

Notice of Intent

THE CITY OF NEW YORK
OFFICE OF LABOR RELATIONS
EMPLOYEE BENEFITS PROGRAM
NEGOTIATED ACQUISITION FOR
HEALTH BENEFIT SERVICES
FOR NEW YORK CITY EMPLOYEES,
PRE-MEDICARE RETIREES,
AND THEIR DEPENDENTS
EPIN: 00223N0002

Basic Information

Expression of Interest Due Date	October 28, 2022 – 3 P.M. E.T.
Agency Contact Person	Georgette Gestely Title: Director, Employee Benefits Program Mailing Address: 22 Cortlandt Street, 12 th Floor New York, NY 10007 Email: ggestely@olr.nyc.gov
Expression of Interest Instructions	<p>If your organization is interested in being considered for award, please electronically submit an expression of interest addressed to the Agency Contract Person above, via secure encrypted email, and please copy Dean Weltman, Agency Chief Contracting Officer, at dweltman@olr.nyc.gov by the due date indicated above.</p> <p>Any questions about this Negotiated Acquisition or the documents contained therein should be emailed to the Agency Contact Person and please copy Dean Weltman, Agency Chief Contracting Officer, at dweltman@olr.nyc.gov. RESPONSES TO ALL QUESTIONS RECEIVED BY OCTOBER 25, 2022 WILL BE POSTED BY OCTOBER 26, 2022 IN THE FORM OF ADDENDAS TO THE NEGOTIATED ACQUISITION ON THE OLR WEBSITE.</p>
Anticipated Contract Term	It is anticipated that the base term of the Contract awarded from this negotiated acquisition procurement will be from on or about January 1, 2024 to December 31, 2030. The contract shall also include two options to renew,

	beginning January 1, 2031, for one-year each. OLR reserves the right, prior to contract award, to determine the length of the initial contract term and the option to renew, if any.
Anticipated Number Contracts [& Competition Pools]	It is anticipated that the Agency will award one contract as a result of this procurement.
Anticipated Funding	It is anticipated that the annual funding for the contract awarded as a result of this procurement will be approximately \$10B. The City and MLC expect to spend less to deliver health care through innovation and a best-in class-partner, trustworthy partner, and not through simple cost shifting, limiting care, or asking members to contribute to participate.
Payment Structure	City will pay the vendor a national monthly premium rate. The contract must provide either a trend cap or rate guaranty for the initial term of the contract.
Subcontracting (If applicable)	Subcontracting will be permissible under the awarded contract, subject to the approval of the Agency.

1. **Program Background**

This Negotiated Acquisition (NA) is issued by the Mayor’s Office of Labor Relations – Employee Benefits Program (OLR or “Agency”) on behalf of the Labor Management Health Insurance Policy Committee for the New York City Health Benefits Program. The purpose of this NA is to solicit expressions of interest from qualified vendors to provide health benefits services for New York City employees, pre-Medicare retirees and their dependents who are eligible for the City’s Health Benefits Program, on or about effective January 1, 2024.

The City currently provides health benefits for over 1.2 million employees, retirees, and dependents through multiple programs from which its members choose. The most predominant medical program for employees and pre-Medicare retirees has about 730,000 members in a single PPO plan – The Comprehensive Benefits Plan (“CBP”). Another approximately 230,000 members are enrolled in HMOs and other smaller, fully insured arrangements. Additionally, approximately 260,000 are enrolled in Medicare plans. With respect to prescription drug benefits, the City directly provides coverage only for self-injectable and chemotherapy drugs (PICA) ¹. Preventive drugs mandated by the ACA/NY State are covered by the PPO plan. All other prescription drug coverage, as well as other welfare benefits such as dental, vision and disability, if any, is provided by individual union welfare programs that are funded by the City but operated independently. The CBP program facility (Hospital inpatient and outpatient) and professional (physician, lab, radiology, urgent care, and any other non-hospital based care) benefits are delivered through a bifurcated program (two different vendors – one for facility coverage and one for professional/other medical). The remaining prescription drug benefits are provided by multiple vendors via a combination of union welfare funds and carrier optional riders. Care management is provided primarily by the carrier that provides facility coverage; however, a limited number of chronic condition management programs are provided by the carrier that provides medical coverage. Prescription drugs are managed by various vendors for their component of coverage.

The medical programs are either fully insured or a minimum premium arrangement, resulting in less flexibility on design. Details can be found at [healthbenefitshome \(nyc.gov\)](https://www1.nyc.gov/site/olr/health/summaryofplans/health-pica.page)

¹ <https://www1.nyc.gov/site/olr/health/summaryofplans/health-pica.page>

2. Mission Statement/Purpose

New York City health benefits are determined through the collective bargaining process between the City and the Municipal Labor Committee (MLC), an umbrella organization to which the municipal unions belong. The City of New York (City) is issuing an NA to solicit partners with which to undertake a new, comprehensive, cost-effective employee health benefit program. Interested, qualified firms may submit responses to this NA for consideration by the City and the MLC. This new program has a target effective date of January 1, 2024 and will cover the City employees, pre-Medicare retirees and their dependents.

Mission Statement: City and MLC expect to spend less to deliver health care through innovation and a best in class, trustworthy partner, and not through simple cost shifting, limiting care, or asking members to contribute to participate.

The City and its unions are aware that innovative contractual/financial and/or value-based design strategies, care coordination and management programs can help achieve a more effective program. The City and unions seek a reliable partner with which to redesign the PPO to provide a new, robust, state of the art, cost-effective, member-focused program that is worthy of the greatest city in the world.

3. Scope of Services

A successful health care solution will be effective January 1, 2024 and meet the following key criteria:

- 1) Reduce the total cost of delivering healthcare to a target level of affordability
 - a. While continuing to provide efficient, high-quality healthcare to all City employees and pre-Medicare retirees
 - b. With limited changes in member out-of-pocket cost
 - c. Without requiring member premium contributions for the core program
- 2) Offers meaningful guarantees and partner risk-taking to ensure the City can budget effectively and confidently for the cost of healthcare as part of the overall compensation and benefits package
- 3) Utilizes some or all of the following strategies in designing a benefit program:
 - a. Value based plan design to encourage positive health outcomes
 - b. Focus on broad utilization of primary care
 - c. Effective management of chronic conditions
 - d. Anticipation and management of high-cost claimants
 - e. Focus on directing membership to most cost-effective providers through education and plan design (using centers of excellence and/or high-performing networks with benefit design differentials and a focus on positive health outcomes)
 - f. Use of alternative contracting such as Accountable Care Organizations (ACOs), medical homes or other attributed models with a pay-for-performance component
 - g. Digital opportunities and remote medical delivery to ensure access and cost-effective member support

- h. Robust data sharing of pharmacy, professional and facility claims that is compliant with HIPAA and the City's confidentiality requirements and data analytics, predictive modeling, and related Artificial Intelligence (AI) strategies to deliver data-driven solutions.
 - i. Site of care and channel management
 - j. Understand the financial impact of consolidation and coordination of some or all of the prescription drug component programs.
- 4) **Avoids** the following in achieving the program goals:
- a. Participant payroll contributions for the core program
 - b. Member cost shifting unless part of the direction toward the value-based plan design *and* while maintaining the current high actuarial value plan design for preferred vendors
 - c. Network inadequacy (while a number of the City's employees are geographically concentrated, the program includes pre-Medicare retirees and members in every state). Assume the program will not penalize members outside a high performing network area
 - d. Fractured, unmanaged or uncoordinated care
 - e. Weak data analytics and/or inability to measure outcomes
 - f. Elimination of coverage for any benefit currently provided without justification (such as lack of medical necessity, obsolete medical practice, etc.)
 - g. Poorly communicated, ineffectively delivered or unproven programs or designs

4. Expression of Interest Content & Instructions

If your organization is interested in being considered for award, please electronically submit an expression of interest addressed to the Agency Contract Person above, via the secure encrypted email, and please copy Dean Weltman, Agency Chief Contracting Officer, at dweltman@olr.nyc.gov, no later than 3:00 P.M. E.T. October 28, 2022. If you have any technical difficulties submitting the expression of interest electronically, please contact Dean Weltman, Agency Chief Contracting Officer, at dweltman@olr.nyc.gov.

The expression of interest should not include any pricing information.

The Expression of Interest should include the following:

A. LETTER OF TRANSMITTAL

A transmittal letter, on the respondent's business stationery, binding the respondent to all statements contained in the Expression of Interest, including those regarding services and representations. The letter shall contain, but not be limited to, the following information:

1. Name of the organization submitting the Expression of Interest, date of submission, and title: "Negotiated Acquisition for Health Benefit Services for New York City Employees, Pre-Medicare Retirees, and their Dependents"
2. The respondent's legal status (i.e., corporation, partnership, etc.), date and place of organization and/or incorporation, and the state(s) in which it is authority to do business.

Relationships between two or more firms shall be either as joint venture partners or prime consultant/sub-consultant. Joint ventures must carry the required insurance either as policies written specifically for the joint venture entity, or by using their existing single entity policies with endorsements written for the joint venture activity.

The Agency does not recognize the corporate configuration wherein one company is “in association with” another. In the event that a proposal is received wherein two or more firms are described as being “in association with” each other, the Agency will treat the relationship as one of prime consultant/sub-consultant(s). The parties must reveal the non-financial details of the joint venture or consultant/subconsultant relationship to the City and the MLC. There is no minimum requirement for the proportion of work by either of the two joint venture partners.

3. A statement indicating the names of all entities related to the respondent including, but not limited to, all companies, parent company, subsidiaries and affiliated entities and the relationships between each of the entities and the respondent.
4. A statement including the names of all the principals and members of the respondent's team who would be servicing this contract.
5. The location of the respondent's headquarters.
6. The name, title, address, telephone number, email address and facsimile number of the person(s) authorized to discuss the Expression of Interest with the City and to bind the respondent to the terms of such discussions and to enter into a written agreement with the City.
7. Clear and unequivocal statements of the following:
 - A. Respondent has authority to do business in the State of New York.
 - B. Respondent must represent and warrant that: (i) it is not in arrears to the City of New York upon any debt or contract (in addition to any other debt, please be advised unpaid Environmental Control Board (ECB) fines are a determining factor in evaluating vendor responsibility for all Agency contracts and purchasing decisions); (ii) that Proposer has not been declared not responsible, or disqualified, by any agency of the City of New York or State of New York within the last ten (10) years; and (iii) that there are no proceedings pending relating to the responsibility or qualification of the Proposer to receive public contracts.
8. The respondent must assert in writing that it will conduct any and all activities related to any contract that may be awarded as a result of this NA in strict conformity with any and all applicable City of New York, State of New York and federal laws, rules, regulations and provisions governing such matters. Such statement shall be made in this Section (4)(A)(8) of the Letter of Transmittal.
9. Confirmation that the Expression of Interest is being submitted by the respondent in conformity with the specifications contained in this Notice of Intent.
10. The respondent's narrative with respect to any confidentiality issues with regard to its expression of interest.
11. Confirmation of the Vendor's completion of the Doing Business Data Form. After registering at the OLR Procurement Center on the OLR website, the Doing Business Data Form is located in the Important documents section. Please include the completed Doing Business Data Form along with the Letter of Transmittal.

B. EXPRESSION OF INTEREST QUESTIONNAIRE

As part of the Expression of Interest, respondent shall include its responses to the questions set forth in the Expression of Interest Questionnaire. After registering at the OLR Procurement Center on the OLR website, the Questionnaire is located under Procurements for Health Benefits Program.

C. EXPRESSION OF INTEREST REVIEW

All expressions of interest received in the manner set forth will be reviewed by the Agency to determine if they are responsive to this solicitation. Expressions of interest determined to be non-responsive will not be further considered.

D. NEGOTIATIONS WITH VENDORS

Respondents that submit an expression of interest determined by the Agency to be responsive will enter into negotiations with the Agency. The Agency will provide the responsive respondents with the following:

- Technical Questionnaire
- Price Questionnaire
- City high level claim and participant data (age/gender counts) for the applicable population (current CBP, PICA program and available RX data), subject to submission of an executed Non-Disclosure Agreement and Notice of Intent to Submit Response
- Required contract provisions with the City of New York Office acting through the Mayor's Office of Labor Relations on behalf of the Labor Management Health Insurance Policy Committee
- Minority and Women-Owned Business Enterprise (M/WBE) Utilization Plan Requirements

New York City's M/WBE program, established in 2005, was designed to promote government contracting opportunities for certified M/WBEs. Accordingly, the Department of Small Business Services (SBS) built a program dedicated to promote fairness and equity in accessing contracting opportunities for City procurement. In 2013, Local Law 1 was enacted to help strengthen the M/WBE Program. Pursuant to Local Law 1 agencies are required to establish M/WBE participation requirements in the procurement based upon the type of contract as well as the availability of certified M/WBEs with the capacity to perform the specific types and scale of work anticipated in such procurements.

Please be advised this NA has been determined to be exempt from the Local Law 1 M/WBE participation requirements.

However, the Agency still seeks to promote government contracting opportunities for certified M/WBEs through the implementation of a voluntary M/WBE Utilization Plan. Respondents determined to be responsive and selected to enter into negotiations with the Agency will be required to include a voluntary M/WBE Utilization Plan with their negotiated acquisition documents.

5. **Negotiations & Contract Award**

A contract will be awarded to the responsible vendor whose offer is determined to be the most advantageous to the City, taking into consideration technical expertise, price, contract terms, and the other factors set forth in this solicitation.

OLR reserves the right to conduct site visits, to conduct interviews, or to request that organizations make presentations, as deemed applicable and appropriate.

6. **General Information to Respondents**

- A. Complaints.** The New York City Comptroller is charged with the audit of contracts in New York City. Any respondent who believes that there has been unfairness, favoritism or impropriety in the NA process should inform the Comptroller, Office of Contract Administration, 1 Centre Street, Room 1005, New York, NY 10007; contract@comptroller.nyc.gov, or at (212) 669-2323. In addition, the New York City Department of Investigation should be informed of such complaints at its Investigations Division, 80 Maiden Lane, New York, NY 10038; the telephone number is (212) 825-5959.
- B. Applicable Laws.** This NA and the resulting contract award(s), if any, unless otherwise stated, are subject to all applicable provisions of New York State Law, the New York City Administrative Code, New York City Charter and New York City Procurement Policy Board (PPB) Rules. A copy of the PPB Rules may be obtained by contacting the PPB at (212) 788-0010 or at: <http://www.nyc.gov/html/mocs/ppb/html/home/home.shtml>.
- C. General Contract Provisions.** Contracts shall be subject to New York City's general contract provisions, in substantially the form that they appear in "Appendix A—General Provisions Governing Contracts for Consultants, Professional and Technical Services" or, if the Agency utilizes other than the formal Appendix A, in substantially the form that they appear in the Agency's general contract provisions. A copy of the applicable document is available on the OLR website.
- D. Identifying Information Rider. Appendix B, the Identifying Information Rider** will be attached to any contract arising from this solicitation. However, Appendix B may be revised from time to time. Any contract entered into as a result of this solicitation will include the most recent version of the Identifying Information Rider. A copy of the applicable document is available on the OLR website.
- E. Contract Award.** Contract award is subject to each of the following applicable conditions and any others that may apply: New York City MacBride Principles Law; submission by the respondent of the requisite New York City Department of Business Services/Division of Labor Services Employment Report and certification by that office; submission by the proposer of the requisite PASSPORT/VENDEX Questionnaires/Affidavits of No Change and review of the information contained therein by the New York City Department of Investigation; all other required oversight approvals; applicable provisions of federal, state and local laws and executive orders requiring affirmative action and equal employment opportunity; and Section 6-108.1 of the New York City Administrative Code relating to the Local Based Enterprises program and its implementation rules.

- F. Respondent Appeal Rights.** Pursuant to New York City’s Procurement Policy Board Rules, respondents have the right to appeal Agency non-responsiveness determinations and Agency non-responsibility determinations and to protest an Agency’s determination regarding the solicitation or award of a contract.
- G. Multi-Year Contracts.** Multi-year contracts are subject to modification or cancellation if adequate funds are not appropriated to the Agency to support continuation of performance in any City fiscal year succeeding the first fiscal year and/or if the contractor’s performance is not satisfactory. The Agency will notify the contractor as soon as is practicable that the funds are, or are not, available for the continuation of the multi-year contract for each succeeding City fiscal year. In the event of cancellation, the contractor will be reimbursed for those costs, if any, which are so provided for in the contract.
- H. Prompt Payment Policy.** Pursuant to the New York City’s Procurement Policy Board Rules, it is the policy of the City to process contract payments efficiently and expeditiously.
- I. Prices Irrevocable.** Prices proposed by the respondent shall be irrevocable until contract award unless the response is withdrawn. Responses may only be withdrawn by submitting a written request to the Agency prior to contract award but after the expiration of 90 days after the opening of responses. This shall not limit the discretion of the Agency to request respondents to revise proposed prices through the submission of best and final offers and/or the conduct of negotiations.
- J. Confidential, Proprietary Information or Trade Secrets.** Respondents should give specific attention to the identification of those portions of their responses that they deem to be confidential, proprietary information or trade secrets and provide any justification of why such materials, upon request, should not be disclosed by the City. Such information must be easily separable from the non-confidential sections of the response. All information not so identified may be disclosed by the City.
- K. NA Postponement/Cancellation.** The Agency reserves the right to postpone or cancel this NA, in whole or in part, and to reject all responses.
- L. Respondent Costs.** Respondents will not be reimbursed for any costs incurred to prepare responses/proposals.
- M. PassPort Fees.** Pursuant to PPB Rule 2-08(f)(2), the contractor will be charged a fee for the administration of the PassPort system, including the Vendor Name Check Process, if a Vendor Name Check review is required to be conducted by the Department of Investigation. The contractor shall also be required to pay the applicable fees for any of its subcontractors for which Vendor Name Check reviews are required. The fee(s) will be deducted from payments made to the contractor under the contract. For contracts with an estimated value of less than or equal to \$1,000,000, the fee will be \$175. For contracts with an estimated value of greater than \$1,000,000, the fee will be \$350. The estimated value for each contract resulting from this Negotiated Acquisition is estimated to be above \$1million.