



**REQUEST FOR PROPOSAL**

**RETIREE HEALTH CARE BENEFITS PROGRAM CONSULTING SERVICES**

**I. INTRODUCTION**

This Request for Proposal (“RFP”) is being released by the Los Angeles County Employees Retirement Association (“LACERA”) to solicit proposals from qualified firms to provide comprehensive benefit consulting services related to LACERA’s Retiree Health Care Benefits Program. Bidders must satisfy the minimum qualifications and requirements stipulated in Section V.E. of this RFP.

This RFP is for a five (5) year contract beginning July 1, 2010.

**II. BACKGROUND**

LACERA is an independent entity established pursuant to the County Employees Retirement Law of 1937 (Government Code Section 31450 et. seq.) (“CERL”). The California Constitution, CERL, and the bylaws, procedures and policies adopted by its two governing bodies, the Board of Retirement and Board of Investments, govern LACERA’s operations.

Within this framework, LACERA administers a comprehensive program of retirement, disability, death, and retiree health benefits for eligible employees of Los Angeles County. Currently there are approximately 95,500 active participants and 53,000 retired members.

Management of the LACERA retiree health benefits is vested in a group of nine trustees and two alternate members known as the Board of Retirement. The Board of Retirement employs an in-house staff and a number of external consultants and advisors to assist it in the administration of LACERA’s benefit programs. Additionally, the Insurance, Benefits & Legislative Committee (“IBLC”), a committee of the Board of Retirement, reviews LACERA Retiree Health Care Benefits Program (“Program”) information and reports its findings and recommendations to the Board of Retirement.

LACERA’s Program is made available to all retired benefit recipients at the time of retirement. Current health insurance carriers and the approximate number of participants in each plan appear below:

<b>MEDICAL PLANS</b>	
<b>PLAN</b>	<b>NUMBER OF PARTICIPANTS (Approx.)</b>
<b>Health Maintenance Organizations (HMOs)</b>	
CIGNA Network Model HMO	1,400
Kaiser HMO	6,500
PacifiCare HMO	750
<b>Indemnity Medical Plans</b>	
Anthem Blue Cross Prudent Buyer Plan	2,050
Anthem Blue Cross Plan I	2,400
Anthem Blue Cross Plan II	4,600
<b>Medicare Supplement Plan</b>	
Anthem Blue Cross Plan III	8,800
<b>Medicare Advantage-Prescription Drug Plans (MA-PD) HMO</b>	
CIGNA Medicare Select Plus Rx	31
Kaiser Senior Advantage	11,200
SCAN Health Plan	350
Secure Horizons	1,500
<b>TOTAL PARTICIPANTS – MEDICAL PLANS</b>	<b>40,000</b>
<b>DENTAL/VISION PLANS</b>	
CIGNA Healthcare (Indemnity)	37,000
CIGNA Dental Health (Prepaid Dental HMO)	4,400
<b>TOTAL PARTICIPANTS – DENTAL/VISION PLANS</b>	<b>41,000</b>
<b>OTHERS</b>	
Los Angeles County Fire Fighters (Local 1014) (Premium collection only)	1,400
County of Los Angeles Medicare Part B Premium Reimbursement Program (Standard Rate)	23,000

Total premiums for the Program in fiscal year 2008/2009 amounted to approximately \$379 million and are estimated at \$407 million for fiscal year 2009/2010. Currently, 91% of the premiums are paid by Los Angeles County "County" with the balance deducted from the retirement warrants of retirees. The monthly County subsidy is benchmarked to the Anthem Blue Cross Plans I and II indemnity plans, and the CIGNA indemnity dental/vision plan, whichever is less. Eligibility for this subsidy is determined by the length of the retiree's County service. After 10 years of service, the retiree is entitled to 40% of the benchmark subsidy, or the plan enrolled in, whichever is less. For every additional year of service, the retiree is entitled to an additional 4%, up to 25 years of service, or 100% maximum. Service-connected disability retirees are entitled to 50% subsidy up to 13 years of service. Anything beyond 13 years of service is calculated based on the regular years of service subsidy determination.

### **III. PURPOSE**

LACERA is seeking a qualified firm to provide expert advice and assistance in all aspects of LACERA's Retiree Health Care Benefits Program (Medical, Dental and Vision). The benefit consultant will have no discretionary authority with respect to this Program.

### **IV. SERVICES TO BE PROVIDED**

See Exhibit A – Statement of Work.

### **V. PROPOSAL AND SUBMISSION INFORMATION**

#### **A. Point-of-Contact for this RFP (effective February 1, 2010)**

Leilani Ignacio, Administrative Services Officer  
LACERA Retiree Health Care  
300 North Lake Avenue, Suite 300  
Pasadena, California 91101  
Fax: (626) 564-6799  
E-mail: lignacio@lacera.com

Except for communications expressly permitted by this RFP, communications by Bidders with LACERA staff or members of its Boards regarding the RFP are strictly prohibited from the date of this RFP through the date LACERA completes or terminates the RFP process, as publicly disclosed by LACERA. Bidders violating the communications prohibition may be disqualified, at LACERA's option.

#### **B. Deadline for Submission of Proposal**

The deadline for submitting a response to this Request for Proposal is 5:00 p.m. PST, on October 30, 2009. LACERA will consider proposals received after the submission deadline for evaluation if LACERA, in its sole discretion, deems consideration to be in its best interests.

Proposals submitted shall be valid for 120 days following the closing date noted above. LACERA and the Bidder may extend this period by mutual written agreement. Bidder may not withdraw its proposal during this period. If a solicitation is cancelled before the due date, the offer will be returned unopened to the Bidder who submitted the response.

C. Calendar of Events

The following dates will apply during the proposal and implementation process of the RFP. LACERA reserves the right to waive or modify specific terms and conditions contained in this RFP, and to waive, modify or extend deadlines specified herein.

Request for Proposal (RFP) issued	August 14, 2009
RFP Questions due	September 11, 2009
Bidders Conference/Q&A	October 2, 2009
Deadline for Bid Submission	October 30, 2009
Bidder Presentations to Evaluation Committee	December 16 and 17, 2009
Bidder Presentations to Board of Retirement	March 11, 2010 (Placed on hold)
Board of Retirement Approval	March 11, 2010 (Placed on hold)
Contract Effective Date	July 1, 2010

D. Submittal of Questions

Interested parties will have until 5:00 p.m. P.S.T. on September 11, 2009, to submit questions in writing regarding this RFP. All questions shall, to the highest degree possible, cite the specific RFP section to which the question refers. LACERA's responses to requests for clarification or additional information will be provided to all firms submitting proposals. Only answers provided in writing by LACERA will be considered official.

All query submissions must include the identity of the sender, the sender's title, firm name, mailing address, telephone number, and facsimile number or e-mail address as applicable.

Questions must be submitted to Lita Payne via fax, e-mail, mail, or hand delivery using the Point-of-Contact information found in Section V.A. LACERA is not responsible for questions received after the submittal deadline.

Answers to questions will be made available at the Bidder's Conference/Q&A Session on October 2, 2009, held at the LACERA offices in Pasadena, CA. All questions and answers will be posted at LACERA's website, [www.lacera.com](http://www.lacera.com), "RFP Opportunities" page, and will be available, upon request, by fax, e-mail, or regular U.S. mail delivery after October 7, 2009.

Further information about LACERA's Program is available at LACERA's website, [www.lacera.com](http://www.lacera.com).

E. Bidder's Proposal Submission Requirements

1. Bidder Minimum Qualifications

In order to be selected for this assignment, the Bidder must demonstrate that it can meet the requirements of the RFP and the scope of work contained in the RFP.

2. Guidelines

Bidder must adhere to the following guidelines to submit a proposal:

Any assumptions made in the proposal must be identified in a clear manner and presented in a written format;

Bidder must answer each question in the sequence presented. Each page of Bidder's proposal must be numbered, and each page should restate the section and question being answered.

All required items must be received no later than 5:00 p.m. PST, October 30, 2009.

3. Submission of Response

a. Bidder shall submit 15 bound copies, one unbound copy, and one electronic copy in MS Word compatible format. The unbound copy shall bear original signatures and shall be marked as "master copy." The unbound copy shall contain no divider sheets or tabs, and shall be printed on one side only of 8-1/2 in. x 11 in. white paper to enable copying if needed. Colors must reproduce in a legible manner on a black-and-white copier.

If supplemental materials are included with the proposal, each copy of the proposal must include all such supplemental materials.

b. Responses shall be mailed or delivered to Lita Payne by regular mail, certified mail, express mail, or hand delivery using the Point-of-Contact information found in Section V.A.

c. If sending a response by regular mail, certified mail, or express mail, it is incumbent upon the Bidder to allow for sufficient time to permit delivery by the U.S. Postal Service or any other delivery service and by mail services internal to LACERA. The proposal shall be received by LACERA, located at 300 N. Lake Avenue, Pasadena, CA, by the

required deadline. The time and date stamp of LACERA will be the final determinant of whether a proposal has been timely received by LACERA.

d. Proprietary information and knowledge developed through this RFP will remain the property of LACERA.

#### 4. Withdrawal

The Bidder may withdraw its proposal at any time prior to the deadline for submission upon presentation of a written request to LACERA.

#### 5. Costs

LACERA will not pay for any information herein requested, nor is it liable for any costs incurred by the Bidder.

#### 6. Oral Presentations

All bidders will be required to make one oral, in-person, presentation to the RFP Evaluation Committee and finalist bidders will be required to make one oral, in-person, presentation to the Board of Retirement. LACERA may, at its discretion, elect to have Bidder(s) provide additional oral presentations of their proposal. LACERA will contact those Bidders to schedule such a presentation. LACERA will not be responsible for any costs associated with any presentations related to this RFP process.

#### 7. Waiver of Claims

By submitting a proposal, the Bidder agrees to waive any claim it has or may have against LACERA, LACERA Board members and/or LACERA officers, employees and agents, arising out of or in connection with the administration, evaluation, or recommendation of any proposal, the waiver of any requirements under the RFP, the acceptance or rejection of any proposal, and/or the award of the Contract.

#### 8. Notice to Bidders Regarding the California Public Records Act

The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (Cal. Gov. Code Sections 6250 et. seq., the "Act"). The Act provides generally that all records relating to a public agency's business are open to public inspection and copying, unless specifically exempted under one of several exemptions set forth in the Act. In addition, if LACERA staff chooses to recommend any Bidder(s) to the Board of Retirement or any of the Boards' Committees for hiring, such recommendation and the relevant proposal(s) will appear on a publicly posted agenda for public meetings of the Board of Retirement and any Board Committee.

If a Bidder believes that any portion of its proposal is exempt from public disclosure under the Act, such portion must be marked "CONFIDENTIAL," "TRADE SECRET," or

“PROPRIETARY,” and made easily separable from the balance of the response. Proposals marked “CONFIDENTIAL,” “TRADE SECRET,” or “PROPRIETARY” in their entirety will not be honored, and LACERA will not deny public disclosure of all or any portion of proposals so marked. By submitting a proposal with portions marked “CONFIDENTIAL,” “TRADE SECRET,” or “PROPRIETARY,” Bidder represents it has a good faith belief that such material is exempt from disclosure under the Act; however, such designations will not necessarily be conclusive, and the Bidder may be required to justify in writing why such material should not, upon request, be disclosed by LACERA under the Act.

LACERA will use reasonable means to ensure that material marked “CONFIDENTIAL,” “TRADE SECRET,” or “PROPRIETARY” is safeguarded and held in confidence. LACERA will not be liable, however, for inadvertent disclosure of such material.

If LACERA denies public disclosure of any materials designated as “CONFIDENTIAL,” “TRADE SECRET,” or “PROPRIETARY”, Bidder agrees to reimburse LACERA for, and to indemnify, defend and hold harmless LACERA, its officers, fiduciaries, employees and agents from and against: (a) any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses including, without limitation, attorneys' fees, expenses and court costs of any nature whatsoever (collectively, "Claims") arising from or relating to LACERA's non-disclosure of any such designated portions of a proposal; and (b) any and all Claims arising from or relating to LACERA's public disclosure of any such designated portions of a proposal if disclosure is deemed required by law or if disclosure is ordered by a court of competent jurisdiction.

In addition, if LACERA staff recommends any Bidder(s) to the IBLC or the Board of Retirement for hiring, such recommendation and the relevant proposal(s) will appear on a publicly posted agenda for public meetings of the IBLC and Board of Retirement.

## 9. Organization, Content, and Requirements of Submitted Proposal

The submitted proposals shall be titled “LACERA Retiree Health Care Benefits Program Consulting Services proposal” and shall clearly show the due date and time.

The Bidder’s submitted proposal shall include all information and be formatted as requested herein. Bidders shall provide their best response to the specifications, terms and conditions contained in this RFP. Each Bidder shall be solely responsible for its thorough understanding of the RFP, including its attachments, exhibits, and forms. In addition, each Bidder shall be solely responsible for its proposal and all documentation submitted. Bidders whose proposals do not meet the mandatory requirements will be so notified, however, notification may be after the deadline for submitting proposals has passed.

### a. Transmittal Letter

The Bidder shall provide a transmittal letter identifying the responding company, including its address, signed by an individual authorized to bind the firm contractually. The letter shall state the name, title, address, phone number, fax number, and e-mail address of a

contact authorized to provide clarifying information regarding the proposal. If any material in the proposal is marked as proprietary information in accordance with Section V.E(8), Bidder shall include a separate sheet behind the transmittal letter that indicates the section(s) and page(s) so marked.

b. Questionnaire and Written Responses

Bidder shall provide written responses to the following questions, reproducing the questions with each answer.

*General*

1. Please provide a brief description of your firm including the size of the organization in terms of employees, clients, and revenue.
2. Provide number of years the firm has been providing the services requested in this RFP.
3. Identify the account team(s) that will be assigned to LACERA – their role on the team, their biographies, including qualifications, experience, professional certifications, memberships in professional organizations, and office location.
4. How would the team(s) work together to ensure a comprehensive, holistic approach to LACERA’s benefits needs?
5. How do you define and measure client satisfaction?
6. How will you keep LACERA abreast of the retiree health care environment and other relevant trends?
7. Does your firm perform any consulting for the County of Los Angeles? If so, disclose the nature of your engagement and describe what measures you would take to separate your County of Los Angeles relationship from a LACERA relationship.
8. In the last 10 years, has your firm ever been involved in a lawsuit involving any services or similar services requested by this RFP? If so, provide details, including dates and outcomes.
9. In the last five years, has your firm, related entities, principals and/or officers been a party in any material civil or criminal litigation or subject to regulatory action, whether or not directly related to services requested by this RFP. If so, provide details, including dates and outcomes.
10. Describe any expected litigation in which your firm may be involved.
11. What amount of insurance does your firm carry? State the type of insurance, the amount of coverage, the deductible and coinsurance, if applicable, and whom the coverage is with.
12. Provide a sample contract for the services proposed by your firm.

***Recurring Activities***

13. Describe your approach and tools used in recurring activities such as renewal negotiations, plan design and plan design strategies, underwriting analysis, claims audits, member benefit and educational communications, and wellness programs.

***Vendor Management and Selection***

14. Describe your approach to vendor management to ensure the optimum service to LACERA.
15. Describe your process and tools for vendor selection.

***Strategy Setting***

16. Briefly describe your approach to providing all deliverables as described in the attached Statement of Work.

***Subject Matter Expertise***

17. Does your firm have specialized consultants working in the following areas. If so, describe capabilities and services

Legislative Issues  
Pharmacy  
Medicare Programs  
Disease Management  
Wellness Programs  
Retiree Drug Subsidy (RDS) Program  
Compliance Programs  
Audit Services

c. References – Provide three references, preferably companies of similar size and industry, for which you provide the requested consulting services. Include the reference name, title, company, address, telephone number, and description of services provided.

d. Fee Proposal

Once a consultant has been selected, negotiations of the fee(s) may become necessary. In no case will the negotiations result in a fee that is higher than the fee contained in the proposal. Keep in mind the consultant will be expected to be present at each IBLC meeting (once a month).

In this section, also provide your firm’s billing procedures.

Your fee schedule should include two fee proposals:

1. A FIXED-FEE PROPOSAL, which details a breakdown of costs by each category of services shown in the Statement of Work of this RFP. Under this fee proposal, for work performed under an individual category, LACERA would pay no more than the total cost for all services in that category and would only pay for those services actually provided. Items E.1 and E.2 in the Statement of Work should be itemized separately for fee setting purposes.
2. A MONTHLY RETAINER-FEE PROPOSAL, which includes a total, detailed, all-inclusive maximum price for the five year contract period. The total all-inclusive maximum price to be bid must contain all direct and indirect costs, including all out-of-pocket expenses, with the following components identified:
  - a total, detailed, comprehensive fee proposal by year for all services listed in Section IV (Services to be Provided) of the RFP
  - a detailed hourly professional fee rate schedule by classification of staff to be assigned, including areas of specialization to support the maximum all-inclusive maximum price
  - a breakdown of your fee quote for each type of service listed in Section IV, and specifically, a detailed breakdown of Part G of the Statement of Work--- Communications
  - a total of all estimated out-of-pocket expenses to be reimbursed, if not included in the quoted hourly professional fee rates
  - a total, all-inclusive maximum price for any additional services the firm deems necessary to provide comprehensive benefit consulting services to LACERA
  - Items E.1 and E.2 in the Statement of Work should be itemized separately for fee setting purposes.

Under this fee proposal, LACERA would pay the maximum fee and any or all of the services listed would be provided as requested by LACERA.

e. Exceptions

Any exceptions to the specifications, terms and conditions of the RFP shall be explicitly set forth in this section of the proposal. If there are no exceptions, the Bidder shall explicitly state the Bidder takes no exception to the RFP's specifications, terms and conditions. Any exception may result in this solicitation not being awarded to the Bidder.

f. Conflicts of Interest

Bidder must describe any known or perceived conflicts of interest which may result if its organization were engaged to perform the audit services herein requested.

Bidder must list all gifts given to members of LACERA's Board of Retirement and staff within the twelve months immediately prior to the date of this RFP. Include (1) the name of the person receiving the gift, (2) the earlier of the date the gift was promised or given, (3) a brief description of the gift, and (4) the fair market value of the gift when promised or given, whichever is greater.

10. Contract Negotiations

Once firm(s) have been selected to perform the services, negotiations will be initiated. LACERA expects engagement negotiations to be brief. If the agreement cannot be negotiated quickly with the selected Bidder, LACERA may, in its sole discretion, terminate negotiations with the previously selected Bidder and commence engagement with another party, whether or not that party was a Bidder.

11. Incomplete Proposals

If the information provided in a Bidder's proposal is deemed to be insufficient for evaluation, LACERA reserves the right to request additional information or to reject the proposal outright. False, incomplete, or unresponsive statements in connection with a proposal may be sufficient cause for its rejection. The evaluation and determination of the fulfillment of the requirements will be determined by LACERA and such judgment shall be final.

12. Reimbursement for Proposal Preparation

There is not expressed or implied obligation for LACERA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. LACERA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected.

**VI. EVALUATION CRITERIA**

The following guidelines will be used to analyze and evaluate all proposals received. LACERA reserves the right to evaluate all factors deemed appropriate, whether or not such factors have been stated in this section.

A. Review of Proposals

An Evaluation Committee (Committee) consisting of LACERA staff will evaluate all proposals received. This committee will be comprised of two staff persons from LACERA's Retiree Health Care Division, one staff person from the Internal Audit Division, and one staff person from the Legal Division.

1. The Committee will determine if Bidders meet the Mandatory Requirements listed below.

The Bidder has no conflict of interest with regard to any other work performed by the Bidder.

The Bidder is qualified to complete the services required.

The Bidder adheres to the instructions in this RFP. It is critical that each Bidder complies with the requirements in Section V.E.

2. The Committee members will individually evaluate and score each proposal for technical qualifications. The full Committee will then convene to review and discuss the evaluations and select the firms to participate in the Bidder's Presentations to the Committee on December 15, 2009.

3. Bidder presentations to Committee.

4. Reference reviews will be performed for all firms selected to present to Committee.

5. The Committee will evaluate bids as a whole, including presentation impressions, price and reference input.

6. Finalist bidders will be selected to present to the Board of Retirement.

7. Finalist bidders will present to the Board of Retirement.

8. The Board of Retirement will select the winning bidder.

9. Selected firm will be notified and contract negotiations commence.

After evaluation of the proposals and approval by LACERA, all bidders will be notified of the successful bid, if any.

## **VII. GENERAL PROPOSAL CONDITIONS**

A. Written approval from LACERA will be required for any news releases regarding the award of contract.

B. Changes in quantity, specifications, scope of work, delivery schedules, performance time, starting dates, etc. and corrections to this RFP will be made by amendment. Amendments will be sent before the due date to all Bidders. All information provided to a Bidder will be given in the form of a written addendum.

LACERA will determine whether the closing date should be changed when amending the RFP. If the time available before closing is determined to be insufficient, prospective Bidders

will be notified by telephone or electronically, followed by a written amendment. LACERA will not award a contract unless amendments made to the RFP have been issued in sufficient time to be considered by all prospective Bidders. Receipt of amendments shall be acknowledged in writing by all prospective Bidders.

C. The general form of the contract is attached as Exhibit B to this RFP. By submitting a proposal without comment on the contract, Bidder is deemed to have agreed to each term in the contract, and to not seek any modifications to the contract. If Bidder objects to a term in the contract, or wishes to modify or add terms to the contract, Bidder's proposal must identify each objection, and propose language for each modification, and additional term sought, and include the reasons therefore. LACERA reserves the right to make changes to the contract prior to execution.

D. This RFP is not an offer of a contract. Acceptance of a proposal does not commit LACERA to award a contract to any Bidder, even if the Bidder satisfied all requirements stated in this RFP. Publication of this RFP does not limit LACERA's right to negotiate for the services described in this RFP. If deemed by LACERA to be in its best interests, LACERA may negotiate for the services described in this RFP with a party that did not submit a proposal. LACERA reserves the right to choose to not enter into an agreement with any of the respondents to this request for proposal.

E. The information Bidder submits in response to this RFP becomes the exclusive property of LACERA.

## **VIII. RESERVATIONS BY LACERA**

A. LACERA reserves the right to cancel this RFP, in whole or in part, any time.

B. LACERA will not be liable for any costs Bidder incurs in connection with the preparation or submission of any proposal.

C. If Bidder submits a proposal, LACERA reserves the right to make such investigations as it deems necessary to determine Bidder's satisfaction of the minimum qualifications and ability to furnish the required services, and Bidder agrees to furnish all such information for this purpose as LACERA may request.

D. LACERA also reserves the right to reject the proposal of anyone who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner.

E. LACERA reserves the right to reject, in whole or in part, any and all proposals received; to waive minor irregularities; to negotiate in any manner necessary to best serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.

F. LACERA reserves the right to award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the consulting services needs of LACERA, which may not be the proposal offering the lowest fees. LACERA may take into

consideration any factor it considers relevant, such as past experience, financial stability, the ability to perform the requirements stated in the RFP and its Exhibits, and other relevant criteria. LACERA is not required to accept for consideration any proposals that fail to address or do not comply with each of the requirements or the criteria set forth in this RFP.

G. LACERA does not guarantee or commit to contracting any specific number of projects to Bidder during the life of the agreement.

H. LACERA reserves the right to terminate or modify this RFP and to reject any or all proposals submitted.

I. LACERA reserves the right to enter into discussions and negotiations with one or more organizations selected at its discretion to determine the best and final terms. LACERA is not under obligation to hold these discussions or negotiations with each organization that submits a proposal.

J. LACERA reserves the right to request additional documentation or information from respondents. Requested information may vary by respondent. LACERA may ask questions of any respondent to seek clarification of a proposal or to ensure the respondent understands the scope of the work or other terms of the RFP.