



Recommendations

GOALS

When devising the RFP Wilco staff and Gallagher agreed we would focus on three primary objectives:

1. Increase Integration
2. Return to Quality Customer Service
3. Lower Total Cost

The scoring and questions in the RFP reflect these goals and all submitters will be assessed with these objectives in mind.

INITIAL PROPOSALS

Wilco received 17 proposals altogether. Only 6 proposals received were for medical TPA services. Out of the 6 proposals, 3 proposals were submitted from small TPAs, 2 from large integrated carriers and 1 from TAC in a partnership with Blue Cross. 11 out of 17 were submitted for services such as Dental, Vision, Disease Management, Large Case Management, Biometric Wellness, Prescription Drug/Mail Order, Preferred Provider Network, and Section 125 Claims Administration.

Wilco's goal was to select a TPA that could offer full integration with (Medical, Dental, Vision, FSA and Wellness). Several of the TPAs are actually smaller than Wilco's current TPA, Allegiance and could not offer better discounts and most importantly could not offer full integration. Some of these offered lower base admin fee \$10-25, however when you evaluate further the proposals' additional fees are hidden thus the fees were higher after totaling all of the hidden fees. It is Gallagher's opinion that none of these TPAs be considered.

I will talk about the next 3 offers in alphabetical order.

Aetna put together 2 different and compelling offers. Both offers include generous wellness, implementation and audit allowances. The wellness allowance can be used to pay for screenings, communication, seminars or anything else that is furthering wellness. The implementation allowance can be used for communications, compensate an Onsite implementation manager or pay for systems. Lastly the audit allowance will cover the cost of running detailed enrollment and trial claim scenarios to ensure the system is ready for the 11/1 effective date.

The Aetna offer also includes a truly integrated wellness offering. All labs will go to Quest (Onsite, at lab, at office visit) the results will automatically flow to the predictive modeling system, DM, and wellness tracking systems. The results will be incorporated into all the systems and aggregate reports will be generated. These aggregate reports will be used for incentive tracking and to give us an idea where the



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wellness dollars are best spent. Aetna pulls the dental and vision claims into the DM and predictive modeling programs as well and can administer special benefits for certain disease states.

All the RX rebates will be passed on to Wilco and Aetna offered a dollar for dollar claims target guarantee. This is extremely rare and is far better than a traditional discount guarantee.

Lastly the FSA is integrated into the medical/RX claims system to reduce confusion. Run out is also included which is a significant benefit. Aetna has a dedicated Public unit based in Houston that only works on large government employers. Per company policy Aetna will not release references until named a finalist.

The second Aetna option included all the same bells and whistles but included a Seton only plan. This Seton only plan would drastically reduce cost and still contains an option to pay more for access to St David. The level of integration on the Seton plan is revolutionary. Seton would have access to Aetna's system and actual local Seton nurses would be making outreach calls from the patient's own doctor's office. This will insure much higher participation. The plan also includes the development of a Wilco Wellness Employee only clinic.

TAC in partnership with Blue Cross put together an attractive proposal. They offered good discounts, large network and high quality customer service. They also included run out and will have access to a highly competitive stop loss captive. TAC knows and understands Texas Counties but has very few over 1000 lives (only 2, we believe). They also would need an outside vendor for vision, and wellness. They are passing the rebates to Wilco.

UHC had an extremely attractive offer. They are only integrated on medical, and flex and wellness. Dental and Vision are not integrated with the FSA at this time. They mirror all the same capabilities as Aetna's traditional offer. Some potential enhancements include local customer service, experience with Wilco and a wellness allowance. UHC is retaining RX rebates.

In my opinion UHC and Aetna had the best offers and should be considered for onsite meetings. TAC had a good offer but lacked integration however if the Selection Committee so chooses they could also be considered.

SELECTION COMMITTEE – INTIAL PROPOSALS

The Selection Committee agreed with Gallagher's analysis. The small TPAs were eliminated because of their lack of discounts, integration and service capabilities. The Selection Committee chose to conduct onsite interviews at Aetna, TAC and UHC.

ONSITES

The first onsite was conducted at Aetna in Arlington TX on Wednesday March 12th. The Committee was impressed with Aetna's technology, service, and knowledge.



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The next onsite was with UHC the morning of March 13th in San Antonio. The committee felt very comfortable with UHC's service team but felt they lacked a vision for how to reduce costs in the future.

TAC was the last presentation in the afternoon of March 13th. The Committee was uneasy about the lack of integration between the FSA and medical and was a little confused about TAC as the middle man between the County and BCBS.

After the visits the Committee decided unanimously to ask for best and final offers (BAFOs) from just Aetna and UHC.

POST BAFO & FINAL INTERVIEWS

The Aetna Seton ACO stood out because of the potential for significant claims savings and the risk sharing with Seton. This plan has the potential to be a transformative system for Williamson County and all of Central Texas. This is the wave of the future; the only question is if Williamson County is willing to be the first group in Central Texas to catch this wave. There are risks with every new idea but this is not a significant departure from business as usual for Aetna or Seton with one important difference, the risk sharing. Seton will be financially incented to work with the County to truly seek better outcomes that may not have occurred in the Fee for Service world.

The traditional Aetna offer and the UHC offer are very similar. Aetna has two major advantages, first their fixed cost is lower than UHC, second the medical, RX, dental, vision, and FSA are all fully integrated. UHC will not have their dental and medical integrated until 2015. However Williamson County has a track record and a level of comfort with UHC. It is difficult to put a value on this familiarity and should be valued especially coming off the rocky relationship with Allegiance. Due to the integration and costs issues I ranked Aetna as 2a and UHC right behind at 2b. That being said I feel we have 3 offers that would be a significant improvement and any of them could properly service the County. I feel UHC will lower their price on best and final to more closely mirror the market and focus should not be on the price at this time. However if they do not drastically lower their price the cost could be prohibitive.

The Seton offer does come with some risks and will require a comprehensive implementation and communication strategy, but the savings created by the enhanced Seton discounts and coordination of care is very substantial. It is Gallagher's recommendation to select the Aetna Seton ACO offer. The



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County realizes that with any new concept there will be challenges and issues but the ACO concept represents the future of healthcare and the saving are significant.

1. Aetna Seton ACO

- Financial
 - 17% reduction in claims vs full Aetna offering
 - Claims pick guarantee
 - Seton financially at risk for plan performance
 - Generous allowances
 - \$50,000 Wellness
 - \$25,000 Implementation
 - \$7,500 Audit
 - Mature Fee (eliminates run out expense)
 - Competitive fixed costs
- Service
 - Public Sector team: They understand how government entities work
 - Integration
 - FSA: Streamline and debit card available
 - Rx/Dental/Vision fully integrated
 - Single point of contact for all products for admin and employee
 - Strong performance guarantees
 - Strong references
- Risks
 - ACO is a new concept in Austin



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- Mitigation: Aetna ACOs have been in Houston for 2 plus years
- Potential employee dissatisfaction
 - Mitigation: Long lead time for communication, buy up option with big network, Physician recruitment guarantee
- Aetna is a new carrier for Wilco
 - Mitigation: Long lead time for implementation and sizable implementation budget
- Little Fish in a Big Pond
 - Mitigation: This ACO will be **VERY** high profile. If it goes well Aetna and Seton will be able to market it all over the Austin area. If it goes poorly they will have wasted million developing it.
- ACO membership expansion causes doctors to become scarce.
 - Mitigation: I would like Seton to guarantee service levels

2a. Aetna

- Financial
 - Comparable offer to UHC but lower fixed costs
 - Significant discount savings vs Cigna (greater than 5%)
 - Claims pick guarantee
 - Generous allowances
 - \$50,000 Wellness
 - \$25,000 Implementation
 - \$7,500 Audit
 - Mature Fee (eliminates run out expense)
- Service



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- Public Sector team: They understand how government entities work
- Service team is in Houston
- Integration
 - FSA: Streamline and debit card available
 - Rx/Dental/Vision fully integrated
 - Single point of contact for all products for admin and employee
- Strong performance guarantees
- Strong references
- Integration
 - Full integration between medical, RX, dental, and FSA
 - Single point of contact for admin and employees



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2b. UHC

- Financial
 - Comparable offer to Aetna but higher fixed costs (+\$277k)
 - Would not rule them out based solely on price
 - Significant discount savings vs Cigna (greater than 5%)
 - Submitted financial guarantees on Best and Final
- Service
 - County is already comfortable with UHC
 - Local service team
 - Wilco would be a large customer for the middle market segment
 - Impressive customer service capabilities
 - Service based performance guarantees
 - Strong references
- Integration
 - Lack of integration between medical and dental
 - Good integration with FSA and Rx
 - Single point of contact for admin and employees