



STATE OF TENNESSEE
FINANCE & ADMINISTRATION, BENEFITS ADMINISTRATION

**REQUEST FOR QUALIFICATIONS # 31786-00142
AMENDMENT #ONE
FOR EMPLOYER INSURANCE BENEFITS
CONSULTING AND ACTUARIAL SERVICES**

DATE: 7/09/18

RFQ #31786-00142 IS AMENDED AS FOLLOWS:

1. This RFQ Schedule of Events updates and confirms scheduled RFQ dates. Any event, time, or date containing revised or new text is highlighted.

EVENT	TIME (central time zone)	DATE
1. RFQ Issued		June 15, 2018
2. Disability Accommodation Request Deadline	2:00 p.m.	June 15, 2018
3. Pre-response Conference	9:30 a.m.	June 21, 2018
4. Notice of Intent to Respond Deadline	2:00 p.m.	June 22, 2018
5. Written "Questions & Comments" Deadline	2:00 p.m.	June 27, 2018
6. State Response to Written "Questions & Comments"		July 09, 2018
7. RFQ Technical Response Deadline	2:00 p.m.	July 23, 2018
8. State Notice of Qualified Respondent(s) Released		August 7, 2018
9. RFQ Cost Proposal Deadline (ONLY for Qualified Respondents)	2:00 p.m.	August 10, 2018
10. State Notice of Intent to Award Released	3:00 p.m.	Day of Insurance Committee Award of Contract
11. RFQ Files Opened for Public Inspection		1 Day after Insurance Committee Award of Contract
12. End of Open File Period		7 CALENDAR DAYS LATER
13. State sends contract to Contractor for signature		1 BUSINESS DAY LATER
14. Contractor Signature Deadline	2:00 p.m.	1 – 5 BUSINESS DAYS LATER

2. State responses to questions and comments in the table below amend and clarify this RFQ.

	QUESTION / COMMENT	STATE RESPONSE
1.	Please provide a list of the number of hours billed on the current contracts per year, broken out by Professional Service Designation.	<p>Benefits Contract:</p> <p>For the current Actuarial Benefits contract, please see below for the number of hours for each Professional Service Designation for calendar year 2013:</p> <p>Principal/Account Executive – 254.3 Senior Consultant/Lead Actuary – 226 Senior Consultant – 590.25 Consultant – 371.5 Analyst – 224.25 Medical Professional – 61.2 Total Hours: 1,727.5</p> <p>For calendar year 2014 to current, the consolidated rate as allowed by the contract was utilized for the billing. The total hours billed for calendar years 2014 to current are below:</p> <p>Calendar Year 2014: 2,014.5 Calendar Year 2015: 1,927.45 Calendar Year 2016: 2,656.65 Calendar Year 2017: 2,000.8 January – May 2018: 996.45</p> <p>OPEB Contract:</p> <p>For the current OPEB contract, please see below for the number of hours for each Professional Service Designation for calendar year 2016:</p> <p>Senior consultant - 23 Consultant - 20 Senior actuarial analyst – 65 Total: 108</p> <p>2017:</p> <p>Senior consultant - 20 Consultant - 13 Senior actuarial analyst - 13 Actuarial analyst -17 Total: 63</p>
2.	Please provide current contractor's invoices for all contract years with description of delivered goods and services as outlined in item C.5.a.10.	The State is not including copies of the invoices but has provided additional information. Please see Appendix 7.1 below for a listing on projects and hours billed for each calendar year for the benefits contract.

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3.	How much total compensation has the current contractor received each year for their services?	<p>The State maintains financial records according to fiscal year (July – June) below are the payments for each contract:</p> <p>Benefits Contract:</p> <p>Fiscal Year 2013: \$247,781.25 Fiscal Year 2014: \$533,867.50 Fiscal Year 2015: \$537,902.50 Fiscal Year 2016: \$702,200.50 Fiscal Year 2017: \$708,106.00 Fiscal Year 2018 (June – May): \$724,924.50</p> <p>OPEB Contract: (IKE)</p> <p>Fiscal Year 2014: \$65,000 Fiscal Year 2015: \$65,000 Fiscal Year 2016: \$96,595 Fiscal Year 2017: \$86,668 Fiscal Year 2018: \$70,000</p>
4.	How many qualified respondents does the State intend to move to Part Two/Cost Proposal?	As shown in RFQ Section 5.2 Qualification of Technical Responses, the State will only move the single best evaluated proposer.
5.	Will the State allow a flat, annual fee instead of the hourly rate schedule outlined in C.3. of the pro forma contract, assuming this change in fee structure results in savings to the State?	The State does not agree. The State intends to maintain the hourly rate schedule as outlined in C.3. of the pro forma contract.
6.	Please list the RFPs developed by the current vendor during the contract period. Did all RFP's result in a bid award? If not, which RFP's were unsuccessful and why?	Our current contractor has assisted with multiple procurements. Please see contract Section A.5.a. for a detailed list. To date, all procurements have resulted in a contract award.
7.	Please explain "in some cases" in Item A.5.c. Has the current contractor submitted proposals, or taken or requested commission on any insurance contracts resulting from RFPs they have developed?	<p>"In some cases" refers to a scenario where the actuarial contractor consults on the procurement development and they also offer insurance products for which the State is putting out a procurement. In this case, the actuarial contractor would be prohibited from bidding.</p> <p>Commission on insurance contracts by the actuarial contractor is prohibited.</p> <p>No, the State develops all procurements. Our current contractor provides consultation as described in A.5.b.</p>

QUESTION / COMMENT		STATE RESPONSE
8.	Is there only one proposer deemed qualified to issue the cost proposal or will it be several?	See answer to question #4 above.
9.	Can we get copies of actuarial reports issued for the retiree benefit programs?	The State has provided copies of the 7/1/13 and 7/1/15 completed valuations. We have not yet received the results for the 7/1/17 valuations. Please see Appendices 7.2 through 7.5 below.
10.	Has TN developed a funding policy that meets the requirements of GASB 74/75 for the different OPEB programs? If so please provide a copy?	No, the State has not yet developed a formal funding policy for the different OPEB programs. Funding is subject to annual appropriation by the General Assembly.
11.	What are the current fees/hourly rates for OPEB and GASB work?	Under the current actuarial contract, the biennial OPEB valuations are billed at a flat rate of \$130,000.00 to \$140,000.00 (1 fee for all 4 valuations). Any required valuation updates or additional actuarial services were billed at a hourly fee as follows: Senior VP \$430.00 to \$456.00 per hour VP \$285.00 to \$345.00 per hour Senior actuarial analyst \$227.00 to \$271.00 per hour Actuarial analyst \$167.00 to \$209.00 per hour Computer specialist \$138.00 to \$155.00 per hour Support services \$114.00 to \$121.00 per hour
12.	Please provide the number of consulting hours spent in 2016, 2017, and 2018 for valuation services?	Please see Appendix 7.1 for contract payments and hours billed over the current contract period.
13.	Do you run a separate valuation report/analysis for each local entity? What is expected to be provided to each entity?	Yes. The GASB standard requires individual OPEB valuations for the employers participating in multiple employer pay-as-you-go OPEB plans. The State expects individual reports to be prepared for each local education agency and local government employer participating in the Teacher Group, Local Government and Tennessee plans. The 7/1/17 valuation is the first time requesting individual reports and the detail to be included in each is currently being worked through.
14.	The current OPEB GASB reporting consists of four actuarial reports which include listings of the local employer's costs and liabilities in the body of the report. In the RFP, section A.8.a says "The employer results shall be presented in separate reports that are addressed to the management of each participating entity identified by the State". At this point has the State determined how many separate reports that would entail?	Per the RFQ, there are approximately 125 and 359 employers in the Teacher Group and Local Government Plans, respectively. Many of these same employers also participate in the Tennessee Plan. Each would require individual reports. The 7/1/17 valuation is the first time requesting individual reports and the detail to be included in each is currently being worked through.
15.	Please provide the number of annual on-site meetings expected or regularly occurring, including State Insurance Committee/subcommittees and legislative hearings.	The State is unable to list to provide a definitive number of on-site meetings that the Contractor will be required to attend annually as these are dependent on unpredictable circumstances.

QUESTION / COMMENT		STATE RESPONSE
		The State can provide the following: The contractor is expected to send appropriate representation to all meetings required by the State. As a reference, the current contractor attends two (2) to three (3) of the twelve (12) Insurance Committee meetings scheduled annually. In addition, the current contractor attends one (1) to two (2) of the quarterly Audit Subcommittee meetings. Generally, the State and the contractor have two (2) on-site planning meetings a year. The legislative session begins in January and typically concludes before or on June 30 th . Depending on the legislative agenda, the contractor may attend none of the meetings or several of the meetings.
16.	What access will the Contractor have to detailed (de-identified) claim data to provide utilization and cost trend metrics for the review and analysis of the various benefit and medical management activities, as well as an evaluation of medical delivery systems and alternative payment models?	The contractor will have access to the State's Decision Support System, which houses 5 years of rolling claims, both incurred and paid claims. This system currently houses medical, pharmacy, and behavioral health claims.
17.	Do the various public sector plans currently have strategies in place relative to alternative delivery systems, disease management, wellness or other cost saving measures? If any exist, can you please describe them?	The State will provide this information to the Contractor during implementation.
18.	What is the approximate procurement schedule for new and existing benefits and vendors over the course of this contract?	Benefits Administration has more than 25 contracts. On average, Benefits Administration has three to five contracts per year out for competitive bids, usually RFPs.
19.	Can you confirm that you intend to partner with a Contractor who does not receive revenue through avenues such as commissions or brokerage fees that might question objectivity?	Please refer to section C.3. of the pro forma contract. Commissions and brokerage fees are not permitted under the payment methodology of this contract. The contractor must remain, in both fact and appearance, objective in all services rendered.
20.	Are schools and/or government entities allowed to opt-in or out of the plans? How is entry or exit controlled? Will the Contractor be responsible for evaluating the impact of new entrants on the plans.	<p>Yes, Local Education Agencies (LEAs) and Local Government Agencies (LGAs) are allowed to enter or leave the plan according to the rules set forth in the Plan Documents and Memorandum of Understanding with each individual agency.</p> <p>LEAs must offer to their employees a plan that is actuarially determined equal or superior to the State sponsored local education plan in accordance with Tennessee Code Annotated and the Insurance Committee approved policy.</p> <p>The actuarial consultant will be required to evaluate these policies prior to the LEAs exiting the plan. LGAs do not have a requirement to offer an equal or superior plan to their employees. The contractor may be required to perform analysis on individual employers in any of our plans.</p>

QUESTION / COMMENT		STATE RESPONSE
21.	Will the Contractor be responsible for any other administrative functions for local education agencies or local government entities?	The State does not know what is meant by "administrative functions". Generally speaking, the State handles all enrollment issues and communications to the participating agencies.
22.	Do any of the plans/programs offered currently use, or contemplate use of, a merit or geographic rating structure, where renewal rate action is based on incurred loss ratios or geographic costs?	Currently, medical carrier contracts are awarded by region (East, Middle, West) based on the technical proposal and cost proposals. The premiums are rated by plan on a statewide basis. However, the State does charge a surcharge to the member if they chose a higher cost network.
23.	Are there any Consulting/Actuarial Services that the State would like to have but are not currently being delivered?	Not at this time.
24.	Does the State have specific objectives surrounding their wellness program? Is it targeted toward disease detection and management, healthier decisions and lifestyle, or used as a tool for employee retention?	The State is in the process of awarding the Population Health contract. The State will share specific objectives with the Contractor during the implementation process.
25.	Will the State consider reserving the right to award multiple contracts, covering separate components of this RFQ, in case it serves the state's interest better?	No, the State will award only one contract.
26.	When are the current contracts scheduled to expire?	The benefits consulting/actuarial contract term is from January 1, 2013 to December 31, 2018. The OPEB valuation services contract term is from July 1, 2013 to June 30, 2019.
27.	Can you indicate the make-up of the evaluation committee—not necessarily by names, but by positions in which departments? Pages 24 -33 of RFQ #31786-00142 lay out a scoring algorithm for Section C. What mathematical mechanism will be used to calculate proposer scores for Section B? Is each question of Section B also weighted using "Evaluation Factors"? In short, how is Section B going to be evaluated for scoring?	All evaluation team members are required to be State of Tennessee employees. For this specific procurement all are Department of Finance and Administration employees. Scoring for Section C is shown in the RFQ under Attachment C: Technical Qualifications, Experience & Approach. Scoring for Section B is shown in the RFQ under Section B: General Qualifications & Experience.
28.	Is Tennessee willing to negotiate on a limit of liability clause?	No. This is not open to negotiation.
29.	Is Tennessee willing to negotiate indemnification clauses?	No. This is not open to negotiation.
30.	Are you willing to use previous contracts as a starting point for these contract negotiations?	No.
31.	The RFQ indicates Phar D as one of the medical professionals needed. Is Phar D the only acceptable credential/licensure or are other properly licensed pharmacy consultants acceptable, for example R.Ph.?	The State will accept either a Doctor of Pharmacy or Registered Pharmacist. for pharmacy consulting services if he/she maintains his/her credentials throughout the life of the contract. However, the State prefers the pharmacy consultant to have the designation of Doctor of Pharmacy. Regardless of whether designated as a Doctor of Pharmacy or Registered Pharmacist, the pharmacy consultant must also have experience in providing

QUESTION / COMMENT		STATE RESPONSE
		pharmacy benefit consulting services.
32.	Given the regional and limited nature of dental networks, do you prefer to have a dental consultant (dentist) located in Tennessee?	The State does not have a preference for geographic location of the dental consultant(s).
33.	Is it acceptable to propose a Senior Consultant who has more than 25 years of experience in the health care industry working with and for large employers on scope of services described in this RFQ but has less than 6 years as a benefits consulting firm employee?	The State maintains the requirement of at least six (6) years of experience in benefit consulting for the professional designation of Senior Consultant.
34.	For Question c.32, could you please clarify what is expected of the bidder? Is the State just expecting the contractor to have access to a group of physicians? Could you estimate how often their services are typically needed?	The State expects the contractor to have access to specialist physicians when needed for researching experimental treatments or investigations into potential provider fraud, waste, and abuse. Based on past experience, specialist physician services are not utilized often.
35.	One Page 3 it is mentioned that there are two contracts for the services provided for \$6.6 million. Who are the two vendors and how it that contract value split between the two firms. Could you also provide the timeframe that the contract amount covers?	<p>The current contractors for benefits consulting and OPEB valuations are Aon Consulting, Inc. and Gabriel, Roeder, Smith & Company, respectively.</p> <p>The maximum liability for the benefits consulting and OPEB valuation contracts are \$4,566,050 and \$1,200,000, respectively.</p> <p>For the contract term dates please see Question #26.</p>
36.	Will the cost proposal request be similar to section C.3 of Contract? Could you please provide a sample of what will be requested by the highest scoring firm?	The State has provided a sample cost proposal as requested. This is not the actual cost proposal and is subject to modifications. Please see Appendix 7.6.
37.	Please confirm no cost proposal information should be submitted and section 3.3.2.2 of the RFP Format would not apply unless asked to provide by the State?	Confirmed. No cost proposal will be provided at time of RFQ Technical Response Deadline.
38.	Regarding OPEB Actuarial Services on pages 29-31, do all four plans allocate costs to employers using proportionate shares accounting?	<p>In general, under the current pay-go arrangements, each participating employer contributes to the retiree costs of the plan through the premium contributions made for their active employees. Additionally, there are employers who also provide direct subsidies towards their retirees' premiums. In the trusted single-employer plan, employers will be billed an amount based on the ADC determined by the funding report required by A.8.c of the contract.</p> <p>In compliance with the OPEB standards, the single-employer plan, made up of the primary government and its component units, will require proportionate share accounting for OPEB.</p> <p>The State also has a special funding situation with local education agencies participating in the Teacher</p>

QUESTION / COMMENT		STATE RESPONSE
		Group and Tennessee Plans. The special funding situation will also require proportionate shares accounting. The local governments participating in the Local Government and Tennessee Plans will require single employer accounting and disclosures.
39.	Regarding OPEB Actuarial Services on pages 29-31, if the single-employer plan does not have costs allocated to each employer, how are each individual employer costs developed?	The State is unclear about this question. In general, under the current pay-go arrangements, each participating employer contributes to the retiree costs of the plan through the premium contributions made for their active employees. Additionally, there are employers who also provide direct subsidies towards their retirees' premiums. In the trusted single-employer plan, employers will be billed an amount based on the ADC determined by the funding report required by A.8.c of the contract.
40.	Regarding OPEB Actuarial Services on pages 29-31, are the assets in the OPEB Trust available for all participating employers, or are they kept separate for each participating employer?	Once the trust is established, it will be for all participants in the State Employee Group Plan.
41.	Regarding OPEB Actuarial Services on pages 29-31, please describe the accounting entries mentioned on page 29, in C.19. Is a single table with all the entries sufficient, or does each entry receive a communication?	The entries mentioned in RFQ Section C Item 19 would be all entries required to properly record the OPEB liability, expenses, and related deferrals for the measurement period as well as an estimate for the benefits paid subsequent to measurement date, for all employers. Each individual employer will require separate reports; however, the detail of the individual reports can be discussed. The single-employer trusted plan can receive a single table for all individual employer entries. The other three plans would need to be discussed.
42.	On page 30, C.21, are there separate reports that go to each of the 65 employers in the Trusted OPEB Plan?	No, a single report is allowable for the funding report. However, the report will need to be prepared with detailed information for the 65 employers in the plan.
43.	Regarding OPEB Actuarial Services on pages 29-31, how will new employers and exiting employers be handled in the proportionate share calculations?	The State has not determined this yet.
44.	Regarding OPEB Actuarial Services on pages 29-31, may we receive a copy of the latest valuation reports?	Please see Appendices 7.2 through 7.5.
45.	Regarding OPEB Actuarial Services on pages 29-31, may we receive a detailed description of the plan design, to check for complexity?	Please see Appendix 7.11.
46.	Regarding OPEB Actuarial Services on pages 29-31, will a demographic assumptions study need to be done at regular intervals? How often?	Experience studies are provided by the Tennessee Consolidated Retirement System (TCRS).
47.	Regarding OPEB Actuarial Services on pages 29-31, how many different plan designs are there; that is, how many different sets of premiums are there?	Please see Appendices 7.7 through 7.10.
48.	For A.8.g, page 50, is Actuarial Date the Measurement Date or the Valuation Date? More specifically, does the State plan to do a full valuation every year, or every other year?	The measurement date is June 30 of the year prior to the reporting year. Historically, the valuation date has always been July 1.

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		The State plans on receiving a full valuation every year. This is a change from the biennial arrangement of the current contract.
49.	Page 49, A.8.f(3) – what is a crosswalk?	A crosswalk is a process for mapping or translating a code from one set to another. A crosswalk could be needed if information systems changed during the contract period which would require a spreadsheet to associate information between the two systems.
50.	Page 49, A.8.f(4) mentions the explicit subsidy, can we get the premium and the retiree contribution instead (they may have different trends)?	Please see Appendices 7.7 through 7.9. However, it is more efficient for the State to provide the explicit subsidies provided to retirees based on years of service. This is the way the information has been obtained from the employers since GASB 45 and is the way they understand providing the updated information. Blended premiums minus the explicit subsidies would provide the retiree contribution.
51.	Regarding OPEB Actuarial Services (General Question) - Is there a single participation assumption, even though the subsidies vary?	Please see Appendices 7.2 through 7.5.
52.	Regarding OPEB Actuarial Services (General Question) - Is the Plan a written plan, or is it included in Public Law?	Tennessee law sets the requirement for offering OPEB as well as the eligibility requirements for participation.
53.	Regarding the Contract, page 55, Section D. Mandatory Terms and Conditions , would the State be agreeable to amending Item D.5 will the State consider adding a notice of requirement to its right to terminate?	The State does not agree to this revision.
54.	Regarding the Contract, page 56, Section D. Mandatory Terms and Conditions , would the State be agreeable to amending Item D.6 to read: <p style="text-align: center;">Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract (“Breach Condition”), the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. <u>Prior to such termination becoming effective, the State will provide the Contractor with an opportunity to correct such Breach Condition, unless the State reasonably and in good faith determines the cure is not possible.</u> Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.</p> <p style="text-align: center;">We ask that the State provide a reasonable</p>	The State will not agree to this revision, but the State has revised Termination for Cause. See Amendment Item #4 below.

	QUESTION / COMMENT	STATE RESPONSE
	<p>opportunity to cure any Breaches prior to termination becoming effective.</p>	
55.	<p>Regarding the Contract, page 58, Section D. Mandatory Terms and Conditions, would the State be agreeable to amending Item D.19 to read:</p> <p><u>Hold Harmless.</u> The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged <u>to the extent resulting from as a result of acts or emissions willful misconduct</u> or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.</p>	The State does not agree to this revision.
56.	<p>Regarding the Contract, page 58, Section D. Mandatory Terms and Conditions, would the State be agreeable to amending Item D.20 to read:</p> <p>d. The Contractor will <u>indemnify reimburse</u> the State and <u>hold it harmless</u> for <u>reasonable and actual costs incurred by the State as a result of</u> any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the <u>reasonable and actual</u> costs of <u>responding to a reporting a</u> breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.</p> <p>g. The Contractor shall have full financial responsibility for any penalties, fines, or other payments imposed or required as a result of the Contractor's or its subcontractor's non-compliance with or violation of HIPAA or HITECH requirements, and the Contractor shall <u>indemnify reimburse</u> the State with respect to any such penalties, fines, or payments, including the cost of <u>credit protection any</u></p>	The State does not agree to these revisions.

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	<p>mutually agreed upon services offered to Members affected by Contractor's non-compliance with HIPAA or HITECH. At the request of the State Upon mutual agreement of the parties, the Contractor shall offer credit protection for those times in which a Member's PHI is accidentally or inappropriately disclosed.</p> <p>We have not agreed to indemnification for HIPAA violations – we can agree to reimburse the State for notification and government fines and penalties, without imposing a dollar limitation of liability.</p>	
57.	<p>Regarding the Contract, page 61, Section D. Mandatory Terms and Conditions, would the State be agreeable to amending Item D.32 to read:</p> <p><u>Insurance.</u> Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) <u>reasonably</u> acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. All coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to name the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement for a waiver of subrogation in favor of the State. Any deductible over fifty thousand dollars (\$50,000) must be approved by the State. The deductible and any premiums <u>or self-insurance</u> are the Contractor's sole responsibility. The</p>	The State does not agree to these revisions.

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	<p>Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.</p> <p>Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer's National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) business days prior to the Effective Date and again thirty (30) calendar days before <u>upon</u> renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor's policy. At any time, the State may require Contractor to provide a valid COI. The parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor's letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses.</p>	
58.	<p>Regarding the Contract, page 63, Section D. Mandatory Terms and Conditions, would the State be agreeable to amending Item D.32 to read:</p> <p>c. Professional Liability Insurance</p> <p>2) Any professional liability insurance policy shall have a limit not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) in the aggregate; and</p>	The State does not agree to these revisions.

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<p>59. Regarding the Contract, page 66, Section E. SPECIAL TERMS AND CONDITIONS, would the State be agreeable to amending Item E.7) to read:</p> <p>d. Upon termination of this Contract and in consultation with the State, the Contractor shall destroy all Confidential State Data it holds (including any copies such as backups) in accordance with the current version of National Institute of Standards and Technology (“NIST”) Special Publication 800-88. The Contractor shall provide a written confirmation of destruction to the State within ten (10) business days after destruction. <u>Notwithstanding the foregoing, the Contractor may retain archival copies of Confidential Information to memorialize its work and comply with its obligations under Section D.11 of this Agreement, along with Contractor’s then existing document retention and business continuity programs. Any State Confidential Information so retained will be maintained in accordance with the Contractor’s obligations under this Agreement.</u></p>	<p>The State does not agree to these revisions.</p>
<p>60. Regarding the Contract, pages 66-67, Section E. SPECIAL TERMS AND CONDITIONS, would the State be agreeable to amending Item E.9 to read:</p> <p><u>Personally Identifiable Information.</u> While performing its obligations under this Contract, Contractor may have access to Personally Identifiable Information held by the State (“PII”). For the purposes of this Contract, “PII” includes “Nonpublic Personal Information” as that term is defined in Title V of the Gramm-Leach-Bliley Act of 1999 or any successor federal statute, and the rules and regulations thereunder, all as may be amended or supplemented from time to time (“GLBA”) and personally identifiable information and other data protected under any other applicable laws, rule or regulation of any jurisdiction relating to disclosure or use of personal information (“Privacy Laws”). Contractor agrees it shall not <u>knowingly</u> do or omit to do anything which would cause the State to be in breach of any Privacy Laws. Contractor shall, and shall cause its employees, agents and</p>	<p>The State does not agree to these revisions.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>representatives to: (i) keep PII confidential and may use and disclose PII only as necessary to carry out those specific aspects of the purpose for which the PII was disclosed to Contractor and in accordance with this Contract, GLBA and Privacy Laws; and (ii) implement and maintain appropriate technical and organizational measures regarding information security to: (A) ensure the security and confidentiality of PII; (B) protect against any threats or hazards to the security or integrity of PII; and (C) prevent unauthorized access to or use of PII. Contractor shall immediately notify State as soon as possible following its discovery: (1) of any disclosure or use of any PII by Contractor or any of its employees, agents and representatives in breach of this Contract; and (2) of any disclosure of any PII to Contractor or its employees, agents and representatives where the purpose of such disclosure is not known to Contractor or its employees, agents and representatives. The State reserves the right to review Contractor's policies and procedures used to maintain the security and confidentiality of PII and Contractor shall, and cause its employees, agents and representatives to, comply with all reasonable requests or directions from the State to enable the State to verify and/or procure that Contractor is in full compliance with its obligations under this Contract in relation to PII. Upon termination or expiration of the Contract or at the State's direction at any time in its sole discretion, whichever is earlier, Contractor shall immediately return to the State any and all PII which it has received under this Contract and shall destroy all records of such PII. <u>Notwithstanding the foregoing, the Contractor may retain archival copies of PII to memorialize its work and comply with its obligations under Section D.11 of this Agreement, along with Contractor's then existing document retention and business continuity programs. Any PII so retained will be maintained in accordance with the Contractor's obligations under this Agreement.</u></p> <p>The Contractor shall report to the State any</p>	

	QUESTION / COMMENT	STATE RESPONSE
	<p>instances of <u>any actual</u> unauthorized access to or <u>potential</u> disclosure of PII in the custody or control of Contractor (“Unauthorized Disclosure”) that come to the Contractor’s attention. Any such report shall be made by the Contractor within <u>twenty four (24) hours as soon as practicable</u> after the Unauthorized Disclosure has come to the attention of the Contractor. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure, <u>if the parties mutually agree in good faith to offer such service</u>. The Contractor shall bear the cost of notification to all individuals affected by the Unauthorized Disclosure, including individual letters and public notice. The remedies set forth in this Section are not exclusive and are in addition to any claims or remedies available to this State under this Contract or otherwise available at law.</p>	
61.	<p>Regarding the HIPAA Business Associate Agreement, Contract Attachment C, page 74, 2. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE (Privacy Rule), would the State be agreeable to amending 2.4 to read:</p> <p>2.4 Business Associate shall require any agent, including a subcontractor, to whom it provides PHI received from, maintained, created or received by Business Associate on behalf of Covered Entity or that carries out any duties for the Business Associate involving the use, custody, disclosure, creation of, or access to PHI or other confidential information, to agree, by written contract with Business Associate, in accordance with 164.502(e)(1)(ii), ensure that any subcontractors that create, receive, maintain, or transmit protected health information on behalf of business associate agree to the same equivalent restrictions and conditions that apply to the business associate with respect to such information.</p>	The State does not agree to this revision.
62.	<p>Regarding the HIPAA Business Associate Agreement, Contract Attachment C, page 74, 2. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE (Privacy Rule), would the State be agreeable to amending the 2.7.1 and 2.7.3</p>	The State does not agree to these revisions.

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<p>to read:</p> <p>2.7.1 Business Associate shall provide to Covered Entity notice of a <u>Potential or Actual</u> Breach of Unsecured PHI <u>immediately without undue delay but no later than 30 calendar days after upon</u> becoming aware of the Breach.</p> <p>2.7.3 Covered Entity shall make the final determination whether the Breach requires notification <u>to affected individuals, the media and/or the Secretary</u> and whether the notification shall be made by Covered Entity or Business Associate.</p>	
<p>63. Regarding the HIPAA Business Associate Agreement, Contract Attachment C, page 76, 3 OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE (Security Rule), would the State be agreeable to amending 3.3 and 3.4) to read:</p> <p>3.3 Business Associate shall ensure that any agent, including a subcontractor, to whom it provides electronic PHI received from or created for Covered Entity or that carries out any duties for the Business Associate involving the use, custody, disclosure, creation of, or access to PHI supplied by Covered Entity, to agree, by written contract (or the appropriate equivalent if the agent is a government entity) with Business Associate, in accordance with 164.502(e)(1)(ii), ensure that any subcontractors that create, receive, maintain, or transmit protected health information on behalf of business associate agree to <u>the same equivalent</u> restrictions and conditions that apply to the business associate with respect to such information.</p> <p>3.4 Business Associate shall require its employees, agents, and subcontractors to report to Business Associate within five (5) business days, any Security Incident (as that term is defined in 45 CFR § 164.304) of which it becomes aware. 45 CFR 164.314(a)(2)(C) requires that business associate shall report to the covered entity any security incident of which is becomes aware, including breaches of unsecured protected health information as required by 164.410. Business Associate shall promptly</p>	<p>The State does not agree to these revisions.</p>

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<p>(up to 48 hours) report any Security Incident of which it becomes aware to Covered Entity. Provided however, that such reports are not required for attempted, unsuccessful Security Incidents, including trivial and routine incidents such as port scans, attempts to log-in with an invalid password or user name, denial of service attacks that do not result in a server being taken off-line, malware, and pings or other similar types of events.</p>	
<p>64. Regarding the HIPAA Business Associate Agreement, Contract Attachment C, page 78, 4. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE), would the State be agreeable to amending 4.6) to read:</p> <p>4.6 <u>Business Associate may de-identify PHI in accordance with the requirements of 45 CFR §164.514(a)-(c), and may use or disclose the information that has been de-identified.</u></p>	The State does not agree to these revisions.
<p>65. Regarding the HIPAA Business Associate Agreement, Contract Attachment C, page 78, 6. PERMISSIBLE REQUESTS BY COVERED ENTITY, would the State be agreeable to amending 6.1) to read:</p> <p>6.1 Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy or Security Rule, if done by Covered Entity, <u>except for the specific uses and disclosure permitted by Sections 4.2, 4.3 and 4.4 of this Agreement.</u></p>	The State does not agree to these revisions.
<p>66. Regarding the HIPAA Business Associate Agreement, Contract Attachment C, pages 78-79, 7. TERM AND TERMINATION, 7.2 and 7.3, would the State be agreeable to amending this section to read:</p> <p>7.2 <u>Termination for Cause.</u></p> <p>7.2.1. This Agreement authorizes and Business Associate acknowledges and agrees Covered Entity shall have the right either party to immediately terminate this Agreement and Service Contracts, <u>to the extent they require Business Associate to use or disclose PHI</u>, in the event Business Associate a party fails to comply with, or</p>	The State does not agree to these revisions.

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<p>violates a material provision of, requirements of the Privacy and/or Security Rule or this Memorandum.</p> <p>7.2.2. Upon Covered Entity's either party's knowledge of a material breach by Business Associate the other, the non-breaching party shall either:</p> <p>7.2.2.1. Provide a reasonable opportunity for Business Associate the breaching party to cure the breach or end the violation, or</p> <p>7.2.2.2. If Business Associate the breaching party has breached a material term of this Agreement and cure is not possible or if Business Associate the breaching party does not cure a curable breach or end the violation within a reasonable time as specified by, and at the sole discretion of, Covered Entity the non-breaching party, may immediately terminate this Agreement and the Service Agreement.</p> <p>7.2.2.3. If neither cure nor termination is feasible, Covered Entity the non-breaching party shall report the violation to the Secretary of the United States Department of Health in Human Services or the Secretary's designee.</p> <p>7.3 <u>Effect of Termination.</u></p> <p>7.3.1. Except as provided in Section 7.3.2. below, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of, Covered Entity. This</p>	

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<p>provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. <u>Except as provided in Section 7.3.2. below,</u> Business Associate shall retain no copies of the PHI.</p> <p>7.3.2. In the event that Business Associate determines that returning or destroying the PHI is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction unfeasible. Upon mutual agreement of the Parties that return or destruction of PHI is unfeasible Business Associate shall <u>and</u> extend the protections of this Memorandum to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction unfeasible, for so long as Business Associate maintains such PHI. <u>Covered Entity understands that Business Associate's need to maintain portions of the PHI for archival purposes related to memorializing advice provided will render return or destruction infeasible.</u></p>	
<p>67. Regarding the HIPAA Business Associate Agreement, Contract Attachment C, page 79, 8. MISCELLANEOUS, 8.2, would the State be agreeable to amending this section to read:</p> <p>8.2 <u>Amendment</u>. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity <u>and Business Associate</u> to comply with the requirements of the Privacy and Security Rules and the Health Insurance Portability and Accountability Act, Public Law 104-191, including any amendments required by the United States Department of Health and Human Services to implement the Health Information Technology for Economic and Clinical Health and related regulations upon the effective date of such amendment,</p>	<p>The State does not agree to this revision.</p>

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	regardless of whether this Agreement has been formally amended, including, but not limited to changes required by the American Recovery and Reinvestment Act of 2009, Public Law 111-5.	
68.	Regarding the Contract, pages 64-66, Section E. SPECIAL TERMS AND CONDITIONS , would the State's information security team be willing to discuss our information security protocols?	The Contractor must agree to the State's Security requirements. The State is willing to send our information security team information regarding your security protocols to make sure they comply with State requirements.
69.	Does Section 5.2 in the RFQ (copied below) mean that only the vendor with the highest technical response score will move on to Part Two Cost Proposal evaluation? Section 5.2: Qualification of Technical Responses: Technical Responses will be short-listed for further evaluation, analysis or negotiation if they are apparently responsive, responsible, and within the competitive range. A Technical Response will be deemed within the competitive range based on the following criterion: For the purpose of this procurement, the competitive range will be considered the single best evaluated proposer.	Yes, the State will only request cost from the highest technical evaluated respondent.
70.	Will the State provide vendors a copy of the Cost Proposal template as part of this Written Question and Answer process?	See answer to #36 above.
71.	Given the complexity of this initiative and the different services and approaches that may be offered by the vendors in response to this solicitation, we respectfully request the State amend the RFP to permit negotiations of the <i>Pro Forma Contract</i> . We have identified below prior State of Tennessee language regarding another complex program that outlined and permitted the exception and negotiation process and we have also identified sections of the RFP that require updating to align with the exception and negotiation process. The State's previously used language/process clearly keeps the State in full control over the process and the final <i>Pro Forma Contract</i> terms. By allowing the negotiation process, the State will increase competition and the probability of project success. An example of the exception and negotiation process previously used by the State is as follows (the only change is the State's prior text is the deletion of the section reference and replacement with [X.XX]): <i>[X.XX] The State is amenable to considering changes to RFQ Attachment G, pro forma contract. The</i>	The State will not agree to any of these revisions.

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<p><i>State will take all reasonable suggested alternative or supplemental contract language changes by Respondents under advisement during the evaluation and post award processes, subject to any mandates or restrictions imposed on the State by applicable state or federal law. The State recommends that Respondents include with their technical response any alternative or supplemental suggested contract language that Respondents would like the State to consider. However, the State reserves the right, in its sole discretion, to reject any and all such proposed changes to the pro forma contract.</i></p> <p><i>Clearly indicate, by providing a “red-line” of RFQ Attachment G, pro forma contract, all suggested alternative or supplemental contract language. Do not include any exceptions or changes that (1) contradict a Federal requirement or a Mandatory Requirement, or (2) push back any deadlines.</i></p> <p style="text-align: center;">***</p> <p>In order to align the RFP with the exception and negotiation process, we have identified below other RFP sections that require limited adjustment:</p> <p>4.4 Respondent Required Review & Waiver of Objections</p> <p>4.4.1 Each prospective Respondent must carefully review this RFP, including but not limited to, attachments, the RFP Attachment G, <i>pro forma</i> contract, and any amendments, for questions, comments, defects, objections, or any other matter requiring clarification or correction (collectively called “questions and comments”).</p> <p>4.4.2 Other than as permitted by [X.XX], Any prospective Respondent having questions and comments concerning this RFP must provide them in writing to the State no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of</p>	

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<p>Events. While a prospective Vendor may elect to include exceptions per Section [X.XX], as set out in Section [X.XX], the State reserves the right, at its sole discretion, to reject any and all such proposed changes to the pro forma contract.</p> <p>4.4.3 Protests based on any objection to the RFP shall be considered waived and invalid if the objection has not been brought to the attention of the State, in writing, by the Written Questions & Comments Deadline.</p> <p>3.4 Response Prohibitions: A response to this RFQ shall not:</p> <p>3.4.1 Restrict the rights of the State or otherwise qualify the response to this RFQ (unless specifically permitted by the RFP);</p> <p>5.6 Contract Award Process</p> <p>5.6.5 Except for the exceptions as provided per [X.XX], the Respondent identified as offering the apparent best-evaluated response must sign a contract drawn by the State pursuant to this RFP. The Contract shall be substantially the same as the RFP Attachment G, <i>pro forma</i> contract except as modified by any mutually agreed to changes per Section [X.XX]. The Respondent must sign said contract no later than the Contractor Signature Deadline detailed in the RFP Section 2, Schedule of Events. If the Respondent fails to provide the signed Contract by this deadline, the State may determine that the Respondent is non-responsive to this RFP and reject the response.</p>	

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<p>5.6.6 Notwithstanding the foregoing, the State may in addition to the negotiation of the exceptions identified in [X.XX], at its sole discretion, entertain other limited negotiation prior to Contract signing and, as a result, revise the <i>pro forma</i> contract terms and conditions or performance requirements in the State's best interests, PROVIDED THAT such other revisions of terms and conditions or performance requirements shall <u>NOT</u> materially affect the basis of response evaluations or negatively impact the competitive nature of the RFP and contractor selection process.</p> <p>5.6.7 If the State determines that a response is non-responsive and rejects it after opening Cost Proposals, the Solicitation Coordinator will re-calculate scores for each remaining responsive Cost Proposal to determine (or re-determine) the apparent best-evaluated response.</p> <p><u>Attachment E</u></p> <p>STATEMENT OF CERTIFICATIONS AND ASSURANCES</p> <p>An individual responding in his or her individual capacity or legally empowered to contractually bind the Respondent must complete and sign the Statement of Certifications and Assurances below as required, and this signed statement must be included with the response as required by the Request for Qualifications.</p>	

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<p>The Respondent does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:</p> <ol style="list-style-type: none"> 1. The Respondent will comply with all of the provisions and requirements of the RFQ. 2. The Respondent will provide all specified goods or services as required by the contract awarded pursuant to this RFQ. 3. The Respondent, except as otherwise provided in the RFP, accepts and agrees to all terms and conditions set out in the contract awarded pursuant to this RFQ. 	

3. Add the following as RFQ Appendices:

Appendix 7.1	Contract Project Description and Hours
Appendix 7.2	7-1-2015 Tennessee Plan Valuation Report for FYE 6-30-2016
Appendix 7.3	7-1-2015 TN Local Education Employees Plan Valuation Report for FYE 6-30-2016
Appendix 7.4	7-1-2015 TN Local Government Employees Plan Valuation Report for FYE 6-30-2016
Appendix 7.5	7-1-2015 TN State Employees Plan Valuation Report for FYE 6-30-2016
Appendix 7.6	Cost Proposal Sample
Appendix 7.7	Local Government Premiums
Appendix 7.8	Local Education Premiums
Appendix 7.9	State and Higher Education Premiums
Appendix 7.10	Dental and Vision Premiums
Appendix 7.11	Benefits Grids for all Products

4. Delete Pro Forma contract section D.6 in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

D.6. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract, or if the Contractor materially violates any terms of this Contract (“Breach Condition”), the State shall provide written notice to Contractor specifying the Breach Condition. If within thirty (30) days of notice, the Contractor has not cured the Breach Condition, the State may terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor and the State may seek other remedies allowed at law or in equity for breach of this Contract.

5. Delete RFQ # 31786-00142, in its entirety, and replace it with RFQ # 31786-00142, Release # 2, attached to this amendment. Revisions of the original RFQ document are emphasized within the new release.

6. RFQ Amendment Effective Date. The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFQ not expressly amended herein shall remain in full force and effect.