



Florida Healthy Kids Corporation

**INVITATION TO NEGOTIATE 2018-300-01
for
Medical Services and Coverage**

**ADDENDUM 4
September 7, 2018**

Addendum 4 to ITN 2018-300-01 includes the following:

1. Subsection 1.F., Calendar of Events and Deadlines, is hereby amended as follows:

Event	Anticipated Date	Time (Eastern)
FHKC releases this ITN	08-08-18	
Respondent deadline to submit Letter of Intent and Attachment 5 Confidentiality and Nondisclosure Agreement	08-15-18	3:00 p.m.
Round 1 technical questions: Respondent deadline to submit questions regarding the ITN and attachments posted with the ITN via email to the issuing officer	08-20-18	3:00 p.m.
FHKC provides Attachments 2: FHK Databook, 3: FHK CDPS Acuity Study File, and 4: FHK Member Demographic Summary to Respondents comply with Section 3.E	08-22-18 08-23-18	
FHKC posts answers to Respondents' round 1 questions at https://www.healthykids.org/itn	08-27-18	
Round 2 data questions: Respondent deadline to submit questions related to Attachments 2: FHK Databook, 3: FHK CDPS Acuity Study File, and 4: FHK Member Demographic Summary via email to the issuing officer	08-29-18	3:00 p.m.

Event	Anticipated Date	Time (Eastern)
FHKC posts answers to Respondents' round 2 questions at https://www.healthykids.org/itn	09-05-18 09-07-18	
Respondent proposals due to FHKC	09-24-18 09-26-18	3:00 p.m.
Evaluations	09-24-18 09-26-18 - 11-02-18	
Negotiations	11-13-18 - May 2019	
Notice of Contract Award – Board Meeting	06-06-19	9:00 a.m.
Contract Effective Date	01-01-20	12 midnight

2. The point of contact identified in ITN subsection 3.C., and all other references to the “issuing officer,” are hereby changed to “issuing office” at issuingoffice@healthykids.org.
3. FHKC’s answers to Respondents’ round 2 questions are located below on page 4 of this addendum.
4. The following attachments referenced in the answers have been posted to the Respondent-specific sites in Microsoft Teams.
 - a. Revised Attachment 2 FHK Databook
 - Revised Appendix B, Regional Summaries of CY 2016 Full-pay Plan Encounter Data (Stars Plus only)
 - New Appendix E, Statewide Summary of CY 2016 Full-pay Plan Financial and Encounter Data (Stars Plus and Stars)
 - New Appendix F, Statewide Summary of CY 2016 and CY 2017 Full-pay Plan Non-Pharmacy Encounter Data Financial Fields
 - Excel version of Attachment 2 Appendices A, B, C, E and F
 - Revised Attachment 2 Encounter Data Flat File
 - b. Revised Attachment 3 CDPS Acuity Study
 - New Exhibit 2, CDPS Relative Acuity Development
 - New Exhibit 3, Prevalence Reports
 - Excel version of Attachment 3 Exhibits 1 and 2
 - c. Attachment 12 July 2018 Enrollment Summary (PDF)
 - d. Attachment 13 2015 ITN Databook (PDF)
 - e. Attachment 14 Pharmacy Mix Summary (Excel)

Any party who is substantially affected by FHKC's intended decision as reflected in the issuance of specifications in this procurement or in any addenda must file a written notice of intent to protest with FHKC within seventy-two (72) hours after the posting of the procurement specifications document, or any addenda, excluding weekends and state holidays.

Respondent	#	Document (e.g., ITN, Proposed Contract)	Document Section	Document Page #	Question	Answer
Aetna	1	Attachment 2	Stars Plus was closed at the end of December 2016, and enrollees were allowed to move to Stars if they desire.	3	If the "Subsidized Look-alike" program is approved for the Full-pay program, will there be communication to those who previously enrolled with Stars Plus in 2016 but disenrolled after conversion to Stars after 1/1/2017?	Regardless of the awarded scenario, FHKC anticipates conducting a direct marketing campaign for all former full-pay members, as well as a statewide campaign.
Aetna	2	Attachment 2	Appendix A, Region 6, CY2016	n/a	In Attachment 2, Appendix A, for Region 6 CY2016, the financial data PMPM of \$86.61 is only 2.9% higher than the encounter data PMPM of \$84.15. The difference is minimal compared with other regions. As a comparison, for CY2016, the statewide average financial data PMPM of \$101.10 is 10.2% higher than the encounter data PMPM of \$93.80. Could you please verify that the financial data PMPM reported for Region 6 for CY 2016 is correct?	These numbers are verified; please see the Attachment 2 narrative for observations related to variations in these comparisons.
Aetna	3	Attachment 2	Appendix A, Region 6, CY2017	n/a	In Attachment 2, Appendix A, for Region 6 CY2017, the financial data PMPM of \$78.78 is only 0.2% higher than the encounter data PMPM of \$78.64. The difference is minimal compared with other regions, and doesn't appear reasonable given that the encounter data doesn't include IBNR. As a comparison, for CY2017, the statewide average financial data PMPM of \$97.16 is 19.5% higher than the encounter data PMPM of \$81.33. Could you please verify that the financial data PMPM reported for Region 6 for CY 2017 is correct?	These numbers are verified; please see the Attachment 2 narrative for observations related to variations in these comparisons.

Respondent	#	Document (e.g., ITN, Proposed Contract)	Document Section	Document Page #	Question	Answer
Aetna	4	Attachment 2	Appendix A, Region 7, CY2017	n/a	In Attachment 2, Appendix A, for Region 7 CY2017, the financial data PMPM of \$93.40 is lower than the encounter data PMPM of \$94.12. This doesn't appear reasonable given that the encounter data doesn't include IBNR. As a comparison, for CY2017, the statewide average financial data PMPM of \$97.16 is 19.5% higher than the encounter data PMPM of \$81.33. We also noticed that the reported IBNR amount is negative. Could you please verify that the financial data PMPM reported for Region 7 for CY 2017 is correct?	These numbers are verified; please see the Attachment 2 narrative for observations related to variations in these comparisons.
Aetna	5	Attachment 2	Appendix B, Region 2, CY2016	n/a	In Attachment 2, Appendix B, for Region 2 CY2016, the encounter data PMPM of \$108.42 appears to be an outlier compared with other Regions in CY2016. As a comparison, the statewide average PMPM for the Stars Plus program in CY2016 is \$226.97. Would you please verify that the encounter PMPM is correct? And if so, could you please release large claims data by region to help respondents identify the drivers of the PMPM variance by region?	A revised Appendix B is provided in the Revised Attachment 2 Databook. Encounter membermonths and calculated PMPMs are corrected.
Aetna	6	Attachment 2	Appendix B, Regions 4, CY2016	n/a	In Attachment 2, Appendix B, for Region 4 CY2016, the encounter data PMPM of \$425.55 appears to be an outlier compared with other Regions in CY2016. As a comparison, the statewide average PMPM for the Stars Plus program in CY2016 is \$226.97. Would you please verify that the encounter PMPM is correct? And if so, could you please release large claims data by region to help respondents identify the drivers of the PMPM variance by region?	A revised Appendix B is provided in the Revised Attachment 2 Databook. Encounter membermonths and calculated PMPMs are corrected.
Aetna	7	Attachment 2	Appendix B, Region 7, CY2016	n/a	In Attachment 2, Appendix B, for Region 7 CY2016, the encounter data PMPM of \$461.31 appears to be an outlier compared with other Regions in CY2016. As a comparison, the statewide average PMPM for the Stars Plus program in CY2016 is \$226.97. Would you please verify that the encounter PMPM is correct? And if so, could you please release large claims data by region to help respondents identify the drivers of the PMPM variance by region?	A revised Appendix B is provided in the Revised Attachment 2 Databook. Encounter membermonths and calculated PMPMs are corrected.

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Aetna	8	Attachment 2	Appendix C, Region 2, CY2017	n/a	In Attachment 2, Appendix C, for Region 2 CY2017, both the encounter data PMPM of \$31.18 and the financial data PMPM of \$61.97 appear low compared with other Regions in CY2017. As a comparison, the statewide average encounter data PMPM for the Stars program in CY2017 is \$135.53, and the average financial data PMPM is \$155.28. Would you please verify that the reported PMPMs for Region 2 are correct?	These numbers are verified; please see the Attachment 2 narrative for observations related to variations in these comparisons.
Aetna	9	Attachment 2	Appendix C, Region 4, CY2017	n/a	In Attachment 2, Appendix C, for Region 4 CY2017, both the encounter data PMPM of \$244.16 and the financial data PMPM of \$251.23 appear high compared with other Regions in CY2017. As a comparison, the statewide average encounter data PMPM for the Stars program in CY2017 is \$135.53, and the average financial data PMPM is \$155.28. Would you please verify that the reported PMPMs for Region 4 are correct?	These numbers are verified; please see the Attachment 2 narrative for observations related to variations in these comparisons.
Aetna	10	Attachment 2	Encounter Data Flat File	n/a	To better differentiate claims paid at zero due to cost sharing versus rejected, denied or COB claims can you please clarify the drivers for zero paid claims?	Incumbent carriers were instructed to provide indicators of the final disposition of the encounters. Encounters summarized for the data book were those indicated as final disposition. Encounters indicated as rejected, denied, or pending were excluded.
Aetna	11	Attachment 2	Appendix C	n/a	In Attachment 2, Appendix C, the allowed amount for pharmacy is not provided. Would you please provide guidance on what databook respondents can use to price member cost sharing for the pharmacy benefit for the Full-pay program?	See answer to question 12.

Respondent	#	Document (e.g., ITN, Proposed Contract)	Document Section	Document Page #	Question	Answer
Aetna	12	Attachment 2	Attachment 2 Encounter Data Flat File Attachment 2 Financial Data Flat File	n/a	For the Full-pay program, respondents are required to estimate the following member cost sharing PMPMs for rate scenario 3: Medical deductible PMPM Pharmacy deductible PMPM Medical coinsurance PMPM Pharmacy coinsurance PMPM Out-of-pocket maximum PMPM Could you please consider releasing the corresponding data for each of the cost sharing items above so that meaningful pricing projections can be performed?	See also answer to question 28. Appendix F has been added to Attachment 2 to provide summaries of non-pharmacy encounter data cost-sharing fields. Corresponding data for pharmacy is not available. Attachment 14: Pharmacy Mix Summary provides additional pharmacy detail in a drug mix summary.
Aetna	13	Attachment 3	Attachment 3 CDPS Acuity Study	n/a	Would you please consider releasing the raw CDPS scores by region for each of the Subsidized and Full-pay populations for 2016 and 2017, respectively?	A revised version of Attachment 3 is provided with new Exhibit 2 displaying the raw scores used to produce the normalized risk relationships and new Exhibit 3 prevalence reports.
CCP	14	Databook	Section 2: Covered Population, Services, and Service Area	Page 3	If the combined Title XXI-subsidized and full-pay program is approved, will the benefits for the full-pay program be enhanced relative to current levels?	In a blended model, it is anticipated the Full-Pay benefit and cost-sharing design would be identical to the current subsidized plan.
CCP	15	Databook	Section 4: Financial Report Data	Pages 8-10	Would Mercer/FHKC publish the current incumbent capitation rates for each of the member populations (or a range of current capitation rates)?	Capitation rates for incumbents are available at https://www.healthykids.org/resources/quality/contracts/ .
CCP	16	Databook	Section 3: Encounter Data	Pages 5-7	Would Mercer/FHKC please provide the average contracting rates, as a percent of the Florida Medicaid fee schedule, which underlie the data in the data book?	This analysis is not available.
CCP	17	Draft FHKC Contract		114	Please confirm that the Plan must utilize the FL Medicaid PDL.	Pursuant to Attachment A: Benefit Schedule, covered prescription drugs shall include all prescription drugs covered under the Florida Medicaid program.
CCP	18	Draft FHKC Contract & Databook		114	Would Mercer/FHKC please confirm that the Plan will receive the Rx rebates?	Confirmed.

Respondent	#	Document (e.g., ITN, Proposed Contract)	Document Section	Document Page #	Question	Answer
Simply Healthcare	19	Attachment 2		n/a	<p>Does the encounter data for the full-pay population include claims where the member would have paid the allowed amount due to the cost-sharing but the plan would have paid zero dollars? If not, we request that this data be included in order to complete the pricing for scenarios 3 and 4 of the rate submission template. We also request that the amount for each of the following components be separately valued in the data book:</p> <ol style="list-style-type: none"> 1) amount of the claim not covered as a result of copays 2) amount of the claim not covered as a result of the deductible 3) amount of the claim not covered as a result of percentage coinsurance <p>This information is necessary in order to complete all sections of the rate submission template. If this information is not available, please provide the total reduction in the payable amount due to the above items.</p> <p>Does the encounter data and/or the financial report data include costs for value-added benefits as described in section 22-7 of the draft contract?</p>	<p>See response to question 12.</p> <p>Per the current contract carriers are not to include costs of value-add benefits in these materials.</p>

Respondent	#	Document (e.g., ITN, Proposed Contract)	Document Section	Document Page #	Question	Answer
Simply Healthcare	20	Attachment 2		n/a	Per the response to Round 1 Question #57, can FHKC clarify which services that have copays or percentage coinsurance are not subject to the deductible and should be included in the Point of Service Cost Sharing section and which services are subject to the deductible and should be included in cells L36 and L37? Attachment A of the draft contract seems to state that all copays and coinsurance are applicable after the enrollee meets the deductible ("Coinsurance and copayments listed for Full-pay Enrollees apply after the Enrollee meets the deductible").	<p>Enrollees are responsible for the cost share listed in Attachment A of Attachment 1: Draft Contract for the following services without first needing to satisfy the applicable deductible:</p> <ul style="list-style-type: none"> • Emergency services • Non-facility outpatient services (including mental health and substance use disorder services) • Therapy services • Home health services • Hospice services • Vision services (refractions and lenses) • Generic prescription drugs • Transportation services <p>Attachment A to Attachment 1: Draft Contract will be revised to reflect this information.</p>
Sunshine	21	Attachment 2: Florida Healthy Kids Databook			Given Mercer's significant data quality concerns discussed throughout the databook (particularly related to the encounter data), would FHKC consider amending the ITN timeline to allow either the data concerns to be corrected or allow respondents additional time to develop appropriate adjustments?	See Addendum 4 to the ITN.
Sunshine	22	Attachment 2: Florida Healthy Kids Databook			Who will ultimately certify successful respondents' final rates? What will the process and timing be to finalize rates?	A certification is not required. Final rates will be determined through the negotiation process.
Sunshine	23	Attachment 2: Florida Healthy Kids Databook			Given the reasonably likely possibility of significant member churn following implementation of the new contract, would FHKC consider implementing a risk mitigation arrangement such as risk adjustment or a risk corridor?	No. Contracted insurers will have the opportunity annually to request rate adjustments, as described in Attachment 1 Draft Contract, section 3-3-3-1.

Respondent	#	Document (e.g., ITN, Proposed Contract)	Document Section	Document Page #	Question	Answer
Sunshine	24	Attachment 2: Florida Healthy Kids Databook			How closely does the benefit package represented in the databook reflect the benefit package described in Attachment A to Attachment 1: Draft Contract for: a) subsidized members; and b) full-pay members.	<p>For the subsidized plan, minor updates have been made to the benefit schedule for purposes of clarity and adherence with regulatory requirements. Respondents should rely upon Attachment A to Attachment 1: Draft Contract.</p> <p>The Full-pay Plan data reflects the following exclusions or limitations for benefits: Anti-hemophilia drugs excluded except for emergency stabilization, during a covered inpatient stay or when needed before a surgical procedure is performed.</p> <ul style="list-style-type: none"> • ABA therapy excluded. • A combined 35-session limitation for outpatient physical therapy, speech therapy, occupational therapy, message therapy, cardiac rehabilitation and spinal manipulations per benefit year. <p>The Benefit Schedule does not specify such exclusions or limitations for the Full-pay Plan. Respondents should develop rates assuming coverage for anti-hemophilia drugs, ABA therapy, and the therapies set forth in the Benefit Schedule (Attachment A to Attachment 1: Draft Contract).</p>
Sunshine	25	Attachment 2: Florida Healthy Kids Databook	2.1	3	Are members eligible for the CMS Plan required to enroll in that plan? If not, please provide risk scores and membership distributions over time for CMS Plan-eligible vs Non-CMS Plan-eligible members.	Pursuant to s. 409.814(3), F.S., a child with special health care needs may opt out of the Children's Medical Services Plan. FHKC does not track risk scores and membership distributions for CMS Plan-eligible vs non-CMS Plan-eligible members.
Sunshine	26	Attachment 2: Florida Healthy Kids Databook	3.1	5	Could the encounter data please be provided using the same category of services as the financial data to allow respondents to appropriately reflect utilization by category of service? If not, could a mapping between the different groupings be provided?	There is no standard definition that applies to the categories of service used in the financial data. FHKC and Mercer have provided all available information.

Respondent	#	Document (e.g., ITN, Proposed Contract)	Document Section	Document Page #	Question	Answer
Sunshine	27	Attachment 2: Florida Healthy Kids Databook	3.3	7	Could FHKC please provide the CDPS prevalence reports by region and full-pay vs. subsidized membership to assist respondents in developing reasonable utilization assumptions for the benefits excluded from the databook for full-pay members listed on this page?	See answer to question 13.
Sunshine	28	Attachment 2: Florida Healthy Kids Databook	Appendix A-C		Please confirm the difference between Allowed and Paid in the databook represents Member Cost Sharing.	The primary difference between Allowed and Paid in most incumbent carriers' data, including the Full-pay carrier, is member cost sharing. A portion of the difference is attributable to other insurance. For one subsidized carrier, Mercer has been unable to reconcile the difference reasonably. See also answer to question 12.
Sunshine	29	Attachment 2: Florida Healthy Kids Databook	Appendix A-C		Has Mercer calculated the underlying reimbursement %, relative to the Medicaid Fee Schedule, for the base experience? If yes, can that be provided? We will need to understand how this % compares to our expected contracting levels.	This analysis is not available.
Sunshine	30	Attachment 2: Florida Healthy Kids Databook	4.2	9	Can Mercer provide the % of claims represented in the databook for each MCO? Given MCOs reported data with different runout periods, this information is needed to properly estimate IBNR for the encounter experience.	Encounter data from all carriers includes claims paid through June 30, 2018.
Sunshine	31	Attachment 2: Florida Healthy Kids Databook	Appendix A		For Region 07, Subsidized Population, the 2017 Encounter PMPM is greater than what was reported in the Financial data. Given this is the exhibit where this is the case, did Mercer investigate what was driving this?	These numbers are verified. Mercer did not perform additional research on this particular year/region/population beyond the validation and review performed generally. Two legitimate factors that could influence these results are differential treatment of pharmacy rebates in the two sources and IBNR underestimation in the financial report source.

Respondent	#	Document (e.g., ITN, Proposed Contract)	Document Section	Document Page #	Question	Answer
Sunshine	32	Addendum 2	Question 15	7	Please provide the fixed full-pay proportion FHKC describes for intended use in scoring premiums proposed for Scenario 1.	FHKC will not provide the requested information.
Sunshine	33	Addendum 2	Question 18 and 51	8	If a respondent assumes and documents a risk level different than the average risk in the Region, how will that respondent's PMPM premium be adjusted to account for that different risk level in the scoring process?	FHKC will base premium scores on a risk neutral basis with assistance from our actuaries at Mercer. Source of adjustment factor may vary dependent on Respondent's choice of base data and any explicit adjustments performed. FHKC will use CDPS relative risk scores for incumbents using their own FHK experience from 2016 or 2017.
Sunshine	34	Addendum 2	Question 52	17	In response to Question 52, FHKC states that July 2018 membership should be used to develop rate submissions for Scenarios 3 and 4. However, Attachment 4 shows June 2018 membership. Does FHKC intend for respondents to use June or July, and if July, what source should respondents use?	See Attachment 12 July Enrollment.
Sunshine	35	FHKC ITN 2018-300-01 Addendum 2 and Draft Contract	Draft Contract Section 12-2 Addendum 2: Page 15	Draft Contract: Page 39 Addendum 2: Page 15	In your response to Question 43 in Addendum 2 you clarified that page 24, Tab 3 of the ITN, "contract manager" is revised to say "account manager." Is this the same position referenced in section 12-2 of the Draft Contract (page 39) as "Contract Manager"? Please verify that this is one position and that respondents should refer to this team member as the "Account Manager".	Confirmed.

Respondent	#	Document (e.g., ITN, Proposed Contract)	Document Section	Document Page #	Question	Answer
WellCare	36	Attachment 10: Rate Submission	Scenario 3	Scenario 3	<p>Scenario 3 asks for the value of cost sharing, coinsurance, deductibles and the OOP maximums. We feel that there are several pieces of data the Respondents would need to accurately estimate these values. For example:</p> <ul style="list-style-type: none"> - For deductibles and OOP maximums, Respondents would need access to member-level claims data or summarized continuance tables. - The cost sharing for pharmacy claims varies based on the type of prescription so Respondents would need mix of prescriptions by drug type. Also, allowed amounts for prescription drugs were not provided in the encounter data. - Some categories of service have cost sharing but are not split out in the data book, for example: Vision and Nursing Facility. - To accurately split member liability between copays/coinsurance, deductibles, and OOP maximums Respondents would need member-level claims data. <p>In light of this, and since the Financial data book provided only represents the net cost to the plan, would FHKC consider removing these requested inputs and allow Respondents to submit rates net of all cost sharing and OOP maximums without showing the individual values? Alternatively, could FHKC provide the historic values for these items?</p>	<p>FHKC does not intend to release member-level data at this time.</p> <p>See answer to question 12.</p>
WellCare	37	Attachment 10: Rate Submission	Scenario 1	Scenario 1	<p>In order to price the full-pay population with the same benefit package as the subsidized population we feel the Respondents need information on the members with high costs. Specifically the expense information for membership in relation to the \$1 million lifetime maximum that would apply under the blended rate scenario.</p>	<p>The requested data is not available.</p>

Respondent	#	Document (e.g., ITN, Proposed Contract)	Document Section	Document Page #	Question	Answer
WellCare	38	Attachment 3: FHK CDPS Acuity Study	n/a	Exhibit - Page 1	Since the acuity of the membership in the full-pay plan changed so dramatically from 2016 to 2017, would FHKC consider providing risk scores for the prior years 2013 to 2015 in a similar format to Attachment 3? We feel this would aid Respondents in more appropriately accessing the acuity change that would occur in scenario 1.	These risk scores are not available. Respondents may review Attachment 13: 2015 ITN Databook for historical claims experience.
WellCare	39	Attachment 2: FHK Databook	4 - Financial Report Data	Page 11 of 75	Since only encounter data was provided for the CY 2016 Full-Pay Plan, can adjustment factors for total encounters vs. total financials for the CY16 Full-Pay Plan be provided? We understand why only the encounter data was provided however, the encounter data is known to be incomplete. Alternatively FHKC could supply the Stars plan encounter data and the financial data in total for the full-pay plans - with this information Respondents could calculate the adjustment factor on their own.	Regional data for the 2016 financial submission is not available; however, a statewide exhibit comparing encounter data for both Full-pay products and the statewide financial report is provided as Appendix E in Revised Attachment 2.
WellCare	40	Attachment 2: FHK Databook	3 - Encounter Data	Page 8 of 75	Can Respondents assume that the difference between allowed and paid in data book encounter data is all member cost sharing? If not, could FHKC please provide a summary of what other differences exist between the allowed and paid amounts?	See answers to questions 12 and 28.
WellCare	41	Attachment 2: FHK Databook	4 - Financial Report Data	Page 11 of 75	Attachment 10: Rate Submission asks for utilization at a Category of Service (COS) level. The COS level in Attachment 10 matches the Financial Data. However, the utilization in Attachment 2 is only provided for encounter data, which has different COS level groupings. Can utilization be provided by FHKC at the COS levels that match Attachment 10? If not would FHKC consider allowing these utilization fields to be left blank and allow the Rate Submission to be submitted at the \$PMPM level, only?	No. Failure to provide all the information requested may result in rejection of Respondent's proposal.