**RFP process overview**

- HMO and OAP RFPs were released to the market in 2010
  - Responses from bidding vendors were received in late 2010 and all scoring was finalized in early 2011
- Evaluation of each procurement was done separately and independently
- The overall financial analysis of the bids were analyzed after RFP scoring was finished
Responding vendors

State of Illinois
Managed care plans

Health Alliance
Blue Cross
Blue Shield
(HMO only)

HealthLink
(OAP only)

Humana

PersonalCare

Mercer
HMO RFP – Responding vendors

State of Illinois
Managed care plans

Blue Cross
Blue Shield

Health Alliance

Humana

PersonalCare
Scoring – HMO RFP

- Maximum RFP score:
  - Price (Premium) 2,800 (70%)
  - Technical 1,200 (30%)
  - Total 4,000

- Premium rates were used to score price

- Technical scoring was weighted into the following categories:
  - Provider network 550
  - Medical/utilization management 90
  - Health management 10
  - Other administration and capabilities areas 550

1,200
### Scoring results – HMO RFP

<table>
<thead>
<tr>
<th>Bidding vendor</th>
<th>Price score</th>
<th>Technical score</th>
<th>Total score</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCBSIL - Blue Advantage</td>
<td>2,800</td>
<td>937</td>
<td>3,737</td>
<td></td>
</tr>
<tr>
<td>BCBSIL - HMO Illinois</td>
<td>2,675</td>
<td>937</td>
<td>3,612</td>
<td>-125</td>
</tr>
<tr>
<td>PersonalCare</td>
<td>2,479</td>
<td>1,015</td>
<td>3,494</td>
<td>-243</td>
</tr>
<tr>
<td>Health Alliance</td>
<td>2,310</td>
<td>1,050</td>
<td>3,360</td>
<td>-377</td>
</tr>
<tr>
<td>Humana</td>
<td>2,174</td>
<td>998</td>
<td>3,172</td>
<td>-565</td>
</tr>
</tbody>
</table>

- BCBSIL (Blue Advantage and HMO Illinois) premium rates were significantly lower than the remaining bidding vendors
- Technical scoring results were relatively competitive
- Overall, BCBSIL was the clear winner
HMO premium comparison – per person

Components of spend (HMO RFP)
All pools

BCBS Blue Advantage HMO premium rates are 5% lower than BCBS HMOI

RFP incumbent response vs. HMOI +15.8%
RFP award vs. HMOI +23.0%

BCBS HMOI $5,326 vs. HMOI $5,744
PersonalCare HMO $4908 vs. HMOI $5,259
Health Alliance HMO $6,166 vs. HMOI $5,753
Humana HMO $6,553 vs. HMOI $5,979
Composite HMO $5,859 vs. HMOI $5,422
BCBS HMOI $5,326 vs. HMOI $4,908

Claims Retention/fees
OAP RFP
OAP RFP – Responding vendors

Health Alliance

HealthLink

Humana

PersonalCare

State of Illinois
Managed care plans
Managed care benefits

Note: Figures represent percent of charges by tier during the first nine months of FY2011 under the current OAP plan
Cost to the State
Fully insured vs. self insured

- Fully insured (HMO)
  - Medical claims
  - Drug claims
  - Administration
  - Risk charges & insurer profit

- Self insured (OAP)
  - Medical claims
  - Drug claims
  - Administration
  - Reduced risk charges & profit

Industry benchmarks
- $1
- $0.96

- Cost effective
- Member choice
Scoring – OAP RFP

- Maximum RFP score:
  - Price (Admin) 700 (28%)
  - Technical 1,800 (72%)
  - Total 2,500

- Only administrative fees were used to score price

- Technical scoring was weighted into the following categories:
  - Provider network 250 (10%)
  - Provider network contracting 900 (36%)
  - Medical/utilization management 90 (4%)
  - Health management 10 (0%)
  - Other administration and capabilities areas 550

\[
\text{Admin + Projected claims (78%)}
\]
### Scoring results – OAP RFP

<table>
<thead>
<tr>
<th>Bidding vendor</th>
<th>Price score</th>
<th>Technical score</th>
<th>Total score</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>HealthLink</td>
<td>700</td>
<td>1,526</td>
<td>2,226</td>
<td></td>
</tr>
<tr>
<td>PersonalCare</td>
<td>660</td>
<td>1,565</td>
<td>2,225</td>
<td>-1</td>
</tr>
<tr>
<td>Humana</td>
<td>476</td>
<td>1,555</td>
<td>2,031</td>
<td>-195</td>
</tr>
<tr>
<td>Health Alliance</td>
<td>638</td>
<td>1,368</td>
<td>2,006</td>
<td>-220</td>
</tr>
</tbody>
</table>

- There was a significant difference in total score between the two awarded vendors and the other two vendors.
OAP medical network comparison

Responses to provider network and provider network contracting questions were analyzed to evaluate the relative differences in projected medical claims for each vendor.

Figures less than zero reflect projected medical claim savings compared to HealthLink (the incumbent OAP vendor).

Differences in projected medical claims were used in the resulting financial projections.

<table>
<thead>
<tr>
<th>Region</th>
<th>HealthLink</th>
<th>Health Alliance</th>
<th>Humana</th>
<th>PersonalCare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chicagoland, IL</td>
<td>Incumbent</td>
<td>15.2%</td>
<td>1.9%</td>
<td>-17.6%</td>
</tr>
<tr>
<td>Greater Rockford, IL</td>
<td>13.3%</td>
<td>-9.4%</td>
<td>-10.4%</td>
<td></td>
</tr>
<tr>
<td>Greater Peoria, IL</td>
<td>-1.5%</td>
<td>-16.3%</td>
<td>-17.1%</td>
<td></td>
</tr>
<tr>
<td>West Central, IL</td>
<td>-10.0%</td>
<td>Limited service area</td>
<td>-26.6%</td>
<td></td>
</tr>
<tr>
<td>East Central, IL</td>
<td>-5.3%</td>
<td></td>
<td>-12.0%</td>
<td></td>
</tr>
<tr>
<td>Greater St. Louis, IL</td>
<td>14.1%</td>
<td>Not included in RFP bid</td>
<td>-9.1%</td>
<td></td>
</tr>
<tr>
<td>Southern IL</td>
<td>-14.3%</td>
<td></td>
<td>-20.5%</td>
<td></td>
</tr>
</tbody>
</table>
Bid award
Projected cost comparison

<table>
<thead>
<tr>
<th>FY2012 Projected spend per enrollee per year</th>
<th>Current Composite HMO</th>
<th>Current Composite OAP</th>
<th>Projected Composite HMO</th>
<th>Projected Composite OAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims</td>
<td>$5,422</td>
<td>$7,189</td>
<td>$418</td>
<td>$6,035</td>
</tr>
<tr>
<td>Retention/fees</td>
<td>$437</td>
<td>$171</td>
<td>$4,908</td>
<td>$175</td>
</tr>
</tbody>
</table>

RFP incumbent response: $7,359
RFP award: $6,210

-9.1% decrease from RFP incumbent response
-15.6% decrease from RFP award
Prescription drugs were excluded from this analysis to compare HMO and OAP vendors on a consistent basis.

Enrollment in OAP plans will have access to competitive Medco contracts which the State receives drug rebates on, unlike the HMO contracts.