



STEVE SISOLAK
Governor

STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM
 901 S. Stewart Street, Suite 1001 | Carson City, Nevada 89701
 Telephone 775-684-7000 | 1-800-326-5496 | Fax 775-684-7028
 www.pebp.state.nv.us

LAURA FREED
Board Chair

LAURA RICH
Executive Officer

AGENDA ITEM

Action Item

Information Only

Date: May 28, 2020

Item Number: VIII

Title: Contract Solicitation Report

SUMMARY

This report is intended to provide information on current PEBP contracts expiring within the next year and to address future procurements that may be necessary as a result. The lengthy solicitation process and implementation time necessary requires terminating contracts to be addressed well in advance of the contract termination dates.

The general policy of the State of Nevada is to solicit a Request For Proposal (RFP) every 4 years; however, there is a mechanism to amend existing contracts to add money, time, and even change the scope if it benefits the state. Since most of these contracts have not been solicited in well over the 4 year recommended time frame, PEBP believes that an RFP is the best way to move forward with the contracts below to confirm the program adheres to the standard procurement guidelines and to ensure the program is leveraging the greatest pricing and services available in the marketplace.

Contract	Vendor	Expiration
Dental Network	Diversified Dental Services Inc.	6/30/2021
Southern Nevada HMO	Health Plan of Nevada Inc	6/30/2021
In-State PPO/EPO Network	Hometown Health Providers	6/30/2021
Financial Auditor	Casey, Neilon & Associates	12/31/2021
Benefits Management System	Morneau Shepell LTD	12/31/2021* 12/31/2023

*As a result of Morneau Shepell not meeting the deliverables outlined in the November 2018 contract amendment, PEBP is not obligated to honor the extension provided as part of the amendment.

REPORT

ENROLLMENT AND ELIGIBILITY BENEFITS MANAGEMENT SYSTEM

PEBP contracted with Morneau Shepell LTD for Eligibility and Enrollment Benefits Management Services initially on July 1, 2006. An RFP was completed in 2013 and Morneau Shepell LTD was selected again as the winning vendor. The current contract began January 1, 2015 and was originally set to expire December 31, 2021. In November of 2018, a contract extension through 2023 was approved, however it included various vendor requirements and the ability for PEBP to cancel the extension should Morneau Shepell not meet its obligations outlined in the contract. Morneau Shepell has publicly acknowledged that it failed to meet the identified benchmarks in the contract and as a result, has been required to present a performance improvement plan to the Board and that the Board would revisit the contract amendment after PY21 Open Enrollment to decide whether PEBP would cancel the amendment or honor the amendment through 2023.

Morneau Shepell has spent the last year making improvements to the system and implementing additional enhancements. Morneau Shepell successfully helped PEBP eliminate a very manual paper process by implementing an Agency Rep portal allowing agency representatives to report employee changes in real time. They have also made various changes to the eligibility and enrollment system to address many of the defects that plagued PEBP during the initial rollout. Although staff continue to discover problems as a result of system errors, the frequency of these occurrences appear to have decreased. As of the date this report was written, the upgrades and system fixes appeared to be working as anticipated and no major problems have been reported by members throughout this open enrollment period.

Despite this, PEBP believes it is in the best interest of the program to cancel the amendment (extension) and proceed with a solicitation. This contract has been in place since 2013, which is well beyond the four year recommendation. Moreover, PEBP could be potentially setting bad precedent by honoring a contract amendment where the terms of the agreement were clearly not met by the vendor.

At the January 2020 Board meeting, PEBP recommended and the Board approved proceeding with a Request For Information (RFI) for a replacement Eligibility and Enrollment System in order to obtain pertinent information to include as part of the upcoming budget building process. PEBP received 8 responses which included estimated pricing based on the criteria outlined in the RFI. The estimated pricing for all proposals included higher per member per month (PMPM) fees than what PEBP is paying today but many of the responses also addressed that ability to develop alternative and creative solutions which could drive down the PMPM fees or reduce implementation costs.

A draft overview and scope of work for this RFP is available in Attachment A for board review and input.

PEBP Recommendation: Cancel the contract amendment dated 11/13/2018 and proceed with a Request for Proposal.

IN-STATE PPO/EPO NETWORK

PEBP contracted with Hometown Health (HTH) for In-State PPO/EPO Network services initially on July 1, 2010 and was again selected again as the winning vendor in 2013. The current contract began July 1, 2014, was extended in 2017 and is set to expire June 30, 2021. Although the contract is between PEBP and HTH, the RFP submission included a joint proposal from HTH and Sierra Health-Care Options (SHO). The partnership between HTH and SHO creates a comprehensive statewide network that allows PEBP to maximize provider contract savings throughout the state rather than having to maintain separate contracts for a northern network and southern network.

Although there are vendors with the ability to offer statewide networks, it is important to recognize there are potential vendors, both in the north and the south, that are limited geographically and are only able to offer regional provider networks. While a single statewide network is administratively less burdensome on PEBP to maintain, limiting the RFP solely to a statewide option will likely limit the pool of potential vendors and reduce the competition.

As PEBP moves forward with a solicitation, the following options have been identified:

- Option 1: Create a solicitation requesting proposals for a statewide PPO/EPO network. This option requires respondents to provide PPO/EPO network services for coverage throughout the state.
- Option 2: Create a solicitation requesting proposals by region (North and South). This option requires respondents to provide PPO/EPO network services based on region and may result in two separate contracts with two separate providers.
- Option 3: Create an open-ended solicitation that allows respondents to submit either a statewide proposal or a region-specific proposal. This potentially increases the number of proposals and access/cost options PEBP may consider and could result in the award of one statewide contract or two separate regional contracts for PPO/EPO network services.

A draft overview and scope of work for this RFP is available in Attachment B for board review and input.

PEBP Recommendation: Approve PEBP staff to proceed with a Request For Proposal for PPO/EPO Network Services using Option 3.

SOUTHERN NEVADA HEALTH MAINTENANCE ORGANIZATION (HMO)

PEBP's Southern Nevada HMO contract offered by Health Plan of Nevada (HPN) initially began July 1, 2012. An RFP was completed in 2016 and HPN was selected again as the winning vendor. The current contract began July 1, 2017 and is set to expire June 30, 2021.

In Plan Year 2018, PEBP opted to eliminate the Northern HMO and replace it with a more cost-effective EPO option, but chose to maintain the low-cost Southern Nevada HMO. The long-standing Board policy currently "blends" the higher priced Northern Nevada market costs with

the lower priced Southern Nevada market costs which creates artificially high premiums for the Southern HMO. This has caused a steady migration away from the HMO plan and is producing a problem that will eventually, if not immediately, need to be addressed.

As PEBP works with our partners to develop potential solutions, it is critical that we simultaneously move forward with an RFP to ensure PEBP is able to meet the solicitation and implementation timelines necessary should PEBP choose to continue to offer this product.

A draft overview and scope of work for this RFP is available in Attachment C for board review and input.

PEBP Recommendation: Approve PEBP staff to proceed with a Request For Proposal for a Southern Nevada Health Maintenance Organization Provider.

DENTAL NETWORK

PEBP contracted with Diversified Dental for the Dental Network services initially on July 1, 2005. An RFP was completed in 2008 and again in 2013 and Diversified Dental was selected again as the winning vendor in both of those solicitations. The current contract began July 1, 2013 and is set to expire June 30, 2021.

A draft overview and scope of work for this RFP is available in Attachment D for board review and input.

PEBP Recommendation: Approve PEBP staff to proceed with a Request For Proposal for a Dental Network Provider.

FINANCIAL AUDITOR

PEBP contracted with Casey Neilon for the Financial Auditing services which initially began January 1, 2010. An RFP was completed in 2015 and Casey Neilon was selected again as the winning vendor. The current contract began March 8, 2016 and is set to expire December 31, 2021.

A draft overview and scope of work for this RFP is available in Attachment E for board review and input.

PEBP Recommendation: Approve PEBP staff to proceed with a Request For Proposal for a Financial Auditor.

Attachment A – Enrollment and Eligibility Software Benefits System

OVERVIEW OF PROJECT

The State of Nevada, Purchasing Division, on behalf of the Public Employees' Benefits Program (PEBP), headquartered in Carson City, Nevada, is soliciting proposals for an Eligibility and Enrollment Software Benefits System vendor.

PEBP is seeking a vendor with the capability of providing a system that is web enabled and has an open architecture and is designed for easy migration to new technologies. The system must have the capability of billing premiums to multiple employers and pay centers and/or generating direct bills to participants and to administer all accounts receivable and payable. For information regarding the current benefits offered, please refer to the Master Plan Documents on PEBP's website.

<https://pebp.state.nv.us/plans/plan-documents/>

The successful vendor must provide PEBP with system access and interfaces as specified in this RFP. PEBP staff is responsible for performing all eligibility determinations and enrollment services by way of data entry in the Eligibility and Enrollment system. Similarly, PEBP staff is responsible for managing all accounts receivable and payable. The Eligibility and Enrollment system vendor is required to support these responsibilities by providing system access.

The effective and termination dates for the contract, pursuant to this RFP, are tentative and subject to change. The effective date will be determined, in part, by vendor implementation proposals and is anticipated to be July 1, 2021. The termination date will be determined based upon analysis of the financial proposals, as deemed to be in the State's best interest; the State is considering five to seven-year contract terms. PEBP reserves the right to renegotiate price terms as market conditions warrant.

If a new vendor is awarded this contract, PEBP expects that both the awarded vendor and incumbent vendor will work together during a six-month conversion period, July 1, 2021 through December 31, 2021. PEBP does not propose to run parallel systems but rather, this schedule is intended to ensure a smooth transition with minimal impact to PEBP's current vendors who rely on PEBP's eligibility information to process claims (e.g. third-party administrator, HMO's, and pharmacy benefits manager).

SCOPE OF WORK

The Public Employees' Benefits Program (PEBP) oversees the administration of the health insurance programs offered to eligible individuals. Eligible individuals include full-time state employees, certain non-state local government agencies, full-time employees of the Nevada System of Higher Education, and members of the Nevada Senate and Assembly. Dependents of the above-mentioned groups may also be covered. Retirees who are eligible for premium free Medicare Part A and Medicare Part B and are transitioned to an Individual Medicare Exchange. Benefits under PEBP are extended to retirees who are not Medicare age or who are not eligible for premium free Medicare Part A and their surviving spouses/ domestic partners and/or eligible dependent children.

PEBP is committed to providing the highest quality health benefits with an emphasis on customer service, preventive and wellness benefits, utilization management and promoting informed health care utilization while preserving individual choices and options. PEBP is soliciting proposals from vendors who will work in partnership with PEBP, provide exemplary services and make the desires and goals of this agency a priority.

PEBP requests information on a system solution that is capable of administering all plan eligibility and billing requirements for active employee, retiree, and COBRA participants. The goal of the system provider is to:

- Provide an intuitive and comprehensive member interface affording a positive enrollment experience.
- Provide a sophisticated eligibility rules engine with automated solutions that increase efficiency in the administration of the plan.
- Provide work management tools as well as billing and accounting functionality to properly assess employer and employee premium billing.

Vendors are encouraged to submit creative solutions regarding system integrations to complement PEBP and state of Nevada’s current budget constraints.

PROPOSED TIMELINE

TASK	DATE/TIME
Release Date	June 2020
Submission Deadline	August 2020
Evaluation Period	September 2020
Contract Negotiations	November 2021
PEBP Board Ratification of Contract	January 2021
Anticipated BOE Approval	February 2021
Contract Start Date (contingent upon BOE approval)	July 2021

Attachment B – Statewide PPO Medical Network

OVERVIEW OF PROJECT

The State of Nevada, Purchasing Division, on behalf of the Public Employees' Benefits Program (PEBP), headquartered in Carson City, Nevada, is soliciting proposals for medical preferred provider organization (PPO) network(s) within the State of Nevada.

The proposals may include one Nevada statewide vendor or separate vendor proposals covering specific Nevada geographical areas or a joint venture between multiple Network vendors. PEBP currently contracts with Hometown Health Plan. Dental benefits are offered through PEBP's self-funded PPO dental plan. For information regarding the current benefits offered, please refer to the Master Plan Documents on PEBP's website.

<https://pebp.state.nv.us/plans/plan-documents/>

The effective date of the contract resulting from this RFP will most likely be July 1, 2021; however, PEBP reserves the right to initiate service at an earlier date dependent upon proposal responses. The length of the contract is anticipated be six (6) years. The contract termination date, pursuant to this RFP, will be June 30, 2027. PEBP reserves the right to renegotiate price terms as market conditions warrant.

SCOPE OF WORK

The Public Employees' Benefits Program (PEBP) oversees the administration of the health insurance programs offered to eligible individuals. Eligible individuals include full-time state employees, certain non-state local government agencies, full-time employees of the Nevada System of Higher Education, and members of the Nevada Senate and Assembly. Dependents of the above-mentioned groups may also be covered. Retirees who are eligible for premium free Medicare Part A and Medicare Part B and are transitioned to an Individual Medicare Exchange and are not a part of this RFP. Benefits under PEBP are extended to retirees who are not Medicare age or who are not eligible for premium free Medicare Part A and their surviving spouses/ domestic partners and/or eligible dependent children.

PEBP is committed to providing the highest quality health benefits with an emphasis on customer service, preventive and wellness benefits, utilization management and promoting informed health care utilization while preserving individual choices and options. PEBP is soliciting proposals from vendors who will work in partnership with PEBP, provide exemplary services and make the desires and goals of this agency a priority.

For the purposes of this RFP, PEBP requires Network participants to have access to a comprehensive choice of providers within the covered service area as well as outside of Nevada for emergency and specialized care. The Network should include a full complement of reputable, qualified professionals, specialists, and include centers of excellence. All plans shall include, but not be limited to, the following services and plan provisions:

- Customer Service
- Utilization review

- Concurrent review
- Disease management
- Large case management
- Wellness and preventive services benefits
- Vision benefits
- Behavioral Health benefits
- Mandated ACA health benefits

PEBP does not require vendors to duplicate the current Statewide Network benefits. Vendors are encouraged to submit creative solutions to complement to PEBP and state of Nevada’s current budget constraints.

Vendors are encouraged to submit creative solutions regarding system integrations to complement PEBP and state of Nevada’s current budget constraints.

PROPOSED TIMELINE

TASK	DATE/TIME
Release Date	July 2020
Submission Deadline	December 2020
Evaluation Period	January 2021
Contract Negotiations	January 2021
PEBP Board Ratification of Contract	January 2021
Anticipated BOE Approval	February 2021
Contract Start Date (contingent upon BOE approval)	July 2021

Attachment C – Southern Nevada Health Maintenance Organization (HMO)

OVERVIEW OF PROJECT

The State of Nevada, Purchasing Division, on behalf of the Public Employees' Benefits Program (PEBP), headquartered in Carson City, Nevada, is soliciting proposals for fully insured Health Maintenance Organization (HMO) services. PEBP's preference is to be able to contract for HMO services on at least a statewide (Nevada) basis.

The proposals may include one Nevada statewide vendor or separate vendor proposals covering specific Nevada geographical areas or a joint venture between multiple HMO vendors. PEBP currently contracts with Health Plan of Nevada in southern Nevada and offers a self-funded Exclusive Provider Organization plan in Northern Nevada to mirror the HMO benefits. Dental benefits are offered through PEBP's self-funded PPO dental plan. For information regarding the current benefits offered, please refer to the Master Plan Documents on PEBP's website.

<https://pebp.state.nv.us/plans/plan-documents/>

The effective date of the contract resulting from this RFP will most likely be July 1, 2021; however, PEBP reserves the right to initiate service at an earlier date dependent upon proposal responses. The length of the contract will be four (4) years. The contract termination date, pursuant to this RFP, will be June 30, 2025. PEBP reserves the right to renegotiate price terms as market conditions warrant.

SCOPE OF WORK

The Public Employees' Benefits Program (PEBP) oversees the administration of the health insurance programs offered to eligible individuals. Eligible individuals include full-time state employees, certain non-state local government agencies, full-time employees of the Nevada System of Higher Education, and members of the Nevada Senate and Assembly. Dependents of the above-mentioned groups may also be covered. Retirees who are eligible for premium free Medicare Part A and Medicare Part B and are transitioned to an Individual Medicare Exchange and are not a part of this RFP. Benefits under PEBP are extended to retirees who are not Medicare age or who are not eligible for premium free Medicare Part A and their surviving spouses/ domestic partners and/or eligible dependent children.

PEBP is committed to providing the highest quality health benefits with an emphasis on customer service, preventive and wellness benefits, utilization management and promoting informed health care utilization while preserving individual choices and options. PEBP is soliciting proposals from vendors who will work in partnership with PEBP, provide exemplary services and make the desires and goals of this agency a priority.

For the purposes of this RFP, PEBP requires HMO participants to have access to a comprehensive choice of providers within the covered service area as well as outside of Nevada for emergency and specialized care. The plan(s) should include a full complement of reputable, qualified professionals, a variety of specialists and include centers of excellence. All plans shall include, but not be limited to, the following services and plan provisions:

- Customer Service
- Utilization review
- Concurrent review
- Disease management
- Large case management
- Wellness and preventive services benefits
- Vision benefits
- Behavioral Health benefits
- Mandated ACA health benefits

PEBP does not require vendors to duplicate the current HMO benefits. Vendors are encouraged to submit creative solutions regarding plan design to complement to PEBP and state of Nevada's current budget constraints.

PROPOSED TIMELINE

TASK	DATE/TIME
Release Date	September 2020
Submission Deadline	February 2021
Evaluation Period	February 2021
Contract Negotiations	March 2021
PEBP Board Ratification of Contract	March 2021
Anticipated BOE Approval	April 2021
Contract Start Date (contingent upon BOE approval)	July 2021

Attachment D – Dental Preferred Provider Network

OVERVIEW OF PROJECT

The State of Nevada, Purchasing Division, on behalf of the Public Employees' Benefits Program (PEBP), headquartered in Carson City, Nevada, is soliciting proposals from Dental Preferred Provider Network Organizations to provide access to dental care providers and professional services.

The proposals may include one Nevada statewide vendor or separate vendor proposals covering specific Nevada geographical areas or a joint venture between multiple Dental Network vendors. PEBP currently contracts with Diversified Dental. For information regarding the current benefits offered, please refer to the Master Plan Documents on PEBP's website.

<https://pebp.state.nv.us/plans/plan-documents/>

The effective date of the contract resulting from this RFP will most likely be July 1, 2021; however, PEBP reserves the right to initiate service at an earlier date dependent upon proposal responses. The length of the contract will be five (5) years. The contract termination date, pursuant to this RFP, will be June 30, 2026. PEBP reserves the right to renegotiate price terms as market conditions warrant.

SCOPE OF WORK

The Public Employees' Benefits Program (PEBP) oversees the administration of the health insurance programs offered to eligible individuals. Eligible individuals include full-time state employees, certain non-state local government agencies, full-time employees of the Nevada System of Higher Education, and members of the Nevada Senate and Assembly. Dependents of the above-mentioned groups may also be covered. Retirees who are eligible for premium free Medicare Part A and Medicare Part B and are transitioned to an Individual Medicare Exchange and are offered dental as a voluntary benefit. Benefits under PEBP are extended to retirees who are not Medicare age or who are not eligible for premium free Medicare Part A and their surviving spouses/ domestic partners and/or eligible dependent children.

PEBP is committed to providing the highest quality health benefits with an emphasis on customer service, preventive and wellness benefits, utilization management and promoting informed health care utilization while preserving individual choices and options. PEBP is soliciting proposals from vendors who will work in partnership with PEBP, provide exemplary services and make the desires and goals of this agency a priority.

For the purposes of this RFP, PEBP requires participants to have access to a comprehensive choice of licensed dental care providers in Nevada and a national dental network outside of Nevada. The network should include a full complement of licensed dental care professionals, including general dentistry, periodontists, and other specialists. All plans include the following dental benefits:

- Preventive services
- Basic dental services
- Major dental services
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PEBP does not require vendors to duplicate the current Dental Network benefits. Vendors are encouraged to submit creative solutions regarding plan design to complement to PEBP and state of Nevada's current budget constraints.

PROPOSED TIMELINE

TASK	DATE/TIME
Release Date	September 2020
Submission Deadline	February 2021
Evaluation Period	February 2021
Contract Negotiations	March 2021
PEBP Board Ratification of Contract	March 2021
Anticipated BOE Approval	April 2021
Contract Start Date (contingent upon BOE approval)	July 2021

Attachment E – Financial Auditor

OVERVIEW OF PROJECT

The State of Nevada, Purchasing Division, on behalf of the Public Employees' Benefits Program (PEBP), headquartered in Carson City, Nevada, is soliciting proposals from Independent Certified Public Accountants for the financial audit of PEBP's two trust funds, the Self Insurance Trust Fund and the State Retiree's Health and Welfare Benefits Trust Fund.

Proposals will only be accepted from firms licensed in the State of Nevada to perform certified financial audits. Proposing vendors are required to submit with their proposals copies of appropriate licensing and/or certification. The successful vendor must be familiar with all relevant Governmental Accounting Standards Board (GASB) Pronouncements and any other applicable rules, regulations, accounting, or governmental audit standards covering financial, as well as compliance audits for self-insured group benefits programs for a governmental entity.

The effective date of the contract resulting from this RFP will most likely be January 1, 2022; however, PEBP reserves the right to initiate service at an earlier date dependent upon proposal responses. The length of the contract will be four (4) years. The contract termination date, pursuant to this RFP, will be December 31, 2026. PEBP reserves the right to renegotiate price terms as market conditions warrant.

SCOPE OF WORK

The Public Employees' Benefits Program (PEBP) oversees the administration of the health insurance programs offered to eligible individuals. Eligible individuals include full-time state employees, certain non-state local government agencies, full-time employees of the Nevada System of Higher Education, and members of the Nevada Senate and Assembly. Dependents of the above-mentioned groups may also be covered. Retirees who are eligible for premium free Medicare Part A and Medicare Part B and are transitioned to an Individual Medicare Exchange and are not a part of this RFP. Benefits under PEBP are extended to retirees who are not Medicare age or who are not eligible for premium free Medicare Part A and their surviving spouses/ domestic partners and/or eligible dependent children.

PEBP is committed to providing the highest quality health benefits with an emphasis on customer service, preventive and wellness benefits, utilization management and promoting informed health care utilization while preserving individual choices and options. PEBP is soliciting proposals from vendors who will work in partnership with PEBP, provide exemplary services and make the desires and goals of this agency a priority.

The Self-Insurance Trust Fund of the State of Nevada and the State Retirees' Health and Welfare Benefits Fund maintain accounting records on the accrual basis of accounting, as defined by the Governmental Accounting Standards Board (GASB). No federal funding is involved, other than a prescription drug subsidy provided by the Centers for Medicare and Medicaid Services for Medicare D eligible members. The State is requesting audits of financial statements of the Self Insurance Trust Fund, from which group health benefits are administered, and the State Retirees'

Health and Welfare Benefit Fund, which accounts for the money set aside to fund retiree healthcare benefits for the fiscal years ending June 30, 2021, and forward.

The scope shall include examination of financial statements in accordance with generally accepted governmental auditing standards covering financial and compliance audits, as included in Statements on Auditing Standards published by the American Institute of Certified Public Accountants; all relevant Governmental Accounting Standards Board Pronouncements; and any other applicable rules, regulations, accounting, or government auditing standards for group benefits self-insurance for a governmental entity. It shall also include examination of PEBP's compliance with pertinent laws, regulations, PEBP policies, procedures, and contracts. Reference should be made to Nevada Revised Statutes as they apply in determining the scope of the audit. PEBP's intent is to engage the selected Auditor by June 1, 2016. Final reports shall be delivered to PEBP no later than September 30th after the end of each fiscal year. State of Nevada fiscal year is from July 1 through June 30.

Vendors are encouraged to submit creative solutions regarding plan design to complement to PEBP and state of Nevada's current budget constraints.

PROPOSED TIMELINE

TASK	DATE/TIME
Release Date	March 2021
Submission Deadline	July 2021
Evaluation Period	July 2021
Contract Negotiations	August 2021
PEBP Board Ratification of Contract	August 2021
Anticipated BOE Approval	September 2021
Contract Start Date (contingent upon BOE approval)	December 2021