



December 16, 2005

**ADDENDUM #1 (9 pages)
REQUEST FOR PROPOSALS #25129
BENEFITS CONSULTING SERVICES
RFP Due Date: Thursday, December 22, 2005 by 2:00 p.m.**

Please note the following additions, revisions, and clarifications to the RFP documents.

1. Is the company that is chosen for this RFP supposed to provide online enrollment technology included in the cost of the contract?
We are interested in the ability to provide online enrollment to our employees. If need be, you may separate out the cost for the ability to provide online enrollment in your response to the question. However, the price does need to be included in the total cost you submit on your proposal.
2. Are all fees net of commissions or will the consultant be named BOR and keep the commissions from the carriers?
All fees are net of commission. There are not commission fees from our carriers.
3. We currently offer the County claims assistance for problematic claims. You are now adding a request to “negotiate and resolve open issues with the County’s current medical providers. “Do you anticipate that we would receive a significant increase in usage of this service for the new contract?
It is not the belief that the need for these services would increase but we would like to begin having the consultants handle those claims that are denied or need extra research.
4. You mention “employee data collection, preferably online” during open enrollment periods. Do you mean assistance with a census or with internal online enrollment? Is there anything specific that you had in mind?
It is the County’s desire to offer our employees the ability to enroll in benefits online. The data could be collected in the bidders third party software and then be uploaded into LC database for processing.
5. You mention, “provide any other service within the scope of employee benefits.” This is quite general and we are amenable to doing whatever we can to help as long as the request is reasonable. Is there anything that you could add to further define “any other”?
This is a general statement but its intent is to encompasses new trends, etc. that may come up throughout the contract that LC may request the consultant to review and make recommendations on.
6. Your price sheet requests 2 methods of pricing, a total price per year, and an hourly rate. Are you requesting that we price per hour and give an estimate of the annual accumulated cost? Or are you giving us a choice of 2 different pricing methods?
See revised Price Sheet attached.

7. Has the Lake County (County) completed a GASB 45 study pertaining to postretirement health liabilities? If so, can you please provide us with a copy of the report. If not, will this analysis be required as part of work requested in the proposal?
This is not part of the requested services at this time.
8. To what extent will the County require communications support? Can you provide samples of communications materials you usually use and describe what role the Benefits Consultant provides to help prepare these materials?
The communication support is helping to identify and then create informational letters/brochures regarding new legislation or benefit plans. The distribution and printing of communication materials will be done by the County
9. Can you describe the committees that are involved in the County's benefits decision-making process and the role that the Benefits Consultant has in these committees?
The County has two focus groups regarding benefits. The first is an Insurance Focus Group, which reviews and discusses the insurance benefits and possible changes. The second group is focuses on wellness initiatives. Final recommendation of plan design changes and wellness initiatives are brought to the Financial and Administrative Committee comprised of County Board members. Upon their approval the recommendation is then brought to the whole County Board for approval. We welcome the consultant's input at the focus groups, and at times we may request they present information to the County Board.
10. The County is asking the selected Benefits Consultant to assist in modifying and editing the certificates of coverage when necessary. Does the County use vendor provided certificates of coverage – modified for the County's benefit plans – or have you created customized certificates? Do you expect the Benefits Consultant to provide support for ensuring that annual design and routine compliance changes are included in the updated certificates, or do you expect the Benefits Consultant to re-write new/existing certificates?
The County uses the vendor's certificate of coverage, which are modified to reflect the County's coverage, as well as our own Business Associate agreements. The consultant will be responsible for insuring that the annual design and routine compliances are reflected on any required documentation.
11. The County has asked the Benefits Consultant to implement and monitor cost containment strategies and evaluate the pros and cons of new benefit options and initiatives. Please describe the cost containment programs that are part of the County's current benefits program.
For plan year 2006 the County implemented HMO Blue Advantage through Blue Cross. The County has also implemented wellness initiatives to reduce the risk of high claims. There is \$500 wellness coverage attached to the medical insurance plan to cover annual physicals and routine preventative tests, such as mammograms, colon exams, etc...
12. The RFP asks for annual employee data collection – preferably online. Can you elaborate on the scope of annual enrollment services required by the County? Is this support required for annual enrollment only or is ongoing enrollment (for example, new hires) required? Will we be required to interface with the County's vendors to transmit data or do we feed data back to the County?
Online enrollment will be for the annual open enrollment, as well as on going for new hires, and those with life events. The data will then be interfaced with Lake County's Oracle system for processing. Lake County will be responsible for interfacing with their vendors.
13. Can you describe the County's wellness initiatives and elaborate on what elements of these programs need to be evaluated quarterly?
Lake County will provide at least four wellness initiatives a year, as well as a health fair which includes HRA's and basic chem. Panels. The consultants will be requested to evaluate the effectiveness of the programs in correlation with the County's high claims. It is our goal to

develop a Wellness program that addresses our high cost claims, as well as maintaining good health for our employees.

14. Can you provide a copy of the County's most recent annual actuarial analysis (as referenced on page 3 of the RFP, #3 Project, III Annual Tasks)?
At this time the actuarial analysis will not be made available. This information will be shared with the selected vendor.

15. Can you provide copies of the County's benefit summaries for all coverage's available to County employees?
Attachments follow.

16. Does the County expect to evaluate CDHP opportunities with Blue Cross Blue Shield or all potential vendors? Is the County expecting to market its' medical plan in 2006?

The County will evaluate the CDHP of their current insurance vendor, and if need be other vendors as well. Any changes in the medical plan will be marketed.

17. Does the County have a Benefits Consultant currently?
If so, is the Benefits Consultant providing the scope of services requested in the RFP?
How long has County contract with the Benefits Consultant?
Yes
The scope of services are slightly different.
3 years

18. What is the County's timeline for selecting a Benefits Consultant?
It is our desire to have a consultant chosen by the end of January 2006.

19. Why is the County bidding this work at this time?
The scope of insurance has progressed rapidly over the last several years and the County wants to partner with a company that can help us align our plans to contain costs for both the employee and the employer, while continuing to provide quality insurance coverage.

20. Has the County completed a customized benchmarking survey of its peers?
Yes, two years ago.

21. The requested Price Sheet for Benefits Consulting Services asks for a total price per year and an hourly rate for services. Is the County requiring a "not to exceed" total price for the Benefits Consulting Services requested? If so, how will the hourly rate for services be evaluated? Also, it's common for Benefits Consulting firms to have different hourly rates based on employee classification (i.e., analyst, consultant, principal, etc.). Will it be compliant with the RFP to provide these breakouts on the Price Sheet, or does the County require an average hourly rate?
See revised Price Sheet attached. Please submit the average hourly rate for services.

22. **Please replace General Terms and Conditions, Section 3. Project Scope with the following:**

Lake County is seeking a consultant with significant experience in benefits analysis to evaluate the County's options to reduce costs, reduce future risks, improve service delivery and provide data analysis. The consultant will provide related services, including but not limited to, the following:

- I. First Quarter Tasks
- Evaluate CDHP's and provide report with recommendations on plan designs to benefit the County in the next plan year

- Present plan design recommendations and cost analysis findings to Lake County’s Administrator and/or County Board

II. Quarterly Tasks

- Analyze the County’s medical plans to evaluate costs, market competitiveness, and employee/employer needs. Spotlight areas where the County’s costs exceed industry norms and analyze the cost impact of modifying existing design

III. Annual Tasks

- Provide annually an actuarial analysis addressing cost projections based on claims experience, recommending plan funding, with concern for both protection and cash flow, identifying recommended run outs and reserve requirements
- Evaluate annual renewal offerings, applicable risk coverage and administrative charges from the County’s insurance carrier and aggressively negotiate with the current carriers or future carriers to achieve the most favorable cost basis for the County, including Group Life and AD&D policies
- Recommend regarding benefits information and the County's opportunities to reduce costs and improve the delivery of benefit services, including any “best practices” benchmarks.
- Recommend regarding alternative service delivery and benefit options

IV. On-Going Tasks

- Negotiate and resolve open issues with the County’s current medical providers
- Provide claim assistance for problematic claims
- Assist the County with internal implementation and communication of employee insurance plan offerings
- Provide the following assistance during open enrollment periods:
 - Internal/external communication
 - Employee Data collection (preferably online)
- Assist the County in modifying and editing the certificates of coverage when necessary
- Evaluate cost and risk implications related to plan design changes
- Implement and monitor cost containment strategies and evaluate the pros and cons of new benefit options and initiatives, i.e. disease management, child wellness, adult wellness, and Physical, Speech, and Occupational Therapy coverage
- Assist in the solicitation and evaluation of reinsurance coverage
- Assist in evaluating the County’s wellness initiatives on a quarterly basis, identifying areas needing to be addressed based on analysis of high claim costs and apparent risk factors.
- Provide any other service within the scope of the employee benefit program that the County may request
- Analyze data and summarize results so that recommendations for improvements may be developed

23. **Please replace General Terms and Conditions, Section 19 Purchase Order and Payment with the following:**

A Purchase Order will be issued for the work covered by this RFP. Payments shall be made on a monthly basis for the monthly portion of the fixed fee and for On-Going tasks, if requested, for services performed up to ten (10) hours per month. The Contractor shall not exceed 10 hours per month of services for On-Going tasks without prior written authorization. The Contractor shall submit invoice(s) detailing the services provided based upon receipt and acceptance of project deliverables. Deliverables for each period identified (first quarter, quarterly, and annual) must be received and accepted prior to the monthly invoice for that period of time. Identify the Purchase Order number on all invoices. Payment shall be made in accordance with the Local Government Prompt Payment Act.

24. **Please replace General Terms and Conditions, Section 28 Deliverables with the following:**

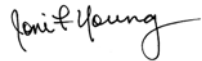
- First quarter evaluation, report, and presentation on plan designs to benefit the County in the next plan year
- First quarter presentation of plan design recommendations and cost analysis findings to Lake County's Administrator and/or County Board
- Quarterly analysis of the County's medical plans to evaluate costs, market competitiveness, and employee/employer needs
- Annual report with recommendations regarding benefits information and the County's opportunities to reduce costs and improve the delivery of benefit services, including any "best practices" benchmarks.
- Annual recommendations regarding alternative service delivery and benefit options
- Annual actuarial analysis

PLEASE SIGN THIS FORM AND FAX BACK TO (847) 360-6592 WITHIN 24 HOURS. RETURN ORIGINAL WITH YOUR PROPOSAL.

I will be submitting a proposal _____ or

I will not be submitting a proposal because _____

Sincerely,



Acknowledged and Accepted 25129-1:

Joni F. Young, C.P.M.
Director of Central Services

Signature: _____

Company: _____

PRICE SHEET
For
Benefits Consulting Services

1. **Total Price Per Year, including labor and expenses, to perform First Quarter Tasks, Quarterly Tasks, and Annual Tasks as described herein** \$ _____

2. **Total Price for 120 hours (10 hours per month) Of Benefits Consulting Services to perform On-Going Tasks** \$ _____

TOTAL COST FOR BENEFIT CONSULTING SERVICES \$ _____

Hourly Rate for Additional Services \$ _____

In compliance with your Request for Proposals, and subject to all conditions thereof, the undersigned offers and agrees, if this proposal is accepted, to furnish the services as outlined herein for Lake County at the firm/fixed price per client, subject to modification through negotiations which may be conducted pursuant to conditions set forth in the RFP.

Organization: _____

Address: _____

City/St/Zip: _____

Signature: _____

Name: _____

Phone: _____

Fax: _____

Contact Person: _____

Email: _____