City of Milwaukee

Selection Team Recommendations Regarding Contracts For:

Administrative Services For The Basic Health Plan
Preferred Provider Network
Utilization Review/Case Management

July 3, 2001
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EVALUATION TEAM RECOMMENDATIONS

What are the recommendations of the evaluation team?

As a result of a completed request for proposal (RFP) process and evaluations, the selection team recommends the City enter into the following agreements.

1. A three-year contract with the incumbent WPS for administration of the Basic Health Plan. This contract will commence January 1, 2002 and continue through December 31, 2004.
2. A three-year contract with WPS for utilization review/case management services for the Basic Health Plan. This contract would commence January 1, 2002 and continue through December 31, 2004. WPS will replace the incumbent, Innovative Resource Group.
3. A three-year contract with WPS for a preferred provider network for the Basic Health Plan. This contract would commence January 1, 2002 and continue through December 31, 2004. WPS will replace the incumbent Blue Cross and Blue Shield United of Wisconsin.

All recommended vendors have agreed to guarantee financial terms for each of the three years the contract is awarded.

Why does the evaluation team recommend WPS to administer the Basic Health Plan?

There are four principal reasons WPS is recommended by the selection team to continue as the administrator of the City's Basic Health Plan.

1. WPS has provided acceptable to the City since 1985.
2. WPS has a claim office in Milwaukee.
3. WPS's financial terms, though higher than current, are still competitive when compared to plans for employers like the City.
4. No other third party administrator was willing to quote.

First we will address why no other third party administrator (TPA) was willing to quote on the City contract.

RFPs were sent to eleven TPAs. A list of these vendors can be found in Appendix D. All of these firms have offices in Wisconsin. It was a goal of the process to select a TPA that would have a claim office in Milwaukee to process claims and provide local, walk-in service for members, particularly retirees. TPAs outside of Wisconsin were considered but then not included because it would be unlikely that a TPA would open an office in Milwaukee just to service the City account. After releasing the RPF on May 4, all eleven were contacted to assure receipt of the RFP and to encourage participation. The RFP asked that they respond by May 11 with their intent to bid.

Originally, seven of the eleven TPAs indicated their intent to quote, though several of those "yes's" were "contingent." The reason the vendors gave a contingent yes only to pull out later was done to keep their options open while they considered proceeding. Over the ensuing weeks, one after another of the TPA's began to pull out, until by two days before the date that responses were due, only one TPA, WPS, was going to quote.

The reasons that the vendors chose not to quote are found on the vendor list in Appendix D and can be summarized as follows:

- ✓ The City Basic Health Plan includes no benefit "steerage" (higher benefits are paid to network providers than non-network providers to encourage network utilization by patients). Most PPO contracts with network providers require steerage. The TPAs with their own PPOs could not use their own PPOs, and were not interested in working with another PPO, and so they declined. Also, only one independent PPO would quote. Independent TPAs with no PPO of their own did not quote because of they could not be assured that an independent PPO would be available with which to work.
- ✓ Over one half of the individuals enrolled in the Basic Health Plan are retirees. Retirees have more claims, and are perceived to require more extensive customer service. TPA's state this drives up their expenses making them un-competitive.
- ✓ The City's benefit plan could not be programmed into the TPA's system to efficiently administer the plan (a bit surprising given the fairly simple design of the plan).
- ✓ The service provided by WPS has been acceptable and therefore, the City would have little reason to seriously consider a change.
- ✓ The current financial terms with WPS are very attractive and other firms doubted that they would be competitive.
- ✓ Some firms provide utilization review or PPO networks services only and do not pay claims.
- ✓ The firm could not meet the deadline (though there was sufficient time provided in the consultant's opinion, however).
- ✓ The TPA was simply not interested in bidding.

At the start of the bid process, the team was concerned about getting TPAs to quote on the City's contract based on the fairly limited response that was obtained in the previous bidding in 1998. Attempts were made to encourage competition.

WPS, the incumbent, offered a proposal for TPA services. The WPS proposal was carefully reviewed by the evaluation team, but was not scored as in the past (or like the UR or PPO evaluations) since there was no other proposal against which to compare. Instead, it was decided that the focus would be on what, if any, changes to the current agreement were proposed by WPS.

The only change of consequence proposed by WPS is for the fees it will charge the City. In Appendix E can be found a financial analysis of WPS's proposal. WPS's original proposal called for a 64% increase in its monthly, per employee administration fee, from the current $12.50 to a proposed $20.49. Based on current enrollment this would be an increase in total fees from $736,350 to $1,030,301, or $293,951.

The fee would also increase each of the subsequent years of the contract, to $22.13 in 2003 and $24.34 in 2004, 8% and 10% respectively. This news was received by concern by the team to say the least. Because there were no other proposals against which to compare the WPS proposal, the evaluation team focused on the following:

- ✓ Is WPS's proposal fair/competitive, and if not:
- ✓ What are the City's options given the circumstances?
- ✓ Could further negotiations be held with WPS to moderate the proposed increase?
- ✓ What findings from the recent audit of WPS by the Comptrollers Office should be addressed in finalizing a new agreement with WPS?
- ✓ What could be done in the future to encourage competition?

Is WPS's proposal fair/competitive?

Based on the marketplace, an administration fee of $12.50/ee/month is well below the market, especially given the large component of retirees in the plan, so one can argue that an increase should have been expected. Administration fees of $20.00 to $30.00 are common, and WPS's first year fee would be $20.49, so the new fee still falls on the low end of fees observed in the Milwaukee market.

What are the City's options given the circumstances?

The relative competitiveness of the fee notwithstanding, the evaluation team concluded that the 64% increase would be unacceptable to the Finance and Personnel Committee and Common Council, so the team discussed alternatives, including:

- ✓ Reopen the bidding to try to find a less costly vendor.
- ✓ Have the City pay its own claims (similar to Workers' Compensation).
- ✓ Attempt to negotiate a more favorable deal with WPS.

The last option was considered the best. WPS is providing good service to employees, changing TPAs is a large, complex, time consuming task that often does not go well. A TPA from outside of Wisconsin might propose a lower fee, but it would not open an office in Milwaukee. Further, its quote would be tied to the Accountable Health Plans PPO proposal (the only other PPO proposal, which is described later in this report). The WPS PPO cannot be obtained on a freestanding basis (it must be linked to the WPS TPA). The WPS PPO was rated superior to the Accountable PPO as explained later in this report. Therefore, the potential savings if a less expense TPA could be found out of state would be largely offset by the superior terms offered by WPS's PPO.

Establishing a City-run TPA to pay claims is not an option for 2002 given the time it would take to get it up and running. This option could only be considered viable for a start date of 1/1/2003 at the earliest.

What was the result of negotiations with WPS?

Negotiating with WPS was chosen as the route to take. WPS was contacted and a meeting was held with a WPS senior executive to discuss the unacceptability of the increase and a need to give relief.

After consideration, WPS made the following revised offer:

The fees would be reduced in each of the three years by $2.50. The savings from WPS's original quote is $147,000 per year, or $441,000 over the life of the contract. The $2.50 reduction is contingent on WPS being awarded the combined TPA, UR and PPO contracts and is not to be construed as a reduction in the TPA fee.

The savings and the requirement for awarding a combined contract were taken into account when evaluating the PPO and UR proposals, though the team would not make the decision of awarding all the contracts to WPS simply for the lower TPA fees (the PPO and UR proposals were still evaluated on their own merits). As will be seen in the sections on UR and PPO, WPS was the most attractive option in its own right on the UR and the PPO, so combining all contracts with WPS is the optimal combination given the circumstances.

What can be done to address issues raised in the Comptrollers Office's audit of the Basic Health Plan administration?

The evaluation team included a staff member from the Comptroller's Office. This ensured that issues found in the audit were addressed in the Basic Health Plan administration selection process.

In addition to the more favorable financial terms of combining the TPA, UR and PPO contracts with WPS, awarding the additional responsibilities to WPS addresses the following issues raised in the audit.

- ✓ Having UR performed by the same firm as the TPA will address "coordination" issues found in the audit.
- ✓ Utilizing WPS's PPO network should improve the efficiency of the process and will make employee communication simpler.
- ✓ WPS is willing to work cooperatively to address other issues raised in the audit.

What can the City do in the future to improve competition for its health plan administration?

The lack of benefit plan steerage is the primary stumbling block to competition. Most networks require steerage. Without steerage, most carrier-based networks, along with their TPA services, would not quote. Independent PPO networks would not participate, which limits the willingness of independent TPAs to quote for lack of a PPO with which to partner. Adding benefit steerage to the plan is a must for future union negotiations if the City wants to have more competitive options for its health plan.

Why did the evaluation team recommend WPS be awarded the UR contract?

Utilization review and case management are a collective set of processes designed to control the overall cost of the basic health plan. Utilization review was historically designed to reduce the

incidence of unnecessary and inappropriate hospitalization. Concurrent review, an extension utilization review, confirms that authorized care falls within predetermined expected quality and length of stay guidelines. Case management services are designed to provide a comprehensive assessment of claimants with serious medical conditions to make sure that alternate care, accelerated care or reduction of medical complications is accomplished.

The City selection team recommends contracting with WPS for UR services. WPS scored higher than the incumbent IRG on both qualitative and financial scores and in total (5.8 for WPS versus 4.3 for IRG). Having WPS administer the UR will also address interface problems between IRG and WPS that were found in a recent audit of health plan administrators.

When IRG was awarded the current contract, it was an independent organization called CNR Health. At that time CNR was ranked much higher than the other UR vendors, including WPS, which was relatively new in the field. CNR was subsequently acquired by Blue Cross and merged with four other UR divisions and became IRG.

The evaluation of WPS and IRG by the evaluation team, as well as the results of the audit, revealed the following:

- ✓ IRG's processes have remained largely unchanged since 1998.
- ✓ IRG is a quality vendor that is now in the process of transition as a result of its acquisition and merger with other divisions.
- ✓ WPS's UR process has advanced significantly since evaluations in 1998.

Both organizations are accredited by the American Accreditation of Health Care Commission, formerly known as URAC.

In summary, IRG's previous superiority to WPS justified awarding it the current contract despite a higher fee and potential interface issues with claims administration. However, given the financial terms and capabilities of WPS versus IRG today, the reasons to keep the contract with IRG simply no longer exist.

The evaluation team did not reach this decision alone. The effectiveness of utilization review and case management services depends heavily upon a clinical understanding of the circumstances surrounding cases and what drives costs. Willis arranged for Dr. Michael Neren, an independent physician, to discuss with the selection team questions regarding IRG's and WPS's responses. Dr. Neren was also on the team that performed the audit of IRG.

Dr. Neren was formerly the medical director of the utilization review arm of United Health Care in Minneapolis, and is thereby qualified to comment on these services.

Why does the evaluation team recommend the WPS Preferred Provider Network?

The evaluation team recommends that the City place the contract with WPS for the PPO network for the Basic Health Plan. The WPS PPO network is the most financially attractive, provides better employee access to network providers and would offer the most effective and simple administration.

The other network that responded was Accountable Health Plans. While the Accountable PPO is a viable alternative, the WPS PPO was considered the better choice.

Prior to releasing the RFPs, several PPOs were contacted to gauge their interest in or ability to offer their PPO with no benefit plan steerage. If the response was "no" then they were not sent an RFP. If the response was "Yes, maybe, we'll think about it," then the PPO was sent the RFP.

RFPs were sent to twelve vendors. A list of the vendors can be found in Appendix D. The vendors were contacted after being sent the RFP to assure receipt and to encourage responding.

As with the TPA bidding, vendors began dropping out as the process unfolded. The primary reasons were:

- ✓ Their contracts with providers require benefit plan steerage.
- ✓ Carrier-based PPOs are not typically offered on a stand-alone basis, so if the carrier did was not interested in the TPA contract, then its PPO would not be available, either.

During the bidding process, Blue Cross and Blue Shield informed the team that it would no longer offer its PPO network on a stand-alone basis to the City as it does today. This message was subsequently followed by Blue Cross and Blue Shield informing the team that it would not quote on the TPA services, either. This meant that the City would have to choose a new PPO network since Blue Cross and Blue Shield would no longer be available.

HCN, a local independent PPO network, gave a "contingent yes" as to quoting, allowing it the opportunity to explore the no steerage issue with its providers. Subsequently, HCN pulled out, stating that it could not work out the no benefit steerage issue with its providers.
This left Accountable Health Plans as the only independent PPO, and as the carriers that provide both TPA and PPO services pulled out, their networks went with them, so in the end the evaluation team ended up with two PPO proposals - WPS and Accountable.

The evaluation team assessed the respective proposals and chose WPS over Accountable based on more attractive financial terms, better access to network providers for City employees and a higher score on the other qualitative criteria laid out in the RFP. Exhibits illustrating the financial, and access analysis and scoring can be found in Appendix G. Here is a summary of the analysis process.

Financial Terms

There are two primary financial comparisons to make of the PPO proposals; network access, the fees the PPO charges the City for use of its network, and network discounts, the savings the City can realize from the discounted fees that the PPO network pays its providers.

Access Fee

WPS's quoted a network access fee of $1.50/employee/month. Accountable's quoted a fee of $3.25/employee/month. Both fees are guaranteed for the three years of the contract. Based on current enrollment, the annual fees are $ $88,362 for WPS versus $191,451 for Accountable, a difference of over $103,000 per year and $309,000 over the three-year contract.

It should also be noted that WPS's access fee is lower than the current Blue Cross fee of $2.70, a reduction of over $32,000/year. The WPS fee is clearly more financially attractive.

Network Discounts

The larger the discounts on providers' charges that a network can offer, the lower the cost will be to the City. The evaluation team compared the discount information from WPS and Accountable to assess which would be more financially attractive. This analysis focused on services most frequently obtained by City employees and dependants. The evaluation concluded that there is no meaningful difference between the total savings that the two networks can offer.

PPOs typically do not have one discount for every provider, but rather a "patchwork quilt" of fee schedules for different provider groups. WPS and Accountable are no exception. WPS might have deeper discounts with one hospital or physician group, but less on others when compared to Accountable. Also, the respective fee schedules for a given physicians group, for example, of the two PPOs are usually not uniformly higher or lower, but a mix of both (on average, one is higher, but not on every charge). All of this means that the relative savings of the two network fee schedules can vary both on where patients go as well as the specific procedures that are performed.

For purposes of the analysis of the PPOs, claims on retirees who are Medicare eligible are excluded because the Medicare fee schedules are the same for everyone. Prescription drug claims are also excluded because they are not part of the PPO.

The discounts offered by the networks were evaluated using data on the top hospitals by claims paid for City employees as well as the top procedure codes by claims paid. This data would help us take into account the difference in discounts between provider groups as well as the differences in fees between procedures based on actual City experience.

Using City claims data for 1999 and 2000, the team did an analysis and comparison of the respective fees and discounts reported by WPS and Accountable. This comparison can be found in Appendix G. Base on our analysis, this is what we found:

- ✓ Accountable's average hospital discounts are a bit deeper than those of WPS.
- ✓ WPS's average physician discounts are deeper than Accountable's.
- ✓ Applying those differences to expected network hospital and physician claims, the net result is there should be no appreciable difference in total network discounts between WPS and Accountable.

Thus, on average, the WPS and Accountable network discounts are comparable.

Blue Cross and Blue Shield was unwilling to continue offering its PPO on a stand-alone basis and chose not to respond to the City RFP. As a result, the evaluation team could not compare WPS's discounts to what Blue Cross' discounts would be. Blue Cross reported total discounts off of billed charges of 15.8% in 2000. Based on information available we estimate that WPS's discounts in 2002 should be only slightly less that Blue Cross' discounts would be.

Access

The other major component of network evaluation is employee access to network providers. If employee cannot access network providers then discounts are irrelevant. Both networks offer excellent access for City employees and their dependents to network providers, but in our analysis the team concluded that access for the WPS network physicians was, on average, better than Accountable.

Since Blue Cross and Blue Shield did not respond to the RFP, we cannot compare network access. However, based on comparisons of larger providers, the WPS network is the same as Blue Cross and Blue Shield's

The number of providers "in network" depends which counties one chooses to include in the count, how "access" is defined and how one counts providers (a physician may or may not be counted more than once if he or she practices at more than one location, and satellite offices of a hospital may or may be counted as one provider or several).

In Appendix G can be found a comparison of the number of network providers in the respective networks. We looked at both network provider counts provided by WPS and Accountable as well as counting providers ourselves based on network provider lists provided by WPS and Accountable. Here is a summary of what we found.

- ✓ Both networks include all of the hospitals in Southeastern Wisconsin where City employees and their dependents receive care.
- ✓ Based on figures in their proposals, Accountable has 3,878 physicians that provide access to Milwaukee and Waukesha Counties while WPS has 4,165.
- ✓ Based on our counts of the respective provider lists, Accountable has roughly 3,100 physicians in Milwaukee and Waukesha County ZIP Codes while WPS has almost 3,500.
- ✓ Both have literally thousands more providers in their networks if one includes the other Milwaukee collar counties as well as the rest of the State.
- ✓ WPS is not missing any major physician group in the Milwaukee area, while Accountable does not have Advanced Health in its network.
- ✓ Both WPS and Accountable offer network access outside the Southeastern Wisconsin area for City retirees who are not Medicare eligible and City employees who are away from home.

Based on these findings, the conclusion is that the WPS network provides better access to providers for City employees and their dependents.

Other Considerations

The simplest and probably most effective administrative combination is to use WPS's PPO network since WPS is paying the claims. Accountable prefers to reprice claims itself, then send those claims to the TPA for adjudication. While this approach can work, it is slower and less efficient than having WPS load the network fee schedules into its system to administer itself (as evidenced by the current manual hospital network repricing done by Blue Cross). At this point Accountable only offered in its

proposal to consider having the TPA reprice claims (this is not to say that Accountable will not agree).

Score

The selection of WPS for the PPO is confirmed by its higher score than Accountable. WPS's combined qualitative and quantitative score was 6.0 versus 5.2 for Accountable.

The remainder of this report provides further details on the evaluation process.

BACKGROUND

The City Of Milwaukee has approximately 7,300 active employees and 4,600 retired employees enrolled in either a basic health plan or one of several HMOs. Wisconsin Physicians Service (WPS) administers the City's self-funded program. There are approximately 4,900 active and retired employees enrolled in this plan. The City's fully insured HMO plans provide medical benefits for approximately 76% of the City's active employees and 40% of the City's retired employees.

The City has a utilization review case management program for active employees and retirees enrolled in the basic health plan who are not covered by Medicare. The utilization review contractor is Innovative Resources Group (IRG). This program focuses on controlling medical plan costs by ensuring appropriate care in an appropriate setting. The City also offers a preferred provider (PPO) network to benefit from negotiated discounts available through providers of medical care. The vendor for this network is Blue Cross and Blue Shield United of Wisconsin (Blue Cross will also be referred to in this report by its new corporate name, Cobalt Corporation). This program applies only to the basic health plan.

The City's self-funded medical plan does not include any benefit differential between using network providers versus non-network providers (higher benefits for in-network use versus out of network use). This benefit differential is call "steerage." Steerage is intended to encourage member use of network providers who have agreed to charge lower rates. Most PPO benefit plans include benefit steerage. More importantly, most PPO networks require benefit steerage because network contracts with providers state that there will be steerage. The higher in-network benefits are the incentive to encourage patient traffic to network providers and is the trade-off for providers to accept lower fees. The lack of benefit steerage had a significant limiting effect on the bidding process, which is explained in detail earlier in this report.

The City faces continued financial pressure from a variety of sources. State imposed tax levy limitations and continued increases in health care costs are all manifestations the financial pressures the City faces.

The expenditures associated with these three program's represents a significant expense to the City exceeding $30,000,000 per year. Prudent fiscal management and fiduciary obligations make it necessary to periodically explore the competitive marketplace to determine whether these vendors are providing the best level of service at a reasonable and competitive cost. In addition, the City is continually looking for ways to improve the efficiency of the plans it administers, as well as improve the overall level of service provided to its employees and their dependents. It has been three years since the City's relationships with these vendors had last been evaluated.

As a result, the City decided to engage in a process to evaluate WPS, IRG and Blue Cross & Blue Shield.

To assist in the evaluation process, the City retained Willis. As with most professional service's contracts for the City, approximately 20% was allocated on a subcontracted basis to a Minority Business Enterprise. GBG, Inc., a minority business enterprise, has an ongoing relationship with Willis and assisted Willis in the evaluation process.

EVALUATION TEAM

Who was on the Evaluation Team?

The following individuals from the City Of Milwaukee, Willis and GBG, Inc. participated in the entire evaluation process. The following key City staff members were assigned to the evaluation committee by the DER. This assignment was made under the guidance of Ellen H. Tangen, Assistant City Attorney, who provided legal counsel.

The City staff members on the evaluation team were:

- **Florence Dukes**, Deputy Director
  Department Of Employee Relations, Employee Benefits Division
- **Edwin Reyes**, Administrative Specialist,
  Department Of Employee Relations, Employee Benefits Division
- **James Michalski**, Audit Supervisor,
  Office of the Comptroller
- **Dennis Yaccarino,** City Economist,
  Department of Administration, Budget and Management Division
- **Michael Brady**, Manager - Employee Benefits,
  Department Of Employee Relations, Employee Benefits Division

The City retained the services of Willis and GBG, Inc. to assisted in the following:

- developing a request for proposal,
- assisting the City selection team in evaluating the written responses,
- conducting an overall financial analysis,
- assisting during on-site reviews of finalists; as well as
- compiling this final report and recommendation.

Willis and GBG, Inc. provided technical support, advice and analysis that enabled the evaluation team to gain an appropriate level of expertise for designing the program specifications, critical selection factors, working on an RFP and evaluating the responses. The following individuals worked directly with the team:

- **Douglas J. Ley**, Vice President and Director
  Compensation and Benefits Division
  Willis
- **Clete R. Anderson**, Assistant Vice President
  Willis
- **Charles E. Hilson**, Chief Executive Officer
  GBG, Inc.

Michael Neren, MD, MBA, Independent Consultant

How did the Selection Team reach these Recommendations?

The evaluation team, in conjunction with Willis and GBG utilized a rigorous and objective process to develop a request for proposal, analyze responses and reach a final decision regarding these recommendations.

The vendor selection process involved the development and distribution of a request for proposal. In addition, each written response was evaluated and scored by each member of the selection team independently using a numeric scoring process. The evaluation of the written responses was overseen and coordinated by Willis and GBG. These organizations provided technical input and support in interpreting responses as well as assisting the selection team in understanding the technical aspects and capabilities of the vendors.

In addition, a numeric scoring process was developed to evaluate the financial terms provided by the vendors. This process allowed for objective comparisons of the financial terms of one vendor versus another.

The evaluation process included the assigning relative weights to critical issues such as financial terms and qualitative issues associated with the responses. The relative weights assigned to the quantitative and qualitative aspects of the evaluation were as follows:

- 30% - Quantitative aspects (the relative cost of one vendor's services or financial terms as compared to another).
- 70% Qualitative aspects (expected ability of the vendor to meet the City's critical section factors as evidenced by each vendor's response to the Questionnaire)

The evaluation of the qualitative responses and service capabilities was assigned a 70% weight. This weighting is consistent with other contracts the City has recently awarded. In addition, the cost of the administrative services paid to the vendors is dwarfed by the total cost of the Basic Health Program.

Total medical claims paid under the basic health plan topped $30 million for 2000. The total administrative fees paid to the three vendors involved in the Basic Health Plan are less than 5% of this total. Accordingly, how well these three vendors manage the cost of claims and the funds entrusted to them by the City is of greater importance than the related administrative costs.

The combination of the cost (quantitative) and the performance (qualitative) aspects of the vendors' proposals services was converted into a numeric score. These numeric scores were used to select finalists and support the final recommendation reached by the City selection team. The bottom line objective of the entire process was to insure the selection of the vendors best equipped to meet the needs of the City's basic health plan over the next three years.

EVALUATION PROCESS

To perform a rigorous and appropriate evaluation of the relationships the City maintains with the vendors outlined in the previous section, the City in conjunction with Willis and GBG, Inc. undertook the following process.

Willis and GBG, Inc. met with select representatives of The DER (the DER) to discuss methods which could be employed to develop a process to obtain competitive quotations, evaluate the responses and make a final recommendation concerning contracting.

Since the recommended contracts are for the three year period beginning January 1, 2002, it was essential that an objective evaluation process be objective, ensure a level playing field and select the best possible vendors.

Based on discussions, Willis, GBG and the DER decided the following steps would best meet the objectives of the evaluation process.

Step 1	Development of critical selection factors
Step 2	Develop request for proposal (RFP) documents
Step 3	Development of evaluation approach and weights
Step 4	Evaluate responses
Step 5	Select finalists
Step 6	Interview finalists (if necessary)
Step 7	Make a final determination and furnish a written recommendation

Health care plans are extremely complex and time consuming to administer. The vendors involved in providing services for the basic health plan work closely with members of the DER on a day-to-day basis. To ensure the final recommendation regarding vendors would meet the diverse needs of a wide variety of stakeholders within The DER, the recommendations contained in this report were not developed in isolation by any one individual.

The DER, with the guidance and input of the Office of the City Attorney and the Comptrollers Office, selected five staff members who are involved on a day-to-day basis with the administration of these programs. It was this group's responsibility to oversee the entire process, evaluate the proposals and reach the final recommendations outlined in this report.

The following selections provide further detail regarding each stop undertaken to complete the evaluation process, and reach the recommendations outlined in this document.

DEVELOPMENT OF CRITICAL SELECTION FACTORS

Willis met with individuals of the DER to identify the attributes most valued in the relationships with the current vendors. This would allow the team to articulate to vendors the service attributes the City would require. In addition, time was taken to discuss areas where service improvement was desired. This was an important step given the concurrent audit by the Comptroller's Office of the Basic Health Plan administrators. A staff member from the Comptroller's Office was on the evaluation team, assuring findings from the audit would be incorporated into the selection process.

The critical selection factors were incorporated into the RFP documents and are detailed in the following sections of this report.

- Medical Plan Administration RFP - Appendix A, page 9
- Request For Utilization Review Services RFP - Appendix B, page 9
- Request For Preferred Provider Network RFP - Appendix C, page 9

DEVELOP REQUEST FOR PROPOSAL DOCUMENTS

Based on information obtained during the critical selection factors step, Willis assisted in developing and providing proposed draft RFPs to the City's selection committee.

The draft RFPs included questions utilized in past evaluation processes completed by the City, as well as encompassing additional questions developed by the evaluation team and suggested by Willis. These additional questions were designed to elicit the necessary information to make judgments regarding how well a particular vendor would meet the critical selection factors and needs articulated by the City.

The questions were designed to elicit information regarding how well prospective and existing vendors manage their business and finances in order to satisfy the due diligence requirements. In addition, Willis worked with the selection team to identify the necessary information to provide with the RFP so sufficient information was available to vendors on which to base their financial and service terms. The RFPs included the following historical information:

- Summary plan and master plan document for the City's medical indemnity plan.
- Special claims processing requirements for preferred provider organization and external utilization review organization.
- Historical claim information.

At the conclusion of this step, the City was provided with a final copy of the RFP in an electronic format, along with a cover letter developed jointly by the DER and Willis for duplication and distribution.

Concurrently, Willis worked with the selection team to identify vendors that met the requirements of the City, who in the opinion of Willis and the City team would be interested in providing responses. Please see Appendix D for the list of the vendors who received the RFPs. Request for proposal documents and supporting information were e-mailed to all vendors on May 4, 2001. Responses were due back from vendors on June 1, 2001.

DEVELOPMENT OF EVALUATION APPROACH AND WEIGHTS

Once the RFPs had been issued Willis met with the selection committee to discuss and finalize the method which would be used to carry out the evaluation process outlined in the RFPs. Another purpose of the meeting was to determine the relative weights to be assigned to the qualitative and quantitative responses to the request for proposal for evaluation purposes.

The evaluation team decided on and the request for proposal documents outlined the following evaluation process:

- Each member of the evaluation team would review and score the written responses to the RFP according to a predetermined scoring tool.

- Willis would perform an evaluation of the financial terms, PPO network discount structure and provide a summarization of the qualitative response.

- Willis and GBG would provide technical support to members of the selection team in evaluating the written responses. In addition, scores to the written responses to the RFP will be tabulated and summarized by Willis.

- The financial implications of negotiated arrangements with providers and administrative fees would be evaluated by a process where the lowest vendor overall financially will receive the highest possible score. Scores for the remaining vendors will be determined utilizing the following formula:

  Score = (maximum score x [lowest cost] / vendor cost)

- The cost for the PPO would be evaluated as a function of access fees and provider discounts.

- Based on a composite evaluation of the network financial terms with providers, access fees, and administration fees, as well as the project team's evaluation of the written responses to this RFP, two or more finalists will be selected.

- Finalists will be interviewed and/or have their operations toured. During these tours, finalists will be subjected to a consistent set of predetermined questions.

- A final recommendation and selection will be based on the weighted scores of the evaluation team with respect to the following:

  ⇨ Scores regarding written responses to the proposal
  ⇨ Scores regarding financial response
  ⇨ Input from finalist interviews

The evaluation team discussed the entire approach and worked to select a relative value for the financial vendors proposed for their services, versus the relative value for the qualitative aspects of their written responses and service capabilities. For example, with respect to qualitative aspects we discussed weights for the qualitative sections contained in each RFP, such as credentialling, systems capabilities, data reporting, staffing, etc.

The total cost structure of the administrative fees paid for claims payment services utilization review services and the PPO network access fees are much smaller than the total dollar amount of claims involved (less than 5% in the case of the City). Based on this, the evaluation team decided to assign the overall financial terms the vendors proposed a 30% weight in the overall evaluation process.

Assigning a 30% weight to the cost of service is consistent with other contracts the City has evaluated. Because of the importance of managing the claim dollars paid (over $30,000,000 annually), the overall cost of service should take a subordinate role to qualitative aspects in reaching a final recommendation. In addition, Willis and GBG stated it is common in these types of evaluations to assign a weight to the cost of services, which is less than half of the overall evaluation weight. This left 70% to be assigned to the qualitative aspects of the written responses to the request for proposal.

With respect to each of the qualitative sections within the RFPs, the evaluation team decided, and Willis and GBG concurred, that more weight should be given to some areas than others. The team discussed and assigned weights to each category for coring each of the TPA, UR and PPO RFPs. Those weights can be found on scoring forms found in Appendices E, F and G. Finally, the selection team decided it would be best to evaluate the written responses to the request for proposal on a group basis off-site. This would allow for personal input and technical guidance from Willis and GBG without interruption.

EVALUATION OF WRITTEN QUALITATIVE AND QUANTITATIVE RESPONSES

Proposals were due from vendors on June 1, 2001. Proposals were receive from WPS for TPA services, WPS and IRG for UR services and WPS and Accountable Health for the PPO network.

Willis performed a preliminary financial analysis of the responses to RFP. On June 5 and 6, 2001 the selection team met at Willis to review each of the written responses to the request for proposals in detail.

The evaluation was conducted in the following order. Responses to the claims administration request for proposal were evaluated first, followed by the utilization review, and finally, the preferred provider network responses.

Each member read through each separate section of the response to the applicable request for proposal document. Following each member reading the designated section, a discussion occurred. During the discussion, Willis and GBG provided technical advice and input regarding the meaning of aspects of the responses within the context of how well they would fit the needs and critical selection criteria of the City. This gave each member of the team the necessary background to assign an appropriate score.

For the evaluation of the responses to the utilization review request for proposal, Willis made available clinical input from Dr. Michael Neren, MD, MBA. Dr. Neren is qualified to assist in evaluations of this type. He was previously the Medical Director of the utilization review arm of United Healthcare in Minneapolis, MN. In addition, he has been involved in providing consultative services to organizations developing utilization review services and participated in the recent audit of IRG.

After each section of the response to the request for proposal was read and discussed, each member of the evaluation team was asked to sign a numeric score between 1 and 7. One being the very least amount of points which could be assigned to a response and seven being the most. Willis

then tabulated the responses. Finally, after all scores were tabulated, the appropriate weights were assigned overall, and composite scoring developed.

ONSITE VISITS

The evaluation team decided that it was unnecessary to conduct onsite evaluations of WPS as the TPA since it is the incumbent, of WPS for PPO network because the evaluation is unnecessary, or of WPS for UR because its proposal was considered superior enough on its own, which was supported by Dr. Neren.

Appendix A Request for Medical Plan Administration Proposals

Appendix B Request For Utilization Review Services Proposal

Appendix C Request For Proposal from Preferred Provider Networks

Appendix D Vendor List

City of Milwaukee

RFP Receipt and Quote List

	Sent TPA, UR and PPO RFPs	Confirmed Receipt of RFP?	Will Quote?	Reason for "No"
1	Accountable Health Plans	Yes	PPO	
2	WPS	Yes	TPA/PPO/UR	
3	Aetna US Healthcare	Yes	No	City benefit plan design (base/major medical and no steerage).
4	Aurora HealthCare	Yes	No	Decided not to submit proposal.
5	Claims Management Services	Yes	No	Stand-alone PPO network availability.
6	Cobalt Corporation (Blue Cross)	Yes	No	Cannot program system to effectively administer benefits.
7	Humana	Yes	No	Cannot provide PPO and won't be competitive on TPA.
8	Midwest Security Administrators	Yes	No	High retiree concentration.
9	Principal	Yes	No	Large retiree component would make them poor fit.
10	United Health Care	Yes	No	Could not meet bid deadline.
11	Wausau Benefits	Yes	No	No apparent reason for City to change.

Sent PPO RFP

1	HCN	Yes	No	Network providers will not all agree to plan with no benefit steerage.

Sent UR RFP

1	IRG	Yes	UR	

Appendix E TPA Scoring Results and Financial Analysis

City of Milwaukee

Proposal Scoring
TPA

COMPOSITE AVERAGE SCORE

	WPS	Weight
A. IMPLEMENTATION		8%
B. STAFFING		8%
C. CLAIMS SYSTEM		8%
D. CLAIM COST MANAGEMENT		8%
E. CUSTOMER SERVICE		13%
F. ENROLLMENT AND ELIGIBILITY		8%
G. ADMINISTRATIVE SERVICES CONTRACT		0%
H. ONGOING SUPPORT		8%
I. DATA REPORTING		8%
J. ACTUARIAL SERVICES		8%
K. STATEMENT OF COMPLIANCE		8%
L. FIT WITH OVERALL CRITICAL SELECTION FACTORS		13%
WEIGHTED AVERAGE SCORE	0.0	100%

WPS issues for further consideration and review:
- -Ask WPS to acquire M&R guidelines
- -Future commitment to office in Milwaukee
- -Confirm that current baking arrangement can continue
- -WPS staff pay and retention strategies
- -Status of negotiations with Aurora
- -Background into reason for significant increase
- -City to identify specific reports for WPS
- -Accuracy minimum standards; no penalty reward but must report
- -Why has accuracy suffered-the City plan is simpler
- -Beech Street-when will negotiations be completed and how much
- -Solucient data layout
- -Fix categorization of individuals

COMPOSITE SCORE INCLUDING FINANCIAL PROPOSAL

	WPS	Weight
SCORING RESULTS		
QUALITATIVE	0.0	70%
FINANCIAL	7.0	30%
WEIGHTED AVERAGE SCORE	2.1	100%

Evaluator 1

	WPS	Weight
A. IMPLEMENTATION		8%
B. STAFFING		8%
C. CLAIMS SYSTEM		8%
D. CLAIM COST MANAGEMENT		8%
E. CUSTOMER SERVICE		13%
F. ENROLLMENT AND ELIGIBILITY		8%
G. ADMINISTRATIVE SERVICES CONTRACT		0%
H. ONGOING SUPPORT		8%
I. DATA REPORTING		8%
J. ACTUARIAL SERVICES		8%
K. STATEMENT OF COMPLIANCE		8%
L. FIT WITH OVERALL CRITICAL SELECTION FACTORS		13%
WEIGHTED AVERAGE SCORE	0.0	100%

Meeting with WPS Senior Management:
"bargaining chips"
- -More business
- -Public relations aspect

What we want from WPS
- -Some rate relief
- -Adress the issues outlined above

Evaluator 2

	WPS	Weight
A. IMPLEMENTATION		8%
B. STAFFING		8%
C. CLAIMS SYSTEM		8%
D. CLAIM COST MANAGEMENT		8%
E. CUSTOMER SERVICE		13%
F. ENROLLMENT AND ELIGIBILITY		8%
G. ADMINISTRATIVE SERVICES CONTRACT		0%
H. ONGOING SUPPORT		8%
I. DATA REPORTING		8%
J. ACTUARIAL SERVICES		8%
K. STATEMENT OF COMPLIANCE		8%
L. FIT WITH OVERALL CRITICAL SELECTION FACTORS		13%
WEIGHTED AVERAGE SCORE	0.0	100%

Proposal Scoring
TPA

Evaluator 3

	WPS	Weight
A. IMPLEMENTATION		8%
B. STAFFING		8%
C. CLAIMS SYSTEM		8%
D. CLAIM COST MANAGEMENT		8%
E. CUSTOMER SERVICE		13%
F. ENROLLMENT AND ELIGIBILITY		8%
G. ADMINISTRATIVE SERVICES CONTRACT		0%
H. ONGOING SUPPORT		8%
I. DATA REPORTING		8%
J. ACTUARIAL SERVICES		8%
K. STATEMENT OF COMPLIANCE		8%
L. FIT WITH OVERALL CRITICAL SELECTION FACTORS		13%
WEIGHTED AVERAGE SCORE	0.0	100%

Evaluator 4

	WPS	Weight
A. IMPLEMENTATION		8%
B. STAFFING		8%
C. CLAIMS SYSTEM		8%
D. CLAIM COST MANAGEMENT		8%
E. CUSTOMER SERVICE		13%
F. ENROLLMENT AND ELIGIBILITY		8%
G. ADMINISTRATIVE SERVICES CONTRACT		0%
H. ONGOING SUPPORT		8%
I. DATA REPORTING		8%
J. ACTUARIAL SERVICES		8%
K. STATEMENT OF COMPLIANCE		8%
L. FIT WITH OVERALL CRITICAL SELECTION FACTORS		13%
WEIGHTED AVERAGE SCORE	0.0	100%

Evaluator 5

	WPS	Weight
A. IMPLEMENTATION		8%
B. STAFFING		8%
C. CLAIMS SYSTEM		8%
D. CLAIM COST MANAGEMENT		8%
E. CUSTOMER SERVICE		13%
F. ENROLLMENT AND ELIGIBILITY		8%
G. ADMINISTRATIVE SERVICES CONTRACT		0%
H. ONGOING SUPPORT		8%
I. DATA REPORTING		8%
J. ACTUARIAL SERVICES		8%
K. STATEMENT OF COMPLIANCE		8%
L. FIT WITH OVERALL CRITICAL SELECTION FACTORS		13%
WEIGHTED AVERAGE SCORE	0.0	100%

City of Milwaukee

Bidding Analysis
Total TPA, UR and PPO Fees
and
WPS Awarded TPA, UR and PPO Contracts

WPS Combined	Current	Original Proposal				Revised Combined Proposal			
	2001	2002	2003	2004	3-year Total	2002	2003	2004	3-year Total
Monthly Fees Per Employee									
TPA	$12.50	$20.49	$22.13	$24.34		[redacted]			
UR	$3.99	$3.05	$3.17	$3.30					
PPO	$2.70	$1.50	$1.50	$1.50					
Total	$19.19	$25.04	$26.80	$29.14		$ 22.50	$ 24.00	$ 26.50	
Annualized Fees									
TPA	$736,350	$1,207,025	$1,303,634	$1,433,821	$3,944,480	[redacted]			
UR	$138,660	$105,994	$110,164	$114,682	$330,839				
PPO	$159,052	$88,362	$88,362	$88,362	$265,086				
Total	$1,034,062	$1,401,381	$1,502,160	$1,636,864	$4,540,405	$1,254,111	$1,354,890	$1,489,594	$4,098,595
Total Change from Prior Year									
TPA		$470,675	$96,609	$130,187		[redacted]			
		63.9%	8.0%	10.0%					
UR		($32,667)	$4,170	$4,518					
		-23.6%	3.9%	4.1%					
PPO		($70,690)	$0	$0					
		-44.4%	0.0%	0.0%					
Total		$367,318	$100,779	$134,704		$220,048	$100,779	$134,704	
		35.5%	9.7%	13.0%		21.3%	9.7%	13.0%	
Increase in WPS Revenues from 2001 if Awarded TPA, UR and PPO Contracts		$665,031	$765,810	$900,514	$2,331,355	$517,761	$618,540	$753,244	$1,889,545
Revenue from Utilization Review		$105,994	$110,164	$114,682	$330,839	$105,994	$110,164	$114,682	$330,839
Revenue from PPO		$88,362	$88,362	$88,362	$265,086	$88,362	$88,362	$88,362	$265,086
Increase in Administrative Fees		$470,675	$567,284	$697,471	$1,735,430	$323,405	$420,014	$550,201	$1,293,620

TPA Bidding Analysis

	2001	2002	2003	2004
WPS				
TPA/UR/PPO Combined		$25.04	$26.80	$29.04
TPA/UR Combined		$23.54	$25.30	$27.64
TPA Only	$12.50	$18.50	$22.13	$24.34
Annualized TPA Only Fee	$736,350	$1,089,798	$1,303,634	$1,433,821
Annual Increase Over 2001		$353,448	$567,284	$697,471
Percent Change from 2001		48.0%	77.0%	94.7%
Current Enrollment	4,909	4,909	4,909	4,909
Optional Services				
COBRA	$0.90	$1.25	$1.25	$1.25
HIPAA	$0.25	$0.00	$0.00	$0.00
Conversion	$1.00	$1.00	$1.00	$1.00

Appendix F UR Scoring Results and Financial Analysis

City of Milwaukee

Proposal Scoring
UR

COMPOSITE AVERAGE SCORE

	WPS	IRG	Weight
A. MISSION STATEMENT	4.0	4.2	14%
B. SCOPE OF REVIEW	4.6	3.8	14%
C. PHYSICIAN INVOLVEMENT AND STAFFING	5.2	3.0	14%
D. EMPLOYEE SERVICES	5.2	3.6	21%
E. ADMINISTRATIVE SERVICES AGREEMENT	0.0	0.0	0%
F. STATEMENT OF COMPLIANCE	7.0	7.0	14%
G. FIT WITH OVERALL CRITICAL SELECTION FACTORS	5.4	3.6	21%
WEIGHTED AVERAGE SCORE	5.2	4.1	100%

COMPOSITE SCORE INCLUDING FINANCIAL PROPOSAL

	WPS	IRG	Weight
SCORING RESULTS			
QUALITATIVE	5.2	4.1	70%
FINANCIAL	7.0	4.6	30%
WEIGHTED AVERAGE SCORE	5.8	4.3	100%

Evaluator 1

	WPS	IRG	Weight
A. MISSION STATEMENT	4.0	3.0	14%
B. SCOPE OF REVIEW	4.0	3.0	14%
C. PHYSICIAN INVOLVEMENT AND STAFFING	5.0	3.0	14%
D. EMPLOYEE SERVICES	6.0	3.0	21%
E. ADMINISTRATIVE SERVICES AGREEMENT	0.0	0.0	0%
F. STATEMENT OF COMPLIANCE	7.0	7.0	14%
G. FIT WITH OVERALL CRITICAL SELECTION FACTORS	5.0	3.0	21%
WEIGHTED AVERAGE SCORE	5.2	3.6	100%

Evaluator 2

	WPS	IRG	Weight
A. MISSION STATEMENT	4.0	5.0	14%
B. SCOPE OF REVIEW	5.0	4.0	14%
C. PHYSICIAN INVOLVEMENT AND STAFFING	5.0	3.0	14%
D. EMPLOYEE SERVICES	4.0	4.0	21%
E. ADMINISTRATIVE SERVICES AGREEMENT	0.0	0.0	0%
F. STATEMENT OF COMPLIANCE	7.0	7.0	14%
G. FIT WITH OVERALL CRITICAL SELECTION FACTORS	5.0	3.0	21%
WEIGHTED AVERAGE SCORE	4.9	4.2	100%

Proposal Scoring
UR

Evaluator 3

	WPS	IRG	Weight
A. MISSION STATEMENT	4.0	4.0	14%
B. SCOPE OF REVIEW	5.0	4.0	14%
C. PHYSICIAN INVOLVEMENT AND STAFFING	5.0	3.0	14%
D. EMPLOYEE SERVICES	5.0	4.0	21%
E. ADMINISTRATIVE SERVICES AGREEMENT	0.0	0.0	0%
F. STATEMENT OF COMPLIANCE	7.0	7.0	14%
G. FIT WITH OVERALL CRITICAL SELECTION FACTORS	6.0	4.0	21%
WEIGHTED AVERAGE SCORE	5.4	4.3	100%

Evaluator 4

	WPS	IRG	Weight
A. MISSION STATEMENT	3.0	5.0	14%
B. SCOPE OF REVIEW	4.0	4.0	14%
C. PHYSICIAN INVOLVEMENT AND STAFFING	5.0	3.0	14%
D. EMPLOYEE SERVICES	5.0	4.0	21%
E. ADMINISTRATIVE SERVICES AGREEMENT	0.0	0.0	0%
F. STATEMENT OF COMPLIANCE	7.0	7.0	14%
G. FIT WITH OVERALL CRITICAL SELECTION FACTORS	5.0	4.0	21%
WEIGHTED AVERAGE SCORE	4.9	4.4	100%

Evaluator 5

	WPS	IRG	Weight
A. MISSION STATEMENT	5.0	4.0	14%
B. SCOPE OF REVIEW	5.0	4.0	14%
C. PHYSICIAN INVOLVEMENT AND STAFFING	6.0	3.0	14%
D. EMPLOYEE SERVICES	6.0	3.0	21%
E. ADMINISTRATIVE SERVICES AGREEMENT	0.0	0.0	0%
F. STATEMENT OF COMPLIANCE	7.0	7.0	14%
G. FIT WITH OVERALL CRITICAL SELECTION FACTORS	6.0	4.0	21%
WEIGHTED AVERAGE SCORE	5.9	4.1	100%

City of Milwaukee

UR Bidding Analysis

	2001	2002	2003	2004
IRG				
Core Services				
Pre-Admission Review		$2.04	$2.12	$2.20
Concurrent Review		$0.00	$0.00	$0.00
Retrospective Review		$0.00	$0.00	$0.00
On-Site Review		$0.00	$0.00	$0.00
Discharge Planning		$0.00	$0.00	$0.00
Mental Health/Substance Abuse		$1.39	$1.45	$1.51
Case Management		$1.24	$1.29	$1.34
Package Fee	$3.99	$4.67	$4.86	$5.05
Annualized Fee	$138,660	$162,292	$168,895	$175,498
Annual Increase Over 2001		$23,631	$30,234	$36,837
Percent Change from 2001		17.0%	21.8%	26.6%
WPS				
Package Fee		$3.05	$3.17	$3.30
Annualized Fee		$105,994	$110,164	$114,682
Change from 2001 BXBS		($32,667)	($28,497)	($23,979)
Percent Change from 2001		-23.6%	-20.6%	-17.3%
Current Enrollment	2,896	2,896	2,896	2,896

Appendix G PPO Scoring Results, Financial and Access Analysis

City of Milwaukee

Proposal Scoring
PPO

COMPOSITE AVERAGE SCORE

	Accountable	WPS	Weight
A. CREDENTIALING	3.2	4.0	15%
B. RE-CREDENTIALING	3.2	4.0	15%
C. QUALITY OF CARE	3.0	5.4	15%
D. MEMBER SURVEYS	1.0	5.8	1%
E. ACCESS	6.2	7.0	47%
F. CONTRACTUAL ARRANGEMENTS	3.4	3.2	1%
G. VOLUME AND INTENSITY OF SERVICE CONTROLS	2.2	2.2	1%
H. NETWORK ACCESS FEE (IN FINANCIAL SCORE)	0.0	0.0	0%
I. OPERATIONS	2.2	2.4	1%
J. PROVIDER NETWORK	2.4	3.2	1%
K. REPORTING	3.2	2.0	1%
L. STATEMENT OF COMPLIANCE	1.2	4.8	1%
M. MISCELLANEOUS	2.0	5.0	1%
N. FIT WITH OVERALL CRITICAL SELECTION FACTORS	0.0	0.0	0%
WEIGHTED AVERAGE SCORE	4.5	5.6	100%

COMPOSITE SCORE INCLUDING FINANCIAL PROPOSAL

	Accountable	WPS	Weight
SCORING RESULTS			
QUALITATIVE	4.5	5.6	70%
FINANCIAL	6.8	7.0	30%
WEIGHTED AVERAGE SCORE	5.2	6.0	100%

Evaluator 1

	Accountable	WPS	Weight
A. CREDENTIALING	4.0	4.0	15%
B. RE-CREDENTIALING	4.0	4.0	15%
C. QUALITY OF CARE	3.0	5.0	15%
D. MEMBER SURVEYS	1.0	5.0	1%
E. ACCESS	6.2	7.0	47%
F. CONTRACTUAL ARRANGEMENTS	4.0	3.0	1%
G. VOLUME AND INTENSITY OF SERVICE CONTROLS	3.0	3.0	1%
H. NETWORK ACCESS FEE (IN FINANCIAL SCORE)	0.0	0.0	0%
I. OPERATIONS	2.0	2.0	1%
J. PROVIDER NETWORK	2.0	4.0	1%
K. REPORTING	3.0	2.0	1%
L. STATEMENT OF COMPLIANCE	1.0	5.0	1%
M. MISCELLANEOUS	2.0	5.0	1%
N. FIT WITH OVERALL CRITICAL SELECTION FACTORS	0.0	0.0	0%
WEIGHTED AVERAGE SCORE	4.8	5.5	100%

Evaluator 2

	Accountable	WPS	Weight
A. CREDENTIALING	3.0	4.0	15%
B. RE-CREDENTIALING	3.0	4.0	15%
C. QUALITY OF CARE	3.0	6.0	15%
D. MEMBER SURVEYS	1.0	6.0	1%
E. ACCESS	6.2	7.0	47%
F. CONTRACTUAL ARRANGEMENTS	4.0	4.0	1%
G. VOLUME AND INTENSITY OF SERVICE CONTROLS	3.0	3.0	1%
H. NETWORK ACCESS FEE (IN FINANCIAL SCORE)	0.0	0.0	0%
I. OPERATIONS	3.0	3.0	1%
J. PROVIDER NETWORK	3.0	3.0	1%
K. REPORTING	3.0	2.0	1%
L. STATEMENT OF COMPLIANCE	1.0	5.0	1%
M. MISCELLANEOUS	2.0	5.0	1%
N. FIT WITH OVERALL CRITICAL SELECTION FACTORS	0.0	0.0	0%
WEIGHTED AVERAGE SCORE	4.5	5.7	100%

Proposal Scoring
PPO

Evaluator 3

	Accountable	WPS	Weight
A. CREDENTIALING	3.0	4.0	15%
B. RE-CREDENTIALING	3.0	4.0	15%
C. QUALITY OF CARE	4.0	6.0	15%
D. MEMBER SURVEYS	1.0	6.0	1%
E. ACCESS	6.2	7.0	47%
F. CONTRACTUAL ARRANGEMENTS	4.0	4.0	1%
G. VOLUME AND INTENSITY OF SERVICE CONTROLS	3.0	3.0	1%
H. NETWORK ACCESS FEE (IN FINANCIAL SCORE)	0.0	0.0	0%
I. OPERATIONS	2.0	3.0	1%
J. PROVIDER NETWORK	3.0	3.0	1%
K. REPORTING	3.0	2.0	1%
L. STATEMENT OF COMPLIANCE	2.0	4.0	1%
M. MISCELLANEOUS	2.0	5.0	1%
N. FIT WITH OVERALL CRITICAL SELECTION FACTORS	0.0	0.0	0%
WEIGHTED AVERAGE SCORE	4.6	5.7	100%

Evaluator 4

	Accountable	WPS	Weight
A. CREDENTIALING	3.0	4.0	15%
B. RE-CREDENTIALING	3.0	4.0	15%
C. QUALITY OF CARE	2.0	4.0	15%
D. MEMBER SURVEYS	1.0	6.0	1%
E. ACCESS	6.2	7.0	47%
F. CONTRACTUAL ARRANGEMENTS	3.0	3.0	1%
G. VOLUME AND INTENSITY OF SERVICE CONTROLS	1.0	1.0	1%
H. NETWORK ACCESS FEE (IN FINANCIAL SCORE)	0.0	0.0	0%
I. OPERATIONS	2.0	2.0	1%
J. PROVIDER NETWORK	2.0	3.0	1%
K. REPORTING	4.0	2.0	1%
L. STATEMENT OF COMPLIANCE	1.0	4.0	1%
M. MISCELLANEOUS	2.0	5.0	1%
N. FIT WITH OVERALL CRITICAL SELECTION FACTORS	0.0	0.0	0%
WEIGHTED AVERAGE SCORE	4.3	5.4	100%

Evaluator 5

	Accountable	WPS	Weight
A. CREDENTIALING	3.0	4.0	15%
B. RE-CREDENTIALING	3.0	4.0	15%
C. QUALITY OF CARE	3.0	6.0	15%
D. MEMBER SURVEYS	1.0	6.0	1%
E. ACCESS	6.2	7.0	47%
F. CONTRACTUAL ARRANGEMENTS	2.0	2.0	1%
G. VOLUME AND INTENSITY OF SERVICE CONTROLS	1.0	1.0	1%
H. NETWORK ACCESS FEE (IN FINANCIAL SCORE)	0.0	0.0	0%
I. OPERATIONS	2.0	2.0	1%
J. PROVIDER NETWORK	2.0	3.0	1%
K. REPORTING	3.0	2.0	1%
L. STATEMENT OF COMPLIANCE	1.0	6.0	1%
M. MISCELLANEOUS	2.0	5.0	1%
N. FIT WITH OVERALL CRITICAL SELECTION FACTORS	0.0	0.0	0%
WEIGHTED AVERAGE SCORE	4.4	5.7	100%

PPO Network Bidding Comparison

Comparison of Accountable Health Plans and WPS PPO Network Proposals

Financial

	Annual Total
WPS's network access fees are lower than Accountable's	$103,000
WPS's discounts are estimated to exceed Accountable Health discounts	$0
WPS's TPA fee discounted for being awarded all services	$147,000
Total Financial Savings of WPS PPO vs. Accountable Health PPO	$250,000

Access to Network Providers

	Primary Care	OB/GYNs	Specialists	Total
Physicians in Milwaukee and Waukesha Counties (self-reported)				
Accountable Health	945	196	2,737	3,878
WPS	966	204	2,995	4,165
Totals for Milwaukee and Waukesha County ZIP Codes based on sort of electronic provider lists				
Accountable Health				3,106
WPS.				3,489

Both Accountable Health and WPS have hundreds of additional physicians in the Milwaukee collar counties, and many thousand within Wisconsin.

Both WPS and Accountable have all of the top hospitals by City employee usage in their networks, as well as Southeastern Wisconsin.
Both WPS and Accountable have network providers outside Southeastern Wisconsin for retirees and employees not at home.

Conclusion on network access: WPS's PPO offers City patients overall access that is better than Accountable's PPO.

Other

Accountable may not agree to allow WPS to process repricing (Accountable PPO fee schedules are loaded in WPS's system).
If Accountable insists on repricing additional administrative steps and time will be added to the process.

City of Milwaukee

PPO Bidding Analysis

	2001	2002	2003	2004
Blue Cross				
Access Fee	$2.70	N/Q	N/Q	N/Q
Annualized Fee	$159,052			
WPS				
Access Fee		$1.50	$1.50	$1.50
Annualized Fee		$88,362	$88,362	$88,362
Annual Change Compared to 2001		($70,690)	($70,690)	($70,690)
Percent Change from 2001		-44.4%	-44.4%	-44.4%
Accountable Health Plans				
Access Fee		$3.25	$3.25	$3.25
Annualized Fee		$191,451	$191,451	$191,451
Annual Change Compared to 2001		$32,399	$32,399	$32,399
Percent Change from 2001		20.4%	20.4%	20.4%
Current Enrollment	4,909	4,909	4,909	4,909

City of Milwaukee

PPO Bidding Analysis

	Accountable Health Plans				WPS				
CPT-4 Code	Amount Paid in 2000	Average Billed Amount	Average Repriced Amount	Average Percent Discount	Minimum Fee	Maximum Fee	Average Fee	Accountable Dollar Difference	Percent Difference From WPS
99213	$505,406.79	$80.67	$69.86	-13.40%	$63.90	$86.00	$67.14	$2.72	4.1%
90806	$210,754.13	$77.01	$65.87	-14.47%	$134.90	$138.00	$136.18	($70.31)	-51.6%
99214	$181,822.21	$117.60	$102.45	-12.88%	$95.85	$128.00	$100.71	$1.74	1.7%
99212	$129,551.03	$56.51	$48.41	-14.33%	$42.60	$58.00	$44.76	$3.65	8.2%
88305	$119,803.69	$144.88	$120.82	-16.61%	$149.45	$177.00	$156.80	($35.98)	-22.9%
99232	$106,052.63	$117.45	$96.23	-18.07%	$85.20	$118.00	$89.52	$6.71	7.5%
78465	$102,410.49	$1,489.00	$1,176.18	-21.01%	$877.30	$1,350.00	$888.30	$287.88	32.4%
66984	-	-	-	-	$2,968.00	$3,440.00	$2,996.00	($2,996.00)	
80061	$81,079.69	$70.22	$56.51	-19.52%	$42.70	$81.00	$44.80	$11.71	26.1%
98940	$79,500.65	$44.56	$27.29	-38.76%	$45.00	$59.68	$56.80	($29.51)	-52.0%
97110	$77,854.29	$55.95	$43.45	-22.35%	$37.30	$59.00	$56.80	($13.36)	-23.5%
99233	$73,922.75	$178.31	$138.80	-22.16%	$142.00	$185.00	$149.20	($10.40)	-7.0%
59400	$69,948.98	$2,648.83	$2,218.79	-16.24%	$2,120.00	$2,600.00	$2,140.00	$78.79	3.7%
45384	$67,133.61	$1,714.00	$1,456.90	-15.00%	$784.40	$1,605.00	$791.80	$665.10	84.0%
99215	$65,864.60	$179.40	$159.08	-11.33%	$138.45	$199.00	$145.47	$13.61	9.4%
76092	$64,877.02	$149.17	$133.04	-10.81%	$93.33	$162.00	$94.50	$38.54	40.8%
99284	$62,357.87	$256.92	$222.86	-13.26%	$177.50	$239.00	$186.50	$36.36	19.5%
99231	$61,472.72	$85.30	$72.72	-14.75%	$53.25	$87.00	$55.95	$16.77	30.0%
45378	$59,993.45	$1,107.89	$941.71	-15.00%	$540.60	$1,164.00	$545.70	$396.01	72.6%
98941	$59,629.62	$57.79	$40.42	-30.06%	$60.00	$68.63	$65.32	($24.90)	-38.1%
27447	$59,312.30	$5,568.00	$4,732.80	-15.00%	$4,028.00	$6,465.00	$4,066.00	$666.80	16.4%
71020	$58,762.69	$104.50	$90.33	-13.56%	$66.37	$112.00	$67.20	$23.13	34.4%
43239	$58,511.37	$862.17	$636.03	-26.23%	$455.80	$985.00	$460.10	$175.93	38.2%
45385	$58,275.18	$1,275.00	$1,083.75	-15.00%	$848.00	$1,585.00	$856.00	$227.75	26.6%
93307	$57,900.85	$676.55	$569.33	-15.85%	$168.00	$689.00	$440.14	$129.19	29.4%
Totals	$2,472,198.61	$488.68	$407.88	-16.53%	$330.07	$522.70	$342.71	$65.17	5.0%

City of Milwaukee

Average Network Percent Discount Off of Billed Charges

WPS

Hospital Name	Average Percent Discount Off of In-Patient Charges in 2000		Average Percent Discount Off of Out-Patient Charges in 2000
St. Luke's Medical Center	8%		8%
St. Joseph's Hospital Milwaukee	8%		8%
Children's Hospital of Wisconsin	8%		8%
West Allis Memorial Hospital	18%		18%
Froedtert Memorial Lutheran Hospital	23%		23%
Columbia Hospital	19%		17%
St. Mary's Hospital Milwaukee	19%		17%
Elmbrook Memorial Hospital	18%		18%
St. Francis Hospital	18%		18%
Sinai Samaritan Medical Center	8%		8%
Howard Young Medical Center	5%		5%
Community Memorial Hospital	19%		17%

Average 11.4%

Accountable

Hospital Name	Average Percent Discount Off of In-Patient Charges in 2000		Average Percent Discount Off of Out-Patient Charges in 2000
St. Luke's Medical Center	15%		15%
St. Joseph's Hospital Milwaukee	10%		10%
Children's Hospital of Wisconsin	10%		10%
West Allis Memorial Hospital	15%		15%
Froedtert Memorial Lutheran Hospital	15%		15%
Columbia Hospital	15%		15%
St. Mary's Hospital Milwaukee	11%		11%
Elmbrook Memorial Hospital	10%		10%
St. Francis Hospital	10%		10%
Sinai Samaritan Medical Center	15%		15%
Howard Young Medical Center	5%		5%
Community Memorial Hospital	15%		15%

Average 13.9%

WPS

Physician Group	Average Discount in 2000
Advanced Health Network	8.0%
Aurora Affiliated Physicians	8.0%
Children's Hospital Affiliated Physicians	8.0%
Columbia St. Mary's	17.0%
Covenant Affiliated Physicians	18.0%
Froedtert (Medical College)	23.0%
Medical Associates	12.5%
Waukesha Memorial Affiliated Physicians	12.5%

Average 13.4%

Accountable

Physician Group	Average Discount in 2000
Advanced Health Network	not in network
Aurora Affiliated Physicians	10 - 15%
Children's Hospital Affiliated Physicians	15%
Columbia St. Mary's	10%
Covenant Affiliated Physicians	10%
Froedtert (Medical College)	15%
Medical Associates	10%
Waukesha Memorial Affiliated Physicians	10%

Average 10.0%