

**REQUEST FOR INFORMATION (RFI)**

**FOR BENEFITS MANAGEMENT**

Required for use by:

CITY OF CHICAGO  
COMPTROLLER

Issued by:

CITY OF CHICAGO  
Department of Procurement Services

**SIX (6) HARDCOPIES OF THE RESPONSE AND SIX (6) CDS  
OF ANY PRODUCT LITERATURE OR DATA MUST BE SUBMITTED**

All responses shall be addressed and returned to:

Jamie L. Rhee, Chief Procurement Officer  
Attention: Altha Riley  
Department of Procurement Services  
Bid and Bond - Room 301, City Hall  
121 North La Salle Street  
Chicago, IL 60602

Responses must be received no later than 4:00 p.m. Central Standard Time, on Monday, August 1st, 2011 the outside of the envelope or package must clearly indicate the name of the project, "RFI for Benefits Management", Specification No. 98712, the time, and the date specified for receipt.

The name and address of the Respondent must be clearly printed on the outside envelope or package.

---

RAHM EMANUEL  
MAYOR

JAMIE L. RHEE  
CHIEF PROCUREMENT OFFICER

---

Altha Riley, Contract Negotiator, (312) 744-0762

## REQUEST FOR INFORMATION

### **SUBJECT: Benefits Management for Municipal Government**

INQUIRIES: All inquiries or questions must be directed to Altha Riley, Contract Negotiator, Professional Services Unit at the City of Chicago Department of Procurement Services, (312) 744- 0762, or fax (312) 744 -7679 or by email at [altha.riley@citvofchicago.org](mailto:altha.riley@citvofchicago.org),

Questions must be received no later than 4:00 p.m. Central Standard Time, Monday, July 25, 2011. If a determination is made that a clarification or change to the RFI document is required, a written addendum will be mailed or faxed by the Department of Procurement Services to all RFI document holders. Respondents are responsible for obtaining all RFI materials.

### **Deadline and Procedures for Submitting Responses**

Responses must be received by the City of Chicago in the City's Bid and Bond Room (Room 301, City Hall) no later than 4:00 p.m. Central Standard Time on Monday, August 01, 2011. The Bid and Bond Room can be reached at telephone number 312-744-9773.

1. Responses must be delivered to the following address:

Jamie L. Rhee, Chief Procurement Officer  
Department of Procurement Services  
Bid and Bond Room  
Room 301, City Hall  
121 North LaSalle Street  
Chicago, Illinois 60602

Submit six (6) hard copies and six (6) CDs of your response including any product literature or data. Submittals shall be labeled: "RFI for Benefits Management" Specification No. 98712. Please return this sheet with completed information below as a part of your submittal documents.

Responding to this RFI is not a pre-requisite for responding to any subsequent solicitations relating to this project.

Response submitted by:

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Authorized Officer Signature in Ink

\_\_\_\_\_  
Address

\_\_\_\_\_  
Title

\_\_\_\_\_  
City/State/Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date

\_\_\_\_\_  
Fax Number

## **I. GENERAL INVITATION**

The City of Chicago (City) acting through its Comptroller seeks responses to this RFI from firms and entities highly qualified in the management of employee benefits, including customer service, and eligibility and data management. The purpose of this RFI is to gather information detailing best practices used by experts in the benefits management marketplace including cost benefit analysis of managing benefits internally vs. externally. In order to provide Respondents with information necessary to provide such information, the City has attached as Attachment A, its various volumes and cross-sections of population that it serves.

This is not an invitation for bids or requests for proposals, therefore, no standard City terms and conditions or contractual language is contained herein, nor is it required in your response. No contract award will result from this solicitation. For purposes of the RFI, the term “Respondent” or “Vendor” means the entity providing a written response to this RFI.

### **A. Objective of RFI**

The City’s cost for employee benefits and their administration has increased in recent years. The City believes that it is an opportune time for a best practices and industry benchmarking review of its benefit office operations to determine if it is appropriately staffed and using a cost-effective combination of human and system resources to provide high-quality service to its employees. The Comptroller is not committed to a particular course of action other than seeking to improve performance and lower costs.

### **Disclaimer**

Responses to this RFI become the exclusive property of the City. All documents submitted in response to this RFI may be regarded as public records and may be subject to disclosure. This RFI is issued solely for information and planning purposes and does not constitute a solicitation. No material submitted in response to this RFI will be returned. Respondents are solely responsible for all expenses associated with responding to this RFI.

## **II. SCOPE OF REQUESTED INFORMATION**

In responding to this RFI, Respondents are requested to provide the following information, preferably in the order presented below. In Attachment A hereto the City is providing a general list of services, questions for Respondents, and specific data on current plan volumes and metrics. The City is requesting responses to the questions set forth in Attachment A Exhibit II in a format which sets forth the number of the question to which the Respondent is responding. .

## **III. GENERAL TERMS FOR RFI**

A. Confidentiality All submissions are subject to the Illinois Freedom of Information Act.

### **B. Incurred Costs**

The City of Chicago will not be liable in any way for any costs incurred by Respondents in replying to this RFI, including, but not limited, to costs associated with preparing the response, participating in any site visits, demonstrations, conferences or oral presentations.

C. Prohibition on Certain Contributions – Mayoral Executive Order No. 2011-4

Pursuant to Mayoral Executive Order no. 2011-4, from the date of public advertisement of this request for qualifications/proposals/information through the date of award of a contract pursuant to this request for qualifications/proposals/information, Respondent, any person or entity who directly or indirectly has an ownership or beneficial interest in Respondent of more than 7.5 percent (“Owners”), spouses and domestic partners of such Owners, Respondent’s proposed Subcontractors, any person or entity who directly or indirectly has an ownership or beneficial interest in any Subcontractor of more than 7.5 percent (“Sub-owners”) and spouses and domestic partners of such Sub-owners (Respondent and all the other preceding classes of persons and entities are together, the “Identified Parties”) must not: (a) make a contribution of any amount to the Mayor of the City of Chicago (the “Mayor”) or to his political fundraising committee; (b) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor’s political fundraising committee; (c) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor’s political fundraising committee; or (d) bundle or solicit others to bundle contributions to the Mayor or to his political fundraising committee.

If Respondent violates this provision or Mayoral Executive Order No. 2011-4 prior to the award of an agreement resulting from this request for qualifications/proposals/ information, the Chief Procurement Officer may reject Respondent’s proposal.

For purposes of this provision:

“Bundle” means to collect contributions from more than one source which is then delivered by one person to the Mayor or to his political fundraising committee.

“Contribution” means a “political contribution” as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

Individuals are “Domestic Partners” if they satisfy the following criteria:

- (A) they are each other’s sole domestic partner, responsible for each other’s common welfare; and
- (B) neither party is married; and
- (C) the partners are not related by blood closer than would bar marriage in the State of Illinois; and
- (D) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and
- (E) two of the following four conditions exist for the partners:
  - 1. The partners have been residing together for at least 12 months.
  - 2. The partners have common or joint ownership of a residence.
  - 3. The partners have at least two of the following arrangements:
    - a. joint ownership of a motor vehicle;
    - b. a joint credit account;
    - c. a joint checking account;
    - d. a lease for a residence identifying both domestic partners as tenants.
  - 4. Each partner identifies the other partner as a primary beneficiary in a will.

“Political fundraising committee” means a “political fundraising committee” as defined in Chapter 2-156

of the Municipal code of Chicago, as amended. Any contract awarded pursuant to this solicitation will be subject to and contain provisions requiring continued compliance with Executive Order 2011-4

D. False Statements

(a) 1-21-010 False Statements

Any person who knowingly makes a false statement of material fact to the city in violation of any statute, ordinance or regulation, or who knowingly falsifies any statement of material fact made in connection with an application, report, affidavit, oath, or attestation, including a statement of material fact made in connection with a bid, proposal, contract or economic disclosure statement or affidavit, is liable to the city for a civil penalty of not less than \$500.00 and not more than \$1,000.00, plus up to three times the amount of damages which the city sustains because of the person's violation of this section. A person who violates this section shall also be liable for the city's litigation and collection costs and attorney's fees.

The penalties imposed by this section shall be in addition to any other penalty provided for in the municipal code. (Added Coun. J. 12-15-04, p. 39915, § 1)

(b) 1-21-020 Aiding and Abetting.

Any person who aids, abets, incites, compels or coerces the doing of any act prohibited by this chapter shall be liable to the city for the same penalties for the violation. (Added Coun. J. 12-15-04, p. 39915, § 1)

(c) 1-21-030 Enforcement.

In addition to any other means authorized by law, the corporation counsel may enforce this chapter by instituting an action with the department of administrative hearings. (Added Coun. J. 12-15-04, p. 39915, § 1)

**ATTACHMENT A  
EXHIBIT I  
GENERAL BACKGROUND**

The City of Chicago offers a variety of health and other benefits to employees and certain retirees. There are approximately 36,000 full-time City employees. At the current time there are 32,417 employees with benefits including an additional 52,513 dependents and 25,601 retirees with benefits including an additional 11,367 dependents.

The City is seeking feedback from Respondents on the most cost-effective and efficient ways to provide the following services to its employees in a professional, high-quality manner:

**Basic Services**

1. Employee enrollment upon hire
2. Determination of dependent eligibility upon hire through submission of required documentation in accordance with plan and collective bargaining requirements
3. Document management services
4. Processing of life event and/or family status changes related to employee benefits
5. Preparation and distribution of written notices to inform employees of upcoming status change events: dependents who will reach the limiting age, employees who will become eligible for dental coverage and disabled dependent status verification
6. Open enrollment services
7. Employee premium deduction reporting to payroll (health premium pre-tax; health premium post tax; LTD; FSA; dependent care)
8. Retiree enrollment
9. Retiree status changes including Medicare eligibility, divorce, dependent termination due to reaching the limiting age, student status expiration, voluntary termination, death and premium corrections
10. Proof of good health determinations for late enrollees into the retiree medical plan
11. Preparation and distribution of written notices to inform retirees of upcoming status change events: student status expiration, Medicare eligibility and disabled dependent verification
12. Annual Means Test determination with review of IRS tax transcripts for a reduced premium and/or a reduction in prescription drug co-payments for retirees covered under the annuitant plan(s).
13. Managing input files from four pension funds for annuitant eligibility processing/premium reconciliation
14. Annual retiree premium change notifications, including eligibility and Medicare verification
15. PHSA (COBRA) processing including preparation and distribution of required notices, invoicing and payment processing (currently outsourced to HCSC).
16. Direct Pay Program: Inactive employee continuation of coverage including required notices, invoicing and payment processing and individual premium collection from retirees whose pension check is not sufficient to cover the premium contribution.

17. Customer service in support of the above enumerated services, which must include web-based self-service processing, telephonic and written inquiry resolution of eligibility and enrollment matters and appropriate redirection to benefit plan providers as required
18. Quarterly processing of VDSA (Voluntary Data Sharing) file and HEW Query file. Correction of records as required.
19. Reconciliation of RDS (Retiree Drug Subsidy) errors and reporting corrections to the PBM
20. Manage eligibility data flow to benefit providers
21. Return data to the City for its records
22. Offer a central location for employees and retirees to conduct enrollment activities if they wish to drop off enrollment forms, documentation or “drop by” to have a question answered
23. Management reporting in a form and with a frequency to be determined.

**Additional Services:**

- Respond to employee and retiree inquiries (written and telephonic) related to claim payments for the self-funded PPO Plans. Review would include research into plan terms, payment rules and medical necessity determinations applied to claim to determine accuracy of payment and conformance with plan terms. Written response is issued and if required, instruction to Claim Administrator is provided to revise claim payment.
- Prepare claim appeals for City’s Benefits Management Committee. If an employee or retiree is not satisfied with the results of the review process described immediately above, the employee/retiree may appeal to the Benefits Management Committee. This is a de novo review of the claim and may involve further review and preparation for the secondary reviews.
- On an as needed basis, prepare and issue refund checks to retiree medical plan participants, including the following situations:
  - If the collected premium exceeds the actual required premium (as determined based on a financial reconciliation conducted in the following plan year), the difference in the premium collected and the actual required premium is returned to retiree in the following plan year.
  - As retiree premium amounts change during the year due to enrollment changes and Medicare status changes, the refund must be calculated on an individual basis based on premium payment records and plan participation information (e.g. individual may be Medicare eligible for six months and not eligible for other six months; amount of refund differs by Medicare status and number of persons covered by retiree).
- Assist with submission of claims for the Early Retiree Reinsurance Program (ERRP)
- Assist with debt collection for claims paid in error due to ineligibility of covered person.
- Assistance to Claim Administrator in resolution of Medicare Secondary Payer claims.

Attached as Attachment A, Exhibit 3 to this RFI are relevant processing statistics for your review and use in preparing a response to this RFI. As part of this process, the City may contact Respondents and ask for clarification and/or additional information.



**ATTACHMENT A**  
**EXHIBIT II**  
**RFI QUESTIONS**

Please provide responses to the following questions:

1. Is it typical for employers of a size similar to the City of Chicago to provide these services using internal resources? If it is not, please estimate how many employers use external resources, and describe the type and nature of those resources. Which employers of a size similar to the City of Chicago are you familiar with that rely on external resources? How many of those employers have collective bargaining agreements in place? Please provide references for such employers and indicate if we may contact them to discuss their program. For those employers that you are aware of that use internal resources, is there a reliable measure available to help an employer determine what appropriate staffing levels might be?
2. What is the best mix of technological and human resources in the provision of services related to employee benefits? How can the city maximize its investment?
3. Are there any services listed above that are not typically provided by external resources? If yes, which services are those? Do you foresee any special circumstances or challenges with respect to those services?
4. For accounts of similar size that elect to use external resources in part or in full, has implementation been phased or has it been “turn-key” upon implementation of services? For example, have firms implemented key functions first or limited implementation to certain groups?
5. For employers of similar size that have elected to use external resources, are those resources typically located in the general vicinity of the employer or are they located in less accessible places? Is it typical for an employer using external resources to continue to offer a local presence for customer services?
6. How do employers assure the accuracy of services provided by an external resource? How often do employers audit to determine conformance with their requirements? How does an employer audit the accuracy of customer service communications and enrollment processing? Similarly, for those firms that provide services similar to those listed above, how do they insure the accuracy of services provided to an employer?
7. Under what circumstances would you advise that benefits processing services be provided solely by internal resources?
8. Would you advise that any of the services enumerated above be retained by an employer? If yes, which services and why should an employer retain such processes?
9. What hardware and software do those who provide benefit support services to employers use to provide services? What are typical quality assurance and security processes with respect to such systems?
10. What are the typical education and experience requirements for benefits customer service staff that provide the services listed above as Basic Services?
11. What advice would you offer to the City as it considers the future of its benefits operation? How would you suggest that the City measure cost/benefit and/or return on investment for these activities?

12. What are typical pricing options for an employer that uses external resources to provide the Basic Services? For example, single annual payment, per member per month, per life per month? Which pricing arrangement do you believe to be most advantageous to an employer similar in size and scope of the City and why? What services are typically outside of (in addition to) a per member or per life per month charge? How are such additional services usually priced? .
13. Please review the activities listed above and comment as to whether you believe the City might improve overall functioning with the addition of other activities or services, i.e. are there “missing” services which would contribute to better service, better integration of services or better cost control?
14. Certain Additional Services provided by the Benefits Management Office are listed in Attachment A, Exhibit I. With respect to those services, how many employers have outsourced similar services? How would you advise the City with respect to these services?
15. With respect to the Additional Services identified in Attachment A, Exhibit I, please provide information on how vendors price these services.
16. Is it typical for an external resource to become a claim fiduciary?
17. Please add any comments, cautions or additional suggestions towards the adoption of best practices that you wish.
18. Are there economies of scale related to the size of the group to which services are provided? At what size is size no longer a relevant factor? (i.e., at what point are there no further economies of scale?) How does group size affect the cost of services? What is the typical amortization period for start up costs? Does amortization of start up costs change with group size? In addition, please provide feedback on the below listed theoretical group sizes and detail what the advantages and disadvantages of groups of these size are from the perspective of a service provider and from the perspective of the theoretical employer. Please assume that the services provided would be the Basic Services as described herein.

- A. Group size: 50,000 employees and retirees, additional 66,000 dependents
- B. Group size: 90,000 employees and retirees, additional 106,000 dependents
- C. Group size: 140,000 employees and retirees, additional 145,000 dependents

19. If multiple employers with different plans and requirements and substantially different population sizes united to purchase services as described herein would you envision that each employer would be offered the same rate to provide services or that there would be different rates for services for employers of similar size? In either case, what factors would contribute to same rates, or differing rates?

**Attachment A**  
**Exhibit III**  
**Activity Measures/Statistics**

1. Medical Coverage Enrollment as of June 2, 2011:

Category	Member	Spouse	Non-Spouse Dependent	Total
Employees	32,417	17,403	35,110	84,930
Retirees	25,601	9,597	1,770	36,968
Total	58,018	27,000	36,880	121,898

2. 2010 Enrollment/Termination/Change Transactions for Active Employees

Transaction	Members	Spouses	Children	Total
Newly Eligible	1,170	717	495	2,382
Termination	2,037	1,367	2,118	5,522
Open Enrollment Plan Changes	1,435	NA	NA	1,435
Other Changes	1,673	647	2,746	5,066
Total	6,160	3,005	7,036	16,201

3. 2010 Enrollment/Termination/Change Transactions for Retirees

Transaction	Members	Spouses	Children	Total
Newly Eligible	1,170	717	495	2,382
Terminations	636	198	284	1,118
Death with Surviving Spouse	609			609
Open Enrollment Changes	150	NA	NA	150
Other Changes	1,086	502	78	1,666
Total	3,516	1,417	857	5,790

4. Walk-in traffic: 894 per month average

5. Correspondence from all sources including enrollment information requests, claim review correspondence and other individual correspondence not including any open enrollment or other mass mailings: 10,429 (annual)

6. Documents Imaged: 39,704 totaling 85,002 pages (annual)
7. Telephone call volume including both eligibility and claims review unit:  
  
For 2010: 69,010 presented, abandonment rate 9.6% (annual)  
For 2009: 73,691 calls presented, abandonment rate: 10.4% (annual)
8. Insurability evaluations: 134 new applicants; 258 renewals (annual)
9. Retiree premium and co-pay reduction approvals: 151 (annual)
10. Retiree co-pay reductions (no premium reduction): 618 (annual)
11. Number of PHSA (COBRA) participants: 522 (currently enrolled)
12. Number of Direct Pay participants: 866; annuitant direct pay 15 (currently enrolled)
13. Weekly eligibility files to: Blue Cross, Unicare (dental), Encompass (medical management), CompBenefits (dental), Davis Vision (vision), Caremark (PBM), Wageworks (transit benefit), PHSA vendor (BCBS);
14. Semi-Monthly: calculate payroll deductions for pre-tax health, post-tax health, LTD. All are based on a percentage of the employee's salary. Update deduction files for FSA and Dependent Care deductions. Send change data to Payroll; send data summed by age band to LTD carrier in lieu of eligibility file; send deductions detail to Payflex for FSA and Dependent Care.
15. Benefits Bulletins 3-4 bulletins per year are distributed with paystubs
16. Mass mailings:
  - a. May—notice to Retirees of change in premium rates effective for July 1 of any year
  - b. Spring—notice to employees and annuitants in any self funded medical plan of the City's HIPAA exemptions
  - c. Means Test mailing
  - d. November—RDS creditable coverage notice with notice of plan changes for co-pays and deductibles for plan year (calendar year) for retirees.
  - e. ERRP Notice as required
  - f. Open Enrollment mailing late October/early November for active employees. Changes effective January 1 of following year. Open enrollment materials include a listing of current dependents for each employee.