



STATE OF OHIO
DEPARTMENT OF ADMINISTRATIVE SERVICES
GENERAL SERVICES DIVISION
OFFICE OF PROCUREMENT SERVICES
4200 SURFACE ROAD, COLUMBUS, OH 43228-1395

MANDATORY USE CONTRACT FOR: STATE OF OHIO EMPLOYEE POPULATION HEALTH MANAGEMENT (PHM) PROGRAM

CONTRACT NUMBER: CSP900013-1

EFFECTIVE DATES: 07/01/12 TO 06/30/15

The Department of Administrative Services has accepted Proposals submitted in response to Request for Proposal (RFP) No. CSP900013 that opened on August 12, 2011. The evaluation of the Proposal responses has been completed. The Offeror listed herein has been determined to be the highest ranking Offeror and has been awarded a Contract for the services listed. The respective Proposal response including, Contract Terms & Conditions, any Proposal amendment, special Contract Terms & Conditions, specifications, pricing schedules and any attachments incorporated by reference and accepted by DAS become a part of this Services Contract.

This Requirements Contract is effective beginning and ending on the dates noted above unless, prior to the expiration date, the Contract is renewed, terminated, or cancelled in accordance with the Contract Terms and Conditions.

This Requirements Contract is available to the Department of Administrative Services (DAS), Benefits Administration Services (BAS) Office as applicable.

The agency is eligible to make purchases of the contracted services in any amount and at any time as determined by the agency. The State makes no representation or guarantee that department will purchase the volume of services as advertised in the Request for Proposal.

Questions regarding this and/or the Services Contract may be directed to:

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carol.clingman@das.state.oh.us

This Requirements Contract and any Amendments thereto are available from the DAS Web site at the following address:

www.ohio.gov/procure

Mutually agreed upon clarifications and modifications to the Population Health Management Program:

I. Disease Management Approach

- A. Healthways confirms that the hospital discharge program is part of the disease management pricing provided as not currently clear in pricing.
- B. Healthways confirms that fees include receipt of health plan and Pharmacy Benefits management (PBM) data every two weeks.
- C. Healthways agrees to collaborate with the State to implement a process to ensure that members who currently receive the diabetes supplies incentive will have access to the incentive going forward. Healthways' recommended approach is to award members for compliance with generally accepted standards of care for diabetes, specifically annual A1C testing and annual LDL-C screening. Through claims data, Healthways will identify members with diabetes who are compliant with the agreed upon standards of care. These members will receive the diabetes supplies incentive.

Members who are non-compliant (as identified through claims data), could receive the incentive by meeting any one of the following qualifications:

- 1. Respond to outreach through Healthways' clinical gaps program and report that members have closed the gap in care. Compliance will be validated through claims analysis.
- 2. Agree to participate in health coaching or Disease Management.

Recognizing the issue of claims lag, Healthways proposes initializing utilize the prior 6 months of data (1/1/12 through 6/30/12) as the basis for initial qualification. Going forward, Healthways would report on quarterly basis eligibility for the diabetes incentive to reflect those that remain engaged (or compliant) or have newly qualified based on either compliance with the standard of care or participation in Disease Management or Lifestyle Management coaching.

- D. If Healthways is unable to receive hospital discharge data, Healthways will proactively outreach to an additional percentage of the population so that Healthways' generate the guarantees return on investment. The outreach will be up to an additional 0.25% of the population or 190 people calculated as follows: $76,000 * 0.25\% = 190$ members.
- E. Healthways agrees to participate in weekly grand rounds with the health plan vendors. Participation in the weekly meetings is included in Healthways' proposed fees.

II. Performance Guarantees

A. Disease Management (DM)

1. Engagement

- a. Healthways agrees to remove the tiered approach and guarantee 6.5% engagement of the total population of 76,000 eligible lives. This equates to engagement of 4,940 unique members ($6.5\% \times 76,000$). The 6.5% is expected to be comprised of 2.7% (2,052 members) in active care management (identified through predictive modeling) and 3.8% (2,888 members) in Clinical Gaps Outreach (chronic disease members identified with gaps in care) based on the population of 76,000 eligible lives. If Healthways receives hospital discharge data, Healthways will increase the engagement guarantee to 7.5% (5,700 members).

The State also requested a minimum engagement for active care management. Out of the 6.5% engagement guarantee, Healthways guarantees that 2.7% of the entire population will be engaged in active care management. The 2.7% (or 2,052 members) is based on the eligible population of 76,000 lives.

- b. For these metrics, Healthways uses a definition for "engaged member" in lieu of "contacted member". An engaged member means the following:
 - 1) Active Management: Healthways has reached the member and the member has agreed to participate in the program.
 - 2) Clinical Gaps Outreach: Healthways has reached the member and had a two-way exchange of health information. Modalities include telephonic outreach and two-way Interactive Voice Response (IVR) outreach.
 - 3) Hospital Discharge: Healthways has reached the member telephonically and had a two way exchange of health information.

2. Healthways agrees to remove the Gap to Goal language and instead guarantee a 5% increase year over year (e.g. 50% to 55%) until actual is within 15% of the goal or target. Then the year over year improvement will be 3%. Healthways and the State will agree to appropriate metrics for asthma, COPD, diabetes, CAD and CHF. The suggested metrics and targets are as follows:
 - a. Asthma - Use of inhaled corticosteroid for uncontrolled asthma. Definition: Measured population is uncontrolled asthmatics who use an inhaled corticosteroid. Definitions and codes for both numerator and denominator are through claims files (Current Procedural Terminology (CPT) codes and National Drug Code (NDC) codes). Target is 92% which is the 2010 Health Care Effectiveness Data and Information Set (HEDIS) average performance.
 - b. Coronary Artery Disease (CAD) - Persistent Beta Blocker usage for 6 months post MI. Definition: Measured population is all identified members with CAD who have had an MI and those who have had at least one beta blocker medication in the subsequent 6 months in reporting year (unless member is contra-indicated). Definitions and codes for both numerator and denominator are through claims files (International Classification of Disease (ICD-9) codes, NDC codes). Target is 70% which is the 2010 HEDIS average performance.
 - c. Diabetes - A1C Testing. Definition: Measured population is all identified diabetics and those who have had at least one A1C test performed in reporting year. Definitions and codes for both numerator and denominator are through claims files (ICD-9 codes, NDC codes, CPT codes). Target is 83% which is the 2010 HEDIS average performance.
 - d. Heart Failure (HF) - LDL-C Screening. Measured population is all identified members with HF and those who have had at least one LDL-C test performed in reporting year. Definitions and codes for both numerator and denominator are through claims files (ICD-9 codes, CPT codes). Target is 80% which is the 2010 HEDIS average performance.
 - e. Chronic Obstructive Pulmonary Disease (COPD) - Assessing Tobacco Use. Definition: Measured population is all identified members with COPD and those who have been assessed for tobacco use and, if positive, have been offered coaching for tobacco cessation reporting year. Definitions and codes for both numerator and denominator are through claims files (ICD-9 codes, CPT codes). Target is 80% (there is no HEDIS metric of this type).
3. For DM Return on Investment (ROI) Healthways agrees to a DM ROI of 1.6, 2.1 and 2.6 for years 1, 2 and 3.

B. Coaching, HRA and Biometrics

1. Wellness Coaching Engagement
 - a. Healthways agrees to remove tiered approach and will guarantee enrollment of 3,800 members based on a Per Employee Per Month (PEPM) rate of \$1.05 PEPM.
 - b. A contacted member (an “engaged member”) means we are able to successfully reach the targeted member and the member agrees to enroll in the program.
2. Wellness ROI
 - a. Healthways agrees to remove productivity from the Performance Guarantee (PG) calculation. A ROI calculation with productivity will be reported separately, but will not be part of the guarantee.
 - b. Healthways agrees to the following Health Coaching ROI: 1.0 in year 1; 1.5 in year 2; 2.2 in year 3.
3. Regarding Performance guarantees around Risk Profile Improvement, Healthways agrees to provide two risk profile improvement guarantees:
 - a. Total population risk profile improvement guarantee of 4%. The metric will be measured by those employees who complete the well being assessment and will account for positive and negative changes in the risk profile (as we discussed at our 11/14/11 meeting). The performance guarantee assumes that the State will agree to increase the health coaching population to the recommended level of 3,800 participants. The Following example of the calculation is provided within the PG document. With a base year risk score of 3.2 and a Year 1 risk score of 3.0, the change in scores ($3.2 - 3.0 = 0.2$) divided by the base score of 3.0 equals a 6.3% reduction. This exceeds the Year 1 reduction target of 4%, successfully meeting the PG.

- b. Enrolled population risk profile improvement guarantee of 10%. The metric will be measured by those employees who complete the well being assessment and participate in a coaching program for at least six months. The calculation will account for positive and negative changes in the risk profile as we discussed at our 11/14/11 meeting. The performance guarantee assumes that the State will agree to increase the health coaching population to the recommended level of 3,800 participants.

The Following example of the calculation is provided within the PG document. With a base year risk score of 3.2 and a Year 1 risk score of 2.8, the change in scores ($3.2 - 2.8 = 0.4$) divided by the base score of 3.2 equals a 12.5% reduction. This exceeds the Year 1 reduction target of 10%, successfully meeting the PG.

C. Operational and Administrative

1. Healthways agrees to remove the tiered approach for Implementation Satisfaction. Healthways will work with the state of Ohio to develop a custom implementation satisfaction survey.
2. For the Program Participant Satisfaction with Program Healthways agrees to a combined Lifestyle Management (LM) and DM average member satisfaction of 7.5 on a 10 point scale using DMAA approve survey tool provided 11/14/11. Healthways is also open to customizing a survey for the state of Ohio.

III. Pricing, Program Components and Additional Clarifications

A. Funds to Third Parties "credits"

1. Healthways confirms the \$60,000 pre-implementation funds can be paid to directly to a third party for a broad array of pre-implementation services.
2. Healthways confirms, as discussed at the negotiation meeting, November 14, 2011, Healthways will apply the \$50,000 annual credit provided in our best and final offer to our program fees. The credit has been provided below in our lifestyle management coaching fees.

B. Data Feeds

1. Healthways confirms the data feeds for all program components will be billed as an annual fee.
2. Healthways agrees to lower the annual fee to \$18K annually.

C. Worksite Screenings

1. Healthways agrees to eliminate the per site set up fee for Worksite Screenings.
2. For Worksite Screenings Healthways agrees to provide up to 200 room dividers annually at no charge to the State. Additional dividers will be billed at \$20 per divider.
3. For Worksite Screenings Healthways agrees to the following reduced biometric fees billed on a tiered basis:
 - a. \$49 for sites with 501+ participants.
 - b. \$54.50 for sites with 101-500 participants.
 - c. \$59 for sites with 21-100 participants.
 - d. Note: Per participant fees include exit counseling.

- D. The State and Healthways agree to schedule events outside the standard billing hours within the standard billing hours of 6am to 7pm M-F to avoid the charge.

- E. Healthways will not charge the State for events that have to be cancelled due to circumstances outside the State's control such as weather.

- F. Concerning pricing based on higher of estimate provided by the State in advance of event or actual participation, Healthways' plans to help further reduce the State's exposure to underutilization is as follows. For Year 1, if the State uses the online participant scheduler and locks down the projections based on the scheduled screenings, Healthways will refund 10% of the participant screening fees for utilization below 90% of the projected volume. That is, at an event with scheduled/projected participation, if 100 participants were scheduled/projected, and 80 participants are actually screened (a 20% shortfall), then Healthways will refund 10% of the screening fees for 10 participants ($90 - 80 = 10$). For subsequent years, the standard policy would apply.

Healthways agrees to adequately staff the events to serve up to 10% above the projected number of participants in order to accommodate walk-ins and make-up screenings. For example, if 100 are confirmed for a screening event, Healthways will have supplies and staff available to screen up to 110 members. In this example, the State will be billed for 110 participants.

- G. Regarding the health care physician form Healthways has two options for the State:
1. Telephonic request for form: Healthways agrees to a fee of \$2 per mailed form and \$5 per returned form
 2. Online form: Healthways agrees to provide online form for a fee of \$5 per returned form.
 3. The State is not required to send a file feed for either option.
- H. On lab/voucher pricing, Healthways agrees to a fee of \$95.

IV. Account Management

Healthways will increase travel budget to \$12,500 per coordinator. The budget can be shared between the three coordinators (total budget of \$37,500). Healthways has reviewed the travel requirements and feels the total budget of \$37,500 is appropriate.

V. Communications

- A. Healthways agrees to a communications fee of \$30,000 annually to include 500 hours of consulting in year one, 250 hours in year two and 250 hours in year 3. The State can roll over hours to the next year if allocated hours are not used. Additional hours will be billed at \$150 per hour.
- B. Healthways confirms the \$300,000 communications print and fulfillment budget will only be billed as incurred and the State has the option to have print and fulfillment performed by another partner.
- C. Healthways confirms it will move health action program budget under "Communications" as this budget is actually for the print and fulfillment of challenge materials. Healthways also confirms billing on an as incurred basis.

VI. Incentives

- A. Healthways confirms the incentive fee includes tracking of biometrics through Healthways' biometrics partner, as well as, tracking of other Healthways' programs.

VII. Lifestyle Management

- A. PEPM is based on 12 months effective 7/1/12.
- B. Healthways confirms there are two options for PEPM pricing. These are:
 1. Current Enrollment as provided in the RFP: \$0.31 PEPM (1,122 coaching participants).
 2. Recommended Enrollment: \$1.05 PEPM (3,800 coaching participants).
- C. Based on credit offered in the best and final proposal the State would have the following two options for PEPM pricing:
 1. Current Enrollment as provided in the RFP: \$0.23 PEPM.
 2. Recommended Enrollment: \$0.96 PEPM.

Note: Assuming the State implements the recommended enrollment option of \$0.96 PEPM, Healthways will guarantee enrollment of 3,800 members. If enrollment exceeds 3,800 annually, Healthways will apply the per participant per year rate of \$159 for the additional participants and reconcile with the State at the end of the plan year.

VIII. Pedometers

The rate will be \$12.50 per pedometer.

IX. Lower Back/Musculoskeletal

- A. The per enrolled participant pricing will be \$26 per participant per month based on the program description provided 11/14/11. The ROI will be calculated separately as requested.
- B. As discussed at the finalist meeting, Healthways is developing a next generation back pain solution for employers. Through the dynamic integration of Healthways' medical management program (utilization management), condition management program (disease management), lifestyle management program (coaching) and practitioner network, Healthways' comprehensive solution delivers medical cost savings while enhancing the member experience and improving outcomes. Healthways' solution supports a conservative treatment approach for managing member back and neck pain through a Healthways - managed network of chiropractors, physical therapists, and alternative medicine practitioners.
- C. Pricing for the enhanced back pain program is \$0.34 per employee per month (PEPM) based on 432 engaged participants. Additional engaged participants will be billed at the rate of \$37.67 per participant per month.
- D. Key Components of Healthways Enhanced Chronic Back Pain (CBP) Program:
 - 1. Identifies and reduces mitigable cost drivers while delivering improved outcomes.
 - 2. Incorporates a team approach to interventions (Nurse, Lifestyle Coach, Practitioner) for those with chronic pain and/or risk factors.
 - 3. Includes a comprehensive intake and clinical assessment by Healthways nurse including evaluation and physician notification for depression and narcotic abuse using validated assessment tools.
 - 4. Clinician-guided decision support is applied for those considering treatment and/or procedures; program re-directs members, when clinically appropriate, to managed, evidence-based, conservative care paths and condition management such as chiropractic, acupuncture and therapeutic massage.
 - 5. Health Coach identifies and addresses lifestyle issues and supports behavior change to mitigate risks for back pain.
 - 6. Team evaluation of work impact and strategies for return-to-work.
 - 7. A select group of Healthways' network providers will be in place within Ohio for the purpose of the enhanced CBP Program. Any member who is engaged in the CBP program and agrees to have their condition managed through one of Healthways select chiropractors will be referred to such a provider in their geographic area. Healthways will manage the care rendered and the select provider will submit claims to Healthways for processing for that particular member; the state health benefits program will fund those claims. There is no additional fee for this service, but the State will be responsible for the submitted claims (either through the health plans or through Healthways).

X. Reporting

Healthways confirms standard reports are available at the location level at the current fees, assuming location codes are provided and that sites have at least 50 employees. Ad-hoc reporting billed at \$150 per hour.

XI. ROI Measurement Methodology

- A. Healthways will use the State's actual trends rather than the CPI-U for measurement of HRC Based Savings and Medical Claims HRCA Based Savings; Avoidable Episodes and Based on Readmissions.
- B. Healthways measures the defined "avoidable episodes" across the entire population. Because these "avoidable episodes" include many of the types of clinical episodes that people with a chronic disease (diabetes, heart failure, CAD, COPD and Asthma) incur, all of these people will be in the measurement (specifically around these episodes), as well as others who are "pre-disease" meaning they have not yet met a clinical definition for one of these diseases but are progressing toward that end.

Healthways' measurements include the "avoidable episodes" of all chronic disease members, but will also measure these episodes across the entire population. Additionally, since some of the people in Healthways' LM program may also have a diagnosis of a chronic disease, the "avoidable episodes" for these would people would also be measured.

- C. Savings Based on Readmissions. Healthways measures any readmission within 30 days, except for a small handful around newborn delivery, etc. These readmissions don't have to be the "same clinical" issue as the original admit. For example, if a person is admitted for diabetes, but then readmitted within 30 days for a heart issue, that readmission "counts" and is measured. The program does not reach out to 100% of all discharges as discussed above. There are a few discharges, again newborn delivery is an example, where Healthways doesn't reach out to the person since the risk of readmission is very low.

If Healthways cannot receive a hospital discharge file, then Healthways impact on a 30day readmit rate will be reduced. In Healthways normal services, Healthways will know of some people who are about to enter the hospital, or were just discharged, and Healthways will talk to them about readmission risks, but since that will be a small percentage of the total discharges, Healthways will not have the full impact Healthways would like. In any event, if Healthways can't get all the hospital discharge information, Healthways can and will reach out to more people in Healthways' "active management" services to make certain and deliver for the State the ROI and net savings return Healthways has its performance guarantees.

XII. Other Clarifications from Proposal

- A. Healthways confirms the line item for three onsite wellness coordinators is included in the pricing sheets.
- B. Healthways confirms communications fee will be \$30,000 annually to include 500 hours in year one, 250 hours in year two and 250 hours in year 3. The State may roll over hours to the next year if the allocated hours are not used. Additional hours will be billed at \$150 per hour.
- C. Healthways confirms messaging to the agency level including in pricing assuming location indicators are provided in the data files. Example of the messaging feature: The corrections department will have a lunch and learn on smoking in the cafeteria on August 15th.
- D. Healthways can furnish kiosks for completion of the Well Being Assessment (WBA) for \$775 per kiosk per event. The price is all inclusive – set-up, shipping, wireless data charges are included. Kiosks are available in conjunction with our biometric screening events. Thus, a Kiosk is available for the duration of a given screening event. For example, if the event lasts 3 days, then the kiosk would be available for 3 days at the rate of \$775 for the entire three days. The estimated number of kiosks required must be provided a minimum of 60 days in advance in order to provide kiosks and ensure adequate availability.
- E. Healthways agrees to record all calls for the State.
1. Healthways currently records 45 days of calls for our entire book of business. Healthways agrees to record 60 days of calls for the State of Ohio.
- F. Healthways anticipates that the State will have access to Web-based reporting in the fourth quarter of 2012. There will be no additional charge to the State.

COST SUMMARY

TITLE: STATE OF OHIO EMPLOYEE POPULATION HEALTH MANAGEMENT (PHM) PROGRAM

RFP NUMBER: CSP900013

UNSPSC CATEGORY CODES: 85000000 & 85101700

OAKS Item ID: 21308

PHM Fees	
One-Time Implementation Fees	\$110,000.00
Annual Program Administration Fees consisting of Program Management Fee, Account Management, Communications, Incentive Program, Incentive Program Prizes, Custom Reporting, Data Feeds for all Programs	\$885,760.00
Optional Additional Unit Program Administration Fees - Custom Programming, Custom Reporting and Custom Data Feed Fees	\$150.00 / Hr.
Optional Additional Unit Program Administration Fees - Incentive Retailer Gift Cards	\$4.00 plus Value of Card

Program Area	Per Employee Per Month PEPM	Per Participant Per Year PPY	Per Participant Per Month PPPM	Per Participant Fee	Optional Additional Fees
Health Decision Support – Nurseline	\$0.27				
Optional Health Decision Support – Care Advocacy	\$0.54				
Health Risk Assessment (HRA) – Handling of Questionnaire & Results	\$0.005				
Lifestyle Management – High & Moderate Risk Participants	\$0.96	\$159.00	\$13.25		
Online Web Programs & Customization Fees	\$0.25				\$150.00 / Hr.
Worksite Health Screenings for 21+ Participants per Site	\$0.65			\$54.50	
Worksite Health Screenings – Additional Room Dividers					\$20.00 Ea
Worksite Health Screenings – Computer Kiosks					\$775.00 Ea
Worksite Health Screenings – Lab/Voucher					\$95.00 Ea
Worksite Health Screenings – At Home Testing					\$60.00 Ea

COST SUMMARY (Cont'd)

Program Area	Per Employee Per Month PEPM	Per Participant Per Year PPPY	Per Participant Per Month PPPM	Per Participant Fee	Optional Additional Fees
Worksite Health Screenings – Individual Screening Rate					\$150.00 Ea
Worksite Health Screenings – Fingertstick Test per A1C screened participant				\$13.50	
Disease Management – High Risk Cost Avoidance	\$2.52				
Optional Disease Management – Enhanced Program Low Back/Musculoskeletal	\$0.34		\$37.67		
Well-being Improvement Campaigns and Challenges Material					Various Per Each Pricing

CONTRACTOR INDEX

CONTRACTOR AND TERMS:

OAKS Vendor ID No.: 197381

American Healthways Services LLC
Dba Healthways
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Franklin, TN 37067

CONTRACTOR'S CONTACT: Steve Sachtleben

CONTRACT NO.: CSP900013-1 (06/30/15)

TERMS: Net 30 Days

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