

SERVICES CONTRACT

ITEM: 2-S **Agency Contact:** Anne Timmons
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DEPARTMENT/PROGRAM: Budget and Management (DBM)
Office of Personnel Services and Benefits (OPSB)
Employee Benefits Division (EBD)

CONTRACT NO: F10B8200015;
Point of Service (POS) Health Care
Benefits Services for Maryland State Employees
and Retirees
ADPICS NO: See Attachment 1

CONTRACT DESCRIPTION: Multiple award contract to three vendors to provide Point of Service (POS) health care benefits to State of Maryland employees, satellite employees, direct pay employees, retirees, and eligible dependents.

AWARDS: See Attachment 1

TERM: 3/19/2009 - 6/30/2014 (5 Years; 3 ½ Months)

AMOUNTS: See Attachment 1

PROCUREMENT METHOD: Competitive Sealed Proposals

BIDS OR PROPOSALS: See Attachment 2

MBE PARTICIPATION: 6% of Administrative Fees
(See Requesting Agency Remarks below)

PERFORMANCE SECURITY: None

INCUMBENTS: MAMSI Life and Health Insurance Company
(d/b/a United HealthCare Insurance Co)
Minnetonka, MN
(Local office in Elkridge, MD)

CareFirst of Maryland, Inc.
Owings Mills, MD

Aetna Life Insurance Co.
Hartford, CT
(Local office Linthicum, MD)

REQUESTING AGENCY REMARKS: A notice of the availability of the Request For Proposals (RFP) was advertised on *eMarylandMarketplace.com* and posted on DBM website. Copies of the solicitation notice were mailed directly to 10 prospective vendors, three of which were Maryland firms, and included no MBEs. A copy was also sent to the Governor's Office of Minority Affairs. There is an overall MBE goal of 6% of the total actual administrative fees established for this contract. Administrative fees do not include the claims reimbursements paid to health care providers for services rendered to State employees, retirees and dependents, etc.

The RFP allowed for the award of not more than three contracts for POS services. Three proposals were received in response to the solicitation, one from each incumbent (see Attachment). All three were deemed reasonably susceptible of being selected for award and are recommended for award.

The financial offer amounts in Attachment 2 are based on an enrollment assumption model of 34,478 POS enrollees (the current POS enrollment level) across the various enrollment tiers (individual, individual plus one, etc.). The model allowed for equal comparison between vendors.

The Award Amounts shown in Attachment 1 are estimated costs for a five-year total of fixed administrative fees, network access fees and run-out administration amounts, plus two years of estimated incurred claims. Claim amounts are based on each plan's percentage of POS enrollment as of December 2008. Administrative fees are based upon firm-fixed unit prices established in the contract. The actual amounts paid to the contractors may be more or less than these estimated Award Amounts. (If payments amounts are projected to exceed Award Amounts by more than \$50,000, Board approval will be requested for higher spending authorization.) The actual payments to be received by any one contractor will be a function of the number of employees/retirees who elect coverage with that Contractor.

The Contractors will begin offering their plans as of 7/1/2009. However, it is necessary for the selected contractors to participate in employee/retiree open enrollment activities beginning in March 2009. No payments will be made for any activities prior to 7/1/2009.

FUND SOURCE:	Various
APPROP. CODE:	F10A0240
RESIDENT BUSINESS:	Yes for all
MD TAX CLEARANCE:	See Attachment 1

Board of Public Works Action - The above referenced Item was:

APPROVED	DISAPPROVED	DEFERRED	WITHDRAWN
WITH DISCUSSION		WITHOUT DISCUSSION	

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ATTACHMENT 1

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AWARDS: (Cont.)

AMOUNTS: (Cont.)

	<u>Claims Est.</u>	<u>Admin. Fees</u>	<u>Totals Est.</u>
CareFirst of Maryland, Inc. Owings Mills, MD ADPICS: F10B9200010 (Claims) ADPICS: F10B9200011 (Admin. Fees) MD Tax Clearance: 09-0251-1112	\$ 729,000,000	\$ 36,000,000	\$ 765,000,000
United Health Care Insurance Co Minnetonka, MN (Local office in Elkridge, MD) ADPICS: F10B9200012 (Claims) ADPICS: F10B9200013 (Admin. Fees) MD Tax Clearance: 09-0338-0010	\$ 549,000,000	\$ 28,000,000	\$ 577,000,000
Aetna Life Insurance Co. Hartford, CT (Local office in Linthicum, MD) ADPICS: F10B9200014 (Claims) ADPICS: F10B9200015 (Admin. Fees) MD Tax Clearance: 09-0258-1110	\$ 173,000,000	\$ 13,000,000	\$ 186,000,000
Grand Total Est. (5 Years)	<u>\$1,451,000,000</u>	<u>\$ 77,000,000</u>	<u>\$1,528,000,000</u>

ITEM: 2-S (Cont.)

ATTACHMENT 2

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BIDS OR PROPOSALS (Cont):

<u>Offerors</u>	<u>Tech. Rank</u>	<u>Financial Offer (Rank)*</u>	<u>Overall Rank</u>
CareFirst of Maryland, Inc. Owings Mills, MD	1	\$549,857,590 (2)	1
United HealthCare Ins. Co. Minnetonka, MN (Local office in Elkridge, MD)	2	\$601,969,898 (3)	2
Aetna Life Insurance Co. Hartford, CT (Local office in Linthicum, MD)	3	\$546,547,872 (1)	3

* Note: Financial offer was for coverage of the current 34,478 POS enrollees based on a model in the RFP of cumulative costs of five (5) years of administrative fees, network access fees, run-out administration amounts plus two (2) years of estimated incurred claims.