

SPECIAL TERMS AND CONDITIONS

These High Risk Insurance Pool Program Contract Special Terms and Conditions (“Special Terms and Conditions”) shall be part of the contract for the supply and delivery of High Risk Insurance Pool services between the Commonwealth of Pennsylvania, acting through the Pennsylvania Insurance Department (“PID”), and the successful bidder(s) (“Contractor”).

1. Order of Precedence. These Special Terms and Conditions supplement the Commonwealth Contract Standard Terms and Conditions (“Standard Terms and Conditions”) for this procurement. Should any discrepancy occur, the order of precedence shall be the executed Contract, these Special Terms and Conditions, the Standard Terms and Conditions, and the contractor’s proposal.

2. Contract Scope/Overview: PID is issuing this solicitation to insurance carriers (“Contractor(s)”) to operate a temporary health insurance program (“Program”) for eligible individuals within the limitation of funding made available for this purpose and to perform, or subcontract, all administrative tasks necessary to operate the Program in compliance with federal law and the forthcoming federal rules or regulations. The contract(s) is for a Third Party Administrator (TPA)/Administrative Services Only (ASO) arrangement for payment of claims and for administration of all aspects of the program except program audits. Neither the Commonwealth of Pennsylvania nor PID will be responsible for the cost of covered health insurance claims filed by enrollees or for administrative expenses of operating the Program to the extent those claims and administrative expenses are in excess of the premiums collected by the Contractor. Rather, the U.S. Department of Health and Human Services (HHS) is responsible for all funding of expenses of the program in excess of premiums collected from enrollees.

The Contractor(s) shall use policies that satisfy all rating, pricing and coverage requirements specified in section 1101 of the federal Patient Protection and Affordable Care Act (“Federal Act”), P.L. 111-148, 124 Stat. 119.

The services to be provided are TPA/ASO services for the High Risk Pool.

3. SERVICES: The Contractor(s) will provide a full range of TPA services in the operation of a temporary health insurance program consistent with the Federal Act and PID’s solicitation to operation a high risk pool (PID solicitation) to HHS which may be accessed on PID’s website and is attached as Appendix B.

The services to be provided, as more fully set out in the PID application, shall include:

- a. Claims processing, including health care claims, point of sale prescription drug claims and mail order prescription drug claims;
- b. Provision of contracted health care provider and pharmacy networks;
- c. Utilization review;
- d. Appeals processes;

- e. Eligibility determinations and enrollment/disenrollment functions, including:
 - i. notify eligible applicants of enrollment and forward premium notices within 5 business days of receipt of list of preliminarily eligible applicants.
 - ii. enroll all applicants whose premium payments are received prior to July 30, 2010, by August 2, 2010.
 - iii. verify eligibility of applicants with applications requiring additional documentation (including but not limited to documentation of creditable coverage, citizenship, and preexisting conditions) within 10 business days of receipt of the list of preliminarily eligible applicants.
 - iv. enroll all applicants whose premium payments are received by August 15, 2010, by September 1, 2010.
 - ii. make available call-center or customer service representatives to respond to consumer inquiries and assist consumers in completing applications immediately upon execution of the contract.
 - iii. coordinate/interface with application processing system used by the Commonwealth for this program.
 - iv. coordinate with the Commonwealth for verification through the Social Security Administration (SSA) interface that each applicant to be provided coverage is either a US citizen, US national or lawfully present alien, as provided in Section 1902(ee) of the Social Security Act;
 - v. provide conditional eligibility and determine the status of each applicant to be provided coverage who cannot verified through the SSA interface, as provided in Section 1902(ee) of the Social Security Act;
 - vi. verify an applicant's claim on the application of having a qualifying pre-existing condition to the extent required by HHS (i.e., either all applicants, a random sample of applicants, a sample or none); and,
 - vii. verify an applicant's claim on the application of having qualifying pre-existing condition to the extent required by HHS (i.e., either all applicants, a random sample of applicants, a sample or none);
 - vii. perform post eligibility audits on applicants as required by HHS; and
 - viii. coordinate/interface with PID on offers to persons on the waiting list. PID will maintain the waiting list of potentially eligible persons and will inform the contractor when additional offers are to be made.
- f. Full range of member and provider relations services, including call center and website management;
- g. Plan marketing;
- h. Collection of premiums; and
- i. All necessary functions to assure timely payment of benefits to covered persons under the Program, including, but not limited to, the following:
 - i. Determining eligibility, communicating with applicants about eligibility, enrolling and disenrolling applicants offered coverage under this program and tracking the reasons for eligibility terminations.

- ii. Making available information relating to the proper manner of submitting a claim for benefits under the Program and distributing forms upon which submissions will be made.
 - iii. Evaluating the eligibility of each claim for payment under the Program.
 - iv. Notifying each claimant within 30 days after receiving a clean claim whether the claim is accepted, rejected or compromised.
- j. All necessary functions to assure compliance with HIPAA privacy standards, including but not limited to:
 - i. Execution of a Business Associate Agreement in a form acceptable to HHS.
 - ii. HIPAA privacy training for staff members.
 - iii. Execution of a confidentiality agreement by each staff member.
 - iv. Distribution of the Program's Notice of Privacy Practices in accordance with HIPAA requirements.

The selected Contractor(s) must have when the contract becomes effective or have the ability to immediately put in place a Pennsylvania Department of Health (DOH) licensed provider network capable of providing a full range of high-quality and accessible health care to Program members throughout the state or the counties in which it is bidding to offer services. The selected Contractor(s) must be ready to begin all TPA functions promptly after the award of contract. The selected Contractor(s) must have the capacity to provide membership, claims and utilization data as may be required by the PID and HHS, including the capacity to establish the accounting and fund controls needed to permit timely tracking of claims payments under the Program. The selected Contractor(s) must also have the capacity to monitor and report to PID and HHS information related to misconduct that takes place in the marketplace, including allegations relating to health insurance issuers and employment-based health plans discouraging individuals from remaining enrolled in prior coverage based on an individual's health status, as well as allegations related to fraud and abuse within the Program. The selected Contractor(s) must also commit to follow Act 68 of 1998 prompt payment, complaint and grievance procedures.

4. Contract Award. PID will award this contract to one or more Contractors. PID will accept bid proposals in response to this procurement from June 28, 2010 through 2:00 pm, July 2, 2010. This award will be made on best value. The award(s) shall be made to the responsible offeror(s) whose proposal is determined in writing by PID to be the most advantageous to the Commonwealth based on the criteria determined by PID. PID will consider factors beyond price, including but not limited to: years of experience; prior experience with risk pools or guaranteed issue products; demonstrated expertise handling insurance, insurance claims or discounted services; and financial capability.

5. Contract Period. PID will establish the Contract effective date as specified in Subsection 3.a. of the Standard Terms and Conditions. The Contract will terminate on December 31, 2014, unless it is terminated in accordance with Section 24 of the Standard Terms and Conditions, as supplemented by this section.

6. Service Area. The bidder may offer to supply and deliver services:

- i. Statewide,
- ii. To any one or more counties specifically identified in the bidder's response, or
- iii. Both.

7. Pricing.

- a. The bidder shall submit cost of the TPA/ASO services on a per member per month basis. Payment will be made per member for each month of actual coverage. No payments will be made for months when a member does not have coverage. In addition to submitting costs on a per member per month basis, bidders may submit alternative costs based on volume of members per month.
- b. The bidder shall also state any anticipated start-up costs to be charged under the contract. Start-up costs will only be considered as a one-time fee for calendar year 2010.

8. Eligibility Requirements:

a. The following mandatory requirements must be met in order for a bid response to be considered. Failure to meet these criteria will result in a disqualification of the bid response. The mandatory criteria are:

- i. Licensing. Bidders must be licensed by PID.
- ii. Provider Networks. Bidders must attest to possessing or immediately having access to adequate DOH licensed provider networks statewide or in the services areas for which a bid is submitted.

PID reserves the right to make such investigations as it may deem necessary to establish the competency and financial capability of any Offeror to perform. If, after the investigation, the evidence of competency and financial capability of a Bidder is not satisfactory as determined only by PID, PID reserves the right to reject the Bidder's bid response.

b. In order to qualify to provide services under this Contract, provide the following with your bid response:

- i. Documentation showing evidence of five (5) years of experience in providing TPA/ASO services.
- ii. Three (3) references from clients for whom you have provided TPA/ASO services within the last 3 years.

9. Governing Provisions: This contract shall be governed and administered in accordance with the Patient Protection and Affordable Care Act, P.L. 111-148, 124 Stat. 119 and the Health Care and Education Reconciliation Act of 2010, P.L. 111-152, 124 Stat. 1051, the HHS Solicitation for State Proposals to Operate Qualified High Risk Pools and any additional guidance, and rule or regulations promulgated thereunder. The selected Contractor(s) must adhere to these provisions.

10. Incorporation of Documents: The following documents are attached hereto and incorporated herewith these Special Terms and Conditions.

Appendix A- HHS State High Risk Pool Contract

Appendix B- PID's solicitation to HHS

Appendix C- HHS Solicitation for State Proposals to Operate Qualified High Risk Pools and HHS cover letter for the Solicitation.

Appendix D- Commonwealth Standard Terms and Conditions