



Agenda Item 8

March 19, 2013

ITEM NAME: Selection of the Preferred Provider Organization Third-Party Administrator

PROGRAM: Health Benefits

ITEM TYPE: Action

RECOMMENDATION

Staff recommends that the Pension and Health Benefits Committee (PHBC): 1) consider the cumulative results for all Proposers, and from such results select the bidder whose proposal best demonstrates the ability to administer a Preferred Provider Organization (PPO) Health Plan pursuant to the terms of the PPO Request for Proposal (RFP) No. 2012-6376; and, 2) recommend to the Board of Administration the Intent to Award to the selected Proposer.

EXECUTIVE SUMMARY

The California Public Employees' Retirement System (CalPERS) solicited proposals for a five-year administrative services agreement beginning January 1, 2014, and ending December 31, 2018. The solicitation process resulted in two finalists: Anthem Blue Cross and Blue Shield of California.

STRATEGIC PLAN

This agenda item supports the objective "Ensure high-quality, accessible and affordable health benefits" in Strategic Goal A, "Improve long-term pension and health benefit sustainability."

BACKGROUND

On October 12, 2012, the RFP was released to solicit bids for a PPO health benefits plan administrator. CalPERS is seeking the highest degree of transparency in information, pricing, and management for CalPERS members. A maximum total of 1000 points for the combined Technical Proposal (including On-Site Visits) and Financial Proposals was available. The overall evaluation process concluded on February 21, 2013.

ANALYSIS

A single overall score for each dimension within the Final Technical and Financial Proposals was reached by consensus of the evaluation team. Numerical scores and normalized rankings were composited and converted to "Harvey Balls" for visual communication of quantitative and qualitative information.

Evaluations focused on the following dimensions:

Dimension	Points	Harvey Ball
Technical Proposal:		
• Business Requirements Questionnaire	250	Yes
• Technical Requirements Questionnaire	225	Yes
• Technical Requirements Questionnaire Supplement	350	Yes
• On-Site Visit	25	Yes
Background and Reference Checks	Satisfactory/Unsatisfactory	None
Financial Proposal:		
• Administrative Service Fees	100	Yes
• Performance Guarantees	50	Yes
Total Points	1,000	Yes

The Technical Requirement Questionnaire Supplement of the Technical Proposal evaluation included an analysis of the proposer's provider network discounts, geographic coverage expansions, member disruption, meaningful use, and provider quality metrics. For purposes of the provider quality metrics, rankings are based upon publicly available data (e.g., calhospitalcompare.org, opa.ca.gov/report card, etc.). No numerical score is associated with this dimension.

The Financial Proposal evaluation included an analysis of the Proposer's Administrative Service Fees and Performance Guarantees. Point totals and composited scores reflected as Harvey Balls are provided in Attachment 1.

Under the terms of the RFP, CalPERS will notify all Proposers of the outcome of the RFP process. Notice of CalPERS Intent to Award will be posted in CalPERS Contract Management Section and at www.calpers.ca.gov for five State working days before the award of contract is made.

BENEFITS/RISKS

- The evaluation and analysis demonstrated strengths & weaknesses in both proposals.
- Both Proposers appear to be able to support CalPERS.

ATTACHMENTS

Attachment 1 – Preferred Provider Organization (PPO) Procurement Results

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