

# Request for Proposal to Provide A Health Insurance Exchange for The Texas Business Community

February 28, 2014

## Summary and Background

The Texas Association of Business (TAB) is a long standing membership association of businesses in the state of Texas serving as both the State Chamber of Commerce as well as the state Manufacturer's Association as designated by the National Association of Manufacturers. TAB has offered a discount health insurance plan to its member businesses in the past. The program has allowed small businesses (2-99 employees) the opportunity to receive discounts on their health insurance premiums. In exchange, the TAB has received commissions based on new sales and the overall growth of their "book of business". They have remained consistent.

Several chambers and TAB members/partners from throughout the state have formed similar partnerships with health insurance carriers that have provided insurance discounts to their members and significant revenue streams to their respective chambers. The passage of the Patient Protection and Affordable Care Act (PPACA) will significantly transform the health insurance industry, thus impacting existing organizational health insurance discount programs and corresponding revenue streams.

Due to the changes created by PPACA the Texas Association of Business wishes to contract with a qualified company to fully implement a statewide healthcare exchange for business. The ideal program will provide a multi-carrier healthcare exchange option for employers and businesses across the state of Texas. It could also offer ancillary products to business including but not limited to life insurance, accident insurance, vision, dental, etc.

Through its membership base TAB currently serves over 4,000 businesses that the program initially will be marketed to directly. TAB will also capitalize on its membership/partnerships with local chambers of commerce throughout the state to widen the network and increase the capacity/potential reach to more than 20,000 businesses across the state initially.

## Proposal Guidelines

This Request for Proposal represents the requirements for an open and competitive process. Proposals will be accepted until **4pm EST March 21, 2014**. Any proposals received after this date and time will be returned to the sender. All proposals must be signed by an official agent or representative of the company submitting the proposal.

If the organization submitting a proposal must outsource or contract any work to meet the requirements contained herein, this must be clearly stated in the proposal. Additionally, all costs included in proposals must be all-inclusive to include any outsourced or contracted work. Any proposals

which call for outsourcing or contracting work must include a name and description of the organizations being contracted.

All costs must be itemized to include an explanation of all fees and costs.

Conversely, all organizations submitting proposals must itemize and clearly delineate revenue expectations of the program including proposed payments to TAB. It should also include how required upfront investments and annual revenue requirements will be met.

Initial contract term will be for a period of three (3) years with annual review of performance. Specific contract terms and conditions will be negotiated upon selection of the winning bidder for this RFP. All contractual terms and conditions will be subject to review by TAB legal counsel and will include scope, budget, schedule, and other necessary items pertaining to the project.

## **Project Purpose and Description**

The Texas Business Exchange (TBX) will be an online marketplace where employers and employees can analyze and purchase health insurance from multiple carriers. Additionally, employers and employees alike would have the ability to purchase "ancillary" products (vision, dental, life, long term care, worksite products, worker's comp, etc). The TBX would also include information that employers and employees will find invaluable while making their decisions and selections. Finally, the health insurance and ancillary product providers would compensate TAB (and potentially partnering chambers) based on the business generated through the TBX.

The desire (optimal outcome) will be to implement a multi-carrier exchange, giving employers and employees the opportunity to select health insurance options from multiple carriers and choose the plan that best fits their needs. Networks vary by carrier and location, and a multi-carrier exchange will allow the customer to select a network that is best for them. TAB believes that member businesses would prefer to review options from multiple health insurance carriers. The best way to deliver this "choice" to the Texas business community is to combine the collective buying power, reputations, brand loyalty and access to businesses, and present the insurance providers the opportunity to market to businesses throughout the state via a single virtual online marketplace.

## **Implementation**

The Texas Association of Business will serve as the administrator of the Texas Business Exchange. The overall goal will be to work within the association's membership and with partner organizations. TAB will be the primary organization and partnering/participating chambers of commerce will receive commissions for sales facilitated through the exchange based on assigned source codes. The Texas Association will receive an administration fee based on overall sales volume and direct sales to members.

Request for Proposal Timeline:

All proposals in response to this RFP are due no later than 4pm EST March 21, 2014. Submit original document and 5 copies to:

**Texas Association of Business—Affinity Proposals**  
**Attention: Aaron Cox, VP Chamber Relations**  
**1209 Nueces**  
**Austin, TX 78701**

**OR via email to [acox@txbiz.org](mailto:acox@txbiz.org) with subject line Exchange RFP 2014. If email is used complete application and all required backup documentation should be compiled/scanned to a single document.**

Initial evaluation of proposals will be conducted from March 24, 2014 until April 4, 2014 by TAB internal staff. If additional information or discussions are needed with any bidders during this two week window, the bidder(s) will be notified.

Qualified bids will then be submitted to the TAB Affinity Service Selection Committee (ASSC) of the TAB Board of Directors for final review and discussion by April 11, 2014.

Once ASSC evaluation is complete, the group will invite finalist(s) to make formal/final presentations to the committee the week of April 14, 2014 final date/time will be sent.

After completion of formal presentations, the ASSC will make a decision and present its recommendation to the full board of the Texas Association of Business for final approval. The final selection decision for the winning bidder will be made by the Board of Directors May 20, 2014 at its regularly scheduled meeting. The winning bidder will be notified by May 23, 2014.

Upon notification, the contract negotiation with the winning bidder will begin immediately. Contract negotiations will be completed by June 30, 2014.

Notifications to bidders who were not selected will be completed by May 23, 2014.

Project Timeline:

Anticipated/Desired Project “go live” date October 15, 2014.

Project initiation and planning phase must be completed by July 18, 2014. Project planning phase will determine the timeline/schedule for the remaining phases of the project.

## **Texas Association of Business Texas Business Exchange Request for Proposal Outline**

The Texas Association of Business invites interested entities to submit proposal to this request to provide a healthcare exchange to the Association and its members. In accordance with this invitation please complete the following items as part of the response. It is asked that all respondents adhere to the order and format of the following outline. When appropriate please provide supporting documentation as requested.

### **Minimum requirements/expectations:**

- Offer a unique/highly desirable product or service tailored to members.
- Provide value to association members and a product that has the potential to drive membership in the association.
- Must be (or agree to be) a TAB member in good standing (aside from affinity fees)
- A goal to generate a minimum of \$25,000 in annual revenue to TAB
- Agree to pay \$10,000 Affinity Fee to initiate the program (first year only)
- Must deliver competitive value to TAB members.
- Avoid duplication of programs currently offered to TAB members.
- Agree to participate actively in supporting/endorsing Tab through additional sponsorships, provider fairs at TAB events, meetings, etc. (where appropriate)
- Avoid Unrelated Business Income Tax (UBIT)
- Agreement for an initial 3 year term, subject to maintaining ongoing eligibility requirements with annual program review.

### **Section A – Company Background and History.**

1. Provide a detailed company history.
2. Provide three (3) company credit references.
3. Provide three (3) client references.
4. Please provide the following financial records.
  - i. D&B Rating
  - ii. Statement of clear tax status with Texas Comptroller
  - iii. Letter from CPA or last audited financial statement
5. Does the company (or any agent thereof) have any pending legal action? If yes, please explain.
6. Provide a corporate organizational chart (with biographical sketch of key executive staff members).

### **Section B – Products/Services Defined**

1. Provide a detailed description of your company's product.
2. Describe the geographic service area of your company. How (if at all) will that change if awarded this contract?
3. Describe the primary products/services offered by your company.

### **Section C – Implementation Plan**

1. How will your company market to members of the Texas Association of Business?

2. How will the sales process be handled?
3. How will sales be tracked throughout the process (TAB direct sales, TAB Partner Chamber sales)?
  - a. Will there be an additional database or tracking program used?
  - b. What type of reporting will be available?
  - c. What type of reports would you propose to submit to the association?
4. How will customer service be handled within the program?
5. Explain how revenue share will benefit the association.
6. Define the payment schedule to TAB (i.e. monthly, quarterly, annually, etc)

**Section D – Proposed Revenue Share**

1. Provide initial revenue estimates based on 30,000 lives covered in program.
2. What is the anticipated value of average sale?
3. What is the percentage or specific dollar value to be paid to TAB.
4. Does revenue to TAB increase at incremental levels?
5. Does a TAB member receive discounts or “special consideration”?

**Section E – Qualifications of Personnel Assigned to Project**

1. Provide name and qualifications of project/account manager of this project.
2. What staff will be assigned to this project (name and qualifications).