

**SAN FRANCISCO
HEALTH SERVICE SYSTEM**

Affordable, Quality Benefits & Well-Being

Addendum No. 2

March 7, 2023

**REQUEST FOR PROPOSAL FOR
Actuarial and Consulting Services for the
San Francisco Health Service System**

RFPQ#HSS2023.F2

CONTACT: Michael Visconti, michael.visconti@sfgov.org, (628) 652-4645

This Addendum is being issued to modify the above-referenced Request for Proposal RFPQHSS2023.F2 (“RFP”) and to respond to questions received by or before the updated Deadline for RFP Question on Thursday, February 23, 2023 (2:00 PM Pacific Time). Please review the terms of the RFP and this Addendum carefully. If there are any inconsistencies between the RFP and the terms of this Addendum, then the terms of this Addendum will prevail. Section references below are to the RFP and are provided for reference.

A. Questions & Answers

- 1. Is SFHSS looking to expand upon, improve or address any gaps in services compared to the current agreement and/or compared to the services described in the prior actuarial services RFP (2018)?**

SFHSS Response:

No. However, in the five (5) years since the last SFHSS RFP for these services, there have been several events and developments in the health benefit/care space that have significantly impacted SFHSS operations, our vendor partners, and our Members, including, but not limited to, how SFHSS will continue to navigate the effects of the COVID-19 pandemic as well as issues impacting access to health care, including access to mental health and substance use disorder care.

Addendum No. 2

March 7, 2023

Moreover, the selected Contractor, as a result of this RFP, will play an important role in SFHSS addressing and meeting the goals of the (new) 2023-2025 SFHSS Strategic Plan (as referenced in the RFP).

For example, SFHSS has identified “optimizing service” as one of its strategic goal areas in order to maintain and advance exceptional member engagement. Included under this strategic goal area are three objectives:

1. Enhancing Member Education and Support
2. Improving Staff Training and Development
3. Implementing Quality Assurance Reviews

The selected Contractor may be leveraged, when appropriate, as a subject-matter expert to support SFHSS’ efforts in achieving this goal. This may include researching and documenting existing business processes, analyzing workflows to identify operational strengths and gaps, and/or recommending improvements to ensure SFHSS’s processes and procedures align with industry best practices.

- 2. How will SFHSS and the selected Contractor address the “Additional Audits, Evaluations and Assessments” as they may relate to scope and budget/total cost for services within a given fiscal year? What about preceding section (“Audit and Reporting Schedule”) and generally Section C, “Auditing Services and Schedule”.**

SFHSS Response:

Section C is based on the current San Francisco Health Service System Audit Policy (https://sfhss.org/sites/default/files/2020-02/SFHSS%20Audit%20Policy_Final%20with%20Plan%20and%20Schedule_2.pdf) and several years of collaboration with the incumbent Contractor and past Contractors.

However, SFHSS will be assessing alternative approaches to the type, scope and frequency for audits of our plans and benefits as a result of this RFP. SFHSS will work in close collaboration with the selected Contractor to evaluate the current approach to audits, and if necessary, develop a new approach to both routine and *ad hoc* audits, evaluations, assessments and other reporting. This collaboration may require a modification to this section of the final scope of work with the selected Contractor.

The subsection of the scope titled “*Additional Audits, Evaluations and Assessments*” [page A-12 of Appendix A] allows SFHSS to work with the selected Contractor to develop the scope, timeline and budget for certain services that may fall outside of general or core audit services. For these *Additional Audits, Evaluations and Assessments*, under the current agreement, SFHSS executes a letter of agreement (added as an Appendix to the then-

Addendum No. 2

March 7, 2023

current service agreement) with the incumbent Contractor. The letter agreement details the additional process(es), time and costs associated with additional audit(s), evaluation(s) and/or assessment(s).

As to cost, a letter agreement for *Additional Audits, Evaluations and Assessments* may require an increase to the total not-to-exceed amount of the agreement between Contractor and SFHSS (see Appendix C1 (Professional Services Agreement_RFPQ#HSS2023.F2) Article 3, Financial Matters). SFHSS will allocate necessary funds from our budget accordingly and as available.

- 3. How will SFHSS and the selected Contractor address the “Additional Project Services” as they may relate to scope and budget/total cost for services within a given fiscal year?**

SFHSS Response:

“Additional Project Services” (Section I.F.6.) is intended as a general category for any actuarial or health benefits reports, studies, evaluations, surveys, comparisons, or analyses that support or advance the Core Services. In so far as the “Additional Project Services” may require exceptional time and resources, SFHSS and the selected Contractor may address those services similar to “*Additional Audits, Evaluations and Assessments*” [page A-12 of Appendix A (Scope of Services)], described in Question 2, above.

- 4. Please describe SFHSS’ ideal format for “Weekly Account Management Meetings”? How often are they held in person? If held in person, does SFHSS have the capabilities to have certain members of the selected Contractor’s team dial in from a remote location or join via video conferencing? What is the average length of these meetings? Does SFHSS have a preferred day of the week or time of day for these meetings?**

SFHSS Response:

“Weekly Account Management Meetings” (Scope of Work Section I. G., p. A-16) are currently held each week on Tuesday between 11am and 12pm (one hour) Pacific Time. The length of the meeting may be lengthened or shortened depending on the number of topics that need to be covered. Due to City and County of San Francisco holidays or the unavailability of key members of the SFHSS team, a weekly meeting may be suspended (skipped and not rescheduled).

Addendum No. 2

March 7, 2023

The selected Contractor will be responsible to provide SFHSS with a detailed agenda of topics to be discussed at each Weekly Account Management Meeting, as well as be responsible for tracking topics of discussion, projects, key dates, deadlines and deliverables, for future meetings, including meetings of the San Francisco Health Service Board, or meetings related to the annual rates and benefits process (see Appendix A, Section III, “Rates and Benefits Calendar”). The selected Contractor will be required to provide the agenda in advance of the weekly meeting, so as to provide members of the SFHSS management team sufficient time to prepare for the meeting. The agenda may be distributed through a secure website and/or via email.

For the purposes of this RFP, Respondents may propose an alternative time/day of the week, keeping in mind that many City holidays are held on Mondays, and Health Service Board meetings are held on the second Thursday of each month.

In person/remote/hybrid meetings. Due to the COVID-19 pandemic, local health orders restricting in-person meetings, and staff availability, between 2020 and 2023, “Weekly Account Management Meetings” required significantly more flexibility including both fully remote (via Microsoft/MS Teams Video Conferencing) and hybrid (using MS Teams for remote attendees in combination with the video teleconferencing equipment in our 3rd floor conference room at 1145 Market Street in San Francisco). On Thursday, February 16, 2023, the City and County of San Francisco announced that it will end its public health emergency for COVID-19 on February 28.

For the purposes of this RFP, we ask that Respondents respond as if all ‘Weekly Account Management Meetings’ will be held in-person. However, special exceptions have been and will be made for any remote subject-matter-experts, non-essential staff, administrative staff attendees, or key staff who are unable to travel to San Francisco.

- 5. What role will the selected Contractor play in the development of plan documents? Will the consultant be asked to create revised documents from scratch, or only perform consultative and technical reviews?**

SFHSS Response:

There are two main categories of plan documents:

- Benefit Plans: Evidence of Coverage (EOC), Summary of Plan Description (SPD), Summary of Benefit and Coverage (SBC), Benefit Summary (BS/SOB), and Summary of Material Modification (SMM); and
- SFHSS Member Rules and Cafeteria Plan: Cafeteria 125 Plan document, the associated SFHSS Member Rules, and/or Amendments.

Addendum No. 2

March 7, 2023

Benefit plan documents, such as EOCs, SPD's, SBC's BS/SOB's, and SMM's are developed by our benefit plan partners (health/dental/vision/life/long-term disability Vendors) for the regulated lines of business, with continuous feedback from SFHSS. For ASO lines of business, these benefit plan documents are created by the benefit plan partners, but with more guidance and oversight by SFHSS.

The Cafeteria 125 Plan document and the associated SFHSS Member Rules are wholly created, owned and managed by SFHSS, with final approval by the Health Service Board (Board).

SFHSS takes a very active role in plan document review, which includes providing feedback to existing or changing language, suggesting or requiring modification of language, and the issuance of final approval of all plan materials, prior to allowing the materials to be sent to the regulatory body and subsequently published. This occurs in full, at least once annually during the third quarter of the calendar (plan) year in preparation for Open Enrollment (the full month of October each year), but may occur at other times throughout the year, whether in connection with the annual benefit renewal process, required regulatory changes, and/or through benefit or policy determinations of the Health Service Board.

SFHSS currently has in-house subject-matter experts who perform the review, evaluation, and/or modification of all plan documents. Additionally, SFHSS has implemented an internal approval process, which ensures SFHSS executive oversight and approval of all changes, no matter how minor.

There is no current plan to transition the SFHSS in-house work, described in this response, to the selected Contractor. However, SFHSS may seek advice and consultation from the selected Contractor on certain benefit and/or regulatory changes, to assess best in-class or alternative language, specific applicability, legal standing, projected impact (financial/operational/membership), and/or validation of the change against what was specified through the renewal process. This may necessitate research, discussions with one or more of the selected Contractor's subject-matter expert(s) within a given benefit area (e.g., pharmacy, mental health, fertility, ERISA), and one or more written recommendations toward the appropriate courses of action.

Addendum No. 2

March 7, 2023

6. Over the past three plan years, what were the total dollars paid to the incumbent Contractor for Health and Welfare Benefit Consulting? How much of this compensation is fee based vs. commission? Please provide a list of all commissions and indirect vendor compensation (volume bonuses, overrides, etc.) currently paid with respect to the benefit plans.

SFHSS Response:

Service Type	Plan Year			
	2019	2020	2021	2022
▪ Core Services	\$804,209.35	\$847,768.00	\$637,267.06	\$617,244.25
▪ Non-core/ad hoc services including non-routine/ad hoc audits	\$151,020.50	\$99,609.00	\$129,819.50	\$149,741.50
▪ Total	\$955,229.85	\$947,377.00	\$767,086.56	\$766,985.75

Pursuant to RFP Section 3.3.15. (Commissions), “No commissions will be paid, and none may be included in any Proposal. No designation of Broker of Record (BOR) will be issued to any Prospective Respondent to procure a quotation from a health insurance entity. No override payment, volume bonuses or other indirect payments of any kind to agents or third parties are allowed in connection with this RFP.” A similar prohibition on commissions exists in the current/incumbent agreement as well as in the 2018 RFP for Actuarial and Health Benefit Consulting Services.

7. What contributions and support do you expect from the selected Consultant during open enrollment? When does SFHSS open enrollment take place? Do all departments have the same open enrollment period? Is open enrollment active or passive? If passive, would SFHSS consider an active enrollment? Does SFHSS hold live or remote meetings for employees during open enrollment?

SFHSS Response:

Open Enrollment (OE) is managed in-house by the San Francisco Health Service System with the support of certain third-party vendors, including print and mail vendors and video design vendors. Due to the size and diversity of our employee population, as well as the number of workplace locations within the City, extending to locations as far away as Hetch Hetchy/ Tuolumne County, in-house OE preparation generally begins as early as February,

Addendum No. 2

March 7, 2023

with OE occurring during the full month of October each year. OE is passive, not active. While SFHSS has considered an active enrollment and discussed possible alternatives to passive enrollment with both current and past actuarial partners, a traditional active enrollment would require an amendment to our current Member Rules (<https://sfhss.org/san-francisco-health-service-system-member-rules>) and approval of that change by the Health Service Board.

For a sample of OE activities, including in-person events, webinars, and flu vaccinations clinics, please reference October 2022 and November 2022 contained with the OE Webinar & Flu Shot Clinic & Health Fairs online Calendar (<https://sfhss.org/oe2022/calendar>).

8. **Over the past two full plan years (January 1 – December 31, 2021 and January 1 – December 31, 2022), what was the average monthly actuarial and consulting hours invoiced to the San Francisco Health Service System by the current/incumbent Contractor?**

SFHSS Response:

Monthly Avg. Hours by Type	Plan Year	
	2021	2022
▪ Actuarial	32.26	42.35
▪ Consulting	71.08	42.94
▪ Ad-Hoc / As-Needed	22.88	70.44

9. **Please provide a list of last Request for Proposal (RFP) or competitive bid for each of the current health, vision, dental and life insurance benefits. Are any RFPs planned for health, dental or vision benefits within the next three (3) years? Can SFHSS provide an example of the expected participation from a selected Contractor, or the prior number of hours from the then-actuary/consultant/contractor, and/or an approximately timeline from a prior RFP for health, dental or vision benefits?**

SFHSS Response:

Most recent benefits RFPs/RFIs/competitive bid/selection. Active Employee HMO and PPO health plans (2020-21 for the 2022 plan year*); Dental PPO/DMO (2000, 2012); Basic Life/LTD/AD&D (2012); Medicare-eligible/MAPD (2021 RFI*); Vision (1976).

*See the “2022 RFP for Health Plans, 2022 Plan Year” and “RFI (Request for Information) for Medicare Plans, 2023 Plan Year” under Past Opportunities at <https://sfhss.org/RFPs>.

Addendum No. 2

March 7, 2023

Upcoming RFP. SFHSS anticipates going out to bid for active employee HMO and PPO health plans as early as 2023/2024 for the 2025 plan year. However, this decision will be made in consultation with and upon receiving approval from the Health Service Board (see July 2019 Special Meeting of the Board <https://sfhss.org/board-meeting/2019-07-11t200000>; see also February 2021 Meeting of the Board <https://sfhss.org/board-meeting/2021-02-11t210000>).

Scope/budget. SFHSS will follow the same procedure as described in the answer to Questions 2 and 3 above for the roles, responsibilities and associated costs for the selected Contractor for any subsequent RFP/competitive procurement or pre-RFP process, such as a formal Request for Information (RFI) or Request for Qualifications (RFQ).

Timeline/Hours. Please reference the “2022 RFP for Health Plans, 2022 Plan Year” under Past Opportunities at <https://sfhss.org/RFPs>, on which our current incumbent provided the following hours towards the RFP process.

10. Please provide a copy of the most recent 10-County Survey or list the categories/detail captured by the survey so that we may assess the breadth of scope.

SFHSS Response:

SFHSS presented the 2022 10-County Survey Results to the Health Service Board on Thursday, March 10, 2022 (<https://sfhss.org/board-meeting/2022-03-10t210000>).

- **Agenda Item 10:** https://sfhss.org/sites/default/files/2022-03/March%2010%2C%202022%20HSB%20Regular%20Meeting%20Agenda%20Final_0.pdf
- **Report:** <https://sfhss.org/sites/default/files/2022-03/March%2010%2C%202022%2010-County%20Survey%20Results.pdf>
- **Presentation:** <https://sfhss.org/resource/march-10-2022-10-county-survey-results-presentation>

SFHSS will be presenting the 2023 10-County Survey Results for Plan Year 2024 on Thursday, March 9, 2023 (<https://sfhss.org/board-meeting/2023-03-09t210000#tab-30926>).

- **Agenda Item 9:** <https://sfhss.org/sites/default/files/2023-03/March%2009%2C%202023%20HSB%20Regular%20Meeting%20Agenda%20Final.pdf>

Addendum No. 2

March 7, 2023

- **Report:** <https://sfhss.org/sites/default/files/2023-03/March%209%2C%202023%20Ten%20County%20Survey%20Results%20for%20Plan%20Year%202024.pdf>
- **Presentation:** <https://sfhss.org/sites/default/files/2023-03/March%209%2C%202023%20Ten%20County%20Survey%20Results%20for%20Plan%20Year%202024%20Presentation.pdf>

11. Please provide a list of all regularly scheduled reports prepared by incumbent Contractor for a given calendar year/calendar year 2022, as well as the most recent copy of each report. Specifically, we are referring to deliverables associated with the Rates and Benefits Calendar beginning on page A-22 of the Scope of Services.

SFHSS Response:

Final reports and presentations from our current/incumbent Contractor are prepared and presented publicly to the Health Service Board as well as the San Francisco Board of Supervisors as part of our annual rates and benefits cycle between late January and July each year. Additional regular reports not directly related to the annual rates and benefits cycle are presented between September and early January. Routinely, unless necessary to handle outstanding business of SFHSS or the Board, the July, August and/or October meetings of the Health Service Board may be canceled.

Using the 2022 calendar year (and annual rates and benefits process for plan year 2023):

- **January 13, 2022, Health Services Board – Regular Virtual Board Meeting** (<https://sfhss.org/board-meeting/2022-01-13t210000>):
 - Agenda Item 14, attached document(s): Incurred But Not Reported (IBNR) Reserve and Contingency Reserve Amounts for Self-Funded and Flex-Funded Health Plans Report
- **February 10, 2022, Health Services Board – Regular Virtual Board Meeting** (<https://sfhss.org/board-meeting/2022-02-10t210000>):
 - Agenda Item 14, Presentation re: Hartford Fully Insured 2023 Rates and Contributions
- **February 16, 2022, Health Services Board – Governance Committee Virtual Board Meeting** (<https://sfhss.org/board-meeting/2022-02-16t210000>):
 - Agenda Item 4: 2021 Board Education Report and Education Plan for 2022.

Addendum No. 2

March 7, 2023

- **March 10, 2022, Health Services Board – Regular Board Meeting** (<https://sfhss.org/board-meeting/2022-03-10t210000>):
 - Agenda Item 11: Report/Action Item (Approve the Use of One-Third of the Stabilization Reserve Surplus as of December 31, 2021, for the Blue Shield of California HMO Plans for Plan year 2023)
 - Agenda Item 12: Report/Action Item (Approve One-Time Suspension of the Stabilization Policy and Approve the Use of One-Half of the Stabilization Reserve Surplus as of December 31, 2021, for the Delta Dental Active Employee PPO Plan)

- **April 14, 2022, Health Services Board – Regular Board Meeting** (<https://sfhss.org/board-meeting/2022-04-14t200000>):
 - Agenda Item 11: Report/Discussion Item: Kaiser Permanente Active Employee and Early Retiree HMO Plan 2021 Claims and Utilization Experience
 - Agenda Item 12: Report/Discussion Item: Self-Funded Non-Medicare PPO Plan 2021 Claims and Utilization Experience and Approve the Use of One-Third of the Stabilization Reserve Deficit as of December 31, 2021
 - Agenda Item 13: Report/Action Item: VSP [SFHSS vision plan provider] Fully Insured 2023 Rates and Contributions
 - Agenda Item 14: Report/Action Item: Approve Retiree 2023 Dental Rates and Contributions for Fully Insured Plans (Delta Dental PPO Plan, DeltaCare USA HMO Plan, UnitedHealthcare (UHC) HMO Plan)

- **May 12, 2022 Regular Board Meeting** (<https://sfhss.org/board-meeting/2022-05-12t200000>):
 - Agenda Item 10: Report/Discussion Item: Health Plan 2023 Rate Summary Active Employee/Early Retiree Health Plans
 - Agenda Item 11: Report/Action Item: BSC PPO-Accolade Medical/Rx Flex-Funded Non-Medicare HMO Plans 2023 Rates and Contributions
 - Agenda Item 12: Report/Action Item: Health Net CanopyCare Medical/Rx Flex-Funded Non-Medicare HMO Plan 2023 Rates and Contributions
 - Agenda Item 13: Report/Action Item: BSC PPO-Accolade Medical/Rx Self-Funded Non-Medicare HMO Plan 2023 Rates and Contributions
 - Agenda Item 14: Report/Action Item: Kaiser Permanente CA Fully Insured Non-Medicare Medical/Rx Fully Insured Non-Medicare HMO Plan 2023 Rates and Contributions
 - Agenda Item 15: Report/Action Item: Active Employee 2023 Dental Rates for Self-Funded Delta Dental PPO Plan, Fully Insured Deltacare USA HMO, and Fully Insured UnitedHealthcare (UHC) HMO Plan

Addendum No. 2

March 7, 2023

- **June 9, 2022, Health Services Board – Regular Board Meeting**
(<https://sfhss.org/board-meeting/2022-06-09t200000>):
 - Agenda Item 12: Health Plan 2023 Rate Summary Medicare Retiree and Kaiser MultiRegion Retiree Health Plans
 - Agenda Item 13: Report/Action Item: Kaiser Permanent Multi-Region Retiree HMO Plans Fully Insured 2023 Rates and Contributions
 - Agenda Item 14: Report/Action Item: Kaiser Permanente Senior Advantage (California) Fully Insured Medicare Retiree 2023 Rates and Contributions
 - Agenda Item 15: Report/Action Item: UHC Medicare Advantage PPO Fully Insured Medicare Retiree 2023 Rates and Contributions
 - Agenda Item 16: Report/Action Item: Review and Approve Change in Non-Medicare Plans Administrator to UnitedHealthcare for Non-Medicare Split Family Lives Where One or More Family Covered Life is Medicare and Enrolled in UnitedHealthcare Medicare Advantage PPO

- **July 13, 2022, San Francisco Board of Supervisors – Budget and Finance Committee**
(<https://sfgov.legistar.com/View.ashx?M=A&ID=986748&GUID=63FFA155-2C28-43B7-B5D0-75AABF2488F2>)
 - Agenda item 14: Ordinance approving Health Service System plans and contribution rates for calendar year 2023.
 - Legislation attachments:
<https://sfgov.legistar.com/LegislationDetail.aspx?ID=5713598&GUID=7834A847-2E81-4CC3-81B1-EC37B76F673B>

- **July 19, 2022, San Francisco Board of Supervisors – Regular Meeting**
(<https://sfgov.legistar.com/View.ashx?M=A&ID=988951&GUID=6B4017EB-0D06-403E-9EE5-8514A98D2BA5>)
 - Agenda item 30: Ordinance approving Health Service System plans and contribution rates for calendar year 2023.
 - Legislation attachments:
<https://sfgov.legistar.com/LegislationDetail.aspx?ID=5713598&GUID=7834A847-2E81-4CC3-81B1-EC37B76F673B>

- **July 26, 2022, San Francisco Board of Supervisors – Regular Meeting**
(<https://sfgov.legistar.com/View.ashx?M=A&ID=989893&GUID=F5560C72-A561-484A-9BFD-4943CA63A7CD>)
 - Agenda item 16: Ordinance approving Health Service System plans and contribution rates for calendar year 2023.

Addendum No. 2

March 7, 2023

- Consent Agenda, File #: 220755 – Health Service System Plans and Contribution Rates - Calendar Year 2023
(https://sfbos.org/sites/default/files/baq072622_minutes.pdf)
- Legislation attachments:
<https://sfgov.legistar.com/LegislationDetail.aspx?ID=5713598&GUID=7834A847-2E81-4CC3-81B1-EC37B76F673B>
- **August 11, 2022, Health Services Board – Regular Board Meeting**
(<https://sfhss.org/board-meeting/2022-08-11t200000>):
 - Agenda Item 10: Board Education: August 11, 2022, Genomics and Pharmacy High-Cost Drugs
- There were no public reports and presentations prepared by our current/incumbent Contractor from September 2022 to December 2022.

For additional information on the Board's annual rates and benefits cycle, please see the Board webpages available at <https://sfhss.org/board-annual-rates-and-benefits-cycle>.