

**Request for Proposal Workers' Compensation
Managed Care Services
February 2, 2016**

I. INTRODUCTION AND SCOPE

The Kentucky League of Cities, Inc., (KLC) is a membership association of more than 380 Kentucky cities. Its purpose is to provide legislative, financial, insurance, and legal assistance to its members. This is primarily accomplished through lobbying, publications and training seminars. KLC's revenues are substantially comprised of fees earned for administration of insurance and financial entities related to KLC and member dues.

The Kentucky League of Cities Insurance Services Association (KLCIS) is an insurance pool formed by Kentucky municipalities and related entities as a self-insured group pursuant to Kentucky statutes. KLC administers the KLCIS Workers' Compensation Trust (Trust). The Trust receives approximately 900 med only claims and 200 lost time claims per year on average.

KLC and the Trust have a strong customer service relationship with their members. Contractors that deal with members are expected to provide excellent customer service.

II. INFORMATION RELEVANT TO REQUESTED SERVICES

KLC, as administrator for Kentucky League of Cities Insurance Services Association, is exploring managed care alternatives for its Workers' Compensation Trust and is requesting qualifications and competitive proposals from a qualified managed care vendor(s), pre-approved by the Kentucky Department of Workers' Claims, to provide workers' compensation (WC) managed care services. The duration of the managed care contract has not been determined at this time.

Specifically, KLC desires to establish a partnership with a managed care vendor(s) capable of offering the following services to KLCIS workers' compensation insureds with the understanding that KLC may require the vendor to work with KLC's current service providers unless otherwise agreed upon by KLC:

- Pharmacy Benefit Management Program
- Durable Medical Equipment
- PPO Network
- Utilization Review
- Case Management (Telephonic)
- Field Case Management
- Hospital and medical bill review
- Physical Therapy
- Life Care Plans
- Medical Cost Projections
- Medicare Set Asides

Please Note: Respondents may submit a bundled or unbundled proposal for services.

II. INFORMATION RELEVANT TO REQUESTED SERVICES

A. Overview of Vendor Qualifications

1. Please provide the following in your proposal:
 - a. Name, address and phone number of managed care plan (all offices)
 - b. Copy of approval of MCO by Kentucky DWC
 - c. Date and State of incorporation
 - d. Name and address of the plan administrator of the managed care plan
 - e. Name and address of the medical director of the managed care plan
 - f. Corporate organization structure
 - g. Description and map of service area
 - h. List of clients that this managed care plan is sold to
 - i. Directory of physicians (by specialty, county, addresses grouped together, physician name alphabetically on excel). Include only gatekeepers, chiropractors, orthopedic surgeons and neurosurgeons.
 - j. State whether your overall directory is accessible from the web.
 - k. Contact name, title, phone number, fax number
 - l. Number of years of experience your organization has in providing workers' compensation managed care services. Describe that experience.
2. Is your organization affiliated with or related to or a subsidiary of another organization? If yes, identify your organization's parent organization (s) and each affiliated or related business entity, and specify the nature of such affiliation(s) or relationship(s).
3. Please describe your proposed account management team, including the name, title and experience of each member of the team. Provide a resume for each member of the team and a table of organization.
4. Please provide a complete list of current WC managed care services that you are submitting in your proposal.
5. Please provide the names and phone numbers of three client references for whom you currently provide WC managed care services and three client references for whom you no longer provide WC managed care services. These references should preferably be pool/public sector accounts in the Southeast.
6. Please include an itemized fee structure for the managed care services you propose.
7. Please provide a copy of your most recent audited financial statements, SAS 70 and annual report.

B. Workers' Compensation Preferred Provider Network (PPN)

8. How many years of experience does your organization have in WC Preferred Provider Networks? Describe the experience. Do you contract directly with Kentucky medical providers or do you subcontract or lease existing network(s) with other vendors? If you lease networks, please provide the name(s) of the network vendor(s) and copies of your vendor contracts.
9. Describe your role and mechanisms for channeling injured employees into the PPN.

10. KLC may require the successful vendor to add and/or remove providers to or from the PPN. Describe your plans to customize PPN services to meet the unique needs of KLCIS members.

11. How do you identify and evaluate prospective providers for participation in your WC network? How do you orient newly recruited WC members?

12. How do you monitor and evaluate providers' cooperation in early return-to-work (RTW) programs? How do you communicate the results to providers, your management and staff, employees, and clients?

13. Describe your WC PPN monitoring/quality assurance (QA) program. How do you monitor and evaluate quality and utilization of care? Is provider quality monitored and evaluated on a regular basis? How is QA and utilization information shared with providers, your management and staff, employees, and clients?

14. Describe your approach to provider contracting and provider reimbursements in Kentucky. Do you have provider discounts? If so, please describe them. What types of incentives are used? Please provide a sample contract for the following types of providers: primary care physician, orthopedist, and physical therapist.

15. What would be your standard reporting package for the Trust?

16. Describe your grievance procedure and process for removing physicians from your network.

C. Nurse Case Management (Medical Disability)

KLC currently uses a preferred vendor for nurse case manager services. The successful vendor must be willing to use KLC's preferred vendor. Notwithstanding this requirement, please provide information about the nurse case management services you would propose by answering the following questions:

17. Who will be the nurse case manager(s) assigned to this account? Are they in-house staff or contractors? How were they selected? What are their qualifications and WC experience? What is the expected case load of each case manager? How do you plan to integrate case management information into the Trust's software?

18. Please provide a detailed description of your early intervention services and process.

19. Are all cases screened for WC case management? Please list criteria for identifying potential problem cases and describe how criteria are applied and when?

20. Describe the role and authority of a case manager, including philosophy of case management, duration of involvement, face-to-face vs. telephone contact, and other relevant factors.

21. Describe the role of physician advisors in the medical/disability case management process. Please include a list of your physician advisors with their specialties, board certification status, and workers' compensation experience.

22. Please describe the sources of the medical/disability criteria used by your program.

23. How do you monitor and evaluate the quality and effectiveness of your case managers? How are the results communicated to providers, your management and staff, employers, and clients?

24. What performance reports will you provide to KLC, in what form, and how frequently?

D. Utilization Review (UR)

KLC currently uses a preferred vendor for utilization review services. The successful vendor must be willing to use KLC's preferred vendor. Notwithstanding this requirement, please provide information about the utilization review services you would propose by answering the following questions:

25. Is your WC utilization review URAC approved?

26. Indicate which of the following WC UR services you offer, and please provide names of any contractors used:

Hospital Pre-admission Review
Hospital Concurrent Review
Diagnostic Testing Review
Outpatient Surgery Review
Physical Therapy Review
Chiropractic Review
Mental Health/Substance Abuse Review
Prescription Drug Review
Other Allied/Ancillary Provider Review
Peer Review

27. How are cases referred for WC UR services? Who initiates the process? Is it done electronically? If not, can it be done electronically?

28. Who will be the UR staff assigned to this account? Are they in-house staff or contractors? How were they selected? What are their qualifications and WC experience? What is the expected caseload of each person?

29. Discuss the role of physician advisors with respect to the WC UR process. Please list your physician advisors with their specialties, board certification status, and workers' compensation experience.

30. Please describe the source of the medical criteria used by your program.

31. What is your process for appeals?

32. What is your timeline for completing reviews?

33. How do you monitor and evaluate the effectiveness of your UR? How are results communicated to providers, your management and staff, employers, and clients?

34. What performance reports will you provide to KLC?

E. Hospital and Medical Bill Review

KLC currently uses a preferred vendor for hospital and medical bill review services. The successful vendor must be willing to use KLC's preferred vendor. Notwithstanding this requirement, please provide information about the hospital and medical bill review services you would propose by answering the following questions:

35. Indicate which of the following bill review services you offer, and please provide names of any contractors used:

Hospital Bill Audit
Hospital Bill Audit – Clinical Validation
KY Fee Schedule Repricing
PPN Repricing
Appropriateness of Procedures
Procedure Code Errors
Explanation of Benefits to Employers
Explanation of Benefits to Employee
Explanation of Benefits to Provider

36. Who will be the bill reviewers assigned to this account? How are they selected? What are their qualifications and WC experience? What is the expected caseload of each person? Is your process totally automated?

37. Describe your hospital and medical bill review processes. Are the processes tailored to administer Kentucky specific requirements? If yes, please describe in detail.

38. Describe your provider conflict resolution program.

39. Describe your reconsideration process.

40. Do you submit Kentucky specific statutory state reporting?

41. What is your bill review turnaround time?

42. Describe our adjuster bill review approval process within your system.

43. List other networks you utilize in your bill review process.

44. How do you monitor and evaluate the quality and effectiveness of your bill reviewers? How are results communicated to providers, your management and staff, employers, and clients?

45. What performance data will you report to KLC, in what form, and how frequently?

46. How many bills do you currently process per month?

F. Pharmacy Benefit Management

47. Do you have your own PBM or do you contract for these services? If you have your own, how many years of experience do you have in PBM?

48. Describe your involvement with injured employees during your first fill process.

49. Can your WC formularies be customized?

50. Describe your process for generic, brand and mail order utilization.

51. Describe any ancillary services used to reduce pharmacy costs, including utilization review, opioid usage and non-formulary prescriptions.

52. What is your prior approval process?

53. How many prescriptions do you currently process a month?

54. Describe your handling of physician dispensing and repackaging.

G. Durable Medical Equipment

55. Do you have your own DME services or do you contract for these services?

56. Please describe your DME process and breadth of network. Please list your providers.

H. Physical Therapy Program

57. Describe in detail your network services for physical therapy.

58. Include detailed information on the size of your network in Kentucky.

59. Describe diagnostic reporting services and on-line capabilities.

I. Program Coordination and Evaluation

60. Describe your view on and experience in coordinating all your WC managed care services with other key WC parties.

61. What are your responsibilities?

62. What are the responsibilities of other parties?

63. Provide a detailed description, including a flow chart, of what you believe to be the appropriate relationship and allocation of functions among a WC PPN, medical disability case management staff, utilization review staff, bill review staff, treating physician and other providers, employee, WC claim administration, client insurer or self-insurer, employer, and any other participants in the process.

J. Insurance

64. KLC requires respondents to carry \$1 million per occurrence, with a \$3 million aggregate per year and at least \$5 million excess for General Liability, Professional Liability and Medical

Malpractice insurance coverage. Please provide a certificate of insurance evidencing your coverage with an A rated or better rated carrier.

K. IT Integration/Compatibility

The vendor may be required to utilize software provided by KLCIS. Contractor is responsible to maintain equipment to access software. In addition, Contractor must be currently capable of or be willing to meet, at its own expense, the following minimum information technology requirements to support KLCIS' software and technology needs:

- a. Internet Explorer 6.0 or higher
- b. High Speed Internet Connection (10 Mb min)
- c. Non-Tiff viewers and applications as necessary to support opening the documents in the document repository
- d. Microsoft Windows XP, Vista, 7, or 8
- e. Microsoft .NET Framework version 2.0
- f. If scanning, one or more scanners with locally installed TWAIN compliant drivers
- g. USB barcode readers/scanners for barcode input
- h. Configuration of the client PC to allow access to KLCIS software

L. Additional Information

- 65. How do you differentiate yourself from other MCOs and bring value to KLC?

- 66. Provide specific names and titles of your transition/implementation team. Provide a project plan including team members and a timeline for implementation.

- 67. Please describe any additional information you want us to consider regarding your WC managed care capabilities and the services you are proposing to KLC.

- 68. Describe your disaster recovery plan.

Section III: Appendices

- Tab A List of KLC Workers' Compensation Membership*
- Tab B KLC Annual Report

*available after signing a confidentiality/non-disclosure agreement

Section IV: Overview of the Process

A summary of the timetable for selection and implementation is listed below.

| Activity | Completion Date |
|---|---|
| Issuance of RFP | February 2, 2016 |
| Additional Questions from Vendors | February 15, 2016 |
| Responses by KLC to additional questions posted | February 18, 2016 |
| Submission of proposals due | March 1, 2016 |
| Proposal review, clarification and finalist selection | March 1 – March 21, 2016 |
| Interviews with and on-site evaluations of finalists | March 21, 2016-no later than April 15, 2016 |
| Final decision and notification | No later than May 1, 2016 |
| Sign contract | No later than May 15, 2016 |

Section V: Proposal Submission**A. Confidential Membership Information**

Interested Vendors should execute and return the Confidentiality and Non-Disclosure Agreement provided below to jmccullough@klc.org to receive specific information about KLCIS WC membership needed by vendor to respond to this RFP. A fully executed copy of the Confidentiality and Non-Disclosure Agreement will be returned to vendor at the email address provided on the Agreement.

B. Proposal Quality and Evaluation

Each proposal submitted in response to these specifications must “speak for itself.” Proposals should respond to the specifications and describe clearly the services to be offered. Proposals will be evaluated by a team of evaluators. Telephone calls and other marketing efforts to KLC staff members will have no effect on proposal evaluations. Not every potential vendor will necessarily be contacted for proposal clarification or an interview. Those potential vendors contacted by KLC for additional discussion concerning their proposals will be selected based upon the evaluation of their proposals. A potential vendor that believes it can provide the type and quality of service sought by KLC and the Trust should strive to communicate that belief within its proposal.

C. Copies

Please submit 1 electronic version and 10 hard copies of your RFP response. Responses must be received by KLC no later than March 1, 2016. No exceptions will be permitted. Please submit electronic RFP response and hard copies to the following:

Kentucky League of Cities, Inc.
ATTN: Ms. Jeri McCullough
100 East Vine Street, Suite 800
Lexington, KY 40507
Facsimile: 859-977-3703
Phone: 1-800-876-4552 (toll free) or 859-977-3780 (direct)

D. Proposal Due Date

Proposals must be received by 5:00pm E.S.T. on March 1, 2016.

E. Questions

Questions about this RFP should be directed to Jeri McCullough, Procurement & Project Support Manager, at jmccullough@klc.org, via email, no later than February 15, 2016. All questions received by that date from interested Contractors will be answered and posted on the KLC website no later than February 18, 2016, in the procurement area

KLC reserves the option of withdrawing or modifying this 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 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.

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

THIS CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT (this "Agreement") is entered into as of the ____ day of _____, 2016 by and between Kentucky League of Cities Insurance Services Association and Kentucky League of Cities, Inc., as its administrator ("KLCIS") and _____ ("Company").

WHEREAS, KLCIS and Company desire to initiate discussions regarding managed care services for KLCIS's workers' compensation insurance program which entails the exchange of proprietary information for the purpose of responding to a Request for Proposal (the "Purpose"); and

WHEREAS, KLCIS (as the "Providing Party") is willing to provide certain confidential and proprietary information of or concerning KLCIS to Company (as the "Receiving Party"), including information pertaining to KLCIS and its members on the condition that such information is protected from unauthorized use and disclosure as provided in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Confidential Information. The term "Confidential Information" shall include, but is not limited to, KLCIS membership and vendors currently used by KLCIS that is disclosed by or on behalf of the Providing Party to the Receiving Party in connection with the Purpose. The Confidential Information of the Providing Party shall include information disclosed to the Providing Party in confidence by any third party.
2. Prohibition of Use or Disclosure. The Receiving Party shall not, without the prior written consent of the Providing Party, (a) use any portion of the Confidential Information for any purpose other than evaluating and/or analyzing the information contained therein in connection with the Purpose, (b) disclose any portion of the Confidential Information to any third party other than the officers, directors, employees, advisors or agents of the Receiving Party and its affiliates who reasonably need to have access to the Confidential Information in connection with the Purpose (collectively, the "Representatives").

The Receiving Party agrees that it will keep the Confidential Information in strict confidence and will not disclose the Confidential Information to any third party (other than its Representatives) nor will Receiving Party use the Confidential Information for its own benefit or the benefit of others, except for the Purpose.

The Receiving Party shall take all reasonable steps necessary to protect the Confidential Information from unauthorized or inadvertent disclosure, including, without limitation all steps the Receiving Party takes to protect the confidentiality of its own confidential information. The Receiving Party will require all Representatives to whom it discloses Confidential Information to observe the non-disclosure obligations of this Agreement and will be liable to Providing Party hereunder for any breach of this Agreement by any of its Representatives. The Receiving Party agrees not to reproduce or copy Confidential Information for any purpose, other than the evaluation and/or analysis contemplated by this Agreement, without the Providing Party's prior written permission.

3. Excluded Information. Confidential Information of the Providing Party shall not include information to the extent that: such information becomes generally available to the public other than as a result of unauthorized disclosure by the Receiving Party or its Representatives; such information was received by the Receiving Party on a non-confidential basis from a third party lawfully possessing and lawfully entitled to disclose such information; has been approved for release by written authorization of the Providing Party; or is known or developed independently (without use or reliance on Confidential Information of the Providing Party) of the disclosure by the Providing Party, as evidenced by documentation possessed by the Receiving Party claiming that such information is so known or so developed.

4. Required Disclosure. Notwithstanding anything in this Agreement to the contrary, and subject to all terms and provisions of this Section 4, the Receiving Party may disclose Confidential Information if necessary to comply with any applicable law, order, regulation, ruling, subpoena or order of an administrative or governmental authority or tribunal with competent jurisdiction. In the event that the Receiving Party is so requested or required to disclose any Confidential Information, if legally permitted to do so such Receiving Party shall promptly notify the Providing Party of such request or requirement prior to disclosure so that Providing Party may, if it so elects, seek an appropriate protective order or otherwise seek to contest, limit or protect the confidentiality of any such requested or required disclosure.

With respect to any disclosure made by the Receiving Party pursuant to this Section 4, the Receiving Party agrees to furnish only that portion of the Confidential Information that it reasonably determines, in consultation with its counsel, is consistent with the scope of the subpoena or demand. The Receiving Party will provide reasonable cooperation to the Providing Party and its legal counsel with respect to performance of the covenants undertaken pursuant to this Section 4.

5. Return or Destruction of Confidential Information. Confidential Information furnished pursuant to this Agreement by the Providing Party shall remain the property of the Providing Party and shall, at the Providing Party's request upon termination of discussions regarding the Purpose or termination of this Agreement, be returned to the Providing Party or be destroyed, together with all copies made by the Receiving Party, as soon as reasonably practicable following such request, provided that the Receiving Party shall be entitled to retain one copy of Confidential Information in compliance with its standard records retention policies or applicable law, and further provided that, Confidential Information transmitted or stored in electronic form shall be destroyed by the Receiving Party only to the extent it is commercially feasible to do so. Any such Confidential Information retained by the Receiving Party shall remain subject to the confidentiality obligations set forth herein.

6. No Grant of Rights or Obligation to Provide. The Providing Party shall be deemed the owner of all Confidential Information disclosed by it to the Receiving Party hereunder, including without limitation, all patent, copyright, trademark, trade secret and other proprietary rights and interest therein, and the Receiving Party recognizes and agrees that nothing in this Agreement shall be construed as granting any such rights, by license or otherwise, in or to any Confidential Information. Neither party hereto shall have any obligation arising under this Agreement or otherwise to provide any item of Confidential Information to the other party or to purchase from or furnish to the other party any products or services or to enter into any other agreement with the other party.

7. Specific Performance. The Receiving Party hereby agrees and confirms that the subject matter of this Agreement is unique, and that it may be impossible to measure the damages which would result to

the Providing Party from violations by the Receiving Party of the agreements set forth herein. Accordingly, in addition to any other remedies which the Providing Party may have at law or in equity, the Receiving Party hereby agrees that the Providing Party may have the right to seek preliminary and permanent injunctive relief to secure specific performance of all obligations and other provisions of this Agreement.

8. Termination. This Agreement shall terminate upon the mutual agreement of the parties, but in no event will this Agreement remain in full force and effect for more than two years from the effective date of this Agreement. In addition, this Agreement may be terminated by any party upon 10 days written notice to the other party. Upon any such termination the Receiving Party shall, upon request of the Providing Party, return to the Providing Party or destroy all Confidential Information in the Receiving Party's possession in accordance with Section 5 above. The early termination of this Agreement by either party shall not in any way affect the obligations set forth herein.

9. Miscellaneous. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge, or waiver is sought.

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof, and it supersedes all prior oral or written agreements, commitments, or understanding with respect to such matters.

This Agreement shall be binding upon and shall inure to the benefits of the parties hereto and their respective successors and assigns.

The validity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Kentucky (exclusive of the choice of law rules thereof).

IN WITNESS WHEREOF, the undersigned have caused this Confidentiality and Non-Disclosure Agreement to be duly executed and delivered as of the date first set forth above.

**Kentucky League of Cities Insurance Association and
Kentucky League of Cities, Inc., as its Administrator**

BY: _____

Name: _____

Title: _____

Company: _____

BY: _____

Name: _____

Title: _____