



**REQUEST FOR PROPOSAL (RFP)  
FOR  
Medical Plans  
RFP NO. 4257**

<b>Release Date:</b>	<b>Friday, March 10, 2023</b>	
<b>Proposal Due Date:</b>	<b>Thursday, April 6, 2023 at 5:00 P.M. PST</b>  <b>Electronic</b> ( <a href="#">link here</a> ), or <b>Mail</b> Keenan & Associates 10860 Gold Center Drive, Suite 350 Rancho Cordova, CA 95670	<b>RFP Administrator:</b>  <b>Ms. Erin Robinson</b> , Service Consultant Email: <a href="mailto:erobinson@keenan.com">erobinson@keenan.com</a> Phone: (307) 649-2408
<b>All questions must be submitted in writing no later than:</b>	<b>Tuesday, March 21, 2023, 5:00 P.M. PST</b>  Submit questions to the RFP Administrator. Any questions and all answers will be posted on the LACERS website by <b>Tuesday, March 28</b> : <a href="https://www.lacers.org/rfps-contracting-opportunities">https://www.lacers.org/rfps-contracting-opportunities</a> . Please note, similar questions from multiple bidders will be responded to as one question.	
<b>Official RFP Notices/Addendums:</b>	To ensure that no firm is provided an advantage over another, all requirements are specified in this RFP. Any changes to the requirements will be posted as an addendum to the RFP on the LACERS website: <a href="https://www.lacers.org/rfps-contracting-opportunities">https://www.lacers.org/rfps-contracting-opportunities</a> . Proposers are solely responsible for monitoring this website and adhering to RFP addendums.	
<b>Prohibited Communications:</b>	From the RFP release date until a contract for these services is fully executed, firms are prohibited from communicating with Board members or staff, other than the RFP Administrator, concerning this RFP or the resulting contract. Any communications could be considered attempts to lobby or market services and is therefore prohibited by LACERS' Ethical Contract Compliance Policy. Firms will be disqualified from contract consideration if the prohibition is not honored.	

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## I. INTRODUCTION

The Los Angeles City Employees' Retirement System (LACERS) is seeking proposals from qualified organizations with in-depth knowledge and expertise in providing fully insured medical, prescription drug, mental health, and disease/care management plans for LACERS' eligible Retired Members, Survivors (i.e., surviving spouse/domestic partner), and Dependents.

LACERS seeks to partner with healthcare insurance carriers and service providers who can best support the LACERS Program and can demonstrate:

- Proven experience addressing the challenges of managing medical, prescription drug, mental health, and disease/care management plans for a Retiree-only population and their eligible dependents
- Proven experience addressing the challenges of serving a population consisting of early Retirees (under age 65), Retirees who qualify for Medicare A and B, Retirees who qualify for Medicare Part B but not Part A, and their eligible dependents
- An established track record of providing high-quality service to medical plan participants
- Effective provider contracting that balances cost, quality, and minimum provider disruption
- Innovative, proactive approaches to effective care management that can be demonstrated through process and outcome reporting specific to the LACERS population
- The ability to influence member care purchasing decisions through increased awareness of health management services available by the plan vendor as well as the cost-effectiveness of healthcare service options and healthcare benefits
- Consistent, responsive, and professional administrative service backed by verifiable performance measurements
- The ability and reliable consistency in providing LACERS with comprehensive reports containing cost, utilization, network and care management effectiveness data that may help LACERS understand factors that drive costs and how programs and services offered by the plan vendor help mitigate cost trends
- Proven experience addressing the Patient Protection, Affordable Care Act, California's related and/or similar Acts regarding Patient Protection and its consequences for a Retiree-only population
- The ability to provide a broad range of quality plan and benefit choices of care for members to choose from in support of the health needs of LACERS' members
- Effective, clear, and reliable communications and assistance to help members navigate and understand the plan vendor's offered benefits and services
- The ability to provide services and access to care throughout LACERS population and its communities, as well as minimal disruptions to existing member/patient and provider relationships
- The ability and extent of partnership to LACERS' wellness program to effectively engage members in becoming their healthiest self in their retirement, such as providing annual financial support to ensure the LACERS wellness program is viable, participation in LACERS' wellness planning and wellness events, and providing reports that helps LACERS understand its populations' well-being in relation to the wellness program
- The ability to produce and improve upon member's health through measurable outcomes while optimizing premium costs over multiple years
- Effective member self-service tools and administrative support that is fully responsive to LACERS' needs for program administration

Proposals are to include consulting services for wellness program initiatives implemented for LACERS Retired Members. Qualified organizations will possess expertise and experience in implementing specific wellness programs that demonstrate improved health outcomes.

LACERS is requesting coverage:

- Pre-65 Retirees, Medicare Part B Only Retirees, and all eligible dependents
  - CA Statewide Full HMO Plan with Rx coverage
  - CA Statewide Staff-model HMO Plan with Rx coverage
  - Nationwide and International PPO Plan with Rx coverage
  - (New) CA Statewide/Regional Narrowed-Network HMO Plan with Rx coverage
- Medicare-eligible retirees and all eligible dependents
  - Medicare Advantage Full HMO Plan with Rx coverage
  - Medicare Advantage Staff-Model HMO Plan with Rx coverage
  - Medicare Advantage Nationwide Passive PPO with Rx coverage
  - (New) – three types integrated within one Carrier/Insurance Company:
    - Nationwide: Medicare Supplement (Medi-Gap) Nationwide with PDP plan,
    - PPO (including Rx),
    - PPO Part B only plan with PDP plan

Financial Funding options requested (where possible) for LACERS' Medical and Prescription Drug Program:

- Fully insured, experience-rated, dividend eligible with year-end accounting
- Fully insured, experience-rated, non-participating contract
- Fully insured, community-rated, non-participating contract

This RFP seeks proposals for the medical plans described in the “Background – LACERS and Medical Plans” section. Plan designs should match, as closely as possible, the benefit provisions of the current plans. LACERS prefers to receive an exact match of its existing benefit plans. In addition to the same level of benefits, LACERS is also considering implementation of a Medicare Supplement plan with Rx and interested in exploring expansion of carrier coverage to other states with a single administrative/account team regardless of how many state coverages and what type of plan(s) there are.

LACERS is very interested in creative plan and program designs that promote:

- Increasing use of generic drugs and higher prescription fill rates for maintenance medications;
- More cost-effective use of mental health services; and
- Care management programs that result in greater participation in areas such as wellness, disease management, and health coaching that improve health, avoid adverse health outcomes and demonstrate positive return-on-investment.

All medical plan Proposers must provide separate medical, prescription drug, mental health, and disease/care management rate components for each plan they are quoting in their proposal.

All Proposers may choose to bid on any one or all of the above plan scenarios. Required medical plan elements include claim payment, member services, provider networks, utilization (precertification and concurrent) review, case management, disease management, mental health, prescription drugs, and demand management. An optional element is interactive health management (e.g., web-based or telephonic care management tools and programs).

Please note the following considerations and/or options for proposals:

- A Proposer may submit a proposal or proposals for any or all of the plan types identified in this RFP. Proposals for each plan type will be evaluated separately.
- LACERS reserves the right to contract with multiple vendors pursuant to this RFP and to select more than one vendor within any provider category. LACERS is not obligated to bundle multiple plan types under a single service provider.
- Fully insured premium proposals must be provided for each medical plan category.
- If your proposal is “bundled” or “discounted” based on multiple lines of coverage (i.e., HMO Full Network, HMO Narrow Network, etc.), pricing must be provided on both a “bundled” and “unbundled” basis.
  - Please limit proposal submissions to no more than one (1) “bundled” and one (1) “unbundled” proposal per insurance carrier.
- Proposers should not submit responses to questions for plans for which they are not offering services. For example, a Proposer who is proposing to offer a PPO plan only is not required to respond to questions pertaining to HMO plan coverage.
- Rates should be based on the current enrollment levels provided by LACERS. Proposers are not to change enrollment assumptions.
  - Proposers are further required to waive any rights to re-rate, should enrollment vary from LACERS’ provided enrollment information.
- LACERS is open to considering the addition of a narrowed network HMO plan to its Pre-65 subscriber population. Any vendor bidding on this coverage should make the offering exclusive of any enrollment requirements or assume any shifts in enrollment due to the new offering.
- As with Proposers bidding on the Pre-65 population new offering, any Proposer bidding on the Medicare-eligible retiree new offering (Medicare Supplemental (Medigap) Nationwide PPO Plan with Rx coverage), should make the offering exclusive of any enrollment requirements or assume any shifts in enrollment due to the new offering.

LACERS plans to execute a three-year contract for plan year commencing January 1, 2024 with annual rate renewals. Please provide pricing proposals for a three-year, four-year, and five-year contract term. Upon reviewing the proposals, the LACERS Board may decide to extend the term beyond the anticipated three years or may decide to extend the agreement through two annual one-year renewals for a total potential service period of January 1, 2024 to December 31, 2028. LACERS Board may consider awarding a five-year contract term. Proposers should identify differences and value-added incentives if they are awarded a three-year contract term versus a five-year contract term. The contract will be awarded in accordance with the terms and conditions listed in the RFP.

The Proposer with the best combination of quality, price, and various qualitative elements of required services based on the RFP criteria and that also satisfies all LACERS contracting

requirements will be recommended for selection. Selection is not restricted to the lowest offer or bid. Should contract negotiations not be successful with the selected Proposer, LACERS may, based on its exclusive discretion, negotiate with the next most qualified Proposer.

LACERS reserves the right to award business in whatever configuration best meets its needs, at its sole discretion. These configurations include, for example, awarding coverage for all plans to a single vendor or awarding each plan to separate vendors.

LACERS has engaged Keenan & Associates (Keenan) to assist with this RFP.

### ***Background – About LACERS and Medical Plans***

LACERS is a public pension plan providing retirement benefits, survivor benefits, disability retirement benefits, supplemental annuities, and health insurance benefits to its Retirees and their beneficiaries. Established in 1937, pursuant to the City Charter, and under the management and control of a Board of Administration, LACERS is a defined benefit plan providing retirement-related benefits to approximately 24,917 active members and 23,568 civilian and some sworn Retirees and beneficiaries of the City of Los Angeles.

The LACERS Board of Administration (Board) has seven members, each serving five-year terms. Working together under the direction of the LACERS Board and bound by our fiduciary obligation to our members, LACERS strives to provide accurate, timely, reliable, and consistent retirement benefits and services. Selected proposers will work with staff to present to the Board or its committees health plan-related updates and reports, as requested.

The LACERS Board is the authorized trustee designated by the City of Los Angeles to oversee the retiree health and welfare program. LACERS' staff administers the program, which consists of selected health plan carriers, on behalf of its Retired Members and their Dependents. Additionally, LACERS' staff administers health plan enrollments, conducts an annual Open Enrollment, prepares and distributes program materials and special communications, takes applications for coverage or changes in coverage according to rules developed by the Board, deducts participant health plan premiums from retirement allowances, posts eligibility information to the pension information system, and assists Retirees in accessing LACERS' program benefits.

LACERS currently utilizes the following providers:

- Pre-65 Retirees, Medicare Part B Only Retirees, and all eligible dependents
  - CA Statewide Full HMO Plan with Rx coverage: Anthem Blue Cross
  - CA Statewide Staff-model HMO Plan with Rx coverage: Kaiser Permanente
  - Nationwide and International PPO Plan with Rx coverage: Anthem Blue Cross
- Medicare-eligible retirees and all eligible dependents
  - Medicare Advantage Full HMO Plan with Rx coverage
    - Anthem Blue Cross – CA
    - SCAN Health Plan – CA
    - UnitedHealthcare – CA, NV, and AZ
  - Medicare Advantage Staff-Model HMO Plan with Rx coverage: Kaiser Permanente

- Medicare Advantage Nationwide Passive PPO with Rx coverage: Anthem Blue Cross

LACERS introduced the Anthem Blue Cross Medicare Advantage Passive PPO plan on January 1, 2022. It replaced the Anthem Blue Cross Medicare Supplemental Nationwide PPO with Rx coverage.

All health plans are fully insured. The *2023 LACERS Health Benefits Guide*, included as **Appendix C**, provides an overview of LACERS health plan options and the coverage available, premium costs, and LACERS health benefits. The guide may also be found in the Retired Members section of LACERS' website at [www.LACERS.org](http://www.LACERS.org).

LACERS is interested in offering both 1) a Medicare Advantage Nationwide Passive PPO with Rx coverage, and 2) a Medicare Supplemental (Medigap) Nationwide PPO Plan with Rx coverage.

### ***Background – LACERS Retiree Population and Medical Plans***

LACERS currently has two tiers of retirement benefits:

Tier 1, for members who entered LACERS membership prior to February 21, 2016. Members in this tier can receive a Normal Service Retirement if they meet any of the following criteria:

- Are 55 years of age or older with at least 30 years of City Service;
- Are 60 years of age or older with at least 10 years of City Service; or,
- Are 70 years of age or older with any amount of City Service.

Tier 3, for members who enter LACERS membership on or after February 21, 2016. Members in this tier can receive a Normal Service Retirement if they meet any of the following criteria:

- Are 60 years of age or older with at least 10 years of City Service;

In addition, although "Normal Retirement" is listed above, Members with 30 years of Service could retire earlier.

Tier 2 was added on July 1, 2013; however, was rescinded on February 21, 2016. All Tier 2 members were transferred to Tier 1 on the effective date of Tier 3.

In addition to City Retirees, disability retirees, current spouses/domestic partners of City Retirees, surviving spouses/domestic partners (hereafter referred to as Survivors) of City Retirees, and dependent children and grandchildren also participate in LACERS' medical plans. As a result, the age of LACERS' covered population spans a wide range.

- Tier 1 and Tier 3 City Retirees are eligible to receive a medical subsidy paid by the City toward their medical plan premium if they meet all of the following criteria:
  - Are receiving a retirement allowance from LACERS;
  - Are age 55 or older;
  - Have at least 10 years of Health Service Credit;

- Are enrolled to the extent eligible in Medicare Parts A and B; and,
  - Are enrolled in a LACERS-sponsored medical plan or LACERS' Medical Premium Reimbursement Program.
- The City did not begin paying into Medicare on behalf of active employees until April 1, 1986. Employees hired on or after April 1, 1986 earn credits toward Medicare Hospital Insurance (Part A) coverage. Approximately 6% (1,461) of LACERS' covered lives over the age of 65 are not eligible for premium-free Medicare Part A coverage.
- LACERS' medical plan participants are required to enroll in Medicare to the extent they are eligible. As a result, all Retirees are required to enroll in Part B upon turning age 65, with few exceptions. For those Retirees with both Part A and Part B coverage, LACERS reimburses the Retiree for the Part B premium.
- The majority of LACERS Retirees reside within California (approximately 89%). The remaining 11% of LACERS Retirees reside throughout the United States and internationally. Outside of California, Arizona and Nevada are the states with the largest Retiree populations. A participant census will be provided to Proposer(s) who submit their Intent to Bid according to this RFP's timeline. Premium rates should be based on the census enrollment provided by LACERS. Proposers are not to change enrollment assumptions. Proposers are further required to waive any rights to re-rate, should enrollment vary from LACERS' provided enrollment information.
- There are approximately 16,859 Retirees and Survivors. Approximately 25% do not participate in LACERS-sponsored medical plans. A small number of Retirees and Survivors (approximately 280) elect to participate in the LACERS Medical Premium Reimbursement Program available to those who reside outside an HMO service area in California, or in other states.
- All current medical plan offerings are fully insured. LACERS' non-participating plans include: Anthem Blue Cross Medicare Preferred (PPO), Kaiser Permanente Traditional HMO and Senior Advantage, SCAN Health Plan, and UnitedHealthcare Medicare Advantage HMO. Anthem Blue Cross HMO and (non-Medicare) PPO plans are fully-insured, participating (dividend eligible) plans.
- LACERS' annual Open Enrollment period is approximately held on October 15 – November 15 of each year. LACERS' medical plan year begins January 1. It allows new enrollments (including Retirees and Survivors who opt out of coverage when first given the opportunity), transfers between the various medical plans, and the addition of eligible family members. All Proposers must quote on the basis that there will continue to be an annual open enrollment period.
- Additional qualifying events for enrolling outside of open enrollment include: retirement from the City, being added to the retirement payroll as an eligible Survivor, turning age 55, qualifying for Medicare (usually at age 65), and moving outside of an HMO health plan service area or into a HMO service area that was not previously available (see 2023 Health Benefits Guide, page 6). Eligible participants have, depending on the event, 30 or 60 days from the date of these qualifying events from which to elect coverage.



- For further understanding of LACERS' retirees and medical benefits, see also: Retiree eligibility rules, LACERS premium subsidies, and retiree contributions for calendar year 2023 in the *2023 LACERS Health Benefits Guide*.
- LACERS requires renewals (other than Medicare-approved plans) to be presented by May 1<sup>st</sup> for the plan year beginning the following January 1<sup>st</sup>. The final renewal benefit designs and rates are presented to LACERS approximately July-August prior to the start of the plan year. Vendors are not allowed to modify the final renewal benefits and rates. Benefit changes are only allowed provided they are due to State or Federal mandates; however, the final rates are not allowed to change.
- As part of LACERS' Data Initiative Program, vendors are expected to provide complete transparency with information relevant to LACERS' program. LACERS is interested in obtaining year-round utilization data, selected plan performance metrics, member data, and other information plan information specific to its population.
- Carriers are required to participate in LACERS' Wellness program initiatives, including commitment to Wellness Initiatives as part of the carrier's Performance Guarantee. Each carrier is required to contribute to the annual open enrollment and wellness campaign initiative for 2024 and thereafter.
- Carriers may be required to develop and coordinate a LACERS member satisfaction survey of its program(s). The carrier is responsible for all costs associated with developing this survey.

## II. MINIMUM QUALIFICATIONS

A Proposer must clearly demonstrate meeting the minimum qualifications for their Request for Proposal to be considered.

- Be legally authorized to do business in the State of California. All required permits and licenses must be in full force at the time of proposal submittal.
- Have at least five (5) continuous years of experience providing the services solicited in this RFP.
- Certify that neither Proposer nor its principals are presently disbarred, suspended, proposed for disbarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency, any California state agency, or any local governmental agency.
- Must have experience working with organizations such as LACERS offering retiree medical/Rx benefits to:
  - A minimum of 1,000 pre-65 retirees and 1,000 Medicare retirees, and
  - A minimum of \$500 million in gross annual revenue for 2021 and 2022

### Organizational Structure, Strength, and Plan Sponsor Services

1. **Background** – Organizational experience, stability, financial strength, experience in providing healthcare services, and the degree to which an organization can be a long-term

viable partner with LACERS in executing LACERS' goals and strategies outlined in this RFP.

2. **Contractual Issues** – Status relative to any regulatory actions, complaints, administrative challenges, judicial actions, lawsuits, contract terminations, bankruptcy filings, conflicts of interest, or other material events initiated by or against the Proposer that may be relevant to the organization's reliability as LACERS' service partner, and as part of assessing reliability and institutional viability and ensuring that administrative functions are conducted in accordance with applicable law and regulation.
3. **Firm Experience** – Experience servicing clients for services solicited in this RFP.
4. **Regulatory and Compliance** – Regulatory agency audits, process for notifying clients and members of legislative changes, compliance with the Health Insurance Portability and Accountability Act (HIPAA), and other regulatory and compliance responsibilities.
5. **Class Action Notices** – The capacity to alert LACERS, when appropriate and as soon as practicable, if it is a class member of a class action involving health services.

#### **Administration Support & Account Management**

1. **Implementation** – Implementation resources including resource commitments, continuity of care provisions, plans to minimize disruption, and resources provided to members.
2. **Claims Processing** – Resources for promoting and providing the appropriate incentives around encouraging best practices, consistency, and accountability with respect to the timely and accurate processing of claims, and effectively communicating with members regarding their benefits and how to successfully navigate the claims process.
3. **Member Advocates** – The selected vendor shall be responsible for providing Advocate Support, including but not limited to: helping members with understanding their health benefits as listed in the Evidence of Coverage; assisting members with claims support, disputes, and resolutions with providers; documenting member complaints and taking the necessary steps to resolve them; reviewing member health-related paper work for accuracy and completeness; and informing members of their patient rights within the required rules and regulations of their health insurance.
4. **Billing & Eligibility** – Ability to work effectively with LACERS' benefits administration with respect paper enrollments, i.e., Medicare Advantage Prescription Drug, Prescription Drug forms, etc., and data file transfers, as well as each vendor's reliability and competence in billing and payment processing and requirements.
5. **Plan Sponsor Services** – Plan sponsor services including electronic and written reporting capabilities, new member processing requirements and timeframes, processing of identification (ID) cards, and other administrative processes involving LACERS and the vendor.
6. **Call Center Administration** – Call center capabilities and ability to be responsive to members. Generally, LACERS expects that member service representatives be available to assist its members minimally between the hours of 7:00 a.m. and 5:00 p.m. Pacific

Standard Time (PST) each business day; and that these calls will be recorded to the extent allowed by and in accordance with applicable law.

7. **Reporting** – The selected vendor shall be required to provide timely reports to facilitate monthly enrollment, eligibility requirements, and annual renewal requirements. Reporting requirements will be added as part of the contract performance guarantee.
8. **Self-Service Tools for LACERS Internal Staff Administration** – The selected vendor shall be required to provide microsite and/or portals to assist with administration of members health insurance.

### **Member Quality of Care, Resources, and Services**

1. **Enrollment** – Proposers must demonstrate proven experience in each Proposer's enrollment process for members, including annual Open Enrollment Support; enrollment-related support in general, such as providing timely responses/reports; and for implementing a new plan, such as how ID cards are issued to members.
2. **Customer Service and Quality Control** – Oversight of interactions between physicians and other health service providers and LACERS members. Established resources, policies and practices for monitoring, and driving improved performance on essential service criteria, such as setting appointments, appointment wait times, length of consultations with physicians, updating provider directories, etc. Must also have established resources, policies, and practices for measuring and creating goals around improving upon member satisfaction.
3. **Grievances and Appeals** – Provide Grievance and Appeal processes that are timely, effectively communicated, and fairly evaluated, and as required by applicable local, State and Federal regulations related to providing retiree healthcare.
4. **Member Advocacy and Support Resources** – Proposers must fulfill LACERS' requirement for member advocates as a resource for LACERS' members to navigate the complexity of the vendor's benefits and services and applicable rules/regulations/policies.
5. **Prescription Drug Management** – Offer internal or contracted prescription drug services and effectively manage the use of formulary/non-formulary and generic/brand-name drugs; incentives and rebates around encouraging best practices, consistency, and accountability with respect to the use of prescription drugs; effectiveness in communicating changes to formularies and generic/brand-name drugs and working with patients to address unique circumstances; and strategies for managing and controlling costs.
6. **Quality Measurement Standards** – National Committee for Quality Assurance (NCQA) accreditation and Health Plan Employer Data and Information Set (HEDIS) ratings, as applicable.
7. **Online Resources** – Offer and maintain a platform website that will be linked on LACERS' website, also known as a "microsite," to include: contact information, provider directories, copies of Evidence of Coverage, LACERS-related health plan information, and other resources for managing member needs. Proposers must ensure user-friendliness and provide opportunities for customization, interactive features, planned enhancements, and

speed/facility in generating and adapting messaging and content. Proposers should offer self-service tools for members and LACERS staff such as verifying enrollment status, locating physicians, reviewing and processing claims, reviewing and managing pharmacy/prescription benefits, obtaining health advice, making payments, scheduling appointments, and other tools for members and LACERS staff to efficiently access information and services as applicable. The website should be compliant with the Americans with Disabilities Act (ADA) and other applicable law/regulation related to accessibility.

8. **Miscellaneous Resources** – Proposers are expected to support a variety of miscellaneous services and capabilities, specifically related to unique needs, including, but are not limited to: monthly wellness-related and benefits marketing support; COVID-19 support and vaccination; support of LACERS’ current and future strategic initiatives; prompt review and support in annual open enrollment process and communication pieces; and other value-added services supporting LACERS’ benefit program.

### **Access to Care/Network**

1. **Provider Groups, Networks, and Geographic Access** – Proposers must demonstrate proven experience in accessibility of their physician networks and the potential for disruption of each proposer’s provider groups/networks relative to the provider groups/networks of the incumbent providers. LACERS’ objective is to minimize and mitigate disruption on access to current medical providers. LACERS is providing census data regarding its membership. Proposers will be required to submit a GeoAccess study of the proposed HMO and PPO network based on LACERS current HMO and PPO coverage.
  - i. Proposers will need to identify the number of members meeting the network access standard by utilizing the zip code information provided in the census file, including all valid zip codes in which participants reside, those not in the proposer’s service area, and the total number of provider practices available to each zip code, as well as the number of open practices (i.e., those providers accepting new patients). However, the access studies should be based on open practices only.
  - ii. With respect to disruption analysis, LACERS will provide reports for PPO coverage, by provider type (e.g., hospital, physician, etc.) to assess the alignment between each provider’s network and member utilization patterns. For all plans, vendor will be required to confirm whether the medical service provider is currently a contracted network provider. If, after award of the contract, the actual disruption proves to be greater than that identified in the proposal, the successful bidder must detail in advance what accommodations would be provided to address the deviation.
  - iii. Proposers must demonstrate how they will minimize potential disruption for LACERS members in two key areas:
    - a) Minimizing potential disruption of existing patient provider relationships; and
    - b) Avoiding or mitigating significant member/LACERS cost differentials that may result from members being required to move to a new provider plan type OR move out of an established LACERS plan to maintain access to their providers.
2. **Extended Hours, Emergency and Urgent Care Access** – Proposers must demonstrate each Proposer’s extended hours, emergency and urgent care resources available from

medical groups and the resources provided by the health plan to assist and effectively communicate to members where and how to access care when and where it is needed. Proposer must review and update or confirm quarterly that its emergency and urgent care providers are up-to-date in regards to location, hours of operation, phone numbers, and other member access information.

3. **Virtual Provider Access** – LACERS is aware of the increasing prevalence of virtual provider visits. Proposers are expected to have virtual provider visit capabilities. Additionally, Proposers must have a clear and concise communication plan to educate members on virtual provider visits and reporting capabilities to identify virtual utilization.
4. **Formulary/Rx Tier Disruption** – Proposers must demonstrate each Proposer’s capabilities to minimize and mitigate disruption to pharmacies and prescribed medication.

### **Cost Proposal and Plan Design**

1. **Fees and Cost Commitments** – Proposers must demonstrate each Proposer’s fee/cost proposals and guarantees based on benefit levels equivalent to current plan benefit levels. Multi-year rate guarantees, and renewal rate caps are encouraged. LACERS retains the right to provide additional time to vendors to submit premium and rate information should LACERS determine that it is in the best interests of LACERS to do so.
2. **Provider Reimbursements** – For the PPO coverage, Proposers must demonstrate:
  - The Proposer’s average network discount price for all medical services provided to LACERS in 2022. Each vendor will be given all 2022 billed charges with identifiable provider information and procedure/service codes and asked to reprice the charges based on a January 1, 2024 effective date. From this exercise, LACERS will have a better understanding of member disruption, in-network discounting arrangement, and out-of-network associated cost.
  - The Proposer’s non-network equivalent Reasonable & Customary Percentile used for non-network reimbursement and source of non-network Reasonable & Customary Allowances.
3. **Hospital and Outpatient Facility Charges** – Proposers must disclose and demonstrate each Proposer’s network hospitals and how they are reimbursed for each plan being proposed. LACERS will further evaluate how network outpatient facilities such as surgi-centers, imaging centers and laboratories are reimbursed, as well as special arrangements that may exist with “Centers of Excellence.”
4. **Rate Guarantees and/or Rate Caps** – LACERS will be evaluating each Proposer’s proposed multiple year fee guarantees or fee caps for future renewals, for a three-year, four-year, or five-year contract term. Rates should be based on the census enrollment provided by LACERS. Proposers are not to change enrollment assumptions. Proposers are further required to waive any rights to re-rate should enrollment vary from LACERS’ provided enrollment information.
5. **Performance Guarantees** – LACERS maintains performance standards with its contracted vendors, with portions of the vendor’s compensation at risk for failing to meet these standards. Proposers are expected to include performance guarantees in their

proposal, and will be assessed on the strength of the performance standards they are willing to implement. For finalists, negotiations will take place before an award of business to ensure that there is a final understanding of the agreed upon standards.

6. **Plan Design Adequacy** – Proposers must demonstrate each Proposer’s plan design information and adequacy with LACERS’ current benefit design. All variances from the current plan design should be clearly identified.
7. **Reimbursement for Out of Network Provider and Supplier** – LACERS seeks proposals that include options for reimbursement if a Member chooses to see an Out of Network Provider and/or the network or out of network provider uses a supplier not contracted with the plan.

### III. SCOPE OF SERVICES

#### DEFINITIONS OF TERMS

The following terms used in the RFP documents shall be defined as follows:

- “Agreement” or “Contract” will mean the contract to be entered into between LACERS and proposer(s).
- “Bidder” or “Proposer” will mean the entity that responds to the Request for Proposal.
- “Confidential Information” will mean participant and Member data, records, and personal information. Including but not limited to, social security numbers, dates of birth, marital status, home addresses, transaction histories, driver’s license number, medical information, health insurance information, biometric data, and other information related to participation in LACERS’ benefit program.
- “Contractor”, “plan vendor”, “firm”, and “vendor” will mean the individual, partnership, corporation, or other entity to which a contract is awarded.
- “Department” will be considered synonymous with LACERS staff.
- “Network Model HMO” will mean a fully insured HMO that provides care through a network of doctors, hospitals, and other healthcare insurance providers. Participants must access covered services as directed by a Primary Care Physician (PCP).
- “PPO” will mean a fully insured network of medical doctors, hospitals, and other health care service providers offering medical care at reduced rates to the insurer’s or administrator’s clients.
- “PCP” will mean a Primary Care Physician.
- “RFP” will mean this Request for Proposal for contracted services issued by LACERS.
- “Staff Model HMO” will mean a fully insured, fully integrated HMO that provides care through an integrated network of doctors, hospitals, and other healthcare insurance providers. Participants must access covered services as directed by a PCP.

**Proposers are asked to specify their ability to provide the following services listed below.**

If a Proposer cannot provide any of the following services, the Proposer must so indicate in their response to this RFP.

**A. Medical Plan Underwriting and General Responsibilities**

1. Proposer must be a medical insurance provider, not a broker representative, and ranked by either Standard and Poor's or Moody's with a rating of "A" or greater to ensure that LACERS is working with a provider or organization that has the financial stability to maintain a multi-year contract with LACERS in support of LACERS' retiree population.
2. Must be experienced with and licensed to provide medical plans in the State of California.
3. Must be able to provide access to medical plan coverage to LACERS members who reside in the state of California or out-of-state (outside California).
4. Agree to accept LACERS' definitions of eligible Retiree, Survivor, and Dependents. LACERS does not differentiate rate or premium based on a dependent's relationship to a Member/Subscriber, i.e., spouse/domestic partner versus a child or disabled (non-Medicare) child.
5. Agree to work collaboratively with LACERS staff, the LACERS Board, and LACERS' Health and Welfare Consultant.
6. Agree to work collaboratively with other LACERS vendors on health plan benefit-related projects such as open enrollment wellness programs, data initiative, and member satisfaction survey.
7. Agree to provide and present renewal underwriting methodology to LACERS and LACERS' Health and Welfare Consultant, as needed. In addition, the Proposer agrees to attend LACERS health and welfare-related Board and Committee meetings as required to present renewals and proposals.
8. Provide other services as requested by LACERS, for which the Contractor has the technical capability and capacity to render, to parties that include but are not limited to LACERS staff, the LACERS Board, and LACERS Health and Welfare Consultant.

**B. Program Evaluation, Reports, and Data Services**

1. Meet with LACERS staff at least quarterly to review and evaluate medical plan administration.
2. Upon LACERS' request, attend various retiree meetings relating to medical plans.
3. Provide statistical plan reports including utilization data, enrollee distribution reports, status reports and analysis (monthly, periodically, and annually), and other reports as needed and requested by LACERS and/or LACERS' Health and Welfare Consultant.
4. Recommend alternatives to current medical plan design and cost options when requested by LACERS staff and/or LACERS' Health and Welfare Consultant.
5. Accept eligibility reporting on a monthly or more frequent basis with a twenty-four (24) hour upload turnaround time to assure timely eligibility capture.

6. Maintain full and accurate records with respect to all matters and services provided to LACERS for a minimum of seven (7) years from December 31<sup>st</sup> of the affected plan year.
7. Maintain compliance with all applicable federal and state privacy laws, including but not limited to, the Health Insurance Portability and Accountability Act (HIPAA), the California Confidentiality of Medical Information Act (Cal. Civ. Code § 56 *et seq.*), and the California Information Practices Act (Cal. Civ. Code § 1798 *et seq.*). Proposer, and any other individuals, organizations, and agencies that meet the definition of a covered entity under HIPAA must comply with certain requirements to protect the privacy and security of health information and must provide individuals with certain rights with respect to their health information.
8. Inform LACERS staff and LACERS Health and Welfare Consultant of any pending legislation affecting the administration of the medical plans. If relevant legislation is enacted, provide LACERS staff and its consultant with a cost analysis and an implementation plan to ensure that the medical plan and LACERS comply with the new requirements.
9. Inform LACERS of any security incidents, breaches, or breaches of security of a system impacting enrollees or members, without discrimination of where the breach occurs, including but not limited to: a description of the breach, the number of impacted LACERS members, the type of Confidential Information involved in the breach, a summary of the Proposer's mitigation efforts, a copy of any notices or communications provided to impacted members, and copies of required regulatory government agency reporting. In the event of a breach or breach of security of a system, Proposers will also be required to provide members with no less than twelve (12) months of enrollment in credit monitoring services with a national reporting agency, at Proposer's sole cost and expense, regardless of the type breach or breach of security of a system. This obligation shall extend to any subcontractors of Proposer, and/or anyone providing services under this contract.

**C. Customer Support Services**

1. Provide financial-based performance guarantee(s) to assure and ensure a high level of service to LACERS and its Retirees, Survivors, and eligible Dependents.
2. Provide, regardless of how many plan regions, a dedicated Account Manager, Claims Issue, and Eligibility Contact and agree to change those contacts upon request by LACERS.
3. Provide day-to-day consultation on matters pertaining to claim status, discrepancies, disputes, plan interpretation within a timely manner.
4. Perform research and provide responses to technical questions from LACERS staff within a timely manner.
5. Provide training for LACERS staff regarding the plan and/or internal plan systems, including but not limited to: underwriting processes, enrollment policies and procedures, Medicare compliance requirements, and health insurance-related matters to improve efficiencies and processes between LACERS and providers.



6. Provide administrative services for the plan(s), including fund accounting, claims processing, and research and resolution of any issues, complaints, or problems.
7. Investigate and resolve administrative and claims problems.
8. Provide LACERS with a disaster recovery plan within 90 days of executing the Contract.

**D. Open Enrollment and Communication Services**

1. Participate in various events related to open enrollment, wellness, and other activities/meetings centered upon educating LACERS health plan participants regarding this benefit.
2. Assist LACERS and LACERS' Health and Welfare Consultant in preparing open enrollment, special enrollment, and plan documents for use in retiree communications guides and/or letters.
3. Assist LACERS and LACERS' Health and Welfare Consultant in drafting and reviewing language of communication materials such as LACERS' Health Benefit Guide and supplemental materials such as Summary for Overview; carrier informational materials; marketing pieces; and plan comparison information for Retirees, Survivors, and Dependents.
4. Assist LACERS staff in the planning of a minimum of five (5) annual open enrollment meetings (in-person and online) for Retirees, including at least one annual meeting with LACERS staff regarding current open enrollment meeting information needs.
5. Attend and present medical plan information (e.g., medical plan changes for the upcoming plan year, how to utilize the plan most effectively, etc.) at all annual Open Enrollment seminars and/or webinars for Retirees, Survivors, and Dependents. Provide webinars on the medical plan services for the annual open enrollment efforts.
6. Assist LACERS with the development, draft, and review of medical plan benefits documents, such as the LACERS Health Benefits Guide, outreach and educational materials, and notices regarding any benefit changes (e.g., mid-year mandated changes).
7. Provide electronically formatted participant communications to be used in LACERS' newsletters and flyers.
8. Provide LACERS the Medicare plan enrollment forms (senior forms) for the new plan year before LACERS' annual Open Enrollment.

**E. Wellness**

LACERS' wellness program enhances our retired members' experience through informational seminars, workshops, and activities supporting the five pillars of our program: Purpose, Health, Financial Wellness, Social Engagement, and Community. The program also strives to support a network of LACERS Well Champions. The Wellness Champion Program is facilitated by

“Champions” (retired member volunteers) who hold in-person and virtual Champion-led activities to improve the quality of health and build social engagement.

The long-term goal of the LACERS Well program is to contribute to the reduction in medical plan costs through the promotion of wellness measures for disease prevention and preventative health screenings.

1. Provide consulting services for a comprehensive wellness program for LACERS Retirees, Survivors, and Dependents. This requires providing specific and deliverable Performance Guarantees, such as Health Management Goals and Strategies that result in influencing healthy lifestyles and member participation in provider-led wellness programs and campaigns.
2. Commit wellness funding to LACERS' Wellness Program. The funds must be provided in the form of a direct payment from the vendor to LACERS no later than the first month of each calendar year. A portion of the annual contribution amount may be retained by the vendor in reserve of certain purchases of wellness services made by LACERS through the vendor, such as for education, promotional and marketing materials, wellness gift incentives, surveys, and other wellness purchases.
  - Proposers should clearly indicate their wellness contribution over the term of the three (3) to five (5) year contract and potential addition of two (2) years, should the Board choose to exercise its authority to extend the contract term.
  - Additionally, Proposers should state whether the wellness contribution is funded as part of a rate load or whether the wellness contribution is completely independent of the rates offered to LACERS.
3. Provide condition management programs designed to improve the health of persons with specific chronic conditions and to reduce healthcare service use and costs associated with avoidable complications, such as emergency room visits and hospitalizations. The vendor must be able to:
  - i. Identify specific populations with specific chronic conditions;
  - ii. Successfully enroll members in programs;
  - iii. Utilize evidence-based practice guidelines to assure consistency of service;
  - iv. Coordinate services among a multi-disciplinary team of providers including physicians, nurses, pharmacists, dieticians, respiratory therapists, and psychologists;
  - v. Provide educational services such as counseling, home visits, 24-hour call centers, and appointment reminder systems; and
  - vi. Measure and report outcomes.
4. Vendor should also coordinate their condition management programs with overall utilization, case management, disease management and prescription drug management.
5. Provide, minimum, one annual Wellness in-service for LACERS staff to promote carrier programs, including conferences, carrier-branded items, in-person classes (e.g., yoga, massages, etc.), with applicable or related client newsletters or educational materials.

## **F. Data Initiative**

1. Review health plan data and work with LACERS staff and LACERS' Health and Welfare Consultant to develop and provide drill-down reports to better understand utilization.
2. Assist LACERS' Health and Welfare Consultant in the preparation of semi-annual utilization data in summary reports and/or dashboard format.
3. Identify cost drivers within each plan and collaborate with LACERS to develop strategies to mitigate the impact of these cost drivers, which may involve value-based benefit plan design changes, consideration of new programs or plan offerings, or changes to the existing health benefits program and/or communications efforts.
4. Monitor and report the progress of strategies and its effect on cost drivers.

## **G. Member Satisfaction Survey**

Provide and coordinate a member survey, online or via mail, for the LACERS Retirees, Survivors and Dependents to measure and monitor the overall satisfaction of its plans. The survey should conform to the National Committee for Quality Assurance (NCQA) requirements and be accredited under NCQA standards, as well as having options for online and mailed surveys. The overall survey costs are to be provided by the carrier.

## **H. General Duties**

1. Provide a single administrative/account team, regardless of how many state coverages and what type of plan(s) there are. Notify LACERS immediately of any anticipated changes in personnel assigned under the terms of this engagement. The firm shall submit resumes of any proposed replacement personnel and obtain written approval from LACERS for any change in the personnel assigned to the work.
2. Treat all LACERS information as confidential as defined in the Confidentiality & Non-Disclosure of Member Information Policy. This applies to all data created, gathered, generated, or acquired within the scope of the contract. Sensitive information inclusive of, but not limited to, LACERS' members and beneficiaries must be kept confidential in accordance with all federal and state laws, including but not limited to, HIPAA, the Confidentiality of Medical Information Act, and the California Information Practices Act. Selected Proposers shall notify LACERS immediately if there are any breaches to the confidentiality of LACERS' Confidential Information. A breach of the obligations stated in this Section H(1) shall be considered a material breach of this Agreement, that results from this RFP, and may subject the selected Proposer to cancellation of contract, damages, and such other remedies as may be available at law or in equity.
3. Maintain as confidential any information resulting from this engagement, except as authorized with the prior written consent from the General Manager of LACERS, or his/her designee. This includes, but will not be limited to, press releases, research, reports, and any publicity given to the selected Proposer for work provided under the resulting contract. LACERS shall be credited as the sponsoring agency.

4. Refer all requests, reports, and all other communication that use LACERS' database through the General Manager or appointed designee.
5. Notify LACERS immediately of any changes to reports required by LACERS, including but not limited to information previously provided, a change in frequency, and/or formatting. If issues arise post-change, attend to the issues in a timely manner.
6. Notify LACERS staff, in writing, in the event that any conflict of interest or possible conflict of interest is discovered regarding the provision of these services.
7. Document discussion ideas, issues, and extended services. Share responsibility with LACERS for documenting in writing all ideas and issues that arise in discussions and meetings.

## **I. Systems and Cybersecurity**

1. Protect and maintain the confidentiality and security of all Confidential Information.
2. Implement and maintain adequate and necessary security systems, policies, and protocols.
3. Provide the highest reasonable level of safety and security of Confidential Information.
4. Execute, as part of its contract, a Confidentiality Agreement providing that all Confidential Information provided to the Proposer by or on behalf of LACERS and/or LACERS Personnel or accessed or reviewed by the Proposer during the performance of the Contract, is and will remain the confidential property of LACERS. The Proposer further agrees not to provide or divulge Confidential Information to any other person or entity except as authorized in writing by LACERS, and to maintain cyber-security insurance coverage.
5. Protect the confidentiality and maintain the security of all Confidential Information impacting enrollees in its possession, without discrimination of where it occurs by implementing and maintaining adequate, necessary and appropriate security systems, safeguards, policies and protocols, to provide the highest reasonable level of safety and security of the Confidential Information.
  - i. In the event of a security or data breach that impact enrollees, the Proposer must have in place a breach reporting plan.
  - ii. The Proposer must, if there is a breach of its security system and confidential information is accessed or believed to have been accessed, provide the required notification of a breach per applicable law and indemnify LACERS against any losses in connection with the data breach.
  - iii. In addition, the Proposer will be required to provide LACERS with information relating to all mitigation efforts, and will be required to provide members with no less than twelve (12) months of enrollment in credit monitoring services with a national reporting agency, at Proposer's sole cost and expense. The Proposer will be required (via performance guarantee) to make LACERS whole for any additional costs a security breach may cause to LACERS and its staff.
6. Establish contingency plans for emergencies, disasters, and disaster recovery. These plans should include redundant processing centers and plans for activating the necessary

participant support services in the event a primary processing center is not available. These plans should also address backup systems and records in the event of damage or disaster impacting the storage and maintenance of the recordkeeping system and its records.

- i. In addition, the Proposer will be required to provide LACERS with information relating to all mitigation efforts, and will be required to provide members with no less than twelve (12) months of enrollment in credit monitoring services with a national reporting agency, at Proposer's sole cost and expense. The Proposer will be required (via performance guarantee) to make LACERS whole for any additional costs a breach related to an emergency or disaster may cause to LACERS and its staff.

## **J. Confidentiality**

All documents, records, and information provided by LACERS to the Proposer, or accessed or reviewed by the Proposer, and its employees during performance of the services, are considered Confidential Information and shall remain the property of LACERS. Provider shall:

1. Agree not to provide Confidential Information, nor disclose their content or any information contained in it, either orally or in writing, to any other person or entity, except as required to provide the services described in this RFP and subject to the requirements of any resulting contract.
2. Agree that all Confidential Information used or reviewed in connection with the Contractor's work for LACERS will be used only for the purpose of carrying out LACERS business and cannot be used for any other purpose.
3. Be responsible for protecting the confidentiality and maintaining the security of LACERS documents and records in its possession.
4. Any Confidential Information will be made available on a need-to-know basis to its employees, agents, and subcontractors.
5. Provide written instructions to all of its employees, agents, and subcontractors, with access to the Confidential Information about the penalties for its unauthorized use or disclosure.
6. At no cost to LACERS, the Proposer will, at the conclusion of services, or at the request of LACERS, promptly return in an organized manner that preserves and protects the documentation, any and all Confidential Information and all other written materials, notes, documents, or other information obtained by the Proposer during the course of work under a contract resulting from this RFP.
7. The Proposer will not make or retain copies of any such information, materials, or documents. The Proposer and its employees, agents, and subcontractors may have access to confidential employee personnel information, and misuse of such information

may adversely affect the subject individual's privacy rights and may violate various federal and State statutes.

8. Implement reasonable and prudent measures to keep secure employee personnel information accessed by its employees, agents, and subcontractors during the performance of services.
9. Advise its employees, agents, and subcontractors of the confidentiality requirement set forth in a contract resulting from this RFP.
10. Disclose, if any, the intent to use any service provider outside the continental United States of America to handle any aspect of the work within the scope of services, and describe to LACERS' satisfaction the methods which will be utilized to protect LACERS' interests and confidentiality of LACERS records and information in doing so. LACERS reserves the right to approve any such service provider throughout the term of the Contract at its sole and absolute discretion.
11. Any breach of security that occurs through the Proposer's website, offices or network shall require the Proposer to be responsible for notifying LACERS and all participants affected by such breach. The Proposer shall also be responsible for all costs associated with such notification. The Proposer shall indemnify LACERS for any breaches of its security and the improper disclosure of confidential information.

#### **K. Periodic Independent Audit**

LACERS reserves the right to assign an independent auditor to assess the quality of services being provided and the extent to which the Proposer and its subcontractors are conducting LACERS business within generally accepted industry standard practices. Each Contractor will be required to cooperate fully with any external audit.

#### **L. Financial Audit**

Firms providing services to LACERS will be responsible for the verification of the legitimacy of payments made to service providers and their subcontractors. LACERS therefore reserves the right for staff of its Office of the Controller or their designee to conduct audits of financial accountability procedures.

## **IV. CONTENT OF RESPONSE**

### **A. INTRODUCTION**

Proposals must be based only on the material contained in the RFP, amendments, addenda, and other material(s) published by LACERS relating to the RFP.

Proposers will be not evaluated by LACERS on any other information other than what is outlined within this RFP. Responses and submitted required documents with this RFP are necessary for a proposal to be considered responsive.

1. Do not alter the questions or question numbering.
2. Complete all appropriate sections of the questionnaire.
3. When providing narrative responses in the comment section of the Excel questionnaire document, do not include any images, graphics, or charts and keep responses brief and to the point in 100 words or less.
4. Provide an answer to each question even if the answer is “not applicable” or “unknown.”
5. Answer the question as directly as possible.
  - i. If the question asks, “How many...” provide a number.
  - ii. If the question asks, “Do you...” indicate “Yes” or “No” followed by any additional brief narrative explanation to clarify.
6. Be concise in your response. Use bullet points as appropriate. Consider how to word each response to not exceed 100 words in length so that the response contains the most important points you want displayed.
7. Each question must be responded to individually. Do not respond to any question with “see answer to question ##” or by referencing a response in any other part of the RFP. Such answers will be considered non-responsive.
8. Do not respond to a question solely by referring to a document or material that is not otherwise included within your proposal. If referring to such documents or materials, you are nevertheless responsible for summarizing the content for you to be deemed responsive with respect to that question.
9. Referring the reader to attachments for further information should be completely avoided. Any response that does not directly address the question, but only contains marketing information, will be considered non-responsive.

## **B. QUALIFICATIONS AND EXPERIENCE**

A Proposer must clearly demonstrate meeting the minimum qualifications for their Request for Proposal to be considered.

- Be legally authorized to do business in the State of California. All required permits and licenses must be in full force at the time of proposal submittal.
- Have at least five (5) continuous years of experience providing the services solicited in this RFP.
- Certify that neither Proposer nor its principals are presently disbarred, suspended, proposed for disbarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department or agency, any California state agency, or any local governmental agency.
- Must have experience working with organizations such as LACERS offering retiree medical/Rx benefits to:
  - A minimum of 1,000 pre-65 retirees and 1,000 Medicare retirees, and
  - A minimum of \$500 million in gross annual revenue for 2021 and 2022

## **C. PROPOSED FEE SCHEDULE**

Please see Exhibit J – Cost Proposal to complete fee schedule and rates for proposal.

## V. PROPOSAL SUBMISSION & EVALUATION

### A. PROPOSAL SUBMISSION INSTRUCTIONS

***In Writing*** – All proposals must be submitted in writing, and Proposers shall complete and return any and all applicable documents including but not limited to written responses, questionnaires, forms, appendices, spreadsheets, and any electronic files to the upload link or address indicated on page one of this RFP. The Proposer is responsible for all errors or omissions found in the proposal. The Proposer will not be allowed to alter proposal documents after the Proposal Submission Deadline, except as allowed by LACERS in its sole discretion.

If your proposal contains any trade secrets or other proprietary, confidential information that the proposer claims is exempt from disclosure under the California Public Records Act (California Government Code § 7920.000 *et seq.*), please refer to #19 of Appendix A – General Conditions, for instructions on how to appropriately identify that information. Failure to identify that information in the proposal shall constitute a waiver of proposer's right to exemption from disclosure.

A census will be provided to Proposer(s) who submits their Intent to Bid according to this RFP's instructions and timeline schedule. Rates should be based on the census enrollment provided by LACERS. Proposers are not to change enrollment assumptions. Proposers are further required to waive any rights to re-rate, should enrollment vary from LACERS' provided enrollment information.

LACERS may deem a Proposer non-responsive if the Proposer fails to provide all required documentation, copies, or electronic files. A non-responsive designation will eliminate a Proposer from further consideration in the evaluation process.

***USB Drive Submissions*** – Proposers choosing to submit their proposal via USB drive mailed to the address provided on page one of this RFP must ensure that the USB drive is received by the Proposal Submission Deadline. Proposals submitted via USB drive received after the Proposal Submission Deadline shall be considered late and eliminated from further consideration in the evaluation process.

***Best and Final Offer*** – Proposals shall include the Proposer's best terms and conditions. Submission of proposal(s) shall constitute a firm and fixed offer to LACERS that will remain open and valid for a minimum of 12 months from the proposal submission deadline. There will be no opportunity provided to improve upon your pricing position nor any content of your RFP response.

***Number of Proposal Copies Required*** – Proposers are required to submit their proposals according to the instructions below to the RFP Administrator:

- One (1) Complete Proposal, submitted electronically in the following three (3) different formats: Adobe PDF, Microsoft Word (all components except the questionnaire), and Microsoft Excel (questionnaire only).
- In addition, written versions of Proposals may be requested for use by members of LACERS' Review Committee. However, submission of the written versions will not be related to LACERS' consideration of the timeliness of Proposals, and no deviations of the written versions from the electronic submission will be permitted.



**Alternatives** – The Proposer shall not change any wording in the RFP or associated documents. Any explanation or alternatives offered shall be submitted in a letter attached to the front of the proposal documents. Alternatives that do not substantially meet LACERS’ requirements cannot be considered.

**Proposal Clarification** – At any phase of the evaluation process, LACERS reserves the right to request that Proposers clarify information provided in RFP responses including clarification of assumptions used in the RFP response. Clarifications must be submitted in writing by the requested deadline, otherwise the RFP response will be deemed non-responsive or evaluated without the benefit of the clarification requested.

If LACERS determines that all Proposers failed to submit requested information or adequately responded to the same RFP question or request for data, LACERS may, at its discretion, issue an RFP Addendum and provide all Proposers with an opportunity to provide a response to the RFP question. Responses to RFP Addendum questions must be submitted in writing by the stated deadline, otherwise the RFP response will be deemed non-responsive or evaluated without the benefit of the clarification requested.

**Waiver of Minor Administrative Irregularities** – LACERS reserves the right, at its sole discretion, to waive minor administrative irregularities contained in any proposal.

**Authorized Signatures** – Proposals must be signed by a duly authorized officer eligible to sign contract documents and authorized to bind the Proposer to all commitments made in the proposal. A non-officer individual, with the authority to bind the Proposer to a contract, is sufficient to sign all applicable documents for the purpose of this RFP. Consortiums, joint ventures, or teams submitting proposals will not be considered responsive unless it is established that all contractual responsibility rests solely with one Proposer or one legal entity. The proposal must identify the responsible entity.

#### **A. Intent to Bid Response**

Your completed “Exhibit A – Intent to Bid” form is due to LACERS by **Wednesday, March 15, 2023, by 12 p.m. noon PST** via the electronic submission link on the cover of this RFP or by USB drive submission in the mail.

Returning the “Exhibit A – Intent to Bid” form will enable LACERS to send you an invite to the **Thursday, March 16, 2023** virtual Bidder’s Conference event and release census data and plan experience to the bidder on after the conference.

#### **B. RFP Response Introduction and Instructions**

The questions included in this RFP are intended to solicit important background information about your firm, general qualifications, and fully disclose the data points upon which Proposers will be evaluated. Proposals must be submitted in accordance with the requirements set forth in this RFP.

To confirm your intent to submit a proposal in response to this RFP, notify the RFP Administrator no later than **Wednesday, March 15, 2023 noon PST** by submitting a completed “Exhibit A – Intent to Bid”.

Your bid submission should be in the form of a signed cover letter and proposal declaration, to the submission options provided on the cover of this RFP. Please submit your documents by **Thursday, April 6, 2023, 5 p.m. PST** deadline via the electronic submission link or by USB drive in the mail. Submissions received past the deadline will not be accepted.

The cover letter and proposal declaration must include the following:

1. Title “LACERS 2024 Retiree Health Insurance Coverage – MEDICAL/RX RFP”
2. Submission date
3. Contact name of person authorized to bind the Proposer to the proposal
4. Contact name/title
5. Mailing address
6. Location of business (if different from mailing address)
7. Type of legal entity (corporation, Limited Liability Company, joint venture, partnership, etc.)
8. A short description of your organization, the businesses in which it engages, and the services it provides
9. Telephone numbers (office, cell, and 24-hour lines of person(s) who will be authorized to represent the Proposer)
10. Email address
11. Date entity was established and location of entity when established
12. Location of headquarters (full address) and, if your firm has more than one office location, which of your firm’s offices will service this account
13. Remittance address (if different from mailing address)
14. Annual revenues
15. Total number of employees
16. Number of employees providing services for this contract
17. The following statement:

“The undersigned hereby offers and agrees to furnish the services in compliance with all the service level requirements, instructions, specifications, and any amendments contained in this RFP document and any written exceptions in the offer accepted by LACERS. This proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person not herein named; the Proposer has not directly or indirectly induced or solicited any other Proposer to put in a sham proposal, or any other person, firm, or corporation to refrain from submitting a proposal; and the Proposer has not in any manner sought by collusion to secure for itself an advantage over any other Proposer.”

18. A signature submitted on behalf of the Proposer by an officer authorized to bind the Proposer to the proposal, acknowledging:
19. Receipt of and agreeing the submitted proposal is based on the RFP and any identified addenda (Failure to indicate receipt of addenda may result in the proposal being rejected as non-responsive)
20. To constitute a responsive proposal, all pages of the proposal questionnaire and required forms must be submitted
21. Under penalty of perjury under the laws of the State of California that the proposal is true and correct and the Proposer agrees to the terms and conditions in the proposal

### **C. Proposal Questionnaire**

Please complete the Healthcare Services proposal questionnaire provided in the RFP and include it with your RFP proposal. Make sure that you enter information into **ALL** cells designated for responses. If the question does not apply, enter "N/A" into the cell. Do **NOT** leave empty cells. Do **NOT** add columns, rows, or cells to the questionnaire format. The questionnaire is not to be adjusted by adding or deleting rows or columns. Cells are not to inserted, deleted, or merged.

If you have any questions regarding this form, contact the RFP Administrator. Failure to comply with these instructions will result in the vendor being non-compliant. We request that responses and comments in the questionnaire be brief, to the point, and not exceed 100 words. The vendor's Authorized Representative is to ensure all vendor team members responding to the RFP are aware of these requirements.

### **D. Compliance with Standard Provisions**

Provide a sample contract for review by LACERS.

### **E. Insurance**

LACERS has determined that the following insurance coverage types will apply to this contract:

- Workers Compensation – Workers' Compensation and Employer's Liability: \$ 1,000,000
- General Liability: \$ 5,000,000
- Professional Liability/Errors & Omissions: \$10,000,000
  - Discovery Period: 12 months after completion of work or date of termination
- Cyber Liability & Data Breach: \$ 5,000,000

Please verify that you will be able to meet the required coverage levels and submit proof of such.

### **F. Lobbyist Disclosure**

Disclose any:

- 1) arrangements your company has with any lobbyists and/or agents representing your company; and
- 2) any arrangements your company has with an unrelated individual or entity with respect to the sharing of any compensation, fees, or profit received from or in relation to the proposing company being awarded a Contract with LACERS. If any such arrangement exist, describe the nature of the relationship and the manner in which compensation or fees would be shared.

### **G. Endorsement Disclosure**

Disclose any financial relationship your company has with any union, organization, or association in conjunction with an endorsement. Provide details regarding the relationship, including any benefit that will be recognized by the union, organization, or association in the event your company is awarded a Contract with LACERS.

## **H. Subcontracting**

If any portion of the Contract is to be subcontracted, it must be clearly set forth as to the part(s) to be subcontracted, the reasons for the subcontracting, and a listing of subcontractors. For each subcontractor proposed, provide the following information:

1. The specific service being subcontracted
2. Name of subcontractor
3. Subcontractor's contact name
4. Contact title
5. Contact phone number
6. Mailing address
7. Location of business (if different from mailing address)
8. Business telephone number
9. Subcontractor's registration # and/or license #, if applicable
10. Description of work to be subcontracted
11. Reason for subcontracting
12. Percent of total contract to be subcontracted and dollar amount
13. Relevant work experience in years and level of responsibility
14. Experience in number of years that your firm has worked with the subcontractor providing these services
15. If subcontractors will not be utilized, so indicate here

## **I. Required Contract Execution Date**

Please indicate if you:

- a) Have any requirements, constraints, or limitations with respect to the implementation or "Go-Live Date" relative to final execution of a completed Contract with LACERS; and
- b) Confirm you would be willing to provide services to LACERS prior to the full execution of a completed Contract providing that a ratification clause is inserted into the Contract. Please provide a written statement indicating your commitment to contract development and confirming that you will provide services to LACERS prior to the full execution of a completed Contract, recognizing that a ratification clause is inserted into the Contract.

## **J. Verification of Prior LACERS Contracts**

Proposers are required to provide a list of all LACERS contracts held within the past ten years to be included in the response package for all bids and proposals. Performance on past contracts with LACERS will be reviewed by LACERS. Failure to disclose this information will deem the proposal non-responsive and disqualified from further consideration in the evaluation process.

## **B. EVALUATIONS OF PROPOSALS**

- 1) While LACERS has retained the services of Keenan to facilitate the RFP process, LACERS at all times retains ultimate responsibility for the evaluation and award of contract(s) at its sole discretion.

Selected Proposer(s) must successfully pass all the following levels of review:

**a. Level I – Preliminary Review Process**

Proposals will be reviewed to determine:

- i. Completeness of required documentation,
- ii. Compliance with LACERS' administrative and general contracting requirements, and
- iii. Ability to meet the minimum requirements outlined in this RFP.

Proposers who fail to submit or complete the required documentation, fail to satisfactorily comply with LACERS' general contracting requirements, or fail to meet LACERS' minimum requirements will be deemed non-responsive, eliminated from further consideration, and will not proceed to the Level Two review process.

Proposers will be notified by email regarding the results of the Level One review.

**b. Level II – Review Criteria and Evaluation Process**

All written responses to the RFP questionnaire will be considered and evaluated. LACERS' Consultant will be designated to evaluate and score the technical competence of all proposals and generate findings for LACERS. LACERS' evaluation process will include:

- i. A review by LACERS staff of LACERS' Consultant's report and recommendation.
- ii. In assigning its ratings, LACERS' Consultant will review RFP responses from each Proposer.
- iii. LACERS staff evaluations will be documented and supported by the observations and evaluations of the Consultants.
- iv. Evaluation Methodology – The Review Committee will apply quantitative and qualitative methods to evaluate a Proposer's Response.
  - Quantitative analysis will be applied to these selection criteria:
    - Access to Care/Network
    - Member Disruption
    - Cost Proposal
    - Plan Design
  - Qualitative analysis will be applied to these selection criteria:
    - Organizational Strength and Plan Sponsor Services
    - Administration Support and Account Management
    - Member Quality of Care, Resources, and Services

Qualitative evaluation determination indicators:

- a) Exceeds Standards
  - Response meets all and substantially exceeds many requirements.
  - Response contains elements where there is significant increased value, innovation, technology, and/or program stability.
  - Response demonstrates exceptional success with initiatives related to scope of services and key success metrics.
  - No significant weaknesses identified.
- b) Meets Standards
  - Response meets all requirements.

- Response contains elements where there is some increased value, innovation, technology, and/or program stability.
  - Response demonstrates some success with initiatives related to scope of services and key success metrics.
  - Very few weaknesses identified.
- c) Fails Standards
- Response does not meet requirements.
  - Response contains no elements of or indication of value, innovation, technology, and/or program stability.
  - Response does not demonstrate or touch on work relative to scope of services and key success metrics.
  - Significant weaknesses identified.

Qualitative evaluation ratings (i.e., Exceeds Standards, Meets Standards, Fails Standards) to each non-quantitative selection criteria category. The evaluation rating will be based on the Consultant's assessment of the responses. The evaluations will be objective assessments of each Proposer's responses.

Quantitative and qualitative ratings for each selection criteria as supported by LACERS staff and the Consultant will be summarized in the preliminary marketing report.

Evaluation of written responses will be based on the following categories and the weights associated with each factor.

**c. Level III – Selection of Finalists, Reference Checks, Site Visits, Interviews**

It is the intent of LACERS to narrow down the list of vendors to finalists. LACERS reserves the right to increase or decrease the number of finalists.

LACERS will select a vendor or vendors based on the following criteria:

- Qualification and experience of the firm and the key personnel assigned to the project,
- Demonstrated understanding and ability to address LACERS' unique needs,
- Strength of client service orientation,
- Reasonableness of costs and value, and
- Positive contracting history

All proposals deemed timely and responsive will be reviewed, evaluated, and a short list of the most qualified Proposer(s) will be developed. An evaluation panel consisting of a team of LACERS staff and Consultant members will interview qualified Proposer(s) on the short list. After the completion of the interview process, LACERS will rank the short-listed Proposers and negotiate contracts with the highest ranked, qualified proposers for particular coverages. LACERS reserves the right to select more than one carrier for a particular coverage.

LACERS expects to request the participation of selected bidding organizations in oral interviews. This will be the Bidder's opportunity to present their proposal, to engage in an interactive dialogue, and to answer questions. The meeting will be virtual.

At its discretion, LACERS may conduct site visits with selected Proposers to address any and potentially all aspects of operations affecting administration of its plan. This could include claim operations, customer service, utilization management/review, provider network management, and prescription drug administrative operations.

Based on LACERS Benefits Administration Committee (BAC), LACERS staff, and/or the Consultant's input, finalists may be asked more questions, requested to provide additional information, and be asked to validate proposal responses. Additionally, Finalists can be expected to have references checked, site visits, and be interviewed by the Consultant and LACERS staff members. Finalists will be asked to submit an implementation schedule for Open Enrollment.

**d. Level IV – Final Approval by the Board**

The proposer that demonstrates to be the most qualified to provide the required services at the best overall value to LACERS, as determined by the evaluation panel, will be recommended for contract award to the LACERS Board of Administration (Board). The Board at its sole discretion makes the final award determination.

It is the intent to have a recommendation for vendors to be implemented for the 2024 plan year in July 2023 at a LACERS Board meeting. Finalists will be notified of the decisions after the Board's decision.

**Contract Award Subject to Successful Negotiation**

Upon recommendation for selection, the successful proposer will be required to produce, within two (2) working days, a document identifying any potential inconsistencies or requested exceptions involving LACERS' Standard Provisions in Appendices A and B and its anticipated Group Benefit Agreement (GBA). A plan for addressing any potential inconsistencies or requested exceptions will need to be established and resolved between LACERS and the Proposer. The award of the contract is subject to successful negotiation of all terms and conditions related to and including a contract between the Proposer and LACERS.

If a contract for any reason cannot be successfully negotiated with the first ranked firm, LACERS may choose to negotiate with the next most qualified firm. The final terms and conditions will be determined during contract negotiations following the selection process. Upon satisfactory negotiation, LACERS Management will return to the Board of Administration with a recommendation to award the contract. No contract shall be final until approved by the Board of Administration.

**Contract Evaluation Program**

When the term of the Contract pursuant to this RFP has concluded, LACERS will conduct an evaluation of the Contractor's performance. LACERS may also conduct evaluations of the Contractor's performance during the term of the Contract. Evaluations will be based on specified criteria, including the quality of the work product or service performed, the timeliness of performance, financial issues, and the expertise of personnel that the Contractor assigns to the Contract. A Contractor will be provided with a copy of the final LACERS evaluation by request.

<b>EVALUATION CRITERIA</b>	<b>POSSIBLE WEIGHT</b>
<p><b>Organizational Strength and Plan Sponsor Services</b></p> <p>Proposer demonstrated relevant background, contractual issues, firm experience, and regulatory and compliance with regards to providing health plans and health benefits to Retirees, Survivors, and Dependents.</p>	10
<p><b>Administration Support and Account Management</b></p> <p>Firm demonstrates strong delivery of health plan and benefits implementation; claims processing; billing and eligibility; plan sponsor services; call center administration; and systems and cybersecurity.</p>	15
<p><b>Member Quality of Care, Resources, and Services</b></p> <p>Proposer clearly discloses relevant services offered in enrollment; member call center services; customer service and Quality Control Grievances and Appeals; member advocacy and support services; prescription drug management; quality measurement standards; online resources; wellness resources; condition management resources; and applicable/relevant miscellaneous services.</p>	15
<p><b>Access to Care/Network</b></p> <p>The evaluation of Access to Care/Network of each firm will be based upon the bidder's: Provider Groups/Network/Geographic Access; Emergency/Urgent Care Access &amp; Extended Hours; and Formulary/Rx Tier Disruption. This evaluation will also consider cost on a qualitative basis, not necessarily on a quantitative basis.</p>	30
<p><b>Value of Cost and Plan Design</b></p> <p>The evaluation of the relative cost and value for each firm based upon its submission of the proposed fee schedule by premium costs and rate commitments; provider reimbursements and discounts; hospital and outpatient facility charges; fee guarantee and/or fee caps; performance guarantees; and plan design adequacy. This evaluation will also consider cost on a qualitative basis, not necessarily on a quantitative basis. LACERS expects the cost proposal to include details of all costs associated with the scope of services contained in this RFP.</p>	30
<b>TOTAL POINTS</b>	<b>100</b>



## 2) Tentative Schedule

This schedule indicates estimated dates for the RFP process. LACERS reserves the right to adjust this schedule when appropriate. All questions should be directed only to Ms. Erin Robinson at Keenan & Associates. Any questions or contacts related to the RFP with LACERS office or staff is strictly prohibited during the proposal process.

<b>Date</b>	<b>Event</b>
March 10, 2023	Release of RFP
March 15, 2023	“Exhibit A – Intent to Bid” form due from Bidders by 12 p.m. PST
March 16, 2023	Virtual Bidders Conference at 1 p.m. PST, invitations are to Bidders who met the “Intent to Bid” submission deadline  Release of Census and Plan Experience from LACERS, contingent on receipt of “Exhibit A – Intent to Bid” submission deadline
March 21, 2023	Deadline for RFP questions
March 28, 2023	RFP question responses posted
April 6, 2023	Deadline for proposal submissions by 5 p.m. PST
April-June 2023	Evaluation of proposal submissions
June/July 2023	Target period for LACERS Board of Administration consideration of contract award
January 1, 2024	Tentative contract start date

As covered under Title II of the Americans with Disabilities Act, LACERS does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its proposals, programs, services, and activities. If an individual with a disability requires accommodations to attend the Pre-Proposal Conference, please contact the RFP Administrator at least five working days prior to the scheduled event.

## **VI. GENERAL CONDITIONS AND COMPLIANCE DOCUMENTS**

Proposers are to submit required documents specified in the General Conditions and Compliance Documents (Appendix A). The General Conditions also indicate several standard contracting provisions and requirements of every LACERS and City of Los Angeles contract. You are encouraged to read the documents thoroughly as they may result in additional expense to your

firm, such as certain insurance requirements and a Los Angeles Business Tax Registration Certificate. This RFP is for a new contract. Previous document submittals and/or waivers do not apply. New forms must be completed and processed.

### **Sexual Harassment Policy**

Proposers are advised that if selected and awarded a contract, then the Proposer will be required to comply with LACERS' Sexual Harassment policy, which will require the Proposer to affirm the following:

"The Contractor is committed to a work environment in which all individuals are treated with respect and dignity. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits unlawful discriminatory practices, including harassment. Contractor has developed policies to ensure that all its employees and equity partners can work in an environment free from unlawful harassment, discrimination, and retaliation. Contractor will make every reasonable effort to ensure that all employees, equity partners, and contractors are familiar with its policies and compliance procedures, and that all are aware that any complaint of a violation of such policies will be investigated and resolved appropriately.

Contractor encourages reporting of all perceived incidents of discrimination or harassment, and it has adopted the policy to promptly and thoroughly investigate such reports.

Contractor represents that it currently does not have any pending or anticipated litigation against the company or its employees, involving allegations of sexual harassment or misconduct. Contractor shall promptly notify LACERS' Representative in the event any litigation involving sexual harassment or misconduct is filed against the company or any employee."

## **VII. EXECUTIVE DIRECTIVE 35**

Respondents are advised, pursuant to the Mayor's Executive Directive 35, if a bidder is selected and awarded a contract, and if the contractor is a for-profit company or corporation, the contractor shall, within 30 days of the effective date of the contract and on an annual basis thereafter (i.e., within 30 days of the anniversary of the effective date of the contract), report the following demographic information to the City via the Regional Alliance Marketplace for Procurement (RAMP): contractor's and any subcontractor's annual revenue, number of employees, location, industry, race/ethnicity, and gender of majority owner ("contractor/subcontractor Information"). On an annual basis, the contractor shall further request that any subcontractor input or update its business profile, including the contractor/subcontractor information, on RAMP or via another method prescribed by City.

Contractors must complete the City's form, but may choose not to disclose information. Disclosure of demographic information is informational and will not impact the bidding, selection, or awarding process of a contract.