CITY OF PHILADELPHIA

REQUEST FOR PROPOSAL
FOR
THE CITY ADMINISTERED INJURED ON DUTY AND
WORKERS' COMPENSATION
DISABILITY PLAN

PROPOSALS DUE AT CITY OF PHILADELPHIA
RISK MANAGEMENT
JULY 1, 2002

PROPOSED EFFECTIVE DATE
JANUARY 1, 2003

PREPARED BY CITY OF PHILADELPHIA
DEPARTMENT OF FINANCE
RISK MANAGEMENT DIVISION
APRIL 2002

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SECTION I – INTRODUCTION

The City of Philadelphia is currently seeking proposals from contractors to work with the Division of Risk Management to provide all medical health care and claims management services for employees who sustain a legitimate service connected injury. With approximately 32,000 active employees, the City currently receives an estimated 5,000 new claims each year.

Prior to 1994, the City of Philadelphia had in house staff managing the disability program with key medical providers. In 1994, the City implemented a capitated medical program with an independent third party claims administrator.

Eligible City employees have the option to elect salary replacement under Civil Service "Regulation 32" or Workers' Compensation pursuant to the Commonwealth of Pennsylvania's Workers' Compensation Act (hereafter referred to as the Employee Disability Program). Presently the employees seeking work-related disability have the option to participate in two programs with participation as indicated:

PROGRAM OPTION	AVERAGE NUMBER OF CLAIMS FILED January 1, 2001 – December 31, 2001
"Regulation 32"	4,985
Workers' Compensation	21

Intention

It is the bona fide intention of the City of Philadelphia to solicit this request for proposal at this time and to award a contract to the chosen respondent(s).

Communications and Inquiries

Verbal responses or information given by any City employee or agent of the City shall not be binding on the City and shall not in any way be considered as a commitment by the City. Only written responses to questions submitted in writing will be considered binding on the City.

All questions concerning this RFP must be submitted in writing or via e-mail no later than May 15, 2002 to both:

Ms. Diana Rivera Divisional Deputy Risk Management 1515 Arch Street – 14th Floor Philadelphia, PA 19102 diana.rivera@phila.gov	and	Ms. Gina Pellegrino Claims Manager Risk Management 1515 Arch Street – 14th Floor Philadelphia, PA 19102 gina.pellegrino@phila.gov

Written Responses from the City of Philadelphia to questions will be distributed at the June 3, 2002 Proposal Conference.

Submissions

The City of Philadelphia encourages companies that have proven and superior experience in providing acute or chronic medical care or self-funded claims administration for clients of similar demographics to respond to this RFP. Each proposal will receive a full and fair evaluation.

Responses to this RFP will be accepted only from hospital systems with a network capable of providing acute and chronic care on a twenty-four hour basis, insurance companies, or brokerage firms, and third party administrators licensed and regulated by the Commonwealth of Pennsylvania.

Objectives of the City of Philadelphia:

- Improve the quality of health care for injured workers
- Return injured employees to work promptly and safely
- Reduce the City's work related injury costs
- Provide a smooth transition from current program to any new program
- Promote confidence and good will in the management and treatment of injured City employees.

Proposals Binding

By signing and submitting its proposal, each respondent agrees that the contents of its proposal are available for establishment of final contractual obligations for a minimum of 180 calendar days from the proposal due date listed at Section II – Timeline.

Effective Date

The selected respondent(s) is expected to enter into a contract with the City of Philadelphia substantially in the form attached here as Appendix 6, effective on or before January 1, 2003, with program transition to begin as early as October 1, 2002.

Period of Coverage

The initial contract award for the City Employee Disability Program is anticipated to be on or before January 1, 2003 to December 31, 2003.

The term of the contract resulting from this RFP will be for a period of 12 months and may be amended by the City at its sole discretion on an annual basis for up to three (3) additional one-year terms.

Oral Presentations

The City of Philadelphia reserves the right to require an oral presentation from any, or all, respondents.

General Reservation of Rights

The City reserves the right to reject any and all proposals and re-issue the RFP at any time prior to execution of a final contract, issue a new RFP with terms and conditions substantially different from those set forth in this RFP, or cancel this RFP with or without issuing another RFP.

The City reserves and may exercise any one or more of the following rights and options with respect to this selection process:

- To reject any proposal if, in the City's sole discretion, the proposal is incomplete, the proposal is not responsive to the requirements of this RFP or it is otherwise in the best interest of the City to reject the proposal;

- To supplement, amend, substitute or otherwise modify this RFP at any time prior to selection of one or more respondents for negotiation;

- To reject the proposal of respondent that, in the City's sole judgment, has been delinquent or unfaithful in the performance of any contract with the City, is financially, or technically incapable or is otherwise not a responsible respondent;

- To reject as informal or non-responsive, any proposal which, in the City's sole judgment, is incomplete, is not in conformity with applicable law, is conditioned in any way, deviates from this RFP or contains erasures, ambiguities, alterations or items of work not called for by this RFP;

- To waive any informality, defect, non-responsiveness and/or deviation from this RFP that is not, in the City's sole judgment, material to the proposal;

- To permit or reject, at the City's sole discretion, amendments (including information inadvertently omitted), modifications, clarifying information alterations and/or corrections to proposals by some or all of the respondents following proposal submission.

Proposal Selection and Evaluation Process

Proposals, which the City determines in its sole discretion, are responsive to this RFP, will be reviewed and evaluated by the City. The City reserves the right to request respondents to make one or more presentations to the City at the City's offices at respondent's sole cost and expense, addressing respondents' ability to achieve the objectives of this RFP. The City further reserves the right to conduct on-site investigations of the respondents' facilities or of those facilities where respondent performs its services. Proposals will be evaluated, in part, according to whether the respondent meets the minimum qualifications and submits a proposal complying with all of the requirements of this RFP.

The City reserves the right to enter into negotiations with any or all respondents regarding price, scope of services, or any other term of their proposals, and such other contractual terms as the City may require, at any time prior to execution of a final contract. The City may, at its sole election, enter into simultaneous, competitive negotiations with multiple respondents or negotiate with individual respondents seriatim. Negotiations with respondents may result in the enlargement or reduction in the City's sole option of the scope of services, or changes in other terms that are material to the RFP and the submitted proposals. In such event, the City shall not be obligated to inform other respondents of the changes, or to permit them to revise their proposals in light thereof unless the City, in its sole discretion, determines that doing so is in the City's best interest. The City may accept or reject any or all of the items in any proposal and award the contract in whole or in part if it is deemed in the City's best interest to do so.

In the event negotiations with any respondents are not satisfactory to the City, the City reserves the right to discontinue such negotiations at any time; to enter into or continue negotiations with other respondents; to enter into negotiations with providers that did not respond to this RFP; and/or solicit new proposals from providers that did not respond to this RFP. The City reserves the right not to enter into any contract with any respondent, with or without the re-issuance of this RFP, if the City determines that such is in the City's best interest. Further, the City reserves the right to negotiate with and enter into a contract directly with a provider that may or may not have been respondent to the RFP.

Confidentiality

This RFP is considered confidential information. This request should not be shared, in any way, with any party who is not directly involved in the underwriting, sales or service process. If it is determined that a breach of confidentiality has occurred, the respondent responsible will be automatically eliminated from the RFP process.

SECTION II – TIMELINE

April 24, 2002	Release of Request for Proposal
May 15, 2002	Inquiry Deadline
June 3, 2002	Proposal Conference*
July 1, 2002	Proposal Due Date
September 3, 2002	Provider Selection
October 1, 2002	Contract Negotiations Completed
October 1, 2002	Transition Begins
December 15, 2002	Transition Ends
January 1, 2003	Effective Date of Program

* The June 3, 2002 Proposal Conference will be held promptly at 10 A.M. and conclude at 1 P.M. on the 16th Floor of the City of Philadelphia Municipal Services Building, located at 1401 John F. Kennedy Blvd., Philadelphia, PA 19102. In view of limited space available for the conference, it is requested that attendance be limited to one individual per contractor. Attendance at the Proposal Conference is not a requirement, but it will be the contractor's final opportunity to ask any and all questions.

SECTION III – SELECTION/REQUIREMENTS TO RESPOND

Selection

It is the intention of the City of Philadelphia to select the respondent(s) that will provide the most advantageous health care provider program and third party administrator program for the employees of the City of Philadelphia.

In addition, the selected Employee Disability Program **must meet the financial requirements of** the City of Philadelphia.

Submission of a proposal constitutes express acceptance by you and all subcontractors, of all provisions, conditions, and requirements of the RFP including all attachments and exhibits. All appropriate questions contained in **Section XII – Medical Health Care Provider(s) Service Questionnaire and/or Section XIV – Third Party Administrator Services Questionnaire** must be completed in their entirety.

The selected respondent(s) will be required to submit a document preparation fee to the City.

Objections

All proposals submitted are subject to the terms and conditions of this RFP. The respondent, by signing and submitting its proposal, expressly acknowledges and agrees to all terms and conditions contained in this RFP including, without limitation, contract terms and conditions set forth at Appendix 6. In the event the respondent objects to any term or condition of this RFP, including those stated in the form of Agreement, and wishes to preserve such objection for contract negotiation, such objection must be raised in the respondent's proposal by identifying, under a section clearly labeled "RFP Objections", the specific section(s) and paragraph(s)

objected to, stating the reason(s) for the objection, and proposing alternative terms. Any such objection not raised in accordance with the requirements stated herein shall be deemed waived by the respondent.

Should the respondent object to any of the terms and conditions established in this RFP, the City reserves the right in its sole discretion to permit the respondent to rescind any or all such exceptions at any time prior to award of a contract. The City, in its sole discretion, may evaluate proposals according to whether the respondent objects to terms and conditions. In no event shall the City's selection of a respondent for further negotiations constitute acceptance of any objection or proposed alternative to the terms and conditions established in this RFP.

SECTION IV – GENERAL INFORMATION

Civil Service "Regulation 32" Injured on Duty Program

The City offers a program "in lieu of" Workers' Compensation, commonly referred to as "Regulation 32" which offers employees the ability to collect 75% of their salary tax free for their job classification with uniformed police and fire personnel eligible for 80% to 100% of salary.

In addition to salary continuation, injured employees may also continue to earn most regular fringe benefits. Regulation 32 mandates employee cooperation with medical treatment within the City's Network Program for the duration of the injury.

Workers' Compensation

Employees who incur work related injuries and do not wish to apply for benefits under Regulation 32 may apply for Workers' Compensation benefits under the Pennsylvania Workers' Compensation Act.

Disability Pension Benefits

The City's retirement system provides benefits for employees whose disability is considered service connected.

SECTION V – EMPLOYEE DISABILITY PROGRAM OBJECTIVES

A. Medical Health Care Provider(s)

The City is currently focused on obtaining a superior medical health care program with a fixed cost guaranteed price and a strong focus on occupational medicine, such as:

- Emergency services, surgical and short stay services, and diagnostic testing
- Physical Therapy/Occupational Therapy
- Pharmaceuticals
- Durable Medical Equipment
- Professional Services
- A process for payment of all medical services including those rendered outside the City network

It is important that the successful candidate be able to provide treatment at hospital-based sites geographically located to best serve the work site locations within the City.

The City is looking for an innovative respondent(s) of medical health care services, which anticipates and represents the needs of its client organization and employee participants.

Customer Service must be a primary element in the medical health care services structure. The primary element to aggressive customer service is the knowledge that there is no more effective customer service initiative to the City of Philadelphia than quality health care.

Critical to the anticipated **positive financial outcome** of the initial one-year financial guarantee period is an aggressive cost structure of **offering the lowest possible price for the highest quality of service.**

Upon successful completion of the initial one-year financial guarantee period, it is the intention of the City of Philadelphia to continue is efforts toward maximum cost containment of its Employee Disability Program. To achieve that end, **any adopted Program may be maintained, amended, or terminated.**

Upon **satisfactory performance and positive financial outcome**, it is the City's intention to entertain renewal of this financial association for up to three renewals for up to one year each. Please note that the City has no obligation to do so.

B. Third Party Claims Administrator

The City is currently focused on obtaining superior claims administration with a strong focus on the overall administration of all Injured on Duty and Workers' Compensation claims filed by City employees such as:

- A system to accept notice of claims that is available 24 hours a day
- A process to make all state filings as appropriate on behalf of the City
- A process for payment of all workers' compensation indemnities and claims related expenses

It is important that the successful candidate be able to provide:

- Claims Management/Investigation
- Legal Case Management
- Medical Case Management
- Reporting
- Risk Management Information System
- Vocational Rehabilitation System
- Subrogation Unit

The City is looking for an innovative respondent(s) of claims management services, which **anticipates and represents the needs of its client** organization and employee participants.

Customer Service must be a primary element in the claims administration services structure. The primary element to aggressive customer service is the knowledge that there is no more effective customer service initiative to the City of Philadelphia than prompt and accurate claims processing.

Critical to the anticipated **positive financial outcome** of the initial one-year financial guarantee period is an **aggressive cost structure of offering** the lowest possible price for the highest quality of service.

Upon successful completion of the initial one-year financial guarantee period, it is the intention of the City of Philadelphia to continue its efforts toward maximum cost containment of its Employee Disability Program. To achieve that end**, any adopted Program may be maintained, amended, or terminated.**

Upon satisfactory performance and positive financial outcome, it is the City's intention to entertain renewal of this financial association for up to three renewals for up to one year each. Please note that the City has no obligation to do so.

SECTION VI – CURRENT EMPLOYEE DISABILITY PROGRAM DESIGN

A. Injured Employee's Department

An injured employee's department performs several primary functions when a work-related injury occurs. These include: reporting the claim, assisting in the investigation of the injury, assisting in determining the injury's service-connection, planning remedial activity and light duty assignment, as well as processing and monitoring the employee's medical recovery process. Critical personnel involved in these activities along with the third party administrator are the injured employee's supervisor and the Safety/Personnel Officer of the department. They direct their efforts to "fact finding" along with claims administration and processing.

B. Finance Department, Risk Management Division

Risk Management is responsible for overseeing the contract(s) with the third party administrator and medical health care provider(s). Risk Management oversees all aspects of the program pertaining to the provision of timely, necessary and appropriate medical care. In addition, Risk Management monitors litigation issues and appoints law firms to be contracted by the third party administrator, provides settlement authority and may assist in the determination of service-connected injuries.

C. Personnel Department

Permanently and partially disabled employees are referred to the Personnel Department for possible re-employment in a position compatible with their disability, skills and aptitude. The department determines the employee's qualifications, ascertains classes of positions for which the

employee is eligible and refers the injured employee for placement in a suitable departmental position.

D. Civil Service Commission

The Civil Service Commission adjudicates Regulation 32 appeals from employees concerning the determination of work-related injuries made by an employee's department or the decisions of duty status made by the City's Medical Director of the Employee Disability Program.

SECTION VII – REGULATIONS AND LEGAL REQUIREMENTS

The Contractor must indicate its agreement to all statements listed in Exhibit I, Appendix. The Contractor must provide a statement, which references items 1-19 of Section VII REGULATIONS AND LEGAL REQUIREMENTS and which reflects its agreement to all of these items. Please note that any proposal that does not satisfactorily address all matters outlined in this section will be subject to rejection from consideration by the City.

MINORITY, WOMEN, AND DISABLED DISADVANTAGED BUSINESS ENTERPRISES

The successful respondent must agree to comply with the terms and conditions of the City's Minority, Women, and Disabled Disadvantaged Business Enterprises policy set forth in Exhibit II, Appendix number 5.

SECTION VIII – GENERAL EXPECTATIONS OF PROPOSALS

News Release

Any press release, notification, advertisement, or other public communication may not be made, or otherwise disseminated without the prior written approval of the City of Philadelphia.

Effective Date

The selected provider(s) is expected to enter into a contract with the City of Philadelphia effective on or before January 1, 2003, with a transition period to begin as early as October 1, 2002.

Completeness

It is anticipated that a response to this RFP will be complete, **providing all requested information.** Any proposal that is found to be incomplete may be eliminated from the review process without prior request for missing information.

Accuracy

It is expected that all information provided in a proposal will be accurate and without error. Should any information prove to be inaccurate, the City of Philadelphia's **acceptance of a proposal may be rescinded.**

Timeliness

Failure to respond to this RFP within the time frame described in Section II, Timeline, may eliminate a proposal from consideration.

Cost

The City of Philadelphia, and any agent acting on its behalf, accepts no responsibility for any cost related to the preparation, production, or mailing of a response to this RFP.

Delivery of Proposal

Respondents must respond via e-mail and written proposal to The City of Philadelphia Risk Management Division by the specified date(s). Responses must be readable in Microsoft Word and Excel formats. **Six (6) hard copies of a proposal must be provided.**

SECTION IX – EXECUTIVE SUMMARY

Respondents must provide a summary, not to exceed 10 pages, describing the scope of the services you propose to provide, the results you expect to achieve, the extent to which you expect to use subcontractors and your organization's unique qualifications to provide managed Injured on Duty and Workers' Compensation services.

SECTION X – EXPERIENCE IN INJURED ON DUTY AND WORKERS' COMPENSATION SERVICES

All Respondents:

Please restate each item below and provide your response. All Contractors must also provide this information for each of its major subcontractors (if any). The City may request additional information or more detailed information from any Contractor(s) at any time.

1. Describe your organization. Include history, ownership, location of headquarters and satellite office, and size and structure of organization. Attach an organizational chart.

2. Describe the resources within your organization dedicated to management and treatment of workplace injuries. Provide a brief biographic sketch of key program personnel.

3. Provide evidence to demonstrate your organization's financial viability. Please enclose an audited financial statement for each of the past two fiscal years.

4. Do you currently offer similar services in the City of Philadelphia service area?

5. Please list clients which are similar in size and characteristics to the City of Philadelphia that you currently serve. Include:

   a) Name of the client

   b) Name, address and phone member of individual who may be contacted for a reference

   c) Please provide a brief description of the program concerning its size and number of eligible employees

6. Have the licenses of your organization or any of its affiliates ever been revoked by the Commonwealth of Pennsylvania or by any other state?

7. Have any of the owners or principal officers of the organization outlined above ever been convicted of a felony, any securities laws violations, or been subject to any regulatory or disciplinary action? If so, please explain.

8. Has your organization, its affiliates, subsidiaries, or parent company ever filed for bankruptcy law protection? Has your organization, its parent, affiliate, or any subsidiary companies ever been subject to any regulatory action by the federal, state or securities authorities?

9. Please identify any other organizations which will be providing services in connection with your contract with the City and, for each such organization, please provide a brief description of the services to be provided, experience in providing these services, history, ownership, location of offices, size, structure, and resources dedicated to this project.

10. Do you maintain professional liability coverage?

11. If yes, indicate amounts.

12. What amounts of professional liability insurance do affiliated providers and staff members maintain?

SECTION XI – MEDICAL HEALTH CARE PROVIDER(S) SERVICE REQUIREMENTS AND RESPONSIBILITIES

Medical Health Care Provider(s) must indicate its agreement to all statements listed below. The Contractor(s) must provide a statement which references items 1-22 of Section XI., MEDICAL HEALTH CARE PROVIDER(S) SERVICE REQUIREMENTS AND RESPONSIBILITIES and which reflects its agreement to all of these items.

1. The Medical Health Care Provider(s) must provide a system to coordinate the delivery of medical services among multiple disciplines (emergency department, referral to specialists, rehabilitation, and/or social services).

2. The Medical Health Care Provider(s) must provide for timely intervention by qualified health care professionals including prompt initial treatment, which may include hospitalization, appropriate follow up by qualified specialists, and rehabilitation therapies.

3. The Medical Health Care Provider(s) must provide the full range of medical services necessary. Certain specialist or other services, which cannot be directly provided by the Contractor(s), may be referred to appropriate service providers. The Contractor(s) must provide the City with a list of proposed referral service providers for pre-approval by the City.

4. With initial treatment of injury, the Medical Health Care Provider(s) must establish firm estimate (prognosis) of return to limited and active duty based on Occupational Medicine Standards.

5. Except in emergency situations, medical care and evaluations may only be provided with proper authorization. Any care provided without such authorization shall be at the sole financial risk of the Contractor(s).

6. Protocols and guidelines established by the City's Medical Director for the medical care and treatment of patients must either be followed by the Contractor(s), or deviation from the guidelines must be justified in writing by the treating physician.

7. Specialists must develop a treatment plan based on the patient's first visit to them. It will be the responsibility of the Contractor(s) to insure that such treatment plans are prepared and updated as needed.

8. All independent medical evaluations are to be performed by board certified or eligible physicians in the appropriate specialty. Independent medical evaluations require the advance authorizations of the designated City representative(s) or the Third Party Administrator. All medical care and treatment must be provided under the on site supervision of a physician who is board certified or eligible in an appropriate field. No medical students, residents or physician assistants (PA) are to provide any definitive treatment to City patients.

9. Under the terms of Regulation 32, in the case of surgical procedures, the employee will have the right to introduce a second opinion from his or her own physician at the Contractor's cost. Any conflicts between the opinion of the treating physician and the opinion of the employee's private physician shall be resolved by obtaining a third opinion from a neutral third physician at the Contractor's cost.

10. Communication will be established with the employee, claims representative, and treating physician initially and on an ongoing basis.

11. The Medical Health Care Provider(s) will be responsible for the payment of all medical care provided to active and retired City employees with service connected injuries, regardless of whether the services are rendered in or out of the network and regardless of whether the claim is filed under Regulation 32, Workers' Compensation or Pension.

12. The Medical Health Care Provider(s) must develop a method to coordinate and transfer on a daily basis all information relating to the billing and payment of medical services to the Third Party Administrator selected by the City.

13. The Medical Health Care Provider(s) must work with the City and the City's selected Third Party Administrator to develop a process for the payment of all medical services rendered out of network.

14. The Medical Health Care Provider(s) must maintain a centralized record keeping system, which includes a highly integrated case management system to insure appropriateness and timeliness of care to employees injured on duty.

15. It is the responsibility of the Medical Health Care Provider(s) to maintain and store all medical records, files and patient history on behalf of the City.

16. The Medical Health Care Provider(s) will provide for quality and timely reporting to the medical file and City.

17. At the request of the City, the Medical Health Care Provider(s) must make copies of medical records/files and radiographic films and other pertinent studies available as needed.

18. The Contractor(s) must agree that the City has the right to review cases and medical records and perform audit procedures of medical care provided.

19. The Medical Health Care Provider(s) will provide status reports on injured employees to the Third Party Administrator within one (1) business day of treatment by primary physicians and five (5) business days of treatment by specialists.

20. Meetings related to the Medical Program may, with reasonable notice, be convened at the request of the City or the Contractor(s). At the request of the City the Medical Health

Care Provider(s) must present summary medical care information and treatment plans on the patients.

21. The Medical Health Care Provider(s) must provide credentials to the City for all professional staff who will be providing services if so requested by the City. The City maintains the right to disqualify individuals from providing service based on prior work history and concerns.

22. The Medical Health Care Provider(s) will provide the City on a monthly basis a reconciliation report of all medical billings and payments made under the program.

SECTION XII - MEDICAL HEALTH CARE PROVIDER(S) SERVICE QUESTIONNAIRE

Please restate and provide a response that explicitly addresses each of the following items in the same order as presented in this section. Please note that any proposal that does not satisfactorily address all matters outlined in this section will be subject to rejection from consideration by the City.

A. Access

1. Provide a listing of the locations of all health care providers in the network including, but not limited to:

    - Hospitals
    - DME suppliers
    - Pharmacies
    - Labs
    - Free-standing outpatient facilities
    - Specialists (physicians and other professionals)
    - Physical Therapy Facilities

2. Describe the physician organizations (i.e. panel) special competencies and abilities to provide medical care service.

3. Describe the parking facilities available at treating centers.

4. Please indicate the hours of operation of all treating facilities.

5. Describe each treating facility's compliance with Americans with Disabilities Act.

6. Outline your plan for meeting the conditions of the Health Insurance Portability and Accountability Act at each facility.

B. Quality of Health Care

1. How does the Contractor(s) measure or evaluate quality of health care?

2. Describe the types of protocols and treatment guidelines which you intend to establish for the City's work injury program.

3. Describe the provider credentialing and recredentialing process.

4. What clinical qualifications and experience does the Contractor(s) possess in Occupational Medicine?

5. Describe your plan to handle employee complaints concerning quality of treatment.

6. Describe your policy for on-site evaluation of practice settings for all subcontractors or other providers. Include references to frequency.

7. Please provide key quality of care criteria used to select various providers and subcontractors. Also, please describe your Quality Assurance program for providers.

8. Describe how Contractor(s) profile the performance of subcontractors. Please provide sample reports and describe how this information is compiled and used to improve performance.

9. Describe the provisions of the contracts your organization will have with participating subcontractors. Describe what measures you use with subcontractors to promote quality of care and procedures for subcontractor sanction. Describe how they are incorporated in your contracts.

10. Describe how you will train participating subcontractors and other providers of services.

C. Quality of Patient Care

1. How many participating providers are available to see injured workers immediately after the injury, and to schedule follow-up visits promptly?

2. What strategies does Medical Health Care Provider(s) use to assure providers see injured workers promptly? How long will an injured worker wait to obtain an initial treatment, an orthopedic evaluation, physical therapy and for scheduling of appointments?

3. How will the Medical Health Care Provider(s) insure that patients are referred to appropriate specialists and for only those diagnostic procedures necessary?

4. Please indicate the turnaround time that you will require for specialists to report on patient visits to the primary physicians.

5. Describe in detail your procedures to direct injured City employees for initial treatment and ongoing treatment.

6. Describe your strategy to ensure continuity of care for injured employees.

7. What is your current approach to designing and administering patient survey programs?

8. The City has established a comprehensive quality assurance program to be conducted on an ongoing basis. The Contractor(s) must comply with the information requests of the City. Please indicate your willingness to do so.

D. Managed Care and Cost Containment

1. The Medical Health Care Provider(s) must assume financial responsibility for treatment of work related injuries including treatment provided outside of the Contractor(s) provider network such as emergencies, existing claims at inception of the contract, Workers' Compensation, retirees, etc. Please describe how you intend to monitor out of network care.

2. Describe how provider(s) will promote involvement in disability case management.

3. Describe any therapeutic guidelines that are used for common workplace injuries. Who developed these guidelines and how are they monitored?

4. Describe the treatment protocol that you would recommend for at least five (5) common Workers' Compensation injuries.

5. Describe your approach to return-to-work management.

E. Medical Health Care Provider(s) Transition

1. Discuss in detail your experience in assuming the responsibility of delivering health care to injured workers for a current client who had been providing for these services elsewhere.

2. Be specific as to the number of such programs you have taken over and provide a brief description of each program.

3. Provide samples of any transition plan or reports that you have developed.

4. Be specific as to how you would plan the transition of open and closed injury cases.

5. Describe what you would do with archived medical records?

6. How would you determine which open cases to transfer immediately and which, if any, to leave with the current medical provider?

7. Describe how you would handle the transition of problem or serious cases?

8. What problems, if any, would you expect to have getting medical information from existing providers?

9. Describe how you would communicate the takeover or transfer of medical treatment to the injured employees.

10. Discuss how long you believe it would take to make such a transition based on the City's current position.

F. General Practices

1. What reporting will be provided to the City to track large or potentially large claims?

2. Does your proposal include any Aggregate re-insurance? If so, describe in detail.

3. Does your proposal include any Specific Stop Loss insurance? If so, describe in detail.

4. Will you file notification of emerging claims with the Stop Loss carrier?

5. In the event of a denial of benefits by the re-insurer for a claim paid by your organization, will you accept financial liability for the loss of coverage?

If not responding to the Third Party Administrator Service segment of the RFP, please proceed to Section XV, WARRANTIES.

SECTION XIII - THIRD PARTY ADMINISTRATOR SERVICE REQUIREMENTS AND RESPONSIBILITIES

The Third Party Administrator must indicate its agreement to all statements listed below. The Contractor must provide a statement, which reference items A-J of Section XIII THIRD PARTY ADMINISTRATOR SERVICE REQUIREMENTS AND RESPONSIBILITIES and which reflect its agreement to all of these items.

A. Claims Management/Investigation

1. The City requires that the Third Party Administrator (TPA) provide a system to accept notice of claims that is available twenty-four hours a day, seven days a week, three hundred sixty five days a year.

2. Investigate claims to determine cause of disability, expected medical treatment and expected length of time off duty.

3. Provide employees with sufficient information concerning their obligations and rights pursuant to appropriate legislative acts in connection with their Workers' Compensation and Regulation 32 claims.

4. The TPA must have a process to receive and record all on-the-job injury reports and make all State filings when appropriate on behalf of the City.

5. The TPA must coordinate with the City to establish a process for payment of all workers compensation indemnities and claims related expense payments.

6. Index all claimants for multiple claims and possible causation unrelated to work injury such as an auto accident.

7. Interview every injured employee regarding the cause and nature of injury within 24 hours of the injury.

8. Interview the injured employee's supervisor and witnesses to the injury, as appropriate, regarding the cause of injury within 48 hours of the injury.

9. Interview every medical provider within 48 hours of the initial visit regarding the diagnosis, treatment plan for the injury and work status of the employee.

10. When necessary, conduct a visual inspection of the scene where the injury takes place.

11. Coordinate with City representatives to determine service-connected disabilities.

12. Work in coordination with the Medical Health Care Provider(s) to establish protocols for directing injured employees for treatment.

13. Determine benefits payable (if any) in accordance with applicable Workers' Compensation laws or Regulation 32.

14. Perform medical investigations and occupational assessments to confirm continuing disabilities.

15. For injured employees opting for workers' compensation benefits, collect information regarding applicable earned income offsets and other coordination of benefits offsets.

16. Obtain signed authorizations for release of private medical records to be used in the ongoing investigation to determine if continued medical care is for service connected injury.

17. Review every claim for subrogation potential and identify claims with opportunities for subrogation against liable third parties, and refer to the Contractor(s) Subrogation Unit.

18. Identify indicators of potential fraud and refer the file to the City Controller's Special Investigations Unit for review.

19. Review every claim supersedeas potential and prepare documentation for legal presentation.

B. Legal Case Management

1. Make all assignment determinations and timely referrals to counsel from the list of approved law firms provided by the City and maintain a tracking system of all case assignments made on behalf of the City.

2. Utilize appropriate techniques to contain costs of legal services.

3. Assist the City's chosen law firm(s) in evaluating and determining the appropriate legal strategy.

4. Assist the City's chosen law firm(s) in settlement negotiations.

5. Require all law firm(s) to provide standardized status reporting on all assigned cases.

C. File Management

1. Create and maintain complete paper and electronic documented files on each reported claim incident. Maintain appropriate claim files to support workers' compensation hearings, benefit denial appeals and subrogation claims.

2. Assure the availability of all files for review by the City, and provide upon request copies of claims files.

3. Store closed files in accordance with minimum jurisdictional requirements.

D. Medical Case Management

1. Provide a fully integrated medical case management program with resources, including but not limited to telephonic case management and field case management.

2. Provide an integrated electronic system between medical case managers and claim adjusters to assure file documentation is complete.

3. Medical case managers working on the City's program must be registered nurses (RN).

4. Provide technical assistance to the City's Risk Management Safety and Loss Prevention Unit and Personnel Department as required.

5. Work with injured employees, treating physicians, vocational rehabilitation companies and the City's Personnel Department to identify appropriate secondary employment opportunities.

E. Program Administration

1. Work with the City to develop communications to explain the change in the administration of the work injury program to department personnel including commissioners, deputy commissioners, safety officers and supervisors.

2. Schedule and attend periodic meetings with City representatives to review monthly reports and discuss concerns relative to program administration.

3. Assist the City in the administration of its Work Safety Program as it relates to work related injuries.

F. Reporting

1. Produce loss reports on a periodic basis, for review by the City. These reports are to be inclusive of accounting and statistical data sufficient in nature to analyze and monitor the overall and departmental financial posture, expenditure and loss profiles of the program.

2. Complete and submit all forms and information required by the Commonwealth of Pennsylvania for the establishment, maintenance and operation of a self-insured Work Injury Program, and any and all forms required by this or other agencies external to the City.

3. Develop methods to incorporate the Medical Health Care Provider(s) billing and payment information into the Risk Management Information System on a daily basis.

4. Generate appropriate reports, including analyses of costs and utilization of health care services and days off duty, causes of injury, and costs incurred by each City department to support potential budgetary charge backs.

5. Report to the City quarterly the number of times the healthcare provider continues treatment for pre-existing conditions after the service-connected injury was resolved.

6. Produce Quarterly Reports, sortable by primary health care provider location or by City department, including paid days limited duty, paid days no duty, and medical care costs.

7. Ad hoc reporting capabilities as required by the City.

G. Risk Management Information System

1. Provide a Risk Management Information System (RMIS) that is accessible to the City at all times. The system should at a minimum be on-line, provide current available information and include e-mail capabilities.

2. The RMIS should include claims adjusters notes which should be current at all times on all claim files and indicate all activity on the claim file.

3. The RMIS should at a minimum have the capability of indicating the claim adjuster's name, address and e-mail address.

4. The RMIS should allow access to the payment system for all claims and services, and allow the City to view all payments made on behalf of the City for all services.

5. The RMIS should provide current reserve information as well as reserve history on all claims.

6. The RMIS should have the capability to allow the City to run reports including safety from the City site locations.

7. Installation, training and support services should be available on a start-up basis and throughout the life of the contract.

H. Vocational Rehabilitation Services

1. Provide vocational rehabilitation services so disabled employees can be trained for alternative employment and work with the Secondary Employment Unit in the City's Personnel Department to identify alternative employment opportunities for disabled employees.

2. Provide vocational services necessary to coordinate with the defense of workers' compensation claims.

I. Subrogation Unit

1. The Third Party Administrator must maintain an indemnity and subrogation unit that assumes responsibility for actively pursuing third party negligence issues and recoveries on behalf of the City.

J. Program Transition

1. Guarantee the confidentiality of all injury files. Under no circumstances will information contained in those files be divulged without the prior permission from the City of Philadelphia's Risk Management Division.

2. Provide the City with any and all services deemed necessary to make the transition to a new administrator as smooth as possible.

3. Provide whatever assistance and services are necessary to assure that servicing of the City's Program is continued without interruption.

K. General

1. Operate a service office during normal business hours (8:30 a.m. to 5:00 p.m.), located within a reasonable distance of City Hall with dedicated staff adjusters, claims supervisors

and claims managers. In addition, emergency contact information for key claims personnel and emergency after hours claims services must be available to the City.

2. Consent to independent file audits.

SECTION XIV –THIRD PARTY ADMINISTRATOR SERVICE QUESTIONNAIRE

Please restate and provide a response that explicitly addresses each of the following items in the same order as presented in this section. Please note that any proposal that does not satisfactorily address all matters outlined in this section will be subject to rejection from consideration by the City.

A. Claims Management

1. Please describe how you will maintain separate claims information on each work-related occurrence as reported.

2. Please detail current procedures used by your organization in establishing and monitoring claim information.

3. Please detail the investigative and adjudicative actions used when handling claims for severe injuries. Outline the criteria used in deciding which claims are to be treated as severe in nature.

4. Please detail criteria used by your organization in determining claims which may require external investigatory attention.

5. Identify procedures your organization uses for surveillance, fraud and loss reconstruction. For example recommended methods for performing such services including the role the Contractor itself will play and the role of any subcontractors.

6. Describe details regarding comprehensive vocational rehabilitative services available. The proposal should include the Contractors' recommended methods for performing such services, the role the Contractor itself will play and the role of any subcontractors as a method to perform such services.

7. What is your current approach to designing and administering client survey programs?

8. Please specify any particular advantage which you feel your company can offer to the City of Philadelphia if selected as the administrator of its Employee Disability Program.

B. Claims Processing

1. What is the address of the proposed claims office for the City?

2. Explain your claims assignment philosophy, method or approach.

3. Indicate the number of employees you intend to dedicate to the administration of the Program.

4. Indicate the role and responsibility of each person and provide resumes.

5. How many claims are processed per day and per week, and what is the average caseload?

6. What is the claims examiner turnover rate for the past 12 months in the proposed claim office?

C. Cost Containment

1. Please detail standard cost control and internal loss procedures utilized by your organization during routine claims adjudication.

2. Please detail actions taken and recommendations made by your organization with regard to the control of overall work injury costs (both direct and indirect) in your administration of other accounts.

3. Please describe your companies reserving philosophy and provide details of the methods used by the adjusters when establishing initial or adjusting existing file reserves.

4. Please detail hypothetical circumstances that might be involved with the type of work injury case your company would recommend to the City for structured settlement and the reasons why.

5. Please detail hypothetical circumstances that might be involved with the type of work injury case your company would recommend to the City for commutation and the reasons why.

D. Reporting

1. Please describe how you will maintain loss statistics and experience information on both a Citywide basis and on a departmental basis.

2. Please describe how you will provide monthly, quarterly and year end loss reports. Please provide samples of these reports. Indicate whether or not these reports can be modified to accommodate the special needs of the City of Philadelphia.

3. Provide management reports (other than monthly, quarterly, and year-end loss reports) currently available in conjunction with the administration of similar plans, and any other reports. Please provide copies.

4. Provide samples of any other reports, which you will be able to produce for the City.

5. Reporting capabilities must include the ability to sort data by Program type and City department, and any other subsets as required. Describe your system capabilities to provide these types of reports.

6. Monthly reports should include number of no duty (lost time) days, number of light duty days and various other requirements. Describe your system capabilities to provide these types of reports.

E. Risk Management Information System

1. Describe your current computer system (e.g. type of hardware, software, etc.) and information regarding the compatibility of your present data systems with other systems.

2. Indicate if your system is accessible via the Internet or by dial up.

3. Indicate if your system is "present time" or some lag time.

4. Indicate if your system will provide adjusters notes, payments, reserving schedules and e-mail access, and provide samples of each.

5. Indicate if your system has package and ad hoc reporting capabilities and provide samples.

6. Indicate what training and ongoing services will be associated with your system and if there will be any costs associated with training and ongoing services.

7. The City of Philadelphia requires the ability to interface with your database in order to allow various City departments (approximately 10) to access and retrieve information and to generate reports on its work injury claims for in-house claims review, audit analysis and statistical purposes. Please describe your proposed set-up under such an arrangement. Please specify whether the cost to accommodate such an arrangement is included in your fee. Be specific as to what is necessary to accomplish this and as to what, if any, these costs are.

F. Program Transition

1. Please indicate the number of employees you intend to dedicate to the transition team of the City's Employee Disability Program. Please designate which of these individuals will be appointed as the City's "key contact person" concerning the transition of this Program.

2. Detail those services your company will provide during the set-up and transition phase prior to assuming the administration of this program.

3. Specifically detail how your organization will handle data transfer during transition. Please identify those factors that may delay data transfer and provide information on how your organization would address these obstacles.

4. Please comment on your experience in taking over a self-insured Employee Disability Program from another service provider. If you have not done so, please comment on how you would take over claims management of the City's Program.

5. Describe in detail how you plan to load information on open claims. Which closed claims, if any, would you load onto your system?

6. Describe how you would coordinate transition responsibilities with the Medical Health Care Provider(s).

7. Provide samples of any transition plans including transition reports you have developed for transition of other clients.

G. Medical Case Management

1. Describe the types of case management services you will be providing.

2. Indicate how many case managers you estimate are needed to handle the City's anticipated 5,000 new claims per year. Will the expected caseload vary depending on whether the care is rendered within or outside the network?

3. Indicate how the case managers will control cases that are being treated outside the network.

4. Describe what type of information, reporting mechanisms, and evaluation tools will be used to assure that the Medical Health Care Provider(s), Third Party Administrator, work site supervisor, and employee efforts are being coordinated.

5. What are your qualifications for medical case managers you intend to dedicate to the Program? Please provide copies of the individual's resumes.

6. Describe your approach to return-to-work management.

SECTION XV -WARRANTIES

It is anticipated the City's contract may include performance warranties, which will fall into two categories:

1. Guarantees or minimum standards such as; the Medical Health Care Provider(s) will perform 90% of initial medical care within 2 hours of presentation for treatment of the injury, or the Third Party Administrator will at a minimum make 90% of all three-point contacts on claims within the required time frames.

2. Incentives for better than anticipated performance such as; results of quality care, or employee satisfaction surveys.

Contractor(s) are invited to propose guarantees and/or incentives for the City's consideration. The warranties, if any, will be determined during the contract negotiations.

SECTION XVI - PROPOSED PROGRAM FEES

Respondents are encouraged to cooperate and combine to share the risk and work together to meet the City's needs. The Contractor(s) for all of the services in this proposal should provide the City with a detailed pricing model. Contractor(s) are not limited to one pricing model and are in fact encouraged to provide the City with alternative pricing models. Contractor(s) should include in any pricing model presented a detailed breakdown of the pricing relating to services such as the transition of the program, (RMIS) information systems, medical managed care, vocational services, financial or banking considerations, surveillance, fraud functions and any other ad hoc service available by the Contractor(s) and included in the pricing model.

The Contractor(s) must disclose all assumptions used in establishing its price.

The Contractor(s) should assume being awarded a one (1) year contract with three (3) one year renewal options, exercisable at the option of the City.

Contractor(s) must include in their pricing model specific information regarding the assumption/transfer of the City's current open claims inventory from its present vendor(s).

The Third Party Administrator should assume a transfer (run-off) inventory of approximately 1500 files at the Program inception. These run-offs files are comprised of 746 Regulation 32 cases and 744 open Workers Compensation files.

The Medical Health Care Provider(s) must make pricing considerations for the possible transfer of 746 Regulation 32 cases based on the assessment of the necessity to make network changes.

SECTION XVII – APPENDICES

1. City of Philadelphia Personnel Count by Department

2. Civil Service Regulation 32

3. City of Philadelphia Geographic Work Site Locations

4. Exhibit I, Regulations and Legal Requirements

5. Exhibit II, Participation of Disadvantaged Minority, Women and Disabled Owned Business Enterprises

6. Sample Contract

7. City of Philadelphia Claim Summary by Accident Year

8. City of Philadelphia Program Expenditures 1999, 2000 and 2001

9. City of Philadelphia Incurred Losses Greater Than $50,000.00

10. City of Philadelphia Summary Loss Report by Department

11. City of Philadelphia Open Claims Loss Report by Department

12. City of Philadelphia Claims Filed by Cause Description

To obtain copies of the above listed attachments, please contact Risk Management at the address indicated on page 2 of this Proposal.