



GROUP INSURANCE PROGRAM SPECIFICATIONS

B.C. PUBLIC SCHOOL EMPLOYERS' ASSOCIATION – BUYING GROUP PLAN

(EXTENDED HEALTH AND DENTAL)

Prepared October 2012

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FOREWARD

BACKGROUND

The British Columbia Public School Employers' Association (BCPSEA) is a full service employers' association and is the accredited bargaining agent for all 60 public boards of education, for unionized teaching and support staff in the British Columbia K – 12 public education system. In addition to labour relations advice/resources and collective bargaining, the BCPSEA's mandate includes other selected areas of human resource management, including exempt staff human resources; health, safety and wellness; pension and benefits.

In July 1997, BCPSEA established a voluntary provincial employee benefits buying group program (the Buying Group), with the objective of establishing shared services for insurance providers by combining purchasing power to lower administration costs for participating school boards.

The Buying Group offers the following benefits to participating members:

- Life (including optional and dependent life)
- Accident (including optional AD&D)
- Extended health care
- Dental care

Short and long term disability is not formally part of the program; however, these benefits are made available to participating school boards if their previous carrier for these benefits is unwilling to continue coverage.

The Buying Group has experienced solid growth in terms of membership since its inception, with currently 47 participating members, providing coverage for approximately 30,000 employees for various benefits available through the program. The combined cash flow for the program is approximately \$80 million, making it arguably one of the largest benefit programs in the province of BC.

An "infrastructure model" has been developed and is currently in place with the existing providers of the program with respect to marketing to new members, renewal process, administration, and communications. While this has been documented in the Underwriting and Administration Reference Manual, some procedures mentioned in the manual have since been modified for practical reasons. Please note that a copy of the manual will be provided to all finalists and that the selected provider must agree to the procedures outlined in the manual.

PLAN DESIGNS

Plan designs under the Buying Group program is determined at the individual school board level and can be found on www.bcpseabenefits.ca. Click on “Employee” and select the group you wish to view.

However, very recently (in 2012), through collective bargaining between the BCPSEA and the BC Teachers’ Federation (BCTF), there was agreement amongst the parties to develop a standard extended health plan, which currently 49 Teacher groups opted to adopt. The voting results for four of the Teacher groups is still outstanding and we will provide an update on these results to you as soon as they are known. The purpose of plan standardization was as follows:

- Create additional claims administration cost efficiencies by simplifying plan designs
- Cost savings by better leveraging of technology for claim administration through the introduction of a pay-direct drug card
- Modernize the design to better reflect common plan provisions

As a result of the plan standardization exercise, the number of extended health plan designs under the Buying Group program has reduced from 144 to 101.

The standard extended health plan for Teachers is part of the Buying Group and as such, any school board with a Teacher group opting into the standard plan must join the Buying Group, if they have not done so already. School Boards joining the Buying Group must transfer all employee groups and all benefits into the program that is not restricted from doing so by collective agreements. This increases the size of the Buying Group from 47 participating members to 58¹.

Appendix A provides a list of those members currently participating in the Buying Group as well as a separate list of those joining the Buying Group to allow their Teacher group to be part of the standard extended health plan.

In the future, further standardization of plan designs for other benefits, such as dental, and within other employee groups such as Principals, Vice Principals and Excluded Staff may be explored.

PURPOSE OF THE MARKET STUDY

This market study is for the extended health (including medical referral travel benefits) and dental care benefits only for all employee groups within the Buying Group, with

¹ This may increase by one or two more groups depending on the votes of two non-Buying Group school boards

specific emphasis on the Teachers groups and their standardized extended health plan.

All other benefits under the Buying Group will be tendered separately in the near future. Given that the required timeline, focus and stakeholders for the extended health and dental benefits are different, it is necessary to have separate processes.

The purpose of this market survey is as follows:

- Find the most suitable provider for extended health and dental benefits given the recent changes to a more standardized plan design structure for Teachers
- Test the competitiveness of the current insurer's administration, pooling, reserve requirements and interest rates
- Find a partner in the continuing evolution of the Buying Group program that can provide the flexibility and the technology necessary to adapt to the changing needs of the Buying Group
- Assess which provider has the best quality of claims administration services

This specifications document is intended to provide a general overview of the benefits, with the expectation that all current plan designs will be duplicated and that the standard extended health plan for Teachers can be matched for those groups that opted for this plan.

Financial experience for current Buying Group participants in the program can be found in the Appendix A of this RFP. The Teachers' standardized extended health benefit is provided in Appendix B. We are in the process of collecting plan design and financial experience for those non-Buying Group groups that opted into the standard plan for teachers and will forward this information once received, if required.

Timeline and Key Dates

As the Teachers' standardized extended health benefit has already been bargained and there is a desire to provide this coverage to Teachers as soon as possible, it is important that a provider is selected and implementation begin as soon as possible. As such, the timeframes and key dates for this market survey are as follows:

Release of specifications document	October 1, 2012
Discovery meeting	October 9 & 10, 2012
Closing date for supplier's inquiries	October 19, 2012
Close of tender process	October 19, 2012
Invitation of selected providers to attend finalist presentations	November 9, 2012
Finalist presentations	November 15, 2012
Decision of provider(s)	November 15, 2012
Proposed transfer date ²	January 1, 2013

As indicated in the table, discovery meetings will be arranged for Wednesday, October 9 and 10, 2012, at the Morneau Shepell office in Vancouver. The purpose of these meetings is to provide insurers with the opportunity to ask questions directly to Morneau Shepell and the Selection Committee (if available). Please contact Alison Coelho or David White for meeting information and to schedule a meeting time. Questions for the discovery meeting should be presented to Alison Coelho or David White at Morneau Shepell via email no later than 12:00 p.m. one day prior to the day of your discovery meeting.

Strict adherence to the specifications is requested. Deviations must be clearly specified as a separate section within your proposal. The closing date for submission of proposals is October 19, 2012, at 5:00 p.m. PST. Please provide an electronic version of your proposal as well as two hard copies. Your sealed proposal should be forwarded to our office at:

Attn: Alison Coelho
Morneau Shepell
2925 Virtual Way, Suite 310
Vancouver, BC V5M 4X5

Should you have any questions, please contact Alison Coelho or David White, at (604) 642-5200.

CONTACTS

All requests for information, questions and completed proposals should be submitted via e-mail to:

Attn: Alison Coelho
acoelho@morneaushepell.com

Copy: David White
dwhite@morneaushepell.com

² For Teachers extended health and dental. Other benefits and employee groups that are required to transfer to the BCPSEA Buying Group will transition July 1, 2013.

SECTION 1 – GENERAL CONDITIONS

- Strict adherence to the specifications is requested. Deviations must be clearly specified as a separate section within your proposal.

A. EVALUATION OF PROPOSALS

Proposals submitted by non-eligible suppliers, incomplete proposals, proposals that do not comply with all the requirements of this RFP, proposals which contain false information, or proposals which do not provide sufficient information to permit a full evaluation may not be considered by the Selection Committee, at their sole and unfettered discretion. General statements or restatements of the conditions of the RFP will not be satisfactory to the selection committee.

Proposals will be evaluated on (but not restricted to) the following criteria:

- Ability to meet the stated requirements
- Price
- Flexibility in terms of plan designs and funding options
- Quality of claims administration services
- Proposed service levels and local presence
- Project management as it relates to implementation
- Educational support for plan members, on implementation and ongoing
- Feedback provided by references
- Experience in the industry and underwriting multi-employer plans
- Management reporting abilities
- Any additional value adds

B. SERVICE AGREEMENT

The selected supplier will also be expected to enter into a service agreement with BCPSEA, which will include (but not be restricted to), the following areas:

- Provide services in a timely manner
- Provide the appropriate services
- Provide quality client services
- Provide quality member service
- Frequency of data reporting

- Maintain and ensure BCPSEA's full understanding of services within its organization
- Advise BCPSEA of any products/initiatives that could mean cost savings, efficiencies or productivity improvements, etc.
- Comply with agreement terms and company policy
- Quickly resolve problems
- Respond to phone calls, request for information (RFI) and other requests in a timely manner

The selected supplier must perform these activities without constant follow-up. Failure by the supplier to meet the performance requirements of BCPSEA can result in the cancellation of the agreement and in the supplier being excluded from future opportunities. BCPSEA will be the sole judge of supplier performance. Morneau Shepell and/or BCPSEA will meet with the selected supplier to discuss performance expectations in detail and the development of the service agreement. The service agreement will include financial penalties for the failure to meet agreed upon service levels. Please acknowledge.

C. ADMINISTRATION

Currently there are three administration options available to Buying Group participants. These include:

- Self-administration, using the insurer's administration system for extended health and dental with the provider providing either a paper or electronic monthly invoice. Electronic invoices should be available in fixed length or comma delimited format for easy reconciliation
- Third party administration whereby Morneau Shepell performs all benefits administration functions using the tools made available on the Buying Group web site (including regular data feeds to insurer systems)
- Co-sourcing administration whereby enrolment, change data, and development of monthly premium bills are performed by the school board administrator using the tools made available on the Buying Group web site (including regular data feeds to insurer systems)

The selected provider must be able to support these three administration options available to participants. Please note that 42 of the 47 members are self-administered and use the provider's administration system for extended health and dental administration. One member uses third party administration and four use web site administration. Participants also have the ability to change their administration option whenever they choose; however, it is not common for participants to switch options.

C. COMMUNICATION

It should be noted that the benefit plan (i.e. booklets) information is provided through the Buying Group web site for each participating school board. As such, paper booklets are not required by the claims administrator/insurer. However, communication material, particularly

with respect to the implementation and ongoing education of the new managed drug program will be required, and the quality and proposed approach of such service will be part of the evaluation criteria.

SECTION 2 – CURRENT UNDERWRITING METHOD

Current Underwriting Methods

Benefit	Underwriting Approach
Extended Health Care	ASO, \$25,000 stop loss ³
Dental Care	ASO, \$11,000 stop loss ⁴
Medical Travel Referral Benefit (MRTB)	ASO

With the current underwriting approach, most small to medium sized participants are placed in the Buying Group's extended health care (EHC) and/or dental pool (underwritten on an ASO basis with the claims administrator/insurer). Future rates are based on a group's experience, up to a certain degree depending on the size of the group. Further, trend factors relating to inflation and utilization, as well as allowances for administration expenses are reflected in the calculation of rates.

However, all boards have the option of having their own stand-alone arrangement. This is appropriate for moderate to large sized participants that have relatively stable past claims experience. These situations are also underwritten on an ASO basis, separate from the pool.

Currently 27 of the 47 members (57%) participate in the pool for extended health and 24 out of 47 members (51%) participate in the pool for dental. Please see Appendix A for a listing that details which member is in the pool and which members are stand-alone.

³ Per person per calendar year

⁴ Per person per calendar year

Financial Position

The following is a summary of the financial position of the Buying Group extended health and dental pools up to June 30, 2012:

Estimated Policy Year-to-date - July 1, 2011 to June 30, 2012		
	EHC	Dental
Total Premium Paid	\$5,346,306	\$4,350,103
Claim Charges	\$4,777,515	\$4,620,652
Estimated Retention, Expenses, and Interest	\$422,730	\$266,409
Year-to-Date Surplus (Deficit) as at June 30, 2012	\$146,061	(\$536,957)

Estimated Financial Position as at June 30, 2012		
	EHC	Dental
Fully Funded IBNR	\$1,301,899	\$292,218
Fully Funded CFR	\$538,313	\$435,952
Balance Available in UDA	\$1,618,195	\$343,572
Total Accumulated Surplus as at June 30, 2012	\$3,458,407	\$1,071,742

Timing of Renewal

The effective date of premium rate and retention adjustments is July 1st. For some members in the program, the EHC and dental premium rates will be adjusted effective January 1st. This is dependent on their normal renewal date under their prior arrangement. For those members with an initial renewal in January, their next renewal date for these benefits will be the July 1st following their initial renewal date. Employee groups with flexible benefit plans will always renew January 1st of each year.

Due to the budgeting process within the school boards, Morneau Shepell presents the renewal proposals during the first calendar quarter. In order to allow sufficient time to finalize the renewal proposals in a given policy year, the timeline described is required:

Description	Target Date
Financial accounting statements provided	October (statement for July – June)
Provider presents renewal proposal	November
Complete preliminary renewal negotiations	November/December
Present renewal proposal to BCPSEA for approval	December
Prepare renewal proposals for each school board	January
Present renewal to school boards	1 Quarter

SECTION 3 – GENERAL AND FINANCIAL INFORMATION

QUESTIONNAIRE

Please respond to the following questions and provide with your proposal.

A. ABOUT YOUR COMPANY

1. Please provide the names, titles, roles and a brief résumé of people from your company who would be directly involved with BCPSEA.
2. Please provide the names, titles, and roles of people from your company that would work on the implementation of this group (if different from your response to question 1).

B. QUALITY AND SERVICE CAPABILITIES

1. Please advise the location of your group office(s) from which this account will be serviced and advise of the location of the claims office(s) from which claims, by benefit, would be administered and paid, for each province.
2. Please confirm the frequency of internal control testing (e.g. CICA 5970 or CSAE 3416 reporting) and the last time testing was performed by your organization.
3. Describe your quality control process including mechanisms in place to ensure the accuracy of storage and maintenance of proprietary information including data storage and back-up, compliance with legislation and management reporting.
4. Please provide details of your company's experience with underwriting volume purchasing programs. How many of these plans do you currently underwrite? How many are in excess of 10,000 lives? Which benefits?
5. Please confirm that you provide toll-free telephone numbers for employee claims and benefits inquiries. As well, confirm if employee queries can be sent via e-mail. Describe service standards, i.e. average wait, whether a log is kept, bilingual service, etc.
6. Please confirm that you will agree to enter into a service agreement.
7. Please provide details on your company's web site capabilities specifically related to employee access to claim information and submission.
8. Please outline your process for educating members on managed drug plans upon implementation and ongoing.
9. Please outline details of any services, unique to your company, which have not been identified in this questionnaire.

C. CLAIMS MANAGEMENT

1. What is the average in-house turnaround time for routine extended health and dental care claims? Please confirm how this is tracked.

2. Please describe the formularies available through your pay direct drug card. How do you determine if/when new drugs introduced to the marketplace are added to the formulary? Please outline criteria. Can you provide exceptions on an individual case basis. Ie. Special authorization? Please outline criteria and if there is any additional cost for this.
3. Does your formulary incorporate application to the Pharmacare Special Authority Drug program for those drugs that could be approved for coverage under Pharmacare in certain circumstances?
4. Please confirm if you have Pharmacy Agreements in place and whether they cover British Columbia. Please state maximums, limits and guidelines for adjudication of the following:
 - Dispensing fee maximum
 - Drug ingredient mark-up cost maximum

Please describe the right to audit included in the agreement, both on-site and electronic.

Should an agreement not be in place, please clarify how the items in (a) and (b) are adjudicated and how maximums are applied. Please also state whether you intend to secure an agreement.

D. ADMINISTRATION AND GENERAL INFORMATION

1. Please confirm that you can adhere to the timeline outlined on page 5 under the section Timeline and Key Dates. If not, please outline why.
2. For renewal reporting, please confirm that you can adhere to the timeline set up on page 11 under the section Timing of Renewal. If not, please outline why.
3. Please confirm your implementation plan for meeting the stated requirements within this RFP.
4. Please confirm all insurance contracts issued by your company or its affiliate relationships, regardless of underwriting arrangement, will not be subject to termination within the guarantee period outlined above without consultation and express consent from BCPSEA.
5. Please confirm that you will “grandfather” existing levels of coverage for current employees.
6. Please confirm that your company will comply with the Canadian Life and Health Insurance Association guidelines in respect to transfer and termination of group insurance and that no employee will lose any coverage as a result of a change of insurers.
7. Please confirm that BCPSEA will retain ownership of all employee eligibility, claims data and any other data developed during the life of any contract with your company.
8. Please advise your current ability to allow electronic data interchange for premium billing and/or enrolment information with a client’s HRIS system.

9. Please confirm that your company would be agreeable to the use of one generic enrolment card.
10. Please confirm your acceptance of generic enrolment cards and other insurer's enrolment cards already on file following the transfer of benefit, and for any new school board that decides to join the Buying Group at a future date.
11. Please confirm the standard turnaround time in producing:
 - Claims payment system
 - First draft of contracts and financial agreements;
 - Financial reports;
 - Drug cards.
12. Please confirm your reporting capabilities and specify the applicable charges if any to provide the following reports in electronic format:
 - Quarterly summary of premiums (if applicable) and claims paid by month and employee group, separately for each benefit;
 - An annual report of claims paid by employee group, separately for each benefit and by employee category (single/couple/family);
 - A monthly list of claims reimbursed under the HSA, separately for each benefit and employee group;
 - Both quarterly and annual summaries of claims by type of expense for health and dental care;
 - An annual list of claim charges per participant (modified to ensure confidentiality) broken down between employee, spouse and children (in electronic format);
 - Both quarterly and annual listings of drugs with statistics about cost, utilization and normative trend;
13. Please comment on your organization's policies with respect to the Personal Information Protection and Electronic Documents Act (PIPEDA) including the future impact on reporting.
14. Please confirm that your proposal adheres to these specifications. Should there be any deviations, please list them separately on an attached sheet and explain; otherwise, we will assume you have complied with the specifications. **Standard proposal pages will not be accepted as referrals on any deviations.**

E. FINANCIAL INFORMATION

The extended health, dental and medical referral travel benefits will be administered on an ASO basis. Please provide pricing as per the chart below as a % of claims. Stop loss charges should not be applied to vision care.

Administrative Services Only	EHC	Dental	MRTB
General Administration			
Claims Administration			
Profit			
Risk			
Other			
Total			
EHC Pooling Charges			
Opt. A 1 st dollar out-of-province Stop loss of \$25,000 in-province		N/A	
Opt. B 1 st dollar out-of-province Stop loss of \$50,000 in-province		N/A	
Opt. C Stop loss of \$25,000 in and out-of-province		N/A	
Opt. D Stop loss of \$50,000 in and out-of-province		N/A	
Dental Pooling Charges (only applicable if HST is charged)			
Stop loss of \$11,000	N/A		N/A
Travel Assist – Please identify any additional charges		N/A	
Medical Referral Travel Benefit – please identify processing charges			
Other			

1. Please confirm the guarantee period for your quoted expenses, reserve factors, and interest rates are guaranteed. Please indicate the circumstances under which these could be changed.
2. Please confirm that the BCPSEA Buying Group will be given Most Favoured Client status, providing BCPSEA with the lowest expenses across your entire block of business upon set up and ongoing if in future other clients obtain lower expenses.
3. Please confirm if you offer an alternative basis for fees (e.g. per transaction cost) that minimizes the variance between EHC inflation and trend vs CPI.
4. Please describe any additional charges that the client would be responsible for over and above the ASO charges stated above.
5. Please outline how you would structure the administration and financial setup of the Buying Group given the recent plan design consolidation for Teachers to ensure the lowest administration fees. Please note that access to reporting information by school board, by

employee group is required. If administration fees quoted change based on structure set up please indicate fees for each available option.

6. Would the above fees be reduced if there is further standardization of benefit plans within the Teacher group and other employee groups. If so, please provide the change in cost.
7. Please describe the methodology used to calculate the interest on cash flow.
8. Please provide a sample of your ASO agreement applicable to this situation.
9. Please confirm that you would be prepared to allow the following method of payment handling:
 - Deposit rates reconciled annually with claims
 - Actual claims invoiced monthly
10. Please confirm the different methods through which the claims account can be funded, i.e., deposit with insurer, electronic transfer, etc. Please confirm the costs implications and float requirements of each approach.
11. Please confirm that you will be able to transfer the claims history received from the previous provider for the extended health and dental care benefits. What is the additional cost to BCPSEA to perform such function, if any? Are you willing to share in any associated cost that may be charged to BCPSEA to obtain the claims history report from the previous provider?
12. Please indicate all expenses associated with administering a health care spending account.
13. Please note that two participating members have flexible benefit plans for their Principals, Vice Principals and District Exempt employee groups that they self-administer. Please indicate whether expenses for these groups would be different from the fees you have quoted.
14. Please describe your capabilities in administering a health care spending account. Indicate whether any unpaid balance under the health and/or dental benefits could automatically (at the employee's request) be assessed under the health care spending account and paid on the same cheque. Currently there are three participants with health care spending accounts.
15. Please describe how you process premium holidays if there is accumulated surplus to be used.
16. Are you able to pay claims retroactively that were previously not submitted based on the new plan design? I.e. Could claims incurred from July 1st, 2011 onward be reimbursed under the plan as long as they have not been submitted to their current plan? Please indicate if there would be an additional fee for this.

SECTION 4 – BCPSEA PLAN DESIGN OVERVIEW

BCPSEA

Plan design information for Buying Group member participants can be found on the website www.bcpseabenefits.ca. Information is separated by school board and employee group. Once you have made your selection you will see a “My Plan” link in the top left corner of the screen. Click on this link and you will be shown a full list of benefits for that employee group. Click on a benefit to see coverage details. The Medical Referral Travel Benefit is listed as a separate benefit from extended health. Please note that there are currently two school boards (SD #61 (Greater Victoria) and SD #42 (Maple Ridge-Pitt Meadows)) with flexible benefit plans which include Health Spending Accounts for their Principals, Vice Principals and District Exempt employee groups. In addition, the BCPSEA Staff group has a Health Spending Account as well. Information on how the HSA is set up is available by participating member on the website.

TEACHER’S STANDARD EXTENDED HEALTH PLAN

As stated in the Forward, there are 49 Teacher groups that have opted into the Teacher’s standard extended health plan. The following is a listing by school board of whether the Teacher’s group will be joining the standard extended health plan.

School District #	District Name	Adopting Standard EHC Plan for Teachers ⁵
5	Southeast Kootenay	YES
6	Rocky Mountain	YES
8	Kootenay Lake	YES
10	Arrow Lakes	YES
19	Revelstoke	YES
20	Kootenay Columbia	YES
22	Vernon	YES
23	Central Okanagan	YES
27	Cariboo-Chilcotin	YES
28	Quesnel	YES

⁵ For those listed as Unknown, we will advise you of the decision once the voting results are available

33	Chilliwack	YES
34	Abbotsford	Unknown
35	Langley	YES
36	Surrey	YES
37	Delta	YES
38	Richmond	Unknown5
39	Vancouver	NO
40	New Westminster	YES
41	Burnaby	YES
42	Maple Ridge	YES
43	Coquitlam	NO
44	North Vancouver	YES
45	West Vancouver	Unknown
46	Sunshine Coast	YES
47	Powell River	NO
48	Sea to Sky	YES
49	Central Coast	YES
50	Haida Gwaii	YES
51	Boundary	YES
52	Prince Rupert	YES
53	South Okanagan Similkameen	YES
54	Bulkley Valley	YES
57	Prince George	YES
58	Nicola Similkameen	YES
59	Peace River South	YES
60	Peace River North	YES
61	Greater Victoria	YES
62	Sooke	NO
63	Saanich	YES
64	Gulf Islands	YES

67	Okanagan Skaha	YES
68	Nanaimo	YES
69	Qualicum	YES
70	Alberni	YES
71	Comox	YES
72	Campbell River	YES
73	Kamloops Thompson	YES
74	Gold Trail	YES
75	Mission	YES
78	Fraser-Cascade	Unknown
79	Cowichan Valley	NO
81	Fort Nelson	YES
82	Coast Mountains	NO
83	North Okanagan-Shuswap	YES
84	Vancouver Island West	NO
85	Vancouver Island North	YES
87	Stikine	YES
91	Nechako Lakes	YES
92	Nisga'a	YES
93	Conseil Scolaire Francophone	YES

Details on the Teacher's standard extended health plan can be found in Appendix B.