

[back to agenda composer](#)[help](#)*Intent to Award**Posted: 5/17/2012*

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**Agenda**

May 22, 2012 Regular Meeting

**Category**

F. REGULAR

**Sub-Category**

Financial Management

**Approval Path**

FM (Purch-Melissa)

**Subject**

Third Party Administration (TPA) Services for Medical, Dental, Flex Spending and Provider Network (RFP 11-2671FL)

**Briefings**

All

**Contact and/or Presenter Information**

Contact: Frank Lambertson, Purchasing (Presenter) - Ext 3042; Dan Schlandt, Deputy County Administrator - Ext 3732; Kim Stroud, EHB - Ext 6432

**Action Requested**

Award RFP #11-2671FL for TPA Services for Medical, Dental, Flex Spending and Provider Network to Aetna Life Insurance Company of Hartford, Connecticut (Aetna) and to authorize the County Administrator or his designee to execute the Agreement.

**Enabling/Regulating Authority**

Manatee County Code of Law

**Background Discussion**

- This agreement with Aetna to administer our employee health benefit program positions the county to continue to improve the effectiveness of our employee health benefit plan and realize long term cost savings.
- With this agreement, we will benefit from Aetna's comprehensive provider network and significant negotiated network discounts.
- This agreement is also structured to allow us to continue our integrated health benefit program with on-site, hands-on customer service to our plan members.
- July 1, 2012 will be the date for transfer to Aetna services. The term of the is agreement is three years with two additional one-year extensions at the county's option.
- Provided below is a comprehensive review of the County's health program, the RFP process and the proposed agreement.

**Historical overview of the self-insured health plan:**

Florida Statutes § 112.08 permits counties to "self-insure" for purposes of healthcare insurance benefits for their employees. For over 15 years, Manatee County Government has operated a self-insured health plan, administered for most of that time by a Third Party Administrator (TPA). Self-insured public employers have the option of using a TPA to administer (i.e. adjudicate claims, provide customer service to providers and members) claims or using a large

carrier on an administrative services only (ASO) basis. The Plan Sponsor is the Board of County Commissioners for Manatee County; however, the following Constitutional Officers participate in the Plan: Manatee County Sheriff's Office, Tax Collector, Property Appraiser, Housing Authority, Port Authority, Supervisor of Elections and Clerk of the Circuit Court.

In 1997, Manatee County Government developed Manatee Health Network, a provider network consisting of established contracts with local hospitals, facilities and medical, behavioral health and dental providers for the self-insured health and dental plan. These provider contracts were established with either a third party network manager or with the actual TPA itself.

Typical TPAs would normally perform services from their own headquarters. However, about 10 years ago, the County decided to bring many of these functions in-house in order to create a more seamless and integrated model to enhance the customer (County employees and their covered dependents) experience. Those services have included claim adjudicators, customer service operators and medical management and wellness teams. This decision has proven valuable to both the Board as well as to the members as elaborated on later in this discussion. In 2006, the County Commission approved the Your Choice Health Plan which directly tied evidence based medicine and preventative care to plan level eligibility with the Basic, Better, Best health plans. This model created accountability (Qualifying Events) and incentive for members (employees and their covered dependents) to take care of their health and engage in preventative care. Members became invested in this model as over 90% of them engaged fully into the Your Choice Model and have continued to maintain that engagement.

As a result of the Your Choice model and the Qualifying Events that are required, members were getting fully educated about their health status and it was imperative that the health plan offer resources to members to improve their health status. The onsite medical management and wellness team plays a significant role in guiding members to better health through face to face coaching, advocacy, programming and collaboration with local physicians.

Most TPA or carrier arrangements with employers have a more traditional approach to medical management where those services are conducted off-site in a telephonic approach, with little to no face to face interaction with the employees or covered dependents or providers. Years ago, the Board of County Commissioners realized the impact of an integrated and face to face approach and therefore supported the onsite provision of medical management. Through the TPA arrangement, Registered Nurses, a Diabetes Advocate and Wellness Specialists work within Employee Health Benefits (EHB) to provide this integrated care to our members. These professionals are fully engaged with the County staff at EHB and have varying responsibilities related to the Qualifying Event process, enrollment, program development as well as authorization of medical services and case managing members and their medical care with local providers.

#### **Current Status and Accomplishments:**

Currently, the health plan has approximately 6700 members, including approximately 500 retirees that are managed in the Employee Health Benefits Division of the County Administrator's Office. The total claim spend ending Fiscal Year 2011 was approximately \$38 million for medical and pharmacy benefits. It should be noted that this is approximately \$2.4 million less than what was spent in Fiscal Year 2010 for medical and pharmacy benefits. This savings is directly related to a reduction in hospital admissions, a reduction in emergency room visits and close to a 10% reduction in costs related to chronic conditions (diabetes, heart disease, hypertension, high cholesterol, etc). For the last 3 fiscal years, the County's trend in the medical plan has experienced cost increases around 1.7%. According to Aon Hewitt, this is well below the national average of 9-11% increases in cost. Aon Hewitt has opined to the County that this significantly lower inflation rate is directly related to the impact of the health management and the plan design that the County has in place with the Your Choice Health Plan.

By driving members to preventative care since 2006, the County is enjoying a cost reduction in claims as the plan design is assisting in members getting the services they need early on in efforts to better control medical conditions and catch potentially costly conditions early. EHB continually hears from providers about the appreciation they have of the Your Choice Plan as it supports their treatment plans with patients in terms of early detection and intervention and screenings. The onsite Health Management Team works collaboratively with the local physicians and facilities in order to ensure that our members get the best and most integrated care possible in light of available resources.

As a result of the outcomes that Manatee County is seeing from the health plan design and member engagement, we are asked frequently to speak about our plan and the integrated health management to various groups locally and nationally. Additionally, over the last few years, Manatee County Government has earned awards from several organizations. In 2011, the Tampa Bay Business Journal recognized Manatee County as the healthiest employer out of over 200 employers in a tri-county area as a result of the health plan design and its impact on our employees. Recently, the Alliance for Innovation presented Manatee County with an award for Outstanding Achievement in Local Government. Additionally, in March of 2012, The Robert Wood Johnson Foundation in conjunction with the Trust for America's Health featured Manatee County as an example in the Nation of how investing in disease prevention can produce real results for employers, both public and private.

### **Opportunities for Improvement and Savings:**

While Manatee County has enjoyed the benefits from the current arrangement with the Manatee Health Network, the administration realizes that the industry of health care, particularly in terms of provider reimbursement, is embarking upon one of the most drastic reforms in our history. Additionally, it has become very apparent that while the Manatee Health Network was a valuable component to the County, more than the Network, the plan design and the onsite integrated medical management and wellness components have been major drivers of our claims cost containment and reduction. The current TPA did not have the resources to move the Manatee Health Network into maintaining a competitive advantage with the advent of healthcare reform and therefore Employee Health Benefits made the decision to put out a Request For Proposal (RFP) for medical benefit administration including the possibility of utilizing a new provider network.

### **The RFP Process**

The County desires to remain self-insured and the expectation was that proposers would either take over the administration of the Manatee Health Network or utilize their own network in replacement of Manatee Health Network. Additionally, the expectation was that proposers would be able to duplicate the Your Choice plan design and administer the plan levels as they are currently, and that proposers would support the onsite medical management feature of the plan, only offering additional resources to compliment and enhance an already proven method of managing care.

The RFP was extremely comprehensive in its scope, requesting proposers to provide substantial detail in areas related to the administration of the benefits. These included audits, banking arrangements, claim administration, provider networks, employee communications and customer service, service to providers, reporting and data availability, health care reform and industry changes, behavioral health administration, flexible spending account administration, dental administration, wellness and health management resources, COBRA, enrollment and eligibility, and ID card processing.

EHB staff, along with our health benefits consultant, Aon Hewitt, worked with the Purchasing Division to develop the RFP. From 7/1/11 – 1/3/12 the appropriate proposal procedures were followed. The Request for Proposal (RFP) was broadcast via DemandStar to four hundred fifty six (456) firms who provide these services. Thirteen (13) firms downloaded the RFP and five (5) firms submitted proposals.

The RFP was advertised locally in the Bradenton Herald, posted on the County's website and provided to the Manatee County Chamber of Commerce for release to members.

The dates related to the RFP process are as follows:

8/18/11	RFP released
8/23/11	Addendum #1 released
9/01/11	Addendum #2 released
9/13/11	Proposals received (5)
9/28/11	Screening Committee Meeting #1
10/6/11	Screening Committee Meeting #2
10/17/11	Screening Committee Meeting #3
10/25/11	Questions to Proposers
11/14/11	Screening Committee Meeting #4
12/16/11	Oral Presentations – Sessions 1 and 2
12/19/11	Oral Presentation – Session 3
1/03/12	Screening Committee Meeting #5 - firms ranked
1/15/12	Recommendation to negotiate approval by the County Administrator
1/18/12	Selection publicly posted
1/25/12	Selection approval
3/1/12	Negotiations Session #1
3/16/12	Negotiations Session #2
3/29/12	Negotiations Session #3

The Screening Committee convened on 11/14/11 and shortlisted the following firms:

- Aetna Life Insurance Company
- Blue Cross and Blue Shield of Florida, Inc.
- UMR, Inc.

The remaining proposal respondents were not ranked. Although well qualified, they were not selected based on a comparison of capabilities of the selected firm:

- Employee Benefit Concepts, Inc.
- North America Administrators

The Screening Committee for this RFP consisted of the following members:

- Dan Schlandt, County Administrator's Office \*
- Jim Seuffert, Financial Management Department \*
- Kim Stroud, County Administrator's Office/Employee Health Benefits \*
- Dan Wolfson, Clerk of the Circuit Court/Finance Dept. \*
- Suzanne Luchs, Clerk of the Circuit Court/Finance Dept. \*
- Tom Salisbury, Manatee County Sheriff's Office
- Frank Lambertson, Financial Mgmt Dept/Purchasing Division \*

\* Voting Screening Committee Members

Additionally, Robert Eschenfelder, Deputy County Attorney, sat in on all of the committee meetings and finalist interviews, providing advice and counsel as needed.

Because this was an RFP, not a bid with a specific scope of duties, the selection was not based upon lowest price but a combination of cost and service and flexibility to partner with the County in the Your Choice plan in a non-traditional way. The County utilized Aon Hewitt to assist in assessing responses as well as the management of the data used to obtain detail about the networks.

Upon receiving the responses, it became very apparent that the County would benefit financially from utilizing a larger network as opposed to its own private network (Manatee Health Network) due to the negotiated discounts with providers, and greater geographic coverage of in-network providers. In a self-insured plan, the costs are laid out in two main areas: administrative fees and the provider discounts, or the amount the County pays for a medical claim. These claims (actual payments made to providers after the discount has been applied) make up the bulk of the cost for the self insured fund. The discount is reflected in a percentage off of billed charges that networks negotiate with various providers for various services. It is that amount after the discount has been applied (allowed amount) that the plan and or member is responsible for paying. For example, if a provider bills \$100 for an office visit, the network may have negotiated a rate of 60% off of billed charges resulting in the allowed amount of \$40. Based upon the plan that member is enrolled in will determine the portion of that \$40 the member has to pay and how much the plan (i.e. employer) has to pay.

It was extremely important for the committee to obtain as much information about the proposed provider networks from the finalists in order to evaluate the benefit to the County. The information requested to evaluate the provider network was an initial self-disclosure of their network discounts, a discount guarantee by the firms, a self-reported repricing exercise by each firm, a provider disruption analysis, and a discount analysis performed by Aon Hewitt.

The first request the committee had was for proposers to provide in the initial response to the RFP what provider discounts they would offer by using their network. The RFP asked for the discount for Inpatient Hospitalization, Outpatient Hospital and Physician Services for Manatee County and surrounding counties. Each firm offered their discount for each of these three areas in their initial response to the RFP.

The second request was for the firms to complete a provider disruption analysis. This provider disruption process involved MCG providing the proposers with a data file of the top highly utilized providers in the Manatee Health Network and doing a comparison with the proposer's network to determine the specific providers or facilities that may be in the current network but not in the proposer's network. With all the finalists there was very little disruption in the networks and it should be noted that at the finalist meeting, Aetna came prepared with solutions that had already been activated to address the few providers who were not on the Aetna network to avoid disruption for our members. Additionally, through further discussions Aetna agreed to a client specific network for Manatee County which allowed a few local providers with no national presence, to remain an in-network provider for the members of the Your Choice plan. This was notable to the committee as it reflected another effort by Aetna to be flexible as well as support local businesses.

Additionally, it should be noted that while there was minimal provider disruption between the Manatee Health Network and the proposer's networks, by exploring a national network, members of the plan will enjoy a more robust provider network that will benefit members vacationing outside the area, dependents living outside of the local area, as well as our retirees who relocate. These members will have an increased access to network providers which will save the member in out of pocket costs and also provide a savings to the County with the network discount.

The next step was that the committee asked the firms to agree to reprice Your Choice health plan claims experience, which all 3 finalists agreed to perform. Essentially that process consists of the finalists receiving a data feed of a year's worth of medical claims (over 300,000 claims) for Manatee Health plan members (de-identified) and reporting back to the County what those claims

would have cost the County using their network rather than the Manatee Health Network.

Aetna and UMR both repriced those claims in full. BC/BS of Florida randomly selected 50 of those 300,000 claims and provided repricing on those self-selected claims. All 3 finalists reported back to the County what the discount off of billed charges would have been for inpatient hospital, outpatient hospital and physician claims using our claim experience and their network. It should be noted that there can be tremendous variability in the repricing process from one network to another due to the interpretation of the data, different methodologies and differing assumptions being made. However, the result of the repricing confirmed for the committee that moving from Manatee Health Network to a larger network would bring savings to the County's healthcare fund.

One of the components that each finalist offered was a discount guarantee in their RFP responses as one of their performance guarantees for being selected for negotiation. The discount guarantee is a performance measure where the TPA will guarantee that the discount as described above will not fall below a certain percentage. However, it should be recognized that if the network does not perform in line with the guarantee the penalty for the TPA is a reduction in their administrative fees up to a specified cap. While certainly not desired by the TPA, this "penalty" is not financially substantial when compared to actual dollars (millions) paid to network providers for less than optimal discount rates.

Due to the significance of the discount and the subjective self-report of the repricing and the discounts, the Screening Committee hired Aon Hewitt to perform a discount analysis with the same claim data that was provided to the finalists. Aon Hewitt maintains a national discount database of market-specific provider network financial data of over \$600 billion in claims experience which allows Aon Hewitt to provide clients with reports showing provider discounts adjusted to be comparable across all networks with all the large carrier networks. This process allowed for an objective analysis of the discounts in order to compare the finalists based upon our own claim experience using the same methodology for all firms.

The Committee then had the self-reported proposed discount in the RFP, the provider disruption analysis, the discount guarantee, the proposers' self-reported repricing analysis, and the Aon Hewitt discount analysis to evaluate. The outcome was that across all measures, Aetna's network provided Manatee County Government with the best opportunity regarding provider discounts and network costs. While the actual results of the Aon Hewitt study is confidential proprietary business information and therefore cannot be released per Florida law, the analysis supported the decision of the committee to recommend opening negotiations with Aetna.

One major component for the committee to evaluate was the firms' willingness to be flexible and accommodating with the medical management program the County has in place. As has been discussed previously, the non-traditional model of how Manatee County approaches medical management has contributed to the reduction in claims costs and in the improvement in the health of our members. For over 10 years, our employees and their family members have developed relationships with the on-site nurses and wellness advocates. This group provides pre-authorization for medical and health services, case management for members needing guidance and advocacy as they maneuver through the medical system and disease management services for people with chronic conditions in addition to behavioral health services and wellness and fitness programs. Many providers have expressed gratitude for the onsite medical management program as the program supports their treatment plans with patients and the accessibility and efficiency assists them in the desire they have to provide quality, efficient and ongoing care for our members.

The model is non-traditional in that these services are provided on-site and all of the advocates are operating in an integrated fashion. Typically these services are performed off-site and often performed by different companies or if provided within the same company, they are segregated divisions within that company. It was important that this model be maintained with the existing staff that have established relationships with our employees and local providers. The committee was not seeking to replace the current model as that would be taking a 10 year step backwards, but to support the model and offer additional resources to compliment the existing model.

#### **Contract Negotiations:**

On January 15, 2012, the County Administrator authorized negotiating with Aetna. The County's negotiating team consisted of EHB Manager Kim Stroud, Deputy County Attorney Robert Eschenfelder, and Contracts Negotiator Frank Lambertson. The Clerk of the Circuit Court's Directors of the Finance and Audit Departments also participated in negotiating terms of the Agreement relevant to the Clerk's role as comptroller and auditor of the County. The Master Services Agreement attached hereto reflects the final terms and conditions negotiated by the parties. It became apparent both in the finalist interviews and during the negotiations that Aetna was willing to go even beyond what our initial expectations were and what they had initially proposed to support our programs. This accommodation and willingness to offer extreme flexibility, combined with the outcome of the provider network analysis and the subsequent discounts offered through that network, as confirmed through Aon Hewitt, contributed to the committee choosing Aetna as the company to negotiate with for medical benefit administration.

One example of the flexibility and accommodation by Aetna has related to the medical management and wellness staff. Historically, those staff members have been employed by the TPA but work on-site under the direction of the Benefit Manager. As the County moved from one TPA to another, the staff would become employed by the new TPA. Two of the 3 finalists indicated that they could not accommodate the utilization management being done by the Manatee County Government medical management team. Removing this piece from the current model would have created much disruption in the system that the medical management team has developed with members and their providers. Aetna was accommodating in allowing Manatee

County Government to carve out the full medical management program in addition to hiring all of the medical management and wellness staff as has been done with previous arrangements with past TPAs.

With this arrangement, unlike any of the other arrangements the County has had with TPA's, the medical management staff will be provided with robust tools and resources to assist them in managing the care of our members in collaboration with local physicians. Up to this point, the medical management programs have contributed significantly to the cost containment of the fund and with the added training, certification opportunities, and national clinical guidelines at their disposal, the collaboration with local providers and with members will only be enhanced.

As was stated previously, Aetna came prepared to the finalist interviews and had adhered to their assurance that key providers that were not in Aetna's network would be considered network providers for the members of the Your Choice Health Plan. This was just another example of the accommodation by Aetna to work with us in ensuring that this change will have no major impact on the member of the plan as their access to care, their local advocates whom they have developed relationships with over the last 10 years, and their benefit design all will remain in place as they are currently.

Additionally, by working with Aetna, the County will benefit from an improvement in the efficiency of the administration of the plan through improved customer service resources for members and providers, online tools and resources for wellness and health management to compliment the onsite medical management services, consumer choice tools, improved claims and utilization reporting features, a more robust provider network, quality training and certification opportunities for the onsite medical management team, higher certified standards of practice by utilizing industry approved criteria, retention of local audit controls, improved efficiency through more automated services related to eligibility and more efficient and timely payments to providers and members.

Regarding the administrative fees, the finalists were similar in their quotes. It should be noted that the administrative fees are less than 5% of the total costs to the health insurance fund. As was stated previously, the majority of the costs to the plan relate to the claims that are paid on behalf of the members. It is projected that the County will see significant savings with the use of the Aetna Network and benefit from the administrative efficiencies that will far outweigh the minimal increase in the administrative fees. Additionally, Manatee County will benefit from the vastly superior services and resources that we will obtain by utilizing Aetna than what we are receiving from our current TPA. These services and resources will not only benefit our members, but also the multiple divisions in the County and the Constitutional Agencies that work with the health self insurance fund, including the Clerk of the Circuit Court's Finance Division and Internal Audit Division, BCC Financial Management, and BCC Employee Health Benefits Department.

During the negotiations, the County was able to obtain reductions in the initially quoted Per Employee Per Month (PEPM) of \$3.98 equating to a savings of approximately \$160,000 per year. Negotiated savings were in the areas of: Plan Implementation, Wellness Allowances, Utilization Management, HIPAA Certifications, Rx Integration, and Administration. The initial PEPM was \$36.34 and was negotiated down to \$32.36; additional costs for Financial Administration and Reporting of \$0.53 will be added for a final PEPM of \$32.89.

In addition to a performance guarantee related to the provider discount that Aetna offered, they report confidence that their administration of our plan, the medical and dental claims and member services will meet their high standards of performance. To reinforce that expectation, Aetna is offering guarantees in the following areas: Implementation, ID Card production and distribution, Overall Account Management, Claim turnaround time, claim financial accuracy, claim incidence accuracy and telephone service factor. They have proposed a combined penalty of 20% of their administrative fees if the standard is not met.

#### **Status of Manatee Health Network:**

As a result of this change, the Manatee Health Network will no longer be used by the employees and their covered dependents of the Your Choice Health Plan. However, for some time, smaller employer groups and TPAs have had access to and use of the Manatee Health Network for their employees in exchange for compensation. In order to minimize impact on those entities still operating under such arrangements, the County will maintain the Manatee Health Network through February 29, 2013. This will allow those smaller employers and their TPAs, the opportunity to secure a new network of providers, which the County has informed them they should do by January 1, 2013 so as to permit final runout of claims through February of that year.

The Manatee Health Network is administered by the current Third Party Administrator, Third Party Benefits (TPB), and as stated above, this network will remain in effect for smaller groups using them through 2/28/13. The current Agreement with TPB is being amended effective 7/1/2012 to reflect the changes to the terms as a result of the approval of the Agreement with Aetna. TPB will continue to provide run out services (paying claims for dates of service prior to July 1<sup>st</sup>); however, many of the services that are outlined in the current Agreement will no longer be needed. The TPB amendment reflects the administrative fee for 6 months of run out for medical and dental, the fee for administering the flex benefit program along with the fees associated with the banking process and the staffing that is needed to complete the processing of the claims.

#### **Impacts of the Change to Health Plan Members:**

If approved, the Agreement with Aetna provides for a date of July 1, 2012 for the change from our current third party administrator to Aetna. As this will be a mid-year change, there will be

some transitional issues that will need to be addressed. For the most part, there should be relatively minimal impacts to our Health Plan members. We will still be self-insured/self-funded and will continue to follow our existing health benefits plan. The major changes are what could be described as the "back-end" payment of claims and management of the provider network.

We will continue to have the integrated hands-on services, wellness programs and customer service that our employees and their families are used to receiving. We will also be providing a variety of communications to advise employees of the coming change and any impacts they can expect.

Some of the expected changes are as follows:

- Medical ID Number and ID Cards. All members will receive a new Medical ID Card and ID Number during the last week of June 2012 which they will begin using as of July 1, 2012.
- Deductibles and Out of Pocket Maximums. As a result of the mid-year transition, the utilization that members have had of their medical and dental benefits, will be transitioned to Aetna. Therefore, if a member has utilized a portion of their deductible with the current TPA, that utilization will be in place effective July 1st so that members will not have to restart with a new deductible or out of pocket maximum. It is industry standard for the incumbent TPA to continue to administer claim payments for any dates of service prior to the change. This process is called "runout" and consists of TPB processing and making payments to any medical or dental claims that have occurred prior to 7/1/12. As a result of the mid-year transition, systems are being set up where TPB will send data files to Aetna on a weekly basis to ensure that any out of pocket expenses on behalf of the member are then calculated in the Aetna system to minimize impact on the employee. Based on the timing of the file and when a member receives services, there is a small potential that a member has in fact met their deductible, but the Aetna system had not yet been refreshed with the data from the TPA; therefore, Aetna would report to that member/provider that the deductible had not yet been met. This impact is minimal as systems are in place to capture this and over 80% of our members are enrolled in the Ultimate Plan which has no deductible.
- Provider Network. As stated above, there will be very minimal provider disruption between what we currently have in the Manatee Health Network and the Aetna Network. Although the disruption is minimal, a member could experience that their provider is not contracted with Aetna, now and potentially in the future. Aetna has shown significant flexibility with Manatee County regarding the provider network and in certain cases has brought providers into their network per Manatee County's request. EHB will continue to have an onsite representative to assist members if this situation were to occur. As to "out of network" providers, as has been reviewed earlier, the provider network with Aetna will offer far more opportunities for members to see network providers in most geographic locations in the Nation. Even under current utilization patterns, our members only utilize out of network providers in less than 4% of all claims. That number should shrink substantially upon gaining access to the Aetna network as our out of area retirees and student will have more opportunity to utilize network providers.
- Dental Plan. The Aetna Dental PPO benefit will be utilized beginning July 1, 2012. This benefit is very similar to the Your Choice Dental Plan and the differences benefit the participant, such as an increase in preventative care visits each plan year. The difference in the benefit is that currently the dental plan uses a fee schedule to reimburse dental providers. With the Aetna Dental Plan, members will have a coinsurance for the covered services and network providers will not be allowed to bill the member for the difference in what the plan pays and what the provider bills. The benefit to the member is that the Aetna negotiated rates offer a larger discount which for most services means, that the member will pay less per service. The maximum benefit of \$2,000 annually remains.

#### **Impact of the Change to Health Care Providers:**

As of July 1, 2012, all claims with a date of service of 7/1/2012 and forward will process and be paid per Aetna network rather than with the Manatee Health Network. All customer service inquiries related to benefits, eligibility and claim status will be handled by Aetna with a dedicated group of customer service representatives for Manatee County Government. Additionally, providers will have the benefit of robust online tools to verify benefits, eligibility and claim status.

Both Aetna and EHB will be communicating with providers prior to July 1<sup>st</sup> to notify them of the change in networks and change in some procedures related to the health plan. Communications will include a sample copy of the new Medical ID Card along with reassurance that the onsite medical management program is being maintained and providers will not see any interruption in service or process related to medical management.

#### **Conclusion and Recommendation:**

In conclusion, the Administration believes the proposed Agreement with Aetna is in the best interest of Manatee County on many levels. It will provide access to a comprehensive provider network at significantly better discount rates than the County currently enjoys. It will make available to plan members on line tools permitting comprehensive monitoring of cases, provider comparisons, and general health information. It will ensure the County will continue to control its own destiny in terms of its plan design and terms. And it will permit the County to continue to maintain the unique and proven model of comprehensive local case management and customer service delivery our members expect and benefit from.



While all three of the finalist proposers were competent national providers, the Administration believes Aetna makes the best partner for the County. Not only in basic financial terms, but in its ability to “get” what the County wants to do with its plan, and its demonstrated willingness to be flexible to the point of gaining exceptions to corporate policy to allow that to happen.

Given the importance of this item, the Administration has worked closely with the County Attorney’s Office and officials from the Clerk’s Finance and Audit Departments from the inception of this project to ensure every step was taken in compliance with legal, financial and auditing requirements and standards. The Administration also worked throughout this process with Aon Hewitt, an internationally known leader in insurance industry matters, from deciding to issue an RFP through assessing final business terms, to be even more sure the best model was chosen, and the best business terms obtained. While exact financial savings will depend on future claims activity, this Agreement is expected to result in very substantial cost reductions in the operation of the County’s health plan. The county's benefit consultant, Aon Hewitt, is currently working on an actuarial analysis and projections which will incorporate the Aetna network discounts, that we can use in developing medical claims costs for our FY 2012-13 budget. The Clerk’s Office and County Attorney’s Office have approved of this Agreement, and the Administration recommends approval.

**County Attorney Review**

Other (Requires explanation in field below)

**Explanation of Other**

Robert Eschenfelder, Deputy County Attorney sat in on all of the screening committee meetings, finalist interviews and negotiations providing advise and counsel as needed.

**Reviewing Attorney**

N/A

**Instructions to Board Records**

Original to Board Records. Original to: Aetna Life Insurance Company, 151 Farmington Avenue, Hartford, Connecticut 06156. Copy of Signature Page to: Kim Stroud - EHB; Frank Lambertson -Purchasing.

**Cost and Funds Source Account Number and Name**

506 0004100 531000

**Amount and Frequency of Recurring Costs**

N/A

**Attachments: (list)**

[MSA FINAL 051612.pdf](#)

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Frank Lambertson - ()  
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