

April 10, 2018

Ms. Teresa Fleming  
*Buyer III* | Materiel Division - State Purchasing Bureau  
**Nebraska Department of Administrative Services**  
1526 K Street, Suite 130  
Lincoln NE 68508

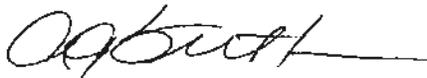
RE: 5719 Z1 – SECOND Best and Final Offer dated 4/5/18

Ms. Fleming,

Please find attached our SECOND Best and Final Offer (BAFO). In support of our response we also provided a Pricing Explanation cover sheet and our Cost and Terms document.

If you have any questions or require additional insight please let me know.

Thank you.



Allen Butler

## SECOND Best and Final Offer (BAFO) dated 4/5/2018 Request for Proposal Number 5719 Z1

Bidder Name: [Gallagher Bassett Services, Inc.](#)

**The proposed RFP is for a fixed-priced contract and costs must be inclusive of all of the requirements listed in the RFP.**

Bidder should propose an annual lump sum amount based upon the requirements indicated in this RFP including the four (4) Risk Management user licenses. The Risk Management user licenses will have the ability to track all submitted claims via the Contractor's portal and the capability to view claims for any and all end users at any and all agencies. Payments shall be quarterly based on the requirements of this RFP.

Bidder should utilize the historical claims data provided by the State of Nebraska and base the proposed fixed price on such data and allow for fewer or more claims than the historical average in the fixed price.

**Costs submitted must be inclusive of all of the RFP requirements (e.g. Central Index Bureau, MMSEA, etc.).**

All prices, costs, and terms and conditions submitted in the proposal shall remain fixed and valid commencing on the opening date of the proposal until an award is made or the RFP is cancelled.

Prices submitted on the second BAFO I form, once accepted by the State, shall remain fixed for the initial term of the contract. Any request for a price increase subsequent to the initial term of the contract shall not exceed two (2%) of the price bid for the period. Increases shall not be cumulative and will only apply to that period of the contract. The request for a price increase must be submitted in writing to the State Purchasing Bureau a minimum of 120 days prior to the end of the current contract period. Documentation may be required by the State to support the price increase.

The State reserves the right to deny any requested price increase. No price increases are to be billed to any State Agencies prior to written amendment of the contract by the parties.

**Pricing**

Responses are to include pricing only. All costs must be indicated on the second BAFO. The State will not add costs that are included within the following responses.

- a. Identify any programming or conversion costs associated with the move. Costs for such things as data mapping, conversion, testing, validation, report building, etc.

Transition Period (one-time payment)
\$22,000

Initial Contract Period			Renewal 1		Renewal 2	
Year 1	Year 2	Year 3	Year 1	Year 2	Year 1	Year 2
183,584	183,584	183,584	187,256	191,001	194,821	198,717

## User Licenses

The State of Nebraska intends to allow any and all Agencies access to file claims electronically on the TPA's portal. Ideally, Agencies will have access to a report-only function with State required data fields and the capability of receiving attachments for upload. Upon submission, the claim and all supporting documentation will be forwarded to the TPA for investigation. This report-only function shall have no other access to the portal. Again, it is the State's intent that claims will only be submitted on the Contractor's portal.

The State is considering two options to complete this task, single sign-on (one login for the entire State) or by allowing each agency to have its own individual sign-on to access the report-only function. Depending on costs and feasibility, the State may have up to 200 users.

### Option 1 – Single sign-on

The single sign-on will only have the capability to submit the initial claim.

User Licenses	Annual Cost
Single sign-on	<b>\$ 12,500 – Year 1 Only Cost</b>

### Option 2 – Agency specific sign-on

The Agency specific sign-on will be utilized by end user(s) to submit claims and run reports.

User Licenses	Cost per user
0-10	<b>Included</b>
11-20	<b>Included</b>
21-30	<b>Included</b>
31-40	<b>Included</b>
41-50	<b>Included</b>
51-100	<b>Included</b>
101-150	<b>\$ 200 per User ID per year</b>
151-200	<b>\$ 200 per User ID per year</b>
200+	<b>\$ 200 per User ID per year</b>

## Optional Hourly Rates

A need may arise for reporting/tracking functionality not originally delineated in this RFP but considered within the scope of work due to changes in Federal or State law/regulations or suggested additional optional components and functionality that may enhance the reporting/tracking functionality.

Prices submitted on the cost proposal form, once accepted by the State, shall remain fixed for the initial term of the contract. Any request for a price increase subsequent to the initial term of the contract shall not exceed two (2 %) of the price bid for the period. Increases shall not be cumulative and will only apply to that period of the contract. The request for a price increase must be submitted in writing to the State Purchasing Bureau a minimum of 120 days prior to the end of the current contract period. Documentation may be required by the State to support the price increase.

The State reserves the right to deny any requested price increase. No price increases are to be billed to any State Agencies prior to written amendment of the contract by the parties.

Position/Title	Hourly Rate
<b>No submission to make</b>	

**Pricing Explanation for User License Pricing  
Request for Proposal | No. 5719 Z1**

Option 1 – Single sign-on

GB can offer the State a single sign-on option.

Option 2 – Agency specific sign-on

This option is currently used for reporting new claims for the State’s workers’ compensation program. There are currently eighty-seven (87) active User IDs on this program and we’d want to leverage those IDs to support the new claim reporting process for the State’s P&C program.

If the State requires User IDs to only report new claims then Cost per User would be as follows.

User Licenses	Cost per user
0-10	No cost
11-20	No cost
21-30	No cost
31-40	No cost
41-50	No cost
51-100	No cost
101-150	No cost
151-200	No cost
200+	No cost

If the State requires User ID that will allow end user(s) to submit claims and run reports (the latter defined as access to GB’s RISX-FACS system) then the cost would be:

User Licenses	Cost per user
0-10	No cost
11-20	No cost
21-30	No cost
31-40	No cost
41-50	No cost
51-100	No cost
101-150	\$200 per User ID per year
151-200	\$200 per User ID per year
200+	\$200 per User ID per year

BAFO II - April 12, 2018

ANNUAL FLAT FEE	Est. Claim Frequency	Per Claim Fee	Projected Service Fee
<b>Liability/Property</b>			
Auto Liability/Bodily Injury	41		
Auto Liability/Property Damage	77		
Auto/Physical Damage	257		
General Liability/Bodily Injury	0		
General Liability/Property Damage	0		
Professional Liability	5		
Property	28		
<b>Total Liability/Property</b>	<b>408</b>		<b>\$183,584</b>

ADMINISTRATIVE SERVICES	Quantity	Rate	Estimated Annual Fee
<b>Administrative Services</b>			
Administration / Data Management			Included
RMIS - 4 Users Full Access			Included
Claim Reporting			Included
Electronic Incidents			Included
<b>Total Administrative Services</b>			<b>\$0</b>

Run-in Data Conversion			<b>\$22,000</b>
<b>GRAND TOTAL</b>			<b>\$205,584</b>

**ASSUMPTIONS AND MATERIAL CHANGE**

The pricing for the initial contract period, Renewal 1 and Renewal 2 are based on the above total claim count assumptions. These claim counts are based on the historical loss information for the period of 1/1/16 - 6/30/17 provided in the State of Nebraska RFP and subsequently in Addendum 1. Counts provided above represent the annualized 18 months of data provided in the RFP.

GB reserves the right to modify its fees upon sixty (60) days prior notice to State of Nebraska if:

- a. It is determined that the historical data, upon which GB's fees and service charges were developed, was erroneous and/or insufficient information, or that a change in CLIENT's business will materially change the nature and/or volume of its business or claims as contemplated at the inception of the Agreement
- b. During the term of the Agreement, legislative and/or regulatory requirements materially impact or change the scope of GB's services or responsibilities

If the total claim counts for a given year exceed more than 10% of the forecasted amount then Gallagher Bassett will bill the State for the overage on a per-claim basis. The per-claim unit costs, by line of coverage, are identified below. The claims billed for overages will be identified based on report date.

<b>Claim Type</b>	<b>Fee</b>
AL/GL Bodily Injury	\$795
AL/GL Property Damage	\$355
Auto Physical Damage	\$255
Professional Liability	\$1,875
Property	\$675

**ANNUAL ASSUMED CLAIMS - CLAIM HANDLING FEES**

<b>Data Conversion / Integration Fees</b>	<b>#of Sources</b>	<b>Rate</b>	<b>Total</b>
<b>Assumed Claim Data Transfer</b> (Data conversion where GB assumes the claim handling and loads historic data)			
<b>One Time Conversions</b>			
• Claims - Assumed	1	\$12,000	\$12,000
• Financial Detail - Assumed	1	\$5,000	\$5,000
• Notes - Assumed	1	\$5,000	\$5,000
<b>Total Assumed Claim Data Transfer</b>			<b>\$22,000</b>
<b>TOTAL FEES FOR ASSUMED:</b>			<b>\$22,000</b>

Carrier Data Transfer Cost – Client's insurance company may assess a fee to unbundle Claims or to transfer Claims from a prior claims administrator to GB. If this fee is assessed by Client's insurance carrier directly against GB, Client shall reimburse GB for the full amount of any such fee, which shall be assessed on a direct pass-through basis without markup.

There may be a fee associated with GB's assumption and storage of closed physical files.

**OTHER SERVICES**

<b>SERVICES</b>	<b>CHARGES</b>
RMIS - Additional Users	\$1,000 per user
OSHA Reporting	\$4,500 per year (Includes set-up, OSHA access & unlimited OSHA Logs and summaries)
<b>Fraud Prevention – Gallagher Bassett Investigative Services (GBIS)</b>	
Special Fraud Investigations - SIU	\$85 per hour plus expenses
Outside Field Investigations	\$80 per hour plus expenses
Surveillance Investigations	\$80 per hour plus expenses
Targeted Field Investigations	\$80 per hour plus expenses
Targeted Database Searches	Rate per report
Self Service Database Searches	Rate per report
<b>Gallagher Bassett Litigation Management Program (GBLMP)</b>	
Invoice and Matter Management platform for adjusters/counsel	2% of net legal invoice (invoice net of disbursements and invoice review savings). Charged as discount off total payment remitted to counsel and will be reflected as an allocated expense on the claim file.
5 client licenses for Legal Analytics platform	
Attorney-led legal bill review	
<b>Gallagher Bassett Compliance Solutions (GBCS)</b>	
Workers' Compensation Medicare Set-Aside Allocation (WCMSA)	\$2,300 per allocation
Rush Fees (MSA completed within 5 business days)	\$450 per case
Liability Medicare Set-Aside Allocation (LMSA)	\$2,300 Fee
MSA Submission to CMS	\$850 Fee
Conditional Payment Research (CPR)	\$200 Flat Rate
Conditional Payment Negotiations (CPN)	\$375 Flat Rate
Secure Final Demand for Settlement (SFD)	\$250 Flat Rate
Bundled CP Resolution Services	\$700 Flat Rate
Medicare Eligibility Inquiry (MEI)	\$45 Flat Rate
SSDI Verification	\$175 Flat Rate
Release / Settlement Agreement Review	\$250 Flat Rate
Lien Resolution (Advantage Plan, Medicaid, Part D)	\$500 Flat Rate per Lien Resolution
<b>Taxes</b>	
Taxes	All applicable taxes will be added to the service fees where required

### **PROGRAM SPECIFIC TERMS AND CONDITIONS**

1. **Reconciliation: Overages will be billed 18 months after the service period start date.**
2. **Billing and Payment Terms:** Fees will be billed Quarterly during the service period.
3. **Claim Pricing Terms:**

Annual Program: The fees included above are for claims handling for the 12 month contract period. The overage claims charged on a per claim basis will be handled for the life of the partnership.

**Additional Charges:**

Claims will be handled for the partnership with no additional per claim fees. If you should decide to non-renew or stop using GB in a specific state, the existing open files can be handled in one of the following 2 ways:

- GB would continue to handle the open files at our prevailing rate fees per year per open file.
- GB would return the files to the client (contingent upon Carrier approval) at the client's expense.

There will be additional charges for ongoing Data Management (RISX-FACS®), RMIS users, Administration, Banking fees and monthly reports for as long as GB handles claims

4. **Account Administration includes the following:**

- Account Management
- Detailed Status Reports All Lines of Business @ \$50,000
- Settlement Authority All Lines of Business @ \$0
- 4 Standard Meeting(s) Included
- 1 Stewardship Meetings
- 2 Claim Review(s) - In Person Included
- Claim Reporting
- Loss Fund Account Mgmt/Banking Services (SIMMS)
- 4 RMIS User(s) - Full Access Included
- Standard Analytics Reports
- Acknowledgement Letter to Claimant Liab
- Assumed Claim Data Transfer
  - Claims - Assumed
  - Financial Detail - Assumed
  - Notes - Assumed

5. **Claim Charges:** Claim and incident fees will be assessed on a per occurrence, per claimant, per line of coverage basis.
6. This material is the proprietary, confidential property of Gallagher Bassett Services, Inc. It has been provided to you for the sole purpose of considering a quote for claims administration services. It is not to be duplicated or shared in any form with anyone other than the individuals of such prospective client that have a business need to know the information. It must be destroyed or returned to Gallagher Bassett Services, Inc. after its intended use.
7. Gallagher Bassett Services, Inc. will not pay a fee, commission, or rebate to any party for the privilege of presenting our proposal or in order to secure the awarding of any program to Gallagher Bassett Services, Inc.

## **GENERAL CONTRACT TERMS AND CONDITIONS**

1. Independent Adjusters - If applicable, following any significant loss as a result of a single event (i.e., hurricane, tornado, flood, earthquake, etc.), GB reserves the right to retain outside resources (adjusters) when appropriate and those fees will be paid as an Allocated Expense off the file.
2. The pricing quoted in this Cost & Terms is based upon the data and information provided by Client, as well as existing legislative and regulatory requirements. Material inaccuracies or changes to the foregoing may require adjustments to the quoted pricing.
3. Taxes - All applicable taxes will be added to the service fees where required.
4. Allocated Expenses: Shall be your responsibility as applicable and shall include, but not be limited to:
  - Legal Fees
  - Legal Bill Review
  - Medical Examinations
  - Professional Photographs
  - Travel made at client's request
  - Costs for witness statements
  - Court reporter service, translation, and interpretation
  - Record retrieval and copying services (Including medical and legal)
  - Accident reconstruction
  - Experts' rehabilitation costs
  - Chemist
  - Fees for service of process
  - Collection cost payable to third parties on subrogation
  - Architects, contractors
  - Engineer
  - Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss which must have the explicit prior approval of the client
  - Police, fire, coroner, weather, or other such reports
  - Property damage appraisals
  - Vehicle appraisals (vehicle damage assessment)
  - SIU, surveillance and sub rosa investigation
  - Official documents and transcripts
  - Pre- and post-judgment interest paid
  - Outside Field Investigations
  - Subrogation at 15% of gross recovery
  - Index Bureau Reporting (All Coverages)
  - Second Injury Fund Recovery
  - Data Intelligence Self-Service Reports
  - Medical Management - Medical Management services may include, but are not limited to:
    - Preferred provider organization networks
    - Utilization review services
    - Automated state fee scheduling
    - Light duty/return-to-work programs
    - Medical case management and Vocational rehabilitation network
    - Prospective injury management services
    - Hospital bill audit services

## **DEFINITIONS**

### **Incidents**

An Incident is a loss reported electronically through ClaimLine and/or the Web, or set up manually at the branch. GB will review the Incident and make a courtesy call (if necessary) to determine if it is a claim or Incident. GB will have full discretion in the determination and handling of these Incidents and/or their conversion into claim status.

### **Auto Physical Damage (APD)**

Investigate, evaluate and adjudicate all first-party claims which you report involving damage or loss of real or personal property. First-party claims will be managed and administered in accordance with our product guidelines.

### **Liability Claims**

Investigate, evaluate and adjudicate all third-party claims for which you may be legally obligated. Third-party claims will be managed and administered in accordance with our product guidelines.

### **Property Claims**

Investigate, evaluate and adjudicate all first-party claims which you report involving damage or loss of real or personal property. First-party claims will be managed and administered in accordance with our product guidelines.

## SECOND BEST AND FINAL OFFER LETTER

April 5, 2018

Gallagher Bassett Services, Inc.  
Allen Butler  
2850 Golf Road  
Rolling Meadows, IL 60008  
E-mail: allen\_butler@gbtpa.com

RE: Request for Best and Final Offer for RFP Number 5719 Z1, selecting a qualified contractor to provide Property/Casualty Claims Administration Services.

At this time, the State requests an overall Second Best and Final Offer (BAFO) which will require a new cost proposal(s) to be submitted.

Bidders are **required** to submit a new cost proposal(s) on the Second BAFO Cost Proposal form (attached). **The bidder must submit their costs on the form(s) provided. Failure to do so may result in the rejection of the bidder's entire proposal response.** The response to this Second BAFO does not alter the scope or requirements of RFP 5719 Z1.

**Failure to submit a Second BAFO that conforms to the instructions of this request may result in the rejection of the bidder's cost proposal(s) and thereby disqualify the bidder's entire proposal(s) from further consideration. Follow all instructions as indicated on the Second BAFO.**

### Submission Information

Please submit your response with one (1) original in a sealed envelope by 2:00 PM Central Time on Thursday, April 12, 2018.

Responses shall be submitted to the following address:

Teresa Fleming, Buyer  
State Purchasing Bureau  
1526 K Street, Suite 130  
Lincoln NE 68508

The sealed responses will be publicly opened on Thursday, April 12, 2018, at 2:00 PM Central Time at the proposal opening location:

State Purchasing Bureau  
1526 K Street, Suite 130  
Lincoln NE 68508