

2001 DRAFTING REQUEST

Bill

Received: 01/10/2001

Received By: kahlepj

Wanted: As time permits

Identical to LRB:

For: Sheryl Albers (608) 266-8531

By/Representing: herself

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Addl. Drafters:

Subject: Insurance - health

Extra Copies:

Submit via email: NO

Requester's email:

Pre Topic:

No specific pre topic given

Topic:

Require a competitive bidding process for administration of HIRSP

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kahlepj 02/19/2001	jdye 02/19/2001					
/P1			rschluet 02/21/2001		lrb_docadmin 02/21/2001		
/1	kahlepj 03/29/2001	jdye 03/29/2001	haugca 03/30/2001		lrb_docadmin 03/30/2001		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/3	kahlepj 04/09/2001	jdyer 04/09/2001	martykr 04/09/2001	_____	lrb_docadmin 04/09/2001	lrb_docadmin 04/09/2001	

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Jacket "13"

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/P1			rschluet 02/21/2001	_____	lrb_docadmin 02/21/2001		
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FE Sent For:

12 4/3 jd

km 4/3

kb km 4/3

<END>

"1/2" can be jacketed.
PJK

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Subject: Insurance - health

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FE Sent For:			CH 330	<END>			

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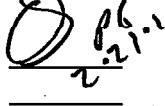
Topic:

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Instructions:

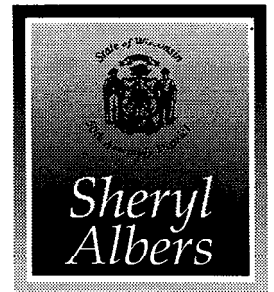
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1?	kahlepj	1/11 2/19 jld	 2-21-1	 2-21-1			

FE Sent For:

<END>



To: LRB – Drafting
From: Representative Sheryl K. Albers

Date: 9 January 2001
Subject: HIRSP – Competitive Bidding for Contract

Please draft a 2001 Assembly Bill to institute a competitive bidding process for the health insurance risk-sharing plan (HIRSP). Please utilize the attached language, provided to me by a member of the HIRSP board. Please alert me if any major changes to the attached language will be necessary.

Thank you.

Amend: 149.15 (3) (g), 149.16 (1), 149.16 (5)

Create: 149.16 (2), 149.16 (3) (d), 149.16 (3) (f)

Relating to: soliciting competitive proposals for administration of the health insurance risk-sharing plan, evaluating proposals, and awarding a firm fixed price contract for plan administration.

SECTION 1. 149.15 (3) (g) of the statutes is amended to read:

149.15(3) (g) Establish oversight committees to address various administrative issues, such as financial management of the plan and plan administrator performance standards, and separately establish one or more competitive contract procurement oversight committees to review and approve solicitations proposed by the department to be issued under s. 149.16, to evaluate proposals submitted in response to solicitations under s. 149.16, and to recommend to the board the award of contracts for plan administration under s. 149.16. A representative of the department may not be the chairperson of any committee established under this paragraph.

SECTION 2. 149.16 (1) of the statutes is amended to read:

149.16 Plan Administrator. (1) ~~The fiscal agent under s. 49.45 (2) (b) 2. shall administer the plan.~~ Subject to sub. (2), the department and the board shall prepare and issue a solicitation requesting qualified bidders to submit competitive firm fixed price proposals for plan administration. The department and the board shall evaluate qualified proposals submitted in response to the solicitation based on an evaluation process and evaluation criteria established by the department and the board and disclosed in the solicitation. After completing initial evaluation of qualified proposals, the department and the board may solicit best and final offers and may enter into negotiations relating to final evaluation of proposals with not more than three of the most highly qualified bidders. After completing final evaluation of all qualified proposals, including all qualified best and final offers, the department and the board shall award a firm fixed price contract for plan

149.15
seems like not needed

1 administration to the most highly qualified bidder whose proposal offers the state the best
2 combination of technical and price advantage for plan administration with regard to:

3 (a) The offeror's proven experience and ability to administer large group health benefit plans.

4 (b) The offeror's technical proposal for plan administration with regard to the technical
5 capabilities of the offeror's computerized system of administration, the qualifications of designated
6 management staff dedicated to plan administration, and the range and scope of other dedicated
7 resources for plan administration described in the offeror's technical proposal for plan
8 administration, including, at a minimum, all of the following:

9 1. Claims administration functions and services, including but not limited to: enrollment,
10 eligibility and covered benefit determinations, hard-copy and electronic media claims and adjustment
11 claims processing determinations, coinsurance, deductible and copayment calculations, and claims
12 payment.

13 2. Policyholder functions and services, including but not limited to: toll-free telephone
14 service, written and electronic communications, policyholder newsletters, policyholder appeals and
15 grievance services, and services relating to external review of adverse claim determinations and
16 experimental treatment determinations.

17 3. Financial transaction functions and services, including but not limited to: management of
18 plan bank accounts, records and reserves, billing and collection of premium payments, billing and
19 collection of insurer assessments, withholding of provider revenues generated by adjustment of
20 provider payment rates, actuarial and other services needed for development of annual plan budgets
21 and for annual reconciliation of insurer and provider funding share obligations, accounting for
22 surplus premium collections, accounting for operating and administrative expenses of the plan, and
23 preparation of income and balance sheet statements and other financial statements or reports.

24 4. Premium and deductible subsidy program functions and services, including but not limited

This seems to be the criteria

statutory

Is all this detail needed in State?

1 to: eligibility determinations and administration of premium and deductible subsidy funding and
2 transfers.

3 5. Reporting functions and services, including but not limited to: timely and accurate
4 preparation of all enrollment, cancellation, claims administration, policyholder services, financial
5 transaction, demographic, actuarial, subsidy, utilization, monthly and annual reports and all other
6 reports required by the department, the board and the legislature.

7 6. Other plan administration functions and services, including but not limited to: production
8 and distribution of enrollment forms, subsidy application forms, claim forms, premium rate
9 schedules and other forms required for plan administration, production and issuance of policyholder
10 identification cards, certification of plan providers, operation and maintenance of a plan web site,
11 protection of the privacy of plan records and information, and subrogation and other specified
12 services relating to legal actions involving the plan.

13 7. Any other plan administration functions, services, conditions or requirements specified
14 under the solicitation or under any best and final offer or under negotiations relating to final
15 evaluation of proposals.

16 (c) The offeror's firm fixed price cost proposal for plan administration, as required under the
17 solicitation or required under any best and final offer or required under negotiations relating to final
18 evaluation of proposals.

19 **SECTION 3. 149.16 (2) of the statutes is created to read:**

20 **149.16 (2)** The start-work dates of the initial firm fixed price contract awarded under sub. (1)
21 shall be July 1, 2002, and the contract shall expire at the end of the fiscal year ending June 30, 2005.
22 All subsequent contracts shall specify a fiscal year start-work date of July 1, and shall expire at the
23 end of three full fiscal years, beginning with the contract to be awarded under sub. (1) for the period
24 July 1, 2005 through June 30, 2008.

*3 yr contracts
running from
July 1 to June 30,
first one
beginning
July 1
2002*

1 **SECTION 4. 149.16 (3) (d) of the statutes is created to read:**

2 **149.16 (3) (d)** The plan administrator shall submit regular reports to the department and to
3 the board regarding the operation of the plan. The frequency, content and form of the reports shall
4 be determined by the department and by the board.

5 **SECTION 5. 149.16 (3) (f) of the statutes is created to read:**

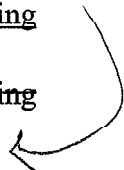
6 **149.16 (3) (f) 1.** The plan administrator shall be paid as provided in the contract for plan
7 administration for its direct and indirect expenses incurred in the performance of its functions and
8 services under the contract.

9 2. In this paragraph, “direct and indirect expenses” shall include that portion of the plan
10 administrator’s audited administrative costs, printing, claims administration, management, building
11 overhead expenses, and other actual operating and administrative expenses specified in the plan
12 administrator’s firm fixed price cost proposal and approved by the department as allocable to the
13 administration of the plan under the contract awarded for plan administration.

14 **SECTION 6. 149.16 (5) of the statutes is amended to read:**

15 **149.16 (5)** The department shall obtain the approval of the board before finalizing and issuing
16 any solicitation for a contract for plan administration under sub. (1), and before implementing
17 awarding any contract with the plan administrator for plan administration under sub. (1).

*get that thing and
↓
do together*



18 (END)



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1952/ P1
PJK.....
Jed

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D-note

gen cat

1 AN ACT ^{gen cat}; relating to: a competitive bidding process for administration of the
2 health insurance risk-sharing plan. ✓

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 149.10 (8b) [✓] of the statutes is repealed.
4 SECTION 2. 149.15 (3) (g) [✓] of the statutes is amended to read:
5 149.15 (3) (g) Establish oversight committees to address various
6 administrative issues, such as financial management of the plan and plan
7 administrator performance standards, and ~~MAN~~ [✓] establish one or more contract
8 procurement oversight committees to assist the board in the competitive
9 request-for-proposal process under s. 149.16 (1m). ✓ A representative of the

1 department may not be the chairperson of any committee established under this
2 paragraph.

History: 1979 c. 313; 1981 c. 83; 1987 a. 186, 399; 1991 a. 269; 1997 a. 27 ss. 3027m, 3027r, 4861 to 4878; Stats. 1997 s. 149.15; 1999 a. 9.

***NOTE: The language proposed for the paragraph above seems to give the oversight committees the final word on the request-for-proposals language, and to require the oversight committees to do the actual evaluating of the proposals submitted and then recommend to the board who should get the contract. However, the language proposed for s. 149.16 (1m) (s. 149.16 (1) in your proposed draft) seems to give the department and board sole responsibility for preparing and issuing the request for proposals and for evaluating the proposals submitted. Therefore, it is unclear to me how much of a role you want these oversight committees to have in the contracting process. Do they act for the board because it would be too cumbersome for the entire board to act? Do they advise the board?

3 SECTION 3. 149.16 (1) of the statutes is repealed.

4 SECTION 4. 149.16 (1m) of the statutes is created to read:

5 149.16 (1m) (a) The plan administrator shall be selected by the department
6 and board together in a competitive, request-for-proposals process. The department
7 and the board shall prepare and issue a request for proposals that discloses the
8 evaluation process, as established by the department and the board, and the
9 evaluation criteria, as provided under par. (c), that will be used to select the plan
10 administrator.

11 (b) After initially evaluating the proposals submitted, the department and
12 board may enter into negotiations with, and request best and final offers from, no
13 more than 3 of the offerors that the department and board have determined are the
14 most likely to receive the contract to administer the plan. After receiving any best
15 and final offers and completing the final evaluation, the department and board shall
16 award a fixed-price contract to the person submitting the proposal that the
17 department and board determine offers the most advantageous combination of price
18 and technical expertise.

19 (c) Proposals shall be evaluated on the basis of the following:

1 1. The offeror's demonstrated experience and ability to administer large group
2 health benefit plans.

3 2. The technical capabilities of the offeror's computerized system of
4 administration.

5 3. The qualifications of the offeror's management staff designated for
6 administration of the plan.

7 4. The range and scope of other resources dedicated to administration of the
8 plan.

9 5. The offeror's technical proposal for plan administration, including
10 descriptions of, at a minimum, all of the following:

11 a. Claims administration functions and services; including enrollment,
12 eligibility, and covered benefit determinations; copayment, coinsurance, and
13 deductible calculations; and claims processing, adjustment, and payment.

14 b. Policyholder functions and services; including toll-free[✓] telephone service;
15 written and electronic communications; policyholder[✓] newsletters; policyholder
16 appeals and grievance services;^{and} services related to external review of adverse claim
17 and experimental treatment determinations.

18 c. Financial transaction functions and services.

19 d. Premium and deductible subsidy program functions and services.

20 e. Reporting functions and services.

21 f. Any other plan administration functions and services.

22 6. Any other information or submissions required under the[✓] request for
23 proposals, by any best and final offer request, or as a result of negotiations with the
24 offeror.

25 7. The offeror's proposed firm, fixed price for plan administration.

****NOTE: The list under par. (c) is not a complete list of what was included in the language submitted with the drafting request because I have some questions and comments about it. It is unclear to me whether this list is the evaluation criteria, in which case the criteria would be set out in the statutes and not established by the department and board, as stated in the proposed language. Perhaps this list is not intended to be the evaluation criteria. In any case, the length and detail of the list seems inappropriate for the statutes. It would be more appropriate to include a general description (such as I have done in subd. 5. c. f. above) and to have the department and board determine what details are necessary under each category, which could be done by rule but would not have to be. In addition, if you really want to include the detailed language, I am unable, without more guidance, to complete the list because I am unable to decipher what is meant by some of the items. They do not seem to fit in grammatically.

1 (d) Any contract awarded under this subsection shall have a term of 3 years,
 2 beginning on July 1 and ending on June 30 of the ^{3rd} ~~third~~ year beginning after the year
 3 in which the contract term commences.

4 SECTION 5. 149.16 (3) (d) of the statutes is created to read:

5 149.16 (3) (d) The plan administrator shall submit regular reports to the
 6 department and the board regarding the operation of the plan. The frequency,
 7 content, and form of the reports shall be determined by the department and the
 8 board.

9 SECTION 6. 149.16 (3) (f) of the statutes is created to read:

10 149.16 (3) (f) The plan administrator shall be paid, as provided in the contract
 11 for plan administration, for direct and indirect expenses that the department
 12 determines are incurred by the ^{plan} administrator in the administration of the plan,
 13 including all of the following:

- 14 1. Printing costs.
- 15 2. Claims administration costs.
- 16 3. Management costs.
- 17 4. Building overhead expenses.
- 18 5. Other actual operating and administrative expenses.

****NOTE: I didn't include in the list "audited administrative costs" because I don't know what you mean by that. Do you even need to specify what costs the plan

administrator will be paid for? All of the ones listed seem to be the usual administrative expenses that an administrator would be paid for, and it seems to go without saying that the contract would provide for payment. Besides, wouldn't the administrator be paid the "firm, fixed-price" amount stated in the proposal that was approved by the department and board? Are the expenses listed above *in addition to* the firm, fixed-price amount? Am I missing something here?

1 SECTION 7. 149.16 (5) of the statutes is repealed.

****NOTE: Rather than amending this subsection, as proposed, I think it can be repealed. The new language provides that the selection process is a joint one between the department and the board, so it should not be necessary to state that the department has to obtain the approval of the board before awarding a contract for plan administration. You could, instead, require the department to take all actions related to the request-for-proposals process, but require the approval of the board with respect to every action taken.

2 SECTION 8. Initial applicability.

3 (1) This act first applies to administration of the health insurance risk-sharing
4 plan under a contract beginning on July 1, 2002.

5 (END)

D-note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1952/5dn

PJK.....

PI
JLD

This is a very rough preliminary draft. ✓ It was difficult at times to determine what the proposed language meant. (Even if proposed statutory language is provided, it is very helpful to have an explanation of what the language is attempting to accomplish.) Also, there seemed to be inconsistencies in that the proposed language provided that the department and board would determine certain things and then later those things were specified, at least I think so. I have provided notes within the draft to point out exactly where and in what respect I had questions.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

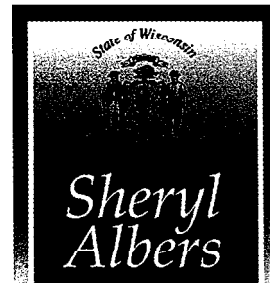
**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-1952/P1dn
PJK:jld:rs

February 21, 2001

This is a very rough preliminary draft. It was difficult at times to determine what the proposed language meant. (Even if proposed statutory language is provided, it is very helpful to have an explanation of what the language is attempting to accomplish.) Also, there seemed to be inconsistencies in that the proposed language provided that the department and board would determine certain things and then later those things were specified, at least I think so. I have provided notes within the draft to point out exactly where and in what respect I had questions.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us



To: Attorney Pam Kahler, LRB-Drafting
From: Attorney Scott Harold Southworth, Research Assistant *SHS*

Date: 27 March 2001

Subject: LRB 1952/P1: HIRSP – Competitive Bidding

Reference: Responses to /P1 from Bob Wood, HIRSP Board of Governors, Dated 28 Feb 01
(Attached)

Pam,

Attached you will find responses to your drafter's notes on LRB 1952/P1. Bob Wood wrote prose responses to each of your four notes, and prepared some suggested language for your review. I have not personally studied the changes, as HIRSP is not my area of expertise. Nonetheless, please feel free to call me with any questions or concerns.

If you would like to speak directly with Bob Wood on specific notes or requested changes, you have our permission to do so. As you probably know, he is the Government and Public Relations representative with WPS, and can be reached at (608) 221-5088 or (608) 873-8109.

Thanks!

* P.S. – If you could get me these changes as soon as possible this week, I would appreciate it. We would like to take this to the public hearing of the Health Committee on April 10, and I need to send out a cosponsorship memo on this before actual introduction. Thanks for the help!

1. Section 2
Amendment of 149.15(3)(g)

A. Drafter's Note:

Note: The language proposed for the paragraph above seems to give the oversight committees the final word on the request-for-proposals language, and to require the oversight committees to do the actual evaluating of the proposals submitted and then recommend to the board who should get the contract. However, the language proposed for s. 149.16 (1m) (s. 149.16(1) in your proposed draft) seems to give the department and board sole responsibility for preparing and issuing the request for proposals and for evaluating the proposals submitted. Therefore, it is unclear to me how much of a role you want these oversight committees to have in the contracting process. Do they act for the board because it would be too cumbersome for the entire board to act? Do they advise the board?

B. Response:

- (1) The intent is that actual work of developing the request for proposals (RFP) will be done by a Committee of the Board established for that purpose. The Board and the Department must approve the work of the Committee and the final form of the RFP.
- (2) The intent is that the actual work of scoring and evaluating technical proposals and cost proposals, and the actual work of requesting and evaluating best and final offers will be done by a Committee of the Board established for that purpose. The Committee will recommend selection of the plan administrator to the Board. The Board and the Department must approve the selection of the plan administrator and the award of the contract for administration of the plan.
- (3) Please see related suggestions in revised s. 149.15 (3) (g) herewith.

2. Section 4
Creation of s. 149.16(1m)

A. Drafter's Note

Note: The list under par. (c) is not a complete list of what was included in the language submitted with the drafting request because I have some questions and comments about it. It is unclear to me whether this list is the evaluation criteria, in which case the criteria would be set out in the statutes and not established by the department and the board, as stated in the proposed language. Perhaps this list is not intended to be the evaluation criteria. In any case, the length and detail of the list seems inappropriate for the statutes. It would be more appropriate to include a general description (such as I have done in subd. 5. c. to f. above) and to have the department and board determine what details are necessary under each category, which could be done by rule but would not have to be. In addition, if you really want to include the detailed language, I am unable, without more guidance, to complete the list because I am unable to decipher what is meant by some of the items. They do not seem to fit in grammatically.

B. Response

- (1) The language submitted in the drafting request for this section was not intended to define the evaluation criteria, but rather to establish the basic framework of requirements for the offeror's Technical Proposal and for the offeror's accompanying Cost Proposal.
- (2) The intent is that, at a minimum, the basic RFP framework of requirements should include contract award specifications relating to:
 - (a) Technical Proposal/Background and Qualifications of the Offeror — documentation of the offeror's background, qualifications and record of performance under similar or related contracts.
 - (b) Technical Proposal/Scope of Work — specification of the manner in which the offeror should document in the Technical Proposal how the work to be done under the contract will be performed.
 - (c) Cost Proposal — specifications of the manner in which the offeror should submit a firm fixed price offer to perform the work required under the contract.
- (3) With regard to evaluation criteria, the intent is not to address this in statutes, but rather to specify evaluation criteria and the evaluation process in the RFP, probably in some form that assigns optimum scoring values or weights to various background, scope of work, and cost proposal categories, in greater or lesser detail.
- (4) Please see related suggestions in revised s. 149.16(1m) herewith.

3. Section 6

Creation of s. 149.16(3)(f)

A. Drafter's Note

Note: I didn't include in the list "audited administrative costs" because I don't know what you mean by that. Do you need to specify what costs the plan administrator will be paid for? All of the ones listed seem to be the usual administrative expenses that an administrator would be paid for, and it seems to go without saying that the contract would provide for payment. Besides wouldn't the administrator be paid the "firm, fixed price amount" stated in the proposal that was approved by the department and board? Are the expenses above in addition to the firm, fixed-price amount? Am I missing something here?

B. Response

(1) The language in the drafting request for proposed s. 149.16(3)(f) is verbatim language used in s. 619.16 (f), which was one of the statutes (since repealed) relating to competitive procurement of the contract for HIRSP administration when HIRSP was under OCI.

(2) Perhaps you could talk to OCI to determine the original intent of this provision, and whether it would have any present application in this draft.

4. Section 7

Repeal of s. 149.16(5)

A. Drafter's Note

Note: Rather than amending this subsection, as proposed, I think it can be repealed. The new language provides that the selection process is a joint one between the department and the board, so it should not be necessary to state that the department has to obtain the approval of the board before awarding a contract for plan administration. You could, instead, require the department to take all actions related to the request-for-proposals process, but require the approval of the board with respect to every action taken.

B. Response

Seems to work.

1 **AN ACT to repeal** 149.10 (8b), 149.16 (1) and 149.16 (5); **to amend** 149.15 (3) (g);
2 and **to create** 149.16 (1m), 149.16 (3) (d) and 149.16 (3) (f) of the statutes;
3 **relating to:** a competitive bidding process for administration of the health
4 insurance risk-sharing plan.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5 **SECTION 1.** 149.10(8b) of the statutes is repealed.

6 **SECTION 2.** 149.15(3)(g) of the statutes is amended to read:

7 149.15(3)(g) 1. Establish oversight committees to address various
8 administrative issues, such as financial management of the plan and plan
9 administrator performance standards.

1 2. Establish one or more contract procurement oversight committees to
 2 perform functions and make recommendations to the board in the competitive
 3 request-for-proposal process under s. 149.16(1m). Functions under s. 149.16(1m) to
 4 be performed by the committee or committees established by the board under this
 5 subdivision shall include:

6 a. Develop and recommend to the board the request for proposals to be used
 7 to solicit contract proposals and to award a contract for administration of the plan
 8 under s. 149.16(1m). The request for proposals must be approved by the board and
 9 by the department.

10 b. Evaluate the technical proposals and the accompanying cost proposals
 11 submitted in the competitive request-for-proposal process under s. 149.16(1m).

12 c. Request and evaluate best and final offers for administration of the plan,
 13 and undertake any related negotiations needed to obtain the most advantageous
 14 combination of price and technical expertise in the competitive request-for-proposal
 15 process under s. 149.16(1m).

16 c. Recommend to the board the selection of a plan administrator and the
 17 award of the contract for plan administration under s. 149.16(1m).

18 3. A representative of the department may not be the chairperson of any
 19 committee established under this paragraph.

20 **SECTION 3.** 149.16(1) of the statutes is repealed.

21 **SECTION 4.** 149.16(1m) of the statutes is created to read:

22 149.16(1m)(a) The plan administrator shall be selected by the department and
 23 board together in a competitive request-for-proposal process. Subject to s.
 24 149.15(3)(g)2., the department and the board shall prepare and issue a request for
 25 proposals that specifies and describes the requirements for work to be performed

1 under the contract for administration of the plan as well as the form in which cost
2 proposals are to be submitted, and that discloses the evaluation criteria and the
3 evaluation process that will be used to select the plan administrator.

4 (b) After initially evaluating the proposals submitted, the committee established
5 under s. 149.15(3)(g)2. for this purpose may enter into negotiations with, and request
6 best and final offers from, no more than 3 of the offerors that are the most likely to
7 receive the contract to administrator the plan. After receiving any best and final
8 offers and completing the final evaluation, the committee shall recommend to the
9 board the selection of a plan administrator and the department and board shall award
10 a firm fixed-price contract to the person submitting the proposal that the department
11 and board determine offers the most advantageous combination of price and
12 technical expertise.

13 (c) The request for proposals to be developed under s. 149.15(3)(g)2. shall, at
14 a minimum, include contract award specifications related to:

15 1. The offeror's demonstrated experience and ability to administer large group
16 health benefit plans.

17 2. The offeror's technical proposal to perform the work required under the
18 contract, including descriptions and documentation of:

19 a. The technical capabilities of the offeror's computerized system of
20 administration.

21 b. The qualifications of the offeror's dedicated management staff designated
22 for administration of the plan.

23 c. The range and scope of procedures and resources used to perform various
24 functions and provide various services under the contract, including, at a minimum,
25 all of the following:

- 1 i) Claims administration functions and services.
- 2 ii) Policyholder functions and services.
- 3 iii) Premium and deductible subsidy program functions and services.
- 4 iv) Reporting functions and services.
- 5 v) Financial transaction functions and services.
- 6 vi) Plan budget and reconciliation functions and services.
- 7 vii) Other plan administration functions and services.

8 3. The offeror's cost proposal to perform the work required under the
 9 contract.

10 (d) Any contract awarded under this subsection shall have a term of 3 years,
 11 beginning on July 1 and ending on June 30 of the 3rd year beginning after the year
 12 in which the contract year commences.

13 **SECTION 5.** 149.16(3)(d) of the statutes is created to read:

14 149.16(3)(d) The plan administrator shall submit regular reports to the
 15 department and to the board regarding the operation of the plan. The frequency,
 16 content and form of the reports shall be determined by the department and the
 17 board.

18 **SECTION 6.** 149.16(3)(f) of the statutes is created to read:

19 149.16(3)(f) The plan administrator shall be paid as provided in the contract for
 20 plan administration, for direct and indirect expenses that the department determines
 21 are incurred by the plan administrator in the administration of the plan, including all
 22 of the following:

- 23 1. Printing costs.
- 24 2. Claims administration costs.
- 25 3. Management costs.

- 1 4. Building overhead expenses.
- 2 5. Other actual operating and administrative expenses.

3 **SECTION 7.** 149.16(5) of the statutes is repealed.

4 **SECTION 9. Initial applicability.**

5 (1) This act first applies to administration of the health insurance risk-sharing
6 plan under a contract beginning on July 1, 2002.

7 **(END)**



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1952/14
PJK:jld:rs

LPS - inserts
out of order 1 mix men

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D - note
wanted Friday or Monday

regenerate ↓

1 AN ACT to repeal 149.10 (8b), 149.16 (1) and 149.16 (5); to amend 149.15 (3) (g);
2 and to create 149.16 (1m), 149.16 (3) (d) and 149.16 (3) (f) of the statutes;
3 relating to: a competitive bidding process for administration of the health
4 insurance risk-sharing plan.

Insert A ←

Analysis by the Legislative Reference Bureau

~~This is a preliminary draft. An analysis will be provided in a later version.~~

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5 SECTION 1. 149.10 (8b) of the statutes is repealed.

6 SECTION 2. 149.15 (3) (g) of the statutes is amended to read:

7 149.15 (3) (g) Establish oversight committees to address various
8 administrative issues, such as financial management of the plan and plan
9 administrator performance standards, and establish one or more contract
10 procurement oversight committees to assist the board in the competitive

1 ~~request-for-proposal~~ process under s. 149.16 (1m). A representative of the
2 department may not be the chairperson of any committee established under this
3 paragraph.

****NOTE: The language proposed for the paragraph above seems to give the oversight committees the final word on the request-for-proposals language, and to require the oversight committees to do the actual evaluating of the proposals submitted and then recommend to the board who should get the contract. However, the language proposed for s. 149.16 (1m) (s. 149.16 (1) in your proposed draft) seems to give the department and board sole responsibility for preparing and issuing the request for proposals and for evaluating the proposals submitted. Therefore, it is unclear to me how much of a role you want these oversight committees to have in the contracting process. Do they act for the board because it would be too cumbersome for the entire board to act? Do they advise the board?

4 SECTION 3. 149.16 (1) of the statutes is repealed.

5 SECTION 4. 149.16 (1m) of the statutes is created to read:

6 149.16 (1m) ~~///~~ The plan administrator shall be selected by the department
7 and ^{the} board together in a competitive, request-for-proposals process. The department

8 and the board shall prepare and issue a request for proposals that discloses the
9 evaluation process, as established by the department and the board, and the
10 evaluation criteria, as provided under par. (c), that will be used to select the plan
11 administrator.

12 (b) After initially evaluating the proposals submitted, the department and
13 board may enter into negotiations with, and request best and final offers from, no
14 more than 3 of the offerors that the department and board have determined are the
15 most likely to receive the contract to administer the plan. After receiving any best
16 and final offers and completing the final evaluation, the department and board shall
17 award a fixed-price contract to ~~the~~ ^{the} person submitting the proposal that the
18 department and board determine offers the most advantageous combination of price
19 and technical expertise.

20 (c) Proposals shall be evaluated on the basis of the following:

Insert 2-4 ✓

in the manner provided in 149.162 ✓

(part of insert 5-2)

Do not delete this T. It will be used later in insert 5-2.

1 1. The offeror's demonstrated experience and ability to administer large group
2 health benefit plans.

3 2. The technical capabilities of the offeror's computerized system of
4 administration.

5 3. The qualifications of the offeror's management staff designated for
6 administration of the plan.

7 4. The range and scope of other resources dedicated to administration of the
8 plan.

9 5. The offeror's technical proposal for plan administration, including
10 descriptions of, at a minimum, all of the following:

11 a. Claims administration functions and services; including enrollment,
12 eligibility, and covered benefit determinations; copayment, coinsurance, and
13 deductible calculations; and claims processing, adjustment, and payment.

14 b. Policyholder functions and services; including toll-free telephone service;
15 written and electronic communications; policyholder newsletters; policyholder
16 appeals and grievance services; and services related to external review of adverse
17 claim and experimental treatment determinations.

18 c. Financial transaction functions and services.

19 d. Premium and deductible subsidy program functions and services.

20 e. Reporting functions and services.

21 f. Any other plan administration functions and services.

22 6. Any other information or submissions required under the request for
23 proposals, by any best and final offer request, or as a result of negotiations with the
24 offeror.

25 7. The offeror's proposed firm, fixed price for plan administration.

****NOTE: The list under par. (c) is not a complete list of what was included in the language submitted with the drafting request because I have some questions and comments about it. It is unclear to me whether this list is the evaluation criteria, in which case the criteria would be set out in the statutes and not established by the department and board, as stated in the proposed language. Perhaps this list is not intended to be the evaluation criteria. In any case, the length and detail of the list seems inappropriate for the statutes. It would be more appropriate to include a general description (such as I have done in subd. 5. c. to f. above) and to have the department and board determine what details are necessary under each category, which could be done by rule but would not have to be. In addition, if you really want to include the detailed language, I am unable, without more guidance, to complete the list because I am unable to decipher what is meant by some of the items. They do not seem to fit in grammatically.

*this becomes
in the end of
ins. 5-1*

1 ~~Any~~ contract awarded under this ~~section~~ shall have a term of 3 years,
2 beginning on July 1 and ending on June 30 of the 3rd year beginning after the year
3 in which the contract term commences.

4 SECTION 5. 149.16 (3) ~~of~~ the statutes is created to read:

5 149.16 (3) ~~The~~ plan administrator shall submit regular reports to the
6 department and ~~the~~ board regarding the operation of the plan. The frequency,
7 content, and form of the reports shall be determined by the department and the
8 board.

9 SECTION 6. 149.16 ~~of~~ the statutes is created to read:

10 149.16 (3) ~~The~~ plan administrator shall be paid ~~as~~ provided in the contract
11 for plan administration, for direct and indirect expenses that the department
12 determines are incurred by the plan administrator in the administration of the plan,
13 including all of the following:

- 14 (a) ~~Printing~~ costs.
- 15 (b) ~~Claims~~ administration costs.
- 16 (c) ~~Management~~ costs.
- 17 (d) ~~Building~~ overhead expenses.
- 18 (e) ~~Other~~ actual operating and administrative expenses.

****NOTE: I didn't include in the list "audited administrative costs" because I don't know what you mean by that. Do you even need to specify what costs the plan

(end of ins. 5-1)

(only this on this page)

(2) (4)

administrator will be paid for? All of the ones listed seem to be the usual administrative expenses that an administrator would be paid for, and it seems to go without saying that the contract would provide for payment. Besides, wouldn't the administrator be paid the "firm, fixed-price" amount stated in the proposal that was approved by the department and board? Are the expenses listed above *in addition to* the firm, fixed-price amount? Am I missing something here?

SECTION 7. 149.16 (5) of the statutes is repealed.

****NOTE: Rather than amending this subsection, as proposed, I think it can be repealed. The new language provides that the selection process is a joint one between the department and the board, so it should not be necessary to state that the department has to obtain the approval of the board before awarding a contract for plan administration. You could, instead, require the department to take all actions related to the request-for-proposals process, but require the approval of the board with respect to every action taken.

SECTION 8. Initial applicability.

(1) This act first applies to administration of the health insurance risk-sharing plan under a contract beginning on July 1, 2002.

(END)

Now open RFA
 S-2
 1
 S-1
 from p.4

note

2001-2002 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1952/lins
PJK:jld:rs

INSERT A

the human immunodeficiency virus

The health insurance risk-sharing plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under medicare because they are disabled, persons who have tested positive for ~~the~~, and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP is administered by the department of health and family services (DHFS), in conjunction with a plan administrator and a board of governors (board). Under current law, the plan administrator is the same fiscal agent with which DHFS contracts to administer the medical assistance program.

This bill eliminates the requirement that the plan administrator be the fiscal agent for the medical assistance program and provides for a competitive, request-for-proposals process for selecting the plan administrator. Under the bill, the board must establish an oversight committee to assist in the selection process. The committee must develop and recommend to the board the request for proposals, which must specify and describe the work to be performed and the evaluation process and criteria that will be used in selecting the plan administrator. The bill lists the minimum specifications that the request for proposals must include. DHFS and the board must approve and prepare and issue the request for proposals that is actually used in the selection process. The committee must evaluate the proposals that are submitted in response to the request for proposals and may negotiate with, and request best and final offers from, up to three of the offerors that are the most likely to receive the contract for administration of HIRSP. After considering the recommendation of the committee on the selection of the plan administrator, DHFS and the board must award the contract for plan administration to the person that DHFS and the board determine offers the best combination of price and technical expertise. The administration contracts awarded under the process under the bill must have three-year terms running from July 1 to June 30, with the first contract under the new selection process beginning on July 1, 2002.

The bill provides that the plan administrator will be paid as provided in the contract for direct and indirect expenses that DHFS determines are incurred in the administration of HIRSP. The bill requires the plan administrator to submit regular reports on the operation of HIRSP to DHFS and the board. Since DHFS and board select the plan administrator together in the process under the bill, the bill eliminates a provision in current law that requires DHFS to obtain the approval of the board before implementing any contract with the plan administrator.

(END OF INSERT A)

INSERT 2-4

Insert 2-4

1 ^{Fix} ^{component} SECTION 1. 149.15 (3) (g) of the statutes is renumbered 149.15 (3) (g) 1 and
2 amended to read:

3 149.15 (3) (g) 1. Establish oversight committees to address various
4 administrative issues, such as financial management of the plan and plan
5 administrator performance standards.

6 3. A representative of the department may not be the chairperson of any
7 committee established under this paragraph.

8 History: 1979 c. 313; 1981 c. 83; 1987 a. 186, 399; 1991 a. 269; 1997 a. 27 ss. 3027m, 3027r, 4861 to 4878; Stats. 1997 s. 149.15; 1999 a. 9.

8 SECTION 2. 149.15 (3) (g) 2. of the statutes is created to read:

9 149.15 (3) (g) 2. Establish one or more contract procurement oversight
10 committees to do all of the following with respect to the plan administrator selection
11 process under s. 149.162:

12 a. Develop and recommend to the board the request for proposals to be used to
13 solicit contract proposals. The board and the department must approve any request
14 for proposals used.

15 b. Evaluate the technical proposals and the accompanying cost proposals
16 submitted in response to a request for proposals.

17 c. Request and evaluate best and final offers under s. 149.162 (3) and undertake
18 any related negotiations needed to obtain the most advantageous combination of
19 price and technical expertise.

20 d. Recommend to the board the selection of a plan administrator and the award
21 of a contract for plan administration.

(END OF INSERT 2-4)

INSERT 5-2A (to ins 5-2)

22 SECTION 3. 149.162 of the statutes is created to read:



1 ~~4~~ 149.162 Plan administrator selection process. (1) [✓] Subject to s. 149.15 (3)
2 (g) 2. a. [✓] the ~~20~~ ~~4~~

(END OF INSERT 5-2A)

INSERT 5-2B

3 ~~20~~ that specifies and describes the requirements for work to be performed under the
4 contract for administration of the plan and the form in which cost proposals must be
5 submitted, and ~~20~~

(END OF INSERT 5-2B)

INSERT 5-2C (to ins 5-2)

6 ~~4~~ (2) The request for proposals shall include, at a minimum, contract award
7 specifications related to all of the following:

8 (a) The offeror's demonstrated experience and ability to administer large group
9 health benefit plans.

10 (b) The offeror's technical proposal for performing the work required under the
11 contract, including descriptions and documentation of all of the following:

12 1. The technical capabilities of the offeror's computerized system of
13 administration.

14 2. The qualifications of the offeror's management staff designated for
15 administration of the plan. [✓]

16 3. The range and scope of procedures and resources that will be used to perform
17 various functions and to provide various services under the contract, including, at
18 a minimum, functions and services related to all of the following:

19 a. Claims administration.

20 b. Policyholders. [✓]

1 ~~request-for-proposal process under s. 149.16 (1m)~~ A representative of the
2 department may not be the chairperson of any committee established under this
3 paragraph.

****NOTE: The language proposed for the paragraph above seems to give the oversight committees the final word on the request-for-proposals language, and to require the oversight committees to do the actual evaluating of the proposals submitted and then recommend to the board who should get the contract. However, the language proposed for s. 149.16 (1m) (s. 149.16 (1) in your proposed draft) seems to give the department and board sole responsibility for preparing and issuing the request for proposals and for evaluating the proposals submitted. Therefore, it is unclear to me how much of a role you want these oversight committees to have in the contracting process. Do they act for the board because it would be too cumbersome for the entire board to act? Do they advise the board?

in the manner specified in s. 149.15(3)(g)2.

4 SECTION 3. 149.16 (1) of the statutes is repealed.

5 SECTION 4. 149.16 (1m) of the statutes is created to read:

6 149.16 (1m) ~~1m~~ The plan administrator shall be selected by the department
7 and board together in a competitive, request-for-proposals process. ~~the~~ department

8 and the board shall prepare and issue a request for proposals that discloses the
9 evaluation process ~~as established by the department and the board~~ and the
10 evaluation criteria ~~as established by the department and the board~~ that will be used to select the plan
11 administrator.

12 After initially evaluating the proposals submitted, the ~~department and board~~
13 ~~may~~ may enter into negotiations with, and request best and final offers from, no
14 more than 3 of the offerors that ~~are the most likely to receive the contract to administer the plan.~~ are the
15 most likely to receive the contract to administer the plan. After receiving any best
16 and final offers and completing the final evaluation, the department and board shall
17 award a fixed-price contract to the person submitting the proposal that the
18 department and board determine offers the most advantageous combination of price
19 and technical expertise.

20 Proposals shall be evaluated on the basis of the following:

committee established under s. 149.15(3)(g)2. for this purpose

Insert 5-2A

Insert 5-2C

Insert 5-2A

- 1 c. The premium and deductible subsidy program.
- 2 d. Reporting.
- 3 e. Financial transactions.
- 4 f. The plan budget and reconciliation.
- 5 g. Other plan administration.
- 6 (c) The offeror's cost proposal for performing the work required under the
- 7 contract. ✓

(END OF INSERT 5-2C)

INSERT 5-2D (to ins 5-2)

- 8 ~~A~~ committee shall recommend to the board the selection of a plan administrator.
- 9 Taking the recommendation into consideration, the ~~A~~

(END OF INSERT 5-2D)

Insert 5-1 cont'd.

****NOTE: The list under par. (c) is not a complete list of what was included in the language submitted with the drafting request because I have some questions and comments about it. It is unclear to me whether this list is the evaluation criteria, in which case the criteria would be set out in the statutes and not established by the department and board, as stated in the proposed language. Perhaps this list is not intended to be the evaluation criteria. In any case, the length and detail of the list seems inappropriate for the statutes. It would be more appropriate to include a general description (such as I have done in subd. 5. c. to f. above) and to have the department and board determine what details are necessary under each category, which could be done by rule but would not have to be. In addition, if you really want to include the detailed language, I am unable, without more guidance, to complete the list because I am unable to decipher what is meant by some of the items. They do not seem to fit in grammatically.

1 Any contract awarded under this section shall have a term of 3 years,
 2 beginning on July 1 and ending on June 30 of the 3rd year beginning after the year
 3 in which the contract term commences.

(end of ins 5-1)

SECTION 5. 149.16 (3) (d) of the statutes is created to read:

149.16 (3) (d) The plan administrator shall submit regular reports to the
 department and ^{to} the board regarding the operation of the plan. The frequency,
 content, and form of the reports shall be determined by the department and the
 board.

SECTION 6. 149.16 (3) (f) of the statutes is created to read:

149.16 (3) (f) The plan administrator shall be paid ^{as} provided in the contract
 for plan administration for direct and indirect expenses that the department
 determines are incurred by the plan administrator in the administration of the plan,
 including all of the following:

1. Printing costs.
2. Claims administration costs.
3. Management costs.
4. Building overhead expenses.
5. Other actual operating and administrative expenses.

****NOTE: I didn't include in the list "audited administrative costs" because I don't know what you mean by that. Do you even need to specify what costs the plan

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1952/1dn

PJK/fld:rs

stays

For the most part, I used the language that was suggested for this redraft. I thought it was very good and responded to the questions I had about the first version of the draft. I had to reorganize the material a bit, since we do not use a statutory unit smaller than a subdivision paragraph (which is the lower case letter with a period after it).

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1952/1dn
PJK:jld:ch

March 30, 2001

For the most part, I used the language that was suggested for this redraft. I thought it was very good and responded to the questions I had about the first version of the draft. I had to reorganize the material a bit, since we do not use a statutory unit smaller than a subdivision paragraph (which is the lowercase letter with a period after it).

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

Kahler, Pam

From: Kahler, Pam
Sent: Monday, April 02, 2001 1:18 PM
To: Southworth, Scott
Subject: RE: LRB 1952/1 - HIRSP competitive bidding

I will make that change and have the bill jacketed for you.

-----Original Message-----

From: Southworth, Scott
Sent: Monday, April 02, 2001 1:16 PM
To: Kahler, Pam
Subject: RE: LRB 1952/1 - HIRSP competitive bidding

Pam,

Bob is still here reviewing the HIRSP legislation, so I've got a quick answer for you! Adding "of" would be great to that proposed language; Bob also concurred with your opinion that we don't need to spell out the various plan revenues. If you could make the changes discussed, and then jacket the bill and send it over as a /2, that would be great. There's no need to send over the formal memo for us to check it off, unless you have that requirement. Thanks.

Scott

-----Original Message-----

From: Kahler, Pam
Sent: Monday, April 02, 2001 1:05 PM
To: Southworth, Scott
Subject: RE: LRB 1952/1 - HIRSP competitive bidding

Hi, Scott:

I think it would be fine to add that language. I don't think we need to spell out what plan revenues are; other than the GPR appropriated for HIRSP, those are the only revenues. I assume that "collection" refers to collection of plan revenues. If so, I would add an "of" after "collection." Okay?

Pam

-----Original Message-----

From: Southworth, Scott
Sent: Monday, April 02, 2001 12:57 PM
To: Kahler, Pam
Subject: LRB 1952/1 - HIRSP competitive bidding

Pam.

Thanks for your work on LRB 1952/1. Bob Wood only had 1 suggestion for consideration. At page 5, line 8, he wanted to consider the following:

"Financial transactions, including collection and accounting for plan revenues."

When Bob uses the term "plan revenues," he is referring to policy holder premium payments, assessments on insurers, and provider contributions to revenue. If needed, that could be spelled out there or in a separate definition.

What are your thoughts on this? Is such a change wise? Is there a better way to approach it?

That's the only possible change Bob noted before we introduce the bill for cosponsors. Let me know what you think; as I noted before, feel free to call Bob at (608) 873-8109 (home office) if you want to discuss this issue in detail with him. As the member of the HIRSP board and the one who is working on the issue, he is much more knowledgeable than I about the topic

Thanks!

Scott

Attorney Scott Harold Southworth
Research Assistant
Office of State Representative Sheryl K. Albers



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1952/2

PJK:jld:ch

revision

2001 BILL

*pp. 2+5
wanted
this week*

Regen

1 AN ACT *to repeal* 149.10 (8b), 149.16 (1) and 149.16 (5); *to amend* 149.15 (3) (g);
2 and *to create* 149.15 (3) (g) 2., 149.16 (1m), 149.16 (3m), 149.16 (6) and 149.162
3 of the statutes; **relating to:** a competitive bidding process for administration
4 of the health insurance risk-sharing plan.

Analysis by the Legislative Reference Bureau

The health insurance risk-sharing plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under medicare because they are disabled, persons who have tested positive for the human immunodeficiency virus, and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP is administered by the department of health and family services (DHFS), in conjunction with a plan administrator and a board of governors (board). Under current law, the plan administrator is the same fiscal agent with which DHFS contracts to administer the medical assistance program.

This bill eliminates the requirement that the plan administrator be the fiscal agent for the medical assistance program and provides for a competitive, request-for-proposals process for selecting the plan administrator. Under the bill, the board must establish an oversight committee to assist in the selection process. The committee must develop and recommend to the board the request for proposals,

BILL

which must specify and describe the work to be performed and the evaluation process and criteria that will be used in selecting the plan administrator. The bill lists the minimum specifications that the request for proposals must include. DHFS and the board must approve and prepare and issue the request for proposals that is actually used in the selection process. The committee must evaluate the proposals that are submitted in response to the request for proposals and may negotiate with, and request best and final offers from, up to three of the offerors that are the most likely to receive the contract for administration of HIRSP. After considering the recommendation of the committee on the selection of the plan administrator, DHFS and the board must award the contract for plan administration to the person that DHFS and the board determine offers the best combination of price and technical expertise. The administration contracts awarded under the process under the bill must have three-year terms running from July 1 to June 30, with the first contract under the new selection process beginning on July 1, 2002.

The bill provides that the plan administrator will be paid as provided in the contract for direct and indirect expenses that DHFS determines are incurred in the administration of HIRSP. The bill requires the plan administrator to submit regular reports on the operation of HIRSP to DHFS and the board. Since DHFS and board select the plan administrator together in the process under the bill, the bill eliminates a provision in current law that requires DHFS to obtain the approval of the board before implementing any contract with the plan administrator.

FE-S

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 149.10 (8b) of the statutes is repealed.

2 **SECTION 2.** 149.15 (3) (g) of the statutes is amended to read:

3 149.15 (3) (g) 1. Establish oversight committees to address various
4 administrative issues, such as financial management of the plan and plan
5 administrator performance standards.

6 3. A representative of the department may not be the chairperson of any
7 committee established under this paragraph.

8 **SECTION 3.** 149.15 (3) (g) 2. of the statutes is created to read:

9 149.15 (3) (g) 2. Establish one or more contract procurement oversight
10 committees to do all of the following with respect to the plan administrator selection
11 process under s. 149.162:

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1 a. Develop and recommend to the board the request for proposals to be used to
2 solicit contract proposals. The board and the department must approve any request
3 for proposals used.

4 b. Evaluate the technical proposals and the accompanying cost proposals
5 submitted in response to a request for proposals.

6 c. Request and evaluate best and final offers under s. 149.162 (3) and undertake
7 any related negotiations needed to obtain the most advantageous combination of
8 price and technical expertise.

9 d. Recommend to the board the selection of a plan administrator and the award
10 of a contract for plan administration.

11 **SECTION 4.** 149.16 (1) of the statutes is repealed.

12 **SECTION 5.** 149.16 (1m) of the statutes is created to read:

13 149.16 (1m) The plan administrator shall be selected by the department and
14 the board together in the manner provided in s. 149.162 in a competitive,
15 request-for-proposals process.

16 **SECTION 6.** 149.16 (3m) of the statutes is created to read:

17 149.16 (3m) The plan administrator shall submit regular reports to the
18 department and to the board regarding the operation of the plan. The frequency,
19 content, and form of the reports shall be determined by the department and the
20 board.

21 **SECTION 7.** 149.16 (5) of the statutes is repealed.

22 **SECTION 8.** 149.16 (6) of the statutes is created to read:

23 149.16 (6) The plan administrator shall be paid as provided in the contract for
24 plan administration for direct and indirect expenses that the department

BILL

1 determines are incurred by the plan administrator in the administration of the plan,
2 including all of the following:

3 (a) Printing costs.

4 (b) Claims administration costs.

5 (c) Management costs.

6 (d) Building overhead expenses.

7 (e) Other actual operating and administrative expenses.

8 **SECTION 9.** 149.162 of the statutes is created to read:

9 **149.162 Plan administrator selection process.** (1) Subject to s. 149.15 (3)
10 (g) 2. a., the department and the board shall prepare and issue a request for proposals
11 that specifies and describes the requirements for work to be performed under the
12 contract for administration of the plan and the form in which cost proposals must be
13 submitted, and that discloses the evaluation process and the evaluation criteria that
14 will be used to select the plan administrator.

15 (2) The request for proposals shall include, at a minimum, contract award
16 specifications related to all of the following:

17 (a) The offeror's demonstrated experience and ability to administer large group
18 health benefit plans.

19 (b) The offeror's technical proposal for performing the work required under the
20 contract, including descriptions and documentation of all of the following:

21 1. The technical capabilities of the offeror's computerized system of
22 administration.

23 2. The qualifications of the offeror's management staff designated for
24 administration of the plan.

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1 3. The range and scope of procedures and resources that will be used to perform
2 various functions and to provide various services under the contract, including, at
3 a minimum, functions and services related to all of the following:

4 a. Claims administration.

5 b. Policyholders.

6 c. The premium and deductible subsidy program.

7 d. Reporting.

8 e. Financial transactions.

9 f. The plan budget and reconciliation.

10 g. Other plan administration.

11 (c) The offeror's cost proposal for performing the work required under the
12 contract.

13 (3) After initially evaluating the proposals submitted, the committee
14 established under s. 149.15 (3) (g) 2. for this purpose may enter into negotiations
15 with, and request best and final offers from, no more than 3 of the offerors that are
16 the most likely to receive the contract to administer the plan. After receiving any
17 best and final offers and completing the final evaluation, the committee shall
18 recommend to the board the selection of a plan administrator. Taking the
19 recommendation into consideration, the department and board shall award a
20 fixed-price contract to the person submitting the proposal that the department and
21 board determine offers the most advantageous combination of price and technical
22 expertise.

23 (4) Any contract awarded under this section shall have a term of 3 years,
24 beginning on July 1 and ending on June 30 of the 3rd year beginning after the year
25 in which the contract term commences.

*including collection of and
accounting for plan
revenues*

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SECTION 10

1 **SECTION 10. Initial applicability.**

2 (1) This act first applies to administration of the health insurance risk-sharing
3 plan under a contract beginning on July 1, 2002.

4 **(END)**



State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-1952/3

PJK:jld:km

revision

2001 BILL

*P. 2
Case "00"
today*

- Regen*
- 1 AN ACT *to repeal* 149.10 (8b), 149.16 (1) and 149.16 (5); *to amend* 149.15 (3) (g);
2 and *to create* 149.15 (3) (g) 2., 149.16 (1m), 149.16 (3m), 149.16 (6) and 149.162
3 of the statutes; **relating to:** a competitive bidding process for administration
4 of the health insurance risk-sharing plan.

Analysis by the Legislative Reference Bureau

The health insurance risk-sharing plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under medicare because they are disabled, persons who have tested positive for the human immunodeficiency virus, and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP is administered by the department of health and family services (DHFS), in conjunction with a plan administrator and a board of governors (board). Under current law, the plan administrator is the same fiscal agent with which DHFS contracts to administer the medical assistance program.

This bill eliminates the requirement that the plan administrator be the fiscal agent for the medical assistance program and provides for a competitive, request-for-proposals process for selecting the plan administrator. Under the bill, the board must establish an oversight committee to assist in the selection process. The committee must develop and recommend to the board the request for proposals,

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which must specify and describe the work to be performed and the evaluation process and criteria that will be used in selecting the plan administrator. The bill lists the minimum specifications that the request for proposals must include. DHFS and the board must approve and prepare and issue the request for proposals that is actually used in the selection process. The committee must evaluate the proposals that are submitted in response to the request for proposals and may negotiate with, and request best and final offers from, up to three of the offerors that are the most likely to receive the contract for administration of HIRSP. After considering the recommendation of the committee on the selection of the plan administrator, DIIFS and the board must award the contract for plan administration to the person that DHFS and the board determine offers the best combination of price and technical expertise. The administration contracts awarded under the process under the bill must have three-year terms running from July 1 to June 30, with the first contract under the new selection process beginning on July 1, 2002.

The bill provides that the plan administrator will be paid as provided in the contract for direct and indirect expenses that DHFS determines are incurred in the administration of HIRSP. The bill requires the plan administrator to submit regular reports on the operation of HIRSP to DHFS and the board. Since DHFS and board select the plan administrator together in the process under the bill, the bill eliminates a provision in current law that requires DHFS to obtain the approval of the board before implementing any contract with the plan administrator.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 149.10 (8b) of the statutes is repealed.

2 **SECTION 2.** 149.15 (3) (g) of the statutes is amended to read:

3 149.15 (3) (g) 1. Establish oversight committees to address various
4 administrative issues, such as financial management of the plan and plan
5 administrator performance standards.

6 3. A representative of the department may not be the chairperson of any
7 committee established under this paragraph.

8 **SECTION 3.** 149.15 (3) (g) 2. of the statutes is created to read:

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1 149.15 (3) (g) 2. Establish one or more contract procurement oversight
2 committees to do all of the following with respect to the plan administrator selection
3 process under s. 149.162:

4 a. Develop and recommend to the board the request for proposals to be used to
5 solicit contract proposals. The board and the department must approve any request
6 for proposals used.

7 b. Evaluate the technical proposals and the accompanying cost proposals
8 submitted in response to a request for proposals.

9 c. Request and evaluate best and final offers under s. 149.162 (3) and undertake
10 any related negotiations needed to obtain the most advantageous combination of
11 price and technical expertise.

12 d. Recommend to the board the selection of a plan administrator and the award
13 of a contract for plan administration.

14 **SECTION 4.** 149.16 (1) of the statutes is repealed.

15 **SECTION 5.** 149.16 (1m) of the statutes is created to read:

16 149.16 (1m) The plan administrator shall be selected by the department and
17 the board together in the manner provided in s. 149.162 in a competitive,
18 request-for-proposals process.

19 **SECTION 6.** 149.16 (3m) of the statutes is created to read:

20 149.16 (3m) The plan administrator shall submit regular reports to the
21 department and to the board regarding the operation of the plan. The frequency,
22 content, and form of the reports shall be determined by the department and the
23 board.

24 **SECTION 7.** 149.16 (5) of the statutes is repealed.

25 **SECTION 8.** 149.16 (6) of the statutes is created to read:

BILL

1 149.16 (6) The plan administrator shall be paid as provided in the contract for
2 plan administration for direct and indirect expenses that the department
3 determines are incurred by the plan administrator in the administration of the plan,
4 including all of the following:

5 (a) Printing costs.

6 (b) Claims administration costs.

7 (c) Management costs.

8 (d) Building overhead expenses.

9 (e) Other actual operating and administrative expenses.

10 **SECTION 9.** 149.162 of the statutes is created to read:

11 **149.162 Plan administrator selection process.** (1) Subject to s. 149.15 (3)

12 (g) 2. a., the department and the board shall prepare and issue a request for proposals
13 that specifies and describes the requirements for work to be performed under the
14 contract for administration of the plan and the form in which cost proposals must be
15 submitted, and that discloses the evaluation process and the evaluation criteria that
16 will be used to select the plan administrator.

17 (2) The request for proposals shall include, at a minimum, contract award
18 specifications related to all of the following:

19 (a) The offeror's demonstrated experience and ability to administer large group
20 health benefit plans.

21 (b) The offeror's technical proposal for performing the work required under the
22 contract, including descriptions and documentation of all of the following:

23 1. The technical capabilities of the offeror's computerized system of
24 administration.

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1 2. The qualifications of the offeror's management staff designated for
2 administration of the plan.

3 3. The range and scope of procedures and resources that will be used to perform
4 various functions and to provide various services under the contract, including, at
5 a minimum, functions and services related to all of the following:

6 a. Claims administration.

7 b. Policyholders.

8 c. The premium and deductible subsidy program.

9 d. Reporting.

10 e. Financial transactions, including collection of and accounting for plan
11 revenues.

12 f. The plan budget and reconciliation.

13 g. Other plan administration.

14 (c) The offeror's cost proposal for performing the work required under the
15 contract.

16 **(3)** After initially evaluating the proposals submitted, the committee
17 established under s. 149.15 (3) (g) 2. for this purpose may enter into negotiations
18 with, and request best and final offers from, no more than 3 of the offerors that are
19 the most likely to receive the contract to administer the plan. After receiving any
20 best and final offers and completing the final evaluation, the committee shall
21 recommend to the board the selection of a plan administrator. Taking the
22 recommendation into consideration, the department and board shall award a
23 fixed-price contract to the person submitting the proposal that the department and
24 board determine offers the most advantageous combination of price and technical
25 expertise.

BILL**SECTION 9**

1 (4) Any contract awarded under this section shall have a term of 3 years,
2 beginning on July 1 and ending on June 30 of the 3rd year beginning after the year
3 in which the contract term commences.

4 **SECTION 10. Initial applicability.**

5 (1) This act first applies to administration of the health insurance risk-sharing
6 plan under a contract beginning on July 1, 2002.

7 (END)