



**City of Murfreesboro, Tennessee**

**INVITATION TO BID**

**April 23, 2015**

**Qualified Licensed Insurance Carriers**

**for**

**Stop Loss Insurance for Employee, Retiree and Long Term**

**Disabled Health and Pharmacy Programs**

**1. Overview**

The City of Murfreesboro, Tennessee is seeking bids from qualified licensed insurance carriers only for Stop Loss Insurance for its Employee, Retiree and Long Term Disabled Health and Pharmacy Programs. The stop loss contract will be effective July 1, 2015. In this Bid, the City requests 12 month rates to be effective through June 30, 2016, and also 6 month rates to be effective through December 31, 2015.

The City currently purchases stop loss insurance for approximately 945 active employees and their dependents, 67 pre-Medicare early Retirees/LTD and their dependents, and 136 post-Medicare Retirees/LTD and their dependents. The City's health and pharmacy benefits plans are currently administered by BlueCross BlueShield of Tennessee and Envision Rx. It purchases stop loss insurance through BlueRe. The City currently utilizes the BlueCross BlueShield Preferred Network (P).

COWAN BENEFIT SERVICES will be coordinating this ITB for the City.

## 2. Purpose and Evaluation Method

The City feels it is prudent to seek bids at this time to ensure that it is receiving the best price and stop loss coverage. A Contract will be awarded on the basis of the lowest Bid from a responsive and responsible Bidder. The City reserves the right to choose whichever options it deems to be in its best interests. The rates provided for the Current Stop Loss Coverage (described in Section 3.4) as well as the other options (described in Section 3.4) will be considered. The City will elect to adopt the best scenario based on the lowest bid for that option.

The City will determine whether a Bidder is responsive by evaluating the completeness of the Bid submission (including the Bid Form and the information and documents produced) and the acceptance, without exception or limitation, of the required stop loss coverage. The coverage specified by the City's health benefits plan and paid by the City's ASO must also be covered by the stop loss contract, with no exceptions. The City will determine whether a Bidder is responsible by evaluating financial strength (as reflected by standardized ratings and insurance coverage); experience (as reflected by references and industry reputation); and adherence to legal obligations (as measured by litigation history and regulatory agencies). The City and its consultant may conduct such investigations as they deem necessary to establish the responsibility, qualifications and financial abilities of Bidders and will award the contracts to the lowest Bid that is in the best interest of the City. The City reserves the right to reject any and all Bids.

Bidders should respond to all questions in this Invitation to Bid and complete the Bid Form. Please provide Bids for one or all of the options on the Bid form. If the Bid is being submitted in conjunction with a Managing General Underwriter (MGU), the term "Bidder" refers to both the Insurance Carrier and the MGU and all relevant questions must be completed on behalf of both the Insurance Carrier and the MGU.

The City will contract directly with organizations capable of performing the requirements of this ITB. Bidders must be represented directly. Participation by brokers or commissioned agents will not be allowed during the proposal process or during the term of the proposed contract. Bids must be exclusive of commissions or fees. The City will not pay commissions or fees to any entity in association with its Stop Loss Coverage.

A Letter of Intent to Bid should be emailed and sent to Jay Brown (see contact information in section 4.11) no later than **Wednesday, April 29, 2015**. The Intent to Bid may be sent in the form of an email message or a Word document attachment that is emailed. Briefly state the Bidder's understanding of the work to be done. Bidders may withdraw their Letters of Intent to Bid at any time before the deadline for submittal of Bids. Submittal of a Letter of Intent to Bid is not a prerequisite for submitting a Bid, but it is necessary to ensure a Bidder's receipt of amendments and other communications regarding the ITB.

Please note the following:

- Specific questions concerning the ITB should be emailed and sent to Jay Brown (see contact information in Section 4.11) in writing by **Monday, May 4, 2015**. No questions should be submitted directly to the City.
- Written responses are being produced to ensure accurate, consistent responses to all Bidders.
- Additional questions shall be entertained at any time throughout the ITB process prior to the Bid submission deadline; however, responses may be deferred, and are not guaranteed to be provided by the Bid submission deadline.

The City will accept replies from Bidders until **Friday, May 15, 2015 at 3:00 P.M. local time**. Bids received after that time will not be considered. The City is requesting an effective date of **July 1, 2015**.

Final contracts are expected to be presented to City Council for approval on **Thursday, May 28, 2015**.

The following attachments are available upon request to Jay Brown (see contact information in Section 4.11):

- Census in Excel Format
- Claims Experience
- High Claimant Reports with protected health information (PHI)
- Current Summary Plan Descriptions
- Current Summary of Benefits and Coverage

Bidders must adhere to HIPAA compliance when receiving PHI.

**A sample of the Bidder's contract is required as part of the Bid, in addition to written responses to the ITB and the completed Bid form.** All questions or requests for clarification should be directed to Jay Brown at the contact information listed below. No other persons should be contacted regarding this ITB.

Jay Brown  
COWAN BENEFIT SERVICES  
[jbrown@cowanbenefit.com](mailto:jbrown@cowanbenefit.com)

## **INVITATION TO BID SCHEDULE**

<b>Activity</b>	<b>Target Date</b>
City Issues Invitation to Bid	April 23, 2015
Submittal Deadline for Letter of Intent to Bid	April 29, 2015
Deadline to Submit Written Questions	May 4, 2015
Deadline to Submit Bids	May 15, 2015
City Notifies Lowest Bidder	May 21, 2015
Final Contract Presented to City Council	May 28, 2015
Contract Effective Date	July 1, 2015

### **3. Specific Requirements**

#### **3.1 Individuals Covered**

Bidders must accept all individuals who are covered under one of the City's self-funded health plans as described in Section 1 above on the day prior to the effective date of the stop loss contract between the successful Bidder and the City, including individuals covered through the Consolidated Omnibus Reconciliation Act of 1986 (COBRA).

#### **3.2 Interaction with Medical and Pharmacy Benefit Carriers**

Bidders must agree to work with the City's medical and pharmacy benefit carriers and its claims processing systems for the purposes of processing claims under the stop loss contract.

#### **3.3 Actively at Work Provision**

Bidders must be willing to waive actively at work provisions.

#### **3.4 Current Stop Loss Coverage**

Bidders must meet or exceed the minimum coverage requirements described in this section. Bidders are to identify where coverage exceeds the minimum requirements and provide exclusions under their plan.

#### **3.5 Reporting**

Bidder must provide reporting methods and frequency.

### **1) Type of Coverage**

The City currently carries specific stop loss insurance for medical and prescription drug claims. The City does not carry aggregate stop loss insurance. Bidders must at a minimum quote an individual specific deductible of \$150,000 with an aggregating specific deductible of \$200,000. Specific coverage must include advance funding of specific claims.

The City would also like to see an option that includes an individual specific deductible of \$160,000 with an aggregating specific deductible of \$200,000.

The City will review options to exclude lasers from the renewal and second year rate caps with these funding levels. In addition, Bidders are asked to quote both a 12 month and 6 month rate with each option.

### **2) Lifetime Maximum and Annual Policy Maximum**

The City's current medical health benefit plan has an unlimited lifetime maximum per covered individual and an unlimited annual maximum per covered individual.

### **3) Contract Basis**

Bidders must quote a Paid (24/12 or better) contract basis.

### **3.5 Alternative Stop Loss Coverage**

The City would like to consider the other coverage options described in Section 3.4. The City reserves the right to choose whichever option, if any, it deems to be in its best interests.

### **3.6 Description of Organization**

State the full name and address of your organization, including all branch offices that will be responsible for performing the services included in this Bid. Submit a copy of your Tennessee license.

Submit information about your financial performance rating from A.M. Best and Standard and Poor's. Bidders shall hold at least an A rating or better at the time of Bid submission with A.M. Best in order to submit a Bid.

State the number of years the company has been in business, the number of stop loss contracts in force, and the percentage of stop loss contracts that are with employers in the public sector.

If Bid is submitted in conjunction with an MGU, the following questions must be answered:

- a) Does the MGU have claims paying authority? If so, to what extent?
- b) Does the MGU assume any risk for the Bidder? If yes, how much?

### **3.7 Claims Processing**

Describe your claim processing standards for turnaround time, procedural accuracy and financial accuracy. Describe your appeals process.

### **3.8 Thoroughness of Response to Invitation to Bid**

In addition to submitting the attached Bid Form, all Bids must be submitted in writing and specifically address all of the requirements listed above.

## **4. General Requirements**

### **4.1 Approval by Regulatory Authorities**

Bidder shall be approved by the appropriate regulatory authorities in the State of Tennessee to provide the services herein described.

### **4.2 Compliance with Laws**

Bidder's contract shall comply with applicable Federal, State, and Local statutes, rules, and regulations.

Bidder must disclose all lawsuits regarding the type of coverage being Bid within the past three years, whether anticipated, pending or concluded, to which Bidder has been a party. Include court name, location, and case number of pending and disposed lawsuits. For completed lawsuits, describe the outcome of the litigation. Bidder must also disclose any court orders issued by a court of competent jurisdiction against Bidder, as well as any settlements or agreements entered into as a result of litigation. Amount of any confidential settlement need not be disclosed but the fact of any such settlement must be disclosed.

Bidder must disclose any other names or former names under which it has operated.

### **4.3 Insurance**

The successful Proposer shall maintain at least the following commercial insurance policies for the duration of the Contract in the amounts specified:

- Professional liability (errors and omissions) insurance affording professional liability insurance – To a limit of \$1,000,000 each claim, and \$2,000,000 aggregate.
- Technology Errors and Omissions insurance - to include data breach and loss of personally identifiable information – To a limit of \$1,000,000 each claim, and \$2,000,000 aggregate.

The selected Proposer must provide City with the required insurance certificates and endorsements prior to contract execution.

### **4.4 Consequence for Unsatisfied Requirements**

Failure to meet specifications as outlined or failure to provide any of the information asked for or addressed in this Invitation to Bid in a manner which will permit thorough assessment of a Bidder's program will be grounds to reject the Bid.

### **4.5 Rejection**

The City reserves the right to reject individually or collectively all Bids and to accept Bids in full or in part as deemed to be in the best interest of the City.

### **4.6 Assignment**

The successful Bidder shall not assign, transfer, convey, sublet or otherwise dispose of any contract award or any or all of its rights, title or interest therein, without prior written consent of the City. Such consent by the City shall not relieve the assignor of liability in the event of default by the assignee.

### **4.7 Indemnification**

The successful Bidder shall defend, indemnify, save harmless, and exempt the City, its officers, agents, servants, and employees from and against any and all such suits, actions, legal proceedings, claims, demands, damages, costs, expenses, attorney fees and any and all other costs or fees incident to any work done as a result of the Invitation to Bid and as a result of award of the contract and arising out of a willful or negligent act or omission of the successful Bidder, its officers, agents, servants, and employees.

### **4.8 Venue**

Venue shall be in the applicable court for Rutherford County, Tennessee.

#### **4.9 Applicable Law**

The laws of the State of Tennessee shall govern any Agreement entered into as a result of this Invitation to Bid. No rights, remedies, and warranties available to the City under any agreement or by operation of law will be waived or modified unless expressly waived or modified by the City in writing.

#### **4.10 Contract Term and Effective Date**

The contract for the City will either cover a 12 month period to commence on **July 1, 2015** and end on **June 30, 2016**, or a 6 month period to commence on **July 1, 2015** and end on **December 31, 2015**. The contract can be terminated by the City with at least thirty (30) days' prior written notice of termination. The contract can be terminated by Bidder only for the City's failure to pay after 60 days have passed from written notification to the City of failure to pay.

The City reserves the right to renew the contract on the end date, if the bidder provides a reasonable renewal increase, as determined by The City.

#### **4.11 Contact Information**

Any questions regarding any of the terms above should be directed to:

Mr. Jay Brown  
COWAN BENEFIT SERVICES  
5110 Maryland Way, Suite 250  
Brentwood, TN 37027  
Email address: [jbrown@cowanbenefit.com](mailto:jbrown@cowanbenefit.com)

No persons other than Jay Brown should be contacted in regard to this ITB.

#### **4.12 Address and Bid Submission**

**Five sealed hard copy Bids and one electronic version** should be marked "City of Murfreesboro Stop Loss ITB" and submitted to:

City Manager's Office  
City of Murfreesboro  
111 West Vine Street, P.O. Box 1139  
Murfreesboro, TN 37133-1139  
615-893-5210

In addition, **one sealed hard copy of the Bid and one electronic version** should be marked “City of Murfreesboro Stop Loss ITB” and submitted to:

Mr. Jay Brown  
COWAN BENEFIT SERVICES  
5110 Maryland Way, Suite 250  
Brentwood, TN 37027  
Email address: [jbrown@cowanbenefit.com](mailto:jbrown@cowanbenefit.com)

**Bids** should arrive at the above addresses no later than **3:00 P.M. local time on Friday, May 15, 2015**. One sealed hard copy proposal sent to the City should be labeled “Original” and the other sealed hard copies sent to the City and Jay Brown should be labeled “Copies”.

Any proposals received after the deadline of **3:00 P.M. local time on Friday, May 15, 2015** will be returned unopened.

**Any changes to this ITB or its schedule will be posted on the City’s website:**  
<http://www.murfreesborotn.gov/bids.aspx>