

TO: Dee Jones, Executive Administrator

FROM: Evaluation Committee for the Third Party Administrative Services
Request for Proposal #270-20220830TPAS

SUBJECT: Recommendation to Award for Third Party Administrative Services
Request for Proposal #270-20220830TPAS

DATE: December 14, 2022

The North Carolina State Health Plan for Teachers and State Employees (Plan) issued a Request for Proposal (RFP) #270-20220830TPAS on August 30, 2022, to solicit bids for Vendor(s) to provide third party administrative (TPA) services for self-funded health claims and related services. Providing health benefits to Plan Members is the core of the Plan's mission; therefore, having the right Vendor partner is the key to success.

Minimum Requirement (MR) responses were due on September 26, 2022, at 10:00 a.m. ET and technical and cost proposals were due on November 7, 2022, at 10:00 a.m. ET.

The Plan received MR responses from the following Vendors:

Vendor
Aetna Life Insurance Company (Aetna)
Blue Cross Blue Shield of North Carolina (Blue Cross NC)
UMR, Inc. (UMR)

The Evaluation Committee (EC) consisted of the following members:

Core (Voting)

Caroline Smart
Chrissy Crute
Duane Maxie
Jenifer Zamudio
Beth Horner
Matthew Rish
Tamara Williams

Advisory (Non-Voting)

Dee Jones
Charles Sceiford
Aaron Vodicka (Legal)
Joel Heimbach (Legal)

Contracting (Non-Voting)

Kendall Bourdon
Sharon Smith
Vanessa Davison
Kimberly Alston

Subject Matter Experts (SME) by Section

Renee Bourget	5.1 Minimum Requirements, item 4, Data Security
Matt Rish	5.1 Minimum Requirements, item 5, Financial Stability
Aaron Vodicka	5.1 Minimum Requirements, items 9 and 10, Attachment G: Business Associate Agreement and Attachment H: HIPAA Questionnaire

The EC met on September 27 and 30, 2022, to evaluate all three (3) MR proposals and the SMEs reviewed their portions. During the MR evaluation, clarifications were issued to Vendors regarding specific areas of their MR proposals.

The EC determined that all three (3) Vendors met the MRs. On September 30, 2022, the Plan notified Vendors that they met the MRs, and requested The Segal Company, Inc. (Segal), to provide a link to each Vendor which allowed them access to data files needed for the development and submission of their cost proposals.

All three (3) Vendors submitted their technical and cost proposals by the due date. The EC evaluated the technical proposals. Segal reviewed and analyzed the cost proposals independently from the EC and shared the preliminary results and the final results with the EC after the EC completed the technical evaluation.

The EC met on November 8, 2022, to review the technical proposals. Each Vendor's proposal was evaluated and scored on several factors. The technical proposals were scored separately based on the overall point scale described below.

TECHNICAL AREAS	MAXIMUM POINTS
Section 5.2.1 Account Management	20
Section 5.2.2 Finance and Banking	19
Section 5.2.3 Network Management	28
Section 5.2.4 Product and Plan Design Management	41
Section 5.2.5 Medical Management Programs	18
Section 5.2.6 Enrollment, EDI, and Data Management	40
Section 5.2.7 Customer Experience	52
Section 5.2.8 Claims Processing and Appeals Management	16
Section 5.2.9 Claims Audit, Recovery, and Investigation	25
Section 5.2.10 Initial Implementation and Ongoing Testing	3
Section 5.2.11 Reporting	48
Total	310

The Vendors were ranked in descending order based on the total points earned. The Vendor earning the least points out of the total 310 received the rank of one (1). The bids fell in line according to total scored points, with the Vendor earning the most points out of the total 310 receiving the highest rank. If two (2) Vendors earn the same score in the technical points, they were given equal rank.

Below are the points and rankings for the technical proposals.

Vendor	Final Technical Points	Final Technical Proposal Rank
Aetna	310	3
Blue Cross NC	303	1
UMR	310	3

The EC met on November 17, 2022, to review cost proposals and for Segal to present its initial cost analysis of the cost proposals, "Draft, For Discussion Purposes As of 11/17/2022" and subsequent scoring. Cost proposals were scored based upon the Vendor's response to ATTACHMENT A: PRICING. Maximum points attainable for each Vendor's cost proposal was 10 - six (6) points for Network Pricing, two (2) points for Administrative Fees and two (2) points for Network Pricing Guarantees. The maximum number of total points was awarded to the Vendor offering the most competitive cost proposal with other Vendors receiving points proportionately.

Below are the preliminary points and rankings for the cost proposal.

Vendor	Preliminary Cost Proposal Total Score	Preliminary Cost Proposal Rank
Maximum Allocated Points	10	
Aetna	5	2
Blue Cross NC	8	3
UMR	2	1

After much discussion, the EC decided to issue a Request for Best and Final Offer (BAFO) to all three (3) Vendors requesting better pricing. The EC also decided to issue clarifications regarding In-Network Discounts.

On November 18, 2022, the Plan issued BAFO #1 and clarifications to the Vendors with a response due date of Tuesday, November 22, 2022. The EC met again on November 30, 2022, where Segal presented another cost analysis, "Cost Proposal Analysis - Reflects Clarifications and Best and Final Offers (BAFO #1) DRAFT for Discussion Purposes As of 11/29/2022."

Below are the points and rankings for the BAFO #1 cost proposals; and the final technical proposal and BAFO #1 cost proposal rank totals.

Vendor	BAFO #1 Cost Proposal Total Score	BAFO #1 Cost Proposal Rank
Maximum Allocated Points	10	
Aetna	8	3
Blue Cross NC	8	3
UMR	7	1

The total points scale reflected the following weights:

Technical Proposal	50%
Cost Proposal	50%
Total:	100%

Vendor	Final Technical Proposal Rank	BAFO #1 Cost Proposal Rank	Final Technical Proposal and BAFO #1 Cost Proposal Rank
Aetna	3	3	6
Blue Cross NC	1	3	4
UMR	3	1	4

Below are the estimated “Total Contract Values” for each Vendors’ offer. This calculation estimates the total value for the entire Contract, including the two (2) optional years.

Total Contract Value (\$M)						
Aetna BAFO #1						
	2025	2026	2027	2028	2029	Total
Claims	3,035.7	3,209.6	3,393.9	3,588.7	3,794.7	17,022.7
Admin	97.5	98.2	97.9	101.1	104.5	499.2
Total	3,133.1	3,307.8	3,491.9	3,689.9	3,899.2	17,521.9

Total Contract Value (\$M)						
BCBS BAFO #1						
	2025	2026	2027	2028	2029	Total
Claims	3,049.9	3,224.7	3,409.8	3,605.5	3,812.5	17,102.5
Admin	52.7	74.0	76.9	84.2	114.5	402.3
Total	3,102.6	3,298.7	3,486.8	3,689.7	3,927.0	17,504.8

Total Contract Value (\$M)						
UMR BAFO #1						
	2025	2026	2027	2028	2029	Total
Claims	3,060.1	3,241.2	3,427.2	3,623.9	3,831.9	17,184.3
Admin	112.2	122.1	123.0	124.4	125.9	607.5
Total	3,172.3	3,363.2	3,550.2	3,748.3	3,957.8	17,791.8

The EC recommends presenting all three (3) proposals to the Board of Trustees for their consideration with a recommendation to award to the Third Party Administrative Services Contract to Aetna Life Insurance Company.

The awarded Contract shall have an initial term of 60 months, including 24 months for implementation, beginning January 1, 2023, through December 31, 2024. Services under the awarded Contract shall begin on January 1, 2025, through December 31, 2027. The Plan has the option to extend the Contract for two (2) additional one-year terms.

By signing below, you confirm that the above statements reflect the Evaluation Committee's review and recommendations for RFP # 270-20220830TPAS Third Party Administrative Services.

Evaluation Committee Members:

DocuSigned by:
Caroline Smart
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Date: 12/13/2022
Caroline Smart, Senior Director, Plan Integration

DocuSigned by:
Chrissy Crute
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Date: 12/14/2022
Chrissy Crute, Manager, Plan Integration

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Duane Maxie, Manager, Plan Integration

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Jenifer Zamudio, Business Analyst, Plan Integration

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Matthew Rish, Senior Director, Finance, Planning & Analytics

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