



STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION,  
DIVISION OF BENEFITS ADMINISTRATION  
REQUEST FOR INFORMATION

FOR  
DISABILITY INSURANCE

RFI # 31786-00122  
December 15, 2015

1. STATEMENT OF PURPOSE:

The State of Tennessee, Department of Finance and Administration, Division of Benefits Administration ("State") issues this Request for Information ("RFI") for the purpose of soliciting information on group short term disability and long term disability programs and the companies which offer these types of programs on a group master policy basis. The State is interested in receiving information from companies which have a minimum of five (5) voluntary (contributory) group long term disability insurance accounts with over 25,000 enrolled participants. We appreciate your input and participation in this process.

Information provided will assist the State in comparing current benefit and possible future benefit options available for State employees who incur a disability which prevents an employee from performing work duties. The State, under authority of the State Insurance Committee, is conducting a study of these options. The State would be the group master policy owner with certificates of coverage being issued to subscribers if the State decides to issue a request for proposal and award a contract.

This market research is not a competition. No evaluation of participating vendors will occur and your participation is not a promise of future business with the State. Responding or not responding to the RFI does not preclude the Vendor from submitting a proposal to any future solicitations/requests for proposals issued by the State. The Technical and Cost Informational Form Tables of this RFI request general price ranges for the group short and long term disability programs described in Section 2 (BACKGROUND) below. The State is **NOT** requesting specific pricing for any components or services addressed in this RFI. Instead, the State is seeking price ranges for group short and long term disability programs in order to determine approximately what these types of programs sought by the State will cost. **Do NOT provide specific pricing amounts in response to this RFI.** Should responses from this RFI generate additional questions from the State all vendors responding to this request will receive the additional questions.

2. BACKGROUND:

The "State" for purposes of this RFI shall mean the state government ("Central State" or "Central State Government"), the University of Tennessee ("UT"), and the Tennessee Board of Regents ("TBR"). UT and TBR are the public sector community colleges, universities, and colleges of applied technology. There are approximately 70,000 employees who are eligible for insurance benefits.

The State currently has available to employees who incur a disability the Accumulated Sick Leave benefit, the Accumulated Annual Leave benefit, Sick Leave Bank programs, and a Retirement Due to Disability program. Central State has one (1) Sick Leave Bank, UT has six (6) Sick Leave Banks, and TBR has twenty-one (21) sick leave banks. Central State does not currently have a short term or long term disability income replacement program for employees. TBR and UT currently have a long term disability insurance program for their employees. The State offers dental, medical, employee assistance plan, behavioral health, pharmacy, life, long term care, Medicare supplement, and vision insurance programs.

State employees who are entitled to accumulate sick leave may join the Sick Leave Bank program after 12 full months of employment. Employees must use all their accumulated personal sick, compensatory, and annual leave balances before applying for benefit through the Sick Leave Bank when certified as unable to perform the duties of their job. Grants of sick leave from the Sick Leave Bank shall not exceed 90 days within a 12 month period.

To become eligible for Ordinary Disability Retirement, an active State employee participating in the State's retirement plan must have five years of creditable service before suffering a disabling condition. Recipients receive 75% to 90% of their income prior to the disability depending upon whether the disability was or was not work related.

This RFI will allow the State to determine if there are group short term disability and long term disability programs which could provide affordable income protection to State employees.

**3. COMMUNICATIONS:**

- 3.1. Please submit your response to this RFI to:  
 Seannalyn Brandmeir, Procurements and Contracting Manager  
 Department of Finance and Administration, Division of Benefits Administration  
 312 Rosa L. Parks Ave, 19<sup>th</sup> Floor WRS TN Tower  
 Phone: 615-532-4598  
 Fax: 615-253-8556
  
- 3.2. Please feel free to contact the Department of Finance and Administration, Division of Benefits Administration with any questions regarding this RFI. The main point of contact will be:  
 Seannalyn Brandmeir, Procurements and Contracting Manager  
 Department of Finance and Administration, Division of Benefits Administration  
 312 Rosa L. Parks Ave, 19th Floor WRS TN Tower  
 Phone: 615-532-4598  
 Fax: 615-253-8556
  
- 3.3. Please reference RFI # 31786-00122 with all communications to this RFI.

**4. RFI SCHEDULE OF EVENTS:**

EVENT		TIME (Central Time Zone)	DATE (all dates are State business days)
1.	RFI Issued		12/15/2015
2.	RFI Response Deadline		1/4/2016
3.	In-Person Meetings with Respondents		1/11/2016 – 1/15/2016

**5. GENERAL INFORMATION:**

- 5.1. Please note that responding to this RFI is not a prerequisite for responding to any future solicitations related to this project and a response to this RFI will not create any contract rights. Responses to this RFI will become property of the State.
  
- 5.2. The information gathered during this RFI is part of an ongoing procurement. In order to prevent an unfair advantage among potential respondents, the RFI responses will not be available until after the completion of evaluation of any responses, proposals, or bids resulting from a Request for Qualifications, Request for Proposals, Invitation to Bid or other procurement method. In the event that the state chooses not to go further in the procurement process and responses are never evaluated, the responses to the procurement including the responses to the RFI, will be considered confidential by the State.
  
- 5.3. The State will not pay for any costs associated with responding to this RFI.
  
- 5.4. The State will conduct in person meetings in Nashville, Tennessee with respondents to ensure that the State understands the information received from the respondents. Attendance at in person meetings by respondents is not mandatory and is not a prerequisite for responding to any future solicitations related to this project.

**6. INFORMATIONAL FORMS:**

The State is requesting the following information from all interested parties. Please fill out the following forms:

## TECHNICAL INFORMATIONAL FORM

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| 1. RESPONDENT LEGAL ENTITY NAME:   |
| 2. RESPONDENT CONTACT PERSON:<br>Name, Title:<br>Address:<br>Phone Number:<br>Email:   |
| 3. Please provide a brief description of your company's experience providing products and services for group short term disability insurance and group long term disability insurance for large clients.   |
| 4. Describe the pros and cons of a large employer offering a voluntary (100% employee pay) short term disability insurance program.  |
| 5. Describe the pros and cons of a large employer offering a voluntary (100% employee pay) long term disability insurance program.   |
| 6. Describe the pros and cons of a large employer offering short term disability insurance along with long term disability insurance.  |
| 7. Do group short term disability programs provide a benefit for employees who are disabled for their own occupation, any occupation, or both? Do group long term disability programs provide benefit for employees who are disabled for their own occupation, any occupation, or both?  |
| 8. If a group long term disability program includes benefit for being disabled for "own" occupation and "any" occupation, what is the typical time period to cover "own" occupation before changing to "any" occupation?   |
| 9. What is a typical elimination period before benefits begin in a group short term disability program? What is the typical elimination period before benefits begin in a group long term disability program? Do short term disability and/or long term disability insurance programs allow the subscriber to choose from a selection of available elimination periods, and if so, how does this impact the premium rates?   |
| 10. What is a typical maximum benefit period for a group short term disability program? What is a typical maximum benefit period for a group long term disability program? Typically is the maximum benefit in a long term disability insurance program "up to the Social Security normal retirement age", "up to age 65", "lifetime", or other?   |
| 11. Can a member receive benefits under a group short term disability certificate for a recurring disability with a gap between episodes? If so, please describe the typical provisions of this program feature. Can a member receive benefits under a group long term disability certificate for a recurring disability with a gap between episodes? If so, please describe the typical provisions of this program feature. |
| 12. Is there any typical elimination period between the end of one disability, the end of benefit, the occurrence of disability due to another reason, and the start of a new benefit period within a group short term disability program? Is there any typical elimination period between the end of one disability, the end of benefit, the occurrence of disability due to another reason, and the start of a new         |

benefit period within a group long term disability program?
13. Are the benefits for group short term disability programs typically offset by other income, e.g., Social Security, retirement pension, worker's compensation, etc.? Are the benefits for group long term disability programs typically offset by other income, e.g., Social Security, retirement pension, worker's compensation, etc.?
14. How do insurance carriers know what other income an employee is receiving for a disability? Describe the typical coordination of benefits with other income sources, e.g., disability retirement pension, sick leave, annual leave, sick leave bank, Social Security, etc. Describe other claims processing handling typically provided by an insurance carrier for short term disability insurance and long term disability insurance.
15. What are typical performance guarantees in a contract with a large employer offering voluntary (100% employee pay all) short term disability insurance? What are typical performance guarantees in a contract with a large employer offering employer sponsored (100% employer pay all) short term disability insurance?
16. What are typical performance guarantees in a contract with a large employer offering voluntary (100% employee pay all) long term disability insurance? What are typical performance guarantees in a contract with a large employer offering partial employer sponsored long term disability insurance?
17. Do most voluntary short term disability insurance programs allow for enrollment without evidence of insurability? Do most employer sponsored short term disability insurance programs allow for enrollment without evidence of insurability? Do most voluntary long term disability insurance programs allow for enrollment without evidence of insurability? How do such policies impact the premium?
18. What is the typical industry turn-around time for a claims decision once all required medical documentation has been provided?
19. What is the typical industry payment accuracy standard for claims processing?
20. Do most insurance carriers provide a web portal for employees, subscribers, and employer representatives? If so, what are the typical features available for each group?
21. What is a typical monthly benefit cap for long term disability insurance?
22. Do most long term disability insurance programs allow for multiple levels of income replacement which may be chosen by the subscriber?
23. Describe typical return to work programs, benefits available during trial return to work periods, and any residual benefits if a subscriber is only able to work part-time.
24. Are different categories of disabilities normally subject to different coverage durations (i.e. mental health vs. physical, etc.)?
25. Is there a minimum benefit normally included in a short term disability insurance program? Is there a minimum benefit normally included in a long term disability insurance program? If so, what are typical benefits?
26. Do most short term disability insurance programs include a cost of living benefit adjustment? Do most long term disability insurance programs include a cost of living benefit adjustment? If so, what are typical percentages of increase?

27. Do most short term disability insurance programs and/or long term disability insurance programs include a waiver of premium and/or a return of premium? If so, describe typical program features.
28. What are typical pre-existing and exclusion provisions of short term disability insurance programs? What are typical pre-existing and exclusion provisions of long term disability insurance programs?
29. Do most large employers offer short term disability insurance programs on pre-tax or post-tax of premiums? Do most large employers offer long term disability insurance programs on pre-tax or post-tax of premiums? What are the pros and cons of each approach?
30. Can different classifications of employees have different benefit options within the short term disability insurance program and/or long term disability insurance program?
31. What is usually included in a subscriber's base income for calculation of benefits?
32. What is the typical time period for which the premium rates are guaranteed in contracts with large employers for short term disability insurance and/or long term disability insurance?
33. If an employer offers on a voluntary basis a short term disability insurance program and a long term disability insurance program, do employees typically have the option to enroll in one of the programs or both of the programs, or do the employees only have the option of enrolling in the disability insurance program which includes both short term and long term insurance?

<b>COST INFORMATIONAL FORM</b>
1. Describe what pricing units you typically utilize for disability services (group voluntary short term disability insurance employee pay all, group voluntary short term disability insurance employer pay all, and group voluntary long term disability insurance employee pay all) (e.g., per member per benefit level per month, per member per salary range per quarter, etc.).
2. What is the industry (not specific to your company) monthly premium rate range for a typical group long term disability product? <ul style="list-style-type: none"> <li>• Assuming a 60% benefit, 13 week elimination period and duration through Social Security Normal Retirement Age ("SSNRA")</li> <li>• Assuming a 66.67% benefit, 26 week elimination period and duration through SSNRA</li> </ul>
3. Describe the typical price range for similar services (see above).
4. Explain which criteria (demographics of group, income replacement levels, etc.) have the greatest impact on the premium rates for both a short term disability insurance program and a long term disability insurance program.

<b>ADDITIONAL CONSIDERATIONS</b>
1. Provide input on alternative approaches or additional things to consider that might benefit the State.