
CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 12/08/2016
Agenda Item: 5B18

ACTION: Award a three-year contract with three, one-year renewal options to Labyrinth Healthcare Group, dba, Patient Care, to provide health advocate services for employees and their families.

FISCAL IMPACT: Total cost of this contract will not exceed \$165,000 during the three-year contract term (program administration fees). Sufficient funds have been appropriated in the Health Fund – cost center 4167 (Employees) – for the anticipated expenditures in the current fiscal year.

RECOMMENDATION: Award the contract.

BACKGROUND INFORMATION: (RFP 17-044) The City of Tempe issued a Request for Proposal (RFP) to establish a contract to secure the services of a firm to provide advocate services for employees and their families.

A health advocate can guide a patient through the confusing maze of health care systems focusing on individual needs and help resolve concerns about the quality of care, receiving the correct care, scheduling appointments, resolve billing issues, and negotiate discounts for out of network services.

The Tempe program incorporated the following services:

Insurance Assistance

- Resolve claims and billing issues
- Assist with billing questions
- Negotiate denial of claims
- Negotiate payment arrangements
- Identify in and out of network providers

Medical Information

- Explain medical conditions and prepare employee or dependents for visits, medical tests and treatments
- Find options for uncovered services
- Assist in negotiating discounts for non-covered or out of network services

Scheduling of Services

- Research treatment options
- Secure appointments
- Coordinate second opinions
- Coordinate care between different doctors and hospitals
- Insure that all doctors, labs, hospitals, etc. are 'in network' and that patient out of pocket expenses are minimized

The program services are available to covered City employees, spouses, and dependents.

Transparency

The program includes a transparency component to provide the patient costs associated with a specific doctor, hospital or procedure utilizing actual CPT (current procedural terminology) codes and employees current out of pocket expenses to insure estimates are accurate. Each doctor, hospital, and facility is thoroughly vetted and the report includes ratings that the patient can use in their decision making process.

The transparency tool provides the patient with information necessary to make informed decisions regarding their health care choices and costs.

The table below includes a sample report generated for a routine colonoscopy which illustrates the cost differences between physicians and facilities. **This report is an example only and may not completely mirror current Tempe payment schedules or plans. It is included to illustrate the wide spread of costs and potential for savings related to a particular procedure.**

Colonoscopy			
Physician Name	Gulinson	Shields	Landan
Plan Established Cost - Physician	\$483	\$1,317	\$2,163
Facility Information	North Valley Endoscopy Center	Scottsdale Endoscopy Center	Desert Ridge Outpatient Surgery Center
Plan Established Cost - Center	\$432	\$619	\$1,288
Total Plan Established Cost			
	\$915	\$1,936	\$3,451
Patient Out of Pocket Expense	\$915	\$1,936	\$2,480

The choice of doctor and facility is totally at the discretion of the patient, however, by utilizing the information generated by the health advocate, the patient has the potential to reduce their out of pocket costs by up to \$1,565.

The City may choose to implement an incentive program that will allow the employee to share in City savings by choosing a lower cost option. It is a voluntary program with the choice to participate at the employee's discretion. As a reward, the employee would receive 20% of the City's savings for the procedure (the program would have maximum cap of \$1,000 per procedure). The plan is expected to generate overall savings in the health care fund.

Evaluation Process

Two firms submitted offers which were reviewed by City staff using the following criteria:

Award Criteria		Weight
1	Firm	4 (33%)
	a Qualifications	
	b Experience	
	c References	
2	Cost	3 (25%)
3	Program	2 (17%)
	a Variety of options	
	b Inclusiveness of services	
	c Customer service and staffing	
4	Security/Privacy standards	2 (17%)
5	Overall response to RFP	1 (8%)
	a Quality, composition and completeness of response	
	b Firms acceptance of City's Terms and Condition	

Results of Scoring

The table below shows the scoring results.

Firm	Score	Cost (PEPM)
Labyrinth Healthcare Group, dba, Patient Care	135.10	\$ 2.50
Health Advocate	122.72	\$ 3.17

PEPM – Per Employee per Month

The results of the scoring and recommendation were discussed with the Health Committee.

Recommendation

It is recommended that a contract be awarded to Labyrinth Healthcare Group, dba, Patient Care who is the high scorer that has submitted the lowest overall cost for the program.

Patient Care has also offered the following optional programs that may be established as part of the original program or in the future as needs change.

Program	Cost (PEPM)
Rewards Program	\$1.00
Nurse Navigator	\$2.00
Enrollment Services	\$0.50

PEPM – Per Employee per Month

ATTACHMENTS: 17-044 Vendor Offer

STAFF CONTACT(S): Suzanne Olson, Human Resources Benefits Manager, (480) 350-2975

Department Director: Renie Broderick, Internal Services Director

Legal review by: David Park, Assistant City Attorney

Prepared by: Tony Allen, CPPB, Procurement Officer