

May 25, 2011

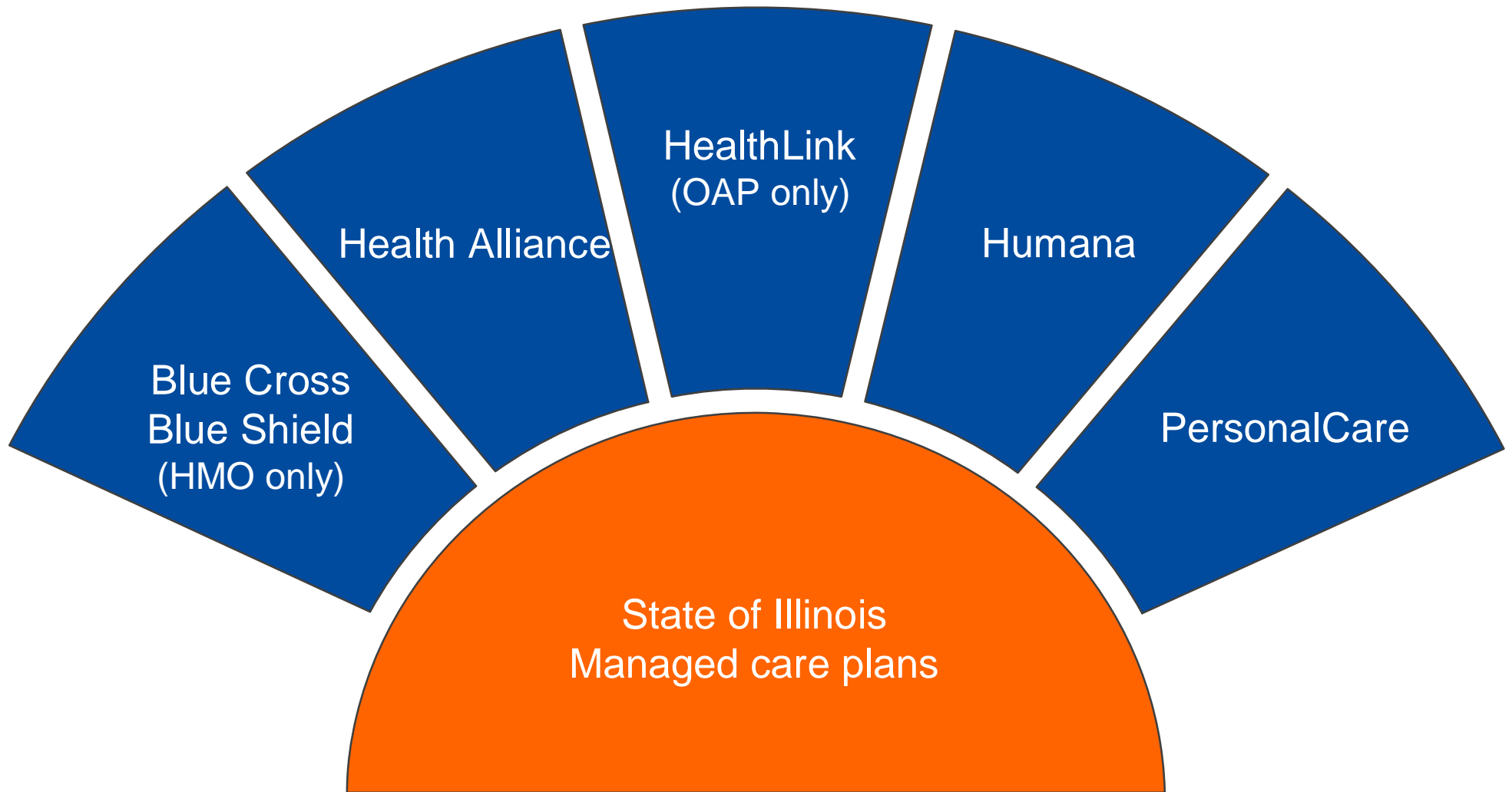
State of Illinois Medical RFP Analysis



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

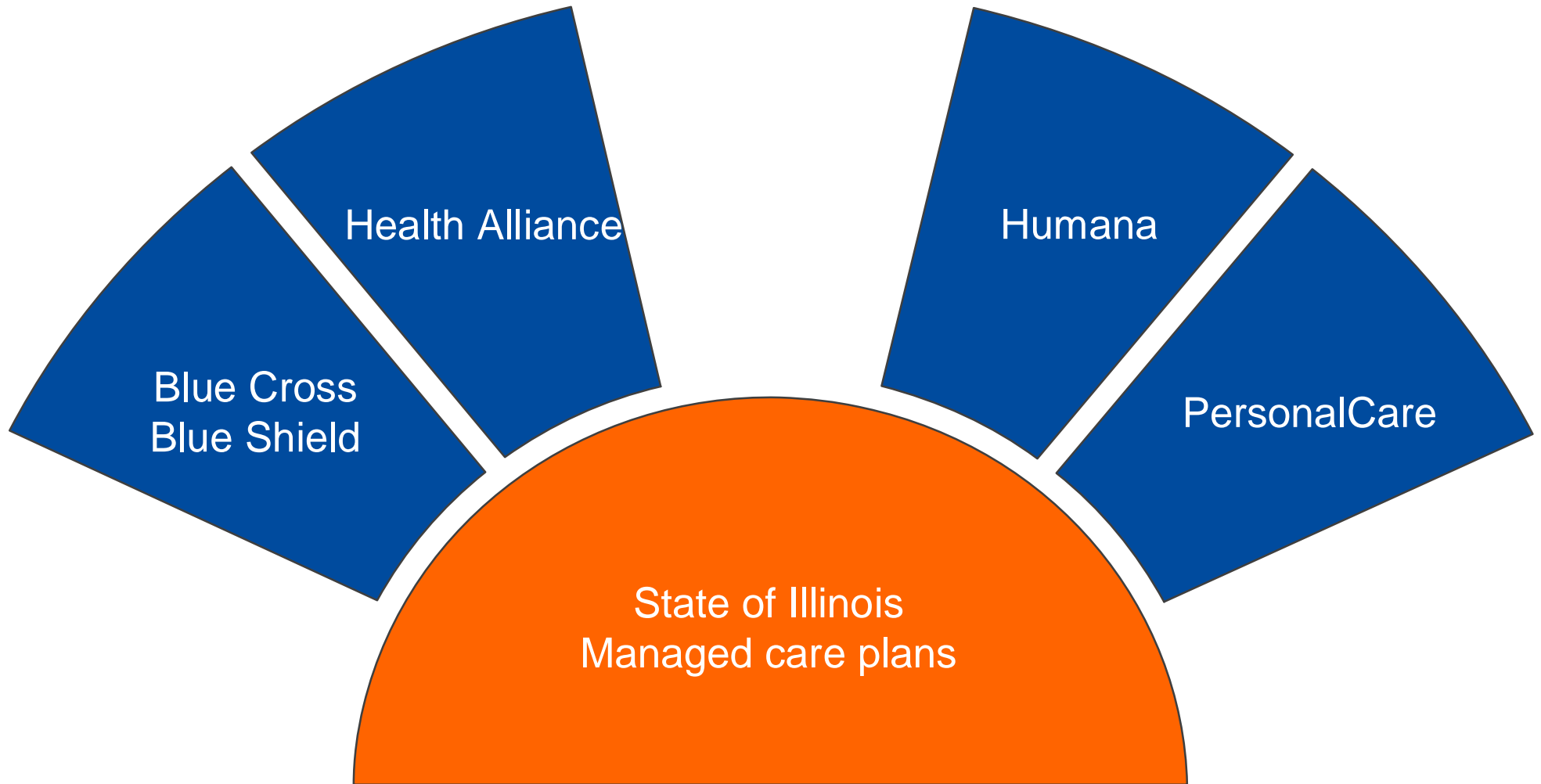
Responding vendors





HMO RFP

HMO RFP – Responding vendors



Scoring – HMO RFP

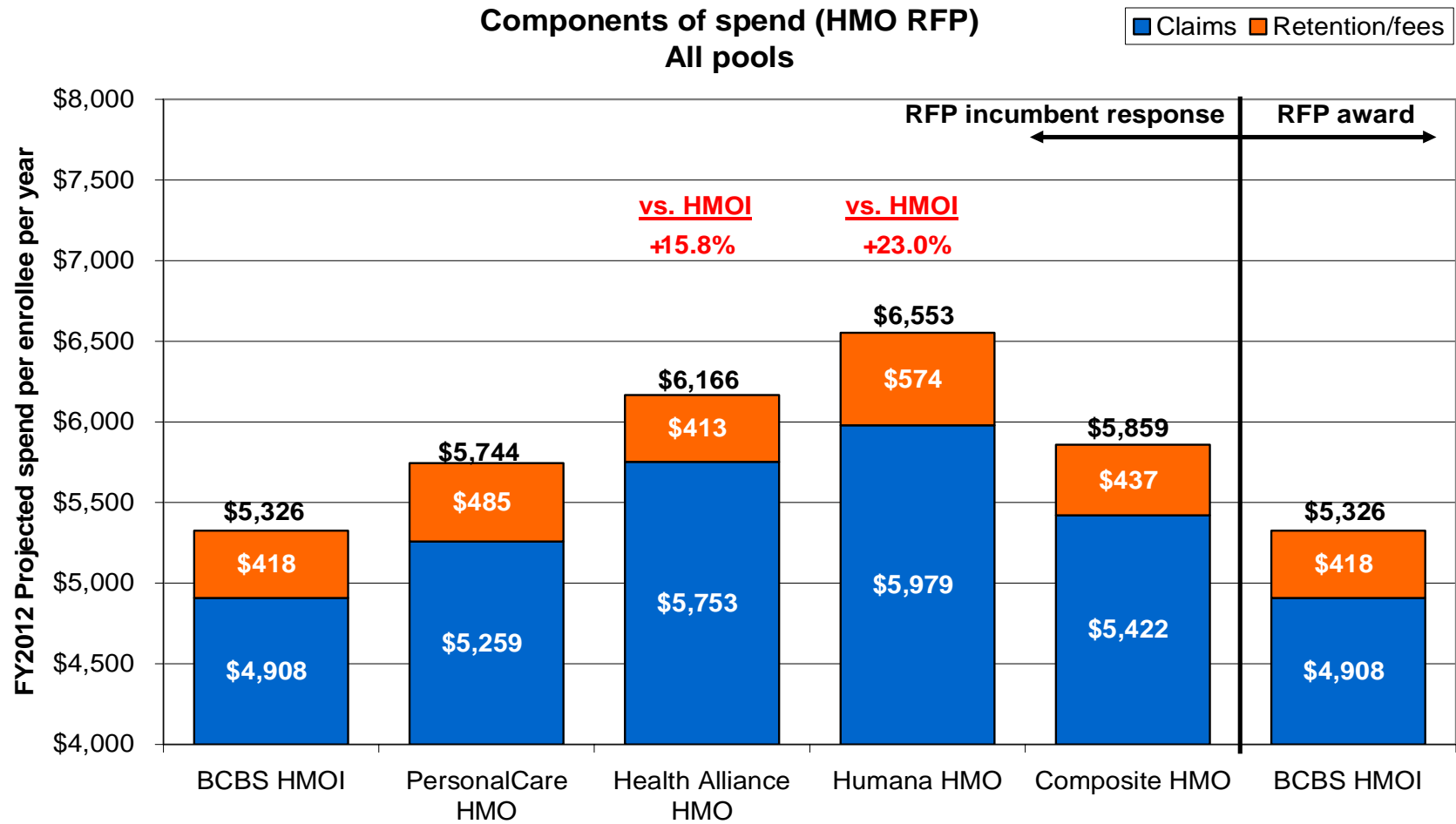
- Maximum RFP score:
 - Price (Premium) 2,800 (70%)
 - Technical 1,200 (30%)
 - Total 4,000
- Premium rates were used to score price
- Technical scoring was weighted into the following categories:
 - Provider network 550
 - Medical/utilization management 90
 - Health management 10
 - Other administration and capabilities areas 550
 - 1,200

Scoring results – HMO RFP

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

- 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

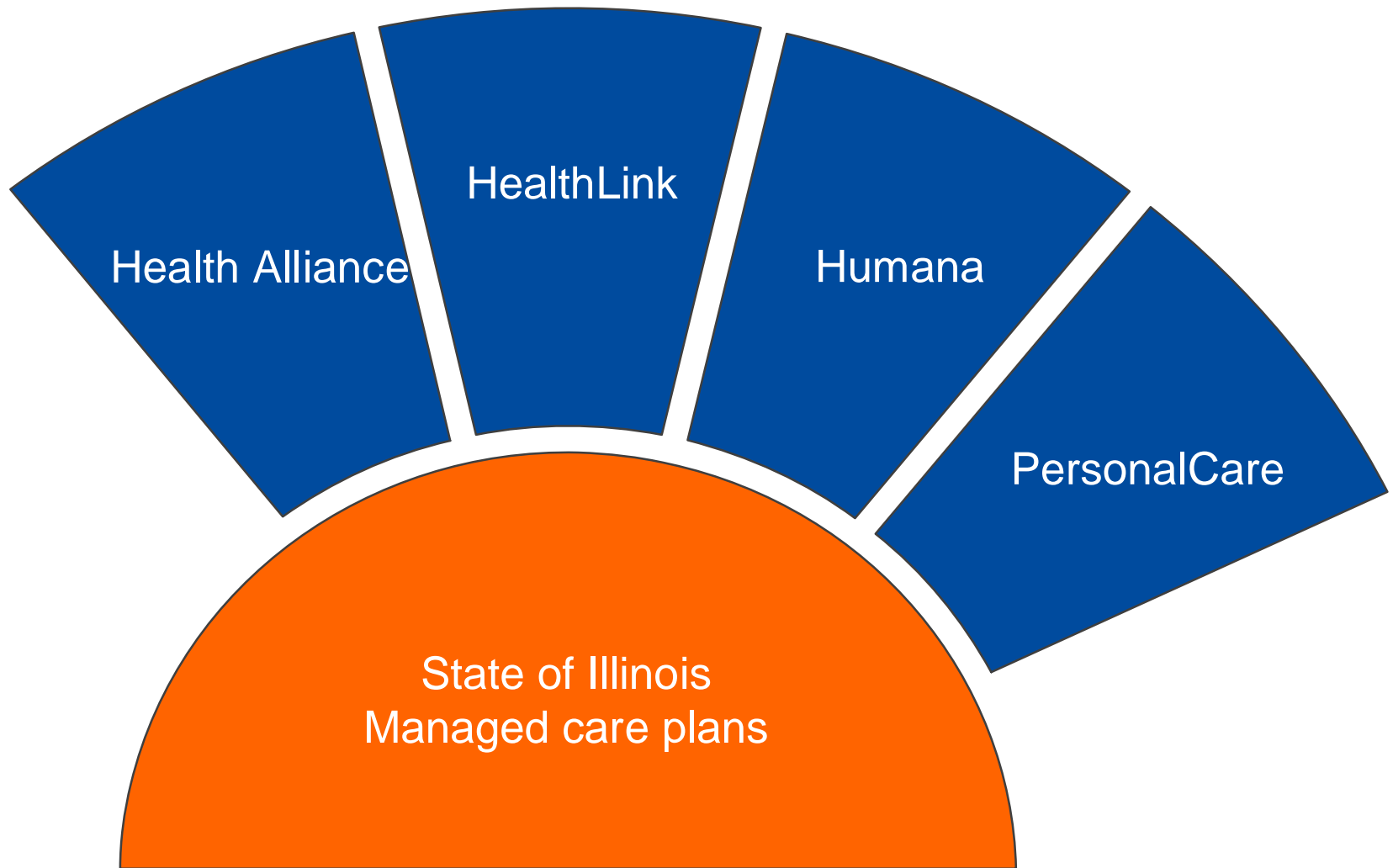


BCBS Blue Advantage HMO premium rates are 5% lower than BCBS HMOI

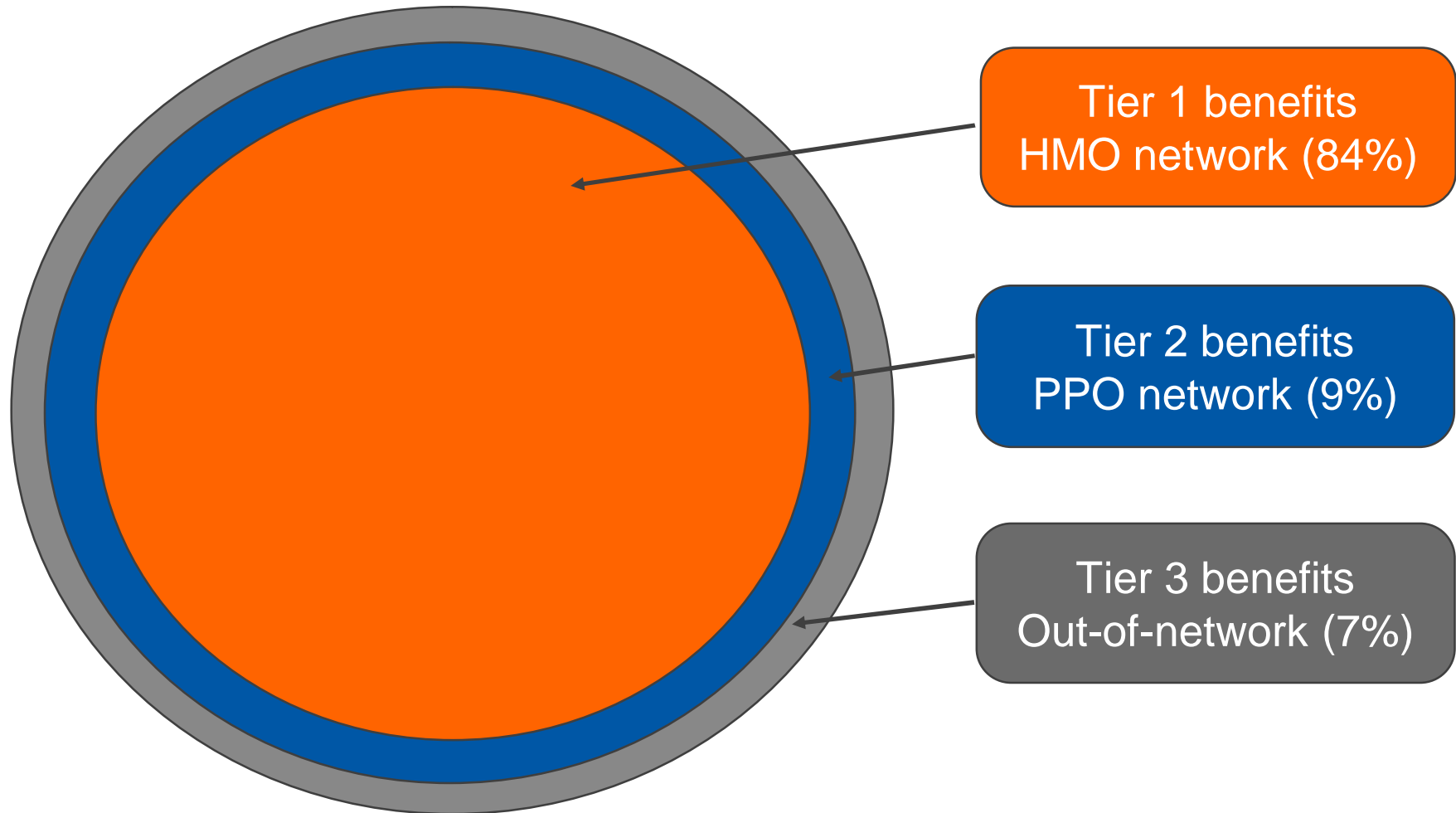


OAP RFP

OAP RFP – Responding vendors



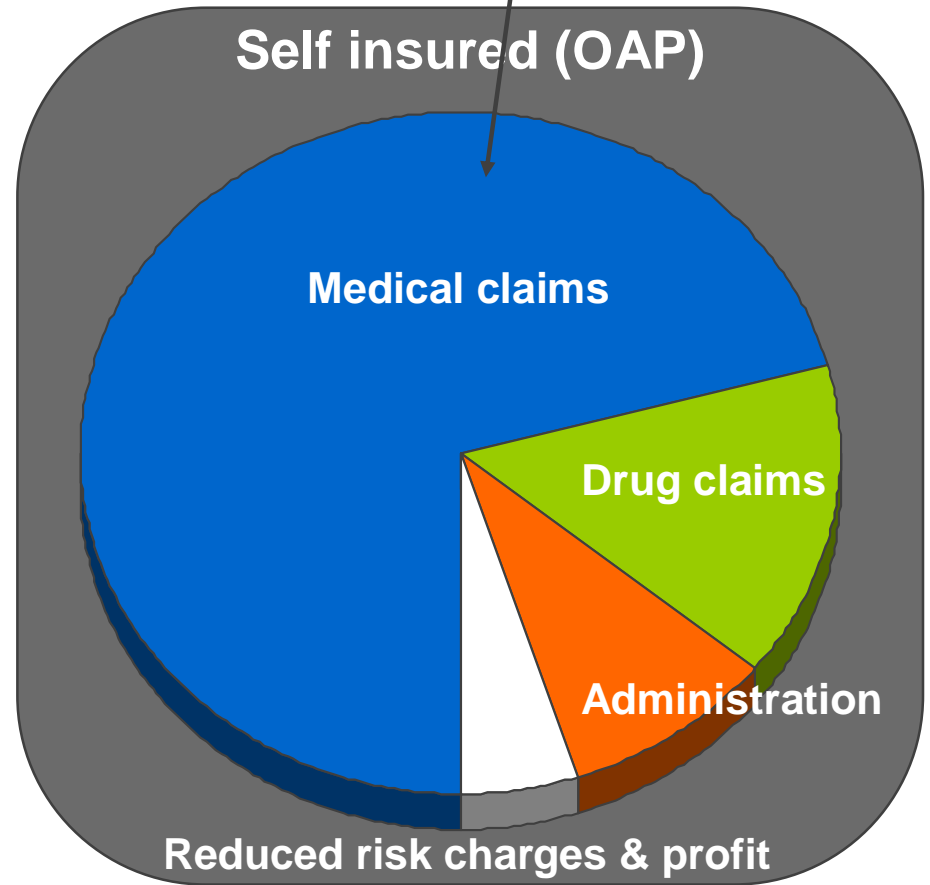
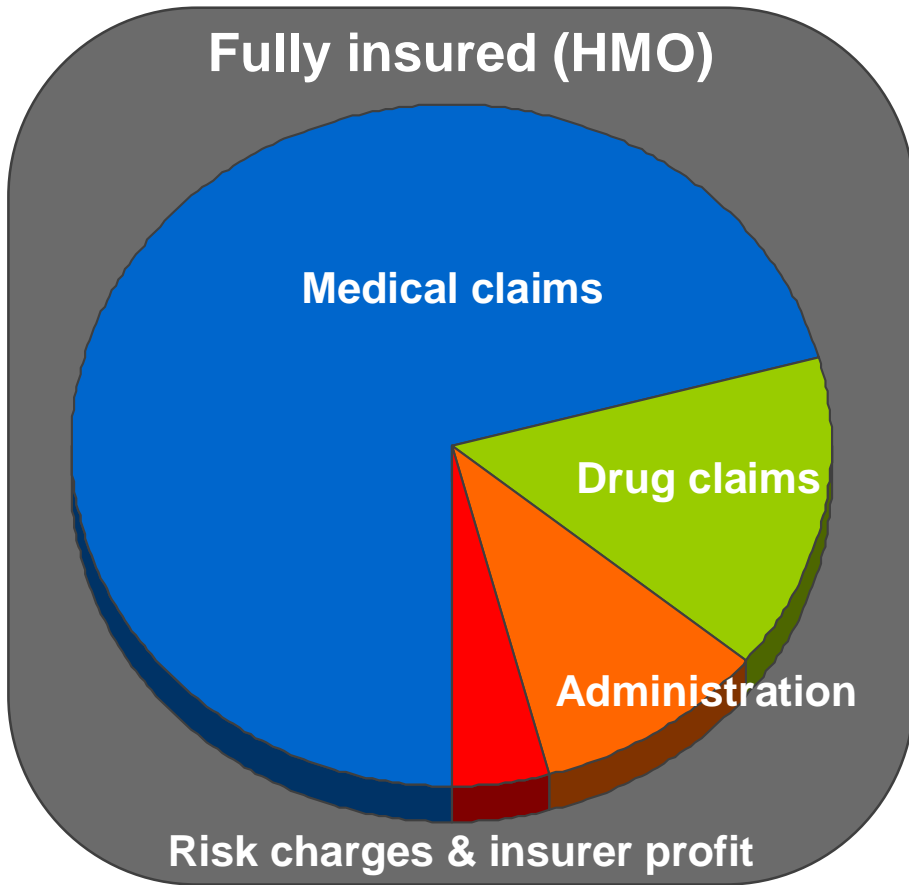
Managed care benefits



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

- Cost effective
- Member choice



\$1

Industry benchmarks

\$0.96

Scoring – OAP RFP

- Maximum RFP score:

– Price (Admin)	700 (28%)
– <u>Technical</u>	<u>1,800</u> (72%)
– Total	2,500

Admin + Projected claims (78%)

- 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	<u>550</u>
	1,800

(50%)

Scoring results – OAP RFP

Bidding vendor	Price score	Technical score	Total score	Difference
HealthLink	700	1,526	2,226	
PersonalCare	660	1,565	2,225	-1
Humana	476	1,555	2,031	-195
Health Alliance	638	1,368	2,006	-220

- There was a significant difference in total score between the two awarded vendors and the other two vendors

OAP medical network comparison

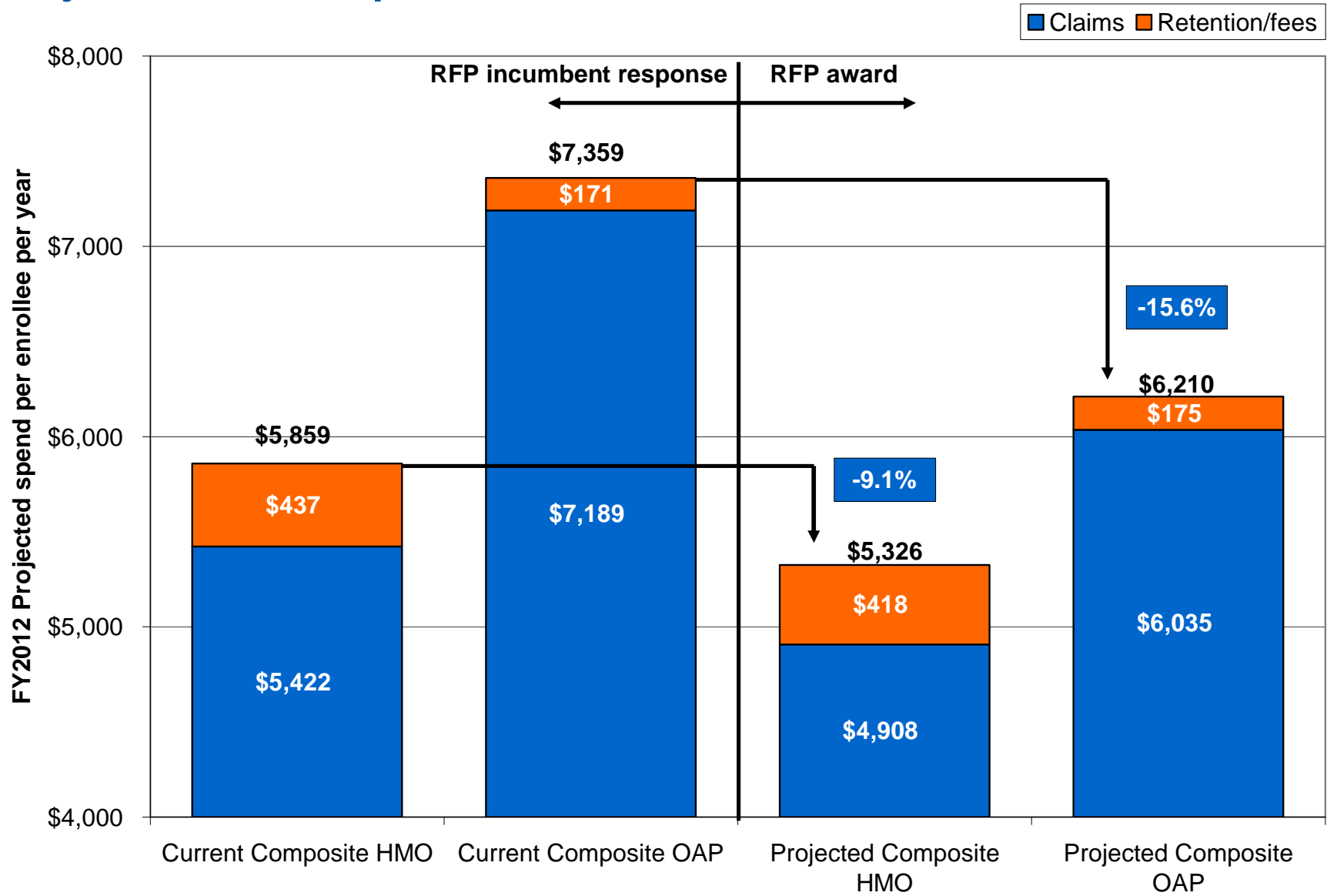
Projected difference in OAP medical claims compared to HealthLink (incumbent)				
Region	HealthLink	Health Alliance	Humana	PersonalCare
Chicagoland, IL	Incumbent	15.2%	1.9%	-17.6%
Greater Rockford, IL		13.3%	-9.4%	-10.4%
Greater Peoria, IL		-1.5%	-16.3%	-17.1%
West Central, IL		-10.0%	Limited service area	-26.6%
East Central, IL		-5.3%		-12.0%
Greater St. Louis, IL		14.1%	Not included in RFP bid	-9.1%
Southern IL		-14.3%		-20.5%

- 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

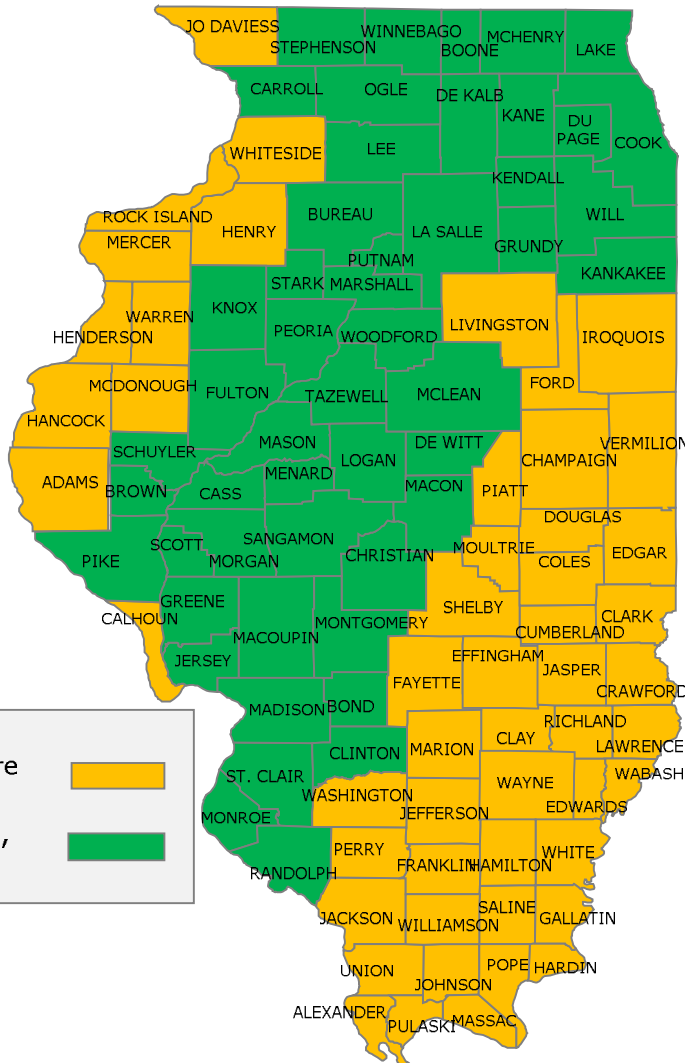


Bid award

Projected cost comparison



Proposed managed care vendor configuration (FY2012)



Legend:

HealthLink & PersonalCare	
PersonalCare, HealthLink, & BCBS	

Summary of award analysis FY2012 projected savings	
Current	\$1,335,000,000
Bid awards	\$1,233,000,000
Difference (savings)	(\$102,000,000)

- Notes:
- 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.

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