



Department of Civil Service

INVITATION FOR BID #DEAS-2015-1

“New York State Health Insurance Program Dependent Eligibility Audit Services”

RELEASE DATE: May 7, 2015

PROPOSAL DUE DATE: June 5, 2015

IMPORTANT NOTICE: A Restricted Period under the Procurement Lobbying Law is currently in effect for this Procurement and it will remain in effect until State Comptroller approval of the resultant Contract. During the Restricted Period for this Procurement ALL communications must be directed, in writing, solely to the Department’ Procurement manager as listed below and shall be in compliance with the Procurement Lobbying Law and the NYS Department of Civil Service “*Rules Governing Conduct of Competitive Procurement Process*” (refer to Section II: Procurement Protocol and Process).

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SECTION I: INTRODUCTION**A. Purpose**

The purpose of this Invitation for Bid (IFB), #DEAS-2015-1 entitled “New York State Health Insurance Program Dependent Eligibility Audit Services” is to competitively secure the services of a qualified entity to administer a one-time verification of Dependent eligibility for the Employee Benefits Division of the NYS Department of Civil Service in its administration of the New York State Health Insurance Program (NYSHIP) either directly or through subcontracts with organizations qualified to perform all or some of the Project Services required by this IFB.

- **Note:** The Department has taken care in preparing the data accompanying this IFB, however, the Department does not warrant the accuracy of the data. The numbers or statistics which appear in the IFB are for informational purposes only and should not be used or viewed by prospective Offerors as guarantees or representations of any levels of past or future performance or participation. Accordingly, prospective Offerors should rely upon and use such numbers or statistics in preparing their Proposals at their own discretion.

The Department will accept Proposals only from qualified Offerors and will consider for evaluation and selection purposes only those Proposals that it determines to be responsive to the requirements of the IFB and the Project Services duties and responsibilities set forth in the IFB, Section IV “Technical Section.”

Enrollees will be granted a one-time Amnesty Period to report Dependents who are not eligible to participate in NYSHIP and to terminate their eligibility on a current basis. Article XI Section 164 of NYS Civil Service Law has been amended to state:

“2. During the fiscal year ending March thirty-first, two thousand sixteen, the President may establish an Amnesty Period not to exceed sixty days. During this Amnesty Period when any Employee enrolled in the plan voluntarily identifies any ineligible Dependent:

- (a) the termination of the ineligible Dependent's coverage resulting from such Employee's timely compliance shall be made on a current basis;
- (b) the plan shall not seek recovery of any claims paid based on the coverage of the ineligible Dependent;
- (c) the Employee shall not be entitled to any refund of premium paid on behalf of any such ineligible Dependent; and
- (d) the Employee shall not be subject to any disciplinary, civil or criminal action, directly as a result of the coverage of the ineligible Dependent.”

It is the Department's intent to enter into a Contract (Agreement) with one (1) Offeror selected as a result of this IFB. The Agreement will be for a term of fifteen (15) months, including a 60-Day Implementation Period, an Amnesty Period (not to exceed 60 Days), an Eligibility Verification Period comprised of up to three (3) Phases, and 90 Day Appeal and Reinstatement Period(s) for each Phase of the Eligibility Verification. All eligibility verification must be completed within one (1) year of the Agreement start date and all Project Services must be completed within fifteen (15) months of the Agreement start date. This Agreement is subject to approval by the NYS Office of the Attorney General and the NYS Office of the State Comptroller.

The Offeror must agree to be bound by its Proposal which will be explicitly incorporated by reference into the executed Agreement. The Department will only contract with a single Offeror, which will be the sole contact with regard to all provisions of the Agreement. If the Offeror's Proposal includes Key Subcontractors or Affiliates, the Offeror will be considered the Prime Contractor, and the Offeror shall assume full responsibility for the fulfillment of all of the Contractor responsibilities under the Agreement. This IFB and other relevant information may be reviewed at: <http://www.cs.ny.gov/DEAS2015IFB/index.cfm>.

Note: Refer to Section VIII: Glossary of Terms, for definitions of terms used throughout this IFB.

B. Overview of the New York State Health Insurance Program

The New York State Health Insurance Program (NYSHIP) was established by the New York State Legislature in 1957 to provide essential health insurance protection to New York State (NYS) Employees, Retirees, and their eligible Dependents. Civil Service Law allows the New York State Employee Health Insurance Plan the option to be self-funded. The Participating Provider Organization option of NYSHIP, The Empire Plan, became fully self-funded in 2014. Public authorities, public benefit corporations, and other quasi-public entities, such as the NYS Thruway Authority and the Dormitory Authority may choose to participate in NYSHIP; those that do are called Participating Employers (PEs). Article XI of the NYS Civil Service Law also allows local units of government such as school districts, special districts, and municipal corporations to participate in NYSHIP; those local government units which choose to participate in NYSHIP are called Participating Agencies (PAs). At present, there are approximately 457 NYS agencies, 95 PE agencies, and 792 PA agencies in NYSHIP. Under Article XI of the Civil Service Law, as amended and 4 New York Code of Rules and Regulations (NYCRR) Part 73, as amended, the President, who also serves as the Commissioner of the Department, through the Department's Employee Benefits Division (EBD), is responsible for the ongoing administration of NYSHIP.

NYSHIP currently covers over 606,500 NYS, PA and PE Employees and Retirees. Eligible covered Dependents bring the total number of covered lives to approximately 1,232,200.

NYSHIP currently provides health benefits coverage through The Empire Plan, a Participating Provider Organization (PPO) with managed care components, and nine (9) Health Maintenance Organizations (HMOs). The Excelsior Plan is a lower cost version of The Empire Plan available only to PAs. Additionally, the Student Employee Health Plan (SEHP) is administered through The Empire Plan contracts. SEHP is a health benefits plan for graduate student Employees of New York State and the New York City University systems. NYS and PE Employees and Retirees may elect to enroll in either The Empire Plan or in HMOs offered through NYSHIP. NYSHIP offers only The Empire Plan and the Excelsior Plan to PAs. PAs may, and

frequently do, offer HMOs directly to their own Employees and Retirees as an alternative to Empire Plan coverage.

Upon award and approval of the Agreement by the Office of the Attorney General, and Office of the State Comptroller, there will be a 60-Day Implementation Period. Following the 60-Day Implementation Period, eligibility verification will be conducted in two parts: an Amnesty Period; and an Eligibility Verification Period in which Enrollees will be required to provide proof of each Dependent's eligibility directly to the Contractor. There will only be one Amnesty Period for all groups (NY, PE and PA). The Contractor will be responsible for administering the Amnesty Period under this Agreement.

After conclusion of the Amnesty Period, the Eligibility Verification Period will be performed in up to, but no more than three (3) Phases. The duration and composition of the Phases will be conducted as mutually agreed upon by the Department and the Contractor.

Additional 90-Day Appeal and Reinstatement Period(s) associated with each Phase of the Eligibility Verification Period will be used to process coverage Reinstatements when the Enrollee files an Appeal and a determination is made by the Contractor that the termination of the Dependent's coverage should be repealed, based on review of supporting documents provided by the Enrollee or Dependent.

The 60-Day Implementation Period, Amnesty Period, and the Eligibility Verification Period must be completed within one (1) year from the Agreement start date. All DEA Project Services, including DEA verification services and completion of the 90-Day Appeal and Reinstatement Period(s) must be completed within fifteen (15) months of the Agreement start date.

C. Overview of Health Insurance Enrollment Transaction Processing

Enrollment information is maintained on the New York Benefits Eligibility and Accounting System (NYBEAS), which is administered by the Department. Each State Agency, Participating Employer and Participating Agency designates one or more of their Employees as the Health Benefits Administrators (HBAs) for their Enrollees. The HBA determines member eligibility (see Exhibit II.A of this IFB for Dependent

Eligibility Guidelines) and effective dates of coverage based on policies and procedures provided by the Department and in most cases enrolls the members directly in NYBEAS. NYBEAS contains numerous edits to verify the eligibility of the member and to ensure the proper waiting period has been met prior to accepting the enrollment transaction. HBAs are responsible for reviewing and storing all proofs of Enrollee and Dependent eligibility.

Department staff acts as the HBA for Employees who have left State service and continue their enrollment in NYSHIP (Retirees, Vesteers, COBRA, etc.); State Employees who are on Leave without Pay or Workers' Compensation Leave; and Dependents who survive Enrollees or who continue coverage under COBRA. See Dependent Survivor Eligibility Guidelines in Exhibit II.B of this IFB. Department staff also acts as the HBA for certain smaller agencies. Department staff is available to assist HBAs with enrollment and eligibility issues and to process or correct transactions on NYBEAS that the HBAs are not authorized to complete themselves.

Eligibility changes are transmitted daily to the Empire Plan Hospital, Medical, Mental Health and Substance Abuse, and Prescription Drug insurance carriers, and daily or weekly to the HMOs. Unless the Enrollee notifies his/her HBA of a change in a Dependent child's status, the Dependent child is maintained in NYBEAS until the end of the month in which they turn 26 years old.

In 2009, the Department contracted with a vendor to perform a Dependent Eligibility Audit. The number of Dependents removed during the Amnesty Period was 18,222 and the number of Dependents removed during the Eligibility Period was 25,763 for a total of 43,985. Initially 71,267 Dependents were removed during the Eligibility Verification Period but 45,504 were reinstated as the result of Enrollee submitted Appeals. The 2009 audit was the first Dependent eligibility audit to be performed since NYSHIP's inception, and although there has been no further audit verification of NYSHIP Dependent eligibility since 2009, NYSHIP's eligibility policies were updated at that time to include more stringent requirements that HBA's must follow when adding Dependents.

As of February 2015, there are approximately 323,000 Family Policies with approximately 638,000 total Dependents enrolled in NYSHIP. The Department

recently performed an internal audit to verify that supporting eligibility documentation is on file for Dependent children who were verified in the previous 2009 DEAS. As a result of the internal audit, of the 638,000 total NYSHIP enrolled Dependents, the Department has estimated approximately 220,000 Dependent children meet NYSHIP's Dependent eligibility criteria, and will be included in the Amnesty Period, but will not be subject to the audit.