

ADDENDUM THREE

DATE: October 16, 2012

TO: All Vendors

FROM: Mary Lanning/Michelle Musick, Buyers
 State Purchasing Bureau

RE: Questions and Answers for RFP Number 4132Z1
 to be opened October 26, 2012 2 PM Central Time

Following are the questions submitted and answers provided for the above mentioned Request For Proposal. The questions and answers are to be considered as part of the Request For Proposal.

QUESTIONS	ANSWERS
1. Who is the incumbent for the services requested in this RFP? How long have they provided services to the State?	Aon Hewitt Consulting of Omaha Nebraska is the incumbent consultant. The Aon Hewitt contract was effective 5/29/2007 through 7/31/2012
2. Why is the State currently out to bid?	The State is currently out for bid due to the prior contract ending
3. What were the annual fees paid and number of consulting hours accrued (by month) for the most recent two years? Was the scope of services similar during this time period to those requested in the current RFP? If different, please specify differences.	The annual fees for the past two years paid by the State of Nebraska to Aon Hewitt Consulting were: 2010 - \$223,457.81 2011 - \$189,500 Fees are not based on the number of hours for a project, they are a set fee for the project. The scope of services provided were similar to the services requested in the RFP.
4. What differentiators has Health Fitness Corporation brought to the State's members?	HealthFitness is the provider of the State's Wellness Program which began in 2009. Health Fitness has brought a very extensive Wellness Program to the State including both lifestyle and condition management programs. Wellness enrollment has increased, risk factors at all levels have decreased and the State has achieved a 2.7 to 1 ROI after the first three years of activity.

QUESTIONS	ANSWERS
<p>5. What data warehousing integration currently exists between Health Fitness Corporation, the State and other vendor partners? How long has data warehousing been in place? Please describe the software or company currently providing data warehousing services to the State, including a description or samples of standard and custom reporting.</p>	<p>The State currently does not utilize a data warehouse for analysis. The contract with Aon Hewitt expired/terminated on July 31, 2012, therefore the services that Aon Hewitt were providing have ceased. Health Fitness receives data from both the medical and pharmacy administrators to perform the necessary functions required for the wellness program. The State's previous benefit's consultant received data from Health Fitness, the medical administrator and the pharmacy administrator to perform the contracted projects. All current reports are provided by the State's administrators.</p>
<p>6. Per page 24, Section C (Account Management), "...The State requires that the Bidder provide the AEM onsite or available by phone conference within two (2) hours after a request by the State and at no additional cost to the State...", if a prospective bidder and AEM are located outside the State of Nebraska will this statement preclude an outside firm from being bidding? If not, how does the State view firms residing outside the State of Nebraska and will preferential treatment be given to firms located within the State of Nebraska? Does the State have access to video conferencing and if so, is this a suitable alternative for the occasional onsite meeting described above (or other potential meetings)?</p>	<p>The State of Nebraska does not have any preference bidding law for the procurement of goods and services which would apply to vendors that are in-state, women owned, or fall into another special or disadvantaged category. As stated in the RFP, the AEM must be available for a phone conference within two (2) hours after request by the State. The State does have capabilities for video conferencing but it is not always accessible when required. The State does utilize Windows Live as our main communication vehicle for conference calls with multiple sites. However, it is necessary for the successful consultant to be onsite for meetings when required at the consultant's expense. The State will provide advance notice to the consultant if physical attendance is required.</p>
<p>7. Please describe the consultant's role in labor negotiations including the frequency of negotiated contracts, number of meetings, etc.</p>	<p>The consultant does not directly participate in labor negotiations but will be involved with reviews, analysis and recommendations of employee benefits in preparation of labor negotiations.</p>

QUESTIONS	ANSWERS
<p>8. How many meetings per year is the consultant expected to attend for each of the following:</p> <p>a. SOW 1 – Annual Health Plan and Wellness Program Designs _____ (total of items below)</p> <p> i. State Executive Branch _____</p> <p> ii. Legislative Branch _____</p> <p> iii. Agencies _____</p> <p> iv. Boards or Commissions _____</p> <p> v. Internal Management _____</p> <p> vi. Other: _____</p> <p>b. SOW 2 – Annual Plan Contribution Premium Equivalents Analysis and Recommendation _____</p> <p>c. SOPW 3 – Benefit Plans Reporting and Monitoring _____</p> <p>d. SOW 4 – Future Benefit Plan Request for Proposals (RFP): _____</p> <p> i. Medical</p> <p> ii. Pharmacy</p> <p> iii. Wellness Program</p> <p> iv. Flex-Spend</p> <p> v. Vision</p> <p> vi. Dental</p> <p> vii. Life Insurance</p> <p> viii. Long Term Disability</p> <p> ix. Employee Assistance Program</p> <p>e. SOW 5 – Strategic Consulting and Assessment _____</p> <p>f. SOW 6 – Special Projects _____</p>	<p>The State cannot provide an exact number of meetings each year that the consultant will be required to attend. The following is provided as an estimate only. The actual number of meetings required will depend on future circumstances and the needs of the State and may be more or less than the estimates provided below. The successful consultant will need to appear in person for all required meetings.</p> <p>8a. 8-10 meetings per year</p> <p> i. 1</p> <p> ii. 1</p> <p> iii. 1</p> <p> iv. 0</p> <p> v. 2 – 3</p> <p> vi. 3 - 4</p> <p>8b. 6-8 meetings per year</p> <p>8c. 2-4 meetings per year</p> <p>8d. 6-8 meeting per RFP. This includes the development of the RFP, evaluation of all bid proposals, and participation of oral interviews as required.</p> <p>8e. 15-20 meetings per year</p> <p>8f. Unknown, this will depend on the projects the consultant is involved.</p> <p>PLEASE NOTE: The above number of meetings is an estimate only. The actual number of meetings required may be more or less as required by the State. The contractor is responsible for all per diem costs even if the number of meetings per year exceeds the above estimates.</p>
<p>9. Please provide most recent copies of the reporting described and requested in the RFP.</p>	<p>SOW 3 Benefit Plans Reporting and Monitoring requires the contractor to review and make recommendations as to the reports and analysis produced by our providers. Current reports provided by our current Medical Administrator and PBM are marked as Proprietary and Confidential and cannot be provided with the exception of the sample report dated 2011, shown as a separate attachment. The contractor may have access to reports.</p>

QUESTIONS	ANSWERS
<p>10. What types of Special Projects (SOW 6) have recently been completed by the State and what were the fees for each? What Special Projects are anticipated by the State over the duration of the contract period?</p>	<p>SOW 6 asks the provider to assist with future projects that impact the States Benefits. Some recent projects include:</p> <ul style="list-style-type: none"> • Comparison of health plans from neighboring states \$25,000 • Pre-Implementation Audit of the State's new Medical Administrator and PBM \$45,000 • Early Retirement Reinsurance Program \$7,500 <p>It is unknown what future projects may be requested of the contractor at this time.</p>
<p>11. Is it expected that the State will award all SOWs (1-6) to one single bidder or is it possible the State may unbundle services for the 6 SOWs and award to multiple bidders? If multiple bidders, please describe what services must be combined for contract award.</p>	<p>The State is asking to engage with a single contractor to perform all six (6) SOWs identified in this RFP. The State does not wish to award individual SOWs to different contractors responding to this RFP.</p>
<p>12. Does the requirement of Section A.3.e., page 30, extend to our parent organizations or solely to the LLC responding to the RFP?</p>	<p>The requirement of Section V.A.3.e., page 30 of this RFP extends to all companies that have any Parent, Subsidiary, Sister or other legal relationship to the company bidding on this RFP. This does not include subcontractor relationships that may exist between companies.</p>
<p>13. Per page 34, Section C. Payment Schedule, please provide additional details regarding the schedule for invoicing a percentage of the total contract cost.</p>	<p>Section 5.C, page 34 of the RFP, the last sentence indicates a "percentage of the total contract cost may then be invoiced based on the following schedule". Please refer to Section 5.B.1 (a-f) for allowable invoicing options as the "schedule" referenced in Section C.5.</p>
<p>14. Page 33, Section B.1., may we single, all-inclusive prices as requested and also provide our estimate of travel costs included? This approach may limit the impact of differing assumptions regarding future travel costs, frequency of on-site visits, etc.</p>	<p>No. Bidders will be scored based on the requirements as requested in the RFP and all travel costs must be included in the bid price of each SOW. Bidders can provide optional pricing for each of the SOWs if they desire but optional pricing will not be scored.</p>

QUESTIONS	ANSWERS
<p>15. Page 33, Section B.1.b., are Premium Equivalents approved by any staff or entity other than Employee Wellness and Benefits staff within Administrative Services? If yes, how will the consultant be paid for SOW 2 in the event of disagreements over rating regarding which the consultant has no input?</p>	<p>Section V.B.1.b indicates the bidder is to “Provide a single annual price to be billed once Premium Equivalents are approved each year.” The contractor must take into account the ability for the State to review and ask questions regarding all criteria and assumptions utilized in determining the premium equivalents. Contractor will have the opportunity to present and provide as much input as necessary for determining the final premium equivalents.</p>
<p>16. Page 33, Section B.1.d., how will the consultant be paid for SOW 4 in the event a vendor is not selected under a given RFP (e.g., in event the State withdraws an RFP, bidders contest and award, etc.)?</p>	<p>Section V.B.1.d indicates the bidder is to “Provide a single price for each RFP work performed to be billed at the end of each RFP project (when a vendor is selected).” The State assumes the bidding process has four (4) unique steps to issue a final award. The Benefits Consulting contractor will be paid a percentage of their total fee based on the following:</p> <ul style="list-style-type: none"> • Develop the RFP 50% • RFP Bidding by Vendors 10% • Review of bid proposals 25% • Bidders award 15% <p style="padding-left: 40px;">(with potential contesting of award)</p> <p>The bidder will be able to bill that portion of their fee for the RFP in question once the step is completed or the RFP is withdrawn.</p>
<p>17. In priority order, what are the State’s three most important issues with regard to benefits?</p>	<p>The State continues to look at the management of all employee benefit plans. All aspects of the employee benefit plans are subject to review and are critical to their success.</p>
<p>18. Does the State utilize a data warehouse? If so, which firm provides this service?</p>	<p>See answer to Question 5</p>
<p>19. How is the health Plans’ governing body/board arranged? What is its formal role, <i>i.e.</i>, management, oversight, advisory? How often do they meet?</p>	<p>The Department of Administrative Services provides all management oversight of the employee benefit plans. During the plan and rate analysis, meetings are held on a weekly basis.</p>
<p>20. May we have copies of your recent reports for required services, <i>i.e.</i>, IBNR, projections, rates, utilization dashboards, etc.</p>	<p>Current reports provided by the previous consultant are marked as Proprietary and Confidential and cannot be provided with the exception of the sample report dated 2011, shown as a separate attachment.</p>

QUESTIONS	ANSWERS
<p>21. The RFP asks for our approach with deliverables and due dates. Please provide the State's expected due dates for the standard annual deliverables.</p>	<p>The RFP is amended as follows: Expected deliverables due dates are dependent on the project being performed.</p> <ul style="list-style-type: none"> • Monthly deliverables are due within 20 calendar days of the end of each month. • Quarterly deliverables are due within calendar 45 days of the end of each quarter. • Annual deliverables are due within 60 calendar days of the end of each year. • All other deliverables due dates will be determined prior to the beginning of each project.
<p>22. What is the role of the consultant in the RFP process? Would we assist with all services from RFP preparation through the selection and implementation process or does your consultant provide only an analysis of financial proposals?</p>	<p>The role of the consultant in the RFP process would be:</p> <ul style="list-style-type: none"> • Develop the technical requirements potential bidders will need to provide detailed information specific to each benefit in order for the State to thoroughly evaluate each proposal. • Assist in the process during which the RFP is open for bidders to respond. • Assist in the evaluation of each bid response and provide a cost analysis of each bidders proposed pricing. • Participate in the oral interviews and best and final oral offers of each finalist as required.
<p>23. Who is your current broker/consultant and how long have they worked with the State?</p>	<p>See answer to Question 1</p>
<p>24. What were the hours spent by the incumbent last year? What were the total fees paid to the incumbent during the last 12 months?</p>	<p>Each project under contract with Aon Hewitt was performed on a fixed fee basis, not on an hourly basis. As stated in Question 3, the State's fees are not based on the number of hours but on a stated fee for the project.. Refer to the answer to Question 3 for the fees in the last 12 months.</p>
<p>25. Is this RFP being solicited due to the end of a contract and requirement to re-bid?</p>	<p>See answer to Question 2.</p>
<p>26. What firm is currently providing services and what is the location of the office providing the services?</p>	<p>See answer to Question 1</p>
<p>27. Are there any service issues with the current firm?</p>	<p>The State currently does not have a benefit's consultant contract in place.</p>