



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF AUGUST 8, 2019

COMMITTEE ON PROCUREMENT

Mr. Brian A. Perkovich, Executive Director

Authorization to enter into an agreement for Contract 19-RFP-06 Medicare Advantage Plan, with Sierra Health and Life Insurance Company, Inc., a wholly-owned subsidiary of UnitedHealth Group, for a three-year period, effective January 1, 2020 to December 31, 2022, Account 101-25000-601250

Dear Sir:

Authorization is requested to enter into an agreement with Sierra Health and Life Insurance Company, Inc., a wholly-owned subsidiary of UnitedHealth Group (UnitedHealthcare), to provide a Medicare Advantage (MAPD) Plan with prescription drug coverage for Medicare-eligible retirees for a three-year period.

On March 20, 2019, Request for Proposal 19-RFP-06 Medicare Advantage Plan was publicly advertised. The purpose of this contract was to select a qualified carrier to provide a fully-insured group MAPD Plan including prescription drug coverage for Medicare-eligible retirees. The program will be a national PPO Plan as it is currently. The plan design including the deductibles, co-insurance and prescription drug co-payment structure will remain the same as under the current program. These services are currently provided by UnitedHealthcare. The current contract expires December 31, 2019.

Seventy-six (76) firms were notified and sixteen (16) firms requested proposal documents. The District received four (4) responsive proposals on April 19, 2019. These proposals were submitted by Aetna Life Insurance Company, Blue Cross Blue Shield of Illinois, Humana Insurance Company and UnitedHealthcare. The proposals were evaluated by consultants from Deloitte Consulting, LLP and staff of the Human Resources and Procurement and Materials Management Departments. The criteria for these evaluations were outlined in Request for Proposal 19-RFP-06 and included: organizational stability; experience with group MAPD Plans; ability to match the current District plan design; network access, size and quality; claims administration performance; member service performance; administrative performance; Center for Medicare and Medicaid Services (CMS) star rating; and financial considerations. In addition to these factors, the District continued to place particular weight on the level of disruption retirees might experience with providers and the drug formulary.

Following the technical evaluation of the proposals, excluding cost, all four vendors were invited to participate in finalist interviews conducted June 6 - 7, 2019. During the finalist interviews, the District was able to gather additional information regarding each vendor's MAPD product and ask clarifying questions around plan design, disruption, member services, population health management and other key elements of the program.

A solicitation was sent to each vendor on June 14, 2019 for an unqualified "best and final" offer. The "best and final" offers were returned to the Director of Procurement and Materials Management on June 21, 2019.

Based on the evaluation of the proposals using the criteria described above and the pricing provided in the "best and final" offer, it is recommended that a contract be awarded to UnitedHealthcare to provide a fully-

insured group MAPD Plan for Medicare-eligible retirees. UnitedHealthcare is the largest and most experienced Medicare Advantage provider covering 5.9 million members, with 1.4 million of these members covered by employer group MAPD Plans. Its local clients include Chicago's Teachers Pension Fund, Illinois Department of Central Management Services and Northwestern University. It has the largest national provider network which includes more than 700,000 contracted providers.

The group MAPD plan offered by UnitedHealthcare has received an overall Center for Medicare and Medicaid Services (CMS) star rating of 4.5 out of 5.0 stars. It obtained a perfect 5-star score on 20 of the approximately 45 quality and performance measures utilized by CMS including perfect scores for health plan customer service, member experience with the drug plan and customer service with the drug plan. This overall star rating was the highest among those submitting proposals to the District allowing the plan to maximize the financial subsidies available from CMS. UnitedHealthcare is proposing the same plan currently offered to retirees. It makes no changes to the plan design (i.e. deductibles, co-insurance, maximum out-of-pocket limit, pharmacy co-pays), the provider network, the pharmacy network or the drug formulary being utilized. The plan will also continue to offer all of the added programs available today such as the HouseCalls program providing an in-home assessment by a Nurse Practitioner; the SilverSneakers fitness program; virtual visits; the Renew Rewards incentive program; the 24/7 NurseLine; Hi HealthInnovations hearing aid discount program; and the Solutions for Caregivers program. Care management and clinical support programs are also available to retirees dealing with short-term and long-term health issues. These programs include: a personalized health navigator; a diabetes management program; a heart failure management program; post-acute transition programs for those transitioning from the hospital to short-term care to home; an advanced illness program providing a specially trained nurse and social worker to the most vulnerable retirees; and a behavioral health management program including virtual behavioral therapy and coaching.

The proposed premium rates provided by UnitedHealthcare represent approximately a 20% decrease from the current rates for the same plan offered today. This would result in a projected annual savings of \$1.6 million to be shared by retirees and the District. The proposed pricing includes not-to-exceed rates for 2021 and 2022 limiting the potential increase in those years to no more than 4% and performance guarantees around key customer service and administrative metrics.

UnitedHealthcare has been a valued partner to the District dedicating significant time and resources to the initial implementation of the MAPD Plan and throughout the contract to ensure a smooth transition to this new medical plan. It has conducted close to twenty educational seminars to help retirees understand their health benefits, including annual age-in meetings for members transitioning to Medicare. These meetings were held at various locations throughout Cook County at no cost to the District. During the transition, UnitedHealthcare also conducted outreach to provider offices as needed if members had any difficulties with a provider submitting a claim. It has a dedicated team for provider outreach that provides these services on an on-going basis. Finally, UnitedHealthcare issues monthly communications bundles highlighting any featured programs and communicating other plan-related information to keep retirees up-to-date on the benefits offered under the plan. UnitedHealthcare has committed to continuing these communication efforts including conducting these educational sessions for retirees transitioning to the MAPD Plan.

Programs offered through the UnitedHealthcare MAPD Plan have been well received and produced results for the District retiree population. In 2018, 515 HouseCall visits were received by District retirees representing roughly 25% of plan participants. These visits resulted in 265 referrals to other clinical programs available through the plan and led to 585 gaps in care being closed for these retirees. Participants also leveraged the clinical support and care management programs, with 287 retirees identified as qualified actually engaging in one of the available care management programs. Finally, 483 retirees enrolled in the fitness benefits in 2018 accounting for more than 14,800 visits to fitness centers.

In September 2018, the Human Resources Department conducted a retiree survey to solicit feedback from retirees regarding satisfaction with the MAPD Plan. Surveys were mailed to approximately 1,600 Medicare-

eligible retirees enrolled in the plan. Retirees could complete the paper survey form and mail it to the District or complete the survey online via Survey Monkey using a link provided in the survey cover letter. The Human Resources Department received 823 responses to the survey, a response rate of approximately 51.4%. The survey utilized a five-point scale: (1) Very Dissatisfied; (2) Dissatisfied; (3) Neutral; (4) Satisfied; and (5) Very Satisfied. According to the survey results, the overall satisfaction with the plan was rated a 3.83, with 71.3% responding satisfied or very satisfied and an additional 19.6% responding neutral. Satisfaction with the medical coverage provided was rated 3.99, with 77.9% responding satisfied or very satisfied and 13.5% responding neutral. Satisfaction with the prescription drug coverage provided was rated 3.98, with 78.4% responding satisfied or very satisfied and 12.1% responding neutral. Responses for every category included in the survey were rated as neutral or better.

The Diversity Section has reviewed the proposal and has concluded that UnitedHealthcare has met the requirements for Appendix A. The Minority, Women and Small Business Enterprise goals for the above contract are 20% MBE, 10% WBE and 10% SBE.

It is requested that the Director of Procurement and Materials Management be authorized to enter into an agreement with UnitedHealthcare to administer a fully-insured group Medicare Advantage Plan for the Medicare-eligible retiree population for a three-year period from January 1, 2020 through December 31, 2022.

Funds for 2020, 2021 and 2022 are contingent on the Board of Commissioners' approval of the District's budget for those years

Requested, Beverly K. Sanders, Director of Human Resources

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for August 8, 2019