



STATE OF TENNESSEE  
Benefits Administration

**REQUEST FOR PROPOSALS # 31786-00122  
AMENDMENT # Two  
SHORT-TERM DISABILITY AND LONG-TERM  
DISABILITY INSURANCE**

**DATE: May 23, 2016**

**RFP # 31786-00122 IS AMENDED AS FOLLOWS:**

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

EVENT	TIME (central time zone)	DATE
1. RFP Issued		April 27, 2016
2. Disability Accommodation Request Deadline	2:00 p.m.	May 2, 2016
3. Pre-response Conference	1:00 p.m.	May 3, 2016
4. Notice of Intent to Respond Deadline	2:00 p.m.	May 4, 2016
5. Written "Questions & Comments" Deadline	2:00 p.m.	May 9, 2016
6. State Response to Written "Questions & Comments"		May 23, 2016
7. Response Deadline	2:00 p.m.	May 31, 2016
8. State Completion of Technical Response Evaluations		June 13, 2016
9. State Opening & Scoring of Cost Proposals	2:00 p.m.	June 14, 2016
10. State Notice of Intent to Award Released <u>and</u> RFP Files Opened for Public Inspection	2:00 p.m.	1 Day after Insurance Committee Award of Contract
11. End of Open File Period		7 CALENDAR DAYS LATER
12. State sends contract to Contractor for signature		1 BUSINESS DAY LATER
13. 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 RFP.**

Any restatement of RFP text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFP document.

QUESTION / COMMENT	STATE RESPONSE
<p>1 3.3 Response &amp; Respondent Prohibitions 3.3.1. A response must not include alternate contract terms and conditions. If a response contains such terms and conditions, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.</p> <p>Agreed, provided any exceptions or deviations <b>**Redacted Name**</b> submits at the Questions and Comments Deadlines, which are approved by the State or which the State deems as points for future negotiation/consideration may be incorporated into the resulting contract.</p>	<p>Such changes occur during the questions and comments portion of the RFP process resulting in an amended contract. There is no negotiation following the award unless in the best interest of the State to do so.</p>
<p>2 4.4 Assignment &amp; Subcontracting 4.4.1. The Contractor may not subcontract, transfer, or assign any portion of the Contract awarded as a result of this RFP without prior approval of the State. The State reserves the right to refuse approval, at its sole discretion, of any subcontract, transfer, or assignment.</p> <p><b>**Redacted Name** identifies sub-contractors as suppliers who are performing a core business function(s) of supporting your request, (underwriting, benefit disbursement, etc...). We perform these functions in the course of everyday business and have no subcontractors. However, to the extent <b>**Redacted Name**</b>proposes to hire contractors to perform services solely for the State (e.g. diversity business enterprise), <b>**Redacted Name**</b> agrees to obtain the State’s approval prior to hiring such contractor.</b></p>	<p>The State agrees.</p>
<p>3 4.4 Right to refuse Personnel or Subcontractors</p> <p>The State reserves the right to refuse, at its sole discretion and notwithstanding any prior approval, any personnel of the prime contractor or a subcontractor providing goods or services in the performance of a contract resulting from this RFP. The State will document in writing the reason(s) for any rejection of personnel.</p> <p>We are willing to agree to this provision as it relates to “subcontractors” provided that term in this provision applies to those entities with whom <b>**Redacted Name**</b> contracts to provide services solely to the State.</p>	<p>The State does not agree.</p> <p>This does apply solely to subcontractors. It applies to any personnel providing goods or services for the contract.</p>
<p>4 4.4 Professional Licensure and Department of Revenue Registration</p> <p>4.7.3. Before the Contract resulting from this RFP is signed, the apparent successful Respondent must be registered with the Tennessee Department of Revenue for the collection of Tennessee sales and use tax. The State shall not award a contract unless the Respondent provides proof of such registration or provides documentation from the Department of Revenue that the Contractor is exempt from this registration requirement. The foregoing is a mandatory requirement of an award of a contract pursuant to this solicitation. For purposes of</p>	<p>The prevailing contractor must register with the Tennessee Department of Revenue as required and as applicable.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>this registration requirement, the Department of Revenue may be contacted at:TN.Revenue@tn.gov.</p> <p>We are not registered for sales &amp; use tax in Tennessee. Sales tax doesn't apply because **Redacted Name** does not "manufacture, distribute, sell, rent, or lease tangible personal property, or provide taxable services." Additionally our general practice for all states is to register for use tax when a liability occurs. This has not occurred with the state of Tennessee yet; however, we can register for use tax if required.</p>	
<p>5 Is the census available in Excel versus Adobe? Please include which LTD option was selected and the average sick days per employee on the same census. Assuming sick time is exhausted prior to disability plans EP.</p>	<p>Yes. We previously provided Appendices 7.10, 7.11 and 7.12 in excel format. We revised the data provided in those appendices.</p> <p>Please refer to Amendment Section #3 below.</p> <p>The sick time does not need to be exhausted prior to the disability plans elimination period.</p>
<p>6 Is the STD virgin? Please confirm the "ask" is for 2 plan options?</p>	<p>The State has not offered a short term disability insurance benefit product before now. Yes, the State is requesting two plan options: short term disability insurance and long term disability insurance.</p>
<p>7 Is the STD coverage voluntary?</p>	<p>Yes, it is voluntary.</p>
<p>8 Are all ee's eligible for the STD options or just those ee's not in the Disability retirement plan?</p>	<p>All employees who meet the <i>Eligibility Criteria</i> in "RFP # 31786-00122 Appendix 7.16. Eligibility Criteria" will be eligible for the STD option. Employees who are receiving benefit via the Disability Retirement Plan do not meet this eligibility criteria.</p>
<p>9 2 sections - University of TN &amp; TN Board of Regents</p> <p>1) Has there been a plan design changes in the past 5 yrs?</p> <p>2) Has there been any rate changes? If so, please provide rate history.</p> <p>3) Please confirm the LTD coverage is 100% EE paid.</p> <p>4) Is it possible to identify which plan was selected for the open claims for both groups?</p>	<p>1) For UT, there have been no plan changes. For TBR, there were plan changes in 2014 and 2016. In 2014, the replaceable income for exempt was reduced from 66 2/3 to 60. In 2016, the COLA for the exempt plan was removed.</p> <p>2) For TBR, there have not been any rate changes. For UT, there was a 5% reduction effective 1/1/2016.</p> <p>3) Confirmed. Employee paid at 100 percent.</p> <p>4) Information is not available regarding this.</p>
<p>10 RFP A.1b Contract Scope, (PDF page 45): this section specifies the STD employee contribution could change during the term of the contract. Please advise approximately how many enrollees the State expects to pay for and does the State wish to receive</p>	<p>Should the State decide to pay the employee premiums for the STD program, it is anticipated that the employer contributions would be for all enrolled members. The State does not want to</p>

QUESTION / COMMENT	STATE RESPONSE
<p>premium rates for a partially State funded quote for specific groups of employees in this RFP? The cost proposal stipulates 100% EE pay and 100% ER pay quotes.</p>	<p>receive premium rates for a partially State funded quote for specific groups of employees.</p>
<p>11 RFP B. Term of Contract, (PDF Page 66) and C3. Payment Methodology, (PDF page72): In the Term of Contract section the contract period is 42 months and the maximum extended term is 66 months, but the cost proposal indicates a 3 year term. The Payment Methodology section C3. B.(2) indicates a 3 year term with two additional one year terms. What is the State's preferred rate guarantee period including additional terms?</p>	<p>Premium rates shall be guaranteed for calendar years 2017, 2018, and 2019. For the one renewal option of two additional years 2020 and 2021, the premium rates will be the same as 2019 unless the criteria for changing the premium rates is met as defined in Pro Forma Contract Section C.3.b.(2) and requested by the Contractor.</p>
<p>12 RFP C.3.b(2) Payment Methodology, (PDF page 72): Please clarify if the Contractor's Loss Ratio should include applicable reserves and not just claims paid.</p>	<p>Revised language to Pro Forma Contract Section C.3.b(2).  Please refer to Amendment Section #4 below.</p>
<p>13 RFP Insurance, (PDF page 79): this section makes reference to a self-insured contract. Is it the State's intent to have all STD and LTD contracts fully insured?</p>	<p>RFP D.30. Insurance. References the Commercial General Liability Insurance and Workers' Compensation and Employer Liability Insurance which the Contractor must maintain. It is the State's intent to have all STD and LTD options within the contract to be fully insured.</p>
<p>14 Appendix 7.3a. Sick Leave Bank Guidelines: Please confirm there is a 12 month pre-existing condition waiting period to participate? Is there a difference in sick bank benefits for exempt versus non-exempt employees?</p>	<p>The guidelines specify that eligibility is "All state employees who are entitled to accrue sick leave pursuant to T.C.A. § 8-50-802, who have been employed by state government for 12 full months immediately preceding application for participation, who are currently accruing leave, and who have a sick leave balance of at least 6 days as of October 31 of the current enrollment year are eligible to enroll in the Bank."</p> <p>TBR has a 30-day pre-existing before eligible to apply.</p> <p>There is no difference for exempt versus non-exempt.</p> <p>The information for Higher Education is not available at this time.</p>
<p>15 Appendix 7.10 and 7.11 TBR and UT Census Files: Can the status (active, retired, disabled, leave) and LTD option (0 through 4 and AA through C) the employee is currently enrolled in be added to the census files?</p>	<p>The status only includes active. You do not need the status for individuals who are retired, disabled or on leave.</p> <p>Appendices have been updated to include LTD option information.</p> <p>See Amendment Section #3 below.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>16 Appendix 7.12, Central State Govt Census File:</p> <ul style="list-style-type: none"> <li>• Are those employees totally and permanently disabled included in this file? If not, could they be added if they will be eligible for the proposed disability programs?</li> <li>• Can status (active, retired, disabled, etc.), zip code, date of birth, gender, and annual salary be added to the census file similar to the higher education employees?</li> </ul>	<p>1. No, employees completely or permanently disabled are not included in the file as they will not be eligible for the benefit.</p> <p>2. Refer to Question #15 regarding status. The Appendix has been updated with additional information.</p> <p>See Amendment Section #3 below.</p> <p>Note: the State cannot provide ZIP code information due to state privacy laws.</p>
<p>17 Appendix 7.13a. LTD Claim Exhibits by EP and Appendix 7.13b. University of TN:</p> <ul style="list-style-type: none"> <li>• Can these exhibits be updated with experience through 2016?</li> <li>• LTD Claim list: please add accumulated benefits paid to date, SS indicator, offset amounts and offset type to the claim lists.</li> </ul>	<p>The information is not available at this time.</p>
<p>18 Appendix 7.13 c. and 7.13 d. UT and TBR Premium Statements: Are premium statements for 2016 available?</p>	<p>The information is not available at this time.</p>
<p>19 Appendix 7.14a. TBR Sick Leave Bank: Is a file similar to Appendix 7.15b.i. with sick leave by employee available for these employees by faculty and non-faculty?</p>	<p>No, this information is not available.</p>
<p>20 Appendix 7.15a. UT Sick Leave Analysis: do these figures represent the number of employees eligible and enrolled by duration? Is a file similar to Appendix 7.15b.i. with sick leave by employee available for these employees?</p>	<p>Yes. One column provides all employee number, one provides the number of SLB participants and the other is the duration of the SLB.</p>
<p>21 Appendix 7.15.b.i. Excel File:</p> <ul style="list-style-type: none"> <li>• Please confirm the" CALC_RSLT_VAL" column represents hours and what is the start of the year, 1/1/2016?</li> <li>• The most recent date in this file is October 2014; does this include 2015 data?</li> <li>• What does the STD Hours column indicate?</li> <li>• This file includes part time (20 hours) and full time employees; will the proposed STD program be available to those working part time?</li> </ul>	<p>Yes, the figures are hours, and the data is as of 9-30-14. The State has updated the column header. Refer to Amendment Section #24.</p> <p>This file does not include 2015 data.</p> <p>The employee's standard hours per week.</p> <p>The STD program will generally not be available to employees working part time. However, per the eligibility criteria, "a seasonal employee hired prior to July 1, 2015 with 24 months of service and certified by his or her appointing authority to work at least 1,450 hours per fiscal year (July – June)" is eligible.</p>
<p>22 Appendix 7.15b.ii., iii., and iv. Excel Files: What does the business unit in these files represent? Do these files include part time employees?</p>	<p>The business unit represents the State agency with which the employee is working. No.</p>

QUESTION / COMMENT	STATE RESPONSE																																												
<p>23 Please provide the current and historical rates (2011 through 2016) for the University of Tennessee and the Board of Regents LTD programs.</p>	<p>TBR has not changed the rate.</p> <p>UT historical rates are:</p> <table border="1" data-bbox="959 296 1531 898"> <thead> <tr> <th>Plan Type</th> <th>2011 to 2015</th> <th>2016</th> <th>% of Salary Coverage</th> </tr> </thead> <tbody> <tr> <td>Non-Exempt 0</td> <td>0.235</td> <td>0.223</td> <td>50%</td> </tr> <tr> <td>Non-Exempt 1</td> <td>0.335</td> <td>0.318</td> <td>60%</td> </tr> <tr> <td>Non-Exempt 2</td> <td>0.366</td> <td>0.348</td> <td>60% with COLA</td> </tr> <tr> <td>Non-Exempt 3</td> <td>0.385</td> <td>0.366</td> <td>63%</td> </tr> <tr> <td>Non-Exempt 4</td> <td>0.44</td> <td>0.418</td> <td>63% with COLA</td> </tr> <tr> <td colspan="4" style="background-color: black;"></td> </tr> <tr> <td>Exempt AA</td> <td>0.35</td> <td>0.33</td> <td>70%</td> </tr> <tr> <td>Exempt A</td> <td>0.295</td> <td>0.28</td> <td>66.60%</td> </tr> <tr> <td>Exempt B</td> <td>0.25</td> <td>0.238</td> <td>63%</td> </tr> <tr> <td>Exempt C</td> <td>0.23</td> <td>0.219</td> <td>60%</td> </tr> </tbody> </table>	Plan Type	2011 to 2015	2016	% of Salary Coverage	Non-Exempt 0	0.235	0.223	50%	Non-Exempt 1	0.335	0.318	60%	Non-Exempt 2	0.366	0.348	60% with COLA	Non-Exempt 3	0.385	0.366	63%	Non-Exempt 4	0.44	0.418	63% with COLA					Exempt AA	0.35	0.33	70%	Exempt A	0.295	0.28	66.60%	Exempt B	0.25	0.238	63%	Exempt C	0.23	0.219	60%
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<p>24 Were there any plan design changes from 2011 through 2016 to the University of Tennessee and the Board of regents LTD Programs?</p>	<p>Please refer to Question #9 above.</p>																																												
<p>25 Would the State be interested in a carrier partnering with an enrollment firm to maximize this important benefit to its members and increase educational awareness?</p>	<p>The Contractor is permitted to use subcontractors approved by the State to perform designated functions with no additional fees or premium add-on's being paid by the State or Members. Actual enrollment data will be entered into the State's Edison system by the Members or State staff.</p>																																												
<p>26 With the recent amendment issued by the State to switch from SOC 1 to SOC 2, Would the State accept a SOC 1 report for now with the understanding that the winning carrier be able to provide a SOC 2 report later on during the contract?</p>	<p>No, the State will not accept a SOC 1 report. SOC 2 report specifically covers information systems while SOC 1 is financial systems only. In requiring this report, the State is looking for the information systems information.</p>																																												
<p>27 Section 3.2.2.2 says to provide the cost proposal in an Excel format. We were not provided with an Excel document for the cost items. Can you provide this?</p>	<p>See Amendment Section #5 below.</p>																																												
<p>28 In Section 3.1.1.1, the State advises that they want Attachment 6.2 (The Technical Response and Evaluation Guide) to cover the Technical Response. Does the State want this over the front page or under the front cover in the binder. Can we also include our regular table of contents in order to arrange the rest of the binder?</p>	<p>The binder cover does not need to be formatted based on RFP Section 3.1.1.1. Please include the RFP reference number on the cover.</p> <p>For information organized and listed in your binder the Technical Response &amp; Evaluation Guide should be used to organize, reference, and draft the Technical Response by duplicating</p>																																												

QUESTION / COMMENT	STATE RESPONSE
	the attachment, adding appropriate page numbers as required, and using the guide as a table of contents covering the Technical Response.
29 How many employees are currently enrolled in the Tennessee Consolidated Retirement System (TCRS)? Will these employees be eligible for the state sponsored disability benefit? If so, will it be offset by it?	There are 63,180 State and Higher Education active employees as of 6/30/2015 enrolled in TCRS. These employees will be eligible for the state sponsored disability benefits. Disability benefit will be offset by any benefit received from TCRS.
30 Will the state sponsored STD and LTD benefit be offset by the accrued personal sick leave? Will the waiting period for benefits be extended due to the accrued sick days?	<p>Yes the state-sponsored STD and LTD will be offset by accrued personal sick leave.</p> <p>No, the waiting period for benefits will not be extended due to the accrued sick leave. Instead, the disability benefit will be reduced by sick leave benefit as stated above.</p>
31 The RFP is asking for an Employee and Employer paid option although the RFP also states this will be initially voluntary? Will the state being choosing between an employer and employee paid option or are they only looking for employee paid options at this time?	The State will not be choosing between an employer and employee paid option. The RFP requires an employer and employee paid STD option with the State initially implementing the STD employee paid option and having the option to change at a later date to a STD employer paid option. The LTD will be implemented and remain to be an employee paid option.
32 Are any of the current voluntary plans offered to the employees Section 125 plans?	No the voluntary plans are not offered to employee through Section 125 plans.
33 Please provide updated census files in excel format that includes: <ul style="list-style-type: none"> <li>• Genders(these were not provided on the Central State census)</li> <li>• Accrued sick bank time</li> </ul>	<p>Refer to Question #16 above.</p> <p>Members do not accrue sick bank time.</p>
34 Please provide and excel version of the census for the State Employees to include gender, dates of birth or age, and hourly rate.	Refer to Question #16 above.
35 Please provide updated LTD experience data from Prudential with a current valuation date. The experience provided has a valuation date of 11/1/2015.	Information is not available at this time.
36 Can we receive a copy an updated Excel Census for Central State Government with Gender and Date of Birth data elements added in section 7.12?	Refer to Question #16 above.
37 Please confirm that the new plans that are written for STD and	Confirmed.

QUESTION / COMMENT	STATE RESPONSE
LTD will be offset for any accumulated sick leave or salary continuation bank?	
38 Will sick banks be discontinued?	The sick leave banks will continue at this time. This is subject to change as are all leave policies should the State legislature or other governing bodies vote to make changes.
39 Will the STD plan be an employee choice of either choice of Option A or Options B?	Yes.
40 Will the LTD plan be an employee choice of choice of Option 1, 2, 3, or 4? Or will the options be more limited?	Yes. All options will be available for selection.
<p>41 A.1.b: The Contractor agrees that during the term of this Contract, upon notice, the State may choose to change the premium payment on the STD from one-hundred percent (100%) employee premium payment to one-hundred percent (100%) employer premium payment for some or all of the STD enrollees. The STD premium rates will then be adjusted accordingly to those listed in Contract Section C.3. labeled "SHORT TERM DISABILITY PROGRAM with EMPLOYER PAY ALL PREMIUM".</p> <p>We request that this be limited to the initial 3 year rate guarantee period.</p>	The State does not agree.
<p>42 A.1.h: The Contractor shall provide advice, assistance, and information regarding applicable Federal and State laws, court holdings and regulations affecting disability insurance programs, and other Program related matters as needed.</p> <p>We request striking the word "advice" from paragraph (h) as **redacted name** does not give legal advice to our customers. However, if a change in law or regulation requires revisions to the group insurance policy or administration, we will notify the State.</p>	<p>The State agrees.</p> <p>See Amendment Section #6 below.</p>
<p>43 A.2: Staffing</p> <p>h. For work under this Contract, the Contractor shall employ no employees or contract with subcontractors that are on the U.S. Department of Health and Human Services' Office of Inspector General (OIG) exclusions list unless the Contractor receives prior, written approval from the State.</p> <p>We are willing to agree to this provision as it relates to "subcontractors" provided that term in this provision applies to those entities with whom **redacted name** contracts to provide services solely to the State.</p> <p>i. Key personnel commitments made by the Contractor shall not</p>	<p>Yes, this requirement applies to all work under this contract as stated in A.2.h.</p> <p>A2.i. The State does not agree. The State does recognize that personnel change but we do reinforce that we have a requirement of notice in the stated timeframe.</p> <p>The words "banking reference" are not included in the Pro Forma Contract Section A.2.i. therefore we did not respond to that aspect of the question.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>be changed unless prior approval is received from the State. For these purposes, such commitments shall include any named individuals in the proposal and the levels of effort proposed. The Contractor shall notify the State at least fifteen (15) days in advance of proposed changes and shall submit "banking reference" justification (including proposed substitutions) in sufficient detail to the State to evaluate the impact upon the Contract.</p> <p>We value feedback on the performance of our employees and take any concerns very seriously. In order to ensure continuity and highest service levels, we reserve the right to make decisions regarding the staff servicing your account. We will gladly provide notice of any changes in this personnel, as much as is reasonably possible, prior to the change going into effect.</p>	
<p>44 A.3 Call Center</p> <p>h. The Contractor's call management system shall record and index all calls such that the Contractor can easily retrieve recordings of individual calls based on the phone number of the caller, the caller's name, the date/time of the call and the staff member who handled the call. The Contractor shall be able to provide a full recording of each call upon the State's request. The Contractor shall archive the recordings for one year from the date of each call.</p> <p>Due to applicable privacy and confidentiality laws, we will not be able to make the call recordings available to the State.</p>	<p>The State does not agree.</p> <p>For clarification, the information is not widely disseminated and is typically used for quality control or follow up on a member issue. In quality control instances, the contractor will de-identify the member information.</p>
<p>45 A.4 Member Communications/Materials</p> <p>a. The Contractor shall, in consultation with and following written approval by the State, develop and disseminate Member information and communication materials (hereinafter referred to as Member materials). Member materials shall include, but are not limited to, Member handbooks, administrative forms, letters, manuals, brochures, fliers, medical underwriting applications, webinars and online videos. This provision excludes guaranteed issue enrollment forms, which are the State's responsibility.</p> <p>We request adding the following statement: "Provided, however, the Contractor shall have the right to make final decisions regarding regulatory compliance of all such Member materials."</p> <p>f. Unless otherwise directed by the State, the Contractor shall obtain approval in writing from the State prior to using or distributing any Member materials.</p> <p>We request adding the following statement to the end of this paragraph</p>	<p>A.4 The State does not agree.</p> <p>The State has modified the language in A.4. Refer to Amendment Section #7 below.</p> <p>A.4.f. The State does not agree.</p> <p>The State has modified the language. Refer to Amendment Section #7 below.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>(f): “This section shall not be interpreted to require Contractor to obtain State’s approval for materials previously filed and approved by the Tennessee Department of Commerce and Insurance or interpreted to require State direction and approval when obtaining such would interfere with Contractor’s ability to comply with applicable insurance law.”</p> <p>j. The Contractor shall prominently display the Contractor’s call center telephone number and website address in large, bolded typeface on all Member materials, unless otherwise approved by the State.</p> <p>We request removal of the word “bolded” from this paragraph (j).</p>	<p>A.4.j. The State does not agree. The current language states ‘unless otherwise approved by the State’.</p>
<p>46 Regarding the Pro Forma Contract, A.5 Member Handbooks, item D, Is the State interested in electronic distribution options for the Member handbook?</p>	<p>Yes but the State requires the mailing of member handbooks to all new members as stated in Pro Forma Contract A.4.d.</p>
<p>47 A.5 Member Handbooks</p> <p>Unless otherwise prior approved in writing by the State, the Contractor shall design all Member materials at the sixth (6.0) grade level or lower using the Flesch-Kincaid Index or other suitable metric that the State prior approves in writing. The Contractor shall evaluate materials using the entire text of the materials (except return addresses).When submitting draft materials to the State for approval, the Contractor shall provide a reading level analysis and certification of the reading level of each piece of material.</p> <p>We request revising this paragraph to state “The Contractor will make a good faith effort to design Member materials at the sixth (6.0) grade level using the Flesch-Kincaid Index if such material may be so designed while still meeting insurance advertising regulatory requirements. The Contractor shall evaluate materials...”</p> <p>d. During the benefit year the Contractor shall mail handbooks to new Members, if requested by the State, no later than ten (10) days from receipt of new enrollment. With the State’s approval, electronic means may be utilized to provide the Member handbook.</p> <p>We request revision to this section (d) as follows: “...no later than ten (10) days from receipt of new enrollment and State’s delivery of the new Member’s address or email to Contractor.”</p>	<p>The State does not agree. The current language states ‘or other suitable metric that the State prior approves in writing’.</p> <p>A.5.d The State agrees. Refer to Amendment Section #9 below.</p>
<p>48 Can the State detail what is in their member handbook or can we receive a copy of the Member Handbook?</p>	<p>This is a new benefit for the State and therefore we do not have a STD and/or LTD member handbook. For examples of current member</p>

QUESTION / COMMENT	STATE RESPONSE
	<p>handbooks, go to <a href="http://www.tn.gov/finance/article/fa-benefits-publications">http://www.tn.gov/finance/article/fa-benefits-publications</a></p> <p>We have added additional UT handbook information.</p> <p>Refer to Amendment Section #8 below.</p>
<p>49 Regarding Section A.6(j), Is the State’s definition of “website/portal” in reference to a member only-site, an administrator site, or both?</p>	<p>Pro Forma Contract A.6 refers to the members’ site, also known as the ‘splash’ page.</p>
<p>50 A.6 Website:</p> <p>i. To ensure accessibility among persons with a disability, the Contractor’s website shall comply with Section 508 of the Rehabilitation Act of 1973 (29 USC Section 794d) and implementing regulations at 36 CFR 1194 Parts A-D.</p> <p><i>We request revisions to this paragraph (i) as follows: “...Contractor’s website shall substantially comply with Section 508 of the Rehabilitation Act of 1973 (29 USC Section 794d) and implementing regulations at 36 CFR 1194 Parts A-D.”</i></p> <p>h. The Contractor shall cover the cost of the transfer of the domain name for the website/portal from the State of Tennessee to the Contractor. The Contractor shall transfer ownership of the domain name to the State upon termination of this Contract without delay and at no cost to the State.</p> <p><i>With the exception of a public domain (custom website if applicable), we do not use custom domains for each customer; therefore, there would be no domain to transfer. We use single portal domain and Profile (user ID) drives content/data.</i></p>	<p>A.6. The State agrees.</p> <p>A.6.h. The State does not agree. However, the State will delete A.6.h. in its entirety.</p> <p>Refer to Amendment Section #10 below.</p>
<p>51 A.7 Administrative Services</p> <p>b. The Contractor shall provide advice, assistance and information to the State regarding applicable existing and proposed Federal and State laws and regulations affecting the Program.</p> <p><i>We request striking the word “advice” from this provision (b). **Redacted name** cannot provide legal advice to our customers.</i></p>	<p>The State agrees. Refer to Amendment Section #11 below.</p>
<p>52 A.7.g. The Contractor shall establish a formal grievance procedure for Members and providers to appeal decisions in regard to administration of the Program and to resolve disputes that may arise in the administration of the Program. The</p>	<p>The State does not agree.</p> <p>The State has modified the language in A.7.g.</p>

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<p>Contractor shall provide the State with a written copy of this grievance procedure by the date specified on contract section A.13.e.16, and the State reserves the right to require changes in the procedures when appropriate.</p> <p>We request striking the words “and providers” from this paragraph (g) because <b>**redacted name**</b> does not reimburse or pay claims to providers as part of our group disability insurance. <b>**Redacted name**</b> provides procedures for claimants to appeal claim decisions based on applicable insurance laws. We request removal of the last sentence of this paragraph (g). Our appeals procedure is as follows:  <b>**Redacted name**</b> approaches all claim decisions with care. When we must make an adverse decision to limit, close or deny a claim, we give the employee the opportunity to appeal. Employees are notified of:</p> <ul style="list-style-type: none"> <li>• Their right to request a review of the decision within 180 days of receipt of the decision letter.</li> <li>• The reasons for limitation, denial or closure.</li> <li>• Additional information that may be helpful if he or she requests a review.</li> <li>• Our policy of reviewing all information the employee submits.</li> </ul> <p>Employees must submit requests for review in writing. They are not required to submit additional information to exercise their review rights. The employee (or the employee’s authorized representative) has the right to review pertinent claim documents and to submit comments in writing for <b>**Redacted name**</b> to review. If a review is requested, the Benefits Examiner or Benefits Analyst immediately refers the claim file to the Administrative Review Unit (ARU) for an independent review. An ARU Benefits Review Specialist analyzes the claim facts and conducts additional investigation, if necessary. If the original claim involved a Physician Consultant, we consult with a different Physician Consultant during the appeal process. The ARU Benefits Review Specialist informs the employee at least every 15 days regarding the claim’s review and investigation status, and advises the employee in writing about the results of the independent review.</p>	<p>Refer to Amendment Section #11 below.</p>
<p>53 A.7.k. The Contractor shall not modify the services or benefits provided to Members during the term of this Contract without the prior written consent of the State.</p> <p>We request an addition to the end of this paragraph (k) as follows: “...of the State or as otherwise required by law.”</p>	<p>The State does not agree. Any changes to services in the Contract should be made through the amendment process.</p>
<p>54 A.7.l. The Contractor shall refer all media and legislative inquiries to the State’s Division of Benefits Administration, which will have the sole and exclusive responsibility to respond to all such queries. However, the Contractor shall respond directly to audit requests from the Comptroller, to audit requests from divisions within the Department of Finance &amp; Administration, and to subpoenas; in all such instances, the Contractor shall copy the</p>	<p>The State does not agree.</p> <p>The State has modified the language in A.7.l. Refer to Amendment Section #11 below.</p>

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<p>State's Division of Benefits Administration on all correspondence.</p> <p>We request a revisions to this paragraph (l) as follows: "The Contractor shall refer all media and legislative inquiries regarding the State's Program to the State's Division of Benefits Administration, which will have the authority to response to all such inquiries on its own behalf. The Contractor shall respond directly to audit requests from the Comptroller, to audit requests from divisions within the Department of Finance &amp; Administration, and to subpoenas." **Redacted name** cannot agree to relinquish control over our own media or legislative presence, nor may we always be legally permitted to give notice to the State when we are required to comply with regulatory or legal requests.</p>	
<p>55 A.7.n. The Contractor shall ensure that the U. S. Postal Service or other mailing service does not return any undeliverable mail to the State.</p> <p>Unless specifically requested by the State, and agreed upon by **redacted name**, that we provide the State's mailing information as the sender on envelopes **Redacted Name**'s mailing information would be provided so this should not occur. Therefore, we request removal of paragraph (n). Furthermore, as **redacted name** has no control of the US Postal Service or other mailing services we cannot ensure compliance with such a requirement.</p>	<p>The State does not agree.</p>
<p>56 Regarding Information Systems A.8(a): Please clarify what communications you expect to contain the Edison EE ID number. Does this include all claims and medical underwriting decisions the State would receive?</p>	<p>All instances of communications and/or reports with the State concerning individuals shall include each person's Edison identification number. This includes emails, spreadsheets, electronic files, voice, etc. regardless of the topic for the individuals.</p>
<p>57 A.8.b.: All Contractor systems shall maintain linkages between initial and related subsequent interactions/transactions/events/activities. Additionally, when the Contractor houses indexed images of documents used by Members and subcontractors to transact with the Contractor, the Contractor shall ensure that these documents maintain logical relationships to certain key data such as Member identification and subcontractor identification numbers. The Contractor shall also ensure that records associated with a common event, transaction or customer service issue have a common index that facilitates search, retrieval and analysis of related activities, e.g., interactions with a particular Member about the same matter/problem/issue.</p> <p>We request revisions to this paragraph (b) to remove all use of "subcontractor" as **redacted name** does not intend to use subcontractors specifically for the State who will be part of the claimant interaction.</p>	<p>The State does not agree.</p>

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<p>58 A.8.c. Upon the State’s request, the Contractor shall be able to generate a listing of all Members (including each Member’s Edison identification number) that were sent a particular document, the date and time that the document was generated, and the date and time that it was sent to particular Members or groups thereof. The Contractor shall also be able to generate a sample of said document. <b>To ensure compliance with applicable privacy and confidentiality laws **redacted name** cannot agree to comply with the requirements in paragraph (c). We request removal of this paragraph.</b></p>	<p>The State does not agree.</p> <p>The State needs to know how services under our contract are being carried out.</p>
<p>59 A.8.d.</p> <p>(1) The Contractor shall provide and maintain a comprehensive information retention plan that is in compliance with applicable State and Federal requirements.</p> <p><b>We request removal of the phrase “provide and” from this paragraph (d)(1).</b></p> <p>(2) The Contractor shall maintain information on-line for a minimum of one (1) year, based on the last date of update activity, and update detailed and summary history data for up to two (2) years to reflect adjustments.</p> <p><b>We request removal of this paragraph (d)(2). **Redacted name** will retain records, including website materials, for a period required by applicable law and **Redacted name**’s record retention policies and procedures.</b></p> <p>(3) The Contractor shall provide within three (3) business days turnaround or better on requests for access to information. Such requests for information shall be made by the State or its authorized designee.</p> <p><b>We request this paragraph (d)(3) be revised as follows: “The Contractor shall provide the State with access to information requested within a reasonable time and subject to applicable privacy and confidentiality laws. This section shall not require Contractor to disclose information it deems confidential or proprietary unless Contractor and the State enter into a mutually agreeable non-disclosure agreement.</b></p> <p>(4) If an audit or administrative, civil or criminal investigation or prosecution is in progress or audit findings or administrative, civil or criminal investigations or prosecutions are unresolved, information shall be kept in electronic form until all tasks or proceedings are complete.</p> <p><b>We request removal of the phrase “in electronic form” from paragraph (d)(4).</b></p>	<p>The State does not agree.</p>
<p>60 A.8.e: Information Ownership. All information, whether data or documents, and reports that contain or make references to said</p>	<p>The State does not agree.</p>

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<p>information, involving or arising out of this Contract is owned by the State. The Contractor is expressly prohibited from sharing or publishing State information and reports or releasing such information to external entities, affiliates, parent company, or subsidiaries without the prior written consent of the State.</p> <p>We request removal of this paragraph (e). On fully insured plans, **Redacted name** owns all proprietary business records created in the course of administering the group insurance policy including, but not limited to underwriting, sales, and claim files. Subject to applicable law and **Redacted name**'s confidentiality policies and procedures, **Redacted name** may be able to provide copies of records to the State.</p>	
<p>61 A.8.f.: Upon termination of this Contract and request by the State, the Contractor shall provide to the State or its designated agent, pertinent data identified by the State for Members to effect a transition of the Program from the Contractor. The information shall be furnished in a format and medium as is compatible with the data processing system maintained by the State or its designated agent. Additionally, the Contractor shall provide all information necessary to properly interpret the data supplied. To ensure the continuous operation of the Program and upon 30 days' notice, this information shall be provided to the State or its designated agent at least 45 days prior to the termination date of this Contract; further, the State may require the Contractor to provide this information at various other times prior to or after the termination date of this Contract. Upon termination of the Contract, all Confidential Information in the Contractor's possession shall be returned to the State or destroyed by the Contractor as determined and directed by the State.</p> <p>We request this paragraph (f) be revised as follows: "Upon termination of this Contract and request by the state, subject to applicable law, the Contractor shall provide to the State or its designated agent, pertinent data identified by the State for Members to effect a transition of the Program from the Contractor. The information shall be furnished in a mutually agreeable format and medium. To ensure the continuous operation of the Program and upon 30 days' notice, this information shall be provided to the State or its designated agent."</p>	<p>The State does not agree.</p>
<p>62 A.8.g.</p> <p>(4) The Contractor shall provide the State a written summary of its BC-DR plan and latest test results at least one (1) month prior to the go-live date as shown in contract section A.13.e.20. The Contractor shall provide the State a copy of its BC-DR plan within ten (10) business days of the Contractor's revision of the plan.</p> <p>We request the following revisions to this paragraph (4): "The</p>	<p>The State does not agree.</p>

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<p>Contractor shall confirm in writing to the State at least (1) month prior to the go-live date as shown contract section A.13.e.20 that its BC-DR plan meets or exceeds the requirements of this section.” We can provide our Business Continuity Program Overview document. Full BC-DR plan documents are considered company confidential and cannot be provided.</p> <p>(5) The Contractor shall periodically, but no less than annually, test its BC-DR plan through simulated disasters and lower level failures in order to demonstrate to the State that it can restore system functions. The Contractor shall submit a written summary of its annual BC-DR test results to the State.  We request removal of the last sentence of this paragraph (5). To maintain the integrity of our BC-DR plan, we do not share our plan or the results of our tests.</p> <p>(6) In the event that the Contractor fails to demonstrate in the tests of its BC-DR plan that it can restore system functions per the standards outlined in this Contract, the Contractor shall submit to the State a summary of its BC-DR corrective action plan that describes how the failure will be resolved. If the summary results show failure of that remedial action is necessary, the Contract shall also provide a timeline of how long exposure is and when remediation will be implemented. We request removal of this paragraph (6). To maintain the integrity of our BC-DR plan, we do not share our plan or the results of our tests.</p> <p>(8) The Contractor shall maintain a duplicate set of all records relating to this Program in electronic medium, usable by the State and the Contractor for the purpose of disaster recovery or data restoration. We request removal of the phrase “the State and” from this paragraph (8). To maintain the integrity of our BC-DR plan, we do not share our plan or the results of our tests.</p>	
<p>63 A.8.i.</p> <p>(1) The Contractor shall make system information available to duly authorized representatives of the State and other State and Federal agencies to evaluate, through inspections or other means, the quality, appropriateness and timeliness of services performed.  We request adding the following sentence to the end of this paragraph (1): “Any such review by the State or any other State and Federal agency will be subject to applicable law and will not require Contractor to disclose information Contractor reasonably believes may impair the integrity of Contractor’s systems or otherwise impair Contractor’s intellectual property rights.”</p> <p>(2) The Contractor’s systems shall contain controls to maintain information integrity. These controls shall be in place at all appropriate points of processing. The controls shall be tested in periodic and spot audits following a methodology to be mutually agreed upon by the Contractor and the State.  We request to strike the following phrase from this paragraph (2):</p>	<p>(1) The State does not agree.</p> <p>(2) The State does not agree.</p>

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<p><b>“to be mutually agreed upon by the Contractor and the State.”</b></p> <p>(4) The Contractor shall provide for the physical safeguarding of its data processing facilities and the systems and information housed therein. The Contractor shall provide the State with access to data facilities upon request. The physical security provisions shall be in effect for the life of this Contract. All data must be stored in the United States.</p> <p><b>We request to strike the following sentence from this paragraph (4) “The Contractor shall provide the State with access to data facilities upon request.” To maintain the integrity of our data we do not allow access to our data facilities by customers.</b></p> <p>(5) Unless the State prior-approves in writing the Contractor’s use of alternate mitigating controls, the Contractor shall use Federal Information Processing Standard (FIPS) 140-2 compliant technologies to encrypt all member specific information in motion or rest, including back-up media.</p> <p><b>**Redacted Name** works hard to protect the confidentiality of all customer information. As our business does not require FIPS compliance, we cannot certify that all technologies are strictly FIPS 140-2 compliant. However, as part of security review of technology acquisition, we do ensure that current security standards are met.</b></p>	<p>(3) and (4) The State does not agree.</p> <p>The State has modified the language in A.8.i(4). Refer to Amendment Section #12 below.</p> <p>(5) The State does not agree.</p> <p>The State has modified the language in A.8.i(5). Refer to Amendment Section #12 below.</p>
<p>64 A.9.b.: Notwithstanding the requirement to maintain enrollment data, the Contractor shall not perform changes to enrollment data without the State’s written request or approval. This prohibition shall include, but not be limited to, initiation, termination, and/or changes of coverage. The Contractor will accept an email from the State requesting an add, change, or termination of a Member in an urgent situation prior to the information being included in the State’s Edison enrollment file.</p> <p><b>We request the following revisions to this paragraph (b): “...the Contractor shall not perform changes to the State Edison Systems’ enrollment data. The Contractor may make changes to the enrollment data maintained within the Contractor’s own systems when such changes are provided by the Member or the State during the claims process. The Contractor will accept an email from the State...”</b></p>	<p>The State does not agree.</p>
<p>65 A.10 Privacy &amp; Confidentiality</p> <p>a. The Contractor shall develop, adopt, and implement standards to safeguard the privacy and confidentiality of all personal information about eligible employees and Members. For example, the Contractor shall ensure that it does not have completed forms</p>	<p>A.10.a. and b: The State agrees.</p> <p>Refer to Amendment Section #13 below.</p>

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<p>containing personal information sitting in public view, left in unsecured boxes or files, or left unattended in any off-site location (e.g., in an automobile). The Contractor’s procedures shall include but not be limited to safeguarding the identity of Members as Members of the Program and preventing the unauthorized disclosure of personal information. The Contractor shall comply with all federal and state laws concerning the privacy and confidentiality of Members’ information, and shall implement any regulations when they become effective.</p> <p>We request revising this paragraph (a) as follows: “...The Contractor shall comply with all applicable federal and state laws concerning the privacy...”</p> <p>b. In the absence of exigent circumstances, the Contractor shall not disclose any Member’s personal information to another business associate for pecuniary gain unless the State specifically prior authorizes such disclosure in writing.</p> <p>We request the following revision to this paragraph (b): “...unless the Member specifically prior authorizes such disclosures in writing.” Because Member data is owned by the Member, only the Member may direct or permit <b>**Redacted Name**</b> to disclose the Member’s data to other parties.</p> <p>c. The Contractor shall use appropriate safeguards to prevent the unauthorized use or disclosure of the Members’ personal information. The Contractor shall report to the State any unauthorized use or disclosure of the Members’ personal information within twenty- four (24) hours of any incident of which it becomes aware.</p> <p>We request the following revisions to this paragraph (c): “The Contractor shall use appropriate safeguards to prevent the unauthorized use or disclosure of the Members’ personal information. The Contractor shall report any unauthorized use or disclosure of the Members’ personal information that is reasonably likely to result in actual harm (“Breach”) to the State within ten (10) days of determining a Breach occurred.</p> <p>e. The Contractor shall (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic personal information of Members that it creates, receives, maintains, or transmits, (ii) report to the State any security incident of which the Contractor becomes aware, and (iii) ensure that any agent of the Contractor, including any subcontractor, agrees to the same restrictions and conditions that apply to the Contractor with respect to such information.</p> <p>We request item (ii) of this paragraph (e) be removed as paragraph (c) above addresses <b>**Redacted name**</b>’s notification</p>	<p>A.10.c. The State does not agree. The State has modified the language.</p> <p>Refer to Amendment Section #13 below.</p> <p>A.10.e.(ii) The State agrees to delete this section.</p> <p>Refer to Amendment Section #13 below.</p> <p>A.10.f. and g: The State agrees.</p>



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<p>and those methods employed to evaluate results.</p> <p>We request striking the last sentence of this paragraph (b).  **Redacted Name** is an **Redacted Name** domestic corporation. In order to promote voluntary internal evaluations, **Redacted State name** law recognizes a privilege for the non-disclosure of insurance compliance audit reports. **Redacted State Name** Revised Statutes 731.760 to 731.770. In order to not waive  this privilege and jeopardize this important self- evaluation process, we must decline to provide copies of our internal audits</p>	
<p>68 A.11.c. The Contractor shall submit to the State, at least one (1) month prior to the go-live date per Contract Section A.13.e.25, a summary of its methodology for conducting internal claims and operational audits, including audits to determine claims payment and processing accuracy and claims payment turnaround. The Contractor shall notify the State in writing at least thirty (30) calendar days in advance of any significant changes to its methodology. The State reserves the authority to review the change and require changes, where appropriate.</p> <p>We request removal of this paragraph (c).</p>	<p>The State does not agree.</p>
<p>69 A.11.d. Security Audit. The State may conduct audits of Contractor’s compliance with the State’s Enterprise Information Security Policy (“The Policy”) or under this Contract, including those obligations imposed by Federal or State law, regulation or policy. The Policy, as may be periodically revised, can be located at the following link:  <a href="http://www.tn.gov/assets/entities/finance/oir/attachments/PUBLIC-Enterprise-Information- Security-Policies-v2.0_1.pdf">http://www.tn.gov/assets/entities/finance/oir/attachments/PUBLIC-Enterprise-Information- Security-Policies-v2.0_1.pdf</a>. The State’s right to conduct security audits is independent of any other audit or monitoring required by this Contract. The timing and frequency of such audits shall be at the State’s discretion and may, but not necessarily shall, be in response to a security incident. A security audit may include the following: (i) review of access logs, screen shots and other paper or electronic documentation relating to Contractor’s compliance with the Policy. This may include review of documentation relevant to subcontractors or suppliers of security equipment and services used with respect to State data; (ii) physical inspection of controls such as door locks, file storage, communications systems, and employee identification procedures; and (iii) interviews of responsible technical and management personnel regarding security procedures. Contractor shall provide reports or additional information upon request of the state and access by the State or the State’s designated staff to Contractor’s facilities and/or any location involved with providing services to the State or involved with processing or storing State data, and Contractor shall cooperate</p>	<p>The State does not agree.</p>

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<p>with State staff and audit requests submitted under this Section. Any confidential information of either party accessed or disclosed during the course of the security audit shall be treated as set forth under this Contract or federal or state law or regulations. Each party shall bear its own expenses incurred in the course of conducting this security audit. Contractor shall at its own expense promptly rectify any non-compliance with the Policy or other requirements identified by this security audit and provide proof to the State thereof.</p> <p><b>**Redacted name** employs our own information security policies and procedures and cannot agree to abide by our customers' policies, especially when such policies may be revised without our knowledge or consent. We will agree to comply with applicable law, regulations, and our own security policy. We will agree that the State may conduct security audits to ensure conformance with this contract and applicable laws and regulations.</b></p> <p><b>**Redacted name** will permit the State or an agreed-upon, third-party auditor (not a competitor) to perform audits. We require audits to be conducted at **Redacted name**'s home office in XXX, and be subject to applicable privacy and confidentiality laws and **Redacted name**'s internal privacy and confidentiality policies and procedures. **Redacted Name** reserves the right to prohibit any action that could compromise the integrity of our systems or allow the State access to information about other customers or member data. Prior to the audit, we will hold a discussion between all parties (client, third-party auditor and **Redacted Name**) to determine the desired process, as well as the amount of staff time required. If the third-party auditor anticipates a charge for time based on the audit request, we will discuss these fees and agree to terms prior to any onsite visit. Should an audit identify areas of non-compliance, we will develop a plan to remedy such non-compliance and report to the State on our remediation progress.</b></p>	
<p>70 A.12.m. The Contractor shall ensure that reports submitted by the Contractor to the State shall meet the following standards:</p> <p>(9) State requirements regarding reports, report content and frequency of submission may change during the term of the Contract. The Contractor shall have at least forty- five (45) days to comply with changes specified in writing by the State.</p> <p><b>We request that any changes be mutually agreed upon to ensure we are able to provide the State with the requested information in the time and manner acceptable to both parties.</b></p> <p>n. The Contractor shall notify the State, within three (3) business</p>	<p>A.12.m. The State does not agree.</p> <p>A.12.n. The State does not agree.</p> <p>For clarification, this would include anything that negatively impacts member service delivery, organizational issues/changes that could impact the vendor's ability to meet contract requirements or seriously impact their financial stability and anything that would negatively impact the plan financials.</p>

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<p>days of identification, about any situation that appears to negatively impact the administration or delivery of the program or benefits. Failure to do so may result in Liquidated Damages as specified in Attachment B. The situation shall be researched and resolved in a timeframe mutually agreed upon with the State.</p> <p>This paragraph (n) is very broad. We ask that the State clarify what situations or negative impacts are of concern. We then request that this paragraph be revised to clarify the State's concerns.</p>	
<p>71 A.13.a. The State may conduct a comprehensive readiness review of the Contractor at least sixty (60) days prior to January 1, 2017, per Contract Section A.13.e.5. in order to ensure that the Contractor is able and prepared to perform all functions required by this Contract and to provide high quality services to Members. Such review by the State may include an on- site review of the Contractor's customer service, claims adjudication facilities and operation. Contractor shall participate in all readiness review activities conducted by the State staff and/or the State's benefit consultants to ensure the Contractor's operational readiness for all products and services (e.g. claims adjudication, medical underwriting, enrollment, Member services, reporting requirements, Edison interface, etc.). The State will provide the Contractor with a summary of findings that may include areas requiring corrective action prior to January 1, 2017.</p> <p>Details of the readiness review will be negotiated with **Redacted Name** and subject to the following conditions: (1) review requirements may increase the time needed for implementation; and (2) negotiations will include a discussion regarding the readiness review process and impact to **Redacted Name**'s resources.</p>	<p>The State does not agree.</p>
<p>72 A.15 Definitions</p> <p>o. Compliance with Section 508: To ensure accessibility among persons with a disability, the Contractor's multimedia/video tools, website content shall comply with Section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d) and implementing regulations at 36 CFR 1194 Parts A-D.</p> <p>We request this paragraph (o) to be revised as follows "...website content shall substantially comply with..."</p> <p>k. Claims Payment Accuracy: The measurement of claims processed with an accurate payment of benefits divided by the total number of claims with payments in the audited population.</p> <p>We request revisions to the above to read as follows: k. Claims Payment Accuracy: The measurement of total dollars paid</p>	<p>A.15.o. The State agrees.</p> <p>Refer to Amendment Section #14 below.</p> <p>A.15.k, l, and hh: The State does not agree.</p>

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<p>accurately divided by the total dollars payable for all claims with payments in the audited population. Quarterly internal audit performed by the Contractor on a statistically valid sample.</p> <p>I. Claims Processing Accuracy: The measurement of claims processed without any type of error divided by the total number of claims in the audited population.</p> <p>We request revisions to the above to read as follows: I. Claims Processing Accuracy: The measurement claims processed without any type of error divided by the total number of claims in the audited population. Quarterly internal audit performed by the Contractor on a statistically valid sample.</p> <p>hh. Subcontractor: Any organization or person who provides any function or service for the Contractor specifically related to securing or fulfilling the Contractor's obligations to the State under the terms of this Contract.</p> <p>We request this definition of "subcontractor" be revised as follows: "Any organization or person who provides any function or service for the Contractor specifically related to securing or fulfilling the Contractor's obligations solely to the State under the terms of this Contract."</p>	
<p>73 A.16. This warranty paragraph is unusual for contracts related to group insurance coverage. We request that the last paragraph be removed because it is not feasible for and/or is inapplicable to group insurance coverage.</p>	<p>The State does not agree.</p> <p>The State has modified the language. Refer to Amendment Section #15 below.</p>
<p>74 B.2 Renewal Options. This contract may be renewed upon satisfactory completion of the Term. The State reserves the right to execute one (1) renewal option under the same terms and conditions for a period not to exceed twenty-four (24) months by the State, at the State's sole option. In no event, however, shall the maximum Term, including all renewals or extensions, exceed a total of sixty-six (66) months.</p> <p><b>**Redacted name** reserves the right to re-rate after the initial 3 year rate guarantee period.</b></p>	<p>The State does not agree.</p>
<p>75 C.2. In order for the Contractor to request a rate increase under the renewal option of the Contract, per the terms in Contract Section B.2., the Contractor's Loss Ratio (claims dollars paid divided by premium dollars collected) on this Program for the first twenty-six (26) months of experience must reflect a rate of eighty percent (80%) or greater. If the experience demonstrates that an increase in premium rates is allowed, the Contractor may recommend an increase in premium rates above those in year three of the contract to achieve a desired loss ratio no lower than</p>	<p>The State does not agree.</p>

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<p>80% and the increase may not be greater than 20% over the remaining periods (years four and five) of the renewal option. Any rate escalation request submitted for the State's consideration must be submitted in writing no later than April 30, 2019 to become effective January 1, 2020 and shall continue through the end of the contract term. Should no rate increase be approved or requested under the renewal option, the rates will stay the same as in year three of the contract for the remaining periods (years four and five) of the renewal option. The Contractor may submit a request at any time for the rates to be reduced.</p> <p>We would like to work with the State of Tennessee on coming up with mutually agreeable conditions regarding the maximum renewal rate increase. Without known enrollment levels and credible experience (which would be available if this was in force coverage), it is difficult to place a renewal rate increase cap.</p>	
<p>76 D.7 Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the goods or services provided under this Contract without the prior written approval of the State. Notwithstanding any use of the approved subcontractors, the Contractor shall be the prime contractor and responsible for compliance with all terms and conditions of this Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Contract in whole or in part or the use of subcontractors in fulfilling the Contractor's obligations under this Contract.</p> <p>**Redacted name** can agree to this term assuming the State accepts our revision to the definition of "Subcontractor."</p>	<p>The State does not agree.</p>
<p>77 D.10 Prohibition of Illegal Immigrants. We request removal of the second sentence of this paragraph (c). **Redacted name** deems our employment records as confidential and restricts access to such records. If an audit or investigation is needed for the State to determine our compliance with this provision, **Redacted Name** is willing to discuss options such as a self-audit or third party audit with deidentified results reported to the State.</p>	<p>The State does not agree.</p>
<p>78 D.11 Records. We request the following revisions to this paragraph D.11.: "...for work performed or money received under this Contract, shall be maintained for a period as required by applicable law and, subject to applicable privacy and intellectual property law, will be subject to audit at any reasonable time..."</p>	<p>The State does not agree.</p>
<p>79 D.12 Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.</p> <p>We request this paragraph D.12 be revised as follows: "Subject to applicable privacy and intellectual property laws, the Contractor's..."</p>	<p>The State does not agree.</p>
<p>80 D. 30 – Insurance **Redacted Name** proposes the following changes to the following paragraphs: o The Contractor agrees to name the State as an additional</p>	<p>The State does not agree.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>insured on <i>the General Liability</i>, any insurance policies with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) ("Professional Liability") insurance. Also, <i>the General Liability and Workers Compensation/Employers Liability policies shall contain a waiver of subrogation in favor of the State</i>. All policies shall contain an endorsement for a waiver of subrogation in favor of the State.</p> <ul style="list-style-type: none"> <li>o The deductible and any premiums are the Contractor's sole responsibility. Any deductible over fifty thousand dollars (\$50,000) must be approved by the State. (<i>the professional liability policy contains a retention above \$50k.</i>) The 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.</li> <li>o <i>All coverage required The General Liability and Workers Compensation/Employers Liability policies shall be on a primary basis and noncontributory with any other insurance coverage or self-insurance carried by the State. The State reserves the right to amend or require additional endorsements, types of coverage, and higher or lower limits of coverage depending on the nature of the work. Purchases or contracts involving any hazardous activity or equipment, tenant, concessionaire and lease agreements, alcohol sales, cyber-liability risks, environmental risks, special motorized equipment, or property may require customized insurance requirements a. umbrella liability insurance) in addition to the general requirements listed below.</i></li> </ul>	
<p>81 D.19 Hold Harmless.  <i>We request this paragraph D.19 be revised to remove the last sentence of the first paragraph ("The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.&gt;"). We also request revision of the first sentence of the second paragraph as follows: "In the event of any suit or claim for which the State may seek indemnification from the Contractor, the State will give the Contractor immediate notice and provide all necessary assistance to respond." This Hold Harmless provision is unilateral so this claim notification requirement should match the indemnification requirement.</i></p>	<p>The State does not agree.</p>
<p>82 D.23 <i>We request the notification of a Force Majeure event be "as soon as reasonably practicable, but no more than three (3) days unless notice in this time is impossible."</i></p>	<p>The State does not agree.</p> <p>The State has modified the language in D.23. Refer to Amendment #16 below.</p>
<p>83 D.24. State and Federal Compliance. The Contractor shall comply with all applicable state and federal laws and regulations in the performance of this Contract.  <i>We request this paragraph D.24 be mutual as follows: "The parties shall..."</i></p>	<p>The State does not agree. This contract shall be governed by Tennessee law as stated in Pro Forma Contract Section D.25.</p>
<p>84 We request adding the following phrase to the end of this paragraph D.25, "when applicable."</p>	<p>The State does not agree.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>85 We request the following sentence be added to the end of this paragraph D.29: “Notwithstanding anything else in this section D.29 Incorporation of Additional Documents, the terms and conditions of the Master Group Policy(ies) shall govern eligibility for insurance and benefits and Contractor’s right to underwrite and terminate the Master Group Policy(ies).”</p>	<p>The State does not agree.</p>
<p>86 We request removal of the last paragraph of this section E.2. On fully insured plans, **Redacted Name** owns all proprietary business records created in the course of administering the group insurance policy including, but not limited to underwriting, sales, and claim files. Subject to applicable law and **Redacted Name**’s confidentiality policies and procedures, **Redacted Name** may be able to provide copies of records to the State.</p>	<p>The State does not agree.</p>
<p>87 E.3: **Redacted Name**’ does not intend to create any Work Product for the State as part of our group insurance coverage. Our preference would be to remove this section E.3. However, if the State requires this provision to remain, we request the following provision be added to this section:  “d. The parties do not intend for the Contractor to create Work Product as part of the Contract. Should Contractor create Work Product for the State, the parties will explicitly list all such Work Product and attach the list as an addendum to the Contract.”</p>	<p>The State does not agree.</p>
<p>88 E.7 Since the business of insurance is highly regulated we cannot agree to this provision unless the State is willing to ensure it will become properly licensed to perform whatever obligation it seeks to take-over prior to taking such task over. Further, we cannot agree that applicable law would permit us to conduct business with the State in its take-over function. Our strong preference is to remove this paragraph E.7 since in the context of providing group insurance coverage it is unlikely to be lawful or feasible.</p>	<p>The State agrees to delete Section E.7  Refer to Amendment Section #17 below.</p>
<p>89 E.8. We request the following revisions to this first paragraph of section E.8:  “...Contractor shall notify the State within ten (10) days of determining any unauthorized disclosure or use of any PII by Contractor or any of its employees, agents and representatives that could reasonably result in actual harm in breach of this Contract (“Breach”). 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, subject to applicable law including intellectual property law.” For clarification, we request the final sentence of this first paragraph be removed because **Redacted Name** has legal obligations to retain records and cannot agree to destroy or return such records. Other sections of this contract provide that **Redacted Name** will retain and destroy records pursuant to applicable law.</p>	<p>The State does not agree.</p>
<p>90 We request the following revisions to the second paragraph of section E.8: “The Contractor shall report to the State any instances of unauthorized access to or disclosure of PII that may reasonable result in actual harm, which was in the custody or control of Contractor (“Unauthorized Disclosure”) that come to the Contractor’s attorney. Any such report shall be made by the Contractor within ten (10) days after the Contractor has</p>	<p>The State does not agree.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>determined that an Unauthorized Disclosure has occurred. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures. The Contractor, upon agreement with the State, shall provide no cost credit monitoring services for the individuals whose PII was affected by the Unauthorized Disclosure. The Contractor shall bear the cost of notification to all individuals affected by the Unauthorized...”</p>	
<p>91 Attachment B: We request revisions to this section as follows: “...on or before the 45<sup>th</sup> calendar day following the reporting quarter.”</p>	<p>The State does not agree.</p> <p>The State has modified the language in Attachment B, first paragraph.</p> <p>Refer to Amendment Section #18 below.</p>
<p>92 Attachment B, Maximum Assessment: **Redacted name** proposes that Liquidated Damages do not exceed three percent (3%) of the annual maximum liability in the Contract; however, we are willing to discuss this further if we are selected as a finalist.</p>	<p>The State does not agree. The State’s other contract are set at a 5% annual maximum liability.</p>
<p>93 Attachment B, #8: We request revisions to the measurement to read as follows: The Contractor shall meet a monthly average speed of answer of thirty (30) seconds for less beginning September 1, 2016 forward. Penalties will be reconciled, assessed and paid quarterly.</p>	<p>The State does not agree.</p>
<p>94 Attachment B, Item #9: We request revisions to the guarantee to read as follows: All reports that relate to claims information shall be delivered as specified in Section A.12. and Contract Attachment C. unless otherwise directed by the state.</p>	<p>The State does not agree.</p>
<p>95 Attachment B, Item #10: We request revisions to the guarantee to read as follows: The level of overall customer satisfaction, which is measured annually by a State-approved Member Satisfaction Survey, will be an average of 3 out of 5 on a 5 point scale in the first year of the contract and equal to, or greater than, 3.5 in all subsequent years of the contract term.</p>	<p>The State does not agree.</p> <p>We will work with the vendor to determine what qualifies as ‘satisfied’ based on the tool being utilized.</p>
<p>96 Attachment B, Item #11: We request revisions to the measurement to read as follows: The measurement of total dollars paid accurately divided by the total dollars payable for all claims with payments in the audited population. Quarterly internal audit performed by the Contractor on a statistically valid sample. Measured and reported on a calendar quarter basis; reconciled annually on a calendar year basis.</p>	<p>The State does not agree.</p>
<p>97 Attachment B, Item #12: We request revisions to the measurement to read as follows: The Contractor shall guarantee claim processing accuracy of 98% or higher. Claim processing accuracy is the measurement of claims processed without any type of error divided by the total number of claims in the audited population. Quarterly internal audit performed by the Contractor on a statistically valid sample. Measured and reported on a calendar quarter basis; reconciled annually on a calendar year basis.</p>	<p>The State does not agree.</p>
<p>98 Attachment B, Item #13: We request revisions to the measurement to read as follows: The Contractor shall process 95% of STD claims within five (5)</p>	<p>The State does not agree.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>days from assignment and average 30 calendar days or less from assignment to decide LTD claims.</p>	
<p>99 Regarding Attachment B: Performance Guarantees #8 (Average Speed of Answer): The Guarantee indicates that the carrier's average speed answered for a given month will be 30 seconds or less. This is typically measured by the sum of seconds for all calls received in the month, divided by the number of calls in the month. The measurement criteria requires a daily tracking of ASA, reported weekly, for a period of 6 months beginning 9/1/16.</p> <p>Please clarify how the daily results in the Measurement box relates to a maximum assessment of \$1,000 for a month. Is the State simply looking for visibility into the performance on a daily basis for the first 6 months even though the assessment appears to cap at \$1,000 maximum penalty per month?</p>	<p>The State wants to initially review daily statistics. The requirement for the Average Speed of Answer is on a monthly basis and will be measured on a monthly basis.</p>
<p>100 Attachment C: We request revisions to the above timeframes to read as follows:</p> <p>(1) Weekly reports shall be submitted by Tuesday of the following week;</p> <p>(2) Monthly reports shall be submitted by the 15th of the following month;</p> <p>(3) Quarterly reports shall be submitted by the 45th calendar day following the reporting quarter;</p> <p>(4) Semi-Annual Reports shall be submitted by the 45th calendar day following period the reporting</p> <p>(5) Annual reports shall be submitted within sixty (60) days after the end of the calendar year.</p>	<p>The State does not agree.</p> <p>There is already language listed in Attachment C stating that 'unless otherwise directed by the State' and we are willing to determine a reasonable timeframe should a change be necessary.</p>
<p>101 Attachment C, Item 2: Quarterly Fraud and Abuse Report, submitted quarterly by secure email using the template prior approved in writing by the State.</p> <p><b>**Redacted Name** does not provide employer reporting of our investigations.</b></p>	<p>The State does not agree.</p>
<p>102 Attachment C, Item 4: <b>Call Center Activity Reports</b>, as detailed in Contract Section A.3.c, submitted weekly, then monthly.</p> <p>a. Average Speed of Answer – statistics to support an average speed of answer (ASA) of thirty (30) seconds or less for monthly calls</p> <p>b. Open Call/Inquiry Closure - statistics to support rate of 90% or greater within five (5) business days</p> <p><b>We request that item 4 above be changed to say "...submitted monthly." We are unable to track item b.</b></p>	<p>The State does not agree.</p> <p>The State modified the language in Attachment C, Item 4.a. Refer to Amendment Section #19 below.</p>
<p>103 Under Contract Attachment D -- Short Term Disability – Evidence of Insurability – The plan design states an EOI requirement for Late Enrollees during annual open enrollment period. Please verify that the annual open enrollment period is the only time late entrants will be allowed to apply for coverage on the plan.</p>	<p>Yes, late applicants may only apply during the State's Annual Enrollment Period.</p>

QUESTION / COMMENT	STATE RESPONSE
104 Can we receive a copy of a prior survey that is referenced in the Pro Forma Contract A.2.j?	There are no prior surveys as this is a new benefit. In general, the survey in Pro Forma Contract Section A.2.j. would include, but not limited to, rating of the account team, responsiveness of the account manager, progress and completion of implementation.

**3. Delete RFP Appendices 7.10, 7.11, and 7.12 and insert the following in its place highlighted below: (any sentence or paragraph containing revised or new text is highlighted):**

Appendix 7.10 TBR Census File to include LTD information

Appendix 7.11 UT Census File to include LTD information

Appendix 7.12 Central State Govt Census File to include birth, gender, hourly pay rate, and annual salary as well as updated 2016 data.

**4. Delete Pro Forma Contract Section C.3.b(2) in its entirety and insert the following in its place highlighted below: (any sentence or paragraph containing revised or new text is highlighted):**

In order for the Contractor to request a rate increase under the renewal option of the Contract, per the terms in Contract Section B.2., the Contractor's Loss Ratio [claims dollars paid (including applicable reserves) divided by premium dollars collected] on this Program for the first twenty-six (26) months of experience must reflect a rate of eighty percent (80%) or greater. If the experience demonstrates that an increase in premium rates is allowed, the Contractor may recommend an increase in premium rates above those in year three of the contract to achieve a desired loss ratio no lower than 80% and the increase may not be greater than 20% over the remaining periods (years four and five) of the renewal option. Any rate escalation request submitted for the State's consideration must be submitted in writing no later than April 30, 2019 to become effective January 1, 2020 and shall continue through the end of the contract term. Should no rate increase be approved or requested under the renewal option, the rates will stay the same as in year three of the contract for the remaining periods (years four and five) of the renewal option. The Contractor may submit a request at any time for the rates to be reduced.

**5. Add the following as RFP Appendix 7.18 and renumber any subsequent sections as necessary:**

Addition of the Appendix 7.18 RFP Cost Proposal\_Excel

**6. Delete Pro Forma Contract Section A.1.h language in its entirety and insert the following in its place: (any sentence or paragraph containing revised or new text is highlighted):**

The Contractor shall provide assistance and information regarding applicable Federal and State laws, court holdings and regulations affecting disability insurance programs, and other Program related matters as needed.

**7. Delete Pro Forma Contract Section A.4. language in its entirety and insert the following in its place: (any sentence or paragraph containing revised or new text is highlighted):**

- a. The Contractor shall, in consultation with and following written approval by the State, develop and disseminate Member information and communication materials (hereinafter referred to as Member materials). Contractor shall ensure that member material meets any regulatory compliance, if applicable. Member materials shall include, but are not limited to, Member handbooks, administrative forms, letters, manuals, brochures, fliers, medical underwriting applications, webinars and online videos. This provision excludes guaranteed issue enrollment forms, which are the State's responsibility.
- b. Member materials shall be finalized (including State review and sign-off) and ready for distribution by the date specified in A.13.e.13.
- c. In addition to the Member materials referenced above, the Contractor shall assist the State, if requested, in the education and dissemination of general information regarding the Program. This assistance may include but not be limited to:
  - (1) Written information;
  - (2) Audio/video presentations;
  - (3) Attendance at meetings, workshops, and conferences; and
  - (4) Educating State staff and other persons on Contractor's administrative and benefits procedures.
- d. Unless otherwise specified in this Contract, the Contractor shall be responsible for all costs related to the design, development, printing, distribution, mailing (if applicable), and revision of all Member materials that are required to be produced under the terms of this Contract.
- e. If the State requires mailings above those identified in the contract, the State shall pay the postage, printing and production costs of such mailings pursuant to Contract Sections C.3.d. and C.3.e.
- f. Unless otherwise directed by the State, the Contractor shall obtain approval in writing from the State prior to using or distributing any Member materials under this Contract.
- g. The Contractor shall work in conjunction with the State's communications staff to ensure continuity of branding across all program and Member materials, mailings, website, and any other communications information. This branding shall include, but is not limited to, use of the ParTNers for Health logo, color scheme and applicable taglines. All uses of these branding elements shall be subject to prior written approval by the State.
- h. The Contractor shall have the exclusive responsibility to write, edit, and arrange for clearance of materials (such as securing full time use of a stock photograph for perpetuity) for any and all member materials in time for the materials to be approved by the State and printed.
- i. The Contractor shall ensure that its member materials are culturally sensitive and professional in content, appearance, and design.
- j. The Contractor shall prominently display the Contractor's call center telephone number and website address in large, bolded typeface on all Member materials, unless otherwise approved by the State.
- k. The Contractor shall, to the extent practicable, use relatively large and legible fonts in its Member materials. Additionally, the Contractor shall make maximum use of graphics to communicate key messages to populations with limited literacy, limited health plan literacy or limited English proficiency.

- l. Unless otherwise prior approved in writing by the State, the Contractor shall design all Member materials at the sixth (6.0) grade level or lower using the Flesch-Kincaid Index or other suitable metric that the State prior approves in writing. The Contractor shall evaluate materials using the entire text of the materials (except return addresses). When submitting draft materials to the State for approval, the Contractor shall provide a reading level analysis and certification of the reading level of each piece of material.
- m. The Contractor covenants that all materials distributed to Members and prepared or produced by the Contractor shall be accurate in all material respects.
- n. The Contractor shall ensure that up-to-date versions of all printed Member materials can be downloaded from its website/portal.
- o. The number of Member handbooks and other relevant information to be printed shall be in sufficient quantities for distribution by the Contractor to the State's Members, plus a quantity of handbooks and brochures as requested by the State for distribution to potential new Members.
- p. At the State's request, the Contractor shall attend meetings, workshops, and conferences to discuss and market the Program. Any on-site visits to agencies covered under this Program shall require prior approval by the State.
- q. Prohibition on Promotional Materials: Unless approved in advance and in writing by the State, the Contractor shall not distribute any promotional materials or gifts to employees or Program Members, even if such gifts are of a de minimus value (e.g., magnets, pens, etc.).

**8. Add the following as RFP Appendix 7.19 and renumber any subsequent sections as necessary:**

Addition of Appendix 7.19 UT benefit information.

**9. Delete Pro Forma Contract Section A.5.d. language in its entirety and insert the following in its place: (any sentence or paragraph containing revised or new text is highlighted):**

During the benefit year the Contractor shall mail handbooks to new Members, if requested by the State, no later than ten (10) days from receipt of new enrollment and State's delivery of the new Member's address or email to Contractor. With the State's approval, electronic means may be utilized to provide the Member handbook.

**10. Delete Pro Forma Contract Section A.6. language in its entirety and insert the following in its place: (any sentence or paragraph containing revised or new text is highlighted):**

- a. In addition to the Contractor's own website where Program and Member specific information shall be incorporated, the Contractor shall maintain a "splash" page dedicated to and customized for this Contract containing general program information that does not require a Member to login. The design of the splash page, inclusive of the site map, page layout, color/font scheme and branding, static content and any documents which can be accessed via, or downloaded from, the website and must be prior approved in writing by the State. Additionally, the Contractor shall obtain prior written approval from the State for any links from the site to an external website/portal or webpage.
- b. The Website shall be fully operational on or before the date specified in Contract Section A.13.e.14.

- c. Unless otherwise approved by the State, the Contractor shall update content and/or documents posted to the website within five (5) business days of the State's approval of changes to said content and/or documents.
- d. The Contractor shall provide all information pertinent to each new Plan year on the website/portal by the date specified by the State.
- e. The Contractor shall grant the State access to the customized development splash page and website for review and approval no later than the date specified in Contract Section A.13.e.15.
- f. The Contractor shall host the website/portal on a non-governmental server, which shall be located within the United States.
- g. The Contractor shall ensure that the website/portal meets all of the capacity, availability, performance and security requirements outlined in Contract Sections A.8. and A.9.
- h. To ensure accessibility among persons with a disability, the Contractor's website shall **substantially** comply with Section 508 of the Rehabilitation Act of 1973 (29 USC Section 794d) and implementing regulations at 36 CFR 1194 Parts A-D.
- i. At a minimum the website shall contain a home page with general information and links to additional information including, but not limited to, benefits, frequently asked questions (FAQs), the Member handbook, forms, and other information as requested by the State.

**11. Delete Pro Forma Contract Section A.7. language in its entirety and insert the following in its place: (any sentence or paragraph containing revised or new text is highlighted):**

- a. The Contractor, upon request by the State, shall review and comment on proposed revisions to the benefits provisions in the Program. When so requested, the Contractor shall comment in regard to:
  - (1) industry practices;
  - (2) the overall financial impact to the Program;
  - (3) necessary changes in the Contractor's reporting requirements; and/or
  - (4) system changes required to administer any revised Program provisions.
- b. The Contractor shall provide assistance and information to the State regarding applicable existing and proposed Federal and State laws and regulations affecting the Program.**
- c. The Contractor shall provide advice and assistance with regard to questions as raised by the State, individual employees, former Members and others identified by the State.
- d. The Contractor shall refer calls regarding eligibility and premium payment issues to the State.
- e. The Contractor shall respond to all inquiries in writing from the State within three (3) business days after receipt of said inquiry. In cases where additional information to answer the State's inquiry is required, the Contractor shall notify the State within two (2) business days as to when the response can be furnished to the State. For matters designated as urgent by the State, the Contractor shall provide a response to the State within four (4) hours during normal business hours. During non-business hours, the Contractor shall provide a response to urgent matters to the State within twenty-four (24) hours. Staff members, from the applicable

business unit, with final decision making authority shall provide responses. Said responses may be communicated through the Account Manager.

- f. The Contractor shall answer, in writing, within five (5) business days, all written inquiries from Members concerning the status of claims submitted, all benefits available through the benefit option, its clarifications and revisions, and other relevant information.
- g. The Contractor shall establish a formal grievance procedure for Members and providers, **if applicable**, to appeal decisions in regard to administration of the Program and to resolve disputes that may arise in the administration of the Program. The Contractor shall provide the State with a written copy of this grievance procedure by the date specified on contract section A.13.e.16, and the State reserves the right to require changes in the procedures when appropriate.
- h. To maintain the privacy of personal information, the Contractor shall enable Transport Layer Security (TLS), or other encryption software as directed by the State, on the mail server used for daily communications between the State and the Contractor. TLS, or other protocols that provide data encryption, shall be enabled no later than the date as listed in contract section A.13.e.17. and shall remain in effect throughout the term of the contract unless otherwise directed by the State.
- i. The Contractor shall meet with representatives of the State periodically, but no less than annually, to discuss programmatic, operational and contractual issues related to the Program. The Contractor shall have in attendance the staff requested by the State, which shall include the Account Manager and representatives from the Contractor's organizational units required to respond to topics indicated by the agenda. These meetings will take place at the State of Tennessee offices in Nashville, TN. Quarterly meetings between the Contractor and the State may also be held upon request by either the Contractor or the State. However, at its discretion, the State may allow the Contractor to participate in quarterly meetings by teleconference.
- j. The Contractor shall perform, following review and approval by the State, annual customer satisfaction surveys. The survey instrument shall be developed by the Contractor and approved by the State by the date specified in Contract Section A.13.e.19. The survey shall be conducted at a time mutually agreed upon by the State and the Contractor and shall involve a statistically valid random sample of State members. The Contractor shall guarantee a statistically valid response rate consistent with the sample size. Based upon the results of the survey, the Contractor and the State shall jointly develop an action plan to correct problems or deficiencies identified through this activity.
- k. The Contractor shall not modify the services or benefits provided to Members during the term of this Contract without the prior written consent of the State.
- l. The Contractor shall refer all media and legislative inquiries regarding the **State's program** to the State's Division of Benefits Administration, which will have the sole and exclusive responsibility to respond to all such queries. However, the Contractor shall respond directly to audit requests from the Comptroller, to audit requests from divisions within the Department of Finance & Administration, and to subpoenas; in all such instances, **except as prohibited by requestor**, the Contractor shall copy the State's Division of Benefits Administration on all correspondence.
- m. Unless prior approved in writing by the State and in compliance with State and Federal law, the Contractor shall not use confidential, proprietary, or protected health information gained through this Contract, including but not limited to utilization and pricing information, in marketing or expanding non-State business relationships or for any pecuniary gain.

- n. The Contractor shall ensure that the U. S. Postal Service or other mailing service does not return any undeliverable mail to the State.

**12. Delete Pro Forma Contract Section A.8.i. language in its entirety and insert the following in its place: (any sentence or paragraph containing revised or new text is highlighted):**

i. System and Information Security and Access Management Requirements

- (1) The Contractor shall make system information available to duly authorized representatives of the State and other State and Federal agencies to evaluate, through inspections or other means, the quality, appropriateness and timeliness of services performed.
- (2) The Contractor's systems shall contain controls to maintain information integrity. These controls shall be in place at all appropriate points of processing. The controls shall be tested in periodic and spot audits following a methodology to be mutually agreed upon by the Contractor and the State.
- (3) Audit trails shall be incorporated into all systems to allow information on source data files and documents to be traced through the processing stages to the point where the information is finally recorded.
- (4) The Contractor shall provide for the physical safeguarding of its data processing facilities and the systems and information housed therein. The Contractor shall provide the State **or a third party who performs assessment work for the State** access to data facilities upon request. The physical security provisions shall be in effect for the life of this Contract. All data must be stored in the United States.
- (5) Unless the State prior-approves in writing the Contractor's use of alternate mitigating controls, the Contractor shall use Federal Information Processing Standard (FIPS) 140-2 **or AES-256** complaint technologies to encrypt all member specific information in motion or rest, including back-up media.

**13. Delete Pro Forma Contract Section A.10. language in its entirety and insert the following in its place: (any sentence or paragraph containing revised or new text is highlighted):**

The following privacy and confidentiality standards apply to all forms of assistance that the Contractor provides.

- a. The Contractor shall develop, adopt, and implement standards to safeguard the privacy and confidentiality of all personal information about eligible employees and Members. For example, the Contractor shall ensure that it does not have completed forms containing personal information sitting in public view, left in unsecured boxes or files, or left unattended in any off-site location (e.g., in an automobile). The Contractor's procedures shall include but not be limited to safeguarding the identity of Members as Members of the Program and preventing the unauthorized disclosure of personal information. The Contractor shall comply with all **applicable** federal and state laws concerning the privacy and confidentiality of Members' information, and shall implement any regulations when they become effective.
- b. In the absence of exigent circumstances, the Contractor shall not disclose any Member's personal information to another business associate for pecuniary gain unless the State specifically prior authorizes such disclosure in writing or **the Member specifically prior authorizes such disclosures in writing.**

- c. The Contractor shall use appropriate safeguards to prevent the unauthorized use or disclosure of the Members' personal information. The Contractor shall report to the State any unauthorized use or disclosure of the Members' personal information within **forty-eight (48)** hours of any incident of which it becomes aware.
- d. The Contractor shall mitigate, to the extent practicable, any harmful effect that is known to the Contractor of a use or disclosure of Members' personal information by the Contractor in violation of the requirements of this contract or federal or state laws.
- e. The Contractor shall (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic personal information of Members that it creates, receives, maintains, or transmits and (ii) ensure that any agent of the Contractor, including any subcontractor, agrees to the same restrictions and conditions that apply to the Contractor with respect to such information.
- f.
- g. The Contractor shall not sell Member information. The Contractor shall not use Member information **for purposes other than those permitted by this Contract** unless it is aggregated blinded data, which is not identifiable on a Member basis.
- h. The Contractor shall not use Member identified or non-aggregated information for advertising, marketing, promotion or any activity intended to influence sales or market share of any product or service except **when permitted by the State, such as advertisements of the Program for enrollment purposes.**
- i. The Contractor shall have full financial responsibility for any penalties, fines, or other payments imposed or required as a result of the Contractor's non-compliance with, or violation of, federal or state requirements, and the Contractor shall indemnify the State with respect to any such penalties, fines, or payments.
- j. The Contractor shall assure that all Contractor staff is trained in all privacy requirements, as applicable.
- k. At the request of the State, the Contractor shall offer credit protection for those times in which a Member's personal information is accidentally or inappropriately disclosed.

**14. Delete Pro Forma Contract Section A.15.o. language in its entirety and insert the following in its place: (any sentence or paragraph containing revised or new text is highlighted):**

**Compliance with Section 508:** To ensure accessibility among persons with a disability, the Contractor's multimedia/video tools, website content shall **substantially** comply with Section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d) and implementing regulations at 36 CFR 1194 Parts A-D.

**15. Delete Pro Forma Contract Section A.16 language in its entirety and insert the following in its place: (any sentence or paragraph containing revised or new text is highlighted):**

**Warranty.** Contractor represents and warrants that the term of the warranty ("Warranty Period") shall be the greater of the Term of this Contract or any other warranty general offered by Contractor, its suppliers, or manufacturers to customers of its goods or services. The goods or services provided under this Contract shall conform to the terms and conditions of this Contract throughout the Warranty Period. Any nonconformance of the goods or services to the terms and conditions of this Contract shall constitute a "Defect" and shall be considered "Defective." If Contractor receives notice

of a Defect during the Warranty Period, then Contractor shall correct the Defect, at no additional charge.

Contractor represents and warrants that the State is authorized to possess and use all equipment, materials, software, and deliverables provided under this Contract.

Contractor represents and warrants that all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, and in conformity with standards generally accepted in Contractor's industry.

If Contractor fails to provide services as warranted, the State shall be entitled to recover the fees paid to Contractor for the Defective services. Any exercise of the State's rights under this Section shall not prejudice the State's rights to seek any other remedies available under this Contract or applicable law.

**16. Delete Pro Forma Contract Section D.23 language in its entirety and insert the following in its place : (any sentence or paragraph containing revised or new text is highlighted):**

Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within **forty-eight (48) hours** of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.

**17. Delete the following Pro Forma Section E.7 and renumber any subsequent sections as necessary:**

Partial Takeover of Contract. The State may, at its convenience and without cause, exercise a partial takeover of any service that the Contractor is obligated to perform under this Contract, including any service which is the subject of a subcontract between Contractor and a third party (a "Partial Takeover"). A Partial Takeover of this Contract by the State shall not be deemed a breach of contract. The Contractor shall be given at least thirty (30) days prior written notice of a Partial Takeover. The notice shall specify the areas of service the State will assume and the date the State will be assuming. The State's exercise of a Partial Takeover shall not alter the Contractor's other duties and responsibilities under this Contract. The State reserves the right to withhold from the Contractor any amounts the Contractor would have been paid but for the State's exercise of a Partial Takeover. The amounts shall be withheld effective as of the date the State exercises its right to a

Partial Takeover. The State's exercise of its right to a Partial Takeover of this Contract shall not entitle the Contractor to any actual, general, special, incidental, consequential, or any other damages irrespective of any description or amount.

**18. Delete Pro Forma Contract Section Attachment B.1 language in its entirety and insert the following in its place: (any sentence or paragraph containing revised or new text is highlighted):**

Performance Reporting: The Contractor shall develop a Performance Report Card as a means to measure compliance on a quarterly basis. The Contractor shall provide the quarterly performance report card in a manner acceptable to the State, on or before the 20th day of the month following the reporting quarter **unless approved otherwise in writing by the State**. Supporting documentation used to calculate the performance guarantees shall be provided with the Performance Report Card. The Performance Report Card shall include cumulative data over the life of the contract.

**19. Delete Pro Forma Contract Section Attachment C, Item 4)a. language in its entirety and insert the following in its place: (any sentence or paragraph containing revised or new text is highlighted):**

Average Speed of Answer – statistics to support an average speed of answer (ASA) of thirty (30) seconds or less **each month**

**20. Delete Pro Forma Contract Section A.1.j. language in its entirety and insert the following in its place : (any sentence or paragraph containing revised or new text is highlighted):**

The Contractor shall provide guaranteed issue of coverage to all eligible employees who elect during the State's 2016 fall Annual Enrollment Period to enroll in the STD and/or LTD program(s) effective January 1, 2017. **In addition, the Contractor shall provide guaranteed issue of coverage to all eligible employees who are automatically enrolled in the STD program should the State change from the "employee pay all short term disability insurance premiums" to the "employer pay all short term disability insurance premiums" payment methodology as indicated in contract Section C.3.**

**21. Delete Pro Forma Contract Section B.1 language in its entirety and insert the following in its place : (any sentence or paragraph containing revised or new text is highlighted):**

B.1. This Contract shall be effective on **July 15, 2016** ("Effective Date") and extend for a period of **forty-one (41) months and fifteen (15) days** after the Effective Date ("Term"). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

**22. Delete RFP Section 3.2.2.2 in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):**

3.2.2.2. One (1) original Cost Proposal paper document labeled:

**"RFP # 31786-00122 COST PROPOSAL ORIGINAL"**

and one (1) copy in the form of a digital document in "XLS" format properly recorded on separate, blank, standard CD-R recordable disc or USB flash drive labeled:

**"RFP # 31786-00122 COST PROPOSAL COPY"**

**Refer to Appendix 7.18 Cost Proposal\_Excel for an excel spreadsheet template.** In the event of a discrepancy between the original Cost Proposal document and the digital copy, the original, signed document will take precedence.

- 23. Delete RFP Section 1.1 Background and Context, Higher Education Employees in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):**

Higher Education Employees:

We have included census data information for Higher Education employees (Appendices 7.10 and 7.11). Higher education employees do currently have access to a long-term disability product. The product will discontinue at the end of 2016 and employees will be migrated into the new state sponsored benefit. There are 9,075 TBR employees enrolled in the current LTD product and 4,483 UT enrollees (Appendix 7.13). The current LTD benefits are shown in Appendices 7.6, 7.7, 7.8., 7.9., and 7.19. Higher education employees exempt from the Fair Labor Standards Act (FLSA) are also eligible for TCRS as described above, but may choose to forgo TCRS participation and instead participate in an Optional Retirement Plan (ORP). Upon disability retirement (or upon termination of employment for any reason), the member may request an annuity settlement or lifetime distribution payout from their ORP. Members receiving Social Security disability benefits may also elect a partial lump sum payment from their account, subject to the provisions of the product(s) the member selected. Additional information on the ORP is available at <http://www.treasury.state.tn.us/orp>.

- 24. Delete RFP Appendix 715.b.i and insert the following in its place highlighted below: (any sentence or paragraph containing revised or new text is highlighted):**

Appendix 7.15b.i.Revised – updated Column L header title.

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