

**REQUEST FOR QUALIFICATIONS & PROPOSAL  
FOR  
HEALTH INSURANCE TRUST ADMINISTRATION SERVICES**

**I. INTRODUCTION & SCOPE OF SERVICES**

Kentucky League of Cities, Inc., (KLC), is soliciting proposals from qualified third-party administrators (Contractor) to provide health insurance trust and health insurance program administrative services in accordance with the specifications provided herein. Qualifications are sought for a Contract Administrator for a non-ERISA association's Master Trust Agreement with expertise and experience in working with bona-fide associations as interpreted in recent advisory opinions. The selected Contractor must have at least ten years of continuous operation as a health benefits/trust administrator and at least five years of experience with association groups and public entities. Experience with association plans and public entities with an annual health insurance premium in excess of \$10,000,000.00 is preferred.

The selected Contractor will provide services as an independent contractor. All responses must address the services, requirements, terms, and conditions as set forth in this Request for Proposal. It is KLC's intent to implement the proposed services as soon as possible and to retain the successful Contractor for an initial term beginning on July 1, 2024, with an option to renew the contract annually on July 1st for up to (6) additional years starting July 1, 2025. Upon selection of the winning proposal, if a transition period is needed for a non-incumbent TPA, the term of service will start no later than April 1, 2024.

**II. INFORMATION RELEVANT TO REQUESTED SERVICES**

The Kentucky League of Cities, Inc. (KLC) is a Kentucky non-stock, nonprofit corporation which offers a range of association member services to over 380 Kentucky cities in exchange for the payment of annual dues. These services include legislative advocacy, legal, policy development, research, training and community development services. KLC also serves as the administrative service organization for several affiliated entities offering a variety of insurance and financing options tailored specifically for cities.

The Kentucky League of Cities Insurance Agency (KLCIA) was incorporated on December 27, 1995, by its sole stockholder KLC. KLC owns 100% of the outstanding common stock of KLCIA. KLCIA was organized to transact business as an insurance agency. KLCIA sells health, life and bonding insurance to Kentucky municipalities and markets insurance offered by other KLC related entities.

KLC sponsors an association employee group health insurance program (EGHIP) offered through KLCIA. The EGHIP is not subject to ERISA. KLC members have the option of voluntarily participating in the large group-rated association plan from Anthem. In 2013, KLC established a health insurance trust (the Trust) directed by a Committee elected by Subscribing Employers to act on behalf of trust members participating in the trust.

Total employer members in EGHIP are currently approximately 246 (health accounts) and 261 (total groups). Total employees participating in EGHIP are approximately 3600 subscribers or 7250 participating members with 3,000 in dental, 4,200 in vision and 2,500 life. Annual premium is approximately \$50M. A renewal report and annual account reporting package will be provided to interested parties upon completion of the attached Confidentiality and Nondisclosure Agreement (Attachment 1).

**III. SERVICES REQUESTED**

The following services are sought:

- A. Provide consulting, technical, administrative, management, marketing and communications support for employee health insurance benefits provided to KLC members and eligible groups.
- B. Provide and/or support consolidated billing, premium collection and disbursement, agent sales and renewal support, annual trustee updates, overall communications with members, legal compliance, COBRA administration (full COBRA and non-Plan Year Cobra), vendor management and group reporting as required for large groups.
- Contractor must establish and use a Kentucky post office box address and/or Kentucky bank lock box address for accepting premium payments, in addition to accepting payments by Electronic Funds Transfer (EFT) and over-the-phone check or credit card payment and other payment platforms deemed acceptable by KLC, KLCIA and/or the Trust.
  - Contractor must have ability to produce a monthly streamlined billing statement for each account that includes all carriers and products utilized.
- C. Provide and administer Health Reimbursement Accounts, Flexible Spending Accounts and Section 125 Premium Only plans.
- D. Serve as the named Contract Administrator in the Master Trust Agreement.
- E. Assist with all necessary legal instruments and reports applicable to the trust and the association health insurance program, including, but not limited to, a Master Trust Agreement for health insurance and a trust agreement for exempted benefits; an Association Health Plan Summary document; board ratification documents; and employer subscription agreements for both the trust and the health plan.
- F. Provide ongoing analysis, review, and evaluation of the EGHIP, including the solicitation of proposals, quotes or renewal terms with service providers/insurance carriers. Contractor must have good working relationships with multiple carriers and have the ability to provide shelf rates from carriers. Contractor will be expected to provide KLC, KLCIA and/or the Trust with the most up-to-date census information or access to the most up-to-date census information on all accounts to assist with alternative quoting. Contractor will coordinate and deliver renewals to groups via electronic mail methods and/or traditional mailing methods and will provide KLC, KLCIA and/or the Trust with copies of all group renewals. Renewals sent to groups must be provided with all plans and all four tier rates.
- G. Maintain an active ongoing relationship with the service providers/insurance carriers to ensure smooth member communications, operation and delivery of benefits as well as intervention of any coverage or claim questions or problems which may arise during enrollment.
- H. Assist with ongoing financial management of the program including continuing analysis of cost, claims, trends, and program utilization to keep KLC, KLCIA and/or the Trust abreast of the plan's performance throughout the year.
- I. Assist with plan design changes or options to reduce or contain health insurance costs.
- J. Provide KLC, KLCIA and/or the Trust access to software or reports used in supporting member accounts (including but not limited to enrollment, termination, changes, etc.), subject to HIPPA, HITECH ACT, and any other regulatory requirements. Contractor must have the capability to send and receive large data files with no size restrictions and in a secure manner.

- Direct access by KLC, KLCIA and/or the Trust to enrollment, change, and termination tools is preferred. Platform to allow groups and local agents to access authorized group enrollment tools is preferred.
- Platform to allow verification that application/changes were received by the carrier is preferred.
- 

K. Assist KLC, KLCIA and the Trust in analyzing and negotiating renewal rates with insurance provider(s) to obtain the most competitive pricing annually. Contractor must be adequately staffed to be responsive and attentive to KLC, KLCIA and/or the Trust at all times, but particularly during the main renewal period (from March 15 to July 1) each year and when quoting new business. All correspondence received by the Contractor from KLC, KLCIA and/or the Trust must be acknowledged within 48 hours of receipt.

L. Upon request, act as a resource for any employee benefits/human resources issues such as health care reform, ERISA, COBRA, FMLA, etc.

M. Assist in developing communication materials as requested by KLC, KLCIA and/or the Trust to clearly convey benefit levels, highlight new or changing aspects or other important information to plan participants and participate in annual or periodic training sessions.

N. Provide strategic oversight, large group health care reporting, carrier negotiations and guidance for the EGHIP with particular emphasis on the impact of health care reform legislation.

O. Demonstrate an ability to stay abreast of the issues relevant to association group health insurance and health benefits including, but not limited to, the Affordable Healthcare Act, the Public Health Services Act and Health Care and Education Reconciliation Act to be able to recognize and report conditions in the health insurance benefits industry and market which are pertinent to KLC, KLCIA and the Trust, and the ability to suggest alternatives.

#### IV. SELECTION CRITERIA

A selection will be made by KLC staff in accordance with KLC policy. Submitted proposals will be reviewed for qualifications, the proposed services and the proposed price that will be charged for the requested services. KLCIA will select the best qualified Contractor. The evaluation criteria will include assessment of the following factors:

##### Qualifications & Experience

1.	Describe the Contractor's form of business ( <i>i.e.</i> , individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and detail the name, mailing address, and telephone number of the person KLCIA should contact regarding the proposal.
2.	Provide a brief, descriptive statement indicating the Contractor's credentials to deliver the EGHIP services sought under this RFP. Please include any experience working with ASO's as well.
3.	Briefly describe how long the Contractor has been performing the services required by this RFP and include the number of years in business.
4.	Describe how Contractor's services provide better value over competitors.
5.	Describe the Contractor organization's number of employees, client base, and location of offices.
6.	Provide a narrative description of the proposed project team, its members, organizational structure and responsibilities. Will all member groups have the same project team? How many accounts will the proposed project team be servicing at one time? If the implementation team is different than the ongoing account management team, how will you ensure a smooth transition between the teams? How is customer service offered to client and group members (via phone, web, hours of operation, location, etc.)?
7.	Provide a personnel roster and resumes of key people who will be assigned by the Proposer to perform duties or services under the contract.
8.	Describe how Contractor maintains client confidentiality consistent with HIPAA requirements.
9.	If Contractor has ever experienced a breach of a client's personal information, please describe what happened and how it was resolved. If no breach has occurred, please describe Contractor's procedures if such a breach did occur.
10.	Please describe Contractor's financial controls and audit procedures.

##### Technical Approach

1.	Please provide an overview of Contractor's technology infrastructure, hardware platforms, databases and software systems used to deliver the proposed services. Please include how long the systems/platforms have been in place and any plans for upgrades or replacements.
----	--

2.	Are your administrative systems “real time”? Please explain.
3.	How does Contractor prefer electronic eligibility data to be transferred (Contractor’s format or client’s format? )
4.	Does Contractor’s systems have separate state date and end date capability by benefit category? (i.e. medical begins first of the month, life insurance immediately). Can the system accept future and retroactive effective and termination dates? How does the system process qualifying life event changes? Does the system display current employee elections and company-paid benefits? Please explain.
5.	Please explain Contractor’s data audits, testing process and controls for receiving and producing enrollment/demographic information from/to the employer.
6.	Please explain Contractor’s eligibility reconciliation process including how it is automated and frequency. Please describe how eligibility discrepancies with the client are resolved.
7.	Please describe Contractor’s quality control processes and improvements, as well as benchmarks used to measure quality and customer satisfaction.

Compliance

1.	What is Contractor’s process for assisting its client with legal and regulatory compliance?
2.	How does Contractor ensure that its services comply with all governmental regulations?
3.	How does Contractor assist with Employer Shared Responsibility as set forth in the Affordable Care Act (ACA)?
4.	How does Contractor assist with support for ACA determinations, including full-time eligibility and affordability determinations?
5.	Please indicate if Contractor can comply with ACA-mandated waiting periods, exchange notifications, Research Fee reporting and Form W-2 requirements.

Miscellaneous

1.	How are monthly insurance/benefit invoices reconciled and audited? Please describe Contractor’s process.
2.	What types of verification services does Contractor offer?
3.	Please provide a list of standard management reports Contractor provides for open enrollment and ongoing administration. Describe the purpose of each report and its frequency.
4.	Does Contractor offer ad hoc reporting services? If so, are there additional fees for those reports? What is the typical turn-around time?

Upon final selection and approval, the successful firm will enter into a professional service contract to perform the work.

## **V. ADDITIONAL CONTRACTOR QUALIFICATIONS AND REFERENCES**

Submitted proposals will be reviewed for qualifications as well as the proposed price that will be charged for the requested services. KLCIA will select the “best qualified” Contractor.

A. **References.** Please provide the name, address, telephone number and contact person for at least three organizations for which the Contractor is now providing services similar to those sought by the Trust. Please provide the name, address, telephone number and contact person for at least three organizations for which the Contractor did provide services similar to those sought by the Trust, but to which they no longer provide service. By submitting a proposal, permission is granted for KLC to contact the organizations listed as references.

B. **Contractor/Employee Qualification and Experience.** Please provide information on the Contractor’s experience in administering association group health benefit plans and offering employee benefits compliance expertise and solutions.

C. **Financial Information.** Please provide a SAS 70 and most recent audit report.

D. **Contractor Insurance Requirements.** Before performing any services on behalf of the Trust, each contractor will be required to obtain, and maintain in force, cyber liability with a minimum \$5,000,000 limit, professional liability (errors and omissions) insurance with a minimum of \$1,000,000 per claim limit and employee dishonesty insurance with a minimum limit of \$250,000. KLC, KLCIA and the Trust must be named as additional insureds on the professional liability coverage. Both the professional liability coverage and the employee dishonesty coverage must be underwritten by insurers acceptable to KLC. Failure to furnish the required insurance or to maintain same shall be considered grounds for rejecting a proposal or terminating a contract.

E. **Designated Liaison.** To assure quality service and compliance with KLCIS service and management philosophies, the Contractor must identify senior management personnel to serve as liaisons with KLCIS.

F. **Service Implementation Plan.** The Contractor must describe in detail the plan to be utilized in providing the services requested herein. Include how the Contractor proposes to handle billing and premium collection, including a break out of all costs associated with those services. Please provide an explanation of what distinguishes the services you can provide from others.

## **V. PROPOSED FEES**

Based on the information provided, **please provide pricing for both bundled and unbundled services, providing a breakdown of costs and services quoted on a Per Employee Per Month (PEPM) basis.** Please include alternative rates/pricing for groups who do not participate in health insurance, but opt for ancillary products. Include a description of any services to be provided without additional compensation.

## **VI. PROPOSAL SUBMISSION INSTRUCTIONS & INTERVIEW DATES**

**Proposals must be received by close of business on December 5, 2023.** If the review committee desires, Contractor candidates may be contacted for interviews via teleconference or face-to-face on December 11, 12 or 13, 2023. Upon final selection and approval, the successful Contractor will enter into a professional service contract to perform the work.

Questions about this RFQ/RFP should be directed to Demita Kubala, Executive Assistant, at dkubala@klc.org. Please email\* the proposal to dkubala@klc.org or mail **five (5) copies** of your proposal marked "Health Insurance Trust Administrative Services" on the outside envelope or email your submission submit to:

Kentucky League of Cities, Inc.  
ATTN: Demita Kubala  
100 East Vine Street, Suite 800  
Lexington, KY 40507  
Email: dkubala@klc.org  
Phone: 1-800-876-4552 (toll free) or 859-977-3750 (direct)

\*If the proposal is submitted via email, it is the Contractor's responsibility to be sure the email has been received by KLC within the deadline for proposals. KLC accepts no responsibility if the email has not been timely received.

**KLC reserves the option of withdrawing or modifying this RFQ/RFP and to waive any defect or any irregularity in any proposal. It may also reject any or all proposals or portions thereof at any time.**

**Pursuant to KRS 65.312, KLC is a "public entity". Any submissions in response to this RFQ/RFP may be subject to Kentucky Open Records Act (ORA) laws. Any specific information which the proposer considers confidential and proprietary and possibly subject to exemption in accordance with ORA statutes, Kentucky Attorney General opinions and Kentucky case law, must be clearly designated as such. Please note that information designated as "confidential and proprietary" does not guarantee that it will be exempted from release, but will aid KLC in determining if any ORA exemptions apply. Please consult the ORA and/or your legal counsel regarding what information submitted, if any, may be exempted under the ORA.**