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AGENDA ITEM

Action Item

Information Only

Date: January 28, 2021

Item Number: VI

Title: Contract Status Report

Summary

This report addresses the status of PEBP contracts to include:

1. Contract Overview
2. New Contracts for approval
3. Contract Amendments for approval
4. Contract Solicitations for approval
5. Status of Current Solicitations

6.1 Contracts Overview

Below is a listing of the active PEBP contracts as of December 31, 2020.

PEBP Active Contracts Summary							
Vendor	Service	Contract #	Effective Date	Termination Date	Contract Max	Current Expenditures	Amount Remaining
HealthScope Benefits	TPA	11825	2/8/2011	6/30/2022	\$ 62,600,000	\$ 54,275,958	\$ 8,324,042
Health Claim Auditors Inc.	Health Plan Auditor	12614	10/11/2011	9/30/2022	\$ 2,827,910	\$ 1,535,497	\$ 1,292,413
HealthScope Benefits	National PPO	13330	7/1/2012	6/30/2022	\$ 15,455,000	\$ 10,228,493	\$ 5,226,507
The Standard	Group Basic Life Insurance	14276	7/1/2013	6/30/2022	\$ 95,000,000	\$ 71,251,544	\$ 23,748,456
HealthScope Benefits	Voluntary Flexible Spending Account	14465	7/1/2013	6/30/2022	\$ 125,000	\$ -	\$ 125,000
Diversified Dental Services Inc.	Dental Contract	14563	7/9/2013	6/30/2021	\$ 3,081,984	\$ 2,368,227	\$ 713,757
HealthScope Benefits	Dental Claims	14574	7/9/2013	6/30/2022	\$ 6,100,000	\$ 4,722,572	\$ 1,377,428
Hometown Health Providers	In-state PPO Network	15510	7/1/2014	6/30/2021	\$ 8,033,380	\$ 7,825,904	\$ 207,476
Standard Insurance Company	Voluntary Life Insurance	15503	7/1/2014	6/30/2023	\$ 22,500,000	\$ -	\$ 22,500,000
Morneau Shepell LTD	Benefits Management System	15941	1/1/2015	12/31/2023	\$ 8,623,789	\$ 5,611,679	\$ 3,012,110
Extend Health, Inc	Medicare Exchange	16468	7/1/2015	6/30/2025	\$ 1,546,000	\$ 1,233,742	\$ 312,258
KPS3	Website Redesign	17226	11/1/2015	6/30/2021	\$ 80,775	\$ 68,952	\$ 11,823
Casey, Neilon & Associates	Financial Auditor	17424	3/8/2016	12/31/2021	\$ 236,500	\$ 225,052	\$ 11,448
Express Scripts, Inc.	Pharmacy Benefit Manager	17551	4/12/2016	6/30/2022	\$226,500,000	\$203,537,901	\$ 22,962,099
AON Consulting	Consulting Services	17596	7/1/2016	6/30/2022	\$ 3,376,585	\$ 2,425,496	\$ 951,089
Health Plan of Nevada Inc	Southern Nevada HMO	18362	7/1/2017	6/30/2021	\$231,000,000	\$130,538,861	\$100,461,139
American Health Holdings	PPO Utilization Management Case Management	21376	7/1/2019	6/30/2023	\$ 8,000,000	\$ 2,903,943	\$ 5,096,057
Labyrinth Solutions, Inc.	Benefits Management System	23678	12/8/2020	6/30/2027	\$ 6,849,000	\$ -	\$ 6,849,000

Recommendation

No action necessary

6.2 New Contracts

The PEBP Board approved the solicitation for an in-state PPO Network, an HMO provider, and a statewide Dental Network on May 28, 2020. Request for Proposals were released, and PEBP staff has successfully negotiated contracts for these services.

6.2.1 AETNA SIGNATURE ADMINISTRATORS

On August 21, 2020, the Public Employees' Benefits Program released Request for Proposal (RFP) 95PEBP-S1289 for In-State Medical Preferred Provider (PPO) Network Services. The following were some items important to PEBP in the consideration of the award of this contract:

- Provide PEBP with a statewide medical network for PEBP's self-funded plans to fulfill the State of Nevada needs.
- Provide proposals meeting PEBP's objectives of providing self-funded plan participants access to a full complement of reputable, qualified medical professionals to include, but not limited to, board-certified specialists and primary care physicians, laboratories, behavioral health providers, urgent care facilities and hospitals while containing costs for the plan through aggressive contract pricing and minimizing the disruption of existing patient-participant relationships.

Vendor responses were scored based on the following criteria.

- Experience in Performance of Comparable Engagements
- Demonstrated Competence
- Expertise and Availability of Key Personnel
- Conformance with the Terms of the RFP
- Cost

On October 8, 2020, PEBP received five (5) proposals in response to RFP 95PEBP-S1289. The evaluation period began on October 8, 2020 and ended on November 3, 2020. The six-member evaluation committee included three PEBP Board members and other subject matter experts. Aetna Signature Administrators received the highest score by the evaluation committee and PEBP has successfully negotiated a contract. Some of the reasons given by the individual evaluators for their scores were:

- Large statewide network
- Most providers accepting new patients
- Comprehensive credentialing of providers
- Lowest administrative fees, highest network savings

This contract not only expands the network to include St. Mary's and Banner Memorial Hospitals, but it is anticipated to save approximately \$4M. Although there will be disruption in the South for members using Southwest Medical Associate providers, members will have the option to retain these providers on the HMO. Should this contract be ratified, PEBP (in coordination with Aetna and HealthSCOPE), will be focused on communicating the changes to members and the provider community to ensure a smooth transition on July 1, 2021.

The effective date of the contract is anticipated to be February 9, 2021 (upon BOE approval) through June 30, 2026. The services are expected to begin on July 1, 2021. The contract maximum is \$7,127,250.

Recommendation

Ratify and approve the evaluation committee's recommendation to contract with Aetna Signature Administrators for In-State Medical Preferred Provider (PPO) Network Services beginning July 1, 2021.

6.2.2 HEALTH PLAN OF NEVADA

On September 4, 2020, the Public Employees' Benefits Program released Request for Proposal (RFP) 95PEBP-S1291 for Health Maintenance Organization (HMO) services. The following were some items important to PEBP in the consideration of the award of this contract:

- Provide a fully insured Health Maintenance Organization (HMO) services for State of Nevada and Non-State employees, retirees, and their dependents in Southern Nevada, including Clark, Nye and Esmeralda counties.

- 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.
- A vendor who will work in partnership with PEBP, provide exemplary services, and make the desires and goals of this agency a priority.
- Access to a comprehensive choice of providers within the covered service area (Clark, Nye and Esmeralda counties) as well as outside of Nevada for emergency and specialized care.
- Include a full complement of reputable, qualified professionals, a variety of specialists, and include centers of excellence.
- 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; and Mandated health benefits.
- One seamless plan design between the southern HMO and the Northern EPO plans.
- The ability for PEBP to negotiate plan design depending on market conditions and board direction.

Vendor responses were scored based on the following criteria.

- Experience in Performance of Comparable Engagements
- Demonstrated Competence
- Expertise and Availability of Key Personnel
- Conformance with the Terms of the RFP
- Cost

On October 13, 2020, PEBP received two (2) proposals in response to RFP 95PEBP-S1291. The evaluation period began on October 14, 2020 and ended on October 27, 2020. Health Plan of Nevada received the highest score by the six-member evaluation committee that included PEBP Board members and other subject matter experts. In addition, Aon provided the committee with analysis on cost and provider disruption. Some of the reasons given by the individual evaluators for their scores were:

- Largest Southern Nevada network
- Most providers accepting new patients
- Minimal provider disruption
- Call center with PEBP dedicated toll-free number
- Excellent online provider directory
- Overall cost and rate renewal guarantee

Since Health Plan of Nevada is PEBP's existing HMO vendor, there will be little to no impact to the program or to members.

The effective date of the contract is anticipated to be February 9, 2021 (upon BOE approval) through June 30, 2025. The services are expected to begin on July 1, 2021. The contract maximum is \$192,093,848.

Recommendation

Ratify and approve the evaluation committee's recommendation to contract with Health Plan of Nevada for Health Maintenance Organization (HMO) services beginning July 1, 2021.

6.2.3 DIVERSIFIED DENTAL

On September 11, 2020, the Public Employees' Benefits Program released Request for Proposal (RFP) 95PEBP-S1299 for Dental Network Services. The following were some items important to PEBP in the consideration of the award of this contract:

- Provide a comprehensive dental provider network both inside and outside of Nevada to PEBP participants at the lowest cost and support the self-insured dental PPO plan
- Offer and maintain a website that will provide information such as a provider directory, provider nomination and other oral health and wellness information as it pertains to participants and the program.

Vendor responses were scored based on the following criteria.

- Experience in Performance of Comparable Engagements
- Demonstrated Competence
- Expertise and Availability of Key Personnel
- Conformance with the Terms of the RFP
- Cost

On October 15, 2020, PEBP received seven (7) proposals in response to RFP 95PEBP-S1299. The evaluation period began on October 16, 2020 and ended on November 10, 2020. Diversified Dental received the highest score by the six-member evaluation committee, made up of PEBP Board members and subject matter experts. In addition, Aon provided the committee with analysis on cost and provider disruption. Some of the reasons given by the individual evaluators for their scores were:

- Large Network, least provider disruption
- Most providers accepting new patients
- Nevada based company

Since Diversified Dental is PEBP's existing Dental Network, there will be little to no impact to the program or to members.

The effective date of the contract is anticipated to be February 9, 2021 (upon BOE approval) through June 30, 2026. The services are expected to begin on July 1, 2021. The contract maximum is \$1,601,613.

Recommendation

Ratify and accept the evaluation committee's recommendation to contract with Diversified Dental for Dental Network Services beginning July 1, 2021.

6.3 Contract Amendments

The following active PEBP contracts require amendments:

6.3.1 HOMETOWN HEALTH

PEBP contracted with Hometown Health for In-State Preferred Provider Organization (PPO) Network Services which began July 1, 2014 resulting from RFP 3100.

This contract amendment is required to add additional contract authority in the amount of \$526,710 to fulfill our contractual obligations for the remainder of the contract term through June 30, 2021. This contract has been amended and extended and has never increased authority from the original negotiated contract that began on July 1, 2014. When the contract was amended to add the EPO plan for PY19 through PY21, authority was not added to the contract for the increased population as it appeared there would be sufficient authority at the time.

Recommendation

PEBP recommends the Board authorize staff to complete a contract amendment between PEBP and Hometown Health for In-State PPO Network services in contract #15510 to increase the contract authority in the amount of \$526,710.

6.3.2 THE STANDARD

PEBP contracted with The Standard for Basic Group Life Insurance and Long-Term Disability Services which began July 1, 2013 resulting from RFP 3020.

This contract amendment is required to amend the fee schedule to align with the plan design changes included in the Governor's recommended budget. The amendment will include a reduction to the maximum contract authority in the approximate amount of \$16 million.

- Reduce basic life insurance coverage to \$15,000 (active) and \$7500 (retiree)
- Elimination of Long-Term Disability

Recommendation

PEBP recommends the Board authorize staff to complete a contract amendment between PEBP and The Standard for Basic Group Life Insurance and Long-Term Disability Services in contract #14276 to update the fee schedule and reduce the contract authority in the approximate amount of \$16 million.

6.3.3 AON CONSULTING

As PEBP is finalizing the first round of RFP's, staff is already preparing for the next round. PEBP expects to release many solicitations this upcoming summer, including two major solicitations: the Third-Party Administrator (TPA) RFP and the Pharmacy Benefit Manager (PBM) RFP. Both solicitations will require outside expertise, both in the development phase as well as analysis once the proposals are submitted by vendors. Due to an unanticipated amount of utilization in consulting services related to COVID-19 costs, budgeting activities and solicitations, PEBP does not expect to have sufficient contract authority to be able to enlist the services necessary of Aon in these major contract renewals, therefore PEBP is requesting an additional \$225,000 in maximum contract authority. This additional authority may require PEBP to submit a work program and the approval of this contract from the Board of Examiners will likely be contingent on the approval of the work program from the Interim Finance Committee.

Recommendation

PEBP recommends the Board authorize staff to complete a contract amendment between PEBP and AON Consulting for Actuarial and Consulting services in contract #17596 to increase the contract authority in the amount of \$225,000.

6.4 Contract Solicitations

Below are the services that are pending solicitations for a new contract.

6.4.1 WEBSITE HOSTING

In 2015, PEBP contracted with KPS3 for website development and hosting using an existing DCNR contract joinder. The current contract is due to expire on June 30, 2021 and PEBP will need to solicit for on-going website hosting and maintenance. Since this contract will be relatively low cost, this solicitation can be accomplished with an informal solicitation. PEBP is currently budgeted for \$1,660 each year for these services.

Recommendation

PEBP recommends the Board authorize staff to complete an informal solicitation for web hosting and maintenance services.

6.4.2 THIRD-PARTY ADMINISTRATOR (TPA) AND ASSOCIATED SERVICES

PEBP’s current contract for TPA services with HealthSCOPE Benefits (HSB) began in 2011. Since then, the contract has been amended six times, extended twice to add a total of 6 years to the original contract, and is due to expire on June 30, 2022. Currently included in the TPA contract are various services offered through HealthSCOPE that have been implemented by PEBP, such as Doctor on Demand, Health Care Blue Book, 2nd MD, and subrogation services. Many of these services are not standard offerings through a TPA and will likely need to be resolicited separately. Conversely, there are other services PEBP contracts separately for that are typically industry standard in a TPA agreement and will likely result in reduced costs to the program if included as part of the TPA solicitation.

Nonetheless, most of these services expire on June 30, 2022 and PEBP will need to develop multiple solicitations to ensure the continuation of these services. The chart below provides details and staff recommendations on contracted services associated with the TPA solicitation:

Service	Vendor	Expires	Recommendation
TPA medical	HSB TPA contract	6/2022	Include in TPA solicitation
TPA dental	HSB	6/2022	Include in TPA solicitation
National network	Aetna through HSB TPA contract	6/2022	Include in TPA solicitation
Statewide network	Aetna	6/2026	Include in TPA solicitation as an <u>option</u>
Telemedicine Provider	Doctor on Demand through HSB TPA contract	6/2022	Separate solicitation, contract with TPA
Shopping comparison tool	Health Care Blue Book through HSB TPA contract	6/2022	Separate solicitation, contract with TPA
Subrogation	Luper Neidenthal & Logan through HSB TPA contract	6/2022	Include in TPA solicitation OR separate solicitation, contract with TPA
Second opinion services	2 nd MD through HSB TPA contract	6/2022	Separate solicitation, contract with TPA
FSA Administration	HSB	6/2022	Offer as voluntary benefit

HSA/HRA Administration	HSB through HSB TPA contract	6/2022	Separate solicitation
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Recommendation

PEBP recommends the Board authorize staff to complete multiple solicitations (RFP’s) using the recommendations provided in the chart above.

6.4.3 PHARMACY BENEFIT MANAGER (PBM)

PEBP’s current contract for PBM services with Express Scripts (ESI) began in 2016. Since then, the contract has been amended four times generally because of market checks that have resulted in lower negotiated fees. The original 4-year contract has been previously awarded a one-year extension and is now due to expire on June 30, 2022.

Recommendation

PEBP recommends the Board authorize staff to complete a Request for Proposal for the Pharmacy Benefit Manager.

6.5 Status of Current Solicitations

The chart below provides information on the status of PEBP’s in-progress solicitations:

Service	RFP release date	Anticipated/Actual NOI	Anticipated Board Approval
Health Plan Auditor	11/24/2020	1/12/2021	3/25/2021
Financial Auditor	1/08/2021	3/09/2021	5/27/2021

Recommendation

No action necessary