

COMMISSION MEETING DATE:

August 31, 2021

Vendor Name (& Location):	
Horizon Blue Cross Blue Shield of NJ, Newark, NJ Delta Dental of NJ, Parsippany, NJ National Vision Administrators, LLC, Clifton, NJ CVS Health/Caremark, Northbrook, IL Ameriflex, Cherry Hill, NJ	
Description:	
Self-Funded Health Benefits Program Services	
PROCUREMENT TYPE:	
<input checked="" type="checkbox"/>	Competitive
<input type="checkbox"/>	Non-Competitive
SOLICITATION TYPE:	
<input type="checkbox"/>	Bid
<input checked="" type="checkbox"/>	RFP
<input type="checkbox"/>	State Contract
<input type="checkbox"/>	Sole Source
<input type="checkbox"/>	Other

Number: RM-164138			
Total Amount: \$ 5,592,300.00			
Budget Code:			
Various			
Contract Term (Including Options, if any):			
Three-year contracts with the option to extend for two additional one-year terms at the discretion of the Authority and with the concurrence of the vendor.			
Funding Source: <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital			
<input type="checkbox"/>	FS Funding subject to authorization through WRAF approval process.	<input type="checkbox"/>	F Funds are available in the appropriate operating/capital budgets for the referenced procurements.
<input type="checkbox"/>	FF Future Funded	<input checked="" type="checkbox"/>	FP Subject to funding availability at the time of services.
Requesting Department:			
Human Resources			
Director/Manager:			
Mary Elizabeth Garrity			
Publicly advertised in the Star Ledger and the Asbury Park Press and posted on the websites of the Authority and the State on April 15, 2021.			

The New Jersey Turnpike Authority ("Authority") issued a Request for Proposal ("RFP") to engage the services of a qualified healthcare firm or firms to administer one, all or a combination of the Health Benefits plans for its self-funded health benefits program to include: 1) Medical, 2) Dental, 3) Prescription Drug, 4) Vision, 5) COBRA, 6) Flexible Spending Account ("FSA"); and 7) Health Savings Accounts ("HSA"). The scope of services included but was not limited to the accurate processing and payment of the Authority's health claims, as well as account management and administrative services.

On April 15, 2021, the RFP was advertised and posted on the websites of the Authority and the State of New Jersey. The RFP was also distributed to 29 firms. On April 22, 2021, a pre-proposal meeting was held. On or before the closing date of June 24, 2021, the Authority received proposals from the following 18 firms for the stated plans:

1. Ameriflex, Cherry Hill, NJ	COBRA, FSA, HSA
2. Amerihealth Administrators, Cranbury, NJ	Medical
3. Broadreach Medical Resources, Inc., New York, NY	Prescription Drug
4. Capital Rx, New York, NY	Prescription Drug
5. Cigna, Morristown, NJ	Medical, Dental, Prescription Drug
6. CVS Health/Caremark, Northbrook, IL	Prescription Drug
7. Delta Dental of New Jersey, Inc., Parsippany, NJ	Dental
8. Express Scripts, Franklin Lakes, NJ	Prescription Drug
9. EyeMed Vision Care, LLC, Mason, OH	Vision
10. Health Equity, Inc., Draper, UT	COBRA, FSA, HSA
11. Horizon BCBS, Newark, NJ	Medical, Dental, Prescription Drug, FSA, HSA
12. Meritian Health, Buffalo, NY	Medical, Dental, COBRA, FSA
13. National Vision Administrators, LLC, Clifton, NJ	Vision

14. PharmPix, Corp., Guaynabo, PR	Prescription Drug
15. ProAct Inc., East Syracuse, NY	Prescription Drug
16. Total Administrative Services Corporation, Madison, WI	COBRA, FSA, HSA
17. Welldyne, Lakeland, FL	COBRA, FSA, HSA
18. Wex Health, Inc., Fargo, ND	COBRA, FSA, HSA

The Evaluation Committee ("Committee"), which was approved by the Executive Director, consisted of voting members from the Authority's Human Resources, Internal Audit and Finance Departments. Non-voting members from the Authority's Procurement and Materials Management ("PMM"), Internal Audit departments and outside counsel also served on the Committee. Fairview Insurance Associates ("Fairview"), the Authority's health benefits consultant for this procurement, served as a non-voting member of the Committee to assist and advise the Authority throughout the procurement process. In addition, the Segal Group, the Authority's Core Health Benefits Consultant, assisted in the evaluation process for Prescription Drug.

The Committee ranked all proposals numerically based upon technical and cost criteria and determined that further consideration be given to the following eleven (11) firms for the plans listed below. These eleven firms were invited for oral presentations, and each firm was given the opportunity to submit a best and final offer (BAFO) regarding its fee proposal. Upon receipt of the BAFOs, the Committee conducted further interviews and clarifications with the top ranked prescription drug firms.

Medical	Dental	Prescription Drug	Vision	COBRA/FSA/HSA
Cigna	Delta Dental	CVS Health	EyeMed Vision	Ameriflex
Horizon BCBS	Cigna	Express Scripts	National Vision	Health Equity
Meritain	Horizon BCBS	Horizon BCBS		Wex Health

The Committee's findings were presented in an Evaluation Report. Based upon the Report, the Committee has the following recommendations:

Medical

The Authority received proposals from four (4) national healthcare firms with respect to the Medical Benefits Administration Services: 1) Amerihealth Administrators ("Amerihealth") 2) Cigna Healthcare ("Cigna"); 3) incumbent Horizon Blue Cross Blue Shield of NJ ("Horizon"); and 4) Meritain Health ("Meritain"). The Committee reviewed these proposals and requested that all firms, with the exception of Amerihealth, provide oral presentations and BAFOs. For the following reasons, the Committee recommends that the Authority award a contract for Medical Benefits Administration Services to Horizon:

Horizon offers the Authority the largest provider networks that best match the usage by Authority employees and retirees that are enrolled in the plans. As the incumbent, Horizon can administer all of the Authority's plan designs including its newly offered DACH6/R plan. Based upon current enrollment, administrative fees for Horizon are estimated at \$4,084,805 for the initial three-year contract term. These fees are an estimated 3% decrease in our current fees. Horizon is also offering continued wellness credits of \$65,000 annually for 3 years and competitive Performance Guarantees. Horizon also proposed a critical disease management program free of charge for the first year of the new contract. Also, since Horizon is the incumbent vendor, Authority employees will experience no disruption related to providers or facilities.

Dental

The Authority received four (4) proposals with respect to the Dental Benefits Administration Services: 1) Cigna; 2) incumbent Delta Dental of NJ ("Delta Dental"); 3) Horizon; and 4) Meritain. The Committee felt that the proposal received from Meritain was non-responsive as they did not complete the dental questionnaire. The Committee reviewed these proposals and requested three (3) firms; Cigna, Delta

Dental and Horizon provide an oral presentation and receipt of BAFOs. For the following reasons, the Committee recommends that the Authority award a contract for Dental Benefits Administration Services to Delta Dental:

No other proposer was able to match the breadth of the network or services offered to the Authority. Delta Dental has a strong account management team, a history of accurate claims adjudication rate (99%) and has continually offered the Authority a high level of customer service. The Authority's plan participants currently have a 94% utilization rate in Delta's dental provider network. Again, the selection of Delta Dental as the incumbent allows for no employee disruption of providers or services.

Delta Dental's proposed administrative fees for the initial 3-year contract term will range from \$3.30 per employee per month ("PEPM") in year 1 to \$3.55 PEPM in year 3 for an estimated total of \$343,807 for the initial three (3) year contract. Delta Dental had the lowest 3-year overall projected claims and administrative costs.

Prescription Drug

Nine firms submitted proposals with respect to Pharmacy Benefit Manager ("PBM"). Services: 1) Broadreach Medical Resources, Inc, ("Broadreach"); 2) Capital Rx; 3) Cigna; 4) incumbent CVS Health/Caremark ("CVS Health"); 5) Express Scripts; 6) Horizon; 7) PharmPix, Corp. ("PharmPix"); 8) ProAct, Inc. and 9) Welldyne. The Committee reviewed these proposals and requested that the three top-ranked firms give oral presentations: 1) CVS Health, 2) Express Scripts and 3) Horizon. After oral presentations and receipt of BAFOs, the Committee invited CVS Health and Express Scripts to engage in further discussions. For the following reasons, the Committee recommends that the Authority award a contract for PBM services to CVS Health:

CVS Health is the incumbent vendor of PBM services for the Authority. CVS Health has an established track record of meeting the needs of the Authority and its members. It offers robust discounts, has formularies which offer an excellent selection of covered medications and has a large chain of pharmacies offering additional discounts on over the counter ("OTC") and specialty prescriptions. Members will have continued access to CVS Minute Clinic at reduced rates. CVS has also provided access to vaccinations against influenza and COVID-19. CVS has agreed to market checks throughout the initial term and extension years of the contract which could result in additional savings to the Authority. The administrative fees for the initial three-year contract term are \$1.00, \$1.25 and \$1.35 per claim for an estimated total of \$666,000 plus an additional \$125,000 for ancillary and retiree drug subsidy fees for a total of \$791,000. Anticipated savings from the formularies and the negotiated rebates are estimated to be 22% more than that of our current contract costs over the initial 3-year term. Most importantly, since CVS is the incumbent vendor, Authority employees will experience no disruption.

Vision

Two firms submitted proposals with respect to Vision Benefits Administration Services: 1) incumbent EyeMed Vision Care, LLC ("EyeMed"), and 2) National Vision Administrators LLC ("NVA"). The Committee reviewed these proposals and requested that the both firms make oral presentation. For the following reasons, the Committee recommends that the Authority award a contract for Vision Benefits Administration Services to NVA:

NVA offers a wide range of network providers matching the Authority's current utilization. In addition, NVA offers a very robust retail provider network including Target Optical, Walmart, Lens Crafters and Pearl Vision allowing easy access for employees and retirees. NVA offers an experienced, dedicated account management team which is based out of Clifton, New Jersey. NVA had the best overall 3-year projection of claims costs and fees with administrative fees estimated at \$69,288.

COBRA/FSA/HSA

The Authority received six (6) proposals to administer its Flexible Spending Account ("FSA") program, five (5) proposals to administer its Health Savings Account ("HSA") program, and five (5) proposals for its COBRA program. The RFP outlined that the Authority was interested in awarding these services to one vendor for ease of administration. Based on this, the top three (3) firms were invited to make oral presentations based on their combined capabilities to administer the FSA, HSA and COBRA programs. For the following reasons, the Committee recommends Ameriflex for its COBRA, HSA and FSA administration:

The Evaluation Committee was impressed with the services offered by Ameriflex for all three (3) service lines. It provides online access which provides an enhanced user experience for participants as well as administrators. In addition to being able to accommodate the Authority's complex benefit structure, each of its on-line services are available to the benefit administrator all on one platform making processing extremely easy and convenient compared to our current provider. Ameriflex also offers one dedicated account manager for all three lines that is located in Cherry Hill, New Jersey. The projected 3-year administrative cost for all lines of coverage through Ameriflex is projected to be \$37,100 based on current enrollment levels. Ameriflex will work with the Authority to increase participation in the FSA and HSA programs.

CONCLUSION

Based on the above analysis and the Evaluation Criteria set forth in the RFP, the Committee recommends the following:

1. Medical Benefits Administration be awarded to Horizon Blue Cross Blue Shield of New Jersey at a projected administrative fee not to exceed \$4,084,805.00 for the 3-year period.
2. Dental Benefits Administration be awarded to Delta Dental of New Jersey, Inc. at a projected administrative fee not to exceed \$343,807.00 for the 3-year period.
3. Pharmacy Benefits Administration be awarded to CVS Health/Caremark at a projected administrative fee not to exceed \$791,000.00 for the 3-year period.
4. Vision Benefits Administration be awarded to National Vision Administrators, LLC, at a projected administrative fee not to exceed \$69,288.00 for the 3-year period.
5. FSA, HSA, and COBRA Administration be awarded to Ameriflex at a projected administrative fee not to exceed \$37,100.00 for the 3-year period.

This professional services procurement was conducted in accordance with *N.J.S.A. 27:23-6.1* of the Authority's enabling legislation, *N.J.A.C. 19:9-2.1(b)* promulgated pursuant thereto, Executive Order No. 37 (Corzine 2006), and Executive Order No. 26 (Whitman 1994). These awards are contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardees pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008), and having no objection to same.

Accordingly, authorization is requested to award the contracts to the firms listed herein, for the services proposed, for a total amount not to exceed \$5,326,000.00 for the three-year terms. Furthermore, authorization is requested for an additional amount of \$266,300.00 (5%) as contingency to account for fluctuations in enrollment over the 3-year term, for a combined total not to exceed \$5,592,300.00, subject to funding availability at the time of service.

Authorization is further requested for the Executive Director to approve each of two, optional one-year extensions upon satisfactory performance (and upon recommendation of the Human Resources Department), subject to funding availability at the time of service. It is also requested that the Executive Director be authorized to take such actions and to execute any and all documents as may be deemed necessary and appropriate to further the intent and purpose of the authorizations stated herein.