

CONSULTANT: AON Consulting, Inc.  
CONTACT PERSON: Mike Berry  
ADDRESS: 851 SW 6<sup>th</sup> Ave, Suite 550  
Portland, OR 97204  
TELEPHONE/FAX NUMBER: 503-703-1813  
COUNTY DEPT: Finance  
DEPT. CONTACT PERSON: Debbi Mock  
TELEPHONE/FAX NUMBER: 425/388-3450  
PROJECT: RFP for Third Party Administrator  
AMOUNT: Not to Exceed \$100,000  
FUND SOURCE: 508.5127304621  
CONTRACT DURATION: Upon Execution through 4/1/23

AMENDMENT NO. 4 TO AGREEMENT FOR PROFESSIONAL SERVICES

This Amendment No. 4 shall modify the Agreement for Professional Services (the "Agreement") by and between AON Consulting, Inc. ("Contractor") and Snohomish County ("County"), dated September 21, 2020 and as amended by Amendment 3.

In consideration of the covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and Contractor agree that the Agreement shall be amended as follows:

1. Section 1, Purpose of Agreement; Scope of Services, is hereby amended by adding the following language:

Schedule A-4 attached hereto and by this reference made a part hereof is additional work to be performed by Contractor under the terms of the Agreement

2. Section 2, Term of Agreement; Time of Performance, is hereby amended to include the following language:

The Contractor shall complete the work required under Schedule A-4 by April 1, 2023.

SNOHOMISH COUNTY:

Aon Consulting, Inc.

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County Executive

Date



US Health Solutions Risk Manager

6/14/2022

Date

Schedule A-4  
Scope of Services

**Project Description:** Aon Consulting, Inc. is to provide professional services to prepare a request for proposals, as well as analyze responses for the Snohomish County Self-Insured PPO Medical Plan Third Party Administrator and PBM. The Self-Insured Medical Plan provides medical and pharmacy benefits to qualified employees.

The successful TPA must:

- demonstrate the ability to administer the Snohomish County Self-Insured benefit plan and provide the full package of administrative services, the in-state provider network, and the out-of-state network beginning April 1, 2023;
- provide claims adjudication, medical/pharmacy services management, member services, account management, and online services;
- demonstrate the ability to provide all staffing, systems, and procedures required to perform the services described in the RFP.

AON will work with the County to outline the specific requirements for the RFP and assist the County through the RFP process as outlined in the work plan below. Work to begin upon contract execution and end no later than April 1, 2023.

The Scope of Services and Project Plan is attached on the following page.

# Medical Competitive Vendor Selection Snohomish County 2022

## *Scope of Services*

The vendor selection process includes four key phases:

### **Phase I: Strategic Planning including RFP strategy and timeline planning, RFP development, distribution and management**

#### Step 1: Project Planning

Project will begin with a kick-off meeting between the County and Aon to arrive at a set of objectives. Aon will then refine the comprehensive procurement and analysis work plan that details key steps, timing, and deliverables. Aon will document the objectives to have a clear understanding of items such as:

- ▣ Specific issues on coverages to be marketed;
- ▣ Project plan milestones;
- ▣ Key deliverable dates

#### Step 2: Develop Selection Criteria

Aon will identify the selection criteria which will be used as the basis for developing a Vendor Scorecard. Aon will review the selection criteria with the County and finalize based on the feedback received.

Selection criteria will include, but are not limited to, the following:

- ▣ Network coverage, member disruption, and discounts
- ▣ Flexibility to design specifications based on County's current designs
- ▣ Care management, chronic care management and case management services
- ▣ "Carved In" PBM/Prescription Drug capabilities
- ▣ "Best in Class" customer service capabilities and availability
- ▣ Robust online participant tools
- ▣ Claims payment processes and operations
- ▣ Reporting capabilities
- ▣ Performance guarantees with fees at risk

#### Step 3: Creation of the RFP

Aon will develop an RFP customized to solicit the necessary information from each bidder to satisfy the County's specific goals identified in Step 1 (Project Planning). Aon will prepare the bid specifications and submit them to the County for review and comments before issuing a templated RFP to be managed and sent out by County purchasing. Aon will meet with the

County to review RFP as needed

The RFP includes the following bid specifications:

- ▣ General Information—Overview of the County’s objectives for its group benefits program, an explanation to the bidders of the basis for requesting proposals, and a timeline for the vendor selection process
- ▣ Minimum qualifications
- ▣ Selection Criteria
- ▣ Performance Standards—The performance standards that will be expected
- ▣ Administrator Responsibilities—Explanation of all services that will be expected. This also serves as a basis for providing a fee quotation by the bidder
- ▣ Fee Quotation Format—Specific proposal formats to ensure that comparative analysis is possible with minimal adjustment
- ▣ Quantitative Analysis—Network access, member disruption, network discount analysis
- ▣ Proposal Questionnaire customized to the County’s needs and requirements
- ▣ Summaries of Design Features—In addition to providing detailed descriptions of the plan(s) to be administered, Aon will also specify any key County design administration requirements and unique programs being administered by the current provider.
- ▣ Necessary data for the vendors to effectively respond to the RFP

#### [Step 4: Work Jointly with the County’s Finance, HR, and Purchasing Teams to Release RFP](#)

Aon will provide the County with a recommended list of vendors to send the RFP to. The County will advertise and post the RFP and distribute the RFP and collect responses. The County will also be responsible for managing the Q&A process in collaboration with Aon.

### **Phase II: Analysis including qualitative and quantitative analysis and finalist selection**

#### [Step 1: Evaluation of Proposals – Quantitative and Qualitative](#)

Aon will analyze the full RFP and create easy-to-evaluate, side-by-side exhibits. Aon will create a summary of the scoring and areas where the County should focus their attention during the review.

#### [Vendor Discount Analysis Benchmarking, Member Disruption and GeoAccess](#)

Aon will leverage the Aon Discount Analysis Tool to assess the competitiveness of bidder discounts. The health plans provide us with average provider pricing and discount information for each three-digit Area Code in the country. By comparing the County’s data against the Discount Analysis database, Aon can identify a short list of vendors to consider and the potential savings. An analysis on member disruption will be conducted to assess potential impact to members based on the network change as network access analysis.

Aon will create an easy-to-read financial summary that incorporates the results of our financial and discount analysis and provide a ranking of the respondents.

Aon will meet with the County to review scoring and financial results (assumes 2 meetings; additional meetings will be billed at \$500 per 2-hour meeting).

### Step 2: Finalist Selection

Using the above analysis and scorecard methodology, Aon will review the information collected, share our recommendations, and recommendations for two to three vendors for finalist meetings should the County deem finalist meetings necessary. Aon also recommends performing reference checks for the finalists at this time. Our proposal assumes the County will call the references. Aon will be available to assist with determining appropriate questions for the references, if desired.

## **Phase III: Negotiation including finalist meetings, final negotiation and final vendor selection**

### Step 1: Finalist Meetings

The County will be responsible for scheduling face to face finalist meetings. Before the meetings occur, Aon will develop discussion guides and agendas.

Finalist Site Visits (Optional and not included in fees)

Should the County want to conduct site visits with 2-3 three vendors, Aon will help develop the agenda and join the County at the meetings if desired.

### Step 2: Finalist Negotiations

After finalist meetings are completed and all follow-up materials have been submitted, Aon will give each vendor a last opportunity to present a compelling financial proposal for your review. Once all documentation is received, Aon will assist with negotiations with the finalist vendor(s).

### Step 3: Vendor Selection and Performance Guarantees

Once negotiations are complete, Aon will assist the County with the notification of the apparent successful proposer and communications with all bidders who participated in the RFP. In addition, Aon will work in conjunction with your staff to review contract terms and establish performance guarantees with the selected vendor.

## **Phase IV: Implementation**

### Step 1: Plan Implementation

Aon will assist with the following implementation activities with the vendor:

- ▣ Development of a detailed implementation plan and team;
- ▣ Initial planning meeting to outline tasks, responsible parties, and targeted completion dates
- ▣ Participate in ongoing implementation meetings

- ▣ Review of the vendor contract to ensure that the terms are in alignment with the RFP submission (this does not include a review of the legal terms and provisions)

### Step 2: Pre-implementation Audit (generally funded by winning bidder)

Aon will negotiate a pre-implementation audit to be funded by the carrier as part of the agreed upon contractual obligations. The purpose of the audit is to ensure that the benefit plans have been accurately programmed and that the new carrier's operational and service capabilities are adequate to manage the County's plans. Once the selected vendor has processed initial enrollment data and has loaded your plan designs, Aon will develop specific "test" claim scenarios. The testing process will conclusively determine the accuracy of administrator's claim adjudication system. At the time of the on-site pre-implementation audit, Aon will observe each claim scenario throughout the entire adjudication process from data entry to resolution. Before leaving the facility, Aon will conduct an informal meeting summarizing any identified programming discrepancies and plan ambiguities.

The marketing RFPs will be available to the County's incumbent carrier as well as any vendors jointly selected by the County and Aon.

### *Project Timeline*

Early June 2022: Kick-off, RFP review and finalization

Mid-June 2022: RFP released to vendors and responses due in the middle of July

July - August 2022: RFP analysis

September 2022: Meetings with County to review preliminary results and select Finalists

September – October 2022: Finalist meetings if necessary

October-November 2022: Negotiations, final selection and decision

November 2022-March 2023: Implementation and pre-implementation audit (if necessary)

### **Data requirements**

Aon will have all of the County's design and claim experience data to include in the RFP; for any additional information Aon may need, Aon will request directly from the County's current carriers. Aon will need the County to provide a recent census to include member identifier, medical election, state, County, zip code, age, gender, coverage tier, active v. retiree indicator, bargaining unit indicator or any other identifiers needed by the County (Aon will provide the required census file format).

### **Fees for Services**

The term of this engagement begins in June 2022 and ends by April 1, 2023 (for implementation). The self-funded Medical RFP fee is broken out in 4 phases. The total fee would be set as not to exceed \$100,000 for project services (does not include pre-implementation audit which is generally funded by the carrier selected or additional meetings or finalist site visits). The fee will be billed in increments upon completion of each phase:

Phase I - \$25,000

Phase II - \$35,000

Phase III - \$20,000

Phase IV - \$20,000 (*If carrier change is not made, there will not be a Phase IV*)

Potential additional services (meetings, site visits) – \$5,000



## Schedule B-4

### Compensation

- a. Services. The County will pay the Contractor for services performed pursuant to Schedule A-4.
- b. Overhead and Expenses. The Contractor's compensation for services set forth in Section a above includes overhead and expenses and no separate claims for reimbursement of overhead or expenses will be allowed under this Schedule B-4.
- c. Invoices. Upon completion of the work pursuant to Schedule A-4, the Contractor shall submit to the County a properly executed invoice indicating that all of the work has been performed and the amount of the flat fee due from the County. Subject to Section e below, the County will pay the invoice within thirty (30) calendar days of receipt.
- d. Contract Maximum. Total charges under this Schedule B-4, all fees and expenses included, shall not exceed \$100,000.
- e. County Review and Approval. When the Contractor has completed any discrete portion of the services, the Contractor shall verify that the work is free from errors and defects and otherwise conforms to the requirements of this Agreement. The Contractor shall then notify the county that said work is complete. The County shall promptly review and inspect the work to determine whether the work is acceptable. If the County reasonably determines the work conforms to the requirements of this Agreement, the County shall notify the Contractor that the County accepts the work. If the County determines that the work contains errors, omissions, or otherwise fails to conform to the requirements of this Agreement, the County shall reject the work by providing the Contractor with written notice describing the problems with the work and describing the necessary corrections or modifications to same. In such event, the contractor shall promptly remedy the problem or problems and re-submit the work to the County. The Contractor shall receive no additional compensation for time spent correcting errors. Payment for the work will not be made until the work is accepted by the County. The Contractor shall be responsible for the accuracy of work even after the County accepts the work.