

**Revised Minutes of the  
PRE-PROPOSAL CONFERENCE HELD AT U.S. EMBASSY PRETORIA ON THE 16 NOVEMBER 2011  
REGARDING HEALTH INSURANCE FOR LOCALLY EMPLOYED STAFF**

1. ATTENDANCE

U.S. Embassy Representatives:

Human Resources Office:  
Cassandra Hamblin  
Laverne Jacobs

General Services Office:  
Ethel Mwanaumo  
Jenny Kriek  
John Kowalski  
Ravindra Srivastava

Note-taker:  
Adele Casaccio-Pretorius (US Embassy)

Prospective Bidders/Interested Parties:  
List of attendees is attached in PDF document.

2. OPENING

Mr. Srivastava declared the meeting open and handed out (i) the agenda and (ii) an example of Economic Price Adjustment to all attendees (both documents are attached in PDF format).

All participants introduced themselves.

3. AGENDA

3.1 Proposals

- HR is the requesting office, but Embassy's General Services Office/Procurement is the reviewing office. Washington DC is the final approving authority for the selected proposal.
- Questions posed and their answers will be circulated to prospective bidders and also posted on FEDBIZOPPS, as will the minutes of this meeting.
- The proposals are due at the US Embassy, Pretoria on or before 5 PM on Thursday 1 December 2011.

3.2 Ms Cassandra Hamblin

- Explained that locally employed staff from all US Government agencies such as USAID, Peace Corps and locations such as the Consulates in Johannesburg, Cape Town and Durban, will be grouped together with the Embassy Pretoria, and Embassy Maseru along with others identified in the solicitation in regards to medical aid client demographics.
- The total number of beneficiaries at the moment is about 1590 and this consists of members and their dependants.

- The staff at the Embassy is paid on a bi-weekly basis (26 pays), but the Embassy makes 24 payments towards the medical aid so that all the contribution costs are covered (with 2 payments a month).
- The current percentage of the contribution between employer and employee is as follows: Employer 67% and Employee 33%. Going forward the employer premium contribution will be 70% and employee 30%.
- In response to an audience question, Ms. Hamblin clarified that the health insurance coverage is mandatory for employees. However, if an employee credibly demonstrates coverage under somebody else's insurance plan (e.g. spouse), then the employee is not required to have coverage under the Embassy's plan.

### 3.3 Benefit Levels and Payments

- The US Government requires specific benefits in a medical insurance plan and all of these benefits are listed in the solicitation document (Section C).
- During question and answer, a participant from the provider community pointed out that an emergency clause should be added in terms of when a designated service provider is not immediately available in cases of emergencies (C.1.1., paragraph 3). *This is being addressed in an amendment to the solicitation.*
- For Lesotho, can designated services be in South Africa and Lesotho? *This is also being addressed in the aforementioned amendment to the solicitation.*
- 24 Payments are made by USG to the medical insurance contractor on a semi-monthly basis. A member of the audience pointed out that in section B (B.2.1 through B.2.5) the rates are identified for each of 26-pay periods rather than for semi-monthly basis. Also see G.4.2 on page 16. *This is also being addressed in the aforementioned amendment to the solicitation.*

### 3.4 Review of Solicitation:

- Mr. Srivastava reviewed the entire solicitation, section by section, from page 1 through page 52. Much emphasis was placed on ensuring that potential bidders submit complete packages, with appropriate representations and certifications, technical and price proposal, signatures and such. Many questions were flagged during this portion of the meeting.
- Section F.2. Implementation date: Based on audience question, it was clarified that if and when a contract is awarded in response to this solicitation, the implementation date would be January 2013. However, if the current provider of medical aid to the US Embassy local staff is awarded the contract, then a transition plan will be implemented in 2012.
- Why the solicitation? Is there a problem with the current service provider?: Regarding these questions, Embassy staff clarified that this solicitation was not because we have problems with the service provider...rather it is because US government rules require contractual arrangements to be made for finite periods of time and for these opportunities to be put out to bid for market competition.
- Section F.2. Clarification on period of performance of the contract: Based upon a question from the audience, it was clarified that the solicitation is for a base year of service and four option years. Thus, if it accepts a proposal, the US Government commits to the first year of the contract. It also reserves the right to exercise the choice

of extending the contract one-year at a time, at an appropriate time, to a maximum of four option years.

- Economic Price Adjustment (EPA): Mr. Srivastava discussed the EPA process using the example handout that was circulated. One member of the audience pointed out that it was his belief that an economic price adjustment of the type that was described was not considered a legal practice in South Africa.

### 3.5 Proposal Evaluation:

Mr. Srivastava stated that the evaluation would first be on the technical merits of the proposal, and for those that were technically acceptable, the proposals would be evaluated on pricing. The process is to identify the lowest priced technically acceptable proposal that meets the Embassy's other criteria as well.

### 3.6 Submittal details:

On numerous occasions Mr. Kowalski and Mr. Srivastava reiterated the need for potential bidders to complete all the relevant sections of the proposal, to sign it and submit it in a timely manner.

## 4. QUESTIONS

### 4.1 Is it only South African employees on the medical insurance plan or are Americans also on the same medical plan?

Answer: U.S. Diplomats assigned from the U.S. have their own U.S. style medical insurance. This solicitation is for our local employees (most of whom are South African citizens).

### 4.2 In South Africa all medical schemes' contributions are determined annually, based on claims and other experience and changes in the health care environment. This makes it impossible for any medical scheme to provide fixed contribution rates in advance (and even if we did the rate estimates would not be subject to the economic price adjustment suggested in section B.2). Therefore, does the contract price have to be a fixed price or not for base and option years? [Note: See Section 29(n) of the Medical Schemes Act No. 131 of 1998. The rates can only differ based on income and number of dependants. The contributions cannot by law be adjusted based on experience of the employer group alone as suggested in section B.4. of the solicitation.]

Answer: US Government has asked for a fixed price contract with economic price adjustment for a base-year and one option year. (*This change is reflected in an amendment to the solicitation*).

### 4.3 How would the Embassy evaluate the proposals for price, as the price increases for years 2, 3, 4 and 5 will be subjective and therefore not comparable between bidders. The price increases for years 2, 3, 4 & 5 will be subjective and therefore not comparable between the medical aid's bidding for the contract. How would the comparisons be made?

Answer: See answer to 4.3 above. Proposal comparisons will be made based on the criteria specified in Section M.

- 4.4 For benefit levels listed in section C.1 South African companies would not be able to set separate maximums for one employee group alone. Therefore, would current schemes that offer similar or higher specific rand reimbursable amounts be acceptable, or must the schemes meet the exact requirements (for example 2800 Rand ceiling for glasses under optical)? Are the specific rand amounts provided benchmark amounts or exact requirements (as per C 1.1 Page 7)?

NOTE: follow – up - if a medical aide company is selected that has acceptable benefits levels, but those reimbursable amounts increase for the entire scheme in one of the option years, how does the US Government review those changes when analyzing annual contract renewals/price adjustments?

Answer: The medical aides should submit according to the published specifications.

- 4.5 For benefit levels listed in section C.1 as a percentage, or 100% reimbursable, can the Embassy amend the language used in C.1.1 paragraph 1 “Reimbursement of covered expenses is limited to the stated percentages of scheme rates” (vice reasonable and customary costs)?

Note: Scheme rates are heavily regulated by the Medical Schemes Act No. 131 of 1998, to include 270 hospital procedures and 26 chronic conditions to be covered at cost. Change in terminology would allow the potential bidders to be in compliance with South African Law.

Answer: “Reasonable and customary” was replaced with: “stated percentages of reimbursement of prepackaged medical plan (to conform with prescribed minimum benefits as noted in the medical schemes act).” *This is addressed in the amendment to the solicitation.*

- 4.6. Is cover through the medical savings account considered cover?

Answer: Yes

- 4.7 Because South African Medical Schemes normally offer more than one option (within the scheme) to employees, if the benefit levels are met from section C.1, will a medical scheme who bids with a broad option range of/plan choices be considered?

Note from US Embassy: Current Medical provider, Discovery, offers employees 3 plan choices. The higher options are at further cost to the employee, not the employer. The cheapest of the three options contains the same benefit levels, but is in a PPO style plan where only certain providers can be utilized.

Answer: Medical Aides should submit one plan choice that meets the published specifications. After the solicitation has been awarded HR can discuss additional plan options in which extra costs are to be paid by the employees and outside the purview of a contract resulting from this solicitation.

- 4.8 For Lesotho clients will it be acceptable that some categories of designated service providers will only be available in South Africa?

Answer: Yes. *This is being addressed in an amendment to the solicitation.*

4.9 Will payment to designated service providers include all exclusions as per the Medical Schemes Act and Regulations? As per C 1.1 Page 7 (paragraph 3). The Act makes provisions for exceptions for example emergencies. Can this be incorporated/clarified in the solicitation?

Answer: This was answered in the solicitation amendment to C.1.1 (paragraph 3).

4.10 Does the maximum duration of 5 years apply to the groups chosen medical aid?

Answer: The maximum duration specified in the amended solicitation is for a maximum of 2 years (one base year and one option year). This will apply to the medical insurance provider selected through this solicitation process.

4.11 If the bid contains additional benefits, offered by the vendor: will that disqualify the proposal?

Answer: Proposals should contain the details required in the published solicitation request. After the solicitation is awarded HR may discuss additional preventive and other health-care benefits offered at no extra cost.

4.12 Fixed prices over such a period are not possible in the local environment (medical schemes are subject to community rating, and contribution are adjusted annually). How would this work?

Answer: The solicitation envisions economic price adjustments based on experience.

4.13 What happens if unable to keep to providing pricing in optional years?

Answer: The solicitation requires base and option year pricing. Those proposals that are unable to provide the required information may be deemed incomplete.

4.14 Of the 614 estimated number of employees, how many are in Lesotho?

Answer: In Lesotho the number of employees is 64.

4.15 What kind of cover is the Embassy looking for in Lesotho or would the Embassy make use of providers in South Africa?

Answer: The employees would need to have the same cover that the Mission's employees will have.

4.16 If a medical aid provider does not offer coverage outside the borders of South Africa at the moment, would that exclude them from the tender?

Answer: Yes it would.

4.17 Are you already part of a medical Aid in South Africa?

Answer: Yes

4.18 Would you please provide me with additional information in terms of possible numbers of prospective members and whether they are currently on a medical aid or not. If yes, which medical aid?

Answer: The Section B pricing tables identify the estimated quantities for this requirement. The current medical aid provider in South Africa is: Discovery Health.

5.0 CLOSURE

Mr. Kowalski and Mr. Srivastava reiterated the need for complete packages that are timely submitted. The meeting was closed at 10:30 with no more matters to be discussed.