Administrative Services Committee Meeting Commission Chamber- 11/19/2012- 3:00 PM

ADMINISTRATIVE SERVICES

1. Motion to uphold denial of bid protest regarding RFP # 12-182 Third Party Administrator/Administrative Services Only filed by Meritain Health, Inc. ☐ Attachments

Administrative Services Committee Meeting
11/19/2012 3:00 PM
Bid Protest

Department:

Caption: Motion to uphold denial of bid protest regarding RFP # 12-182 Third Party Administrator/Administrative Services Only filed by Meritain Health, Inc.

Background:

Analysis:

Financial Impact:

Alternatives:

Recommendation:

Funds are Available in the Following Accounts:

REVIEWED AND APPROVED BY:

REQUEST FOR
APPEAL OF
BID PROTEST DENIAL

Item # 1

HB

HULL BARRETT

ATTORNEYS

AUGUSTA AIKEN EVANS

WILLIAM J. KEOGH, III
- LICENSED IN GEORGIA

WKEOGH@HULLBARRETT.COM

November 7, 2012

VIA HAND DELIVERY
Ms. Geri A. Sams
Procurement Director
Augusta-Richmond County, Georgia
530 Greene Street, Suite 605
Augusta, GA 30901
Email: gsams@augustaga.gov
procbidandcontract@augustaga.gov

Re: Appeal of Bid Protest Denial: RFP ITEM #12-182 and Open Records Request
HB File No.: 9391-1

Dear Ms. Sams:

Enclosed please find an Appeal of Bid Protest Denial regarding RPF Item #12-182 to the Augusta, Georgia Commission and an Open Records Request regarding same.

If there is any question regarding the enclosed or this matter, feel free to contact me.

Very truly yours,

William J. Keogh III

WJK/dhg
Enclosures

HB

HULL BARRETT

ATTORNEYS

APPEAL OF BID PROTEST DENIAL: RFP ITEM #12-182.

Meritain Health Inc. ("Meritain") had by far the superior technical proposal as determined by the proposal evaluations performed by Augusta-Richmond County ("Augusta"). Meritain's proposal was far less expensive by $900,000 per year (or at least $500,000 as determined by Augusta), and the procurement department's recommendation document failed to meet the requirements of the Code or to explain why the awardee is better for Augusta in any way. The Protest decision likewise fails to explain why Augusta will be better off with a far more expensive contract which rated much worse than the top-scoring Meritain proposal.

The denial of Meritain's protest is improper for the following reasons:

1. The Selection Committee's Final Recommendation addresses elements that are improper factors for consideration and wholly ignores the technical evaluation.

2. The final recommendation fails to address the fact that Meritain's "Expected" Cost is lower than BCBS.

3. To the extent the selection was made based upon the guaranteed maximum liability, the decision was clear error.

4. The Procurement Director failed to provide all offerors with necessary information, thus creating an unfair advantage to BCBS

5. The math errors presented in the Selection Committee spreadsheet were presented to the Augusta Commission as support of the Final Recommendation without any backup support.

The Protest Decision, with all due respect, fails to address or reference relevant criteria such as the Technical evaluations, the Technical Scores, or the fact that Meritain was superior in both the Technical and the Price Proposal to that of the awardee.

Meritain understands that Augusta wishes to obtain a copy of Meritain's appeal today, in order to allow for it to be placed on the next meeting's agenda. Meritain is therefore submitting this appeal today and intends to supplement this appeal with additional information prior to the hearing and within the five days of the decision as provided by law. Please contact me should you feel any part of this appeal or its service is procedurally deficient.

PROTEST DENIAL LETTER

Augusta GEORGIA

AUGUSTA LAW DEPARTMENT

November 6, 2012

VIA ELECTRONIC AND U.S. MAIL
wkeogh@hullbarrett.com
jeff.belkin@alston.com

Meritain Health, Inc.
Attn: William J. Keogh, III Esq.
Davis A. Dunaway, Esq.
Hull Barrett, PC
801 Broad Street, 7th Floor
Augusta, Georgia 30901

Ref: RFP Item: #12-182 Third Party Administrator/Administrative Services Only

Dear Mr. Keogh:

We are in receipt of your letters dated October 23, 2012 and October 25, 2012 in reference to your request to protest the award by Augusta, Georgia of RFP Item #12-182 Third party Administrator/Administrative Services Only to Blue Cross Blue Shield of Georgia ("BCBS"). The basis of your protest is that the award, if left to stand, would deprive the employees of Augusta, Georgia of a superior, less expensive, and more complete health administrative program option, that the Selection Committee ignored its own RFP, the Augusta Code, and Georgia law in selecting a more expensive and less desirable program offered by BCBS, and that it was legal error to select any other offeror because Meritain was the most responsive and responsible bidder. Please allow me the opportunity to address your concerns.

1. The Selection Committee's Failure to Follow the Guidelines of the RFP by not Awarding to Meritain and Accepting the final Recommendation was both Unlawful and Arbitrary.

    a) *The Final Recommendation Contains Critical Errors, Addresses Elements that are Improper Factors for Consideration, and Wholly Ignores the Technical Evaluation.*

    Pursuant to AUGUSTA, GA. CODE §1-10-52(g) evaluation factors may include, but are not limited to:

(1) The ability, capacity, and skill of the offeror to perform the contract or provide the services required;

(2) The capability of the offeror to perform the contract or provide the service promptly or within the time specified, without delay or interference;

(3) The character, integrity, reputation, judgment, experience, and efficiency of the offeror;

(4) The quality of performance on previous contracts;

(5) The previous and existing compliance by the offeror with laws and ordinances relating to the contract or services;

(6) The sufficiency of the financial resources of the offeror relating to his ability to perform the contract;

(7) The quality, availability, and adaptability of the supplies or services to the particular use required; and

(8) Price.

Even a brief review of these factors shows that each of the bullet points detailed in your protest fall within one of these factors. Further, each of the bullet point items in your protest are statements of fact pertaining to BCBS and do not address their applicability to Mertain. These items were drafted after BCBS had been selected by the Selection Committee as a means to provide information to the Augusta Commission on how selecting BCBS is beneficial to Augusta, Georgia.

b) The Final Recommendation Fails to address the Fact that Meritain's "Expected" Cost is Lower than BCBS's, and Highlights a Cost that is Highly Unlikely to Occur.

Meritain's proposal that Augusta, Georgia focus solely on the "Projected Expected Liability" is without merit. As explained in the RPF, price was not the driving factor in this decision but was considered as part of estimated value, scope, complexity, and professional nature of the services to be rendered. After reviewing the scope, complexity, and professional nature of the service to be provided by Meritain in comparison to those provided by BCBS, the Recommendation Committee chose BCBS because the potential additional savings (i.e. "projected expected liability") did not outweigh the potential risks (i.e. "total maximum costs with fixed costs").

2. To the Extent that the Selection Was Made Based Solely Upon the Guaranteed maximum Liability Calculation, that Decision Constitutes Clear Error.

As explained in response to paragraph 1(b) above, Augusta, Georgia's decision was not based solely on the guaranteed maximum liability calculation, but rather was considered as part of estimated value, scope, complexity, and professional nature of the services to be rendered. After reviewing the scope, complexity, and professional nature of the service to be provided by Meritain in comparison to those provided by BCBS, the Recommendation Committee chose BCBS because the potential additional savings (i.e. "projected expected liability") did not outweigh the potential risks (i.e. "total maximum costs with fixed costs").

3. The Procurement Department Failed to Provide All Offerors with Necessary Information Held by the Incumbent, Resulting in an Unfair Competitive Disadvantage if the "No laser at Inception" provision was a Discriminating Factor in the Award.

Contrary to Mertain's assertion, the information requested by Mertain in regard to the "No laser at Inception" request was not necessary information. Three out of the four finalists were able to competitively provide services with no lasering at inception except Mertain based on the information provided to all four finalists. As Mertain is well aware, the information requested by Mertain was not available, even to Augusta, Georgia, at the time it was requested. The assertion that BCBS had information which provided them an unfair competitive advantage is unsupported by the evidence in the record as the other two finalists were able to provide a competitive no lasering at inception stop-loss product in their best and final proposals. The fact that BCBS had more recent claims information is an unavoidable result of them being Augusta, Georgia's current provider.

4. The math errors concern calculations by presumably the Selection Committee (or possibly a consultant) of the Total Expected Costs, Total Maximum Costs, Projected Expected Liability, and the Projected Maximum Liability for BCBS's Price Proposal. Importantly, upon information and belief, these Pricing Summary calculations were presented to the Augusta Commission without backup in support of the Final Recommendation.

The numbers presented in the Selection Committee spreadsheet are directly from the best and final offer presented by BCBS. Therefore, if there was a math error, it was performed by BCBS and BCBS would be responsible for adhering to the numbers provided in their best and final. Further, there were many additional fees contained in Meritain's best and final offer that were not contained in the Selection Committee spreadsheet as detailed below:

- Fee to mail ID cards to employee's home (did not provide actual fee amount);
- $3.95 per address fee to mail Summary Plan Description to employee's home;
- Fees for printing (at cost) of SPD's, Enrollment kits, Amendments etc.;
- Assistance for 1 enrollment meeting at 1 location included, additional meetings are charged at travel cost;
- $750 fee for initial year to create Summary of Benefits Coverage required by PPACA;

- .50 fee for printing of each black & white copy of SBC;
- $1,500 actuarial service fee to certify COBRA rates;
- Wellness Program Component, $500 implementation fee and $3.95 per employee per month fee. Full Wellness Program Component including Disease Management $6.20 per employee per month; and
- Pass through fee for PPO directories (did not provide estimated cost)

Estimated additional fees: Between $120,048.75 and $181,318.35 not including fees listed as "at cost", "additional fees" or "travel cost". All items listed above were included in the selected vendors' administrative fee.

The Augusta Law Department in conjunction with the Procurement Department has carefully reviewed your submittal and the requirements of the Augusta, Georgia Procurement Code and RFP #12-182. If you would like to pursue your request further, AUGUSTA, GA. CODE §1-10-84, 1-10-85 and 1-10-86 allows you the opportunity to appeal the decision of the Procurement Director within five (5) days.

Sec. 1-10-85. Time for filing appeal.

Appeals of a decision of the Procurement Director shall be filed in the Procurement Department not later than five (5) business days after receipt of such decision.

Sec. 1-10-86. Request for hearing and effect of untimely appeal.

A contractor or prospective contractor that has been notified of a denial of its protest action may request in writing an appeal to the Augusta, Georgia Commission. All appeals must be received by the Procurement Department within five (5) business days. Appeals filed after the five (5) day period shall not be considered and are deemed a failure on the part of the protestor to exhaust administrative remedies. Where no appeal (or an untimely appeal) is filed, the Procurement Director's decision is considered final and the award shall proceed.

Sec. 1-10-87. Notice of hearing.

If a timely appeal is filed by the protestor, the Procurement Director shall place the protest on the agenda of the Administrative Services Committee. The Clerk of Commission's Office shall provide public notice of the Administrative Services Committee agenda as required by law. In addition, the protestor shall be sent written notice of the time and place of the hearing. Copies of such notice shall be sent to the Augusta, Georgia General Counsel and the Department Director of the appropriate user department. filed, the Procurement Director's decision is considered final and the award shall proceed.

We would like to thank you for your interest in doing business with the Augusta, Georgia and look forward to your company participating in future business opportunities. Please do not hesitate to contact us at (706) 842-5550 at any time when you have a concern and are preparing for a future submission.

Sincerely,

Kenneth S. Bray
Staff Attorney

cc: Andrew G. Mackenzie, General Counsel Augusta, Georgia
Fred Russell, Administrator Augusta, Georgia
Tameka Allen, Deputy Administrator Augusta, Georgia
Geri Sams, Director Procurement Department
Mike Blanchard, Interim Director Human Resources Department

BID PROTEST

Item # 1

AUGUSTA GEORGIA PROCUREMENT DEPARTMENT

In the Matter of:	
MERITAIN HEALTH INC., Protestor. v.	FILE NO: _____
AUGUSTA GEORGIA, HUMAN RESOURCES DEPARTMENT, Agency.	

Attn: Geri A. Sams, Procurement Director
Procurement Department
Augusta, Georgia
530 Greene Street – Suite 605
Augusta, Georgia 30901
Email: gsams@augustaga.gov
procbidandcontract@augustaga.gov

PROTEST

Pursuant to Code of Augusta ("Code") Section 1-10-82(a), Meritain Health, Inc., an Aetna Inc. Company ("Meritain"), respectfully protests the proposed award by the City of Augusta of RFP Item #12-182 to Blue Cross Blue Shield of Georgia ("BCBS") as more specifically set forth herein:

PROTESTOR: Meritain Health, Inc.

REPRESENTATIVE: William J. Keogh, III, Esq.
Davis A. Dunaway, Esq.
Hull Barrett, PC
801 Broad Street, 7th Floor
Augusta, Georgia 30901
Phone: (706) 722-4481
Fax: (706) 722-9779

SOLICITATION NO.: RFP Item #12-182
Third Party Administrator/Administrative Services Only

PROTESTOR: Meritain, a subsidiary of Aetna Health, Inc., timely submitted a proposal in response to RFP Item No. 12-182, to provide third-party administrative services for the benefit of employees of the City of Augusta, Georgia.

TIMELINESS: On October 16, 2012, Augusta, Georgia Commission (the "Commission") accepted the recommendation to award the contract under RFP Item #12-182 to the incumbent contractor. Meritain files this protest no more than five (5) business days after learning of this decision to accept the recommendation, and is therefore timely pursuant to Section 1.5 of the RFP and Section 1-10-82 of the Augusta Code.

REQUESTED RELIEF: (1) Production of additional information and records as described further below;
(2) Freeze of any and all activity related to the RFP, including any further negotiation of a contract with Blue Cross Blue Shield or execution of the Contract by Augusta, Georgia, or any implementation activities related to the 2013 plan year, during the pendency of this Protest pursuant to Augusta Code Section 1-10-81(f);
(3) Rescission of the award to Blue Cross Blue Shield;
(4) Award of the Contract to Meritain; and
(5) Such other and further relief as appropriate.

This Award, if uncorrected, will deprive the City of a far superior, less expensive, and more complete self-funded health administrative program option. This is not mere hyperbole. This was the independent evaluation of the Selection Committee[1] after multiple rounds of technical evaluations, and after a thorough review of offerors' pricing. Nevertheless, despite having found Meritain to present a far superior proposal in virtually every respect, the Selection Committee ignored its own RFP, the Augusta Code, and Georgia law and selected instead a more expensive and less desirable program. The essence of that reversal, as reflected in a two page "Recommendations" summary, was that staying with the incumbent would be easier – a factor nowhere listed in the RFP, and nowhere authorized as an appropriate consideration under the Augusta Code.

Moreover, to the extent that the Selection Committee may have taken into account a last-minute no-laser-at-inception requirement that was never listed as a relevant factor in the RFP, that decision was also clear legal error. The Procurement Department failed to provide necessary and essential information held by the incumbent contractor to all bidders related to such a provision,

[1] The Selection Committee is a distinct entity that pursuant to the Augusta Code evaluated the Offeror's Proposals for purposes of Phase One and Phase Two evaluations.

creating an unfair competitive advantage for the incumbent, and limiting the other offerors' ability to compete effectively for that portion of their respective price proposals. The Procurement Department's failure to provide this necessary information, despite repeated requests for such information, unfairly prejudiced Meritain.

As a result of these deficiencies, the employees of the City will receive an inferior health administrative program at a higher cost. For these reasons, the award of this RFP must be halted, and ultimately the contract must be awarded to Meritain, the bidder whose offer was deemed the most advantageous to the City in both technical quality *and* price.

I. BACKGROUND

Request for Proposals Item #12-182 (the "RFP") was first published on July 19, 2012, by the City of Augusta, Georgia ("the City") requesting proposals for Third Party Administrator/Administrative Services for the employer-sponsored health plan, to become effective January 1, 2013. While currently the employer plan is fully insured, the City issued this RFP to accomplish a shift towards a self-funded program to be administered by the awardee.

The Proposals from all prospective bidders were due to the Procurement Department by 11:00 a.m. on August 31, 2012.[2] Ultimately, the Procurement Department received five offers submitted by five providers: Blue Cross Blue Shield of Georgia ("BCBS") (the incumbent offeror), Consumers Life, HealthScope, Coventry, and Meritain.

1. The Procurement Process: Phase One

The RFP set forth a two phase process for reviewing the Proposals. During Phase One, the Procurement Director, in consultation and upon the recommendation of the head of the using agency, was required to select no less than three (3) offerors deemed to be the most responsible and responsive.[3] In this instance the Procurement Director selected four of the five offerors, including Meritain, BCBS, Consumers Life, and HealthScope.[4] Based upon the Evaluation Criteria, Meritain was ranked first as being most advantageous to Augusta after Phase 1.[5] BCBS was ranked third.

On September 20, 2012, Meritain received a letter explaining its selection as one of the final four vendors to appear before the City's Selection Committee as a result of the Phase One evaluation. In that letter, Meritain was asked to discuss in its presentation: one area in which Meritain was to assist ARC in reducing claim costs; a detailed implementation timeline; the stop

[2] The Procurement Department issued two addenda. The first addendum issued July 26, 2012, provided Census Data for the Augusta, Georgia health plan. The second addendum, issued August 22, 2012, moved the submission deadline for proposals from August 29, 2012 at 3:00 p.m. to August 31, 2012 at 11:00 a.m., provided written responses from the City to questions proposed by the offerors, and provided additional relevant data for offerors regarding the City's program history.

[3] See RFP, p. 43 of 75.

[4] "The selection of the short-listed offerors shall be made in order of preference." RFP, p. 43 of 75.

[5] See Exhibit 1 hereto, Phase I – Augusta Richmond County TPA/ASO Scoresheet (reflecting Meritain with a weighted score of 429 points, higher than each of the other four offerors).

loss proposal "specifically centered around the lasering of claims;"[6] and, one innovative and cost-saving idea. The invitation also included a blank scoresheet to be used by the Committee in conducting its Phase Two evaluations of the short-listed offerors.

2. Phase Two

On September 27, 2012, Meritain gave its presentation concerning its Offer. Upon completion of the presentations by the four offerors, the RFP explains that Phase Two requires an equal evaluation of the four selected offerors without respect to the score received in Phase One. Based upon this final evaluation, the RFP explains that the "award shall be made or recommended for award through the Augusta, Georgia Administrator to the most responsible and responsive offeror whose proposal is determined to be the most advantageous to Augusta, Georgia."[7]

Based upon this evaluation, as reflected in the document "Phase Two - Cumulative Presentation Evaluation," Meritain's Proposal scored the highest overall on ***all thirteen*** evaluated aspects of the Technical Proposal. In contrast, the recommended Offeror received nearly 30% fewer total points.[8] Indeed, BCBS's proposal was the third-ranked proposal. The resulting scores were as follows:

	Meritain	HealthScope	**BCBS**	Consumers Life
Points	62.60	52.20	47.60	45.20
Weighted Score	**97.64**	81.24	**70.92**	70.44

Meritain was the clear and convincing winner of the Phase Two evaluation, beating the next closest offeror (which was not BCBS) by over 15 percent. In contrast, BCBS was in a virtual dead-heat for last place, with a nearly 30 percent lower weighted score.

3. Price Evaluation

The Augusta Code sets forth the process following the Phase Two evaluation, stating:

> The Committee shall rank the technical proposals, open and consider the pricing proposals submitted by each offeror. Award shall be made or recommended for

[6] Among the terms in the RFP, in order to protect itself against the risk of unlimited costs from a self-funded program, the RFP requested offerors to provide stop loss coverage, including "no lasers" upon renewal of the awarded contract. Specifically, the RFP requested that the offeror "[v]erify that the company you are proposing will not 'laser' individuals with a separate deductible at renewal. ARC prefers not to have employees lasered." "Lasering" is a method utilized to reduce an insurer's exposure under a Stop Loss Contract. The insurer isolates high traffic users of the insurance program, excludes those individuals to be covered by the employer, and is able to offer a lower premium or overall stop loss rate to the employer. Lasering ordinarily occurs at the time of renewal, after the insurer has had an opportunity to develop a history with the beneficiaries under the program.

[7] RFP, p. 44 of 75.

[8] See Exhibit 2 attached hereto, Phase II – Cumulative Presentation Evaluation.

> award through the Augusta, Georgia Administrator, to the ***most responsible and responsive offeror*** whose proposal is determined to be ***most advantageous*** to Augusta, Georgia, taking into consideration price and the evaluation factors set forth in the request for proposals. ***No other factors or criteria shall be used in the evaluation. The contract file shall contain a written report of the basis on which the award is made/recommended.*** The contract shall be awarded or let in accordance with the procedures set forth in this Section and the other applicable sections of this chapter.[9]

The technical scoring having been completed, the City was required to review the price proposals in a manner consistent with the RFP and the Augusta Code. On the day after the Phase Two presentation by Meritain, the Procurement Director sent a letter requesting that Meritain provide a best and final financial package to the Procurement Director. Meritain submitted its Best and Final Offer based upon the terms of the RFP on October 4, 2012.

With regard to the Price Proposals, the RFP expressly states that "[p]rice is not the driving factor for this award. . . ." Instead, the Procurement Director was to evaluate the Price Proposals on the basis of the "estimated value, the scope, the complexity and the professional nature of the services rendered."[10]

Meritain's Pricing Proposal was superior to the other Offerors for estimated value, scope, and complexity and professional nature of the services rendered.[11] While it is unclear exactly how the Selection Committee intended to compare the estimated values of these programs, Meritain offered the lowest expected claims liability, the best total claims avoidance strategy, and the lowest projected expected liability. In other words, after calculating the most probable cost to the City, taking into account fixed costs, premiums, and claims avoidance projections, Meritain's projected cost to the City was lower than all other offerors: $18,280,742.20, compared to $18,688,926.84 for BCBS, the next lowest estimated offeror's cost.[12]

As a result of the technical evaluation and the cost valuation, Meritain was both the highest technical offeror (by a wide margin) and the lowest probable cost to the City. Pursuant to Augusta Code Section 1-10-52(k) and RFP Section 2.6(k), Meritain was entitled to award of the Contract.

The City chose a different path, however, straying from the RFP requirements and the Augusta Code.

4. The City Adds 'No Lasering at Inception' to the Process

In the BAFO request letter dated September 28, the Procurement Director requested a

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[9] Augusta, Georgia Procurement Guidelines and Procedures ("Augusta Code"), Chapter 10, 1-10-52(k) (emphasis added).
[10] RFP, p. 44 of 75.
[11] See Exhibit 3 attached hereto, Augusta Georgia Health Plan TPA Evaluation.
[12] As documented in more detail below, the evaluated Price Proposal for Meritain was its "no laser at inception and renewal" offer, despite not having received the requested information that the incumbent possessed. Consequently, it is notable that Meritain's Price Proposal was the best offer, *despite* having insufficient data and operating under a competitive disadvantage.

statement that the "stop loss contract is a no laser contract at inception and renewal." Prior to that date, the RFP had focused only on lasering at renewal.[13] This change in the RFP effectively asked the offerors to substantively revise their proposals to provide a previously-unrequested element to include a price for a "no laser" at inception, not simply at the time of renewal of the contract. In order to provide competitive and accurate pricing in response to this new element, Meritain sent two emails on October 3, 2012, to the Procurement Director requesting information concerning:

- Updated monthly paid claims through 9/30/2012;
- Month-by-Month enrollment through 9/30/2012;
- Updated large claimant report with diagnosis through 9/30/2012.[14]

As explained by the emails, Meritain sought this information because the incumbent offeror possessed this essential information, and in order to ensure the lowest price offer to the City. Current data is essential as it allows health administrators to more accurately project the expected claims for the plan, estimate the number of high traffic individuals, and to provide the best pricing to the end user. Without this information, health administrators that are not the incumbent provider are forced to hedge to cover worst case scenarios. Accordingly, Meritain sought this information in order to provide the City with the most competitive offer.

On October 9, 2012, the Procurement Department sent an email that failed to address Meritain's request for this information, but instead asked each offeror to identify the total number of employees used in their calculations and to "[c]onfirm that your Stop Loss contract is a 'no laser' at inception."[15] In response, Meritain answered the questions and repeated that the requested data, only possessed by the incumbent, was critical to being able to offer a no-laser-at-inception Stop Loss Contract.[16] The data requested by Meritain is routinely provided as part of the stop loss underwriting process and is critical to the underwriting evaluation. In the absence of this information, underwriters would need to include additional underwriting margin to account for potential unforeseen large claim development. Put simply, a lot can happen between July and October, and a prudent underwriter needs to monitor this development. Yet, Meritain has never received a response to these repeated requests for the relevant data. Meritain did, however, submit at that time alternative prices: an offer for no laser at inception and renewal, as a supplement to its previously-sent pricing for no laser at renewal only, as originally requested by the RFP.[17] The record reflects that Meritain's alternatives contained precisely a $1 million difference when a no-laser-at-inception provision was required in the absence of updated data. That difference might have been much less had Meritain possessed the same information as BCBS.

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[13] RFP, p. 34 of 75, Question No. 2.
[14] See Email to prcbidandcontract@augustaga.gov dated October 3, 2012, attached as Exhibit 4.
[15] See Email from Nancy Williams (ARC Procurement Department) to all offerors dated October 9, attached hereto as Exhibit 5.
[16] See Email from Meritain to Nancy Williams dated October 9, 2012, attached hereto as Exhibit 6.
[17] See Exhibit 7 attached hereto, Meritain's no laser at inception and renewal Price Proposal, provided to the City in October 9, 2012.

5. The Recommendation and Award to BCBS

Sometime between the request for BAFOs to the offerors and October 16, the Selection Committee (or a delegate or consultant) prepared a two-page Final Recommendation document entitled "Self-Funding Recommendation & Renewal Analysis."[18] That document recommended award to BCBS. On October 16, 2012, despite having concluded that Meritain was by a wide margin the most technically sound proposal and the projected lowest cost to the City, the Selection Committee presented to the Augusta Commission (the "Commission") the Final Recommendation, which recommended BCBS as the preferred Offeror.

As we detail below, the two-page Final Recommendation apparently relied upon by the Commission failed entirely to adhere to the requirements of the RFP and the Augusta Code. The document also failed to explain how the recommended offeror was the best estimated value compared to any of the other Proposals. Additionally, the Final Recommendation provided no balancing of the Price Proposals concerning the estimated values, the scope, the complexity and the professional nature of the services rendered. For these reasons, the Final Recommendation must be rejected, the award to BCBS rescinded and Meritain should receive the Award.

II. GROUNDS OF PROTEST

This Award, if left to stand, will deprive the employees of Augusta, Georgia of a superior, less expensive, and more complete health administrative program option. The Selection Committee ignored its own RFP, the Augusta Code, and Georgia law in selecting a more expensive and less desirable program offered by BCBS. Undoubtedly, Meritain is the most responsive and responsible bidder which was most advantageous to Augusta and it was legal error to select any other offeror.

The Procurement Director should overturn a decision if the substantial rights of the protestor have been prejudiced because findings, inferences, conclusions, or decisions are: (1) in violation of the constitutional or statutory provision; (2) in excess of the statutory authority; (3) made upon unlawful procedure; (4) clearly erroneous in view of the reliable, probative, and substantial evidence on the whole record; or (5) arbitrary or capricious.[19]

In accepting the Final Recommendation, the Committee failed to follow its own directives in the RFP and the Augusta Code. Further, to the extent that a Stop Loss contract proposal containing a 'no laser at inception' provision became a requirement for award, that decision is clear legal error.

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[18] See Exhibit 8 attached hereto.

[19] See, e.g., Augusta Code 1-4-3 (reflecting the standard for review of Commission decisions concerning ethics); Augusta Code 1-10-81(b) (Granting the Procurement Director and the Administrator authority to resolve protests); 1-10-83 (establishing that a written decision on the protest must be made by the Procurement Director within ten (10) days of receiving the relevant, requested information); 1-10-23(b)(22) (Procurement Director's responsibilities include resolving Protests); 1-10-1(c) (the express purpose of the Augusta Code is to ensure fair and equitable treatment of all persons involved in the procurement process), 1-10-3 (the principles of law and equity, and all federal, state, and local laws apply to the procurement process), and 1-10-4 (The administration must adhere to the standard of good faith in all procurement contracts); *see also* American Bar Association Model Procurement Code Section 3-701, Finality of Decisions (2000 ed.) (stating "[t]he determinations required by [the Code] are final and conclusive unless they are clearly erroneous, arbitrary, capricious, or contrary to law").

Not only was that item never a requirement in the RFP, but once it became relevant (at the eleventh hour, in the BAFO process), the Procurement Department failed to provide necessary and essential information held by the incumbent contractor to all bidders, creating an unfair competitive advantage for the incumbent. The Procurement Department's failure to provide this necessary information, despite repeated requests for such information, materially and unfairly disadvantaged Meritain in violation of the Code provision and RFP requirement for "fair and equal treatment" of all offerors.

1. The Selection Committee's Failure to Follow the Guidelines of the RFP by Not Awarding to Meritain and Accepting the Final Recommendation was Both Unlawful and Arbitrary.

Meritain's Proposal was superior in its technical offerings and provided the lowest expected liability for the City. Based upon the express terms of the RFP, the Augusta Code, and the Selection Committee's Technical Evaluation, Meritain provided the most advantageous proposal, and should have been recommended for the award of the contract. Despite Meritain's superior offer, the third-ranked incumbent Offeror was recommended for the award.

As explained above, the RFP and the Augusta Georgia Procurement Guidelines and Procedures establish a two-phase evaluation procedure. Phase One consists of a review of the Technical Proposals and selection of no less than three (3) proposals which best suit the agency's needs. After Phase One, the selected offerors would be invited to give a presentation to the Selection Committee on the nuances of the offer, as well as answer any outstanding questions which the Selection Committee may have. Upon completion of the presentations, Phase Two of the evaluation requires that the Proposals would be scored again, ranked, and then Price Proposals opened and evaluated as well. Based upon these rankings, the award would be made to the most responsible and responsive offeror whose proposal is determined to be most advantageous to the City. The RFP and Augusta Code specifically state that "[n]o other factors or criteria shall be used in the evaluation."[20] The RFP concludes that "[t]he Committee will evaluate the responses to the RFP, verify the information presented, and conduct oral interviews as deemed appropriate. This process will result in the selection of the vendor who, through contractual agreements will undertake the scope of work."

Meritain was the only possible consideration after the Phase Two evaluation and the estimated cost analysis. Yet, for some unknown and unexplained reason, the Selection Committee received, reviewed and ultimately accepted a "Final Recommendation" that had absolutely no basis in the technical evaluation or cost estimation. This was legal error that requires reversal.

a. The Final Recommendation Contains Critical Errors, Addresses Elements that are Improper Factors for Consideration, and Wholly Ignores the Technical Evaluation.

The Final Recommendation contains a list of a total of 22 elements which purport to support

[20] Augusta Code, Chapter 10, 1-10-52(k); RFP Sec. 2.6(k).

the award to the incumbent. This list, however, is devoid of any reference to the Technical Proposal scoring, or provides any comparison among and between the various offerors' proposals. In sum, the document is written as if the technical evaluations in Phase Two never existed.

The Final Recommendation made unsupported statements that are in direct conflict to the technical evaluation. Below is a list of the most egregious, unsupported and/or flatly incongruous statements in the Final Recommendation:

- *"Selecting BCBS as your partner provides employees with a smooth transition to a self-funded platform"*

Absent from this statement is any mention that Meritain actually ranked *higher* than BCBS in the categories that relate to a smooth platform transition. With regard to the category for "Ease of doing business (internal and external resources)" – Meritain ranked first with 14.40 points, while BCS ranked third with 10.20 points. Moreover, concerning the category for *Account Management Staff Level/Experience*, Meritain ranked first with 9.60 points, while BCBS ranked last with 7.20 points.

- *"There would be no change in network or provider disruption for Augusta Georgia employees"*

This comment is improper as there was no disruption report or geo access analysis requested in the RFP.[21] Nevertheless, as part of Meritain's presentation, Meritain provided a network comparison report showing that all of the local hospital systems are currently in their network, and Meritain committed to work on the City's behalf to negotiate a contract directly with a provider that is not currently in the network. Consequently, it is not surprising that Meritain ranked *higher* than BCBS in the *Access to Network Providers & Discounts* category.

- *"Electronic Data Feeds are already in place between ADP and BCBS"*

This is an insignificant distinction, as ADP is a corporate partner with Aetna. Notwithstanding the comment, Meritain received the highest possible score (15.00) for the *Technological Capabilities & Automation* section, while BCBS received only a 12.60. Moreover, for the category of *Reporting Capabilities*, Meritain was ranked first, while BCBS was ranked third.

- *"BCBS Georgia Account Management Team is already familiar with Augusta Georgia and its employees"*

This statement ignores that Meritain ranked first in the area of *Account Management Staff Level/Experience* with ***9.60 points, while BCBS ranked last with 7.20 points***. Meritain has a dedicated government segment sales and service team. Measuring the capabilities of the Account Management Team on the basis of "familiarity" affords the incumbent an unfair competitive advantage. Measuring them on the basis of *capability*, as the Selection Committee did in Phase Two, is the only legally supportable approach. And on that measure, Meritain was clearly superior.

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[21] Meritain requested a full disruption file from the City, and the City advised that the file would not be made available. See Question #14 on Addendum #2.

- *"Benefit Plan information is already loaded and employees are familiar with how the plan design works"*

As requested in the RFP, Meritain matched the current plan design, and as a result there would be no change to the employees' benefits. Accordingly, this would be true for any Offeror which complied with the terms of the RFP. Moreover, the Augusta Code establishes several permissible and suggested evaluation factors, but does not include "ease of staying with an incumbent contractor" as being a valid evaluation factor.[22] Again, using this factor in the evaluation clearly gives the incumbent an unfair competitive advantage.

- *"BCBS Georgia maintains complete control over [the] Stop Loss contract"*

This statement imputes a requirement or condition which was not part of the RFP and was not part of the identified scoring matrix. Accordingly, there should have been no weight afforded to an element which was not part of the RFP's requirements or included in the scoring matrix.

In sum, the express guidelines of the RFP and the Augusta Code were disregarded, and the Selection Committee accepted a highly flawed and misleading Final Recommendation, which it apparently presented then to the Commission. As a result, Meritain was not selected as the awardee, despite being the highest ranked Offeror and having the most competitive Price Proposal. Further exacerbating this failure, upon information and belief *the Commission was not presented with the results of the Phase Two evaluation prior to voting to accept the Final Recommendation.* The departures from the guidelines of the RFP and Augusta Code violate well-settled Georgia law.[23]

b. The Final Recommendation Fails to Address the Fact that Meritain's "Expected" Cost is Lower than BCBS's, and Highlights a Cost that is Highly Unlikely to Occur.

While the Final Recommendation failed in any reasonable fashion to perform any logical comparison of the offerors' proposals, ratings and prices, that document does list BCBS's "expected" total cost at $18,688,926.84. However, it completely fails to note, not to mention explain why, it is recommending an awardee with a *higher* expected cost, since Meritain's expected cost is roughly $400,00 less expensive. That alone is clear and reversible error.

Instead, the Final Recommendation highlights on one price element in BCBS's proposal, the calculated "Total Maximum Cost." As stated above, the RFP establishes that "[p]rice is not the driving factor of this award and shall be considered as follows: In making this decision, the Using Agency and the Procurement Director shall take into account the estimated value, the scope, the complexity and the professional nature of the services to be rendered."[24] While it may be that the Commission gave significant credit to the cost analysis, any deference to the Guaranteed Maximum Cost violates the clear language of the RFP, which requires a balancing of multiple factors, only one of which may be cost.

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[22] Augusta Code, Chapter 10, 1-10-52(g).

[23] *See* IBM Corp. v. Evans, 265 Ga. 215 (1995) (Court explaining that actions by a State agency beyond the scope it has been granted pursuant to an RFP is impermissible).

[24] See RFP, p. 44 or 75.

In sum, the Final Recommendation is wholly devoid of any of the required factors, or any comparison, grounded in the technical evaluations in Phase Two or the cost evaluations, between BCBS and Meritain. The essence of the Final Recommendation is merely that BCBS should receive the award because it is the incumbent, and that would be easy.[25] Yet, that obviously is not what the RFP and Augusta Code deems an important, or even a relevant factor. (Indeed, if that was a sufficient ground for award, there would be no reason to conduct a competition.) The Final Recommendation must be rejected, the award to BCBS rescinded, and an award made to Meritain, the clear winner according to the RFP and the Augusta Code.

2. To the Extent that the Selection Was Made Based Solely Upon the Guaranteed Maximum Liability Calculation, that Decision Constitutes Clear Error.

It is unclear from the record whether or not the selection was based solely upon the Final Recommendation's reference to the Total Maximum Liability calculation, since the document also references the total expected liability (albeit without mentioning that Meritain's parallel cost would be significantly *lower*). If the Guaranteed Maximum figure indeed was the sole basis for the decision, then the evaluation of the Price Proposals also violated the express requirement of the RFP and the Augusta Code to consider the most likely or "expected" cost.

The Augusta Code sets forth a clear requirement that each Offer must undergo a value analysis, which is defined as "[a]n organized and systemic study of every element of cost in a part, material, or service to make certain it fulfills its function at the best value."[26] As part of a value analysis, a cost analysis is used to understand "costs actually incurred or ***estimates of costs to be incurred***, prices to be paid, and costs to be reimbursed."[27] Similarly, under a price analysis, the purpose of the evaluation is to understand "prices to be paid and costs to be reimbursed."[28]

In this instance, the possible reliance by the Selection Committee upon the maximum calculated cost violates both the letter and the spirit of the RFP and Augusta Code. The maximum calculation, by definition, represents the most extreme scenario possible. In this context, the maximum liability is largely dependent on the "attachment point," or the total amount of claims a group must hit before the stop loss carrier begins to pay. It would not be an exaggeration to estimate that less than five percent of customers reach their "attachment point," which is generally equal to 125% of expected claims. Some in the industry refer to aggregate stop loss insurance as "sleep

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[25] If the Final Recommendations document was prepared prior to the final evaluations, that might explain why it fails to address any of the Technical Evaluation items. However, that would reflect prejudgment in favor of the incumbent. *See* S.McCord, "Consultant encourages City to self-insure," AUGUSTA CHRONICLE (Sept. 24, 2012) ("Commissioners asked about the stop-loss coverage and the impact of the change on employees with primary-care physicians in Blue Cross' Network. Kelly said that even if it self-insures, Augusta must remain with the Blue Cross provider network to keep those physicians in-network. She said she'll be back on Oct. 8 with a recommendation for self-insurance and full coverage from companies responding to the city's request for proposals.") (attached hereto as Exhibit 9).

[26] Augusta Code, Chapter 10, 1-10-9(87).

[27] Augusta Code, Chapter 10, 1-10-9(17).

[28] Augusta Code, Chapter 10, 1-10-9(50).

insurance," meaning that it is unlikely to be breached, but it is there to protect a company from a catastrophe letting the owners sleep at night. In other words, while it may be valuable for an employer to obtain Stop Loss coverage, the expected cost to the employer should ***not*** be based upon the most extreme circumstance.

In clear contrast, the RFP plainly states that the evaluation should be based upon the best estimated value, which must be the ***most*** likely cost to the City. Meritain's proposal reflected the lowest most likely cost, not BCBS's. To the extent that the selection was made upon, or even merely influenced by, the total maximum liability to the City, without greater weight being afforded the most probable cost to the City, such a decision would violate the RFP and the Augusta Code's directive to select the best value.

It is also important to place this error in the overall context of the RFP and the Georgia Code, both of which require a balancing of technical and price elements. Not only did the Selection Committee err in ignoring the most important element – the best estimated value offered by Meritain – but it did so against the backdrop of an overwhelming differential in technical evaluations. In short, it would appear the Selection Committee recommended an overwhelmingly inferior offeror on the basis that its costs might be slightly lower under the most extreme adverse circumstances, although higher in the great majority of circumstances. This recommendation cannot stand up to scrutiny.

3. The Procurement Department Failed to Provide All Offerors with Necessary Information Held by the Incumbent, Resulting in an Unfair Competitive Disadvantage if the "No Laser at Inception" Provision was a Discriminating Factor in the Award.

As discussed above, after the Phase Two evaluations, the Selection Committee requested fixed pricing for a Stop Loss contract with no lasers at inception *and* renewal. This was contrary to the express terms of the RFP, which requested the Offerors to "[v]erify that the company you are proposing will not 'laser' individuals with a separate deductible [only] ***at renewal***."[29] Accordingly, Meritain supplied an initial Proposal that included pricing and technical offerings based upon only a "no laser at renewal" term.

During the presentations, and by letter sent the following day, the Procurement Department requested pricing based upon a "no laser at initiation ***and*** renewal" term. This altered the RFP, as it required additional updated information possessed by no Offeror other than the incumbent. This change also created an unfair competitive advantage which did not exist in the initial RFP, as each

[29] See RFP, p. 34 of 75 (emphasis added). It should be noted that the "laser" applies only to the stop loss coverage. It does not impact the coverage afforded to the individual. It is an underwriting measure employed by stop loss insurers to protect against unforeseen adverse development in high risk individuals. Lasers are standard industry practice. In order to obtain coverage without a laser, the plan sponsor is typically required to provide detailed large claim information and detailed month-to-month claim development information through to the date of inception. In the absence of such information, the stop loss underwriter would need to include additional margin in its premium to account for the risk.

Offeror would not be able to use available evidence to establish competitive pricing for "no lasers at renewal." The change forced all parties but the incumbent to either take a guess at the possible exposure, or to abstain from making an unrealistic, unsupported price for this item. When requesting "no lasers at inception", it is standard industry practice to provide the stop loss underwriters with large claim information and detailed month-to-month claim development information through to the date of inception. The Procurement Director should have taken the time to ensure the Offerors had all of this necessary information, instead of rushing to accept Proposals that were a product of an unfair competition.

Under the Augusta Code, the Procurement Director is obligated to ensure an equal opportunity for all Offerors and prevent this type of unfair advantage.[30] Moreover, Offerors are to be "accorded fair and equal treatment with respect to any opportunity for discussions and revision of proposals and such revisions may be permitted after submission and prior to award for the purpose of obtaining best and final offers."[31] Meritain specifically requested information, on multiple occasions, concerning the updated monthly paid claims through 9/30/2012, month-by-month enrollment through 9/30/2012, and updated large claimant report with diagnosis through 9/30/2012. This information would have provided Meritain the same updated claims information that the incumbent possessed, and would have enabled all Offerors to submit more competitive bids. Despite Meritain's repeated requests for necessary information, in accord with standard industry practice, the requests were ignored.

Stop Loss Insurance protects the City from unknown large claims. There are situations when a large claimant emerges after a stop loss underwriter has issued a quote, but before the coverage has been bound (e.g., dialysis, cancer, or neonatal claim). Therefore, it is a known, but not disclosed claim. If the new large claimants are deemed material by the underwriter, they may choose to set a separate deductible before taking over the risk for those high dollar claims from the City (i.e., a "laser"). Setting a premium for these high-dollar claimants requires current information about known large claimants as they generally develop later in the plan year. Data was requested through September 30, 2012 before binding that coverage, since the data provided to Offerors (other than BCBS) was only current through May or June 2012. The updated information is utilized to rule out any new large claimants that may have developed during the initial underwriting process; in the absence of such data, a premium must over-estimate the possibility of such high-dollar claims, and therefore will be artificially and unnecessarily high, compared to a premium that is set based upon more current and complete data.

The failure to provide the complete and updated data therefore created an unfair competitive advantage that worked in the favor of the incumbent and prevented a fair competition on the Stop Loss "no laser" contract proposal, based upon the terms of the RFP. While it is unclear what degree, if any, the "no lasers at inception" provision factored into the Final Recommendation, it was clear error to alter the RFP in the final days of the RFP process. It was further clear error to then refuse to

[30] Augusta Code, Chapter 10, 1-10-23(b)(14).
[31] Augusta Code, Chapter 10, 1-10-52(i).

provide the necessary information or provide any clarification concerning this revision, and created an unfair competitive advantage for the incumbent Offeror.

As noted above, Meritain submitted alternative pricing on October 9 for a Stop Loss contract without lasers at inception. The difference between that proposal and its earlier proposal for no lasers at renewal only was a potential cost to the City of $1 million more. Yet, Meritain had to estimate its potential risk based upon older claims data that was incomplete, an issue that BCBS was able to avoid as the incumbent with that data already in hand. Had Meritain been provided the requested information, the difference between its alternative proposals might have been much less than $1 million. Any reduction in that offer would have resulted in not only a lower expected cost to the City, but also a significantly lower ***maximum*** cost to the City. Given that even the maximum cost category was the only price category in which BCBS bested Meritain, it is obviously material that it was able to do so only because it possessed relevant data that Meritain lacked. The unfair process therefore undermines the selection of BCBS even further.

III. CONCLUSION

For the reasons stated above, Final Recommendation for RFP Item No. 12-182 should be rescinded, and the Contract should be awarded to Meritain based upon the best value to Augusta, Georgia.

IMMEDIATE RELIEF REQUESTED:

1. Suspend Performance: Meritain seeks the immediate suspension of performance of the subject contract until this protest is resolved, and written confirmation of that suspension, in order to avoid irreparable harm to Meritain.

2. Produce Records: Meritain seeks the following records pursuant to Augusta Code Section 1-10-82(d) and the Georgia Open Records Act ("GORA"): (a) the technical proposal of Blue Cross Blue Shield; (b) all Offerors' Best and Final Offers; (c) all notes, analyses, memoranda or other correspondence referring or relating to evaluations of the Offeror's proposals; (d) al documents presented to the Commission related to the RFP prior to its vote on October 16, 2012; and (e) all information previously requested concerning updated monthly paid claims through 9/30/2012, month-by-month enrollment through 9/30/2012, and updated large claimant report with diagnosis through 9/30/2012, whether in the possession of the City of Augusta or its incumbent contractor Blue Cross Blue Shield (pursuant to GORA, Section 50-18-70(a), O.C.G.A. (authorizing requests to "items received or maintained by a private person or entity on behalf of a public office or agency").

ULTIMATE RELIEF REQUESTED:

1. Award of Contract: Rescission of the Final Recommendation; and Award of the Contract to Meritain.

Dated: October 23, 2012

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AUGUSTA GEORGIA PROCURMENT DEPARTMENT

In the Matter of: MERITAIN HEALTH INC., Protestor. v. AUGUSTA GEORGIA, HUMAN RESOURCES DEPARTMENT, Agency.	FILE NO: _____

CERTIFICATE OF SERVICE

I hereby certify that I served a copy of this Protest with the Augusta, Georgia Procurement Department through electronic mail and a hand-delivered copy.

This 23rd day of October, 2012.

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EXHIBIT 1

Phase I - Augusta Richmond County TPA/ASO Scoresheet
12-182 Third Party Administrator/Administrative Serivces Onlyu
for Augusta Richmond County - Recreation, Parks and Facilities Department

Factor	Points	General Description	Rating Scale 0 (Low) to 5 (High)					Weighted Score				
			HealthScope	Consumers Life	Meritain	BCBS GA	Coventry	HealthScope	Consumers Life	Meritain	BCBS GA	Coventry
PROGRAM DESIGN	6.00	Ability to meet all RFP requirements (stop loss & PBM proposals provided)	4.00	4.00	4.50	4.00	4.00	24.000	24.000	27.000	24.000	24.000
	3.00	Flexibility in custom benefit plan	5.00	4.50	4.50	5.00	4.50	15.000	13.500	13.500	15.000	13.500
	3.00	Creative/Innovative Solutions	4.00	3.75	4.75	3.50	3.50	12.000	11.250	14.250	10.500	10.500
Points	12.00		13.00	12.25	13.75	12.50	12.00	51.00	48.75	54.75	49.50	48.00
PLAN ADMINISTRATION AND SERVICES	8.00	Reporting capabilities	4.00	4.00	4.00	4.00	4.00	32.00	32.00	32.00	32.00	32.00
	4.00	Claim processing accuracy	5.00	4.50	4.50	5.00	4.50	20.00	18.00	18.00	20.00	18.00
	3.00	Claim processing timeliness	5.00	4.50	4.50	5.00	4.50	15.00	13.50	13.50	15.00	13.50
	2.00	Claim processing systems	5.00	5.00	4.00	5.00	5.00	10.00	10.00	8.00	10.00	10.00
	4.00	Service/performance guarantees	4.00	3.75	4.00	3.75	2.50	16.00	15.00	16.00	15.00	10.00
	7.00	Account Management - Staff Level/Experience	5.00	4.00	4.00	5.00	4.00	35.00	28.00	28.00	35.00	28.00
	3.00	Employer/Member Services	5.00	5.00	4.75	4.50	4.00	15.00	15.00	14.25	13.50	12.00
	3.00	Wellness Resources	4.00	4.50	5.00	4.50	4.50	12.00	13.50	15.00	13.50	13.50
	3.00	Disease Management Programs	4.00	3.75	5.00	4.00	4.00	12.00	11.25	15.00	12.00	12.00
	3.00	Access to Providers (Network)	4.00	4.50	4.50	5.00	5.00	12.00	13.50	13.50	15.00	15.00
	4.00	Network Discounts	4.00	4.25	3.50	5.00	4.50	16.00	17.00	14.00	20.00	18.00
	3.00	Technological Capabilities	4.00	4.00	4.00	4.00	4.00	12.00	12.00	12.00	12.00	12.00
	2.00	Communication materials	3.00	4.00	4.00	4.00	4.00	6.00	8.00	8.00	8.00	8.00
Points	49.00		56.00	55.75	55.75	58.75	54.50	213.00	206.75	207.25	221.00	202.00
INTEGRATION WITH ADP	1.00	External Vendors - Value & Ease of doing business	4.00	4.00	4.00	4.50	4.00	4.00	4.00	4.50	4.00	4.00
Points	1.00		4.00	4.00	4.00	4.50	4.00	4.00	4.00	4.50	4.00	4.00
On-Site Clinic Integration	10.00	Ability to integrate data with On-Site Clinic vendor	4.00	3.75	4.00	4.00	3.50	40.00	37.50	40.00	40.00	35.00
	5.00	Ability to work with On-Site Clinic creating DM & Wellness Initiative	4.00	3.75	4.50	4.50	3.50	20.00	18.75	22.50	22.50	17.50
Points	15.00		8.00	7.50	8.50	8.50	7.00	60.00	56.25	62.50	62.50	52.50
PROSPECTIVE CONTRACTOR'S CREDENTIALS AND RESPONSIVENESS	8.00	Experience related to performance of requested services	4.00	4.00	4.00	3.00	4.00	32.00	32.00	32.00	24.00	32.00
	3.00	Financial/Administrative Stability	4.00	4.50	4.50	4.50	4.00	12.00	13.50	13.50	13.50	12.00
	3.00	RFP Quality/Completeness	5.00	4.00	4.00	3.50	4.00	15.00	12.00	12.00	10.50	12.00
	4.00	Character, Reputation, References	5.00	5.00	5.00	5.00	5.00	20.00	20.00	20.00	20.00	20.00
	5.00	Overall Value Proposition	4.00	3.75	4.50	4.00	3.00	20.00	18.75	22.50	20.00	15.00
Points	23.00		22.00	21.25	22.00	20.00	20.00	99.00	96.25	100.00	88.00	91.00
Grand Total	100.00		193.00	189.25	194.25	196.00	183.00	427.00	412.00	429.00	425.00	397.50

EXHIBIT 2

Phase II - Cumulative Presentation Evaluation
12-182 Third Party Administrator/Administrative Services Only
for Augusta Richmond County - Recreation, Parks and Facilities Department

	Points	General Description	Rating Scale 0 (Low) to 5 (High)				Weighted Score			
			BCBS GA	Consumers Life	HealthScope	Meritain	BCBS GA	Consumers Life	HealthScope	Meritain
OVERALL VALUE PROPOSITION	20.00	Creative & Innovative Cost Savings Solutions	3.20	3.40	4.40	5.00	64.00	68.00	88.00	100.00
	8.00	On-Line Tools & Education	3.60	3.40	4.00	5.00	28.80	27.20	32.00	40.00
	25.00	Disase Management & Wellness Resources	3.40	3.80	4.00	5.00	85.00	95.00	100.00	125.00
	8.00	Value Based Benefit Plan Design	3.40	3.40	4.00	4.80	27.20	27.20	32.00	38.40
	2.00	Account Management - Staff Level/Experience	3.60	3.80	4.00	4.80	7.20	7.60	8.00	9.60
	10.00	Access to Network Providers & Discounts	4.40	3.60	3.60	4.60	44.00	36.00	36.00	46.00
	4.00	Compliance Assistance - Plan Docs, Subro etc.	3.80	3.60	4.00	4.40	15.20	14.40	16.00	17.60
	8.00	On-Site Clinic Experience & Resources	3.40	3.20	4.20	5.00	27.20	25.60	33.60	40.00
	2.00	Communication Materials	4.40	3.60	3.60	5.00	8.80	7.20	7.20	10.00
	4.00	Reporting Capabilities	4.00	3.80	4.20	4.60	16.00	15.20	16.80	18.40
	3.00	Experience in managing and controlling medical trend	2.80	3.00	4.20	4.60	8.40	9.00	12.60	13.80
	3.00	Technological Capabilities & Automation	4.20	3.60	4.00	5.00	12.60	10.80	12.00	15.00
	3.00	Ease of doing business (internal vs. external resources)	3.40	3.00	4.00	4.80	10.20	9.00	12.00	14.40
Points	**100.00**		**47.60**	**45.20**	**52.20**	**62.60**	**354.60**	**352.20**	**406.20**	**488.20**
Avg Total			**47.60**	**45.20**	**52.20**	**62.60**	**70.92**	**70.44**	**81.24**	**97.64**

EXHIBIT 3

Augusta Georgia Health Plan TPA Evaluation

Pricing Summary

CLAIMS ADMINISTRATION				
PEPM	$18.50	$17.43	$31.20	$40.74
Annual Admin Cost (2272 employees)	$504,384.00	$475,211.52	$850,636.80	$1,110,735.36
COBRA				
PEPM	$0.70	$0.00	$0.85	$0.00
STOP LOSS				
Annual Premium $200,000 Specific	$943,890.00	$1,125,110.00	$1,346,023.00	$2,539,063.84
Annual Premium Aggregate	$64,650.00	included in Specific	$58,345.00	$56,411.64
Stop Loss Total Annual Premium	$1,008,540.00	$1,125,110.00	$1,404,368.00	$2,595,475.48
CREDITS - Multi-Year contract (3 years)	$300,000.00	$428,000.00	$25,000.00	$250,000.00
EXPECTED CLAIMS LIABILITY	$18,385,899.00	$21,727,177.00	$23,038,625	$16,669,896.86
MAXIMUM CLAIMS LIABILITY	$22,104,093.48	$26,586,622.00	$28,798,417	$22,227,223.08
TOTAL EXPECTED COSTS w/fixed costs	$19,394,439.84	$23,327,545.00	$25,293,630	$20,376,107.70
TOTAL MAXIMUM COSTS w/fixed costs	$23,112,633.48	$26,586,622.00	$31,053,423	$25,933,433.92
Other Cost Avoidance Strategies	$0.00	$0.00	$0.00	$1,389,852.00
Expected Claim Avoidance - Clinic	$705,513.00	$705,513.00	$705,513.00	$705,513.00
Total Claim Avoidance	$705,513.00	$705,513.00	$705,513.00	$2,095,365.00
Projected - Expected Liability	$18,688,926.84	$22,622,032.00	$24,588,117.00	$18,280,742.70
Projected - Maximum Liability	$22,407,120.48	$25,881,109.00	$30,347,910.00	$23,838,068.92

EXHIBIT 4

From: Duckworth, Marcus E <DuckworthM@aetna.com>
Sent: Wednesday, October 03, 2012 7:22 PM
To: 'procbidandcontract@augustaga.gov'
Subject: Re: Third Party Administrative/Administrative Services Only RFP Item #12-182 - Best and Final Offer

Hello again,

As a follow-up to the previous email (below):

Unfortunately, only the current carrier has access to the requested information, in order to properly evaluate a Stop Loss contract with no lasers at inception. This would be an unfair advantage to all other bidding carriers, as we will need the information to properly evaluate our proposals.

Obtaining the below requested information will ensure that we all provide you with our absolute best response, including a Stop Loss proposal and contract that best meets your needs.

I sincerely appreciate your consideration of this request.

Regards

Marcus Duckworth

From: Duckworth, Marcus E
Sent: Wednesday, October 03, 2012 04:50 PM
To: procbidandcontract@augustaga.gov <procbidandcontract@augustaga.gov>
Subject: Re: Third Party Administrative/Administrative Services Only RFP Item #12-182 - Best and Final Offer

Good afternoon:

In order to provide our best-and-final offer with regard to requesting no lasers on the Stop Loss proposal, we will need to evaluate the following information:

- Updated monthly paid claims through 9/30/2012
- Month-by-month enrollment through 9/30/2012
- Updated large claimant report with diagnosis through 9/30/2012
- Completed Disclosure Form, which is attached for your review.

Please advise if there are any questions or concerns.

Regards,

Marcus Duckworth . Aetna . Government & Labor Segment . Atlanta, GA . 770-685-9877 . DuckworthM@aetna.com

EXHIBIT 5

From: Nancy M. Williams <NWilliams@augustaga.gov>
Sent: Tuesday, October 09, 2012 8:45 AM
To: 'james.ford@bcbsga.com' (james.ford@bcbsga.com); Sales; Duckworth, Marcus E; tdemarest@bdsagency.com; mary.person@healthscopebenefits.com
Cc: Geri Sams; Phyllis Johnson; lisa.kelley4@wellsfargo.com; Robby Burns
Subject: 12-182 Third Party Administrator / Administrative Services Only - Best and Final

Please provide the following clarification in reference to your best and final which was submitted on October 4, 2012:

1 What number did you use in calculating the total number of employees.

2 Confirm that your Stop Loss contract is a "no laser" at inception.

Please respond with your answers to these questions by email no later than 4:00, Tuesday October 9, 2012

Should you have any questions in reference to this request, please do not hesiste to contact the Procurement Department at 706-821-2355.

Please confirm by email that you have received this request.

EXHIBIT 6

From: Robinson Jr, Monty <RobinsonJrH@AETNA.com>
Sent: Tuesday, October 09, 2012 3:37 PM
To: 'NWilliams@augustaga.gov'; 'ProcBidandContract@Augustaga.gov'
Cc: Duckworth, Marcus E; Andrew German; Robinson Jr, Monty
Subject: RE: 12-182 Third Party Administrator / Administrative Services Only - Best and Final (On Behalf of Marcus Duckworth-Aetna Meritain Response)

Importance: High

Hello Nancy:

I am sending this on behalf of Marcus Duckworth.

Thank you for your inquiry. Please review the following responses to your below questions:

1) We utilized the census data provided by Augusta Richmond County's Procurement Department on August 9th to calculate the total number of employees. The total number of employees was 2,271.
2) The Stop Loss proposal that Aetna-Meritain submitted to Augusta Richmond County on October 4th is a "no laser" contract at renewal. However, it is not a "no laser" contract at inception. Please reference the two previous emails that we submitted to procurement on October 3rd at 4:50 PM and 7:21 PM, Aetna-Meritain can offer a "no laser" contract at inception with additional information.

   Reference email sent to procbidandcontract@augustaga.gov at 7:21 PM:

   Unfortunately, only the current carrier has access to the requested information, in order to properly evaluate a Stop Loss contract with no lasers at inception. This would be an unfair advantage to all other bidding carriers, as we will need the information to properly evaluate our proposals. Obtaining the below requested information will ensure that we all provide you with our absolute best response, including a Stop Loss proposal and contract that best meets your needs.

3) The additional information that we would need in order to provide a "no laser" contract at inception is as follows:
   a. Updated monthly paid claims through 9/30/2012
   b. Month-by-month enrollment through 9/30/2012
   c. Updated large claimant report with diagnosis through 9/30/2012 "High Cost Claimant Report"
   d. Completed disclosure form

Regards,

Monty Robinson
Regional Vice President - Market Head of Sales and Service
Aetna | Government & Labor Segment-GA SouthCap Region
(office) 770-346-1037 | (cell) 770-687-4068
Email: RobinsonJrH@aetna.com

aetna

From: Nancy M. Williams
Sent: Tuesday, October 09, 2012 8:45 AM
To: 'james.ford@bcbsga.com' (james.ford@bcbsga.com); sales@meritain.com; DuckworthM@aetna.com; tdemarest@bdsagency.com; mary.person@healthscopebenefits.com
Cc: Geri Sams; Phyllis Johnson; lisa.kelley4@wellsfargo.com; Robby Burns
Subject: 12-182 Third Party Administrator / Administrative Services Only - Best and Final

Please provide the following clarification in reference to your best and final which was submitted on October 4, 2012:

1 What number did you use in calculating the total number of employees.

2 Confirm that your Stop Loss contract is a "no laser" at inception.

Please respond with your answers to these questions by email no later than 4:00, Tuesday October 9, 2012

Should you have any questions in reference to this request, please do not hesiste to contact the Procurement Department at 706-821-2355.

Please confirm by email that you have received this request.

EXHIBIT 7

From: Duckworth, Marcus E <DuckworthM@aetna.com>
Sent: Tuesday, October 09, 2012 10:23 PM
To: gsams@augustaga.gov; procbidandcontract@augustaga.gov
Cc: Robinson Jr, Monty; Duckworth, Marcus E
Subject: RFP #12-182 Third Party Administrative/Administrative Services Only - "No Laser" Stop Loss Quote
Attachments: No Laser Stop Loss Quote - Aetna Meritain.xlsx

Importance: High

Hello,

Enclosed, please find Aetna-Meritain's firm, "no laser" Stop Loss proposal at inception and renewal.

Thank you in advance for your positive consideration.

Regards,

Marcus Duckworth . Aetna . Government & Labor Segment . Atlanta, GA . 770-685-9877 . DuckworthM@aetna.com

Attachment 1

12-182 Third Party Administrative / Administrative Services Only for Augusta, Georgia Human Resources Department

MERITAIN HEALTH

TPA/ASO - Stop Loss

The below pricing reflects a firm 'no laser' Stop Loss contract at inception and renewal.

Fee Structure	200,000 SpecificStop Loss	225,000 Specific Stop Loss	250,000 Specific Stop Loss	Other Specific Stop Loss Amount
Stop Loss*				
Annual Specific	$2,539,063.84	$2,329,871.08	$2,126,007.28	
Annual Aggregate	$56,411.64	$61,044.18	$65,949.84	
Total	$2,595,475.48	$2,390,915.26	$2,191,957.12	
	*During implementation of the new plan, we would like to evaluate additional information to determine if any reduction of Stop Loss premium will be applicable (i.e. updated monthly claims, high cost claimant report with diagnosis, and completed disclosure form).			
Name of Vendor:	AETNA / MERITAIN HEALTH			
Address:	1100 Abernathy Road, Suite 375			
	Atlanta, GA 30328			
Contact Name:	Marcus Duckworth			
Email Address:	DuckworthM@aetna.com			
Phone Number:	770-685-9677			

EXHIBIT 8

Augusta Georgia

Self-Funding Recommendation & Renewal Analysis

Based on an exhaustive RFP process that included finalist presentations, a detailed analytical process and intensive final negotiations I am pleased to provide you with a recommendation regarding the funding of your health care plan.

Health Management Analysis

- BCBS Georgia provides the most significant network discounts to Augusta Georgia
- A mobile blood pressure & vision testing machine will be made available to Augusta Georgia for employees without convenient access to the On-Site Clinic
- BCBS Georgia will set Augusta Georgia's Clinic up with its own unique provider number so that claims can be tracked and reported along with non-clinic claims which will allow for a more in depth view of Augusta Georgia's cost drivers
- BCBS is offering $100,000 per year to assist with Clinic implementation and Wellness integration

Financial Analysis

- BCBS Georgia will provide a guaranteed "no laser" contract at both inception and renewal
- BCBS Georgia maintains complete control over Stop Loss contract
- BCBS Georgia provides Augusta Georgia with an almost cost neutral path into Self-funding based on 2013 renewal figures
- The expected claims liability, including fixed costs for Year 1 is $19,394,439 without On-Site Clinic savings factored in
- The guaranteed maximum liability, including fixed costs for Year 1 is $23,112,633.48 without On-Site Clinic savings factored in
- Adding projected clinic savings into the claims liability puts the expected at $18,688,926.84

Administrative Analysis

- Selecting BCBS Georgia as your partner provides employees with a smooth transition to a self funded platform
- There would be no change in network or provider disruption for Augusta Georgia employees
- Electronic Data Feeds are already in place between ADP and BCBS Georgia
- BCBS Georgia Account Management Team is already familiar with Augusta Georgia and its employees

- Benefit Plan information is already loaded and employees are familiar with how the plan design works
- Strategically, moving to a self funded platform allows Augusta Georgia with access to far more vendors than the typical fully insured carriers currently available
- Augusta Georgia has conducted this process several times in the past few years. The concern with marketing your coverage year after year is that vendors begin to decline to quote and develop the view that your simply conducting a "market check"
- There were several vendors that provided proposals last year that chose not to participate in the process this year

Recommendations

- It is our recommendation that Augusta Georgia enter into a Self funded, Administrative Only contract with BCBS Georgia effective 1/1/2013
- It is our recommendation that employees receive a reduced specialist copay be added to the current plan design for employees that receive a specialist referral from the On-site Clinic. We do not recommend making any other benefit changes for 2013
- It is our recommendation that Augusta Georgia renew their Medicare Advantage contract with BCBS for the 2013 plan year which will result in a -4.5% decrease to the Retirees with no change in benefits or network
- It is our recommendation that Augusta Georgia renew the dental coverage with Delta Dental for the 2013 plan year as they have offered a renewal with no increase in premium or reduction in benefits

EXHIBIT 9

Consultant encourages city to self-insure

By Susan McCord
Staff Writer
Monday, Sept. 24, 2012 8:31 PM
Last updated Tuesday, Sept. 25, 2012 6:44 PM

Going self-insured means Augusta would have greater control over employee health insurance premiums, but it also means slightly more risk if claims exceed what the city budgets for them, a consultant encouraging the shift told commissioners Monday.

Over the past three years, Augusta and its employees have paid Blue Cross Blue Shield about $20.4 million in premiums, while claims have averaged around $18 million, said Lisa Kelley, a consultant with Wells Fargo Insurance Services.

The city could earn interest off the difference and further limit the claims if it went self-insured, she said at a commission work session.

"On those months when you take in more in premiums ... where claims aren't as much, that's to your good," she said. "Your employees really won't see a difference."

Most governments hire a third-party administrator to manage the pool, at a much lower expense than paying for full coverage, and the city would immediately save a 2 percent tax on insurance premiums, she said.

Control over claims would come from wellness and prevention programs targeted to Augusta's needs, she said.

"You have the wellness resources that Blue Cross puts out there, but there's nobody really overseeing the program or calculating the return on investments," Kelley said.

Once governments change, however, it's tough to return to full coverage of all employee pre-existing conditions at an affordable price, she said.

"At that point, you're going to be at every carrier's mercy," Kelley said.

If claims exceed the pool, stop-loss coverage covers the difference, but cities that repeatedly run over their budgets might find stop-loss coverage rates pricey, she said.

Commissioners asked about the stop-loss coverage and the impact of the change on employees with primary-care physicians in Blue Cross' network.

Kelley said that even if it self-insures, Augusta must remain with the Blue Cross provider network to keep those physicians in-network.

She said she'll be back Oct. 8 with a recommendation for self-insurance and full coverage from companies responding to the city's request for proposals.

SUPPLEMENTAL
BID PROTEST

AUGUSTA GEORGIA PROCUREMENT DEPARTMENT

In the Matter of:

MERITAIN HEALTH INC.,
Protestor.

v.

AUGUSTA GEORGIA,
HUMAN RESOURCES DEPARTMENT,
Agency.

FILE NO: _____

Attn: Geri A. Sams, Procurement Director
Procurement Department
Augusta, Georgia
530 Greene Street – Suite 605
Augusta, Georgia 30901
Email: gsams@augustaga.gov
procbidandcontract@augustaga.gov

SUPPLEMENT TO MERITAIN'S PROTEST RFP ITEM #12-182

On October 23, 2012, Meritain Health, Inc. ("Meritain") filed a Protest of the award of RFP Item #21-182 to Blue Cross Blue Shield of Georgia ("BCBS") on October 16, 2012. Meritain, as the highest technically rated offeror (by nearly 30 percent) that also offered the lowest likely cost (by nearly $400,000) to the City, should have been awarded the Contract. The Final Recommendation document apparently relied upon by the City was rife with factual errors, relied upon factors that were neither disclosed in the RFP nor proper factors for a competition, and failed to compare BCBS and Meritain's proposals on any of the required factors. Moreover, to the extent that the City relied upon or gave weight to the calculated "Total Maximum Cost" to the City, that reliance is unlawful and reversible error, as it included a requirement of "no laser at inception" that was improperly added to the procurement at the 11th hour, and Meritain was denied important data that would have permitted it to offer the lowest price possible for such a term in a Stop Loss contract. For all those reasons as stated in the Protest, the award must be reversed and an award made to Meritain.

On October 18, 2012, pursuant to the Georgia Open Records Act, the City produced requested records, including the "Final Recommendation" prepared by the Selection Committee and the "Final Pricing Summary" tabulation document prepared during the course of evaluations prior to the award. Since filing the Protest, Meritain has discovered significant math errors in the Pricing Summary and the Final Recommendation, which errors resulted in the Augusta Commission being misinformed about the actual expected (and maximum) costs of the selected Offeror's Proposal.

These errors, in excess of $500,000.00 of additional expenses to the City, were not corrected prior to the presentation to the Augusta Commission, and further reinforce the grounds of Meritain's prior-filed Protest. Meritain, the highest-ranked, lowest-cost proponent was not selected for the award, but instead the Final Recommendation was to award the contract to the third-ranked proponent, based partially on this miscalculated financial information. The multiple errors in this Procurement violate the express terms of the RFP and the Augusta Code, and as more fully addressed in Meritain's Protest, require immediate rescission of the Recommendation, and award of the Contract to Meritain.

Background

On October 17, 2012, Meritain, a subsidiary of Aetna Health, Inc., submitted an Open Records Act Request requesting documents related to the RFP. On October 18, 2012, Meritain received the following documents:

- Completed Scoresheet for Phase One of the RFP (referenced on page 46 of the original RFP packet, and page 10 of Addendum No. 2 issued on August 22nd, 2012).
- Completed Scoresheet for Phase Two of the RFP (referenced on page 3 of the attached Presentation Confirmation Letter, sent on September 21st, 2012 – dated September 20th, 2012).
- Copy of the self-funded best and final offer submitted by the winning bidder, Blue Cross Blue Shield of Georgia.[1]

Also among the files received were the Augusta Georgia Health Plan TPA Evaluation Pricing Summary ("Pricing Summary")[2] and the Augusta Georgia Self-Funding Recommendation & Renewal Analysis ("Final Recommendation").[3]

Since filing its Protest, Meritain has further evaluated the Final Recommendation and Pricing Summary and discovered several math errors, resulting in a substantial understatement of the expected and maximum costs represented by the selected offeror. Notably, these errors resulted in the incumbent's Total Expected Costs (with fixed costs), Total Maximum Costs (with fixed costs), Projected Expected Liability, and Projected Maximum Liability being understated ***by more than $500,000 each***. These errors further demonstrate the need for immediate rescission of the Recommendation, and award of the contract to Meritain, which now not only represents the higher rated offeror by a wide margin, but a lower annual cost to the City ***by over $900,000 per year.***

SUPPLEMENTAL PROTEST

The math errors concern calculations by presumably the Selection Committee (or possibly a consultant) of the Total Expected Costs, Total Maximum Costs, Projected Expected Liability, and the Projected Maximum Liability for BCBS's Price Proposal. Importantly, upon information and

[1] See email dated October 18, 2012, from Augusta Law Department, attached as Exhibit A. This Supplement is timely as it is being filed within five (5) days of receipt of the records.
[2] Attached as Exhibit B.
[3] Attached as Exhibit C.

belief, these Pricing Summary calculations were presented to the Augusta Commission without backup in support of the Final Recommendation.

The Pricing Summary contained multiple calculations for each of the four Phase One finalists. The numbers were derived by the Offeror's Proposals, and were used to calculate multiple figures, including the Expected Claims liability, maximum claims liability, total expected costs with fixed costs, total maximum costs with fixed costs, projected expected liability, and projected maximum liability. While the calculations related to Meritain's Price Proposal appear to be accurate, a review of those same calculations for BCBS appears to be substantially understated. The table below reflects the results of the calculations as they were conducted versus the results of the proper calculations.

		BCBS - As Presented	**BCBS - As Corrected**	**Aetna/Meritain**
A	Annual Administrative Costs	$504,384.00		$1,110,735.36
B	Stop Loss Annual Premium	$1,008,540.00		$2,595,475.48
C	Expected Claims Liability	$18,385,899.00		$16,669,896.86
D	Maximum Claims Liability	$22,104,093.48		$22,227,223.08
E	Total Claim Avoidance	$705,513.00		$2,095,365.00
F	Total Expected Costs w/fixed Costs (A+B+C)	$19,394,439.84	$19,898,823.00	$20,376,107.70
G	Total Maximum Costs w/fixed Costs (A+B+D)	$23,112,633.48	$23,617,017.48	$25,933,433.92
H	**Projected - Expected Liability (F-E)**	**$18,688,926.84**	**$19,193,310.00**	**$18,280,742.70**
I	Projected - Maximum Liability (G - E)	$22,407,120.48	$22,911,504.48	$23,838,068.92

The calculations in the table above were derived from the Pricing Proposals submitted by the Offerors. Below we explain precisely the erroneous calculations, and how they should have been performed.

The calculation for Total Expected Costs consists of the following values provided by each respective Offeror:

Annual Administrative Costs	+	Stop Loss Total Annual Premium	+	Expected Claims Liability	=	**Total Expected Costs w/ fixed costs**

Consequently, the calculation for Meritain's Total Expected Costs was derived as follows:

Meritain Annual Administrative Costs	+	Meritain Stop Loss Total Annual Premium	+	Meritain Expected Claims Liability	=	Meritain Total Expected Costs w/ fixed costs
$1,110,735.36	+	$2,595,475.48	+	$16,669,896.86	=	**$20,376,107.70**

The dollar figures associated with Meritain's BAFO (assuming no-laser-at-inception and renewal Stop Loss proposal) are correct in the Pricing Summary.

In contrast, the calculations concerning the incumbent BCBS fail to include the Annual Administrative Costs, a cost of $504,384.00 annually. As a result, the Total Expected Costs with fixed Costs for BCBS is significantly understated at $19,394,439.84. Rather, the Total Expected Costs for BCBS should have been calculated as:

BCBS Annual Administrative Costs	+	BCBS Stop Loss Total Annual Premium	+	BCBS Expected Claims Liability	=	BCBS Total Expected Costs w/ fixed costs
$504,384.00	+	$1,008,540.00	+	$18,385,899.00	=	**$19,898,823.00**

Similarly, the same math error created a sizable understatement to BCBS's Total Maximum Costs calculation, which was originally calculated at $23,112,633.48. In fact, the correct calculation should have resulted in a Total Maximum Cost as $23,617,017.48 for BCBS, calculated as:

BCBS Annual Administrative Costs	+	BCBS Stop Loss Total Annual Premium	+	BCBS Expected Claims Liability	=	BCBS Total Maximum Costs w/ fixed costs
$504,384.00	+	$1,008,540.00	+	$23,112,633.48	=	**$23,617,017.48**

The Projected Expected Liability and Projected Maximum Liability calculations were dependent upon the accuracy of these figures. Here, Projected Expected Liability is derived from the following calculation:

Total Expected Costs w/fixed cost	-	Total Claim Avoidance	=	**Projected – Expected Liability**

In this case, the calculation for BCBS resulted in a Projected – Expected Liability calculation

of $18,688,926.84. Instead, the Projected-Expected Liability should have been the following:

BCBS Total Expected Costs w/fixed cost	-	BCBS Total Claim Avoidance	=	BCBS Projected – Expected Liability
$19,898,823.00	-	$705,513.00	=	$19,193,310.00

The Projected Maximum Liability was also understated by $504,384.00 for BCBS. The formula to find the Projected Maximum Liability is: "Total Maximum Costs w/ fixed cost" – "Total Claim Avoidance" = "Projected Maximum Liability." In this case, the Pricing Summary calculation for BCBS was $22,407,120.48 whereas if done correctly, the actual Projected Maximum Liability for BCBS should have been $22,911,504.48.

BCBS Total Maximum Costs w/fixed cost	-	BCBS Total Claim Avoidance	=	BCBS Projected – Maximum Liability
$23,617.017.48	-	$705,513.00	=	$22,911,504.48

These math errors were critical to this Procurement Process, as the Commission was presented with the Final Recommendation which was based solely on these understated prices.[4] The Final Recommendation included only the calculations concerning BCBS for Expected Claims Liability, Guaranteed Maximum Liability, and Projected Expected Liability.[5] As all of these numbers were incorrectly understated by more than $500,000, the selection of BCBS is fatally flawed.

Most importantly, in the case of the Projected-Expected Liability, Meritain was the lowest bidder by almost $1 million. While the Final Recommendation did not contain any financial comparison to the other offerors, the projected expected liability is significant because this is the most likely and most realistic financial expectation for the City. While the initial flawed calculation in the Pricing Summary showed Meritain's offer was approximately $400,000 less expensive than BCBS, the corrected calculation demonstrates that ***Meritain's offer was actually at least $912,567.30 less expensive than BCBS***.

This further re-enforces the grounds of Meritain's Protest, and further establishes the impropriety of an award to the third-ranked, more expensive offeror. This is an obvious flaw which demands immediate rescission of the Award.[6] In sum, the Augusta Commission received a Final

[4] We also believe that the COBRA cost to the City also was not included in the total calculation of fixed costs to the City, representing an additional approximately $20,000 understatement of fixed costs per year if BCBS is selected. BCBS's proposed COBRA rate, multiplied by the number of employees (2272) multiplied by 12 months yields a figure that was not, but should have been, incorporated into the calculation. Meritain's offer embeds Meritain's COBRA cost.

[5] See Exh. C, p. 1.

[6] A review of the additional Offerors demonstrated that although there were errors with Consumer's Life and Health Scope, the severity of these errors, however, was far less substantial than those associated with BCBS, and those errors do not change the relative position of the offerors' price proposals.

Recommendation that focused solely on the third-ranked Offeror, and substantially understated financial projections.

The RFP clearly states that the award shall be made to the "most responsible and responsive offeror whose proposal is determined to be the most advantageous to Augusta, Georgia."[7] In this instance, Meritain provided the lowest projected expected overall cost by more than $900,000 than the next lowest Offeror. In addition, Meritain's first-ranked Technical Proposal received more than 30% more points than the selected offeror, BCBS, which very nearly tied for last.

III. CONCLUSION

For the reasons stated above, as well as those presented in the Protest, the Award of RFP Item No. 12-182 should be rescinded, and the Contract should be awarded to Meritain based upon the best value to Augusta, Georgia.

Dated: October 25, 2012

Counsel for the Protestor
William J. Keogh, III, Esq.
Davis A. Dunaway, Esq.
Hull Barrett, PC
801 Broad Street, 7th Floor
Augusta, Georgia 30901
Email: wkeogh@hullbarrett.com
Tel: (706) 828-2013

Jeffrey A. Belkin, Esq.
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One Atlantic Center
1201 West Peachtree Street
Atlanta, Georgia 30309-3424
Email: Jeff.Belkin@alston.com
Tel: (404) 881-7388

[7] RFP, p. 44 of 75.

AUGUSTA GEORGIA PROCUREMENT DEPARTMENT

In the Matter of:	}	
MERITAIN HEALTH INC., Protestor.	}	FILE NO: _____
v.	}	
AUGUSTA GEORGIA, HUMAN RESOURCES DEPARTMENT, Agency.	}	

CERTIFICATE OF SERVICE

I hereby certify that I served a copy of this SUPPLEMENT TO MERITAIN'S PROTEST RFP ITEM #12-182 with the Augusta, Georgia Procurement Department through electronic mail and a hand-delivered copy.

This 25th day of October, 2012.

Counsel for the Protestor
William J. Keogh, III
Davis A. Dunaway, Esq.
Hull Barrett, PC
801 Broad Street, 7th Floor
Augusta, Georgia 30901
Email: wkeogh@hullbarrett.com
Tel: (706) 828-2013

EXHIBIT A

AUGUSTA LAW DEPARTMENT

October 18, 2012

VIA ELECTRONIC MAIL
duckworthm@aetna.com

Marcus Duckworth
Aetna
Government & Labor Segment
1100 Abernathy Road, Suite 375
Atlanta, GA 30328

Dear Mr. Duckworth:

RE: **Open Records Response**
Procurement Department/AB5011

I am in receipt of your October 17, 2012, request for information under the Georgia Open Records Request Act, served on the Procurement Department of Augusta, Georgia on October 17, 2012. It is my understanding that the records you have requested are as follows:

[W]e would like to review the following information

- **Completed Scoresheet for Phase One of the RFP (referenced on page 46 of the original RFP packet, and page 10 of Addendum No. 2 issued on August 22nd, 2012).**
- **Completed Scoresheet for Phase Two of the RFP (referenced on page 3 of the attached Presentation Confirmation Letter, sent on September 21st, 2012 – dated September 20th, 2012).**
- **Copy of the self-funded best-and-final offer submitted by the winning bidder, Blue Cross Blue Shield of Georgia.**

If this is not what you have requested, please let me know. I have attached three (3) PDF's that contain the information that is responsive to your request.

520 Greene Street
Augusta, Georgia 30901
(706) 842-5550 - Fax (706) 842-5556

Should you require additional information please contact me at: (706) 842-5550.

Sincerely,

Kenneth S. Bray
Staff Attorney

cc: Andrew G. Mackenzie, General Counsel Augusta, Georgia
Geri Sams, Director of Procurement Department Augusta, Georgia
Sarah Hudson, Executive Assistant, Office of the Administrator Augusta, Georgia

EXHIBIT B

Augusta Georgia Health Plan TPA Evaluation

Pricing Summary

CLAIMS ADMINISTRATION				
PEPM	$18.50	$17.43	$31.20	$40.74
Annual Admin Cost (2272 employees)	$504,384.00	$475,211.52	$850,636.80	$1,110,735.36
COBRA				
PEPM	$0.70	$0.00	$0.85	$0.00
STOP LOSS				
Annual Premium $200,000 Specific	$943,890.00	$1,125,110.00	$1,346,023.00	$2,539,063.84
Annual Premium Aggregate	$64,650.00	included in Specific	$58,345.00	$56,411.64
Stop Loss Total Annual Premium	$1,008,540.00	$1,125,110.00	$1,404,368.00	$2,595,475.48
CREDITS - Multi-Year contract (3 years)	$300,000.00	$428,000.00	$25,000.00	$250,000.00
EXPECTED CLAIMS LIABILITY	$18,385,899.00	$21,727,177.00	$23,038,625	$16,669,896.86
MAXIMUM CLAIMS LIABILITY	$22,104,093.48	$26,586,622.00	$28,798,417	$22,227,223.08
TOTAL EXPECTED COSTS w/fixed costs	$19,394,439.84	$23,327,545.00	$25,293,630	$20,376,107.70
TOTAL MAXIMUM COSTS w/fixed costs	$23,112,633.48	$26,586,622.00	$31,053,423	$25,933,433.92
Other Cost Avoidance Strategies	$0.00	$0.00	$0.00	$1,389,852.00
Expected Claim Avoidance - Clinic	$705,513.00	$705,513.00	$705,513.00	$705,513.00
Total Claim Avoidance	$705,513.00	$705,513.00	$705,513.00	$2,095,365.00
Projected - Expected Liability	$18,688,926.84	$22,622,032.00	$24,588,117.00	$18,280,742.70
Projected - Maximum Liability	$22,407,120.48	$25,881,109.00	$30,347,910.00	$23,838,068.92

EXHIBIT C

Augusta Georgia

Self-Funding Recommendation & Renewal Analysis

Based on an exhaustive RFP process that included finalist presentations, a detailed analytical process and intensive final negotiations I am pleased to provide you with a recommendation regarding the funding of your health care plan.

Health Management Analysis

- BCBS Georgia provides the most significant network discounts to Augusta Georgia
- A mobile blood pressure & vision testing machine will be made available to Augusta Georgia for employees without convenient access to the On-Site Clinic
- BCBS Georgia will set Augusta Georgia's Clinic up with its own unique provider number so that claims can be tracked and reported along with non-clinic claims which will allow for a more in depth view of Augusta Georgia's cost drivers
- BCBS is offering $100,000 per year to assist with Clinic implementation and Wellness integration

Financial Analysis

- BCBS Georgia will provide a guaranteed "no laser" contract at both inception and renewal
- BCBS Georgia maintains complete control over Stop Loss contract
- BCBS Georgia provides Augusta Georgia with an almost cost neutral path into Self-funding based on 2013 renewal figures
- The expected claims liability, including fixed costs for Year 1 is $19,394,439 without On-Site Clinic savings factored in
- The guaranteed maximum liability, including fixed costs for Year 1 is $23,112,633.48 without On-Site Clinic savings factored in
- Adding projected clinic savings into the claims liability puts the expected at $18,688,926.84

Administrative Analysis

- Selecting BCBS Georgia as your partner provides employees with a smooth transition to a self funded platform
- There would be no change in network or provider disruption for Augusta Georgia employees
- Electronic Data Feeds are already in place between ADP and BCBS Georgia
- BCBS Georgia Account Management Team is already familiar with Augusta Georgia and its employees

- Benefit Plan information is already loaded and employees are familiar with how the plan design works
- Strategically, moving to a self funded platform allows Augusta Georgia with access to far more vendors than the typical fully insured carriers currently available
- Augusta Georgia has conducted this process several times in the past few years. The concern with marketing your coverage year after year is that vendors begin to decline to quote and develop the view that your simply conducting a "market check"
- There were several vendors that provided proposals last year that chose not to participate in the process this year

Recommendations

- It is our recommendation that Augusta Georgia enter into a Self funded, Administrative Only contract with BCBS Georgia effective 1/1/2013
- It is our recommendation that employees receive a reduced specialist copay be added to the current plan design for employees that receive a specialist referral from the On-site Clinic. We do not recommend making any other benefit changes for 2013
- It is our recommendation that Augusta Georgia renew their Medicare Advantage contract with BCBS for the 2013 plan year which will result in a -4.5% decrease to the Retirees with no change in benefits or network
- It is our recommendation that Augusta Georgia renew the dental coverage with Delta Dental for the 2013 plan year as they have offered a renewal with no increase in premium or reduction in benefits

OPEN RECORDS REQUEST

Item # 1

AUGUSTA LAW DEPARTMENT

DAVID S. COPENHAVER
Mayor

JOE BOWLES
Mayor Pro Tem

ANDREW G. MACKENZIE
GENERAL COUNSEL
Augusta Law Department

WAYNE BROWN
Senior Staff Attorney

KENNETH S. BRAY
JODY SMITHERMAN
KAYLA COOPER
Staff Attorneys

Matt Aitken
Corey Johnson
Joe Bowles
Alvin Mason
Bill Lockett
Joe Jackson
Jerry Brigham
Wayne Guilfoyle
J. R. Hatney
Grady Smith

FREDERICK L. RUSSELL
Administrator

October 18, 2012

VIA ELECTRONIC MAIL
duckworthm@aetna.com

Marcus Duckworth
Aetna
Government & Labor Segment
1100 Abernathy Road, Suite 375
Atlanta, GA 30328

Dear Mr. Duckworth:

RE: **Open Records Response**
Procurement Department/AB5011

I am in receipt of your October 17, 2012, request for information under the Georgia Open Records Request Act, served on the Procurement Department of Augusta, Georgia on October 17, 2012. It is my understanding that the records you have requested are as follows:

[W]e would like to review the following information

- **Completed Scoresheet for Phase One of the RFP (referenced on page 46 of the original RFP packet, and page 10 of Addendum No. 2 issued on August 22nd, 2012).**

- **Completed Scoresheet for Phase Two of the RFP (referenced on page 3 of the attached Presentation Confirmation Letter, sent on September 21st, 2012 – dated September 20th, 2012).**

- **Copy of the self-funded best-and-final offer submitted by the winning bidder, Blue Cross Blue Shield of Georgia.**

If this is not what you have requested, please let me know. I have attached three (3) PDF's that contain the information that is responsive to your request.

Should you require additional information please contact me at: (706) 842-5550.

Sincerely,

Kenneth S. Bray
Staff Attorney

cc: Andrew G. Mackenzie, General Counsel Augusta, Georgia
Geri Sams, Director of Procurement Department Augusta, Georgia
Sarah Hudson, Executive Assistant, Office of the Administrator Augusta, Georgia

Phase I - Augusta Richmond County TPA/ASO Scoresheet
12-182 Third Party Administrator/Administrative Serivces Onlyu
for Augusta Richmond County - Recreation, Parks and Facilities Department

Factor	Points	General Description	Rating Scale 0 (Low) to 5 (High)					Weighted Score				
			HealthScope	Consumers Life	Meritain	BCBS GA	Coventry	HealthScope	Consumers Life	Meritain	BCBS GA	Coventry
PROGRAM DESIGN	6.00	Ability to meet all RFP requirements (stop loss & PBM proposals provided)	4.00	4.00	4.50	4.00	4.00	24.000	24.000	27.000	24.000	24.000
	3.00	Flexibility in custom benefit plan	5.00	4.50	4.50	5.00	4.50	15.000	13.500	13.500	15.000	13.500
	3.00	Creative/Innovative Solutions	4.00	3.75	4.75	3.50	3.50	12.000	11.250	14.250	10.500	10.500
Points	12.00		13.00	12.25	13.75	12.50	12.00	51.00	48.75	54.75	49.50	48.00
PLAN ADMINISTRATION AND SERVICES	8.00	Reporting capabilities	4.00	4.00	4.00	4.00	4.00	32.00	32.00	32.00	32.00	32.00
	4.00	Claim processing accuracy	5.00	4.50	4.50	5.00	4.50	20.00	18.00	18.00	20.00	18.00
	3.00	Claim processing timeliness	5.00	4.50	4.50	5.00	4.50	15.00	13.50	13.50	15.00	13.50
	2.00	Claim processing systems	5.00	5.00	4.00	5.00	5.00	10.00	10.00	8.00	10.00	10.00
	4.00	Service/performance guarantees	4.00	3.75	4.00	3.75	2.50	16.00	15.00	16.00	15.00	10.00
	7.00	Account Management - Staff Level/Experience	5.00	4.00	4.00	5.00	4.00	35.00	28.00	28.00	35.00	28.00
	3.00	Employer/Member Services	5.00	5.00	4.75	4.50	4.00	15.00	15.00	14.25	13.50	12.00
	3.00	Wellness Resources	4.00	4.50	5.00	4.50	4.50	12.00	13.50	15.00	13.50	13.50
	3.00	Diseaase Management Programs	4.00	3.75	5.00	4.00	4.00	12.00	11.25	15.00	12.00	12.00
	3.00	Access to Providers (Network)	4.00	4.50	4.50	5.00	5.00	12.00	13.50	13.50	15.00	15.00
	4.00	Network Discounts	4.00	4.25	3.50	5.00	4.50	16.00	17.00	14.00	20.00	18.00
	3.00	Technological Capabilities	4.00	4.00	4.00	4.00	4.00	12.00	12.00	12.00	12.00	12.00
	2.00	Communication materials	3.00	4.00	4.00	4.00	4.00	6.00	8.00	8.00	8.00	8.00
Points	49.00		56.00	55.75	55.75	58.75	54.50	213.00	206.75	207.25	221.00	202.00
INTEGRATION WITH ADP	1.00	External Vendors - Value & Ease of doing business	4.00	4.00	4.00	4.50	4.00	4.00	4.00	4.50	4.00	4.00
Points	1.00		4.00	4.00	4.00	4.50	4.00	4.00	4.00	4.50	4.00	4.00
On-Site Clinic Integration	10.00	Ability to integrate data with On-Site Clinic vendor	4.00	3.75	4.00	4.00	3.50	40.00	37.50	40.00	40.00	35.00
	5.00	Ability to work with On-Site Clinic creating DM & Wellness Initiative	4.00	3.75	4.50	4.50	3.50	20.00	18.75	22.50	22.50	17.50
Points	15.00		8.00	7.50	8.50	8.50	7.00	60.00	56.25	62.50	62.50	52.50
PROSPECTIVE CONTRACTOR'S CREDENTIALS AND RESPONSIVENESS	8.00	Experience related to performance of requested services	4.00	4.00	4.00	3.00	4.00	32.00	32.00	32.00	24.00	32.00
	3.00	Financial/Administrative Stability	4.00	4.50	4.50	4.50	4.00	12.00	13.50	13.50	13.50	12.00
	3.00	RFP Quality/Completeness	5.00	4.00	4.00	3.50	4.00	15.00	12.00	12.00	10.50	12.00
	4.00	Character, Reputation, References	5.00	5.00	5.00	5.00	5.00	20.00	20.00	20.00	20.00	20.00
	5.00	Overall Value Proposition	4.00	3.75	4.50	4.00	3.00	20.00	18.75	22.50	20.00	15.00
Points	23.00		22.00	21.25	22.00	20.00	20.00	99.00	96.25	100.00	88.00	91.00
Grand Total	100.00		193.00	189.25	194.25	196.00	183.00	427.00	412.00	429.00	425.00	397.50

Augusta Richmond County
TPA RFP Evaluation and Q&A

Name of TPA: HealthSCOPE

Experience- Have been paying medical claims since 1992, which is also applicable for Little Rock service center, their headquarters. Developed over 140 customer Point of Service (POS) gatekeeper and PPO networks in more than 30 states.

Manages $1B in annual healthcare expenditures, **4th largest TPA in US. 4.2M medical claims for $765M.**

HRAs since 2003. Have 9/16 HRA/HSA clients. HRA is integrated with medical plan, and can use for VBBD.

Owners include President (female), CEO & a venture capital group. Had management buyout in 2007. **First client is still with them. Have been named as a defendant in 9 lawsuits in last 10 years .** Of the 9, 1 was withdrawn with no settlement, 1 was settled in HSB's favor, and rest were withdrawn upon settlement. Of those with settlement, 2 were provider suing for discount taken, 1 was client suing HSB in 2006 for negligence in stop loss claim, 2 claimed negligence with respect to administering pension fund, 1 was client suing carrier & HSB for denial of stop loss claim, & 1 was member suing for denial based on failure to complete subro paperwork. Most concerning are the two involving SL claims. With respect to the lawsuits naming HSB as a defendant, we will need further details on the two relating to the filing of stop loss claims.

ARC will be assigned to the Nashville Service Center. Need to know, does the Nashville service center have any clients with onsite clinics, and if so, describe their involvement in implementation and their ongoing integration activities.

With respect to the lawsuits naming HSB as a defendant, please provide further details on the two relating to the filing of stop loss claims.

We need clarification on the actions taken relative to recovering overpayments. Are we correct in our understanding that even if overpayments occur due to HSB administrative errors or oversight, such as failure to implement plan changes or paying a claim in a manner that is clearly not in compliance with the plan document, that HSB will not reimburse ARC for any portion of the overpayment that you do not recover? Also, is there a difference (other than the cause of the overpayment and the fee that is charged) that distinguishes your standard recovery services from your enhanced recovery services, for which there is a charge?

They describe a variety of dialysis cost containment programs including one that applies methodology to UCR that reduces cost by 80%. They also mention that these cost containment programs safeguard the member from balance billing. During the initial dialysis period, prior to Medicare entitlement, how is balance billing safeguarded against? In addition, they note that they partner with quite a few vendors who charge a percentage of savings. Need an estimated range of the savings they would anticipate for a client the size of ARC and the fees that would be payable.

I presume that there will be no charge for your preparing the mandated SBCs . Need confirmation. Also need confirmation as to whether the 30% of recoveries for subrogation applies to the results of their own efforts as well as the external vendor, or only those referred out to the external vendor.

Out of Network Negotiations – Please confirm that the calculation of the 30% of savings fee for these negotiations will be based upon the difference between the allowable

charge under the plan (the network fee for facilities and UCR for other charges) and the negotiated fee.

Employees are very long tenured – average of 12 years for their claims group. Have clients with 56 lives to 36K lives.

Resources and Capabilities

Outsource many core functions: use 3rd party ASP to scan/load paper copies and to host the TPA services application, 3rd party IT service provider for complete outsourcing of computer systems hardware, software, computers, and IT personnel. Also use 3rd party vendors for a variety of clinical reviews: transplants, experimental, sleep studies, TMJ treatment, potential cosmetic surgery, weight reduction treatment, dialysis, chemotherapy, and sick newborns. Also use multiple vendors for secondary network discounts on OON claims. Outsource payment consolidation and pmt svcs to ECHO health – member checks are produced daily, provider payments monthly. Use Metavante for printing/mailing EOBs and checks.

Competitive Advantages:

- BOB medical **trend is 2.6% over the past 8 years.**
- **Saved clients over $22M** in 2011 due to **100% review of OON claims.**
- Outstanding **reporting** – delivered quarterly in person
- **Dialysis Management** Program **saved clients $4M** in 2011
- **99% client retention rate** in 2011 and **20% growth in EE lives**
- **Cancer Management** Program **saved clients $6.5M** in 2011.
- Have designed **Value Based Benefits** (VBB) including different levels of benefit (separate plans) based on member participation and wellness activities, fully integrated with client's other benefit partners. Can remove the need for claim forms or self reporting, or can use online activity tracker for self-reporting.
- Maintain a dedicated product development staff, a dedicated network development staff, and internal clinical resources that are available for projects to meet client needs.
- HSB is a forward looking, forward thinking company - generating favorable outcomes with proactive approach to health. Goal is to provide long-term programs that will save a little today and a lot tomorrow, enabling business of all types to enjoy Healthy Futures.
- Mission is to maintain the exclusive focus of managing healthcare costs for client companies, to provide unsurpassed customer service and seamless benefits administration, managed care, and informatics services, to support client commitments to their members and healthcare providers.
- Guiding Principles: establish and maintain collaborative relationships, take full ownership and accountability for current and future results, be customer focused, act with a sense of urgency.
- Implementation led by imp coord + acct mgt + plan builders, customer service and member experience, finance/banking, client relations, programming/systems, legal/compliance, trainers. An extensive Implementation Questionnaire is used. Will thoroughly support the client with any EE meetings or training on site or via web.
- Have very robust legal and compliance staff –All changes in the statutory or regulatory requirements are communicated via two compliance publications published by HSB: Healthy Business & Healthy Futures.

Fraud: Internal - Full-time staff of Fraud Investigators in Nashville office, perform function for whole organization. Use a series of sophisticated databases and complex queries. Claim system has functionality that assists with detecting questionable claims. HSB identified more than 200 cases of fraud or questionable billing practices last year.

Plan Doc – use in house attorney. Sample provided is full of legalese and not user friendly. Working with their plan doc will be more labor intensive than the Corbel document. However, the user friendly requirement will be much less important with the advent of SBCs.

Implementation staffing – Have designated implementation coordinator + broad cross section of functions represented on team.

Onsite clinic – Have several clients who utilize onsite clinics and have lots of experience in this arena. In El Paso, worked with large school district client on the development - involved in layout of the space, furnishings, set-up, hiring of the nurse practitioners and medical assistant, coordination of the data and ongoing member education. With 12 Arkansas clients, collaborated with IM Well-Health to establish onsite clinics and community clinics where it is more practical. Were involved in the strategic process and coordination of the data.

Subro – Any claims with accident DX & potential 3rd party liability that are over $1K are referred to an external law firm. Also do data analysis monthly to detect series of claims that are less than $1K on a single individual that may involve 3rd party liability. Most are referred out to the law firm for recovery, and cost is 30% of recoveries.

Claim Processing/Member Service Stats

Corporate resources for eligibility, COBRA, IT, and accounting are all located in Little Rock. Will assign 3 dedicated claims examiners and 6 designated customer service representatives. Examiners are assigned 3,000 lives. Turnover rate is <4%, avg tenure = 12 years (Little Rock). Statistics below are for all clients corporate-wide, with Little Rock handling over half of their business. All service centers use the same systems for claims, telephone (can route calls to other offices if need be), and IT.

TAT – 97% w/i 14 calendar days, 99.8% w/i 30 days.

Processing accuracy – 99.5%

Financial processing accuracy – 99.7%

Financial pmt accuracy – 99%

First Call Resolution rate – 97%

Current backlog – 3.3 days

Online capabilities – Member website looks user friendly and allows a variety of actions including sending an Express Request secure e-mail to Customer Svc with 1 day response time and ability to request an e-mail when a claim is processed. HR website has similar capabilities plus the ability to update eligibility.

Reporting

The data analytics and reporting system is web-based with 50+ standard analysis/reporting applications. Allows access by the client, consultant & approved vendors. Is updated regularly with medical & ancillary health claim data + member eligibility info. Can access any date range. Allows for custom filtering & drill-down from the plan level to individual claims. Standard quarterly reporting is excellent as well. **No charge for any of this reporting, including data-mining.**

Claim System Coding & Automation

Use Insur-Claims/HealthAxis claim system for over 20 years – outsource system & hosting. Per Q&A, used by 12 TPAs with 650K lives (including 350K at HSB). Very automated - integrated enrollment processing, medical management records, claims adjudication, provider record management, and Internet self-service. Docs are imaged and indexed. Only available on a single-release basis so all clients share a common version with monthly releases received. Has "Best Share" program, enables users to direct and prioritize system enhancements. Insur-Claims is leased/accessed through HealthAxis on an ASP basis with the system hosted in an IBM Data Center in Pearl River, New York; several back-up facilities are utilized for disaster recovery purposes. HealthAxis is SAS 70 accredited and undergoes annual review. 7 years of data is stored online, while the remaining data is archived. Service Level Agreements are maintained with HealthAxis in regard to system responsiveness and "up time". HealthAxis is responsible for upgrades, maintenance and trouble shooting. HSB maintains database for entering and managing processing issues related to the way the plan was loaded. Per Q&A, there was no unexpected down time at all in 2011, just for planned upgrading over the weekend).

Edits - All 15 basic edits are turned on, and can turn on up to 18 advanced edits (100% of NCCI required) if COS wants. Their edits impact 20-25% of claims and 5% of claim dollars. Use 10 fields for dups with 40% of matches resulting in an edit – 7% of billed dollars & 24% of paid dollars were denied due to dups in 2011 (**very** high for TPA with such a short TAT). Response to using outside vendor for edits & incorporating those edits (the CARS scenario): incorporate as many edits as possible so clients don't incur additional charges. The only exception is the facility bill review done by PHX. Due to unique nature of claims, haven't determined how to incorporate yet. On the back end, after claims are paid, are also adding Claim Return to confirm we have done everything possible to save clients money.

Other retro reviews: Use McKesson edits for claims reviews on a prospective basis, and have claims over $50K reviewed by PHX. On a retrospective review, we are in discussions to implement Claim Return and will be having them review all of our claims post payment.

EDI –80%

Auto-adjudication – 45% - See **NO** provisions that would preclude auto-adjudication. And paper claims are scanned into claim system on automated basis. Turn off auto-adjudication and auto-pay features for the first 30-60 days after plan is first loaded.

Historical claims – will load historical medical/Rx claims

COB - 1 x year, survey is sent to verify no other insurance has been put in place. Have pop ups for CSRs to request COB info when they are on the phone with a member & have pop ups on the web for members to update COB. Maintain complete history for each member (demographic & coverage info). Each transaction is "tagged" with a date, time and user so a complete audit trail is maintained. Link all enrollment-related documentation (e.g., HIPAA Certificates, Letters, COB investigation, proof of dependent status, etc.) to the group and participant.

Subro – Use DOS, Dx & procedure codes to ID potential subrogation claims. Can do "chase and pay" or "pay and chase" approach. "Chase & Pay" - claim is flagged & letter sent requesting info on the injury and liability by 3rd party. If 3rd party involved, participant is asked to sign a subrogation agreement calling for repayment to the plan from any proceeds from the third party. The case is then passed on to our vendor for tracking and recovery. "Pay & Chase" Approach - claims are processed and case forwarded to partner, the law firm of Luper, Neidenthal & Logan of Columbus, Ohio, for pursuit of a recovery agreement, tracking and recovery. Claims data sent daily. Process does recognize follow up care so duplicate investigation does not occur. Cost is 30% of recoveries gained through intervention.

Auditing – Outsource random claims auditing and high dollar claims review to Mullally Associates (good credentials) who reviews 2% of all claims on an ongoing basis. HealthSCOPE Benefits receives weekly and monthly reports regarding overall performance, as well as the performance of individual processors. Mullally also audits all claims exceeding $50,000 prior to payment, all new hire claims, focused audits on specific types of claims, and adjustments to claims. HSB has an internal management QA committee who reviews QA results from Claims, Customer Service, Provider Relations and Appeals. QA committee meets monthly to assess areas for improvement and greater efficiency. The committee also takes on projects to improve and create better documentation around processes. Also pull reports to ensure timeliness and accuracy of processing. Provided list of 10 reports that track claims to ensure none fall thru the tracks once they've been stopped for some review and that track duplicates and large claims.

Disaster recovery - HealthAxis completes back up of all systems using industry-standard backup procedures on all production servers and source code. These backups are rotated off-site daily via a bonded carrier to a secured vault. HealthSCOPE Benefits performs a full backup of its local computer files every night as well as weekly and monthly. All backup files are picked up and delivered to a secure storage vault. HealthSCOPE Benefits has also implemented a high-quality uninterruptable power supply system. HealthSCOPE Benefits has completed a written Disaster Recovery Plan (DRP) that is dependent upon the HealthAxis, Inc. Data Center Disaster Recovery Plan and redundant Operation Centers. HealthSCOPE Benefits uses the HealthAxis claims processing system in an Application Service provider (ASP) arrangement, all hardware and software is at the HealthAxis site. Also, all scanned images of claims are not only stored at the Little Rock HealthSCOPE Benefits site but are also backed up at the HealthAxis site. HealthSCOPE Benefits' Wide Area Network (WAN) is designed such that in the event of communication failure at the HealthSCOPE Benefits site, analysts are still able to access the system.

PGs – Agreed to all standards and placed 20% at risk. Actual results are much better than our requested standards.

Overall Value Prop–Value Adds, Wrap Network, Fee Guarantee – Plan amendments and programming of plan changes are charged at $125/hour. Care Advocacy program for those with over $50K in claims, Wellness/Gaps in Care = $1.00 pepm. See above for other categories of cost savings & percentage fees.

Cost containment strategies – Dialysis. The vendor (Dialysis Cost Containment - DCC) will negotiate discounts. **Savings vary widely since plan provisions vary. However, the average client saves $18.50 PEPM, net of fees, based on all services with fees that are based on a percentage of savings.** Also offer Biologics Oncology Mgt for chemo and intense clinical management by certified oncology nurse & pharmacist.

OON Negotiations - HSB has relationships with several out-of-network vendors including Devon Health, NPPN, Multiplan and own in-house negotiation team. Devon Health negotiators have access to a proprietary database containing over $40 billion in paid claims data, with benchmark data from national/regional/local payers, as well as Medicare, to determine fair market value for services rendered. The Consilium solution produces average savings that are up to double the national standard and it mitigates the risks associated with UCR repricing and legacy cost-containment methods. HSB also uses PHX. The review of 100% of out-of-network claims for discounts saved clients over $22M in 2011 (average of $63 per EE or average of $163K for client the size of COS). These cost containment programs are charged at 30% of savings, based on difference between negotiated charge and the plan's allowable charge for that service

(facility charges at network fee, UCR for others). The OON negotiations are provided in a detailed monthly report.

Management of vendors - Regular meetings, quality checks, and various internal audit processes are imposed to ensure all requirements are met and continued improvement is ensured relating to all aspects of vendor partnerships and processes. Audit processes and schedules vary based on the provider.

Concerns – magnitude of additional charges (will consider cap on plan doc/programming), extent of outsourcing, and handling of overpayment recoveries.

Name of TPA: Meritain

Experience

30 years with **1,020 medical clients** (2,300 total) (**98 govt sector and 4% with >1000 EE lives**) with **464 in Minneapolis**

3.1M medical claims for $1B. HRAs/HSAs for 10 years. Have 69/54 HRA/HSA clients.

Medical Trend: Does not specifically track medical trend (?) however believes their clients claims trend is between 10% which seems remarkably high compared to other traditional TPA respondents.

Network Discounts: In-patient hospital 43.9%, Out-patient hospital 47.3% and Professional Services 53.5%. Discounts are remarkably low considering Meritain's connection with Aetna.

Reputation and References

Parent company is Prodigy Health group, owned by Aetna. Awards: Wellness programs are NCQA accredited, and Med Mgt is URAC accredited.

Resources and Capabilities: Very flexible TPA and allows for a "best in class" approach when it comes to integrating other vendors into ARC's health management platform. Is proposing a third party vendor (Coordinated HealthCare/Quantum Health) as a Disease Management, Case Management, Utilization Review and Coordination of Care partner. CHC has a tremendous reputation in reducing employers overall medical costs by reducing waste in the medical program and increasing participation in DM programs, Wellness programs, increasing employee education and enhancing the employees overall experience in their medical plan.

CHC in conjunction with Meritain brings a very innovative and progressive platform to ARC and its employees. These services combined with Aetna's POS network and discounts creates a very competitive offering.

Plan Doc – Prepared internally. Will charge for SBC's

Value Based Benefit Design — Does have broad experience with it. Need more information about automation

Claim Processing/Member Service Stats

Each examiner handles 4,000 lives, and turnover rate for examiners is 7%. Will assign only 1 examiner and 1 CSR. Claims adjudication system is home grown, and is integrated with their phone system.

TAT — 91% in 10 business days (90% in 2010)

Processing accuracy — 98.5%
Financial processing accuracy – 99.1%

Financial pmt accuracy — 99.8%

ASA — 27s – only record 35% of calls now but will move to 100% in 2013

First Call Resolution rate — 94%
Current backlog – 3.5 days

Claim System Coding & Automation

EDI — less than 54% - extremely low

Auto-adjudication — 58% - extremely low

Duplicates — Edit if 2 of 3 data fields match. About 15% of total claims in 2011 were IDed as dups.
Subro – Outsourced to the Phia Group.

Performance Guarantees: Tremendous PG's are being offered, especially from the CHC piece. ROI for CHC's program is between $130 and $900 PEPY which could mean tremendous cost savings for ARC during the first year.

Miscellaneous: Does not guarantee no laser at renewal without a special contract.

Name of TPA: BCBS Georgia

Experience: BCBS of Georgia serves as the incumbent carrier for ARC's medical plan and therefore has great insight into the current and future cost drivers. BCBS has been actively involved in many of ARC's wellness initiatives and has provided great support for those efforts. BCBS has been paying medical claims for 76 years. Only 15% of BCBS current self funded clients have more than 1000 employees and BCBS currently has only 140 self funded clients.

Medical Trend for 2011 - 15%

Network Discounts – 63.62% for In-patient hospital, 67.1% for Out-patient hospital and 52.8% for Professional Services

OON Claims – does not use standard usual & customary language, instead uses a fee schedule that is in place for providers that are contracted for its indemnity plan

Network: They have the most robust and expansive network of all respondents with the highest level of discounts available to ARC via negotiated provider contracts. A change from BCBS will result in a loss of some providers and will reduce provider discounts.

Network discounts – In-patient 63.62%, Out-patient 67.17% and Professional services 52.8%.

Resources: While BCBS has great depth in various resources including wellness and disease management, their ROI and engagement numbers are not as impressive as some of the other respondents and they tend to be inflexible when it comes to "carving out" some of those cost control tools to other vendors. While I need additional clarification, it does not appear that BCBS can load custom fee schedules which could be something that could come into play in the future. They also require 45 days notice to implement benefit changes which is unusually long compared to other respondents.

Service: The claim processing times and accuracy are very good compared to other respondents except in the area of first call resolution rate. They fell well below industry standards at 77.4%. There are approximately 1 Customer Service Representative and 1 Claims Examiner assigned to every 6,826 members.

Claims Payment: Over 94% of claims are received EDI however only 72.35% are auto-adjudicated – very low compared to other respondents

TAT – 99.5% in 14 days, 99.87% in 30 days
Claims Processing Accuracy – 98.63%
Claims Financial Processing Accuracy – 99.4%
Medical Payment Financial Accuracy – 99.61%
Average Speed of Answer – 43.53 seconds
First Call Resolution Rate – 77.4% - below industry standards
Did not provide complete answer for current medical claim backlog
100% of customer service calls are recorded

Claims Review: 100% of edits are turned on. Have implemented 99.9% of NCCI standards. High dollar claims review is triggered at $35,000 for facility claims and $7,000 for professional services. Could not provide information on # of medical claims in 2011 that were identified as duplicate claims.

PG's: Offered PG's but standards are not as high as other respondents

Miscellaneous: There have been significant changes at the Senior Management level with BCBS Georgia's parent company, Anthem. It is yet to be determined how these changes will affect the overall direction and management of Anthem going forward.

Would not agree to pay for the third party auditing & reconciliation fee

Does not indemnify ARC if standard of care is not met. We would need further discussions as to what BCBS GA's standard of care definition entails.

Standard practice is not to laser claims at renewal, however did not provide details as to whether or not a claimant would be lasered at inception. BCBS GA has full authority on underwriting and claim decisions under the stop loss contract.

Name of TPA: Coventry

Experience – Coventry was recently purchased by Aetna Healthcare. It is unknown at this time how integration will affect both organizations. Currently 58% of Coventry's self funded book of business is employer groups with more than 1000 employees and Coventry currently has 225 self funded groups. They currently have 2,481 HRA clients and 307 HSA clients.

Claim Payment Services:

TAT – 99.8%

Processing accuracy – 98.6%
Financial processing accuracy – 99.6%

Financial pmt accuracy – 99.7%

Average Speed of Answer – 25.4 seconds – 100% of calls are recorded

First Call Resolution rate – 95.3%
Current medical claim backlog – 1.9 days
EDI – 84.3%
Auto Adjudication – 81%
Medical Trend for 2011 – 10.1%

100% of edits are turned on. 13.2% of claims in 2011 were identified as duplicates

Follows Pay and Pursue policy

Has restrictions on audits that would not be acceptable. Would only allow an audit on the most recent 12 month period. We would require a minimum of 24 months be open for audit. Coventry would allow no more than 250 randomly selected claims to be audited. We would require a higher limit than that and they would allow an auditor to be on-site for no more than 5 working days with no more than 3 people. While we generally would not expect an auditor to be on-site for more than 5 days, this restriction would need to be eliminated.

Network Discounts – 60.6%, broken out by In-patient Hospital 58.6%, Outpatient Hospital 71.3% and Professional Services 48.9%

Services: Account Manager assigned to ARC has 12 years of experience and currently manages 9 accounts, 6 with over 1000 employees. 1 claims examiner is assigned to approximately 2500 members. Average tenure is 7 years.

Requires 30 day advance notice of plan changes.

Cost Containment Strategies – Very little response or detail provided regarding specific cost control measures that are currently in place. No real dialysis cost control measures in place. Did not provide any great detail into their experience with On-site clinics or how they envision assisting ARC with integration of data and health management strategies

OON Claims – Eliminated "usual and customary" and instead implemented an out of network Medicare fee schedule in its place.

Miscellaneous – Agrees to all fees requested. Did not agree to not laser certain high cost claimants however provided language that indicated this was negotiable on a case by case basis but may include and increase to any proposed premium.

Coventry has 100% Underwriting Authority on claim and contract decisions.

Utilizes Medco/Express Scripts as PBM

Provided 2 terminated references that are much smaller than ARC. Would request, if selected as a finalist, to provide a terminated reference that is more comparable in size to ARC.

Name of TPA: Consumers Life

Experience: Consumers Life has been in business for 78 years. They currently provide coverage to 81 groups with more than 1000 lives and provides coverage to 192 self insured government groups. They currently have 473 HRA clients and 10,326 HSA clients. Did not provide detailed or specific numbers regarding clients that currently operate and On-Site Clinic nor how they would assist ARC in integrating their On-Site Clinic data and functions into the Consumer's Life platform.

Requires only 7 days advance notice to implement plan changes.

TAT – 91% in 10 business days (90% in 2010)
Processing accuracy – 98.5%
Financial processing accuracy – 99.1%
Financial pmt accuracy – 99.8%
Average Speed of Answer – 27 seconds – only record 35% of calls now but will move to 100% in 2013
First Call Resolution rate – 94%
Current medical claim backlog – 3.5 days

Claims Payment Services: Assigns 1 Claims Examiner for every 14,000 members. Higher than most other respondents. Average tenure of claims examiners is 10 years.

TAT – 98.54% in 15 days, 99.55% in 30 days
Claims Processing Accuracy – Not tracked
Claims Financial Processing Accuracy – 99.9%
Medical Payment Financial Accuracy – 99.59%
Average Speed of Answer – 26.87 seconds
First Call Resolution Rate – 93.49%
Current medical claim backlog – 1.85 days
100% of customer service calls are recorded

Approximately 1.5% of all processed claims are subject to audits. There are approximately 700 potential edits in the processing system that could cause a claim to pend. 100% of NCCI standards have been implemented.

Approximately 3% of claims submitted were identified as duplicate in 2011.

93% of facility claims and 87% of professional claims are received EDI. 81% of all claims are auto adjudicated.

Will load historical medical and RX info on behalf of ARC

Medical Trend: 11.1% in 2011

Network Discounts: 55.9% In-patient hospital, 56.3% Out-patient hospital and 43.9% Professional Services = 51.2% total combined discount

Service: Account Executive that will be assigned to ARC has 12 years experience. Account Management Team assigned workload is 73 groups with 2 having more than 1000 employees. There is some concern about the # of assigned clients.

Miscellaneous: Agreed to all fee requested. Agreed to not laser claimants at renewal and has 100% authority on claims and underwriting decisions.

Utilizes Express Scripts as PBM.

Is offering a substantial amount of implementation credits to be used for fees and other costs associated with the implementation of a new carrier/TPA, wellness and on-site clinic services.

Phase II - Cumulative Presentation Evaluation
12-182 Third Party Administrator/Administrative Services Only
for Augusta Richmond County - Recreation, Parks and Facilities Department

	Points	General Description	Rating Scale 0 (Low) to 5 (High)				Weighted Score			
			BCBS GA	Consumers Life	HealthScope	Meritain	BCBS GA	Consumers Life	HealthScope	Meritain
OVERALL VALUE PROPOSITION	20.00	Creative & Innovative Cost Savings Solutions	3.20	3.40	4.40	5.00	64.00	68.00	88.00	100.00
	8.00	On-Line Tools & Education	3.60	3.40	4.00	5.00	28.80	27.20	32.00	40.00
	25.00	Disase Management & Wellness Resourcs	3.40	3.80	4.00	5.00	85.00	95.00	100.00	125.00
	8.00	Value Based Benefit Plan Design	3.40	3.40	4.00	4.80	27.20	27.20	32.00	38.40
	2.00	Account Management - Staff Level/Experience	3.60	3.80	4.00	4.80	7.20	7.60	8.00	9.60
	10.00	Access to Network Providers & Discounts	4.40	3.60	3.60	4.60	44.00	36.00	36.00	46.00
	4.00	Compliance Assistance - Plan Docs, Subro etc.	3.80	3.60	4.00	4.40	15.20	14.40	16.00	17.60
	8.00	On-Site Clinic Experience & Resources	3.40	3.20	4.20	5.00	27.20	25.60	33.60	40.00
	2.00	Communication Materials	4.40	3.60	3.60	5.00	8.80	7.20	7.20	10.00
	4.00	Reporting Capabilities	4.00	3.80	4.20	4.60	16.00	15.20	16.80	18.40
	3.00	Experience in managing and controlling medical trend	2.80	3.00	4.20	4.60	8.40	9.00	12.60	13.80
	3.00	Technological Capabilities & Automation	4.20	3.60	4.00	5.00	12.60	10.80	12.00	15.00
	3.00	Ease of doing business (internal vs. external resources)	3.40	3.00	4.00	4.80	10.20	9.00	12.00	14.40
Points	**100.00**		**47.60**	**45.20**	**52.20**	**62.60**	**354.60**	**352.20**	**406.20**	**488.20**
Avg Total			**47.60**	**45.20**	**52.20**	**62.60**	**70.92**	**70.44**	**81.24**	**97.64**

Augusta Georgia Health Plan TPA Evaluation

Pricing Summary

CLAIMS ADMINISTRATION				
PEPM	$18.50	$17.43	$31.20	$40.74
Annual Admin Cost (2272 employees)	$504,384.00	$475,211.52	$850,636.80	$1,110,735.36
COBRA				
PEPM	$0.70	$0.00	$0.85	$0.00
STOP LOSS				
Annual Premium $200,000 Specific	$943,890.00	$1,125,110.00	$1,346,023.00	$2,539,063.84
Annual Premium Aggregate	$64,650.00	included in Specific	$58,345.00	$56,411.64
Stop Loss Total Annual Premium	$1,008,540.00	$1,125,110.00	$1,404,368.00	$2,595,475.48
CREDITS - Multi-Year contract (3 years)	$300,000.00	$428,000.00	$25,000.00	$250,000.00
EXPECTED CLAIMS LIABILITY	$18,385,899.00	$21,727,177.00	$23,038,625	$16,669,896.86
MAXIMUM CLAIMS LIABILITY	$22,104,093.48	$26,586,622.00	$28,798,417	$22,227,223.08
TOTAL EXPECTED COSTS w/fixed costs	$19,394,439.84	$23,327,545.00	$25,293,630	$20,376,107.70
TOTAL MAXIMUM COSTS w/fixed costs	$23,112,633.48	$26,586,622.00	$31,053,423	$25,933,433.92
Other Cost Avoidance Strategies	$0.00	$0.00	$0.00	$1,389,852.00
Expected Claim Avoidance - Clinic	$705,513.00	$705,513.00	$705,513.00	$705,513.00
Total Claim Avoidance	$705,513.00	$705,513.00	$705,513.00	$2,095,365.00
Projected - Expected Liability	$18,688,926.84	$22,622,032.00	$24,588,117.00	$18,280,742.70
Projected - Maximum Liability	$22,407,120.48	$25,881,109.00	$30,347,910.00	$23,838,068.92

Augusta Georgia

Self-Funding Recommendation & Renewal Analysis

Based on an exhaustive RFP process that included finalist presentations, a detailed analytical process and intensive final negotiations I am pleased to provide you with a recommendation regarding the funding of your health care plan.

Health Management Analysis

- BCBS Georgia provides the most significant network discounts to Augusta Georgia
- A mobile blood pressure & vision testing machine will be made available to Augusta Georgia for employees without convenient access to the On-Site Clinic
- BCBS Georgia will set Augusta Georgia's Clinic up with its own unique provider number so that claims can be tracked and reported along with non-clinic claims which will allow for a more in depth view of Augusta Georgia's cost drivers
- BCBS is offering $100,000 per year to assist with Clinic implementation and Wellness integration

Financial Analysis

- BCBS Georgia will provide a guaranteed "no laser" contract at both inception and renewal
- BCBS Georgia maintains complete control over Stop Loss contract
- BCBS Georgia provides Augusta Georgia with an almost cost neutral path into Self-funding based on 2013 renewal figures
- The expected claims liability, including fixed costs for Year 1 is $19,394,439 without On-Site Clinic savings factored in
- The guaranteed maximum liability, including fixed costs for Year 1 is $23,112,633.48 without On-Site Clinic savings factored in
- Adding projected clinic savings into the claims liability puts the expected at $18,688,926.84

Administrative Analysis

- Selecting BCBS Georgia as your partner provides employees with a smooth transition to a self funded platform
- There would be no change in network or provider disruption for Augusta Georgia employees
- Electronic Data Feeds are already in place between ADP and BCBS Georgia
- BCBS Georgia Account Management Team is already familiar with Augusta Georgia and its employees

- Benefit Plan information is already loaded and employees are familiar with how the plan design works
- Strategically, moving to a self funded platform allows Augusta Georgia with access to far more vendors than the typical fully insured carriers currently available
- Augusta Georgia has conducted this process several times in the past few years. The concern with marketing your coverage year after year is that vendors begin to decline to quote and develop the view that your simply conducting a "market check"
- There were several vendors that provided proposals last year that chose not to participate in the process this year

Recommendations

- It is our recommendation that Augusta Georgia enter into a Self funded, Administrative Only contract with BCBS Georgia effective 1/1/2013
- It is our recommendation that employees receive a reduced specialist copay be added to the current plan design for employees that receive a specialist referral from the On-site Clinic. We do not recommend making any other benefit changes for 2013
- It is our recommendation that Augusta Georgia renew their Medicare Advantage contract with BCBS for the 2013 plan year which will result in a -4.5% decrease to the Retirees with no change in benefits or network
- It is our recommendation that Augusta Georgia renew the dental coverage with Delta Dental for the 2013 plan year as they have offered a renewal with no increase in premium or reduction in benefits