Memorandum
City of Lawrence
Human Resources Division/City Manager's Office

TO: **David L. Corliss, City Manager**

FROM: **Lori Carnahan, Human Resources Manager, City Manager's Office**
Michelle Spreer, Benefits Specialist, City Manager's Office
On behalf of the Healthcare Committee (HCC)

Diane Stoddard, Assistant City Manager, City Manager's Office
Tammy Bennett, Assistant Director, Public Works
Craig Houfek, Recreation Center Programmer, Parks & Recreation
Mike McAtee, Chairman, LPOA
Heidi Nelson, Assistant Director, Finance Department
Casey Toomay, Budget Manager, City Manager's Office
Scott Wagner, Management Analyst, Legal Services
Bill Bradford, Police Officer
David Anderson, Retiree
Judy McCartney, Admin Support II, Central Maintenance
Jimmy Wilkins, Senior Maintenance Worker, Public Works
Ryan Hornberger, Firefighter
Micky Rantz, Police Officer
Beth Krishtalka, Assistant to Utilities Director

CC: **Cynthia Wagner, Assistant City Manager**
Diane Stoddard, Assistant City Manager
Jonathan Douglass, Assistant to the City Manager

Date: **September 1, 2010**

RE: **2011 Healthcare Plan**

Executive Summary

In order to meet the goal established in the HCC 2011 Healthcare Plan Funding memo (May 3, 2010), the HCC reviewed six plan design change suggestions and two plan management changes presented by Hays Companies. The committee has selected five changes, including an enhancement to our vision benefit. Overall, these changes have a potential of reducing plan costs by $81,000.

The HCC is proposing a 2011 contribution strategy for employee/retirees that continues to subsidize employee coverage 100% and holds contributions for dependent coverage; employee+children and employee+spouse flat for the 2nd year in a row. Employee contributions for dependent coverage at the family level will increase 11% and retiree contributions increase 9%.The reduced plan costs of $81,000 and the adjustment to retiree contributions will meet the budgeted employee/retiree contribution increase of 5%. The adjustments to the family contribution rate is in response to the HCC objective to keep employee contribution levels at approximately 35% for dependants.

The HCC has also discussed wellness initiatives for 2011 and beyond. This includes implementing WellTrak (a program through MedTrak), cash incentives for participation in wellness programs and continuing discussion on the possible implantation of a Health Care Clinic.

Minimum Retained Earnings (MRE)

Maintaining MRE at 16% of projected plan cost for two years out allows us to smooth out increases to city funding as well as employee contributions. Having a healthy MRE level allows us to fund current and future incentives related to wellness programs.

Retained Earnings also funds the cost of catastrophic claims, the amount determined by our stop loss contract each year. For 2010 the aggregate stop loss was set at 116% of projected claims. The 116% represents the amount of claims the city is responsible for paying over the projected costs before stop loss insurance begins paying claims. Our annual funding guidelines in the HCC Goals & Objectives state that this percentage will not exceed 120%. The 2011 aggregate stop loss has not yet been set. That will be determined after reviewing RFP responses and selecting a vendor.

We experienced a higher than projected claims year in 2009 which resulted in a nearly $1.2m reduction in retained earnings, approximately $600,000 higher than anticipated when budgeting for 2009. The HCC budgeted approximately $1.23m further reductions in retained earnings for 2010. These reductions along with the 2011 budgeted reduction of $940,000 will leave the retained earnings approximately $1m above MRE at the end of 2012. It is likely that the plan will need to either fund fiscal increases to match projected plan growth or reduce benefits to the plan to offset plan growth beginning in 2012.

Prior to 2005 the HCC budgeted increases to plan funding (revenues) to match projected expenses. As we monitored retained earnings to meet the HCC guidelines, the annual funding requests fluctuated greatly between no increases to double digit increases. At the request of the City Commission and City management, the committee developed a funding program that leveled out these extreme fluctuations. With the good fortune of a low claims year leaving a significant increase in retained earnings the HCC has been able to keep both employee and city increases in the low single digits, far below the annual projected plan increases. Seven years later, we have now utilized the extra retained earnings and beginning in 2012 will be back to a scenario where plan funding (revenues) will likely need to closely match projected plan expenses. Refer to the attached Healthcare Plan Revenues/Expenses and 2011 Healthcare Plan Funding for 2011 for details.

Plan changes

Medical:

- Increase out of pocket maximums by $100 for single and $200 for family making the maximums $1,000 and $2,000 respectively. This change in plan design is part of a long term plan developed by the healthcare committee in 2007 to bring out of pocket maximums to a level more in line with industry benchmarks. This is a change to shift cost between from the plan to the member. This change could reduce costs to the plan approximately $35,000.

Prescription:

Combined, changes to the prescription drug plan could reduce plan costs approximately $65,000. Two of these changes are viewed as plan management rather than plan design.

Plan management:

- Add a generic incentive provision. If a member has a prescription for a brand name drug but there is a generic available, the member must have the prescription filled with the generic. If they decline the generic, the member must pay the brand copay plus the difference between the generic cost and brand name cost. If the doctor writes “Dispense as Written” on the prescription, the mandatory generic provision would not apply. This plan management change has the potential to save the plan approximately $22,000.

- Implement Step Therapy for Proton Pump Inhibitor (PPI) drugs. These drugs are used to treat conditions such as peptic ulcers or reflux disease. The Step Therapy program requires that a member first try a less expensive, step one drug in this drug class before they would be able to get a step two drug, which is more expensive. This plan management change has the potential to save the plan approximately $33,000.

Plan Design:

- Increase out of pocket maximums to $900 single, $1,800 family. This plan design change could reduce plan costs approximately $10,000.

Vision:

- The current vision benefit we offer allows members to get an eye exam, once per year, at any optometrist they choose. The exam is subject to deductible and coinsurance. The HCC feels that this benefit should be treated the same as our other routine benefits with first dollar coverage. For 2011 the HCC recommends an enhanced vision benefit through Cigna which allows for one routine eye exam per year covered at 100%.
- The vision plan through Cigna utilizes the VSP (Vision Service Plan) network of eye doctors. VSP has a very large, nationwide network or optometrists and ophthalmologist.
- In addition, if members go to a VSP provider, they would get a minimum of 20% off of hardware (glasses, contacts).
- The additional cost to the plan for this enhancement is approximately $19,000.

Employee Contributions

The annual funding guidelines outlined in the HCC goals and objectives state that ideally revenues would be split 65/35% between the City and employees respectively toward the cost of dependent coverage. Through analysis Hays presented to us, currently that split is out of balance:

	2010	
Coverage Type	$ Contribution Per Pay Period	% Contribution Per Pay Period for dependents
Employee Only	$ 0	N/A
Employee + Spouse	$ 72	30%
Employee + Child(ren)	$ 64	33%
Family	$102	24%

While the split is not 65/35%, we would like to see it more even across coverage types and not drop below 25% for employee contributions. Based on the funding needed for the plan in 2011, HCC proposes the following contribution strategy for 2011:

- Continue to pay 100% of the employee only coverage
- Hold Employee + Spouse and Employee + Children contribution rates flat as these coverage levels are already sharing more of the plan costs through premium contributions.
- Increase the family per paycheck contributions to bring them more in line with the other coverage types. A similar strategy will be employed in future years until all tiers are equally balanced to meet HCC goals and objectives.
- Increase retiree contributions to match HCC funding strategy (80% for Retiree only and Family, 100% for Retiree + Spouse and Retiree + Child).

Employee Contributions per pay period

	2010	2011	% Change	$ Difference per pay	% Contribution for dependents
Active					
Employee	$ -	$ -	0%	$0	N/A
Employee + Spouse	$ 72	$ 72	0%	$0	28%
Employee + Child	$ 64	$ 64	0%	$0	30%
Family	$ 102	$ 113	11%	$11	24%

Retiree Contributions per month

	2010	2011	% Change	$ Difference per month	% Contribution
Retiree					
Single	$ 359	$ 392	9%	$33	80%
Retiree + Spouse	$ 962	$ 1,048	9%	$86	100%
Retiree + Child	$ 875	$ 953	9%	$78	100%
Family	$ 1,110	$ 1,210	9%	$100	80%

Monthly Premium Equivalents

	2010	2011
Single	$ 449	$ 490
Retiree + Spouse	$ 962	$ 1,048
Retiree + Child	$ 875	$ 953
Family	$ 1,388	$ 1,512

*Cobra rates are 2% higher

Healthcare Reform

Attached is a summary provided by Hays Companies that outlines the 2010 and 2011 requirements as part of Healthcare Reform.

With the implementation of dependent age requirement changes, we believe that the plan is in compliance with all 2010 and 2011 reform requirements. The plan design changes we are recommending in this memo would allow the City's plan to maintain "grandfathered" status, as explained in the attachment.

Wellness Programs

WellTrak:

MedTrak offers a program called WellTrak which the HCC recommends implementing in 2011. This program focuses on members with one or more chronic conditions (diabetes, hypertension, high cholesterol, heart failure, respiratory disease, mental health or osteoporosis) and is taking 4 or more medications. The program would identify eligible plan members, Medtrak Clinical Pharmacists will contact them by telephone to review the members' current medications (including over the counter) and assist them with compliance. In many cases pharmacists will make suggestions for alternative medications that are less expensive to the member and the plan. A letter will be sent to the member and the members' physician.

Currently 400 members on our plan meet these criteria. Of those 400 members, 52% of them are non-compliant with their medications (they are not refilling their prescriptions as they should be). Estimated savings from members enrolled in this program that switch from a brand name to a generic is $24,000 to $81,000. Estimated savings in medical claims for interventions that correct drug therapy problems is approximately $139,000.

Program costs are $4 per member (ages 18+) per month or $62,304/year. MedTrak has given us a guarantee that we will see proof of value in 6 months or they will refund the City all fees paid toward the program up to that point.

Incentives:
In 2010 we implemented a wellness program incentive of $2, $3 or $4 per pay period in the form of reduced contributions that the employee pays. To qualify for the incentive employees had to complete a Health Risk Assessment (HRA) and sign a Non-Tobacco Use Declaration. These incentives apply only to those with dependent healthcare coverage; there is no financial incentive for individuals to participate. As a result, we only have 12% of those with individual coverage participating in the wellness program.

The HCC supports the CHAMP Committee's proposal to implement a 2011 Healthcare Plan Incentive Program of $5/pay period for all employees (including those with individual coverage) and $10/month incentive for retirees (their monthly billing will be reduced) during 2011 for plan members who complete the fall 2010 HRA and sign the Non-Tobacco Use Declaration. Incentive costs are estimated to increase from $17,500 in 2010 to approximately $45,000 for 2011.

Health Center:
In 2008 the City did an RFP for an on-site health center. Due to financial and logistical constraints, this was put on hold. It has once again come to the forefront of conversation. The HCC along with the City Manager's Office continues to discuss the future implementation of a Health Center and what value it could add to the overall wellness program.

Stop Loss RFP

We are scheduled to receive a quote from Cigna September 1, 2010 for our 2011 Stop Loss coverage. To ensure competitive rates, Hays would like to do an RFP for this coverage. With City Commission approval, the RFP will go out on September 8, 2010.

Early Retiree Reinsurance Program (ERRP)

The City of Lawrence was notified on August 31, 2010 that our application to participate in the ERRP was approved. The ERRP is a provision of the Patient Protection and Affordable Care Act enacted on March 23, 2010. This program provides reimbursement to participating employment-based plans for a portion of the cost of health benefits for early retirees and their dependents. With the help of Hays and Cigna, we estimated our reimbursements to be between $180,000 and $300,000 annually through 1/1/2014, or until the program's funding of $5 billion is depleted.

Recommended Actions:

- Approve contribution strategy for 2011:
    - Continue to subsidize employee only at 100%
    - Hold employee+child and employee+spouse contributions flat
    - Increase family 11%
    - Increase retiree contributions 9%
- Approve all plan design/plan management changes for 2011

    - Increase out of pocket maximums for medical and prescription by $100 individual and $200 family
    - Add generic incentive provision
    - Implement Step Therapy for PPI drugs
    - Enhance vision benefit to include first dollar coverage for eye exams and discounts on hardware
- Approve implementation of WellTrak program through MedTrak
- Approve wellness incentive program for those completing the HRA and signing the Non-Tobacco Use Declaration
    - $5 per pay period for all employees
    - $10 per month reduced premiums for retirees
- Approve RFP number R1006 for stop loss coverage to be sent out September 8, 2010.

<u>Attachments</u>

Healthcare Plan Revenues/Expenses
Healthcare Funding for 2011
Hays Companies update on Healthcare Reform and how it affects the City of Lawrence
RFP #R1006

Healthcare Plan Revenues/Expenses

	Actual					Projected	YTD	Annualized
	2005	2006	2007	2008	2009	2010	June 2010	2010
Add'l anticipated expenses						-83,000.00		
Revenues								
City	5,287,932.00	5,678,536.00	6,005,611.00	6,321,793.00	6,369,977.36	7,325,474.00	3,697,942.48	7,395,884.96
Employee	864,609.54	909,102.23	964,376.20	959,811.04	1,052,992.01	1,126,701.45	540,131.65	1,080,263.30
Retiree	252,562.60	285,339.75	265,263.24	269,069.32	334,810.69	295,976.25	199,195.14	398,390.28
Interest	122,696.12	253,552.79	293,838.00	283,002.59	69,978.15	0.00	5,385.06	10,770.12
Total Revenues	6,527,800.26	7,126,530.77	7,529,088.44	7,833,675.95	7,827,758.21	8,748,151.70	4,442,654.33	8,885,308.66
Expenses								
Claims	4,377,650.54	5,024,471.39	6,082,168.73	6,715,784.55	8,181,237.63	9,154,201.00	3,820,256.00	7,640,512.00
Admin Charge	173,390.69	162,852.15	192,487.90	234,478.51	282,454.24	317,745.00	189,732.00	379,464.00
Stop Loss Premium	311,057.25	312,202.02	386,141.05	424,221.55	498,719.93	511,322.00	313,881.00	627,762.00
Other Contractual Expenses	0.00	0.00	10,501.36	0.00	81,745.15	0.00	0.00	0.00
Total Expenses	4,862,098.48	5,499,525.56	6,671,299.04	7,374,484.61	9,044,156.95	9,983,268.00	4,323,869.00	8,647,738.00
City Authorized FTEs	767.89	798.25	827.67	818.92	809.17	796.67	796.67	796.67
Net Income	1,665,701.78	1,627,005.21	857,789.40	459,191.34	-1,216,398.74	-1,235,116.30	118,785.33	237,570.66
Actual ending fund balance	4,587,423.78	6,214,428.99	7,072,218.39	7,531,409.73	6,315,010.99	4,996,894.69	6,433,796.32	6,552,581.65
Percent change								
Revenues								
City	9.50%	7.39%	5.76%	5.26%	0.76%	15.00%		16.11%
Employee	1.72%	5.15%	6.08%	-0.47%	9.71%	7.00%		2.59%
Retiree	-0.23%	12.98%	-7.04%	1.43%	24.43%	-11.60%		18.99%
Interest	262.37%	106.65%	15.89%	-3.69%				
Total Revenues	9.42%	9.17%	5.65%	4.05%	-0.08%	11.76%		13.51%
Expenses								
Claims	0.37%	14.78%	21.05%	10.42%	21.82%	11.89%		-6.61%
Admin Charge	-11.47%	-6.08%	18.20%	21.81%	20.46%	12.49%		34.35%
BCBS GOE,ASL,ISL	-35.15%	0.37%	23.68%	9.86%	17.56%	2.53%		25.87%
Other Contractual Expenses								
Total Expenses	-3.47%	13.11%	21.31%	10.54%	22.64%	10.38%		-4.38%
Net Income								
Actual ending fund balance	57.01%	35.47%	13.80%	6.49%	-16.15%	-20.87%		3.76%

see memo

8/27/2010

Recommended Funding for 2011

City of Lawrence - Plan Funding Modeling

Category	2010	2011	2012	2013
Expenses				
Medical	6,080,000	6,679,000	7,337,000	8,060,000
Rx	1,527,000	1,677,000	1,842,000	2,023,000
Dental	529,000	577,000	629,000	686,000
Administration	385,000	397,000	409,000	421,000
Stop-loss	636,000	795,000	994,000	1,243,000
Total	9,157,000	10,125,000	11,211,000	12,433,000
Revenues				
City	7,325,000	7,691,000	8,076,000	8,076,000
Employee	1,423,000	1,494,000	1,569,000	1,569,000
Total	8,748,000	9,185,000	9,645,000	9,645,000
Fund Balance BOY	6,315,000	5,906,000	4,966,000	3,400,000
Fund Balance EOY	5,906,000	4,966,000	3,400,000	612,000
Retained Earnings spent	(409,000)	(940,000)	(1,566,000)	(2,788,000)
Recommended MRE	1,879,000	2,081,000	2,308,000	2,564,000
% Increase to Cover Current Years Expenses		16%	22%	29%
% Increase to Maintain Minimum Funding		-17%	10%	49%

Apply Funding Increase			
Employees	Y	Y	N
City	Y	Y	N

Assumptions / Inputs	
Trend	
- Medical	10%
- Rx	10%
- Dental	9%
- Administration	3%
- Stoploss	25%
City Funding Increase	5%
Employee Funding Increase	5%
MRE Level	16%
Catastrophic Load	16%

Hays Companies

July 27, 2010

Health Care Reform Timeline

City of Lawrence
KANSAS

Grandfathered Plan ("GF Plans")

- How does a plan become grandfathered?
  - Grandfather status is available for any insured or self-insured plan in effect as of March 23, 2010
  - No formal election is required
  - Special rule for collectively bargained plans
- Changes that will cause plans to lose grandfather status:
  - Increasing coinsurance percentage members pay
  - Eliminating coverage for particular condition(s)
  - Increasing fixed dollar provisions (like deductibles) by more than medical inflation plus 15%
    - It appears that anticipated 2011 changes will be within these guidelines, allowing COL to retain grandfather status
  - Increasing fixed copay amounts by the greater of $5 or medical inflation plus 15%
  - Imposing new overall annual dollar limits or increasing current overall annual dollar limits
  - Decreasing employer contributions by more than 5 percentage points (applies to all tiers)
    - It appears that anticipated 2011 changes will be within these guidelines, allowing COL to retain grandfather status

Health Care Reform Timeline – Key Employer Provisions

- Based on a general understanding of the law's key provisions, the following represents the current understanding of the key employer provisions and the potential impact to the City of Lawrence's benefit strategy and current programs by year.

2010 Provisions

Effective Date	Reform Provision	Grandfathered Plan Status	COL Employee Benefit Plan Impact	Potential Cost Impact
March 23, 2010	Support for Nursing Mothers – requires employers to permit reasonable break time and private location for new mother's to express milk	Applies	n.a.	Unknown
June 1, 2010	Temporary Early Retiree Plan Insurance (effective 90 days following enactment until January 1, 2014)	n.a.	COL has filed application to receive reimbursements	Unknown – is 80% of claims funded after 6/1/2010 that are $15K<$90K per E.R. covered member age 55<65 w/o Medicare
June 23, 2010	Temporary high risk pool for individuals (effective 90 days following enactment until January 1, 2014)	n.a.	n.a.	None – applies to individual insurance plans.
Unclear – initially it appeared this would apply by 2014 but it is subject to rule set forth by HHS which *could* come this year	Employers of 200 or more employees will have to auto-enroll all new employees into any available employer-sponsored health insurance plan	Applies	Will apply when HHS issues rules	TBD

Hays

This information is provided for general information purposes only and should not be considered legal advice or legal opinion on any specific facts or circumstances. This is new legislation requiring significant regulatory guidance in order to fully comply with the law.

Health Care Reform Timeline – Key Employer Provisions

2011 Provisions

Effective Date	Reform Provision	Grandfathered Plan Status	COL Employee Benefit Plan Impact	Potential Cost Impact
January 1, 2011 [1]	Eliminate lifetime limits on benefit payments	Applies	None – city already has no lifetime limit.	Minimal – may impact Stop Loss rates
January 1, 2011 [1]	Restricted dollar limits on essential benefits [2]	Applies	Unknown until HHS issues guidance	Unknown
January 1, 2011 [1]	Cover children to age 26 (married or unmarried) but not eligible for coverage through their employer. Non-GF plans must extend eligibility regardless of possible eligibility through child's employer.	Applies	Will expand eligibility from current requirement of dependent children up to age 21 (24 if FTS)	
January 1, 2011 [1]	No pre-existing condition limitations allowed for children under age 19	Applies	None – city already has no pre-existing exclusions	None
January 1, 2011 [1]	No cost-sharing allowed for preventive care services specified by HHS – guidance released July 14, 2010	**Does not apply**	Minimal, COL plan almost in full compliance already – only required to be covered in-network.	Minimal
January 1, 2011 [1]	Emergency services in- and out-of-network to be covered at in-network benefit level	**Does not apply**	None – city already in compliance	None

[1] The law states that these provisions are effective on "the first day of the Plan Year after 9/23/2010" – January 1, 2011 for COL.
[2] HHS to provide guidance.

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Health Care Reform Timeline – Key Employer Provisions

2011 Provisions

Effective Date	Reform Provision	Grandfathered Plan Status	COL Employee Benefit Plan Impact	Potential Cost Impact
January 1, 2011 [1]	Prohibit plans from requiring authorization or referral for female patients seeking OB/GYN services	Does not apply	None, COL is already in compliance	None
January 1, 2011 [1]	Right to designate any in-network doctor as their primary care provider (if required by plan)	Does not apply	None, COL's plans do not require PCP	None
January 1, 2011 [1]	Requires plans to maintain both internal and external appeals processes	Does not apply	Confirm if COL plans have external appeals process.	Unknown
January 1, 2011 (W-2's provided in 2012 for 2011)	The aggregate cost of employer-sponsored health benefits (medical, dental and vision) must be included on W2s for informational purposes. Applies to benefits provided during taxable years after December 31, 2010	Applies	Must comply – note clarification of dental and vision included.	Minimal
January 1, 2011	OTC drugs will no longer be reimbursable under medical FSAs, HSAs, HRAs or Archer MSAs unless they are prescribed by a doctor	Applies	Minimal, FSA plan will need to be amended – communication at O/E biggest impact.	Minimal
January 1, 2011	All employers are required to enroll employees in a new national public long-term care program, unless the employee opts out	Applies	n.a.	Unknown

[1] The law states that these provisions are effective on "the first day of the Plan Year after 9/23/2010" – January 1, 2011 for COL.

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Hays

REQUEST FOR PROPOSAL
STOP LOSS INSURANCE

PREPARED FOR:

CITY OF LAWRENCE

RFP #R1006

HAYS COMPANIES

HAYS COMPANIES OF KANSAS CITY • 920 MAIN STREET • SUITE 2100 • KANSAS CITY, MO 64105

A. BACKGROUND

Per the request of our client, City of Lawrence, we are entertaining proposals for their health plan stop loss coverage. The reason for marketing is to determine competitiveness of current carrier. Details on the specifics of the request by line of coverage is listed in Section D Summary Stop Loss RFP.

The City employs over 750 people in Lawrence, Kansas. The employees are located in various divisions throughout the City. In addition, as a municipality, the plan covers early retirees up to the age of 65. The City highly values its workforce and provides an excellent benefits package including life, disability, dental, medical, and a number of voluntary benefits.

The self-funded health plan, which includes medical, prescription and an annual vision exam is administered since January 2010 by CIGNA and MedTrak Pharmacy Services (MedTrak has been administering pharmacy benefits for the past four years). Prior to 2010, the medical plan was administered by Blue Cross & Blue Shield of Kansas for at least 20 years.

The City has retained the Hays Companies to assist them with the marketing of their stop loss coverage for their medical plan. The following factors will be considered in the evaluation of your proposal:

- Overall cost.
- The ability of your company to provide the benefits requested.
- Timeliness of receipt of your proposal.
- Proposals that are complete and clearly respond to the specifications will be given the strongest consideration.

Potential stop loss carriers/MGUs will need to be able to work closely with CIGNA and MedTrak (if prescription drugs are covered under stop loss). In addition, potential vendors will also need to commit to provide firm renewal rates by September 1, 2011.

B. RFP PROCESS

NOTE: ONLY DIRECT WRITING INSURANCE COMPANIES OR MANAGING GENERAL UNDERWRITER (MGU) RESPONSES TO THIS RFP WILL BE CONSIDERED VALID.

The following describes the anticipated proposal process, including timing, expected proposal format/distribution, how to obtain additional information, and contact information. Please note that The City reserves the right to accept or reject any and all proposals, to waive any technicalities or irregularities therein, to award contracts, or to cancel the Request for Proposal (RFP) without awarding a contract.

All data included in this RFP and supplemental documents, including census data are proprietary of City of Lawrence. It is for your exclusive use in preparing a proposal and must not be shared with any other firm or used for any other purpose.

Your full proposal response is due on Wednesday, September 22, 2010 by 5:00 PM. Direct all questions in writing by 5:00 pm on September 13, 2010 to Jane Dahem; The City should not be contacted directly. Please respond in writing if you do not intend to submit a proposal and please give your reason(s) for declining. Submit an electronic copy of your proposal to:

Jane Dahem
Consultant
Hays Companies of Kansas City
920 Main Street, Suite 2100
Kansas City, MO 64105
Direct: 816.460.7206
jdahem@hayscompanies.com

All documents must clearly indicate the name of the responding organization, as well as the name, address and telephone number of the primary contact at your organization for this proposal.

The original proposal that is submitted to Hays by your organization, as well as any follow-up information or correspondence (oral or written) transmitted to Hays or the City during the proposal process will be binding. All material submitted during the proposal process becomes the property of the City of Lawrence for their use and disposition.

C. TIMETABLE

Task	Completion Date/Time
Request For Proposal released	September 8, 2010
Confirmation of intent to quote and request for supplemental data to Hays	September 13, 2010 (5:00 PM)
Written questions to Hays	September 13, 2010 (5:00 PM)
Response to questions from Hays	September 15, 2010
Full Proposal Due Date	**September 22, 2010 (5:00 PM)**
Vendor Selection	End of September, 2010
Begin Implementation	December 2010
Effective date of contract	January 1, 2011

D. INTENT TO RESPOND

Please compete this form and return it to Jane Dahem at Hays by September 13th at 5:00 PM.

[Insert Company Name] has received the invitation to respond to the City of Lawrence Request for Proposal and has the following intentions:

- ☐ We decline to provide a response at this time.
  (Please list your reasons)

- ☐ We intend to submit an RFP response and request supplemental data be provided electronically to the following email address: ___________________________________

Authorization

____	__________________________________
Name and Title	Date

E. SUMMARY STOP LOSS RFP

Specific Coverage		
Current Plan	Covered Benefits: Medical only	Contract Basis: 12/12 *(Incurred/Paid)*
	Specific Deductible: $100,000	Lifetime Maximum: Unlimited
	Lasers: None	
Monthly Rate	Current: $58.72 PEPM	Renewal: Not Available
Commission	Net of commission	
Requested Options	Covered Benefits: **(1)** Medical Only **(2)** Medical w/ Prescription Drug	
	Contract Basis: **(1)** 15/12 **(2)** 18/12 **(3)** 24/12 **(4)** 12/24	
	Specific Deductible: **(1)** $100,000 **(2)** $125,000 **(3)** $150,000	
Aggregate Coverage		
Current Plan	Covered Benefits: Medical only	Contract Basis: 12/15 *(Incurred/Paid)*
	Aggregate Corridor: 116%	
Monthly Rate	Current: $4.78 PEPM	Renewal: Not Available
Commission	Net of commission	
Requested Options	Covered Benefits: **(1)** Medical Only **(2)** Medical w/ Prescription Drug	
	Contract Basis: **(1)** 12/15 **(2)** 12/24	
	Aggregate Corridor **(1)** 116% **(2)** 125%	

2011 Benefit Plan Details	
Medical:	Current Plan Design with 2011 changes - In Network OOP Maximum $1,000/$2,000 - Expand dependent children definition to include coverage to age 26 if not benefit eligible through own employment.
Pharmacy:	Current Plan Design with 2011 changes - OOP Maximum $900/$1,800 - Expand dependent children definition to include coverage to age 26 if not benefit eligible through own employment. - Implementing generic incentive program and PPI step therapy

F. LIST OF SUPPLEMENTAL DATA

To be furnished to vendors meeting RFP qualifications by due date indicated above

Supplemental Data	
Description	**Filename**
Census File	
Current Medical Plan Document	
Stop Loss Policy	
Claims Experience to include Large Claims	