

**COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION**

DATE: October 10, 2013

TO: Supervisor Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors
Supervisor Peggy Romo-West, Chair, Committee on Health and Human Needs
Supervisor David Cullen, Co-chair, Committee on Finance, Personnel and Audit
Supervisor Willie Johnson, Jr., Co-chair, Committee on Finance, Personnel and Audit

FROM: Maria Ledger, Director, Department of Family Care



SUBJECT: From the Director of Department of Family Care, requesting authorization to extend the existing Professional Services Contract with Wisconsin Physicians Service Insurance Corporation (WPS) to provide Third Party Administrator (TPA) Services for the Managed Care Organization (MCO) under Family Care for the period January 1, 2014, through December 31, 2014.

I respectfully request that the attached resolution be scheduled for consideration by the Committee on Health and Human Needs at its meeting on October 30th, 2013 and the Committee on Finance, Personnel and Audit at its meeting on October 31st, 2013.

The resolution authorizes the Director of Department of Family Care to extend the existing Professional Services Contract with Wisconsin Physicians Service Insurance Corporation (WPS) to provide Third Party Administrator (TPA) Services for the Managed Care Organization (MCO) under Family Care for the period January 1, 2014, through December 31, 2014.

The Third Party Administrator (TPA) acts on behalf of the Managed Care Organization (MCO) to adjudicate MCO member claims and to pay providers for authorized services. Wisconsin Physicians Service Insurance Corporation (WPS) has successfully provided TPA services to the MCO since 2004, and consistently meets or exceeds vendor performance expectations as the TPA to the Family Care MCO.

WPS has corporate privacy policies and procedures to ensure that they are HIPAA-compliant, they have entered into business associate agreements with outside companies with whom they share Protected Health Information (PHI), and they have a corporate privacy officer. They have also created a corporate notice of their privacy practices and distributed it to partners, have trained all of their current and will train all future employees on their privacy guidelines. WPS' well-established security procedures ensure the confidentiality of all beneficiary and provider information, ensure the rights of the individual are protected, and prevent unauthorized use of files.

WPS provides confidentiality training to all WPS employees on their first day of work and make certain all employees understand the consequences of a breach of confidentiality. All WPS employees sign a confidentiality statement. They employ comprehensive audit procedures to assure the confidentiality of beneficiary and provider information, and to protect information collected in the course of processing claims against disclosure to unauthorized parties.

WPS met the required HIPAA implementation date of October 16, 2003 for all standard transactions and EDI code sets. Including:

- Health Care Claim: Institutional, Professional or Dental
- Payment and remittance advice
- Eligibility benefit request/response
- Claim status inquiry/response
- Referral certification and authorization
- Enrollment
- Premium payment

WPS has implemented systems security controls and procedures to safeguard customer and corporate information relative to HIPAA security standards. In addition, WPS has administrative, technical and physical security policies and procedures to ensure the confidentiality, integrity and availability of all "Protected Health Information" that they create, receive, maintain or transmit.

The State of Wisconsin Department of Health Services (DHS) chose WPS as one of its two selected vendors for a Master Agreement with the State to support the day-to-day claims management of the Wisconsin Long Term Care Managed Care.

Because WPS is one of the State's two preferred TPA providers, the MCO is assured of receiving services necessary to meet the needs of our organization. Further, it should be noted in 2012 that WPS lowered the rate they charge MCDFC.

The State Department of Health Services has made clear their preference that all MCOs utilize the State's Master Agreement rather than execute their own contracts for TPA services. The MCDFC MCO, on the other hand, believes that it is advantageous to both Milwaukee County and to the MCO for MCDFC to enter into their own contract with a TPA. Having a separate contract provides the MCO with ultimate oversight in terms of

contract performance and deliverables and provides the County Board of Supervisors with the opportunity to vote on the contract.

Milwaukee County Corporation Counsel is working with MCDFC to fully evaluate the potential risks and benefits of signing the State's Master Agreement. A one-year contract extension allows them sufficient time to do their due diligence and does not place the MCO at risk, given the favorable past performance of WPS.

During the course of 2014, the MCO, after consultation with Corporation Counsel, will make a final determination as to the advisability of releasing an RFP for TPA services or signing on to the State's Master Agreement.

The authority to extend the current contract with WPS is allowed through S.56.30 (5) (a) (3) Milwaukee County Code of Ordinances which states "The request for proposal procedure must be used for all contracts with an estimated value of one hundred thousand dollars (\$100,000) or more unless action is required to protect property or protect life, health or welfare of persons, **or in circumstances where contractual services are approved by specific county board action.**" (Emphasis added).

Adoption of the attached resolution is necessary to allow the Third Party Administrator (TPA) who acts on behalf of the MCO to adjudicate member claims and to pay providers for authorized services.

Cc:

County Executive Chris Abele
Chairwoman Marina Dimitrijevic, County Board
Amber Moreen, Chief of Staff, Office of the County Executive
Kelly Bablitch, Chief of Staff, County Board
Don Tyler, Director, DAS
Josh Fudge, Director, Office of Performance, Strategy & Budget, DAS
Matthew Fortman, Fiscal & Management Analyst, DAS
Scott Manske, Comptroller
Steve Cady, Analyst, County Board Staff
Jennifer Collins, Analyst, County Board Staff
Jodi Mapp, Committee Clerk, County Board Staff
Jim Hodson, Chief Financial Officer, MCDFC