



STATE OF TENNESSEE
FINANCE & ADMINISTRATION, BENEFITS ADMINISTRATION

**REQUEST FOR PROPOSALS # 31786-00137
AMENDMENT # One
FOR VISION BENEFITS PLAN**

DATE: March 27, 2017

RFP # 31786-00137 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 | | February 24, 2017 |
| 2. Disability Accommodation Request Deadline | 2:00 p.m. | March 1, 2017 |
| 3. Pre-response Conference | 1:00 p.m. | March 3, 2017 |
| 4. Notice of Intent to Respond Deadline | 2:00 p.m. | March 6, 2017 |
| 5. Written "Questions & Comments" Deadline | 2:00 p.m. | March 13, 2017 |
| 6. State Response to Written "Questions & Comments" | | March 27, 2017 |
| 7. Response Deadline | 2:00 p.m. | April 10, 2017 |
| 8. State Completion of Technical Response Evaluations | | April 24, 2017 |
| 9. State Opening & Scoring of Cost Proposals | 2:00 p.m. | April 25, 2017 |
| 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 |
|---|---|
| 1 Can the State provide the questionnaires in MS Word and the Pricing in MS Excel ? | Yes, see Amendment Section #9 below. |
| 2 Are Respondents permitted to use references from both the Respondent, as well as any subcontractors? | Yes, as long as the work was on behalf of the Respondent's client and project and falls within the guidelines listed in RFP Attachment 6.2 Section B and RFP Attachment 6.4 |
| 3 Can a full census of eligible employees/retirees with gender and date of birth be provided? | Yes, see Amendment Section #9 below. |
| 4 Will the State provide a detailed 24 claims reports broken out by type of service, hopefully covering a full 24 months? | Yes, see Amendment Section #9 below. |
| 5 May we get a copy of a Companion Guide with the customization fields for the 834 file? | No, a Companion Guide is not available. Information regarding the 834 file is provided in the RFP appendices including Appendices 7.9 p1, pg 2, pg 3 and 7.9 Specifications provided in an excel spreadsheet format. |
| 6 May we get a copy of the Member handbook referenced on page 48, A.5 Member Communications, item a? | Yes, see Amendment Section #9 below. |
| 7 Page 31, RFP attachment 6.3, item D.7 specifies that GEOs should be run on Ophthalmologists and Optometrists while the GEO instructions, Appendix 7.5, Data Standards #5 states <u>include all providers</u> in your network which are delivering services. Please advise if we should include Optical Retailers and Opticians in the GEO reports as well as the Ophthalmologists and Optometrists. | Ophthalmologists and Optometrists only. |
| 8 Are the following available in Word format? <ul style="list-style-type: none"> o Attachment 6.1 Response Statement of Certifications & Assurances o Attachment 6.2 Technical Response & Evaluation Guide o Attachment 6.3 Cost Proposal & Scoring Guide o Attachment 6.4 Reference Questionnaire | Yes, see Amendment Section #9 below for the RFP in word document format. Note: any changes to the RFP language will not be accepted. See question #1 for the State's response regarding cost proposal and reference questionnaire. |
| 9 RFP Attachment 6.3 Table D (Page 36 PDF Vision RFP) - This table does not appear in the contract on page 45, but Table C does; is it the State's intention to have Table D as part of the contract as well? | Yes, the values from RFP Attachment 6.3, Table D, will be in the contract as part of Contract Attachment D. |
| 10 Contract C.3. Payment Methodology (Page 69 PDF Vision RFP) - How many dependents of retirees are enrolled where the retiree is not currently enrolled? | Spouse Only: 276 Spouse and Child(ren) Only: 41 |

| QUESTION / COMMENT | STATE RESPONSE |
|---|---|
| <p>Are these individuals reflected in the retiree experience?</p> | <p>Child(ren) Only: 60 Yes, these individuals are included in the retiree experience.</p> |
| <p>11 Appendix 7.3 a. through d. (Excel file) - Can the enrollment, premium, and claims be updated through the end of the year for October 2016 through December 2016? Or through November to coincide with Appendix 7.12.</p> | <p>Yes, Appendix 7.3 has been updated. Please see Amendment Section #4.</p> |
| <p>12 Appendix 7.3 and 7.3e. Enrollment Count (Excel files) - Please explain the large increases or lifts in the plan participation from 2013 to 2014 (26%), 2014 through 2016 (i.e. 12.8% in 2015, 9.3% in 2016). Was there a lift in the eligible population or is this due to program marketing efforts?</p> | <p>The State of Tennessee's first Group Vision Insurance Program was implemented in January 2013. Through communications about the program and employees recognizing the value of the benefits enrollment increased. Also, several local education and local government agencies decided to start offering the vision insurance program.</p> |
| <p>13 Appendix 7.12 (Excel file) - On the Report tab can this data be updated for December 2016? On the Report 2 tab please specify what each abbreviation represents under lens type.</p> | <p>Yes. See Amendment Section #4 below. Abbreviations represent the following: SV = single vision, BF = bifocal, TF = trifocal, PR STD = standard progressive lens, PRSM1 T1 = Tier 1 premium progressive lens, PRVC1 T2 = Tier 2 premium progressive lens, PRVP – T3 = Tier 3 premium progressive lens, PRPRM – T4 = Tier 4 premium progressive lens.</p> |
| <p>14 Appendix 7.3 versus Appendix 7.12 (Excel files) - These two files are very close for billed premium and claims for every year except for 2013; Billed premium in Appendix 7.3 is \$3.1M and 7.12 is \$3.4M. Please explain this difference and if a reconciliation was done?</p> | <p>The State recommends using Appendix 7.12 as your guide. Subscribers are the average for the period that are included in EyeMed's systems. Note this will not be the exact numbers that the State pays premium on to EyeMed; therefore, there may be differences in the premium calculated here and the actual premium paid by the State. ** Note claims amounts could vary to EyeMed's standard utilization reports due to timing issues and period issues (Fiscal vs Calendar year).</p> |
| <p>15 Can we get a Census that shows Eligibility by tier with the Zip codes? We need to determine who is enrolled by tier vs eligible and the zip codes.</p> | <p>No, the premium tiers only apply to enrollments. There are no tiers for those eligible and not enrolled.</p> |

| QUESTION / COMMENT | STATE RESPONSE |
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| <p>16 Can you provide the paid premiums amounts for Basic (Active/Retirees & COBRA) and the Enhanced (Active, Retirees, COBRA) plan for the months of 8/1/16 to current? Or to 3/1/17?</p> | <p>Appendix 7.12 has been revised to include data through December 2016.</p> <p>See Amendment Section #4 below.</p> |
| <p>17 The technical proposal requirements include a 50 page limit. Please confirm if the technical section can be printed double-sided.</p> | <p>Yes, it can be double-sided but cannot exceed 50 pages or it will be deemed nonresponsive.</p> <p>The RFP proposals, other than the original, are digital copies for the evaluation team. If double sided and in a digital format, those pages would need to be numbered for a total of 50 pages.</p> |
| <p>18 Should the GeoAccess reports requested in Appendix 7.5 be based on “driving distance” or “as the crow flies”?</p> | <p>Driving distance.</p> |
| <p>19 The customer reference request (RFP Attachment 6.2-Section B – B.17) includes “three (3) completed projects”. Can you confirm if these are considered terminated clients?</p> | <p>Yes, but they can be from current clients as well as terminated ones.</p> <p>RFP Attachment 6.2-Section B – #B.17 requires five customer references. Two are from two accounts the respondent is currently provided services that are similar in size to the State.</p> <p>The other three must be completed projects by the respondent. There is no restriction as to whether these references are from current or terminated clients.</p> <p>A “completed project” could be from a current or terminated client where a vision insurance program was implemented.</p> |
| <p>20 Please confirm that minority owned business spend is a percent of administrative fees.</p> | <p>The diversity spend in any aspect of the contract is left up to the respondent. This includes any subcontractors involved at any level or function of the contract.</p> <p>The RFP requests the respondent propose premium rates for the programs by premium tier. The actual composition of the premium rates to include reserves; cost of insurance; claims expenses; administrative fees; and/or subcontractor fees is an internal decision of the company. No additional fees or costs will be paid by the State other than collected premiums due as specified in pro forma Contract Section C.3.</p> |

| QUESTION / COMMENT | STATE RESPONSE |
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| <p>21 Can carriers submit a MOOP with additional line items? (Section A.1 i. and Table C) additional items to include: bifocal and trifocal lenses</p> | <p>No, the vendor should only include the items listed in Table C for each plan design (Basic or Expanded) in the calculations.</p> |
| <p>22 In reference to Section A. – A.1 i. and Cost Proposal, Table C can you please provide the following information:</p> <p>What frame and contact lens retail purchase amount should be used for the assumption?</p> <p>Should bidders assume the retail purchase price is the same as the frame and contact lens allowances?</p> | <p>The retail purchase price is driven by what your network providers charge for materials. The vendor should create a weighted aggregate average cost for all of the items listed in Table C based on your network negotiated costs. This weighted average would then be subtracted from the plan allowance(s) resulting in a weighted average member OOP to be included in Table C.</p> <p>Example: Weighted Aggregate Avg. negotiated rates – Plan Allowance(s) = Member OOP</p> <p>The number, if less than \$0 should be listed as \$0 in Table C.</p> <p>The RFP has been updated to reflect that the average should be weighted. No, do not assume the retail purchase price is the same. The retail purchase price is driven by what their network providers charge for materials and has nothing to do with the allowance in the plan design.</p> <p>See Amendment Section #6, 7, and 8 below.</p> |
| <p>23 With respect to the following items, can the State clarify how a bidder would show proof of nondiscrimination? We would propose that the sections be revised to read:</p> <p>RFP item 1.3 (page 4): <u>Upon reasonable notice of noncompliance,</u> tThe Contractor pursuant to this RFP shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.</p> <p>Attachment 6.6, Pro Forma Contract, item D9 (page 72): <u>Upon reasonable notice of noncompliance,</u> tThe Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.</p> | <p>Contractors would need to show proof of such nondiscrimination at the request of the State. Such proof could include, but is not limited to, posting of nondiscrimination notices, lack of discrimination complaints, etc.</p> <p>The State does not agree to the edits to the language in both the RFP and the pro forma contract.</p> |
| <p>24 Pro Forma Contract, item D.10c. (page 72), we propose the following revision: c. The Contractor shall maintain records for all</p> | <p>No, the State does not agree to the edit.</p> |

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| <p>personnel used in the performance of this Contract. <u>Upon reasonable notice of noncompliance</u>, Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.</p> | |
| <p>25 Attachment 6.6, Pro Forma Contract, Contract Attachment E (pages 96-104), please confirm the State's understanding that, the vision insurer would be a Covered Entity, as defined by HIPAA, and that a business associate agreement is not required. If the State nonetheless requires the BAA, we would propose this revision, to section 2.7.3, "<u>Covered Entity, together with Business Associate</u>, shall make the final determination whether the Breach requires notification and whether the notification shall be made by Covered Entity or Business Associate."</p> | <p>No, the State does not agree to the modification. The business associate agreement in Contract Attachment E between the vendor and the State gives the State final determination concerning breaches.</p> |
| <p>26 Attachment 6.6, Pro Forma Contract, item A.13(d) (pages 59-60), please confirm that the security audit is solely with respect to the State's Contract. To protect and maintain the security of the information of all of our other customers, please understand that we may need to withhold disclosure of and access to facilities and information that can compromise such security. We do not permit review of access logs or screen shots, nor do we have the authority to permit similar audit of subcontractor information. For certain noncompliant Policy items, we may need the ability to mitigate instead of rectify.</p> | <p>The State would only need to review and audit the State's member information per the contract.</p> <p>The State does not agree to a vendor withholding access to facilities, access to logs or screen shots for both the vendor and subcontractor information.</p> |
| <p>27 Because Contact Lenses and Frames are reimbursed up to the plan allowance, [redacted name] is not able to limit the members' choice in these benefits and therefore, cannot limit the out-of-pocket costs for these benefits. Is it the State of TNs intent to limit the choice of benefits for this benefit to less expensive options? If it is not the State's intent to limit the choice of benefits to less expensive options then we cannot limit the out of pocket costs for these benefits and therefore cannot complete Cost Proposal Table C as well as Performance Guarantee #18 as it relates to Contact Lenses and Frames. Would the State accept Cost Proposal Table C and Performance Guarantee #18 with the understanding that it would include everything but Contact Lenses and Frames.</p> | <p>No, it is not the State's intent to limit the choice of benefits to less expensive options. The State is not requesting that the vendor limit the member out-of-pocket costs.</p> <p>The State will not accept Table C if it excludes contact lenses and frames. All items listed in the table must be included.</p> <p>The intent of Table C is to assess each vendor's ability to negotiate the cost of materials (frames, lenses, etc.) with their network providers as this directly impacts how much members will pay out of pocket for materials after the allowance. We are then scoring these amounts to take into account how much our members are required to pay above their allowance.</p> <p>The RFP has been updated to reflect that the</p> |

| QUESTION / COMMENT | STATE RESPONSE |
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| | <p>average should be weighted.</p> <p>See Amendment Section #6, 7, and 8 below.</p> <p>Also, see question #22 for more information on how this table should be completed.</p> |
| <p>28 The current contract language requires the winning Contractor to provide a copy of their FedRamp, ISO 27000 or SOC2 Type 2 report. By December 2018, [redacted name] intends to issue a SSAE-16 SOC2 report that will address such systems and functions related to our Vision offering such as billing and eligibility. Will the State accept this timing?</p> | <p>Yes, the State will accept alternate language to the Pro Forma Contract for this situation.</p> |
| <p>29 The current contract language requires any subcontractor who processes 20% of claims to provide a FedRamp, ISO 27000 or SOC2 Type 2 report. Like many other prime carriers competing for the State's Vision business, [redacted name] utilizes [redacted name] as a subcontractor for all claims processing for [redacted name]'s Vision offering. Our subcontractor, [redacted name], can provide an ISO 27001 or SSAE 16 SOC1 Report. Will the State accept receiving an ISO 27001 or SOC 1 report for subcontractors processing 20% of claims as our subcontractor has no plans to pursue a SOC 2 report?</p> | <p>No, if the subcontractor cannot provide the SOC2 Type 2 report, the State will not accept the ISO 27001 or SOC 1 as a substitution. The State will take FedRamp or ISO 27000 as a substitution.</p> <p>See Amendment Section #5 below.</p> |
| <p>30 The State notes that, "Enhanced, additional or subsequently modified benefits may be provided by the Contractor for the Members upon approval by the State with no premium costs other than those specified in Contract Section C.3." If we have enhanced, additional or subsequently modified benefits, how do we get State level approval and how would the State prefer to see the enhanced, additional or subsequently modified benefits?</p> | <p>At this time, the Respondent should base its cost proposal upon the current benefit structure in pro forma Contract Attachment D. The awarded Contractor and the State will determine if any enhancements to the benefits which will not increase premium rates may be incorporated into the Contractor's Certificate of Coverage before the go-live date of January 1, 2018.</p> |
| <p>31 Please clarify if the State of Tennessee would allow the proposed modifications to the existing Basic and Expanded plan, as follows. These plan improvements would result in no increase in premium costs.</p> <p>Basic Plan Benefits In-Network</p> <p>a. Frames: include an option for a \$50 enhanced frame allowance at certain providers.(resulting in a \$105 total frame allowance)</p> <p>b. Standard lenses (single/bifocal/trifocal/lenticular) – covered in full with \$0.00 copay</p> <p>c. Progressive Lenses</p> <p>a. Standard: Fixed member cost of \$50</p> | <p>At this time, the Respondent should base its cost proposal upon the current benefit structure in pro forma Contract Attachment D. The awarded Contractor and the State will determine if any enhancements to the benefits which will not increase premium rates may be incorporated into the Contractor's Certificate of Coverage before the go-live date of January 1, 2018.</p> |

| QUESTION / COMMENT | STATE RESPONSE |
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| <p>b. Premium: Fixed member cost of \$90 c. Ultra: Fixed member cost of \$140</p> <p>d. Anti-Reflective Coating a. Standard: Fixed member cost of \$35 b. Premium: Fixed member cost of \$48 c. Ultra: Fixed member cost of \$60</p> <p>e. Lens Options: a. UV Treatment: Fixed member charge of \$12 b. Tint (solid and gradient): Covered c. Standard Plastic Scratch: Covered d. Polycarbonate-Adults: Fixed member charge of \$30 e. Polycarbonate-Children: Covered f. High-Index: Fixed member cost of \$55 g. Polarized: Fixed member cost of \$75 h. Plastic Photochromic: Fixed member cost of \$65 i. Scratch Protection Plan: Single vision/multifocal (\$20 / \$40)</p> <p>f. Out of Network a. \$50 for Frame b. Separate Lens reimbursements as follows: \$40 single vision, \$60 bifocal and progressive, \$80 trifocal, \$100 lenticular</p> <p>Expanded Plan Benefits a. Frames: include an option for a \$50 enhanced frame allowance at certain providers (resulting in a \$165 allowance) b. Progressive Lenses a. Standard: Fixed member cost of \$50 b. Premium: Fixed member cost of \$90 c. Ultra: Fixed member cost of \$140</p> <p>c. Anti-Reflective Coating a. Standard: Fixed member cost of \$35 b. Premium: Fixed member cost of \$48 c. Ultra: Fixed member cost of \$60</p> <p>d. Lens Options: a. UV Treatment: Fixed member charge of \$12 b. Tint (solid and gradient): Covered c. Standard Plastic Scratch: Covered d. Polycarbonate-Adults: Fixed member charge of \$30 e. Polycarbonate-Children: Covered f. High-Index: Fixed member cost of \$55 g. Polarized: Fixed member cost of \$75 h. Plastic Photochromic: Fixed member cost of \$65 i. Scratch Protection Plan: Single vision/multifocal (\$20 / \$40)</p> <p>Basic and Expanded Plan Modifications In-Network a. Laser Vision Correction: 40% - 50% off</p> | |

| QUESTION / COMMENT | STATE RESPONSE |
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| national average price of traditional b. Exclusive Fame Collection: 222 Frames covered in full as an option available to members to utilized instead of the retail allowance c. Exclusive Collection of Contact Lenses: Disposable lenses: 4 boxes or Planned Replacement: 2 boxes; Evaluation Fitting & Follow-up Covered in full | |

3. Delete RFP Appendix 7.3.d. in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

Appendix 7.3.d. REVISED_Enrollment_and_Premium_Experience_2016

4. Delete RFP Appendix 7.12 in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

Appendix 7.12 REVISED Utilization Experience Reports

5. Delete Pro Forma Contract section A.10.k. 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 the State a written copy of its most current FedRamp, ISO 27000 or SOC2 Type 2 report at least one (1) month prior to the go-live date as shown in contract section A.13.e.27. The Contractor shall provide the State a copy of its FedRamp, ISO 27000 or SOC2 Type 2 report on an annual basis beginning with the second year of the contract term. (See Contract Attachment C.13.) The Contractor shall also provide a copy of the FedRamp, ISO 27000, or SOC2 Type 2 report for any subcontractor processing claims that represent more than twenty percent (20%) of Member claims.

6. Delete RFP section Cost Proposal Table C in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

Instructions: Based on your network configuration and the contractual reimbursement for services, supplies and materials, provide an-weighted annual aggregate average in-network member out-of-pocket guarantee for both the Basic and Expanded plans for plan years 2018-2022. Use basic plan enrollment of 27,913 & expanded plan enrollment of 88,961 as your enrollment totals when calculating average costs. Current member utilization and out-of-pocket costs are located in RFP Appendix 7.12.

| Table C | | | | | | | | |
|--|---------|---------|---------|---------|---------|-----|-------------------|--------------------------------|
| | CY 2018 | CY 2019 | CY 2020 | CY 2021 | CY 2022 | SUM | Evaluation Factor | Evaluation Cost (sum x factor) |
| Basic Plan Member Out-of-Pocket Guarantee | | | | | | | | |
| Weighted Aggregate average in-network member out-of-pocket costs for the following items: | \$ | \$ | \$ | \$ | \$ | | 6,220 | |
| <ul style="list-style-type: none"> • Contact lenses • Frames • Single vision lenses | | | | | | | | |

| | | | | | | | | | |
|---|----|----|----|----|----|--|--|----------------|--|
| • Premium Progressive Lens | | | | | | | | | |
| Expanded Plan Member Out-of-Pocket Guarantee | | | | | | | | | |
| Weighted Aggregate average in-network member out-of-pocket costs for the following items: • Contact lenses • Frames • Single vision lenses | \$ | \$ | \$ | \$ | \$ | | | 32,982 | |
| TOTAL EVALUATION COST AMOUNT (sum of evaluation costs above): | | | | | | | | | |
| The Solicitation Coordinator will use this sum and the formula below to calculate the Cost Proposal Score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations. | | | | | | | | | |
| lowest evaluation cost amount from all proposals evaluation cost amount being evaluated | | | | | | Then multiply by 4 (maximum possible score) | | =SCORE: | |
| State Use – Solicitation Coordinator Signature, Printed Name & Date: | | | | | | | | | |

7. Delete Pro Forma Contract section A.1.i. in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

A.1.i. The Contractor shall guarantee that the weighted aggregate average in-network member out-of-pocket costs for the following items will not exceed the maximum shown below.

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

| 18. Member Out-of-Pocket (see Contract Section A.1.i.) | |
|---|---|
| Guarantee | The member's weighted aggregate average out-of-pocket costs shall not exceed the maximum amount specified for each calendar year of the contract for the items specified in Contract Section A.1.i. |
| Assessment | \$5,000 when weighted aggregate average annual member out-of-pocket exceeds guarantee by 1% - 5%. \$10,000 when weighted aggregate average annual member out-of-pocket exceeds guarantee by 5.1% - 10%. \$15,000 when weighted aggregate average annual member out-of-pocket exceeds guarantee by more than 10%. |
| Measurement | The Contractor's weighted aggregate average annual member out-of-pocket costs for contact lenses, frames, single vision lenses, and premium progressive lens for the Basic Plan and contact lenses, frames, and single vision lenses for the Expanded Plan. Measured, reported, and reconciled on an annual calendar year basis. |

9. Add the following as RFP Appendices and renumber any subsequent sections as necessary:

Appendix 7.14 Vision Handbook
Appendix 7.15 Census Date DOB and Gender
Appendix 7.16 State of TN_2015 - 2016 OON Claims
RFP #31786-00137 Word Format

10. **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.