. **Prohibition.** During AE, and ongoing communication process, the TPA shall not discuss, advertise, distribute, or in any manner allude to coverage, products, or materials other than those explicitly relating to the TPA's participation in the GBP. This product marketing prohibition also applies to the GBP-specific website to be used by GBP Participants.
- A.2. ERS shall review and approve all communication materials designed for GBP Participants and GBP employers or that references the GBP. The TPA shall provide this material electronically in a format that allows for online editing. The TPA shall have the ability to customize said material to ERS specifications. The TPA shall not distribute these communication materials until they have gone through a formal review process at ERS and have received ERS' documented approval authorization. Following this approval, the TPA may not alter the materials in any way.
- A.3. In addition to GBP-specific materials, ERS may suggest refinements to other materials and will work with the TPA to modify materials as needed. These include operating documents such as Explanation of Benefits ("EOB"), claim approval and denial letters, other claims processing documents and promotional items.
- A.4. **TPA Training Requirement.** The TPA's Account Team shall have designated resources available to provide training as needed to ERS staff, employers and GBP Participants. Training may be conducted in person in individual or group settings or via webcast or conference call. Training related to the TPA internal operations shall be provided to ERS Customer Benefits and Benefit Contracts staff upon ERS' request. Staff training shall occur randomly throughout the year based on changes to operations or plan design and as ERS determines to be necessary. The TPA should have resources sufficient to provide twenty (20) full days of training each year. ERS must approve training agenda and materials for external training. Training will be designed to meet specific learning goals. The TPA should be able to provide web-based training, in addition to in-person training.
- A.5. **Plain Language Requirement.** The TPA is responsible for a wide variety of communication materials explaining the plan to eligible employees, retirees, and their dependents. ERS requires the TPA to comply with TDI's plain language requirements as outlined in the Texas Administrative Code, Title 28, Part I, Chapter 3, subchapter G § 3.602, and as it may be amended in the future for all communication materials related to the health benefit plans.

Material submitted to ERS for approval should be at the 8th grade reading level with limited use of jargon. The material shall conform to ERS branding and communication guidelines. Material shall be subject to editing and customization, including legal disclaimers and other standard language.

- A.5.a. Communication to Participants in the HealthSelect Programs shall be clear and understandable, using terminology familiar to Participants, customized, as required by ERS, to comport with the GBP health benefit plan design and approved by ERS prior to dissemination. All of the TPA communication materials shall meet Americans with Disabilities Act (“ADA”) requirements for accessibility.
- A.5.b. Communication material shall be available in both print and electronic forms. Certain material, such as provider directories, may be made available electronically, only as long as printed materials can be provided upon request to Participants. Accommodations shall be made for individuals with visual and/or hearing impairments and the development, production, and deployment of all communication materials to include web information.
- A.6. **TPA Communication Materials.** ERS will assign a communications account manager to the TPA to manage communication material review and approval. The TPA will assign a communications representative to work with the ERS designee. This representative must be familiar with the applicable GBP program(s). In order to receive document approval, the TPA shall provide to the CAR divisional designee for review all communication material that requires pre-approval, at least fifteen (15) business days prior to sending, disseminating or otherwise providing such written or oral communications to any person or entity. On occasion, review and approval may be less than fifteen (15) business days. These types of “rush” jobs require prior approval from ERS’ CAR divisional designee. The TPA shall regularly review, revise and update, where necessary, all information contained on its website which relates to or may be utilized by any GBP Participants. The TPA shall not disseminate material without prior ERS approval or pressure ERS to advance the timeline as provided herein, other than at ERS’ discretion.
- A.6.a. **Communication/Marketing Material Review Process.** Communication materials are considered “approved” when a final “printer’s proof” or “test email” is delivered to ERS and subsequently approved by the CAR divisional designee, in writing. The TPA may not alter printer’s proof in any way without ERS’ permission.
- A.7. **Advertising and Other Communications.** The TPA is required to acquire ERS approval for all proposed newspaper, web, social media, billboard, television, and radio advertisements used to promote GBP benefit programs.
- A.7.a. The TPA’s failure to receive ERS’ approval for the use of GBP-specific communication materials prior to dissemination may result in a monetary assessment as referenced in the *Performance Guarantees* in Appendix G or implementation of other legal remedies available to ERS in the Contract.
- A.8. **Media Relations, Public Information and Outreach.** As a TPA for the HealthSelect Program(s), the TPA may receive inquiries from interested third-parties relating to the TPA’s program administration, benefits and/or services. Although information about and generated under this Contract may fall within the public domain, the TPA shall not release information about or related to this Contract to the general public or media verbally, in writing, or by any electronic means without prior approval from the ERS Assistant Director (“AD”) of Benefit Contracts, or designee, unless the TPA is required to release requested information by law.

ERS reserves the right to announce to the general public and media:

- award of the Contract;
- Contract terms and conditions;
- scope of work under the Contract;
- deliverables and results obtained under the Contract;
- impact of Contract activities; and
- assessment of the TPA’s performance under the Contract.

Except where ERS approval has been granted in advance, the TPA shall not seek to publicize and shall not respond to unsolicited media queries requesting announcement of Contract award, Contract terms and conditions, Contract scope of work, government-

furnished documents ERS may provide to the TPA to fulfill the Contract scope of work, deliverables required under the Contract, results obtained under the Contract, and impact of Contract activities. If contacted by the media about this Contract, the TPA agrees to notify the ERS AD of Benefit Contracts, or designee, in lieu of responding immediately to such media queries.

- A.8.a. **Media Inquiry Process.** The TPA shall verbally respond immediately to any media inquiries acknowledging receipt of query and provide the media with an expected timeframe for the TPA response based upon the TPA's understanding of the media request and an estimate of time required to respond.
- A.8.b. If the TPA identifies that an inquiry is directly related to a GBP program and/or GBP program Participant, the TPA shall immediately provide a high priority written notification to the AD of Benefit Contracts, or designee, outlining all details related to the media's inquiry and all known facts of the related circumstances. GBP Participant information is considered confidential under Texas law.
- A.8.c. If the case is GBP related, ERS will provide the TPA with:
- a. specific instructions on how to manage the media inquiry moving forward;
 - b. direction regarding the handling of the Participant related issue(s) and/or complaint(s); and
 - c. if appropriate, provide the TPA with an ERS directive on Operational or Customer Service Representative ("CSR") internal control modifications necessary to avoid problem recurrence.
- A.8.d. If the TPA determines that neither a GBP program nor GBP program Participant is impacted, the TPA may respond as appropriate and agrees to provide ERS' AD of Benefit Contracts with a copy of the response information within 48 hours from dissemination.
- A.9. **Quality Control.** The TPA shall ensure that all communication materials submitted to ERS will reflect quality production, accuracy, timeliness, and thorough review. All GBP-approved benefit and legal documents, website, GBP-specific media responses, required reports (to include *ad hoc* reports), and dated materials shall at the minimum, but not be limited to, reflect the following criteria:
- Appropriate Plan Year;
 - Accurate data related exclusively to the GBP, unless otherwise specified by ERS; and
 - Contain GBP-specific language.
- A.9.a. All such materials shall be provided within the required timelines as directed by ERS staff and/or its consultants and may not be released to outside sources without prior ERS consent.
- A.9.b. The TPA's failure to provide accurate, timely and GBP-specific communication materials may result in a monetary assessment as reflected in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.
- A.9.c. Following ERS review and once edited materials have been provided to the TPA, the TPA shall conform all documents as reflected by the ERS designated deliverable dates. If the edits, or other mutually agreed upon resolution of those edits, have not been completed by the ERS designated due date, the TPA may risk a monetary assessment as required in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.
- A.10. **Participant Requests for Communication Materials.** The TPA shall, at its expense, respond to all Participant requests for mailed materials no later than three (3) business days following a Participant's request.

B. Agency/Higher Education Institution Communications

- B.1. The TPA(s) approved by the Board for PY 2013 should be prepared to attend a meeting following Board approval to discuss the TPA's customer service, communications requirements, and AE meeting responsibilities.
- B.2. **Agency/Institution Contacts.** There are approximately two hundred seventy-five (275) agencies of the state and higher education institutions that employ GBP Participants. Many

agencies/institutions have staff dedicated to benefits enrollment and education, called a benefits coordinator ("BC"). The TPA shall have resources dedicated to responding to BCs and other agency/higher education institution contacts. The TPA shall provide escalated customer service, as well as training and educational presentations/materials, to agencies/higher education institutions throughout the year.

- B.2.a. The TPA shall process requests from agencies/higher education institutions for communication materials for their employees. The TPA shall also process requests from individual retirees for printed communication materials upon request. In addition, the TPA may be asked to provide materials to employee and retiree associations, such as the Retired State Employees Association, Executive Women in Texas Government, the Texas Association of State Human Resource Managers, the Texas Public Employees Association and the Texas State Employees Union at the TPA's expense.
- B.3. **Presentations and Events.** The TPA shall have a GBP-knowledgeable representative available to attend numerous ERS sponsored events throughout the year to include:
- Annual Enrollment fairs (Additional resources will be needed during this 30-day period);
 - Wellness fairs;
 - Benefit seminars hosted by ERS throughout Texas;
 - Annual retiree conference;
 - Various association events and conferences; and
 - Benefit Webinars.
- B.3.a. In addition to ERS sponsored events, the TPA shall provide at least one (1) GBP knowledgeable representative to attend the following employer sponsored and miscellaneous events to include, but not be limited to:
- Benefits fairs;
 - New employee orientations hosted by employers; and
 - Annual employer conference.
- B.3.b. The TPA shall provide no fewer than one (1) GBP knowledgeable representative at each fair who is well versed in the products and services to be offered to the GBP health benefit plans Participants.
- B.3.c. The dedicated resource must be an experienced presenter able to communicate effectively to large groups. Some events will require the representative to set up and staff an information table to offer GBP approved communication materials and individualized customer service.
- B.3.d. ERS' CAR divisional designee will designate those events for which the TPA's attendance is required. The TPA acknowledges and accepts that additional obligations and enhancements to these requirements may become necessary should benefit plan changes or other circumstances warrant.
- B.4 **Enrollment Campaign.** The TPA shall create custom communication materials for each enrollment campaign. This material includes, but is not limited to:
- An enrollment presentation to be recorded and posted on the ERS website and delivered upon request at enrollment events;
 - Targeted enrollment communication brochures;
 - Welcome Letter to new Participants;
 - Brochures explaining plan changes and updates; and
 - General plan information.

C. TPA Communication Materials

C.1. All of the following information shall be included with the materials submitted for application in the format required in the latest version of the *Marketing Guidelines for GBP & ERS Vendors*, Appendix M, and in the latest version of the *ERS Brand Guidelines*, Appendix H, and accessible on the CD-ROM in Word or Excel format (no PDF documents will be accepted, with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials).

C.2. The TPA shall have the ability to provide customizable communication materials listed below.

Communication materials include, but are not limited to:

- MBPD;
- Benefits Book;
- Welcome packet;
- Brochures and newsletters;
- The TPA's GBP-specific website;
- Presentations;
- Scripted responses used by customer service representatives;
- IVR scripting;
- Standard messaging for various systems' downtime;
- Participant communication and general information pieces;
- AE and Welcome Letters;
- Consumer-targeted educational materials;
- Provider directory, including a specific disclaimer stating that the list of providers is subject to change;
- Fact Sheet with Schedule of Benefits;
- News releases/Contract signing announcements;
- Annual HIPAA exemption notice and benefit changes summary;
- Articles for ERS newsletters;
- News updates for ERS website;
- Wellness, disease management, and cost-management pieces;
- Value-added benefits pieces;
- Publications listing with audience and publish target dates;
- Token giveaways for enrollment fairs, events; and
- Other related statements.

The TPA will work with ERS staff to produce the MBPD subsequent to the Contract award. The web version shall not differ from that approved by ERS and published on the TPA's GBP-specific website.

The TPA shall disseminate only GBP-specific approved materials at all events. Disseminating unapproved material, or material that is not customized for GBP Participants, could result in the levying of *Performance Guarantees* as referenced in Appendix G or implementation of other legal remedies available to ERS in the Contract.

Any cost for these forms and other communication-related materials should be included as a part of the TPA's proposed fees. ERS shall retain the right to change or modify such material to accommodate ERS' specific needs.

C.3. The TPA shall design and/or print certain ERS communication materials on behalf of ERS. These materials are in addition to the communication materials that the TPA must produce as part of the contract and must be approved by ERS in advance of such printing in accordance with ERS' previously described formal review process. Each year, the TPA will secure a print/fulfillment vendor on ERS' behalf and invoice ERS when the printing job is completed.

C.3.a. These tasks include, but are not limited to:

- Setting print/fulfillment bid specifications with assistance from ERS staff;
- Sending print/fulfillment bid specifications to prospective vendors;
- Receiving bids from prospective vendors on printing/fulfillment;
- Answering questions (with assistance from ERS staff) from prospective vendors on print/fulfillment bid specifications;
- Selecting an economical print/fulfillment vendor based on bid specifications;
- Conducting or attending periodic meetings on ERS print job with ERS staff and vendor;
- Serving as intermediary between ERS staff and vendor;
- Communicating with ERS staff and vendor in a timely fashion about printing and distribution specifications and deadlines;
- Comparing vendor invoices with the original bid, providing sign off, and obtaining sign off from ERS staff;
- Obtaining clarification (if needed) on vendor invoices;
- Submitting selected printing invoice to ERS staff for final approval;
- Paying printing vendor after invoices are approved by ERS; and
- Submitting the TPA's invoice to ERS for reimbursement.

C.4. **Confidential Information.** Materials that contain protected health information or other confidential information such as the member ID number must be mailed in an envelope or

other mailing service device designed to secure the confidential information from casual viewers.

C.5. **Master Benefit Plan Document and Benefits Books.** The TPA shall provide to the AD of Benefit Contracts or designee:

- MBPD. The TPA shall provide for FY 2013 the MBPD draft by the first business day in April 2012 for ERS' review.
- Benefits Books. Two (2) versions are required for ERS' review by the first business day in April 2012. The benefits books are comprehensive benefit plan summaries that interpret the MBPD for Participants in layman's terms. It is the primary reference source for Participants explaining the plan design, covered benefits and out-of-pocket costs for deductibles, office visits, hospital inpatient and outpatient stays, etc. A version is provided for employees and retirees under 65 and another version for retired employees age 65 and over, which includes information on coordination of benefits with Medicare.

The TPA is required to provide the MBPD and Benefits Books and/or their amendments within thirty (30) calendar days of ERS' request or by the first business day in April of the plan year as appropriate.

C.5.a. **MBPD Approval/Delivery Requirements.** The TPA shall submit a proposed MBPD on a separate CD-ROM for ERS' review and approval. The TPA shall work with ERS to finalize all plan documents no later than August 1st of each plan year unless directed by ERS. ERS requires the MBPD be printed; therefore, the final printed product shall not differ from that approved by ERS and published on the TPA's GBP-specific website.

C.5.b. The TPA shall provide a finalized MBPD to the Benefit Contracts' AD no later than August 1st of each plan year, and once executed make it available on the GBP-specific website no later than October 1st of each plan year. The TPA shall follow ADA guidelines and provide an HTML version and printable version for download by the Participant.

All Participants shall have access to the MBPD as directed herein or as instructed by ERS. The TPA shall be prepared to mail the MBPD upon the request of a Participant no later than five (5) business days. The TPA understands, agrees and acknowledges that the Contract between ERS and the TPA shall control over the MBPD in connection with the contractual relationship between ERS and the TPA.

Subsequent to AE, the TPA shall mail the MBPD within five (5) business days of the transfer of the final enrollment file at the end of AE but no later than the date to be announced. For on-going MBPD requests, the TPA shall send the MBPD to current membership, including dependents, when a change is reported, within five (5) business days after the TPA receives the enrollment information.

C.6. **Welcome Packets.** The TPA's packets shall be produced for FY 2013 by the selected TPA and mailed to approximately 285,000 GBP Participants during AE at ERS' direction. The TPA shall coordinate with other appropriate GBP Vendors as appropriate to provide supplementary program information to be included in the Welcome Packets. New enrollment packets shall be mailed by the TPA throughout all plan years to new hires. A proposed sample of a TPA packet shall be included in the TPA's response to this RFP. This packet should contain, but not be limited to, the following materials:

- Welcome Letter;
- Fact Sheet;
- Benefits Summary;
- Information on disease management and cost management features;
- Information on value added benefits;
- The TPA's customer service contact information;
- HIPAA Exemptions; and
- Sample EOB.

C.7. **Welcome Letter.** The Welcome Letter should contain information about the TPA and announce any plan changes from the previous plan year. The communication piece shall contain instructions on how to access information and forms using the web and include the customer service address, phone numbers, and hours of operation. The TPA's Welcome Letter shall be available no later than seven (7) calendar days prior to the onset of the BC conference and/or webcast for use during AE.

- C.8. **Fact Sheet.** The Fact Sheet shall consist of no more than two (2), front and back, 8.5 x 11 size pages. Sample Fact Sheets shall be included with the TPA's response. Once the Fact Sheet contents are approved by the CAR divisional designee, the TPA shall distribute to employees through BCs (date to be announced) and shall be mailed directly to retirees and other direct pay Participants by the TPA within five (5) business days of their request. The TPA agrees to reflect all Fact Sheet information on the GBP-specific website as further outlined herein.
- C.8.a. The Fact Sheet shall include, but not be limited to, the following information:
- The TPA's Customer Service contact information, including the phone number, email and physical address, hours of operation, and ERS' website address.
 - An EXACT replication of the Schedule of Benefits as illustrated in Appendices T and U of the RFP.
 - Reflect the TPA's Privacy Policy.
- C.9. **Identification ("ID") Cards.** The TPA shall issue ID cards to all new Participants, including dependents, who enrolled during AE and subsequent to AE, when a change is reported. Reference Sections VIII.F.2. – VIII.F.2.b. of Article VIII, *Operational Specifications*, for further requirements.
- C.9.a. The TPA shall provide a toll-free customer service number. The TPA shall submit an electronic mock-up of a proposed GBP-specific ID card with the TPA's Proposal. Failure to produce GBP-specific ID cards as outlined herein may result in a monetary assessment as reflected in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.
- C.9.b. ID card delivery requirements are fully discussed in Sections VIII.F.2. – VIII.F.2.b., *Operational Specifications*.
- C.9.c. Pursuant to § 1369.153, Tex. Ins. Code Ann., the TPA shall issue a separate pharmacy benefit ID card to each Participant that shall include on the front of the card:
- The name of the entity administering the pharmacy benefits if the entity is different from the TPA issuer;
 - The group number applicable to the Participant;
 - The identification number of the Participant, which may not be the Participant's social security number;
 - The effective date of the coverage evidenced on the card; and
 - The copayment information for generic and brand-name prescription drugs.
- In addition to the above referenced information, the issuer of the TPA shall include:
- The logo of the entity administering the pharmacy benefits if the entity is different from the TPA issuer; and
 - The telephone number for contacting an appropriate person to obtain information relating to the pharmacy benefits provided by the plan.
- C.9.d. The TPA is not required to issue a separate pharmacy benefits ID card if the TPA administers its own pharmacy benefits; however, the health benefits ID card shall contain the information required in Section VII.C.9.c. above.
- C.9.e. The TPA is responsible for the production and any mailing costs associated with the delivery of ID cards to Participants. Additional ID card requirements are located in Sections VIII.F.2. – VIII.F.2.b. The cost of the ID card requirements described herein shall be recovered by the TPA only by making provisions for such expenses in the TPA's *Proposal Response Format* in Article VI.
- C.10. **Provider Information.** No provider may be listed on the TPA's website or distributed to the program Participants through the TPA's customer service unless a signed Contract is in place. In the event the TPA provides incorrect information and a Participant seeks medical treatment based on that information, the TPA agrees to recognize and be financially

responsible for any services rendered by that provider, under the terms of the Contract, as if the provider had been under Contract.

C.11. **Provider Directories.** The TPA shall not be required to provide printed versions of its Provider Directories, but copies (or materials which become stale dated at the time of printing) shall be provided to the GBP Participant upon request and such hard copy material(s) shall be received by the Participant no later than seven (7) business days from the date of request. Also a current published Directory shall be accessible at all times online.

C.12. **GBP Custom Website.** The TPA shall publish and maintain a custom website for GBP Participants and prospective Participants in a format prescribed by ERS. Neither the TPA nor its subcontractors can advertise or link to products or services without the express prior written permission of the CAR divisional designee.

The GBP website shall be directly linked to the ERS homepage. The GBP website shall be in final form and linked as required by ERS no later than the first business day of June of each year. The TPA's failure to provide the GBP-specific website as outlined below may result in a monetary assessment as reflected in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.

C.12.a. **Proposed website materials.** The TPA shall provide ERS with a test site for review sixty (60) days prior to the go-live date. The URL address, all screen shots, and instructions on how to access the TPA's test website are required for submission with the TPA's bid response materials. For the TPA currently participating in the GBP, it will be necessary to provide separate links from the ERS website for FY 2012 and the proposed test website being established for FY 2013. All links and web pages shall clearly identify the plan year for which the information applies.

C.12.b. **All TPA "Test" websites.** The TPA shall provide a fully developed GBP-specific test website, capable of being linked to the ERS Internet home page. Following ERS' approval of test websites and prior to being linked to the ERS website, the TPA shall provide documentation of a test plan, test scripts (e.g., to ensure all links are working), completion of testing, and final sign off. The TPA's test website shall transition from a test phase to fully operational and be linked to the ERS website with all information and components as reflected below no later than the thirty (30) business days prior to the go-live date or risk a monetary assessment as required in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.

C.12.c. The TPA's home page shall include the following primary access links:

- The TPA's Privacy Plan;
- Customer Service contact information;
- Benefits summary;
- Account specific information with PIN access;
- On demand real time provider information and search capabilities;
- Disease Management Services;
- Wellness Services;
- Provider search using specified search criteria, including location, specialization and the acceptance of new patients;
- Search function; and
- Link to ERS website.

C.12.d. The GBP's home page shall include both the GBP health plans' logo and the ERS logo as required by the latest version of the *Marketing Guidelines for GBP and ERS Vendors*, Appendix M, and the *ERS Brand Guidelines*, Appendix H, and specified below:

C.12.e. The final approved TPA website shall provide real-time data related to the provider network. Participants shall be capable of obtaining the same information using the website as they would if they were to contact a TPA customer service representative.

C.13. **TPA Access Portal.** The TPA shall provide an easy to use member portal that provides access to a secure website that allows members and dependents to:

- View medical coverage;
- View and print EOB for claims;
- Take a health risk assessment;

- Download forms;
- Acquire a temporary ID card;
- Stop paper statements;
- Compare treatment costs;
- Provide information on any value-added products offered; and
- Provide health and wellness information.

D. TPA Website Content

All content for the HealthSelect website shall be approved by ERS prior to publication. The final materials used by the TPA shall not differ in form or utility from those approved by ERS. The TPA GBP-specific website shall include the following information:

- D.1. The website shall provide self-service transactions for Participants to:
- View the PCP selection and an 18-month history of claims;
 - View a deductible and coinsurance maximum total paid to date;
 - View and print a claims EOB;
 - Print a temporary ID card and claim form;
 - Compare treatment costs;
 - Complete and submit a Health Risk Assessment;
 - Locate a PCP based on specific geographic requirements;
 - Lodge a service complaint, and escalate unresolved complaints and to request a telephone call back within one (1) business day;
 - See and print an annual summary of out-of-pocket expenses for HealthSelect services, suitable for submission to the Internal Revenue Service for income tax purposes and to the flexible benefits administrator for Section 125 claims;
 - Communicate with customer service representatives using live chat;
 - Search the full website using a key word and/or phrase; and
 - Provide a “return to home” button, which returns the viewer to the ERS FY 2013 home page.
- D.2. **Plan Year Information.** The GBP home page shall include the following information:
- Information that welcomes new Participants and introduces the Participant to the TPA and summarizes the basic coverage benefits;
 - Direct link to ERS’ website. The TPA shall indicate the current dates for AE and remove all references to AE no later than September 1 of that plan year;
 - Accessing Emergency Care;
 - Helpful Phone Numbers and Websites; and
 - Transitional benefits guidelines.
- D.2.a. **Link to the TPA’s Privacy Plan**
- D.2.b. **Link to Customer Service Page** to include the following information:
- Phone numbers and hours of operation;
 - Physical address of plan site;
 - Link to the TPA’s Complaint Process;
 - An email address or a link to a mailbox for Participants to send customer complaints and questions directly to the TPA. The TPA should respond to email complaints/inquiries with no more than a 24 hour (business days) turnaround. A tracking system for email complaints shall be in place similar to the tracking of telephone complaints to provide to ERS;
 - Any applicable interactive forms; i.e., Claims, or PCP selection form; and
 - Link to HealthSelect’s Appeals/Grievance Process.
- D.2.c. **Link to Benefits** to include the following information:
- AE or Welcome Letter stating changes (if applicable) from the previous year;
 - Fact Sheet;
 - Schedule of Benefits; and
 - MBPD.
- D.2.d. **Link to Prescription Drug Information** as determined by ERS and provided by the PBM.
- D.2.e. **Link to Provider Look-Up and/or Provider Directory** to include following information:
- Instructions on selecting a PCP.

- Provider Look-up shall be updated real-time. Users should be able to search by ZIP code and get a map and directions to the provider's office. It should indicate that the provider is: a PCP, specialist, or ancillary provider, e.g., physical therapist and indicate provider number, network affiliation; i.e., independent vs. group practice and if he or she is accepting new patients. Each PCP shall have an assigned unique office or provider code number. The TPA shall include a disclaimer that providers are subject to change.
- Instructions on how to change designated PCP.

D.2.f. **Link to Disease Management Services** to include the following information:

- List those Disease Management programs currently provided;
- Provide a description for each Disease Management program referenced;
- Indicate how GBP Participant may get more information on any offered program(s); and
- Provide enrollment information/form.

D.2.g. **Link to Wellness Services** to include the following information:

- List those Wellness programs currently provided;
- Provide a description for each Wellness program referenced;
- Provide a Health Risk Assessment form;
- Indicate how GBP Participant may get more information on any offered program(s);
- Provide enrollment information/form; and
- Provide separate section for Wellness coordinators at GBP employing agencies and institutions.

VIII. Operational Specifications

This Article describes general operational specifications including administrative requirements and functions, customer service, interface requirements and the statistical reporting requirements as mandated by ERS. The TPA shall administer the Plan in a manner consistent with all applicable state and federal laws and regulations, as well as ERS' administrative rules and at the direction of the ERS Board, its Executive Director, and ERS staff. The cost of the requirements described herein shall be recovered by the TPA only by making provisions for such expenses in the TPA's *Proposal Response Format* in Article VI.

The TPA shall submit its "group number" and provide a list of lead contacts to both ERS Communications & Research and Benefit Contracts Divisions by the first working day of the month following Board selection. The TPA agrees that it shall cooperate with ERS and be flexible in its efforts to ensure a smooth program implementation.

The TPA must provide a technical contact that will provide support to ERS' Information Systems Division for Electronic Data Interchange issues. ERS will work with the TPA on these requirements following Contract award.

The Contract will include *Performance Guarantees* and other legal remedies to ensure proper administration of the GBP Programs as outlined in Appendix G or implementation of other legal remedies available to ERS in the Contract. Performance guarantees referenced throughout the RFP are not all inclusive. For a comprehensive listing of the performance guarantees refer to Appendix G.

A. Implementation Operational Requirements

The TPA shall provide all services specified in this RFP, including, but not limited to the following:

- A.1. **Account and Implementation Teams.** No later than the fifteenth (15th) calendar day following Board selection, the TPA shall provide to the Benefit Contracts' AD or designee, a thorough listing of the TPA's Account and Implementation Team contacts assigned to support the TPA's Contract. The list shall identify an account key point of contact responsible for the implementation, coordination, and maintenance of the business relationship and continuity pertaining to all business matters in support of the Contractual Agreement.

The TPA's Implementation and Post-Implementation Account Management Teams contact list should reflect key contact information (resume, office, fax, and cell phone numbers, email and physical addresses) for each TPA Account and Implementation Team representative. In the event of a change in the TPA, The TPA shall ensure a smooth transition of all ERS communication processes and requirements as follows:

- The TPA shall inform, via email notification, the AD of Benefit Contracts or designee, in advance of any planned periods of unavailability by the Team's key point of contact.
- In any instance where a Team key point of contact is not available to ERS, the TPA shall immediately secure and provide details of alternate coverage sufficient to meet ERS expectations.
- All Account Team appointments require ERS' pre-approval in writing. Any modification to team membership also requires the prior approval of ERS.

- A.2. **Implementation Team.** The TPA shall provide an Implementation Team to coordinate and expedite all Contract requirements as outlined and prioritized by the AD of Benefit Contracts or designee to ensure complete continuity, without exception, of all interactive TPA functions, deliverables, and objectives prior to and during the Contract's onset. At minimum, the Implementation Team shall have a dedicated Team Lead and back-up Team Lead with availability to ERS staff throughout the Implementation Period. Should additional team members become necessary to support implementation functions, the TPA shall dedicate such appropriate staff at ERS' direction. The TPA shall provide brief summary resumes with this RFP response of the proposed Account and Implementation Team's points of contact for ERS' consideration and approval. ERS will approve proposed Implementation Team members on the fifteenth (15th) business day following Board selection via email notification from the AD of Benefit Contracts or designee. At this time, the TPA shall provide the AD of Benefit Contracts or designee with contact information (resume, office, fax and cell phone

numbers, email, and physical mailing addresses) for each TPA Implementation Team representative.

- A.3. **Implementation Team Manager.** The implementation team manager shall serve as ERS' primary contact throughout the Implementation Period, shall have the legal authority to make binding decisions for the TPA, and be accessible to ERS seven (7) days a week and twenty-four (24) hours per day during the Implementation Period. The Implementation Plan shall be attached to the Contract as an exhibit in the form most up-to-date at the time of Contract execution and may be modified thereafter by agreement of the parties.
- A.4. The TPA acknowledges that it is impossible or impractical to estimate with any degree of certainty the impact or damage that the failure of particular Implementation activities may have on the GBP and/or its Participants. Therefore, the TPA agrees that Implementation failures, judged by ERS to have adversely harmed the GBP and/or its Participants, may immediately subject the TPA to the Liquidated Damages and *Performance Guarantees* provisions as reflected in Appendix G or implementation of other legal remedies available to ERS in the Contract.

B. Post-Implementation Operational Requirements

B.1. Account Management

The TPA shall establish and maintain throughout the term of the Contract an account management team that will work directly with ERS staff. This team shall include, but is not limited to, a designated account executive, a customer service manager, medical director, a clinical contact, a practicing attorney, consulting actuary, a person responsible for preparing reports, and a management information system representative. Approval of the account management team rests with ERS. The TPA's account management team shall provide all services specified in this RFP, including, but not limited to, the following:

- B.1.a. The TPA shall provide an Account Executive Team and make staffing adjustments, as required by and acceptable to ERS. The results from the formal performance evaluation of the assigned account management team may be used in this determination. An ERS Account Executive Team shall be established no later than thirty (30) calendar days following Board selection, and be available Monday through Friday from 8:00 a.m. to 5:00 p.m., central time, excluding national holidays.
- B.1.b. The TPA shall provide a minimum of two (2) per fiscal year face-to-face Account Executive reviews to ERS on the utilization and performance of the GBP Program. The reviews shall include, but not be limited to, a presentation of the following information:
- Health program statistical outcomes;
 - Industry trends and best practices;
 - Plan recommendations; and
 - Other cost saving recommendations.
- B.1.c. **Meetings.** The TPA shall develop meeting agendas, coordinate meetings and provide documentation of actions in the form of meeting minutes for designated meetings with ERS at a scheduled time agreed upon by ERS and the TPA to include, but not be limited to:
- Implementation, if applicable;
 - Operational;
 - Analytical; and
 - Communications, etc.
- B.1.c.a. The TPA shall utilize ERS' meeting agenda template and provide meeting agendas one (1) day prior to the scheduled meetings.
- B.1.c.b. The TPA shall provide the meeting minutes within four (4) business days from the day of the scheduled meeting for ERS' review and approval.
- B.1.d. ERS strongly believes that the account service relationship is the critical link in developing and maintaining a strong working relationship dedicated toward the achievement of plan objectives. As such, the TPA shall be committed to providing ERS with service attention that is at the highest levels in the industry, and fully consistent with ERS' expectations. ERS shall define the criteria for measurement and evaluation of service performance.

- B.1.e. The TPA shall notify the Director of Benefit Contracts, in writing, no less than ninety (90) calendar days prior to anticipated major changes to its network(s), provider reimbursement or other areas likely to impact the GBP Program. The TPA shall receive prior written approval from ERS' authorized representative prior to making any changes as addressed in this section.
- B.1.f. In addition to the above requirement, the TPA shall notify ERS' Benefit Contracts Director, in writing, thirty (30) calendar days prior to implementing material changes in policies, business, and key personnel connected with the ERS account.
- B.1.g. The TPA shall provide general administrative, legal and statistical support to assist ERS in the operation of the GBP Program and shall recover any associated costs by making provision for such expenses in the TPA's *Proposal Response Format*, Article VI.
- B.1.h. The TPA shall provide ERS with priority positioning for delivery of *ad hoc* system service requests and/or issue resolutions. As reflected in Article XI, *Organizational Information* Section XI.C.7., the TPA shall designate a Technical Consultant ("TC") to lead the management of all technical issues, including, but not limited to, system service requests. The TC shall ensure that all ERS system requests and issues are thoroughly analyzed and given priority positioning to ensure prompt resolution. The TPA shall provide competent, focused attention to ERS' system requests/issues. The TPA shall use its best efforts to implement all ERS system requests and to correct all ERS system issues as soon as reasonably practicable, but in no event later than thirty (30) calendar days from receipt of ERS' written notification to the TPA of the request/issue. ERS shall fully supply any and all information reasonably necessary for the TPA to complete the requested services as outlined herein. If a ERS request cannot be implemented by the TPA within thirty (30) calendar days from the date of ERS' request, then the TPA shall provide ERS with a written explanation as to why the issues are not capable of being resolved within this time frame and a written plan for implementation, to include a timeline for resolution, within five (5) business days from receipt of the TPA's written notification as noted above. This section does not apply to disaster recovery matters, which are covered specifically in the Contract.

An example of a system issue includes, but is not limited to:

Eligibility and/or Benefit modifications shall be reviewed, responded to, and approved by the TPA within fifteen (15) business days of such request. If changes to the modifications are required, the TPA shall notify ERS and set up weekly updates until ERS agrees that the modifications meet ERS' operating requirements. After eligibility and/or benefit modifications have been mutually agreed upon, the TPA shall complete the eligibility and/or benefit project, including required testing, within forty-five (45) calendar days from ERS' approval.

- B.1.i. In addition to the TC, the TPA shall provide ERS with access to a designated Clinical Consultant and/or Medical Consultant to advise and support ERS on analyzing emerging clinical and utilization trends within the scope of reviewing both standard and *ad hoc* reports.
- B.1.j. If the TPA is proposing HDHP, the TPA shall provide individuals with specialized knowledge of standard and non-standard banking arrangements, and relations with third-parties.
- B.1.k. The account management team shall be thoroughly familiar with virtually all of the TPA's functions that relate directly or indirectly to the GBP account.
- B.1.l. The TPA shall provide the GBP with priority placement in all aspects of Contract performance provided by the TPA.
- B.1.m. The TPA agrees to provide ERS with advance notice as soon as reasonably practicable of any material change to its account management and servicing methodology or to a personnel change in the TPA's account management team.
- B.1.n. The TPA agrees to allow ERS to complete a formal performance evaluation of the assigned account management team annually as deemed appropriate by ERS.

- B.1.o. ERS requires the TPA to meet with ERS staff and/or Board of Trustees as requested to discuss the status of the HealthSelect account in terms of utilization patterns and costs, as well as propose new ideas that may benefit the GBP and its Participants.
- B.1.p. The TPA is expected to present actual HealthSelect claims experience and offer suggestions as to ways the benefits could be modified in order to reduce costs or improve the health of HealthSelect Participants. Suggestions must be modeled against actual HealthSelect membership and claims experience to determine the financial impact as well as the number of Participants impacted.
- B.1.q. The TPA shall also present benchmark data by using the health plan's entire book of business, a comparable client to HealthSelect, and/or some other industry norm.
- B.1.r. The TPA shall provide a high quality and experienced customer service unit. The health plan staff members shall be fully trained in the HealthSelect benefit designs, and the TPA shall have the ability to track and report performance of call center matrices.
- B.1.s. The TPA shall provide ERS access to a dedicated/designated Reporting and Analytical team to advise and support ERS to include, but not be limited to:
 - Create statistical reports;
 - Develop templates for ERS data;
 - Benchmarking analysis;
 - Provide data for a regional map on the website; and
 - Develop, review, and fact check ERS publications, (i.e., Cost Containment and Fraud Report). A sample of the Cost Containment and Fraud Report is located at http://www.ers.state.tx.us/About_ERS/Reports/.

C. TPA Customer Service Call Center

- C.1. **Call Center/Customer Service Unit.** The TPA shall establish and provide for staffing of one (1) customer service unit designated exclusively to ERS' HealthSelect Plan. The unit shall be adequately staffed to manage GBP-related questions and provide for resolution of complaints, clarifications, and escalated issues.
 - C.1.a. The hours of operation for the TPA's customer service unit shall be, at a minimum, Monday through Friday from 8:00 a.m. to 7:00 p.m., central time. The TPA shall also provide Saturday coverage from 7:00 a.m. to 3:00 p.m., central time, and emergency service coverage outside of the required business hours, excluding national holidays.
 - C.1.a.1. **Call Center Specialists.** The TPA shall designate as many Call Center Specialists as necessary whose sole responsibility shall be to respond to and resolve, within a reasonable timeframe as determined by ERS, plan-related customer service needs. ERS and the TPA shall jointly monitor and adjust staffing levels to ERS' sole satisfaction as work and service requirements demand. The TPA warrants and represents that it shall provide thorough training of additional team members in support of the HealthSelect Plan. Any training deficiencies noted by ERS shall be immediately rectified by the TPA to ERS' satisfaction.
 - C.1.a.2. **Back-up Staffing.** The TPA shall designate additional staff, as needed or at ERS' request, to update and maintain HealthSelect-related records and accounts. This staff will also provide additional support for the TPA's customer service team.
 - C.1.a.3. **Call Center Management Criteria.** The TPA shall establish toll free lines (telephone and facsimile). The TPA shall also employ appropriate and adequate customer service staff to maintain *Performance Guarantees* for average speed to answer, abandonment rate and blockage rate as referenced in the Appendix O of the RFP. The TPA shall provide in its Proposal the methodology and sample source documents utilized by the TPA to arrive at the reporting requirements referenced in Appendix O. The TPA's Customer Service Call Centers shall be located within the United States, and preferably in the state of Texas.
 - C.1.a.4. **Access for Hearing Impaired.** The TPA's Call Center shall be equipped with Telephone Device for the Deaf ("TDD") or Teletype ("TTY") in order to serve the hearing impaired population.

- C.1.a.5. **Language Accessibility.** The TPA's Call Center shall have at least two (2) member service representatives who are bilingual in English and Spanish and provide Limited English Proficiency ("LEP") support or have a language translation organization available for such support.
- C.1.a.6. **Benefits Coordinator ("BC") Access.** The TPA shall provide BCs with a special number or access code that permits them to have priority access to the TPA's Call Center supervisors. The TPA can satisfy this "hotline" requirement by expediting calls to this special number in front of the general queue. Additionally, BCs and dedicated ERS staff shall be provided with a web portal to electronically access Participant eligibility status and through which they may escalate GBP requests to a Call Center supervisor.
- C.2. **Enrollment Verification.** To assist the TPA in verifying enrollment, ERS provides online access to its enrollment system, PeopleSoft. Online access is available through the TPA's Internet provider and shall be operational one (1) week prior to the start of AE. Staff trained on ERS' enrollment system shall be available during all customer service open hours.
- C.2.a. The TPA shall accept oral verification of a GBP Participant's coverage by an authorized representative of ERS or verify the Participant's coverage through utilization of ERS OnLine. Coverage shall be updated in the TPA's system prior to receipt of the next ERS weekly enrollment information.
- C.3. **Audit.**
- C.3.a. ERS may contract with an auditing firm to conduct periodic audits of the TPA. The TPA shall be required to cooperate with and support the efforts of the auditors. Neither ERS nor the auditors will be required to indemnify the TPA for any costs incurred in connection with these audits.
- C.3.b. ERS or any of its duly authorized representatives shall have access to any GBP-related information during the term of the Contract and until the expiration of seven (7) years after the final payment is made under the Contract. This includes access to and the right to examine any pertinent books, documents, papers, and records of the TPA involving transactions relating to the Contract. In the event there arises any claim, dispute, or litigation concerning the Contract, the period of access and examination described above may continue until the disposition of such claim, dispute, or litigation has been deemed final.
- C.4. **COBRA.** The TPA shall assist ERS in the administration of the Consolidated Omnibus Budget Reconciliation Act, Public Law 99-272 ("COBRA"),. The TPA shall administer coverage for those categories of Participants who have lost or shall lose coverage as a result of a qualifying event as defined in Title X of COBRA. Any such Participant is entitled to elect to continue coverage under this Contract in accordance with the provisions set forth in COBRA, and as administered by ERS, in accordance with its administrative practices. ERS and/or the employing department shall handle enrollment of Participants in COBRA continuation coverage and collection of premiums.

During any interim period between cancellation of insurance due to a qualifying event and enrollment in COBRA continuation coverage, the TPA shall provide to any qualified Participant under COBRA continuation coverage, on a fee-for-service basis, the identical services that are available to a non-COBRA GBP Participant, and will, upon receipt of confirmation of COBRA enrollment from ERS, refund to the COBRA Participant all fees paid less any appropriate copayment amounts.

A qualified Participant, who has elected to continue coverage in accordance with COBRA, may permanently move outside of the TPA's service area and maintain his/her TPA coverage in accordance with state requirements.

- C.5. **Other Continuation Coverage**
- The TPA shall provide state mandated continuation coverage, pursuant to Section 1271.301-306 TIC, upon termination of a Participant's group coverage and/or termination of any period of COBRA continuation coverage.
 - ERS shall send notification to all COBRA Participants thirty (30) days prior to completion of the COBRA coverage.

- The notification shall advise the Participants that they shall contact the TPA to determine the specifics regarding their option to either continue coverage for six (6) months or apply for the TPA's conversion policy, if one is available.
- If the Participant elects to take the six (6) months of continued coverage, the Participant shall be directed to ERS for forms completion. ERS shall continue to collect the premium and report the coverage to the TPA for those Participants.
- Participants electing the TPA's conversion policy, if one is available, shall deal directly with the TPA following the termination of COBRA coverage.

C.6. Claims Processing.

C.6.a. The TPA shall administer and process all claims functions required for the HealthSelect Plan. The TPA shall process and administer all eligible HealthSelect Plan claims incurred in connection with services on and after September 1, 2012, and throughout the term of the Contract. The TPA selected in accordance with this RFP shall have no responsibility under this Contract for the administration of claims incurred prior to the effective date of this Contract. However, following termination of the Contract for any reason, the TPA shall continue to be responsible for processing and paying claims incurred during the term of the Contract. General requirements for claims processing include the following:

- Using ERS enrollment records, the TPA shall create and maintain participation records to be used for the processing of claims and other administrative functions for HealthSelect. ERS enrollment records, however, shall control in the event of a conflict.
- The TPA shall review claims for eligibility against dates of services covered under HealthSelect.
- The TPA shall process HealthSelect Participants' submitted claims. Each claim payment must include an EOB for HealthSelect network, non-network and out-of-area services. The TPA must submit all claim forms and sample EOBs to ERS as an attachment to the Proposal for ERS' review and approval.

C.6.b. In the event the TPA issues excess payments or payments for ineligible claims or Participants, it will:

- Take all steps necessary to recover the overpayment, including recoupment (offset) from Participants or provider's subsequent claim payments.
- Assume 100% liability for mispayments which result from policy, TPA or system errors attributable to the TPA in whole or in part.
- Refrain from initiating litigation to recover such overpayment unless authorized by ERS.
- Provide ERS with detailed reports on a monthly basis that itemize the amounts of each overpayment; the reason for the overpayment; a listing of payees with outstanding overpayment recoveries due; an accounting of: (a) prior balances of recoveries due, (b) current month overpayments, (c) recoveries, (d) new balances, and (e) percentage of overpayment dollars recovered; and an aging of receivables report for 30, 60, 90 and 91+ days.
- Reimburse the HealthSelect Plan for any covered services to a former HealthSelect Participant reported by ERS as no longer a plan Participant, if the TPA receives such notification at least two (2) full business days prior to the date of such services.

C.6.c. The TPA shall provide legal services and litigation support. Legal services and litigation support include, but are not limited to, the TPA assisting and supporting ERS in administrative hearings and providing its own legal representation in administrative hearings, lawsuits, and subrogation-related suits when appropriate. The TPA shall coordinate its legal services and legal support with the ERS Legal Services division.

C.6.d. The TPA shall investigate unusual or extraordinary charges to determine all relevant circumstances and report to ERS its findings. The TPA's medical staff shall determine eligible charges, subject to the final authority of ERS on all claims matters.

C.6.e. HealthSelect claims filed by Participants shall be processed within fifteen (15) calendar days of submission to the TPA unless additional information and/or investigation is required.

C.6.f. The TPA shall process and pay HealthSelect claims using its own funds first before seeking reimbursement from ERS on a weekly basis. The required reimbursement methodology is described in Article IV. *GBP Self-Funded Basic Coverage Program, Section C, Funding Methodology.*

- C.7. **Claim Payments.** The TPA shall process claims utilizing the contracted discount arrangements negotiated with participating providers.
- C.7.a. The TPA shall have an automated process for tracking and resolving incomplete or pended claims.
- C.7.b. The TPA shall proactively attempt to resolve issues with claims requiring additional information for proper adjudication, including member eligibility, referral, authorization, coordination of benefits, or workers' compensation information.
- C.7.c. The TPA shall have a dedicated, experienced claims processing team that will be permanently assigned to the GBP account during the Contract term and throughout the run out period.
- C.7.d. After the contract terminates, the TPA is required to continue processing run-out claims for two (2) years. Following the run-out period, the TPA must turn over to GBP any pending items such as outstanding claim issues, un-cashed checks, etc. Unclaimed funds shall be returned to ERS for placement in the Employee Life, Accident and Health Insurance Benefits Fund. These funds are insurance trust funds and do not escheat to the state.
- C.8. **Network.** The selected TPA shall have in place a preferred provider network which will offer access to all GBP Participants statewide. Additional consideration will be given to any TPA offering a national provider network.
- C.8.a. The TPA is responsible for having a network available that can provide access to all covered services under this Contract.
- C.8.b. The TPA shall include a broad pharmacy network for all GBP Participants, if applicable.
- C.8.c. ERS requires that network providers be responsible for obtaining all necessary re-certifications and prior authorizations and for paying any assessed penalties for not obtaining necessary authorizations.
- C.8.d. The TPA shall cover the services of Advanced Practice Nurses under the GBP Benefit plan to the extent permitted by all applicable statutes and regulations.
- C.9. **Reporting.** The TPA agrees that all data required by ERS shall be confidential and will not be public information unless ERS specifically authorizes otherwise. The TPA further agrees not to disclose this or similar information to any other person or entity, including a competing company, either directly or indirectly, unless required to do so by law or specifically authorized by ERS.
- C.9.a. The TPA shall provide monthly and quarterly reports as required by ERS. A sample of the TPA's standard reports must be submitted with its Proposal. The reports shall be submitted to ERS as further required herein
- C.9.b. The TPA senior account management staff shall provide to ERS a monthly report of cases that have the potential to incur large expenditures impacting the HealthSelect Plan. The report shall include the patient's name, diagnosis, prognosis, and a brief clinical summary.
- C.9.c. At the request of ERS and at the TPA's expense, the TPA agrees to participate in an annual customer satisfaction survey, such as the current version of the National Committee on Quality Assurance ("NCQA"), CAHPS or a similar survey tool identified by ERS, using established guidelines. A third party must conduct any such survey.
- C.9.d. At the request of ERS, the TPA shall submit additional *ad hoc* reports on information and data readily available to the TPA at no additional expense to ERS or the GBP.
- C.9.e. ERS will determine the acceptability of all files and reports submitted based upon timeliness, format and content. If reports are not deemed to be acceptable or have not been submitted as requested, the TPA will receive written notice to this effect and the applicable liquidated damages shall apply.

- C.10. **Review by an Independent Review Organization (“IRO”)**
- C.10.a. HealthSelect shall permit any party residing in Texas whose request for preauthorization of the medical necessity of proposed treatment has been denied, and the TPA has sustained the determination, to seek review of that determination by an IRO as further described in the MBPD whether or not a life-threatening condition is involved. The IRO process will be detailed and shall be implemented as described in the MBPD.
- C.10.b. Any cost associated with the IRO process must be recovered solely through the administrative fees submitted with this Proposal.
- C.11. **Subrogation and Reimbursement.**
- C.11.a. Subrogation and Reimbursement may apply when another party (person or organization) is or may be considered responsible for payment resulting from a Participant’s injury or sickness for which benefits under HealthSelect shall be or have been provided. The TPA shall provide subrogation services, which will include, but not be limited to, investigating claims to determine potential third-party liability, contacting Participants to obtain information related to third-party liability, initiating demands and assessments to protect HealthSelect’s interests, supporting intervention in litigation when necessary, enforcing remedies for violation by Participants of their subrogation and reimbursement obligations (including, but not limited to, termination of coverage).
- C.11.b. When a Provider settles with or is found liable for medical malpractice, the TPA will seek recoupment of benefits paid in connection with services negligently rendered by Provider prior to seeking subrogation from Participant. The TPA will be expected to incorporate a provision in the TPA’s contracts with Providers to implement this provision.
- C.11.c. The TPA shall be responsible for all costs associated with subrogation activities and litigation. The TPA’s provision for such costs should be included in its administrative fee.
- C.12. **Fraud and Abuse.** The TPA shall use automated systems to detect fraud and misuse of the program, overpayments, wrongful or incorrect payments, unusual or extraordinary charges and verification of enrollment and unnecessary medical treatment. The TPA shall also conduct thorough, diligent, and timely investigations with regard to fraudulent and suspicious claims and immediately upon discovery, notify ERS’ Director of Benefit Contracts of any fraudulent or suspicious activity, the TPA shall also provide a monthly report on all such suspicious claims to ERS’ Benefit Contracts division. The TPA understands that ERS may develop further policies in connection with the detection and prevention of fraud or abuse of the GBP and HealthSelect. The TPA shall comply with all applicable laws and regulations and shall also comply with all ERS policies and is encouraged to develop additional safeguards as allowed by law. The Contract has additional requirements in this regard. Examples of standards for detecting fraud and abuse are as follows:
- The TPA shall provide a toll-free number and an Internet link for Participants to report fraud and abuse.
 - The TPA shall utilize EOBs for the tracking of phantom billing.
 - The TPA shall monitor the licensure of providers to ensure claims of non-licensed providers are denied.
- C.12.a. The TPA shall maintain a complete and accurate claims reporting system and provide for the retention, maintenance, and storage of all payment records with provision for appropriate reporting to ERS. The TPA shall maintain all such records throughout the term of the Contract and for at least seven (7) years following the end of the Contract, and shall make such records accessible and available to ERS for inspection and audit upon ERS’ request. In the event the TPA is scheduled to destroy payment records, the TPA must contact ERS for approval prior to the destruction of the payment records. If ERS approves destruction, verification of the destroyed records shall be required at ERS’ direction. In the event there arises any claim, dispute or litigation concerning the Contract, the period of access and examination described above shall continue until the disposition of such claim, dispute, or litigation is final. The Contract has additional requirements regarding audits.
- C.12.b. The TPA shall provide to ERS on a monthly basis a detailed paid claims file including capitation fees via SFTP within a site-to-site VPN tunnel and the file shall be encrypted with ERS’ public key (PGP) in a format as required by ERS. The claims file will include, but not be

limited to, all health care services for HealthSelect Participants paid during the month. This file will be due to ERS no later than the 15th of the month for the previous month's claim payments. Notwithstanding the foregoing, ERS shall at all times have online access to de-identified data as necessary.

- C.12.c. The TPA must provide for an independent audit of every claim in excess of \$25,000. ERS shall have reasonable access to such audit and to any information in connection with such audit findings.
- C.12.d. The TPA shall maintain and make available to ERS, both through hard copy and online access, appropriate provider payment profiles for the correct pricing of services and timely payment.
- C.12.e. The TPA shall have the ability to provide EOB information electronically on a real-time basis to the firm that administers the TexFlex Health Care Reimbursement Account Plan.
- C.12.f. The TPA shall accumulate claim payment statistics and develop reports in the normal course of the TPA's business or at least monthly, or as required by ERS. The TPA shall provide copies of all such reports and any audits in connection with the reports to ERS.
- C.12.g. The TPA shall provide online access to statistical information associated with HealthSelect. The information will include current fiscal year information and the full twelve (12) months of the previous fiscal year. The TPA shall furnish all necessary software and hardware at no additional cost to ERS. The Contract shall have additional requirements in this regard.
- C.12.h. Although the HealthSelect PDP may be administered by an independent PBM, the TPA shall be required to include the appropriate pharmacy copayments and PBM logos on the HealthSelect ID cards prior to mailing to Participants.
- C.12.i. The TPA must coordinate with the PBM to exchange Participant health care information for the purposes of educating network providers and pharmacies regarding any requirements related to prescription drug dispensing and usage, and insuring Participant safety through utilization review.
- C.12.j. The TPA's utilization review unit shall provide referrals and authorization of medically necessary services.
- C.12.k. The TPA shall provide certain reports that are required to administer a self-funded plan including, but not limited to IRS Form 1099.
- C.12.l. The TPA shall provide legal and technical assistance as it relates to the operation and administration of HealthSelect.
- C.13. **Provider Network Management Requirements.** The TPA shall provide all services specified in this Article and in Article IX, including, but not limited to the following:
 - C.13.a. The TPA shall provide initial and ongoing recruitment, credentialing and contracting with a sufficient number of qualified and duly licensed Health Care Providers, as defined herein, in good standing with the state of Texas, to provide the full range of covered benefits and services in the network service areas. The TPA shall provide ongoing management of network providers in accordance with applicable laws, regulations, credentialing criteria, and provider contracting provisions.
 - C.13.b. The TPA shall provide initial and ongoing provider education to ensure that network providers are familiar with and knowledgeable of the benefits (including any benefit design changes) and other plan provisions.
 - C.13.c. The TPA shall provide ongoing review of the fees paid to network providers and recommend adjustments as appropriate, subject to consultation with and approval by ERS.
 - C.13.d. The TPA shall provide ongoing review and reports as requested regarding network provider accessibility with respect to driving time and appointment waiting time.

- C.13.e. The TPA shall conduct an ongoing provider quality assurance review to be monitored via periodic Participant surveys and other reporting mechanisms.
- C.13.f. As it relates to the management of the provider network, the TPA shall provide ongoing utilization management, including preauthorization of services and monitoring, and enforcement of compliance with medical protocol.
- C.13.g. As it relates to the management of the provider network, the TPA shall provide ongoing review of complaints received from Participants and providers and respond as necessary and appropriate; monitor the denials of benefits made under the utilization management program to maintain the appropriateness of the medical protocol; and provide information to ERS about the utilization management program as requested.
- C.13.h. When requested by ERS, the TPA shall recruit additional providers for the network on a general, regional or specific basis.
- C.13.i. As it relates to the management of the provider network, the TPA shall provide to an authorized representative of ERS, for ERS' approval, a template or form letter or other means of standardized communication prior to sending, disseminating or otherwise providing such written or oral communications to any person or entity reasonably connected to or involved in HealthSelect or the GBP. The TPA shall regularly review, revise and update where necessary, all information contained on its website that relates to or may be utilized by HealthSelect and any of its Participants.
- C.13.j. As it relates to the management of the provider network, the TPA must include in its Provider contracts a provision stating that Providers may not condition treatment of Participants on any requirement that Participant agrees not to discuss Provider's services in any forum.

D. TPA Program Reporting

D.1. Actuarial Reporting

- D.1.a. As previously noted, ERS retains a consulting actuary on insurance matters. The consulting actuary assists and advises the ERS staff on benefit plan design, Proposal review, and the TPA's Price Proposal analysis. ERS staff or the consulting actuary may, from time to time, request the TPA to provide additional information specific to the HealthSelect Plan. The TPA shall cooperate with and act in good faith in working with ERS and/or the consulting actuary and shall be prepared to respond to these requests promptly. In that regard, or for other GBP Program purposes, from time to time ERS may, on an *ad hoc* basis, request that the TPA prepare customized reports on a timely basis at no additional cost to ERS.
- D.1.b. The TPA shall submit to ERS' consulting actuary, at minimum, on a monthly basis and to an ERS agency designee on a timeframe to be defined post contract award, via SFTP within a site-to-site VPN tunnel and the file shall be encrypted with ERS' public key (PGP), all medical claims processed during the previous calendar month. This data shall be used by ERS' Benefit Contracts Underwriting section to analyze claims experience and reconcile the weekly invoices. Notwithstanding the foregoing, ERS shall at all times have online access to such information at no additional charge. The detailed medical claims file shall include at least the information described in Appendix K.
- D.1.c. The TPA shall notify ERS' Benefit Contracts AD of all identified issues in connection with reports and/or audit findings, and provide supporting documentation for all such reports.
- D.1.d. The TPA should be able to periodically provide the utilization and cost information contained in the data in Appendix K. The TPA shall be required to provide a monthly report showing monthly paid claims allocated by month of incurral (similar to Exhibit I in Appendix K). This report is due to ERS by the 5th day of the month following the month of payment.

D.2. Administrative Reporting Requirements

ERS shall utilize information reported by the TPA to proactively monitor trends and to identify/address variances on targeted TPA performance requirements. ERS shall specify the reporting timelines, quality standards and formats. Some formats shall include a column indicating a performance standard for the item being reported that ERS shall use as a

benchmark to monitor compliance and to analyze the reported statistics. A sample of the administrative reporting requirements is referenced in Appendix R. Minimum reporting requirements shall include, but not be limited to the following:

- Performance Guarantee reports as required;
- Customer Service Standards;
- Utilization and Experience History;
- Statistical information (i.e., Lag report);
- Online access to any TPA data warehouse; and
- *Ad hoc* reports at ERS' request.

Reports shall vary in frequency and scope based on ERS' designation after selection of the TPA and execution of the Contract as reflected herein. However, all reports provided by the TPA shall reflect quality production with attention to detail, accurate data, and meet additional requirements as specified by ERS. Costs associated with reporting shall be included in the TPA's *Proposal Response Format*, Article VI.

To ensure the accuracy of the self-reported information and reliability of the TPA's internal operational controls, the TPA shall provide documentation verifying all reported statistics associated with the *Performance Guarantees* referenced in Appendix G or implementation of other legal remedies available to ERS in the Contract. The document type and due date shall be specified by ERS.

D.3. **Annual Reporting Requirements.** The TPA shall be required to submit GBP utilization and cost data on an annual basis using the ERS-prescribed format by January 15th following the end of the fiscal year. For example: by January 15, 2014, the participating TPA shall be required to provide utilization and cost data for the experience period September 1, 2012 through August 31, 2013. These obligations survive termination of the Contract for any reason, and the TPA is required to provide the required experience information for the previous fiscal year regardless of whether or not the TPA continues as a participating TPA under the GBP.

D.3.a. If TPA is proposing a POS product, the TPA shall also be required to provide an annual report via CD-ROM that shows the number of GBP Participants assigned to each of the TPA's PCPs. The report shall include the PCP's last name, first name, license number (issued by the Texas Medical Board), office, ZIP Code and the number of GBP Participants assigned. For example:

Table 2 – Report Layout Example

Last Name	First Name	License Number	ZIP Code	# of GBP Participants
Brown	John	A7777	78701	5
Doe	Jane	B8888	75238	20
Smith	Joe	C9999	77041	10

D.4. **Quarterly Reporting Requirements.** ERS requires the TPA to provide the following reports as reflected in Sections VIII.D.4.a. - VIII.D.4.b. below using either GBP-specific or book of business statistics: Subrogation Reimbursements and Cost Management Activity Report (Fraud and EOI Misrepresentation). The data shall include the entire previous quarter, and shall be received in the ERS-prescribed format via email by the 20th of the following month at quarter end. The current requirements are:

D.4.a. **Subrogation Reimbursements.** This report tracks Subrogation cases that involve ERS Legal.

Fiscal Year	Total Recoveries
FY2013	
FY2014	
FY2015	
Grand Total	

D.4.b. **Cost Management Activity Report (Fraud & EOI Misrepresentation).** This report provides a narrative describing the activity of the Fraud Investigations Division with regard to projects the dedicated Analyst is currently working, as well as arrests, convictions and other law enforcement activity related to healthcare fraud. It also includes a summary of the activity for the EOI Misrepresentation program.

Activity	Q1	Q2	Q3	Q4	YTD
Referrals					
Cases of Interest					
Opened Cases					
Closed Cases					
Cases Referred to Law Enforcement					
Recoveries Subtotal					
Hospital Audits – Post Payment Audits					
Recovery Claim Count					
Recovery Subtotal					
Subrogation with ERS Legal					
Case Count					
Subrogation Savings Subtotal					
Prepayment Claims Edits: Costs Avoided					
Ineligible Claim Count					
Duplicate Charges					
Non-Covered Charges					
Ineligible Members					
Incomplete claims documentation, ineligible amount such as late charges and other					
Prepayment Claims Edits Subtotal					
System Claim Count					
Recoveries Subtotal					
Grand Total: Cost Containment Activity					

D.5. **Monthly Reporting Requirements.** ERS requires the TPA to provide the following reports as reflected in Sections VIII.D.5.a. - VIII.D.5.c. below using either GBP-specific or book of business statistics: Monthly Administrative Performance Report, Provider Network Additions/Terminations Detail Report, Claims Timeliness (“TAT”), Hospital Credit, and Invoice Credits. The data shall include the entire previous month, and shall be received in the ERS-prescribed format via email by the 20th of the following month. Failure to provide the required data may result in a monetary assessment as required in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract. The required data and format are subject to change as required by ERS. The current requirements are:

D.5.a. **Claims Timeliness (TAT).** This report provides the percentage of claims processed in fifteen (15) or thirty (30) days, average processing time by claim type, total processing days for all claims. Claims Timeliness report is delivered on a monthly basis.

Claim Type	Total Claims Paid	0-15 Days		0-30 Days		Total Average Days	Total Cycle Days
		Number	Percentage	Number	Percentage		
Prof/Other Medical Provider Claims							
Prof/Other Medical Provider Medicare							

Claims							
Facility Claims							
Facility Medicare Claims							
Total Claims							

D.5.b. **Hospital Credits.** This report tracks hospital audit recoveries for both hospital audits on a monthly basis and summed by fiscal year.

Month	Total Number of Hospital Claims	Amount Applied to Claims
September		
October		
November		
December		
January		
February		
March		
April		
May		
June		
July		
August		
Total		

D.5.c. **Invoice Credit.** This report describes the details of credits to the weekly invoice.

Weekly Invoice	Auditor Recoveries	Manual Refunds	Fraud Settlements	Subrogation Claim Refund	Other one time credits	J-Code Audit	Summary
1/8/11							
1/15/11							
1/22/11							
1/29/11							
Q1 Total							
4/8/11							
4/15/11							
Q2 Total							
Q3 Total							
Q4 Total							
Fiscal Year Total							

D.5.d. **Monthly Administrative Performance Report.** This document reflects the specific Contract performance areas upon which the TPA must report each month. The last tab of the document reflects the calculation and methodology used to identify the reported measure. On an annual basis, the TPA will be responsible for providing ERS with the source document in order to allow ERS the opportunity to certify that the self-reported data is accurate. A sample monthly administrative performance report is referenced in Appendix S.

ERS shall utilize information reported by the TPA to proactively monitor trends and to identify/address variances on the targeted TPA performance requirements. ERS shall specify the reporting timelines and formats. Some formats shall include a column indicating a performance standard for the item being reported that ERS shall use as a benchmark to monitor compliance and to analyze the reported statistics. The standard to be reported is based on availability in the following order of priority:

1. Stated in the Contract;
2. As required by applicable statute or regulation;
3. The TPA internal standard; or
4. Generally accepted industry standard.

To ensure the accuracy of the self-reported information and reliability of the TPA's internal operational controls, the TPA shall provide documentation verifying the statistics. The document type and due date shall be specified by ERS.

The statistics required to be reported by the TPA include, but are not limited to:

- The number of written and emailed complaints received from GBP Participants, and the average length of time to resolve those complaints. Complaints shall be resolved within thirty (30) calendar days.
- The number of and percentage of ID cards mailed within five (5) business days of the TPA's receipt of enrollment data from ERS or Participant request.
- The number of and percentage of MBPDs mailed within five (5) business days of the TPA's receipt of enrollment data from ERS or Participant request.
- Answer time, in seconds, for calls in the queue.
- Average call-blockage rate.
- Provider network additions and terminations, by primary care, specialty and facility.
- GBP-specific dollars recovered through fraud investigation activity.

D.5.e. **Monthly Provider Network Additions/Terminations Detail Report.** This information is utilized by ERS to proactively monitor and respond to changes in the provider network. The following data elements are required in the ERS-prescribed format: Provider Name, Provider Specialty, Full Provider Address, Date Provider Added To or Terminated from the Network.

To ensure the accuracy of the self-reported information and reliability of the TPA's internal operational controls, the TPA shall provide documentation verifying the statistics. The document type and due date shall be specified by ERS and is not intended to convey proprietary and confidential provider contracting information.

D.5.f. **Claims Lag Report.** The TPA shall be required to submit a claim lag report outlining the total number and amount of claims paid for state Employees, Higher Education Employees and Total Employees for incurred claim amounts by payment duration and benefit duration. Payment duration is the number of months since the incurral of service. Benefit duration is the duration (in years) of enrollment for the Participant.

D.5.g. The TPA shall provide ERS with monthly reporting of HealthSelect-specific data relating to these requirements. In addition, an auditing firm shall conduct an annual audit of the TPA on behalf of ERS to determine compliance with these and other standards. The TPA's compliance with all Contract requirements will be a factor ERS will weigh when considering renewal.

D.5.h. **Other Reporting Requirements.** The TPA shall submit to ERS varied reports on a monthly basis. This data shall be used by ERS to analyze the health program. Notwithstanding the foregoing, ERS shall at all times have online access to health program statistical reporting information with search capabilities at no additional charge to ERS. The information shall include current and previous years' data. Monthly reporting requirements shall include, but not be limited to, the following:

- Bariatric Surgery Statistics; and
- Health Risk Assessment information.

D.5.i. **Special Reporting Requirements.** The TPA shall provide ERS with knowledgeable dedicated personnel resources to provide varied reports and analytical data as requested by ERS. This data shall be used by ERS to analyze the health program. The information shall include current and previous year data. Special reporting requirements shall include, but not be limited to, the following:

- Trend Reporting;
- Annual Statistical Report;
- Cost Management & Fraud Report; and
- Other *ad hoc* reports.

ERS may request the TPA to provide additional, customized *ad hoc* reports specific to the health program. The TPA shall cooperate, act in good faith in working with ERS, and shall be prepared to respond to these requests promptly at no additional costs to ERS.

E. Coordination with Other GBP Vendors

- E.1. The TPA shall coordinate with all other GBP Vendors as required by ERS. Other GBP Vendors currently are:
- E.2. **TexFlex.** TexFlex is an Internal Revenue Code Section 125 cafeteria plan that allows Participants to establish health care reimbursement accounts and to pay certain unreimbursed charges with pre-tax funds. ERS' Flexible Spending Account administrator, PayFlex Systems USA, Inc., currently provides flexible benefits claims administrative services under the GBP.
- E.3. **Pharmacy Benefit Manager.** The HealthSelect PDP is administered through a PBM selected by ERS through a separate RFP process. ERS currently utilizes Caremark, L.L.C. as its PBM for all GBP Participants. Regardless of the PBM utilized to administer the PDP, the TPA shall be required to coordinate with the designated PBM to include the appropriate pharmacy copayments and PBM logos on the ID cards prior to mailing to program Participants, as required in Sections VII.C.9. – VII.C.9.e.
- E.4. **Life and Disability Provider.** Fort Dearborn Life Insurance Company (“FDL”) currently underwrites and administers Group Term Life Insurance and Accidental Death and Dismemberment Insurance (“AD&D”) and Group Disability Income coverages for Participants covered in the GBP. The TPA may be required to coordinate basic life participation with FDL.
- E.5. The TPA shall have the capability to coordinate with the Dental program Vendor to exchange patient dental care information only as necessary to administer dental benefits pertaining to maxillofacial surgical procedures for the correction of damage caused by unexpected injury to healthy natural teeth. The dental program is currently administered by HumanaDental.

F. Other Administrative Requirements

F.1. Site Visits

At ERS' discretion, agency personnel may conduct site visits at ERS' sole expense. The TPA may be asked to assist ERS staff with arranging and identifying travel and lodging arrangements that shall be in compliance with state of Texas travel guidelines.

F.2. Identification (“ID”) Cards

The TPA shall send an ID card to all new Participants, including dependents, who enrolled during AE within five (5) business days of the transfer of the final enrollment file at the end of AE. A draft copy of the ID card shall be included in the TPA's response.

- F.2.a. Subsequent to AE, the TPA shall issue ID cards within five (5) business days of the successful transfer of the enrollment file to the TPA. For on-going ID cards, the TPA shall send a new ID card to all adult Participants when a change is reported within five (5) business days following the TPA's receipt of the enrollment information. Once initially distributed, ID cards do not need to be replaced unless changes are made to Participant's name, or covered dependents or PCP information.

- F.2.b. In order to facilitate the issuance of the ID cards, the TPA shall assign each designated primary care provider with an office code or Provider ID number. The TPA shall use the same Office Code/Provider ID number in its printed material and website. The TPA shall use the Office Code/Provider ID number layout below.

Table 5 – Office Code/Provider ID Number Record Layout (218 bytes)

Column	Field Name	Format	Length
1	XBA_EMPLID_NBR	X	11
10	XBA_HLTH_CAR_CD	X	2
12	XBA_PTCPT_LAST_NM	X	40
52	XBA_PTCPT_FIRST_NM	X	20
72	XBA_PTCPT_MID_NM	X	20

92	XBA_PCP_NBR	X	15
107	XBA_DPEN_ID_NBR	X	9
116	XBA_DPEN_LAST_NM	X	40
156	XBA_DPEN_FIRST_NM	X	20
176	XBA_DPEN_MID_NM	X	20
196	XBA_DPEN_BIRTH_DT	X	8
204	XBA_DPEN_PCP_NBR	X	15

G. Data Exchange and Services Supplement related to Early Retiree Reinsurance Program (“ERRP”)

The TPA shall provide information and/or services to or on behalf of ERS related to ERS’ participation in the federal Early Retiree Reinsurance Program (“ERRP”) established by Section 1102 of the Patient Protection and Affordable Care Act and administered by the U.S. Department of Health & Human Services (“HHS”) in 45 C.F.R. Part 149. The TPA will be requested to execute in *blue ink* the Data Exchange and Services Supplement with regard to ERRP. See Appendix P. Costs associated with the ERRP, if any, should be included in the TPA’s *Proposal Response Format*, Article VI.

IX. Provider Network Requirements

A. Network Requirements

ERS requires that the HealthSelect network area be subject to stringent requirements of provider accessibility, credentialing and contracting, local medical management and utilization management, and quality assurance.

- A.1. **Provider Accessibility and Availability.** The TPA must provide documentation on CD-ROM using ERS required format (included in this Article) to describe its existing provider network. Separate documentation must be provided for each of the following: (i) hospitals, (ii) primary care physicians (PCPs), (iii) specialty care physicians, and (iv) behavioral health providers. As an example, the current HealthSelect PCP directory is included in Appendix N.

ERS shall utilize GeoAccess software to evaluate provider network availability and accessibility using TDI access requirements as well as HealthSelect-specific access standards. ERS shall also conduct a disruption analysis to determine the number of Participants who may potentially have to change primary care physicians as a result of current network physicians not being included in the TPA's provider network.

ERS requires the TPA to provide a GeoAccess report for the proposed provider network. The access standard to be used is two (2) medical providers within fifteen (15) miles of an employee's residence (or ZIP code). The analysis should be submitted by general practitioners (PCPs), which include family practice, general practice, internal medicine, pediatrician and OB/GYN if used as a PCP. Hospitals should be provided on the basis of one (1) facility within fifteen (15) miles of an employee's residence. In addition, submit the listing of ZIP codes where the desired access is not met for each of the outlined provider types. Pharmacies should be provided on the basis of two (2) pharmacies within five (5) and ten (10) miles of an employee's residence.

For Participants residing in-area, network provider accessibility shall be assured through the TPA's adherence to requirements concerning appointment waiting time and driving time and/or distance.

- A.1.a. **Appointment Waiting Time.** The maximum acceptable waiting periods for physician appointments shall meet standards established by the TDI and accepted by ERS. The TPA is responsible for complying with any revisions to these standards. Current standards are:
- Urgent care shall be provided within twenty-four (24) hours of contact by the Participant or a person acting on behalf of the Participant;
 - For all other routine appointments, it shall be offered within three (3) weeks from the date the Participant or a person acting on behalf of the Participant contacts the physician or provider for an appointment; and
 - Preventive health services shall be offered to a child within two (2) months and to an adult within three (3) months from the date the Participant or a person acting on behalf of the Participant contacts the provider for an appointment.

- A.1.b. **Driving Time/Distance.** In urban areas, the network should have two (2) PCPs, common specialties, and one (1) general service hospital within the lesser of fifteen (15) miles or thirty (30) minutes driving time of each in-area Participant's residence. (This does not apply to out-of-area Participants opting into in-area status.) ERS is flexible, but shall require reasonable standards for less common specialists and tertiary care and specialty hospitals.

In rural areas, the network should have adequate providers to allow reasonable access considering the number and location of providers practicing in the area. ERS shall review rural area networks based on one (1) PCP and one (1) hospital within thirty (30) miles and specialty care within seventy-five (75) miles from site of eligibility.

- A.2. **Provider Contracts.** The TPA must have a valid contract with each provider submitted in its Proposal. The Contract shall include, but not be limited to, agreements regarding accessibility, adherence to medical protocols, utilization management and quality assurance standards, reporting requirements, claims procedures and fee arrangements. The following requirements apply to network provider Contracts:

- A.2.a. Network providers shall not balance bill any GBP Participant, ERS or the state of Texas. If any network provider initiates any actions whatsoever, including correspondence, telephone calls or personal visits, to collect from ERS, or any Participants or the state of Texas, amounts over and above allowable copayments or coinsurance amounts, for services rendered, excluding services not covered under the Plan, the TPA shall initiate and maintain such necessary action to stop the provider or employee, agent, assign, trustee, or successor in interest from maintaining that action against ERS, any Participant, or the state of Texas.
- A.2.b. Unless prohibited or limited by applicable law, at least forty-five (45) days prior to the effective date of the TPA's termination of any provider's contract without cause, the TPA shall notify ERS and shall make reasonable efforts to notify affected current Participants in writing. The written notice shall include the name of the terminated provider, the names of other providers available to the Participants, and the effective dates of the changes. Upon any such termination with cause, the TPA shall notify ERS as soon as possible upon determining to terminate the provider, but in no event later than the next business day. Following termination, the TPA must also use reasonable efforts to notify affected Participants in writing of such termination. If the provider initiates termination of its contract with the TPA, the TPA will immediately notify ERS and make reasonable efforts to notify affected current Participants in writing.
- A.2.c. The TPA must require all Network Providers to carry sufficient professional and general liability coverage.
- A.3. **Provider Credentialing/Recredentialing.** The network shall be comprised of providers who have been subjected to a rigorous credentialing process conducted by the TPA. The TPA is required to describe and discuss its credentialing/recredentialing process in the interregatories. The TPA acknowledges it has sole responsibility for credentialing, recredentialing and contracting with all network providers. The TPA warrants it has acted and shall continue to act in good faith and has used its best efforts to diligently screen and investigate the credentials of all health care providers prior to allowing same to participate in the TPA's network. This includes, but is not limited to, all health care providers participating in the network, continuing throughout the entire term of the Contract. The TPA will contract only with licensed health care providers in good standing in their profession and with the appropriate state and/or federal licensing and regulatory agencies.
- A.4. **Local Medical Management.** The TPA shall have a medical director (a physician licensed in the state of Texas and in good standing) with final authority on medical necessity decisions. Further, the TPA must provide evidence of interaction between the medical director and network providers via such arrangements as medical protocol committees and utilization review groups.
- A.5. **Utilization Review.** The TPA shall be responsible for cost containment procedures, which will include but not be limited to, preauthorization and utilization review activities. Its network providers will be responsible for all preauthorization activities such as:
- Inpatient hospital admission;
 - Skilled nursing care in a skilled nursing facility;
 - Private-duty nursing;
 - Home health care;
 - Hospice care;
 - Home infusion therapy;
 - Prescribing of generic drugs whenever possible; and
 - Compliance with medical protocols.
- A.5.a. All preauthorization activities specified in Section IX.A.5. above shall be initiated by and be the responsibility of the network providers. The Participant shall not be responsible for satisfaction of these requirements if care is obtained through a network provider after initial consultation with a PCP.
- A.6. **Quality Assurance.** The TPA shall have in place processes to monitor the provider network, the quality of patient care and Participant satisfaction.

B. Provider Accessibility & Availability Format

The TPA must provide one (1) file for each of the following proposed provider networks: (i) hospitals, (ii) primary care physicians, (iii) specialty care physicians, and (iv) behavioral health providers.

Failure to properly identify the data may result in a delay in the review of the TPA's response. **NOTE:** The documentation required is more detailed than what is generally listed in the TPA's provider directory.

Should the TPA have any questions regarding formatting requirements, send inquiries to the ivendorquestions@ers.state.tx.us.

C. Formatting Requirements

C.1. The format may not be altered. **No other format will be accepted. The required format is a fixed-length Excel spreadsheet.**

C.1.a All required data fields must be completed. If not, the Proposal will **not** be considered complete. **Blank records, abbreviated names or extra fields are not acceptable.**

C.1.b. Only those specialty codes provided by ERS are valid, as listed in this section.

C.1.c. Format Examples – (fixed length Excel spreadsheet)

D. Reporting of Providers

D.1. The following format **must** be used to create the hospital network. The hospital network must be submitted in a separate file on a CD-ROM.

Table 1 - Hospital Reporting Format

ITEM NO.	FIELD NAME	FORMAT	LENGTH	FIELD DESCRIPTION
1	TAX ID #	Numeric	9	
2	NAME	Character	50	Hospital Name
3	ADDRESS1	Character	30	Hospital Street Name
4	ADDRESS2	Character	30	Additional Street Information
5	CITY	Character	25	Hospital City Location
6	ZIP	Numeric	5	Hospital STREET Address ZIP Code

D.2. **Primary Care Physicians.** The following format **must** be used to create the primary care physician network. The primary care physician network must be submitted in a separate file on a CD-ROM.

Table 2 - Primary Care Physician Reporting Format

ITEM NO.	FIELD NAME	FORMAT	LENGTH	FIELD DESCRIPTION
1	LICENSE #	Character	5	Physician's Medical License
2	LAST NAME	Character	50	Physician's Last Name
3	FIRST NAME	Character	30	Physician's First Name
4	MI	Character	2	Physician's Middle Initial
5	ADDRESS1	Character	30	Primary Street Address of Physician's Office (NO P. O. Boxes)
6	ADDRESS2	Character	30	Additional Address Information (Suite #, Floor, etc.)
7	CITY	Character	25	Physician's City Location

8	ZIP	Numeric	5	Physician's STREET Address ZIP code
9	SPEC	Character	4	Use the values for Specialty type: FP =Family Practice GP =General Practice IM =Internal Medicine PD =Pediatrician OBG =OB/GYN if used as a PCP
10	STATUS	Character	3	O =Open Practice C =Closed Practice
11	AFF	Character	3	Affiliated with a group: Y=Yes or N=No
12	GROUP	Character	30	Name of group practice

- D.3. **Specialty Care Physicians, including Ancillary Providers.** The following format **must** be used to create the specialty care physician network. The specialty care physician/ancillary provider network must be submitted in a separate file on a CD-ROM.

Table 3 - Specialty Care Physicians Reporting Format

ITEM NO.	FIELD NAME	FORMAT	LENGTH	FIELD DESCRIPTION
1	LICENSE #	Character	5	Physician's Medical License
2	LAST NAME	Character	50	Physician's Last Name
3	FIRST NAME	Character	30	Physician's First Name
4	MI	Character	2	Physician's Middle Initial
5	ADDRESS1	Character	30	Primary Street Address of Physician's Office (NO P. O. Boxes)
6	ADDRESS2	Character	30	Additional Address Information (Suite #, Floor, etc.)
7	CITY	Character	25	Physician's City Location
8	ZIP	Numeric	5	Physician's STREET Address ZIP code
9	SPEC	Character	4	See Table 4 below.
10	AFF	Character	3	Affiliated with a group: Y=Yes or N=No
11	GROUP	Character	30	Name of group practice

Table 4 - Specialty Values List

Two-Digit Code	Specialty
AI	Allergy and Immunology
AN	Anesthesiology
CD	Cardiovascular Disease
D	Dermatology
EM	Emergency Medicine
GE	Gastroenterology
GS	General Surgery
GYN	Gynecology
N	Neurology
NEP	Nephrology
NP	Neuropathology
NPM	Neonatal-Perinatal Medicine
NTR	Nutrition
OBG	Obstetrics & Gynecology (Not a PCP)
ON	Oncology
OPH	Ophthalmology
ORS	Orthopedic Surgery
ENT	Otolaryngology
PSY	Psychiatry
PM	Physical Medicine & Rehab
PUD	Pulmonary Diseases
RHU	Rheumatology Urology
OTH	All Other Specialties
ANCIL	Ancillary Provider

D.4. **Behavioral Health Providers.** The following format **must** be used to create the behavioral health provider network on a CD-ROM.

Table 5 – Behavioral Health Providers Reporting Format

ITEM NO.	FIELD NAME	FORMAT	LENGTH	FIELD DESCRIPTION
1	LICENSE #	Character	5	Physician's Medical License
2	LAST NAME	Character	50	Physician's Last Name
3	FIRST NAME	Character	30	Physician's First Name
4	MI	Character	2	Physician's Middle Initial
5	ADDRESS1	Character	30	Primary Street Address of Physician's Office (NO P. O. Boxes)
6	ADDRESS2	Character	30	Additional Address Information (Suite #, Floor, etc.)
7	CITY	Character	25	Physician's City Location
8	ZIP	Numeric	5	Physician's STREET Address ZIP code
9	SPEC	Character	4	Use the values for Specialty type: LCSW = Licensed Clinical Social Worker LCDC = Licensed Chemical Dependency Counselor LPA = Licensed Psychological Associate LPC = Licensed Professional Counselor LMFT = Licensed Marriage & Family Therapist PSY = Psychiatry PSYD = Doctor of Psychology (certified as a health service provider) SLP = Licensed Speech Language Pathologist
10	AFF	Character	3	Affiliated with a group: Y=Yes or N=No
11	GROUP	Character	30	Name of group practice

X. Information Systems Requirements

This Article describes system requirements including information security, data processing interface requirements, enrollment and eligibility, security breach and fraud, web specifications and data warehousing, as mandated by ERS. The TPA shall administer the Plan in a manner consistent with all applicable state and federal laws and regulations, as well as ERS' administrative rules and at the direction of the ERS Board, its Executive Director, and ERS staff. The cost of the requirements described herein shall be recovered by the TPA only by making provisions for such expenses in the TPA's *Proposal Response Format* in Article VI.

A. Systems Requirements

A.1. Data Processing Interface

A.1.a. **Enrollment/Eligibility.** ERS is responsible for determining the eligibility of Participants in the Health Program and for reporting coverage. ERS provides a 100% Weekly Enrollment Interface File via SFTP within a site-to-site VPN tunnel and the file shall be encrypted with the ERS' public key (PGP). The TPA's corresponding enrollment records shall be updated within twenty-four (24) hours of receipt of the SFTP file to reflect any adjustments based on the data provided by ERS as required in Appendix G, *Performance Guarantees* or implementation of other legal remedies available to ERS in the Contract

Health Program Participants are responsible for their own AE choices. The Participants' selections shall be processed and reported to the TPA in ERS OnLine format in the 100% Weekly Enrollment Interface file. The TPA shall implement automated enrollment (i.e., via telephone and Internet) and accept enrollment via verbal instruction from an ERS authorized representative to allow the Participant immediate access to benefits. The TPA shall adjust appropriate information in its enrollment system immediately upon receiving updated Participant eligibility information from an ERS representative.

SFTP. The TPA is required to accept enrollment and all other data transmission via SFTP within a site-to-site VPN tunnel and the file shall be encrypted with ERS' public key (PGP) on a daily basis and, therefore, shall be capable of accepting enrollment via SFTP within a site-to-site VPN tunnel and the file shall be encrypted with ERS' public key (PGP). Enhancements for future plan years during the initial term of the Contract are likely to require the TPA to accept enrollment on a real-time basis. The TPA shall utilize SFTP within a site-to-site VPN tunnel and the file shall be encrypted with ERS' public key (PGP) as the primary means of transferring data and/or files to ERS.

ERS may report future effective dates for changes during AE. The TPA shall be required to accept data via SFTP within a site-to-site VPN tunnel, and shall be prepared to accept reporting of future effective dates by June 1st of each plan year.

File Layouts. The file layouts that ERS uses to report to the TPA on a weekly and monthly basis are included as Appendix I.

A.1.b. **ERS OnLine.** ERS provides the TPA with the opportunity to view ERS' enrollment system through web access. The TPA shall be prepared to access ERS OnLine via web access on the last business day of May 2012. The TPA shall utilize the enrollment information to assist in the verification of eligibility. The TPA shall provide Customer Service staff proficient with the ERS OnLine system during all ERS designated customer service hours. The TPA shall expend the necessary funds to provide electronic access to ERS' enrollment system by all departments involved in customer service, eligibility, and enrollment administration.

For the purpose of responding to this RFP, the TPA shall recover any costs involved in the adaptation of its system requirements to those set forth by ERS only through Article VI, *Proposal Response Format*.

A.1.c. **File Interface.** The TPA shall be fully capable of accepting and processing all File Interfaces on or before May 1, 2012. ERS will define the file layouts as specified in Appendix I. All files with confidential data, as defined by ERS, shall be encrypted at the file level (PGP) and while in transit (VPN and SFTP).

- A.1.d. **Information Security.** The TPA shall comply with the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, TBCC and information security standards as outlined in Title 1, Texas Administrative Code § 202. Further, the TPA shall comply with the requirements for handling and use of personal information. The execution of the Data Security and Breach Notification will be required prior to final execution of a Contract.
- A.1.d.1. The TPA shall ensure the confidentiality, integrity, and availability of Participant and Program information through the utilization of mutually agreed upon industry best practices coordinated with the Information Security Officer of ERS.
- A.1.d.2. The TPA shall establish a Secure Sockets Layer (“SSL”) and/or Transport Layer Security (“TLS”) layer below the standard SFTP protocol to encrypt the control and/or data channels. SSL/TLS protocols are to be utilized to prevent unauthorized disclosure of personal identifying information. The TPA shall be fully capable of accepting and implementing all Program information via SFTP within a site-to-site VPN tunnel.
- A.1.e. **Encrypted Data Files.** The TPA shall maintain duplicate or back-up computer encrypted data files maintained securely in connection with all HealthSelect Programs in a secure, hardened facility which provides environmental and access controls. The TPA shall utilize 256Bit AES encryption standard for tapes or equivalent backup medium. Decryption keys shall be access controlled and provided to ERS upon demand.
- A.1.e.1. All computer data files of the Plan, as maintained by the TPA, shall at all times remain the property of ERS notwithstanding the fact that such records may be stored upon or within one or more computer or data retention systems owned, operated, or leased by the TPA.
- A.1.e.2. Electronic communications, to include, but not be limited to, email and file transfers, between the TPA and ERS shall be encrypted to protect Participant’s confidential information.
- A.1.f. **Multi-Factor Authentication.** The TPA shall provide non-repudiation services up to and including second factor authentication on all transactions.
- A.1.g. **Identity Theft Enforcement and Protection Act.** Texas Business and Commerce Code (521.001, *et seq.*). A person cannot obtain, transfer, possess, or use another’s personal identifying information without consent in order to get something of value in another’s name. Businesses must take reasonable steps to safeguard customers’ personal identifying information and must notify customers of any electronic security breach involving their sensitive personal information.
- A.1.h. **Security Breach.** The TPA shall comply with the Data Security and Breach Notification as attached hereto as Appendix D with regard to Security Breaches. In addition, the TPA shall comply with the BAA as attached hereto as Appendix C.
- A.1.i. **Data Files.** The TPA shall maintain a complete and accurate reporting system, and provide for the retention, maintenance, and storage of all Program and Participant records for appropriate reporting to ERS. The TPA shall securely maintain all such records throughout the term of the Contract, and for at least seven (7) years or as dictated by statute following the end of the Contract, and shall make such records accessible and available to ERS for inspection and audit upon ERS’ request. In addition, the TPA shall maintain such records indefinitely to the extent there is any legal action, investigation or audit related to the Contract and the TPA is notified of same.
- A.1.j. **Data/Records Availability.** At all reasonable times, ERS or its representatives shall have access to ERS and HealthSelect records. To the extent that any such records are to be maintained upon a computer system or any other data retention system which is not owned by the TPA, the TPA shall provide ERS with assurances from the owner of such computer facilities, satisfactory to ERS, of continued availability and security of such records at all times. ERS must be permitted to personally inspect such facilities and systems.
- A.1.k. **Data/Records Retention.** The TPA shall maintain records in accordance with the Contract. In the event the TPA is scheduled to destroy records, the TPA shall contact ERS for approval prior to the destruction of the payment records. If ERS approves destruction, verification of the destroyed records shall be required at ERS’ direction.

- A.1.l. **Fraud Detection.** The TPA shall use a comprehensive plan, including automated systems, to prevent and detect fraud and misuse of the program, overpayments, wrongful or incorrect payments, and falsification of eligibility, verification of enrollment and unnecessary and/or wrongful medical practices and abuses. The TPA shall comply with all applicable state and federal laws and regulations and shall also comply with all ERS policies, and is encouraged to develop additional safeguards as allowed by law. The TPA understands that ERS may develop further policies in connection with the detection and prevention of fraud or abuse. The TPA shall also conduct thorough, diligent, and timely investigations with regard to fraudulent and suspicious claims, and report all such suspicious claims to ERS' Benefit Contracts division. The Contract contains additional anti-fraud and abuse requirements. Examples of practices for preventing and detecting health care provider fraud and abuse include, but are not limited to:
- Enhancing prospective medical services utilization review to prevent waste;
 - Using technology at the point of service to prevent abuse and errors;
 - Using data and education to change provider behavior; and
 - Auditing claims data to profile both providers and clients.
- A.1.m. **IVR System.** The TPA shall provide all annual updates and/or equipment re-configurations for future years no later than the first business day of May of each subsequent year.
- A.1.n. **Mobile Devices.** All laptop computers, mobile devices and external storage devices which contain, process, or interact with ERS data shall be encrypted at rest. If ERS data is to be transmitted using a mobile device or laptop computer, the transmission shall be encrypted as well.
- A.2. **Web Specifications**
- A.2.a. **TPA Website Technical Specifications.** ERS' primary focus in its web page design is to provide information to state and higher education employees, retirees and their dependents. The TPA shall adhere to all website access, format, content, and technical requirements outlined in both the ADA and Section 508 of the Rehabilitation Act in order to accommodate the needs of all individuals accessing information.
- A.2.b. **Section 508 Requirement.** The TPA shall comply with Section 508 accessibility standards. Section 508 requires that when state agencies develop, procure, maintain, or use electronic and information technology, they shall ensure that its information technology allows state employees and members of the public with disabilities to have access to and use of information and data that is comparable to the access to and use of information and data by state employees and members of the public who are not individuals with disabilities, unless an undue burden would be imposed on the state agency. In other words, all visitors to the ERS website should get a full and complete understanding of the information contained on the site, as well as the full and complete ability to interact with the site. Exceptions to this rule are only acceptable on a case-by-case basis and shall require prior approval by ERS.
- A.2.c. To validate the TPA's Section 508 compliance, the TPA shall provide a report in responding to this RFP evidencing its organization's Section 508, Level 1, compliance.
- A.2.d. **TPA's Internet Availability.** The TPA providing Internet access to GBP HealthSelect Participants guarantees that the Internet Availability Rate for each Fiscal Year shall be 99.5% or greater. "Internet Availability Rate" means the percentage of available hours that the TPA's GBP-specific Internet site is operational, excluding scheduled and pre-approved maintenance time, measured on a Plan Year basis, as reflected in Appendix G, *Performance Guarantees* or implementation of other legal remedies available to ERS in the Contract
- The TPA shall correct inaccuracies within ten (10) days of being notified by ERS, as reflected in Appendix G, *Performance Guarantees* or implementation of other legal remedies available to ERS in the Contract.
- A.2.e. **ERS Internet Specification.** In addition to ADA and Section 508 requirements, the TPA shall adhere to the following website guidelines:
- The TPA's web page shall be compatible with a wide spectrum of web browsers, including, but not limited to:
 - Microsoft Internet Explorer IE v6 or newer SP 1 ("Service Pack");

- Netscape 7.0;
- Mozilla Firefox 3.5 or newer;
- Apple Safari 4.0 or newer;
- If providing a PDF document, assure ADA and Section 508 compliance;
- Warn user if “cookies” are used; however, do not use permanent “cookies”;
- When linking to an external file (i.e., PDF, Word, etc.), reflect the file size and type;
- List ERS-approved security and privacy policies on the TPA’s GBP-specific Home page;
- Reflect the ERS logo or appropriate branding on the TPA’s GBP-specific Home page as specified by ERS for each plan year;
- Create text for all links used that makes sense when read out of context. For example, avoid “click here”;
- The TPA shall maintain Single Sign-On (“SSO”) capabilities for security access;
- Each page of the TPA’s website shall have a link back to the GBP-specific Home page; and
- The TPA’s website shall use SSL wherever Participant’s Personally Identifiable Information is presented.

A.2.f. **Testing prior to Rolling Out Program Changes.** The TPA shall provide testing environments for all circumstances utilized prior to rolling out program changes that run the logic to achieve predicted outcomes of programming prior to pushing-out a new process or enhancement/modification of an existing program.

A.2.g. **XML.** Standardized method of extracting content on the TPA websites, through “feeds.” The TPA shall be prepared to provide ERS with XML-tagged content.

A.2.h. **Single-Sign-On (“SSO”).** ERS expects that the selected TPA shall act in good faith and cooperate with ERS in the implementation of SSO environment with respect to ERS’ external website and the TPA’s website. As further described in the Contractual Agreement, ERS member records are confidential by law, and ERS maintains other records and information that the TPA shall have access to and which the TPA must keep confidential. Additionally, the Contractual Agreement contains prohibitions on using GBP Participant information for marketing purposes. The TPA must cooperate with ERS in implementing a SSO environment that complies with these provisions of the Contract.

XI. Organizational Information

The TPA and HDHP TPA will submit separate organizational information in its response.

A. Information required of Organization responding to RFP:

A.1. The TPA's full legal name, physical/email address(es), and telephone/facsimile numbers.

Full legal name: [Redacted]
Physical address: [Redacted]
Email address: [Redacted]
Telephone number: [Redacted]
Facsimile number: [Redacted]

A.2. Identify the TPA's type of incorporation:

Publicly owned Privately owned
 For Profit Not-for-Profit / Non-Profit

A.3. In which state was the TPA's incorporation or formation? [Redacted]

A.4. Date of state of Texas license or Certificate of Authority from TDI. [Redacted]

A.4.a. If the TPA is licensed through TDI as a TPA, include a copy of the TPA's current Certificate of Authority. [Redacted]

A.5. Is the TPA required to maintain any other license(s)? If so, describe and confirm the validity of any valid license(s). [Redacted]

A.6. Has the TPA ever had its certificate of authority or license to conduct business in Texas revoked? Yes No

If yes, explain. [Redacted]

A.7. Provide the date that managed health care services were first provided by the TPA. [Redacted]

A.7.a. Type of managed health care services provided, i.e., HDHP, PPO, POS, HMO, etc. [Redacted]

A.8. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for **the person authorized to execute this Proposal** and any subsequent contract that may be awarded. **This person shall be a company vice president or higher level in authority.**

Name: [Redacted]
Title: [Redacted]
Mailing address: [Redacted]
Email address: [Redacted]
Telephone number: [Redacted]
Facsimile number: [Redacted]
Biographical summary: [Redacted]

A.9. Provide the name(s), title(s), mailing/email address(es), and telephone/facsimile number(s) and biographical summary for **the individual(s)** responsible for the preparation of all materials contained in the TPA's Proposal (other than the *Proposal Format Response*).

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

A.10. Provide the firm/attorney names, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the person who shall serve as the **TPA's Legal Counsel** and/or all such information as it relates to any outside law firm retained by the TPA for purposes of the TPA's RFP Proposal or Contract performance.

Firm name: [REDACTED]
Attorney name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

A.11. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the person who shall serve as the **TPA's Account Management Team Lead**.

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

A.12. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the person who shall serve as the **TPA's Account Implementation Team Lead**.

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

A.13. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **individual** responsible for preparation of the **TPA's Proposal Response Format** submitted in Article VI.

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

A.14. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **TPA's Account Liaison**.

Name: [Redacted]
Title: [Redacted]
Mailing address: [Redacted]
Email address: [Redacted]
Telephone number: [Redacted]
Facsimile number: [Redacted]
Biographical summary: [Redacted]

A.15. Provide the name(s), title(s), and corporate affiliation to the TPA's firm of **ALL officers and ALL directors or principals, as applicable**. List each in the following format:

Name: [Redacted]
Title: [Redacted]
Corporate affiliation: [Redacted]

A.16. Does the TPA propose to utilize subcontractors in the performance, delivery and provision of services and products requested hereunder? Yes No

A.17. If applicable, provide the information below for each subcontractor and specify what services may be performed by each subcontractor. List each in the following format:

Name: [Redacted]
Mailing address: [Redacted]
Email address: [Redacted]
Telephone number: [Redacted]
Facsimile number: [Redacted]
Services performed: [Redacted]

A.18. Confirm the TPA's understanding, acknowledgement and agreement that the TPA shall be fully liable and responsible for the performance of any subcontractor that the TPA utilizes to perform any of the services, coverages, etc. required under the RFP and Contractual Agreement. Confirm

A.18.a. Confirm the TPA's understanding, acknowledgement and agreement that all services performed in support of the RFP and Contractual Agreement be solely executed in the United States. Confirm

A.19. Provide a company-wide organizational chart reflecting employee name(s) and title(s) for the TPA and any subcontractor(s) (if applicable) to be utilized in support of this Contract. Chart should also identify those positions open but not yet filled.

The TPA's organizational chart: [Redacted]
Subcontractor organizational charts: [Redacted]

A.20. Describe the staff (including numbers of full-time equivalent employees) that the TPA and any subcontractor shall utilize to perform, deliver and provide the services, coverages, benefits, equipment, supplies and products requested herein.

The TPA's staff description: [Redacted]
Subcontractor staff description: [Redacted]

A.21. How many of these employees are located in Texas? Describe the functions these employees perform.

Number of the TPA staff in Texas: [Redacted]
Description of TPA's staff functions: [Redacted]
If applicable, number of Subcontractor staff in Texas: [Redacted]
If applicable, description of Subcontractor staff functions: [Redacted]

A.22. Provide a list of individuals who shall comprise the TPA's proposed Account Service team and submit brief resumes, as applicable, for each team member. [Redacted]

A.23. Provide a list of individuals who shall comprise the TPA's proposed Implementation Team and submit brief resumes, as applicable, for each team member. [REDACTED]

A.24. Provide brief resume(s) identifying key personnel for the TPA's subcontractor who shall be responsible for any administrative and/or managerial functions of the Contract which shall include a listing of the TPA-related duties and length of time contracted with the TPA.

Subcontractor personnel resumes: [REDACTED]

A.25. Confirm that ALL relevant personnel's licensure(s), including subcontractors if applicable, shall be validated and current throughout the entire term of the Contract. Confirm

A.26. Provide the name, mailing/email addresses, telephone/facsimile numbers and contact person for the professional associations to which the TPA belongs.

Name: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Contact person: [REDACTED]

A.27. The TPA shall identify five (5) major employers or carriers for which the TPA currently provides benefits and/or managed care services. For these five (5) employers or carriers, the TPA shall provide the company name, the TPA's primary contact, title, email address, and telephone and facsimile numbers of representatives who are familiar with the TPA and/or managed care services the TPA provides for the services previously identified, the number of employees and dependents for whom health care benefits are administered and the annual health claims paid. Indicate the types of health care benefits services provided to each client.

Note: The TPA's Proposal to this request officially authorizes ERS to contact these organizations or any other person or entity to discuss the services that the TPA has provided and authorizes any person or entity contacted to provide such information to ERS, and shall release and hold harmless ERS and any person or entity contacted of any and all liability whatsoever, in connection with providing and receiving all such information. **The TPA may not provide sponsoring, parent organizations, subsidiaries, or subcontractors as references.**

Company name: [REDACTED]
Account primary contact: [REDACTED]
Title: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Type of relationship: [REDACTED]
Number of employees and dependents benefits administered: [REDACTED]
Annual health claims paid: [REDACTED]
Health care benefits provided: [REDACTED]

A.28. Provide the names of **ANY** organizations that have **non-renewed** the TPA's services, other than because of mergers and acquisitions, within the last five (5) years. What is the name, title and telephone number of the representative of the entity who is familiar with the services and other consideration the TPA provided? Indicate the types of health care benefits that were provided to each client.

Note: The TPA's Proposal to this request officially authorizes ERS to contact these organizations or any other person or entity to discuss the services and other considerations that the TPA has provided for its employees and dependents, and authorizes the organizations or any other persons or entities to provide such information to ERS, and shall release and hold harmless ERS and any person or entity contacted of any and all liability whatsoever, in connection with providing and receiving all such information. **The TPA may**

not provide sponsoring, parent organizations, subsidiaries, or subcontractors as references.

Company name: [redacted]
Account primary contact: [redacted]
Title: [redacted]
Email address: [redacted]
Telephone number: [redacted]
Facsimile number: [redacted]
Type of relationship: [redacted]
Number of employees and dependents benefits administered: [redacted]

A.29. Provide the names of **ANY** organizations that have **terminated** the TPA's services, other than because of mergers and acquisitions, within the last five (5) years. What is the name, title and telephone number of the representative of the entity who is familiar with the services and other consideration the TPA provides? Indicate the types of health care benefits that were provided to each client.

Note: The TPA's Proposal to this request officially authorizes ERS to contact these organizations or any other person or entity to discuss the services and other considerations that the TPA has provided for its employees and dependents, and authorizes the organizations or any other persons or entities to provide such information to ERS, and shall release and hold harmless ERS and any person or entity contacted of any and all liability whatsoever, in connection with providing and receiving all such information. **The TPA may not provide sponsoring, parent organizations, subsidiaries, or subcontractors as references.**

Company name: [redacted]
Account primary contact: [redacted]
Title: [redacted]
Email address: [redacted]
Telephone number: [redacted]
Facsimile number: [redacted]
Type of relationship: [redacted]
Number of employees and dependents benefits administered: [redacted]

A.30. Does the TPA currently offer HDHP with HSA services in the state of Texas? Yes No

If so, identify all of the TPA's current clients, the service types provided, and their relative plan size.

Current client: [redacted]
Service provided: [redacted]
Plan size: [redacted]

Note: The TPA's Proposal to this request officially authorizes ERS to contact these organizations or any other person or entity to discuss the services and other considerations that the TPA has provided for its employees and dependents, and authorizes the organizations or any other persons or entities to provide such information to ERS, and shall release and hold harmless ERS and any person or entity contacted of any and all liability whatsoever, in connection with providing and receiving all such information. **The TPA may not provide sponsoring, parent organizations, subsidiaries, or subcontractors as references.**

Company name: [redacted]
Account primary contact: [redacted]
Title: [redacted]
Email address: [redacted]
Telephone number: [redacted]
Facsimile number: [redacted]
Type of relationship: [redacted]

B. Legal Disclosure Requirements

- B.1. For the past ten (10) year period, describe any litigation, regulatory proceedings, investigations, and/or inquiries completed, pending or threatened against the TPA and/or any of its related affiliates, officers, directors, parent companies, subcontractors and any individuals identified by the TPA who will be performing any services and providing coverages required under the RFP and Contractual Agreement. Identify the case number, date filed, full style of each suit, proceeding, inquiry or investigation, including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution, if any. **The TPA shall not refer ERS to any third party websites or other sources in order for ERS to obtain this information. The TPA must address each aspect of the above paragraph in its Proposal to this question.**

Case Number:
Date filed:
Full style of matter:
County and State:
Regulatory Body:
Brief summary:
Current status:
Resolution:

- B.2. Provide a schedule and describe in detail previous contract implementation breakdowns, performance assessments, contract disputes resulting in suit or settlement and/or contract breaches for the **past ten (10) years** (if any) by the TPA, and discuss all measures the TPA took to rectify the situation or remedy the breach. Please separate by governmental and non-governmental clients indicating the reason for the assessment and the amount paid. **List in most recent chronological order.**

Governmental:
Non-governmental:
Action taken to resolve issue:
Assessment amount paid:

- B.3. Confirm that neither the TPA nor any of its affiliates, subsidiaries, employees, principals, directors, or officers, nor, to its knowledge, the TPA's agents, assigns, representatives, independent contractors, and/or subcontractors, who are involved, either directly or indirectly, in the TPA's performance of the Contract, are or may, in the time such parties become involved, be the subjects of any inquiry, investigation, suit, action or prosecution by any state or federal regulatory or law enforcement authority, including, but not limited to, such actions by the U.S. Department of Justice or the offices of any states' attorney general, the U.S. Department of Labor, Department of Health & Human Services, Centers for Medicare and Medicaid Services, or any self-regulatory organization with oversight authorization over the TPA or such parties concerning any violation of state and federal statutes, rules, regulations, or other laws. Confirm

- B.3.a. During the past ten (10) years, describe any investigations, proceedings, suits, inquiries or disciplinary actions by any state or federal regulatory agency, states' attorney general or any other law enforcement or applicable oversight body against the TPA and/or any of its related affiliates, officers, directors and any person or subcontractor performing any part of the services or providing any of the coverages or supplies in connection with the Contract. Identify the full style of each disciplinary action, suit, inquiry, proceeding or investigation including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution, if any. **The TPA shall not refer ERS to any third-party websites or other sources in order for ERS to obtain this information. The TPA must address each aspect of the above paragraph in its Proposal to this question.**

Case Number:
Date filed:
Full style of matter:
County and State:
Regulatory Body:
Brief summary:

Current status: [REDACTED]
Resolution: [REDACTED]

- B.4. Describe any pending agreements, negotiations, and/or offers to merge or sell the TPA's organization. This should include any joint ventures or other financial arrangements regarding a pending change in ownership of the TPA's organization. [REDACTED]
- B.4.a. Disclose any obligation or arrangement to purchase another firm that would involve substantial commitment of assets or capital. [REDACTED]
- B.4.b. If applicable, outline the anticipated timelines for the actions reflected in the TPA's responses to items XI.B.4. and XI.B.4.a. above. [REDACTED]
- B.4.c. Confirm that the TPA shall notify ERS' Executive Director immediately upon reaching any form of binding agreement in connection with any merger, acquisition or reorganization of the TPA's management as permitted by applicable law. Confirm
- B.5. Confirm that the TPA shall notify the Director of Benefit Contracts with any anticipated changes to the ERS' Account Management and/or Implementation Team(s) structure and the TPA's Senior Officers. Confirm
- B.6. Does the TPA sell or report any data from its clients, either specifically or in aggregate, to any organizations? Yes No
- B.6.a. If yes, disclose the arrangements and information shared in detail. [REDACTED]
- B.7. Provide a copy of the TPA's current fidelity and liability insurance declarations page reflecting the required coverage limits as specified in the Contractual Agreement. [REDACTED]
- B.7.a. Describe the various types of insurance coverage and indemnification provided to protect clients, including for each insurance type: risks covered, carriers, levels, limits, and deductibles. [REDACTED]
- B.8. Describe the errors and omissions coverage to be provided by the TPA. [REDACTED]
- B.9. Confirm that TPA agrees to add ERS as an additional insured on each such policy.
 Confirm

C. Data and Information Services

- C.1. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **TPA's Privacy Officer**.
- Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]
- C.1.a. Is the TPA currently in compliance with all HIPAA requirements? Yes No
- C.1.b. Please provide a brief description of any HIPAA violations alleged against the TPA.
- C.1.c. Confirm that the TPA has the ability to transmit HIPAA-related data from and to its site via secured site-to-site VPN or other federally approved means of data transmission. Confirm
- C.2. Confirm the TPA's ability to accept data via SFTP within a site-to-site VPN tunnel. Confirm

C.3. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **Security Compliance Officer**.

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

C.4. Confirm that the TPA has the ability to transmit encrypted data from and to its site via secured direct transmission line or other federally approved means of data transmission.
 Confirm

C.5. Confirm that the TPA is currently in compliance with requirements of the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code Chapter 48: Unauthorized Use of Identifying Information or the information security standards as specified in Texas Administrative Code §§ 202.20 – 202.25 & § 202.27.
 Confirm

C.6. Provide a brief description of any violations alleged against the TPA with regard to the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code Chapter 521: Unauthorized Use of Identifying Information or the information security standards as specified in Texas Administrative Code §§ 202.20 – 202.25 & § 202.27. [REDACTED]

C.7. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **TPA's Technical Consultant** contact for SFTP file management and system service concerns.

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

C.8. Related to the TPA's administrative and customer service support functions, what are the TPA's contingency plans and procedures for providing back-up service in the event of strike, natural disaster, act of God, backlog, or other events that might interrupt, delay or shut-down service? [REDACTED]

C.9. Provide a copy of the TPA's disaster recovery plan and/or business resumption plan including the results of the TPA's most recent test of the plan. [REDACTED]

D. Financial Reporting Requirements

D.1. The TPA shall provide copies of the TPA's 2009 and 2010, or most current NAIC annual statement and a copy of the TPA's most recent audited financial statement. [REDACTED]

D.2. For each year contracted, the TPA shall submit a copy of its annual audited financial statement by the last business day of June. Affirm that the TPA will provide financial statements as required. [REDACTED]

D.3. Is the TPA's company a subsidiary or affiliate of another company? Yes No

If yes, provide full disclosure of all direct or indirect ownership and include an organization chart depicting the parent company, other companies owned by the parent company, and any subsidiary relationships. [REDACTED]

D.4. Does the TPA have a sponsoring or parent company? Yes No

- D.4.a. Does the TPA have any understandings, legal relationships or financial agreements with any other entity? Yes No
- D.4.b. If yes, state the name and address of any sponsoring or parent organization, others who provide financial support to the TPA and please describe.
- Full Legal Name: [REDACTED]
Mailing Address: [REDACTED]
Type of Support: [REDACTED]
Type of Relationship: [REDACTED]
- D.4.c. Provide an indication of the type of support, i.e., guarantees, letters of credit, etc., if applicable. [REDACTED]
- D.4.d. Provide the maximum limits of additional financial support from other entities or persons, if applicable. [REDACTED]
- D.4.e. Provide a copy of the sponsoring or parent organization's most current audited financial statement, if applicable. [REDACTED]
- D.5. Provide a copy of the TPA's current SAS 70, Level 2, report, if applicable. [REDACTED]
- D.5.a. Provide a copy of the TPA's sponsoring or parent company's current SAS 70, Level 2, report, if applicable. [REDACTED]
- D.6. The TPA shall confirm compliance with the Sarbanes-Oxley Act of 2002, if applicable.
Confirm [REDACTED]
- D.7. Provide copies of ratings and reports on the TPA issued by independent insurance rating organizations or similar entities, e.g., A.M. Best's, Moody's, NCQA, Standard & Poor's, etc.

XII. Deviations

ERS shall interpret any lack of deviation as the TPA's full agreement to the provisions of the Contractual Agreement and RFP requirements unless specifically and unequivocally stated in detail under XII., Deviations in the TPA's Proposal. ERS shall interpret the TPA's Proposal to match the specifications herein except for deviations specifically noted and described in response to this item. Deviations will not become a part of the final Contract unless expressly accepted by ERS and agreed to by ERS in writing. In all cases, the RFP and all Contractual Agreement terms shall control. In the event of any conflict between the two, the terms of the Contractual Agreement shall prevail.

Deviations, which are strongly discouraged, must be specifically identified below in order to be considered. General references to or comparisons with a different standard shall not be considered as satisfactory identification of a deviation and shall be deemed void. The TPA understands and agrees that ERS is relying on the truth and accuracy of the TPA's Proposal, that the TPA shall comply with all requirements set forth throughout the entire RFP, and that ERS shall interpret the TPA's Proposal to match the RFP specifications, except for deviations specifically noted and described below.

- A.1. Affirm that the TPA shall comply with all of the **Instructions** described in **Article I** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:

- A.2. Affirm that the TPA shall comply with all of the **Proposal Evaluation Criteria** described in **Article II** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:

- A.3. Affirm that the TPA shall comply with all of the **Eligibility and Program Information Requirements** described in **Article III** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:

- A.4. Affirm that the TPA shall comply with all of the **GBP Self-Funded Basic Coverage Program Requirements** described in **Article IV** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:

- A.5. Affirm that the TPA shall comply with all of the **Pilot Programs and Other Services Requirements** described in **Article V** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:

- A.6. Affirm that the TPA shall comply with all of the **Proposal Response Format Requirements** described in **Article VI**, and bound to the rates the TPA provides in Proposal to the Rate Proposal Section of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:
- A.7. Affirm that the TPA shall comply with all of the **Communication Requirements** described in **Article VII** of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:
- A.8. Affirm that the TPA shall comply with all of the **Operational Specifications Requirements** described in **Article VIII** of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:
- A.9. Affirm that the TPA shall comply with all of the **Provider Network Requirements** described in **Article IX** of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:
- A.10. Affirm that the TPA shall comply with all of the **Information Systems Requirements** described in **Article X** of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:
- A.11. Affirm that the TPA shall comply with all of the **Organizational Information** described in **Article XI** of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:
- A.12. Affirm that the TPA shall comply with all of the **Interrogatories** described in **Article XIII** of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the TPA's Proposal and these specifications.
The TPA's Requested Deviation Detail:
- A.13. While deviations to the Contractual Agreement are strongly discouraged, clearly identify any provisions found in the Contractual Agreement, referenced as Appendix B, to which the TPA is requesting a deviation. ERS is seeking a TPA that will agree to, and comply with, all provisions of the Contractual Agreement. ERS shall presume that the TPA agrees with and will execute the Contractual Agreement unless it clearly and unequivocally specifies any deviations thereto in the TPA's Proposal. In any event, ERS shall not be required to accept any deviations to the Contractual Agreement or to the terms of this RFP. Any such deviations must be specifically

agreed to in writing by ERS before they shall form a part of the final agreement between ERS and the chosen TPA.

- A.13.a. Affirm that the TPA shall comply with all of the provisions in the **Contractual Agreement** provided in **Appendix B** of this RFP.

Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Contractual Agreement deviation.

The TPA's Requested Deviation Detail:

- A.14. Affirm that the TPA shall comply with all of the provisions provided in **Appendix C, Business Associate Agreement** of this RFP.

Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix C, Business Associate Agreement deviation.

The TPA's Requested Deviation Detail:

- A.15. Affirm that the TPA shall comply with all of the provisions provided in **Appendix D, Data Security and Breach Notification** of this RFP.

Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix D, Data Security and Breach Notification deviation.

The TPA's Requested Deviation Detail:

- A.16. Affirm that the TPA shall comply with all of the provisions provided in **Appendix G, Performance Guarantees** of this RFP.

Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix G, Performance Guarantees deviation.

The TPA's Requested Deviation Detail:

- A.17. Affirm that the TPA shall comply with all of the provisions provided in **Appendix L, Grievance Procedure** of this RFP.

Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix L, Grievance Procedure deviation.

The TPA's Requested Deviation Detail:

- A.18. Affirm that the TPA shall comply with all of the provisions provided in **Appendix P, ERRP Data Exchange and Services Supplement** of this RFP.

Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix P, ERRP Data Exchange and Services Supplement deviation.

The TPA's Requested Deviation Detail:

XIII. Interrogatories

In order for the TPA's Proposal to be considered and accepted, the TPA must provide answers to all of the questions presented herein. Each question must be answered specifically and in detail. Reference should not be made to a prior response, or to another document, unless the question involved specifically provides such an option. Be sure to refer to the earlier articles of this RFP and the Contract before responding to any of the questions, so that the TPA has a complete understanding of all of ERS' requirements with respect to the bid. For purposes of the Contract and the RFP, "TPA" necessarily includes the TPA, its officers, directors, employees, representatives, agents, subsidiaries, affiliates and any subcontractors and independent contractors.

Answers to the questions included in this Article should be detailed enough to satisfactorily explain the TPA's position on each particular issue. It is the TPA's responsibility to respond to these questions in such a way that ERS has a full and complete understanding of its intent. **It is important that the TPA carefully defines any key words or phrases used in answering these questions that are not otherwise defined in the Contract or the RFP. The TPA's Proposal shall use the terms defined in the Contract and the RFP only as they are so defined.**

TPA acknowledges, understands and agrees that its responses to these Interrogatories and all other provisions of the RFP are material and are being relied on by ERS in connection with the selection of the TPA to provide the services, benefits, equipment, coverages, supplies, products and other services as specified in the RFP.

A. General Information

- A.1.a. Provide the TPA's managed care enrollment in Texas as of January 1, 2011.
- A.1.b. Provide the following aggregate claims information for 2010 and for:
 - Total claims paid under health plans insured or administered in the state of Texas.
- A.1.c. Describe procedures for notifying Participants of changes in network health care providers. How much notice is provided to Participants in the event the TPA terminates its Contract with a health care provider? How much notice does the TPA require the provider to give the organization prior to the health care provider terminating his/her Contract with the TPA?

A.2. Account Management

- A.2.a. Briefly outline the TPA's account management philosophy. Please include an outline of how the team members are compensated by the TPA.
- A.2.b. Describe the organization, location and structure of the account service team that shall (1) initially implement HealthSelect; and (2) provide ongoing program support for HealthSelect. Please provide a resume of each team member, including the TPA-related duties and length of time with the TPA.
- A.2.c. Provide a list of individuals who shall comprise the TPA's implementation team and submit resumes for each team member. Include individuals for the following categories:
 - Enrollment reporting:
 - Benefit processing:
 - Communication materials:
 - Grievance process:
 - Transition benefits:
 - Network enhancement:
 - Payments and reconciliation:
- A.2.d. Where would the person responsible for the account and client management be located?

Customer Service

- A.2.f. Provide a detailed description of the manner in which the TPA proposes to administer services to Participants. Include responses to the following:
 - A.2.f.1. Are all administrative services performed internally? If not, where is the administrative service facility located? If the TPA contracts with a management company for some or all of the TPA's administrative services, please specify the name of the company, the services provided and the method of reimbursement.
 - A.2.f.2. Provide the names and positions of the HealthSelect support staff (including numbers of full-time equivalent employees), which shall administer the HealthSelect plan. Indicate which of these employees are located in Texas. What is the turnover rate among this administrative staff for the past two (2) years?
- A.2.g. Describe the TPA's customer services unit, the manner in which it is accessed, its hours of operation and its handling of complaints and escalation procedures. Is this unit able to assist a Participant in choosing a PCP, if the TPA is proposing a POS?
- A.2.h. Describe the types of access the TPA provides to Participants with information regarding health care services, coverages, benefits, equipment, supplies and products and providers.
- A.2.i. Describe the procedure for handling customer service complaints and inquiries.
- A.2.j. What customer complaint tracking system does the TPA utilize? How long has this system been operational?
- A.2.k. Briefly outline recent system changes. Include any plans or timelines for scheduled future changes to the existing system.
- A.2.l. How will the customer service unit be staffed? What is the turnover rate for the TPA's non-management call center staff?
- A.2.m. How are after-hours customer service calls handled?
- A.2.n. How does the TPA track and monitor phone service on an account-specific basis?
- A.2.o. Does ERS have the ability to listen to the TPA's customer service calls in Austin?
- A.2.p. Does the TPA record phone calls? If so, how many and what criteria are used for selecting the calls for recording?
- A.2.q. Describe the TPA's methodology it would apply to the proposed call center metrics requirements referenced in Appendix O.
- A.2.r. What percentages of calls to the TPA's member services department are resolved on the first call?
- A.2.s. Does the TPA's CSR system support TTY, also known as a TDD (Telecommunications Device for the Deaf), technologies?
- A.2.t. Does the TPA currently conduct Participant satisfaction surveys? Provide a copy of the latest results of the TPA's most current survey. Does an outside organization perform the survey? The survey should provide the percentage of Participants who indicated that they were "satisfied" or "very satisfied" with the overall program.
- A.2.u. Does the TPA's CSR system support Spanish-speaking Participants?
- A.2.v. Does the TPA expect to make major changes to its service organization or facilities (e.g., moving to a different location, reorganizing or merging units)? If so, please describe.

Claims Processing

- A.2.w. Describe in detail, the claims processing facilities and procedures the TPA shall use if selected to administer HealthSelect. This response should include the following:
 - A.2.w.a. Where will the TPA process health claims? What are the hours of operation?
 - A.2.w.b. Describe the size and composition of the staff that shall be assigned to process HealthSelect claims.
 - A.2.w.c. Describe the claims processing system that the TPA would utilize in processing claims. How long has this system been operational?
 - A.2.w.d. Describe any procedures that have been established with providers, which are designed to expedite the processing of claims, e.g., electronic claims submission, and the extent to which such procedures are used. Also describe any arrangements, which the TPA has with providers that are designed to reduce or eliminate the Participant's responsibility for claims submission.
 - A.2.w.e. Describe the TPA's claims processing procedures for provider claims incurred outside of Texas. Does the TPA have contractual agreements with providers in other states that would result in savings for Participants residing outside of Texas?
 - A.2.w.f. Describe the steps performed to coordinate the processing of claims that use both network and non-network providers. How are network and out-of-network claims integrated for data accumulation purposes?
 - A.2.w.g. How does the TPA's claim processing system interact with enrollment and utilization review information?
 - A.2.w.h. Does the TPA have the ability to match ERS enrollment against the TPA's other client enrollment to determine duplicate coverages? If so, explain the verification process and identify the TPA's other clients that currently access this process.
 - A.2.w.i. Is there a dollar threshold that must be reached before an individual claim payment must be approved by a claims supervisor? If so, please describe.
 - A.2.w.j. Describe the nature and extent of claims processing quality assurance review procedures, including the review of work performed to ensure that data is accurate and complete. Is the quality review conducted on a prospective or retrospective basis? What is the frequency of such reviews?
 - A.2.w.k. What is the TPA's claims processing standard (number of days) which is applied to: (i) coordination of benefit claims, and (ii) non-coordination of benefit claims?
 - A.2.w.l. Provide the TPA's claim processing financial accuracy rate.
 - A.2.w.m. What is the average claims turnaround time?
 - A.2.x. What parameters does the TPA use to determine when a detailed audit of a claim is required?
 - A.2.y. Describe the TPA's process for determining whether or not a procedure is considered to be Experimental and Investigational.
 - A.2.y.a. Describe the professional and administrative staff used to make determinations that a service is or is not Experimental and Investigational.
 - A.2.y.b. Describe the process for and applicable staff involved with any decision to reconsider and reverse a denial based on Experimental and Investigational.
 - A.2.z. Is the TPA capable of separating HealthSelect claims payments from other books of business?

- A.2.aa. The TPA shall fully describe its process for identifying claim payments that have become stale dated and not negotiated within one hundred eighty (180) days of issue date. Description shall include processes for reissuance, float accounting and book of business reporting.
- A.2.bb. The TPA shall describe internal processes used to retain and report funds for pending claim payments. Process description shall include the use of holding accounts such as internal control accounts, the use of any overnight investing of these pending funds, and reporting of any gains from overnight investing.
- A.2.cc. Describe the TPA's process for determining whether or not a procedure is considered to be Medically Necessary.
- A.2.cc.a. Describe the professional and administrative staff used to make determinations that a service is or is not Medically Necessary.
- A.2.cc.b. Describe the process for and applicable staff involved with any decision to reconsider and reverse a denial based on Medically Necessary.

Reporting

- A.2.dd. Describe the TPA's reporting capability. Provide current samples of utilization and cost containment reports available. How often are these reports prepared? Describe the method that the TPA would use to determine the cost of any special reports that ERS might request.
- A.2.ee. Describe the TPA's reporting capabilities, timing and available delivery of reporting suite.
- A.2.ff. Fully describe how the TPA identifies and handles coordination of benefit issues on non-Medicare claimants.
- A.2.gg. ERS is exploring other methods to coordinate benefits with Medicare. Discuss any other methods other than standard COB methods the TPA is currently utilizing or is capable of utilizing.
- A.2.gg.a. What method is the most prevalent method used by the TPA?
- A.2.hh. Describe the TPA's experience and ability to provide claims-level data to a third-party, i.e., ERS' consulting actuary.
- A.2.ii. Describe the TPA's industry standard reporting package.
- A.2.jj. Are reports available electronically?
- A.2.kk. Other than processing of claims, describe, in detail, the facilities and procedures that the TPA will utilize in servicing the Contract. This response should include a description of:
 - A.2.kk.a. The underwriting staff and procedures the TPA shall use to carry out the EOI requirements of the Plan.
 - A.2.kk.b. The actuarial personnel that shall be available to confer with the ERS staff and consulting actuaries concerning rating and other financial issues.
 - A.2.kk.c. Legal and other expertise available to represent the TPA in administrative hearings and in litigation and to assist ERS in the execution of its duties under the Contract.
- A.2.ll. Provide a complete description of the resources and procedures, that the TPA intends to apply to the program in connection with the Communication Requirements described in Article VII. of this RFP.
- A.2.mm. Affirm that the TPA has the capability to accept enrollment data via SFTP within a site-to-site VPN tunnel and the file shall be encrypted with ERS' public key (PGP) on a real time basis.

A.3. **Utilization Review**

- A.3.a. Provide a detailed description of all aspects of the utilization review process that will apply to Participants. The TPA's response should include at least the following:
 - A.3.a.1. Whether utilization review is performed by the TPA's staff or through a contract with a third party. If so, identify the name, address and telephone number of the third party.
- A.3.b. The location and hours of operation of the facility or facilities from which utilization review activities shall be conducted.
- A.3.c. The types and number of licensed professionals and support staff who administer the utilization review program.
- A.3.d. A confirmation and a description of the manner in which the TPA shall comply with the statutory requirements concerning utilization review included in Art. 21.58A, Tex. Ins. Code.
- A.3.e. What credentials and/or qualifications are required for utilization review personnel?
- A.3.f. What percentage of utilization review referral and authorization requests are referred to the medical director?
- A.3.g. Describe the process available for any health care providers to appeal denied claims.
- A.3.h. How are utilization review protocols established? How often are such protocols revised?
- A.3.i. Explain in detail how the TPA detects overcharges, unnecessary or extensive hospital confinements, unnecessary medical treatment or other health care provider abuses.
- A.3.j. Explain the procedures and systems the TPA uses to prevent, deter, detect and investigate Participant and health care provider fraud or related issues, and how such a process shall be utilized in connection with the GBP and HealthSelect.
- A.3.k. Affirm that the TPA agrees to comply with any additional policies that ERS develops in connection with the detection and prevention of fraud or abuse in the GBP.
- A.3.l. Describe the TPA's preauthorization process, if applicable.

A.4. **Health Care Management/Network**

- A.4.a. Describe the service area(s) covered by the TPA's managed care network as of the date of submission of this Proposal. If the TPA's network service area does not cover the present HealthSelect service area, affirm the TPA's commitment to develop a comparable network and provide a proposed action plan to additional network recruiting through May 1, 2012. Provide timelines for accomplishing these tasks.
- A.4.b. Describe the TPA's network management. If the TPA contracts with a network management company, provide details of that arrangement.
- A.4.c. Describe the managed care networks currently available in Texas for HealthSelect. See Article IX, *Provider Network Requirements*, for instructions on submitting provider network documentation. The description should include a current copy of the provider directory for physicians, hospitals and ancillary providers. The provider directory should indicate any physicians not accepting new patients. How often are these updated? How often are they sent to Participants? Affirm that all providers included in the directory are under Contract as of January 1, 2011.
- A.4.d. The network description should indicate whether the TPA owns the network or if it is leased from another entity. If leased from another entity, fully describe that entity and the contractual relationship between the TPA's organization and the owner of the network. Also describe network usage fees, if any, and how they will be applied and charged back to ERS.

- A.4.e. If the TPA's network is not adequate to provide the access and services described herein, discuss the process the TPA shall follow in expanding the network. How much expansion does the TPA anticipate? Provide timelines for accomplishing these tasks.
- A.4.f. Affirm that the TPA provider contracts shall allow the TPA to comply with the requirements of this RFP and the Contract.
- A.4.g. Disclose any network medical facility in which the TPA, or any parent or affiliate organization, maintains a majority ownership and/or controlling interest.
- A.4.h. Does the TPA have contracts with primary care physician groups which require that specialty care referrals be made to a specified subset of the network's specialists? If so, give details.
- A.4.i. Does the TPA operate provider networks in other areas of the country that would be available to Participants living or visiting out-of-state? If so, specify which locales such networks serve.
- A.4.i.a. Are the out-of-state networks leased or proprietary? Is the TPA approved by TDI for reciprocity arrangements? If "yes", where? Describe such arrangements, if any.
- A.4.j. Does the TPA have contractual relationships of any kind with health care providers other than those in the TPA's managed care networks? If so, describe such relationships fully. ERS is particularly interested in contracts that provide discounted fees, no balance billing, etc. for Participants using non-network providers.
- A.4.k. Does the TPA have the ability to make available Web Consultations (telemedicine) for use in non-emergency situations? If so, what is the fee structure?
- A.4.l. Describe the TPA's Quality Assurance program.
- A.4.m. Has the TPA's network been reviewed by any other external agency or industry organization, i.e. NCQA? If so, provide a copy of the applicable documentation.
- A.4.n. Provide a detailed description of the TPA's credentialing and recredentialing processes for all health care providers. Does the TPA independently verify hospital staff privileges, licenses, board certification, etc.? Does the TPA obtain peer evaluation as a part of the credentialing and recredentialing process? In the credentialing process, how does the TPA assure that a practitioner shall make an adequate portion of his practice available to HealthSelect Participants?
- A.4.o. Does the TPA utilize Centers of Excellence (specialty care facilities) for the provision of certain high-cost, highly specialized procedures? If so, how are such facilities selected and credentialed, where are they located, and what procedures are referred to these facilities, etc.?
- A.4.p. Describe the professional and general liability insurance requirements for each type of health care provider in the TPA's network.
- A.4.q. What minimum periods are included in the TPA's health care provider Contracts concerning:
 - A.4.q.a. Provider's notice to not accept new patients?
 - A.4.q.b. Provider's intent to terminate?
 - A.4.q.c. The TPA's intent to terminate?
 - A.4.q.d. Providers will not balance bill GBP Participants, ERS or the state of Texas?
 - A.4.q.e. Provider's required continuation of care to existing network Participants following provider's termination from the network?
- A.4.r. Provide copies of sample Contracts used for each type of health care provider and each network location.

- A.4.s. What is the average turnover of network providers annually? Among these, what percentage was attributable to termination? Provide the reasons for termination of provider Contracts.
- A.4.t. Describe the TPA's transition plan.
- A.4.u. Provide the TPA's state of Texas vendor ID number (14-digit number).
- A.4.v. ERS is interested in the TPA's experience in working with clients to improve the cost efficiency of their health benefits programs. Describe the TPA's experience in providing cost containment enhancements to former and current clients.
- A.4.w. What quality assurance processes are provided in the TPA's system to ensure accurate programming of benefits?
- A.4.x. What disease management programs does the TPA offer?
- A.4.y. How does the TPA identify members, initiate the management and measure results of the TPA's disease management programs? How is return on investment calculated?
- A.4.z. Does the TPA have the capability to integrate medical information (e.g., ICD-9 and CPT codes derived from the plan's medical claims system) with prescription drug data? If so, please describe in detail the programs the TPA offers.

B. HDHP Administration

If TPA is going to offer an HDHP Proposal, answer the following:

- B.1.a. Does HDHP's standard HDHP Plan, which includes 100% coverage for preventive coverage, include a preventive drug list? Yes No
- B.1.b. If yes, what is HDHP's experience at the adherence rate for these drugs?
- B.1.c. Provide HDHP's preventive drug list.
- B.1.d. If HDHP does not provide a preventive drug list, describe how HDHP maintains rates for prescription drugs.
- B.1.e. The TPA shall confirm its understanding that applicable state and federal laws and regulations may change the eligibility and benefits requirements and parameters as described in the RFP, and TPA shall administer the Program(s) in accordance with all state and federal laws and regulations that ERS determines. Confirm

C. HSA Administration, (if applicable)

- C.1. Provide the following information regarding the HSA administrator being proposed: name of financial institution, length of relationship with your organization (in months), and length of time institution has handled HSAs (in months).
- C.2. Describe in detail the processes/flows used to synchronize data between systems, including HSA administration, debit cards and claim adjudication.
- C.3. Discuss if the HDHP TPA requires Participants to keep a minimum balance in the HSA.
- C.4. Discuss if there is a maximum or minimum number of HSA transactions allowed per year.
- C.5. Discuss how Participants deposit funds into the HSA account, i.e. payroll deduction pre-tax, mail check, cash deposit, electronic transfer from personal bank accounts, telephonic transfer of personal funds and/or e-banking.
- C.6. Discuss if the HSA platform is integrated with the medical claims system, such that eligible claims can be auto-adjudicated from the HSA with the account holder's permission.

- C.7. Indicate the methods available for Participants to access HSA funds, i.e., debit card, ATM, on-line, checks, e-banking, etc.
- C.8. How frequently will Participants receive reports detailing their usage of the HSA including transaction history and account balance statements?
- C.9. What tools are available to network providers to access member account balances and adjudicate claims at site of service?
- C.10. What are the investment options available to Participants, i.e., checking/savings, money market, preset mutual fund(s), mutual fund options, and/or unlimited stock/mutual fund options, etc.?
- C.11. How does the HDHP TPA monitor the performance of investment funds offered to Participants to assure they are high-quality investments?
- C.12. Discuss if investment options vary by account balance (such as a mutual fund option if balance exceeds \$1,000).
- C.13. Are there "default" investment options by account balance amount? Yes No
If yes, explain.
- C.14. How frequently is interest credited to the accounts?
- C.15. What was the rate of return on HSA fund balances for 2010?
- C.16. Discuss if banking arrangements can be set up on an individual basis (each individual chooses the institution with which they would like to do business).
- C.17. Discuss the HDHP TPA's ability to integrate with HSA custodians other than the HDHP TPA's proposed HSA administrator.
- C.18. Provide HDHP TPA's investment policy statement.
- C.19. Fully describe HDHP TPA's process in conjunction with a Flexible Spending Account Administrator.

XIV. Appendices

- A. Signature Pages
- B. Contractual Agreement
- C. Business Associate Agreement
- D. Data Security and Breach Notification
- E. Benefits Book for Employees and Retirees Under Age 65
- F. Benefits Book for Retirees Age 65 and Over
- G. Performance Guarantees
- H. ERS Brand Guidelines
- I. Weekly/Monthly Carrier File Layouts
- J. Glossary of Definitions
- K. Experience Data:
 - A. Monthly Health Plan Enrollment History
 - B. Monthly HealthSelect Enrollment by Coverage Category
 - C. Health Plan Enrollment by Plan and County - February, 2011
 - D. Health Plan Enrollment Demographics – February, 2011
 - E. Group Benefits Program Health Plan Contribution Rate History
 - F. HealthSelect Administrative Fee Rate History
 - G. HealthSelect Monthly Health Claims Count History
 - H. HealthSelect Customer Service Inquiry Report
 - I. HealthSelect Claims Report
 - J. HealthSelect Utilization Report
 - K. HealthSelect Claims Cost by Age and Gender
 - L. HealthSelect Claim Amount Distribution Report
 - M. HealthSelect Claims Experience by ZIP Code
 - N. HealthSelect Inpatient Admissions by Category
 - O. HealthSelect Provider Specialty Report
 - P. HealthSelect Facility Provider Experience by Region
 - Q. HealthSelect Utilization by Major Diagnostic Category
 - R. HealthSelect Utilization by ICD9 Diagnostic Category
 - S. HealthSelect Facility Utilization by Diagnosis Related Group
 - T. Network Provider Report
 - U. Electronic Data Instructions

Enrollment Demographic Information and Description
Network Forms
HealthSelect Claims Lag Report
Medical Claims File Description
Claims.zip
- L. Grievance Procedure reflected in Administrative Code
- M. Marketing Guidelines for GBP & ERS Vendors
- N. HealthSelect Provider Directory
- O. Call Center Metrics
- P. ERRP Data Exchange and Services Supplement
- Q. Sample Go-Live Contingency Plan

- R. Minimum Required Reporting
- S. Sample Monthly Administrative Performance Report
- T. Master Benefit Plan Document “Exhibit A” and amendments
- U. Master Benefit Plan Document “Exhibit B” and amendments
- V. Master Benefit Plan Document “Exhibit C”