



**STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION**

**REQUEST FOR PROPOSALS FOR  
SHORT-TERM DISABILITY AND LONG-TERM DISABILITY  
INSURANCE**

**RFP # 31786-00186**

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## 1. INTRODUCTION

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The State of Tennessee, State Insurance Committee; hereinafter referred to as “the State,” issues this Request for Proposals (RFP) to define minimum contract requirements; solicit responses; detail response requirements; and outline the State’s process for evaluating responses and selecting a contractor to provide the needed goods or services.

Through this RFP, the State seeks to procure necessary goods or services at the most favorable, competitive prices and to give ALL qualified respondents, including those that are owned by minorities, women, service-disabled veterans, persons with disabilities and small business enterprises, an opportunity to do business with the state as contractors, subcontractors or suppliers.

### 1.1 Statement of Procurement Purpose

The State of Tennessee is issuing this RFP through the Department of Finance and Administration, Division of Benefits Administration (Benefits Administration), with the intent to secure a single contract with an insurance company for the delivery of fully-insured short-term disability (STD) insurance benefits to employees of central state government, state higher education and state offline agencies, a fully insured (non-contributory – 100% employer paid premium) long-term disability (LTD-N) benefits program to eligible employees of central state government and state higher education agencies, and a fully-insured (contributory – 100% employee paid premium) long-term disability (LTD-C) benefits program to employees of state offline agencies. The awarded contract will be effective mid-year 2026 for required implementation while the delivery of services to Members shall begin January 1, 2027. (The state of Tennessee began July 1, 2024, contributing 100% of the premium payments for central state government and state higher education employees who elected under the existing contract the Long-term Disability Option 3 plan.) Presently the State has a contract with Metropolitan Life Insurance Company (MetLife). The current contract with MetLife expires on December 31, 2026.

Employees currently enrolled in the State Program shall be automatically transferred to the new Contractor for coverage on January 1, 2027.

All Members transferred from existing programs will be migrated to this new Contract with guaranteed issue and credit toward pre-existing limitations based upon length of enrollment in the prior program.

For STD, new employees shall have an initial eligibility period to enroll with guaranteed issue. Thereafter, with the exception for new employees, medical underwriting shall be required prior to enrollment for late entrants during the fall annual enrollment period or for enrollment due to experiencing a qualifying event.

For LTD-N, new central state government and state higher education employees will be automatically enrolled in coverage and medical underwriting is not required. For LTD-C, new state offline agency employees shall have an initial eligibility period to enroll with medical underwriting not required. Thereafter, state offline agency employees can enroll in LTD-C during the fall annual enrollment period or due to experiencing a qualifying event with medical underwriting not required.

Core services to be delivered by the vendor shall include, but are not limited to, medical underwriting, disability determination, claims processing including offsets with other benefits (i.e. workers compensation, social security, sick leave bank, etc.), return to work programs, case management, call center, employee outreach and communication, referrals, online services for members and employers, enrollment file processing, completion of all required state insurance filings, and reporting.

The State shall continue, through this competitive procurement process, offering voluntary Short-Term and Long-Term Disability Insurance benefits for eligible employees of the State Government Plans. Appendix 7.6 to this RFP includes current eligibility information for the Short-Term and Long-Term Disability Insurance and current benefits are listed in Attachment F to Pro Forma Contract Attachment 6.6 to this RFP.

- 1.1.2. The maximum liability for the resulting contract will be determined through the best evaluated cost proposal and estimated cost associated with this service. The maximum liability will exceed one dollar (\$1.00).

## **1.2. Scope of Service, Contract Period, & Required Terms and Conditions**

The RFP Attachment 6.6., *Pro Forma Contract* details the State's requirements:

- Scope of Services and Deliverables (Section A);
- Contract Period (Section B);
- Payment Terms (Section C);
- Standard Terms and Conditions (Section D);
- Special Terms and Conditions (Section E);
- Attestation Re Personnel Used in Contract Performance (Attachment A);
- Liquidated Damages (Attachment B);
- Reporting Requirements (Attachment C);
- Service Level Agreement Scorecard (Attachment D); and
- Short Term Disability (STD) Insurance and Long Term Disability (LTD) Insurance Minimum Benefit Provisions (Attachment E).

The *pro forma* contract substantially represents the contract document that the successful Respondent must sign.

## **1.3. Nondiscrimination**

No person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of a Contract pursuant to this RFP or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal, Tennessee state constitutional, or statutory law. The 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.

## **1.4. RFP Communications**

- 1.4.1. The State has assigned the following RFP identification number that must be referenced in all communications regarding this RFP:

**RFP # 31786-00186**

- 1.4.2. **Unauthorized contact about this RFP with employees or officials of the State of Tennessee except as detailed below may result in disqualification from consideration under this procurement process.**

- 1.4.2.1. Prospective Respondents must direct communications concerning this RFP to the

following person designated as the Solicitation Coordinator:

Heather Pease  
Procurement and Contracts Director  
Tennessee Department of Finance & Administration, Division of Benefits Administration  
312 Rosa L. Parks Avenue, Suite 1900  
Nashville, Tennessee 37243  
[heather.pease@tn.gov](mailto:heather.pease@tn.gov)  
cc: [vanessa.watson@tn.gov](mailto:vanessa.watson@tn.gov)  
Telephone: 615.253.1652  
Fax: 615.253.8556

1.4.2.2. Notwithstanding the foregoing, Prospective Respondents may alternatively contact:

- a. staff of the Governor's Office of Diversity Business Enterprise for assistance available to minority-owned, woman-owned, service-disabled veteran-owned, businesses owned by persons with disabilities, and small businesses as well as general, public information relating to this RFP (visit <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/go-dbe/about-us.html> for contact information); and
- b. the following individual designated by the State to coordinate compliance with the nondiscrimination requirements of the State of Tennessee, Title VI of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, and associated federal regulations:

Lucian Geise, General Counsel  
Tennessee Department of Finance & Administration  
312 Rosa L. Parks Avenue, Suite 1900 Nashville, Tennessee 37243  
Phone Number: 615-532-9617  
Fax: 615-532-8532  
[FA.CivilRights@tn.gov](mailto:FA.CivilRights@tn.gov)

- 1.4.3. Only the State's official, written responses and communications with Respondents are binding with regard to this RFP. Oral communications between a State official and one or more Respondents are unofficial and non-binding.
- 1.4.4. Potential Respondents must ensure that the State receives all written questions and comments, including questions and requests for clarification, no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events. Respondents should submit written questions and comments on Appendix 7.11 the written questions and comments template.
- 1.4.5. Respondents must assume the risk of the method of dispatching any communication or response to the State. The State assumes no responsibility for delays or delivery failures resulting from the Respondent's method of dispatch. Actual or digital "postmarking" of a communication or response to the State by a specified deadline is not a substitute for the State's actual receipt of a communication or response. It is encouraged for Respondents to submit bids digitally.
- 1.4.6. The State will convey all official responses and communications related to this RFP to the prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to RFP Section 1.8).
- 1.4.7. The State reserves the right to determine, at its sole discretion, the method of conveying

official, written responses and communications related to this RFP. Such written communications may be transmitted by mail, hand-delivery, facsimile, electronic mail, Internet posting, or any other means deemed reasonable by the State. For internet posting, please refer to the following website: <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/supplier-information/request-for-proposals--rfp--opportunities1.html>.

- 1.4.8. The State reserves the right to determine, at its sole discretion, the appropriateness and adequacy of responses to written comments, questions, and requests related to this RFP. The State's official, written responses will constitute an amendment of this RFP.
- 1.4.9. Any data or factual information provided by the State (in this RFP, an RFP amendment or any other communication relating to this RFP) is for informational purposes only. The State will make reasonable efforts to ensure the accuracy of such data or information, however it is the Respondent's obligation to independently verify any data or information provided by the State.
- The State expressly disclaims the accuracy or adequacy of any information or data that it provides to prospective Respondents.

## **1.5. Assistance to Respondents With a Handicap or Disability**

Prospective Respondents with a handicap or disability may receive accommodation relating to the communication of this RFP and participating in the RFP process. Prospective Respondents may contact the Solicitation Coordinator to request such reasonable accommodation no later than the Disability Accommodation Request Deadline detailed in the RFP Section 2, Schedule of Events.

## **1.6. Respondent Required Review & Waiver of Objections**

- 1.6.1. Each prospective Respondent must carefully review this RFP, including but not limited to, attachments, the RFP Attachment 6.6., *Pro Forma* Contract, and any amendments, for questions, comments, defects, objections, or any other matter requiring clarification or correction (collectively called "questions and comments").
- 1.6.2. Any prospective Respondent having questions and comments concerning this RFP must provide them in writing to the State no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events.
- 1.6.3. Protests based on any objection to the RFP shall be considered waived and invalid if the objection has not been brought to the attention of the State, in writing, by the Written Questions & Comments Deadline.

## **1.7. Pre-Response Conference**

A Pre-response Conference will be held at the time and date detailed in the RFP Section 2, Schedule of Events. Pre-response Conference attendance is not mandatory, and prospective Respondents may be limited to a maximum number of attendees depending upon overall attendance and space limitations.

The conference will be held at:

**Join from the meeting link**

<https://tn.webex.com/tn/j.php?MTID=m9d9b1a7aec7d25d21e7e0d26e5f584c7>

**Join by meeting number**

Meeting number (access code): 2308 894 6543

Meeting password: PiXNqdwF534

**Join by phone**

+1 615-747-4911 Webex Call-In

+1-415-655-0001 US Toll

The purpose of the conference is to discuss the RFP scope of goods or services. The State will entertain questions, however prospective Respondents must understand that the State's oral response to any question at the Pre-response Conference shall be unofficial and non-binding. Prospective Respondents must submit all questions, comments, or other concerns regarding the RFP in writing prior to the Written Questions & Comments Deadline date detailed in the RFP Section 2, Schedule of Events. The State will send the official response to these questions and comments to prospective Respondents from whom the State has received a Notice of Intent to respond as indicated in RFP Section 1.8 and on the date detailed in the RFP Section 2, Schedule of Events.

**1.8. Notice of Intent to Respond**

Before the Notice of Intent to Respond Deadline detailed in the RFP Section 2, Schedule of Events, prospective Respondents should submit to the Solicitation Coordinator a Notice of Intent to Respond (in the form of a simple e-mail or other written communication). Such notice should include the following information:

- the business or individual's name (as appropriate);
- a contact person's name and title; and
- the contact person's mailing address, telephone number, facsimile number, and e-mail address.

**A Notice of Intent to Respond creates no obligation and is not a prerequisite for submitting a response, however, it is necessary to ensure receipt of any RFP amendments or other notices and communications relating to this RFP.**

**1.9. Response Deadline**

A Respondent must ensure that the State receives a response no later than the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events. The State will not accept late responses, and a Respondent's failure to submit a response before the deadline will result in disqualification of the response. It is the responsibility of the Respondent to ascertain any additional security requirements with respect to packaging and delivery to the State of Tennessee. Respondents should be mindful of any potential delays due to security screening procedures, weather, or other filing delays whether foreseeable or unforeseeable.

## 2. RFP SCHEDULE OF EVENTS

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2.1. The following RFP Schedule of Events represents the State's best estimate for this RFP.

EVENT	TIME (central time zone)	DATE
1. RFP Issued		August 29, 2025
2. Disability Accommodation Request Deadline	2:00 p.m.	September 8, 2025
3. Pre-response Conference	1:00 p.m.	September 10, 2025
4. Notice of Intent to Respond Deadline	2:00 p.m.	September 11, 2025
5. Written "Questions & Comments" Deadline <b>*NOTE: Submit written questions and comments on Appendix 7.11 the written questions and comments template.</b>	2:00 p.m.	September 17, 2025
6. State Response to Written "Questions & Comments"		October 7, 2025
7. Round 2 Written "Questions & Comments" Deadline <b>*NOTE: Respondents may submit no more than five (5) questions to the State in the 2<sup>nd</sup> round of Written Questions and Comments.</b>		October 16, 2025
8. State Response to Written "Questions & Comments" Round 2		November 4, 2025
9. Response Deadline	2:00 p.m.	November 12, 2025
10. State Completion of Technical Response Evaluations		December 11, 2025
11. State Opening & Scoring of Cost Proposals	2:00 p.m.	December 12, 2025
12. Negotiations	4:30 p.m.	December 17-19, 2026
13. State Notice of Intent to Award Released and RFP Files Opened for Public Inspection	2:00 p.m.	January 22, 2026
14. End of Protest Period		January 29, 2026
15. State sends contract to Contractor for signature		January 30, 2026
16. Contractor Signature Deadline	2:00 p.m.	February 6, 2026



- 2.2. **The State reserves the right, at its sole discretion, to adjust the RFP Schedule of Events as it deems necessary.** Any adjustment of the Schedule of Events shall constitute an RFP amendment, and the State will communicate such to prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to section 1.8).

### 3. RESPONSE REQUIREMENTS

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#### 3.1. Response Form

A response to this RFP must consist of two parts, a Technical Response and a Cost Proposal.

- 3.1.1. **Technical Response.** RFP Attachment 6.2., Technical Response & Evaluation Guide provides the specific requirements for submitting a response. This guide includes mandatory requirement items, general qualifications and experience items, and technical qualifications, experience, and approach items all of which must be addressed with a written response and, in some instances, additional documentation.

**NOTICE: A technical response must not include any pricing or cost information. If any pricing or cost information amounts of any type (even pricing relating to other projects) is included in any part of the technical response, the state may deem the response to be non-responsive and reject it.**

- 3.1.1.1. A Respondent should duplicate and use the RFP Attachment 6.2., Technical Response & Evaluation Guide to organize, reference, and draft the Technical Response by duplicating the attachment, adding appropriate page numbers as required, and using the guide as a table of contents covering the Technical Response.
- 3.1.1.2. A response should be economically prepared, with emphasis on completeness and clarity. A response, as well as any reference material presented, must be written in English and must be written on standard 8 ½" x 11" pages (although oversize exhibits are permissible) and use a 12-point font for text. All response pages must be numbered.
- 3.1.1.3. All information and documentation included in a Technical Response should correspond to or address a specific requirement detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide. All information must be incorporated into a response to a specific requirement and clearly referenced. Any information not meeting these criteria will be deemed extraneous and will not contribute to evaluations.
- 3.1.1.4. The State may determine a response to be non-responsive and reject it if:
- a. the Respondent fails to organize and properly reference the Technical Response as required by this RFP and the RFP Attachment 6.2., Technical Response & Evaluation Guide; or
  - b. the Technical Response document does not appropriately respond to, address, or meet all of the requirements and response items detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide.
- 3.1.2. **Cost Proposal.** A Cost Proposal must be recorded on an exact duplicate of the RFP Attachment 6.3., Cost Proposal & Scoring Guide.

**NOTICE: If a Respondent fails to submit a cost proposal exactly as required, the State may deem the response to be non-responsive and reject it.**

- 3.1.2.1. A Respondent must only record the proposed cost exactly as required by the RFP Attachment 6.3., Cost Proposal & Scoring Guide and must NOT record any other rates, amounts, or information.
- 3.1.2.2. The proposed cost shall incorporate ALL costs for services under the contract for the total contract period, including any renewals or extensions.
- 3.1.2.3. A Respondent must sign and date the Cost Proposal.
- 3.1.2.4. A Respondent must submit the Cost Proposal to the State on a separate e-mail, digital online submission, or USB flash drive from the Technical Response (as detailed in RFP Sections 3.2.3., et. seq).

## 3.2. Response Delivery

3.2.1. A Respondent must ensure that both the Technical Response and Cost Proposal files meet all form and content requirements, including all required signatures, as detailed within this RFP.

3.2.2. A Respondent must submit their response as specified in one of the two formats below.

### 3.2.2.1. Digital Media Submission

#### 3.2.2.1.1. Technical Response

The Technical Response document should be in the form of one (1) digital document in "PDF" format properly recorded on its own otherwise blank USB flash drive or uploaded to our digital submission platform and should be clearly identified as the:

**"RFP #31786-00186 TECHNICAL RESPONSE ORIGINAL"**

and one (1) digital copy of the Technical Response each in the form of one (1) digital document with **separate individual corresponding appendices or exhibits** in "PDF" format properly recorded on its own otherwise blank USB flash drive clearly labeled:

**"RFP #31786-00186 TECHNICAL RESPONSE COPY"**

The customer references should be delivered by each reference in accordance with RFP Attachment 6.4. Reference Questionnaire.

#### 3.2.2.1.2. Cost Proposal:

The Cost Proposal should be in the form of one (1) digital document in "PDF" or "XLS" format properly recorded on a separate, otherwise blank USB flash drive clearly labeled:

**"RFP #31786-00186 COST PROPOSAL"**

An electronic or facsimile signature, as applicable, on the Cost Proposal is acceptable.

### 3.2.2.2. E-mail Submission

#### 3.2.2.2.1. Technical Response

The Technical Response document should be in the form of one (1) digital document in “PDF” format or other easily accessible digital format attached to an e-mail to the Solicitation Coordinator. Both the subject and file name should be clearly identified as follows:

**“RFP #31786-00186 TECHNICAL RESPONSE”**

The customer references should be delivered by each reference in accordance with RFP Attachment 6.4. Reference Questionnaire.

#### 3.2.2.2.2. Cost Proposal:

The Cost Proposal should be in the form of one (1) digital document in “PDF” or “XLS” format or other easily accessible digital format attached to an e-mail to the Solicitation Coordinator. Both the subject and file name should be clearly identified as follows:

**“RFP #31786-00186 COST PROPOSAL”**

An electronic or facsimile signature, as applicable, on the Cost Proposal is acceptable.

3.2.3. For e-mail submissions, the Technical Response and Cost Proposal documents must be dispatched to the Solicitation Coordinator in separate e-mail messages. For digital media submissions, a Respondent must separate, seal, package, and label the documents and copies for delivery as follows:

3.2.3.1. The Technical Response and copies must be placed in a sealed package that is clearly labeled:

**“DO NOT OPEN... RFP #31786-00186 TECHNICAL RESPONSE FROM [RESPONDENT LEGAL ENTITY NAME]”**

3.2.3.2. The Cost Proposal must be placed in a separate, sealed package that is clearly labeled:

**“DO NOT OPEN... RFP #31786-00186 COST PROPOSAL FROM [RESPONDENT LEGAL ENTITY NAME]”**

3.2.3.3. The separately, sealed Technical Response and Cost Proposal components may be enclosed in a larger package for mailing or delivery, provided that the outermost package is clearly labeled:

**“RFP #31786-00186 SEALED TECHNICAL RESPONSE & SEALED COST PROPOSAL FROM [RESPONDENT LEGAL ENTITY NAME]”**

- 3.2.3.4. Any Respondent wishing to submit a Response in a format other than digital may do so by contacting the Solicitation Coordinator.
- 3.2.4. A Respondent must ensure that the State receives a response no later than the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events at the following address:

Heather Pease, Director of Procurements & Contracts  
Department of Finance and Administration, Division of Benefits Administration  
312 Rosa L. Parks Avenue, Suite 1900  
[heather.pease@tn.gov](mailto:heather.pease@tn.gov)  
cc: [vanessa.watson@tn.gov](mailto:vanessa.watson@tn.gov)  
Telephone: 615.253-1652  
Fax: 615.253.8556

### **3.3. Response & 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.
- 3.3.2. A response must not restrict the rights of the State or otherwise qualify either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal. If a response restricts the rights of the State or otherwise qualifies either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.
- 3.3.3. A response must not propose alternative goods or services (*i.e.*, offer services different from those requested and required by this RFP) unless expressly requested in this RFP. The State may consider a response of alternative goods or services to be non-responsive and reject it.
- 3.3.4. A Cost Proposal must be prepared and arrived at independently and must not involve any collusion between Respondents. The State will reject any Cost Proposal that involves collusion, consultation, communication, or agreement between Respondents. Regardless of the time of detection, the State will consider any such actions to be grounds for response rejection or contract termination.
- 3.3.5. A Respondent must not provide, for consideration in this RFP process or subsequent contract negotiations, any information that the Respondent knew or should have known was materially incorrect. If the State determines that a Respondent has provided such incorrect information, the State will deem the Response non-responsive and reject it.
- 3.3.6. A Respondent must not submit more than one Technical Response and one Cost Proposal in response to this RFP, except as expressly requested by the State in this RFP. If a Respondent submits more than one Technical Response or more than one Cost Proposal, the State will deem all of the responses non-responsive and reject them.
- 3.3.7. A Respondent must not submit a response as a prime contractor while also permitting one or more other Respondents to offer the Respondent as a subcontractor in their own responses. Such may result in the disqualification of all Respondents knowingly involved. This restriction does not, however, prohibit different Respondents from offering the same subcontractor as a part of their responses (provided that the subcontractor does not also submit a response as a prime contractor).
- 3.3.8. The State shall not consider a response from an individual who is, or within the past six

(6) months has been, a State employee. For purposes of this RFP:

- 3.3.8.1 An individual shall be deemed a State employee until such time as all compensation for salary, termination pay, and annual leave has been paid;
- 3.3.8.2 A contract with or a response from a company, corporation, or any other contracting entity in which a controlling interest is held by any State employee shall be considered to be a contract with or proposal from the employee; and
- 3.3.8.3 A contract with or a response from a company, corporation, or any other contracting entity that employs an individual who is, or within the past six (6) months has been, a State employee shall not be considered a contract with or a proposal from the employee and shall not constitute a prohibited conflict of interest.
- 3.3.9 This RFP is also subject to Tenn. Code Ann. § 12-4-101—105.

#### **3.4. Response Errors & Revisions**

A Respondent is responsible for any and all response errors or omissions. A Respondent will not be allowed to alter or revise response documents after the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events unless such is formally requested, in writing, by the State.

#### **3.5. Response Withdrawal**

A Respondent may withdraw a submitted response at any time before the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events by submitting a written request signed by an authorized Respondent representative. After withdrawing a response, a Respondent may submit another response at any time before the Response Deadline. After the Response Deadline, a Respondent may only withdraw all or a portion of a response where the enforcement of the response would impose an unconscionable hardship on the Respondent.

#### **3.6. Additional Services**

If a response offers goods or services in addition to those required by and described in this RFP, the State, at its sole discretion, may add such services to the contract awarded as a result of this RFP. Notwithstanding the foregoing, a Respondent must not propose any additional cost amounts or rates for additional goods or services. Regardless of any additional services offered in a response, the Respondent's Cost Proposal must only record the proposed cost as required in this RFP and must not record any other rates, amounts, or information.

**NOTICE: If a Respondent fails to submit a Cost Proposal exactly as required, the State may deem the response non-responsive and reject it.**

#### **3.7. Response Preparation Costs**

The State will not pay any costs associated with the preparation, submittal, or presentation of any response.

## **4. GENERAL CONTRACTING INFORMATION & REQUIREMENTS**

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### **4.1. RFP Amendment**

The State at its sole discretion may amend this RFP, in writing, at any time prior to contract award. However, prior to any such amendment, the State will consider whether it would negatively impact the ability of potential Respondents to meet the response deadline and revise the RFP Schedule of Events if deemed appropriate. If an RFP amendment is issued, the State will convey it to potential Respondents who submitted a Notice of Intent to Respond (refer to RFP Section 1.8). A response must address the final RFP (including its attachments) as amended.

### **4.2. RFP Cancellation**

The State reserves the right, at its sole discretion, to cancel the RFP or to cancel and reissue this RFP in accordance with applicable laws and regulations.

### **4.3. State Right of Rejection**

- 4.3.1. Subject to applicable laws and regulations, the State reserves the right to reject, at its sole discretion, any and all responses.
- 4.3.2. The State may deem as non-responsive and reject any response that does not comply with all terms, conditions, and performance requirements of this RFP. Notwithstanding the foregoing, the State reserves the right to waive, at its sole discretion, minor variances from full compliance with this RFP. If the State waives variances in a response, such waiver shall not modify the RFP requirements or excuse the Respondent from full compliance, and the State may hold any resulting Contractor to strict compliance with this RFP.

### **4.4. Assignment & 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.
- 4.4.2. If a Respondent intends to use subcontractors, the response to this RFP must specifically identify the scope and portions of the work each subcontractor will perform (refer to RFP Attachment 6.2., Section B, General Qualifications & Experience #12).
- 4.4.3. Subcontractors identified within a response to this RFP will be deemed as approved by the State unless the State expressly disapproves one or more of the proposed subcontractors prior to signing the Contract.
- 4.4.4. After contract award, a Contractor may only substitute an approved subcontractor at the discretion of the State and with the State's prior, written approval.
- 4.4.5. Notwithstanding any State approval relating to subcontracts, the Respondent who is awarded a contract pursuant to this RFP will be the prime contractor and will be responsible for all work under the Contract.

#### **4.5. Right to Refuse Personnel or Subcontractors**

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.

#### **4.6. Insurance**

The State will require the awarded Contractor to provide a Certificate of Insurance issued by an insurance company licensed or authorized to provide insurance in the State of Tennessee. Each Certificate of Insurance shall indicate current insurance coverages meeting minimum requirements as may be specified by this RFP. A failure to provide a current, Certificate of Insurance will be considered a material breach and grounds for contract termination.

#### **4.7. Professional Licensure and Department of Revenue Registration**

- 4.7.1. All persons, agencies, firms, or other entities that provide legal or financial opinions, which a Respondent provides for consideration and evaluation by the State as a part of a response to this RFP, shall be properly licensed to render such opinions.
- 4.7.2. Before the Contract resulting from this RFP is signed, the apparent successful Respondent (and Respondent employees and subcontractors, as applicable) must hold all necessary or appropriate business or professional licenses to provide the goods or services as required by the contract. The State may require any Respondent to submit evidence of proper licensure.
- 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. To register, please visit the Department of Revenue's Tennessee Taxpayer Access Point (TNTAP) website for Online Registration and the Vendor Contract Questionnaire. These resources are available at the following:  
<https://tntap.tn.gov/eservices/#1>

#### **4.8. Disclosure of Response Contents**

- 4.8.1. All materials submitted to the State in response to this RFP shall become the property of the State of Tennessee. Respondents are cautioned not to provide any materials in response to this RFP that are trade secrets, as defined under Tenn. Code Ann. § 47-25-1702 and any other applicable law. By submitting a response to this RFP, the respondent acknowledges and agrees that the State shall have no liability whatsoever for disclosure of a trade secret under the Uniform Trade Secrets Act, as provided at Tenn. Code Ann. § 47-25-1701-1709, or under any other applicable law. Selection or rejection of a response does not affect this right. By submitting a response, a Respondent acknowledges and accepts that the full response contents and associated documents will become open to public inspection in accordance with the laws of the State of Tennessee.
- 4.8.2. The State will hold all response information, including both technical and cost information,



in confidence during the evaluation process.

- 4.8.3. Upon completion of response evaluations, indicated by public release of a Notice of Intent to Award, the responses and associated materials will be open for review by the public in accordance with Tenn. Code Ann. § 10-7-504(a)(7).

#### **4.9. Contract Approval and Contract Payments**

- 4.9.1. After contract award, the Contractor who is awarded the contract must submit appropriate documentation with the Department of Finance and Administration, Division of Accounts.
- 4.9.2. This RFP and its contractor selection processes do not obligate the State and do not create rights, interests, or claims of entitlement in either the Respondent with the apparent best-evaluated response or any other Respondent. State obligations pursuant to a contract award shall commence only after the Contract is signed by the State agency head and the Contractor and after the Contract is approved by all other state officials as required by applicable laws and regulations.
- 4.9.3. No payment will be obligated or made until the relevant Contract is approved as required by applicable statutes and rules of the State of Tennessee.
  - 4.9.3.1. The State shall not be liable for payment of any type associated with the Contract resulting from this RFP (or any amendment thereof) or responsible for any goods delivered or services rendered by the Contractor, even goods delivered or services rendered in good faith and even if the Contractor is orally directed to proceed with the delivery of goods or the rendering of services, if it occurs before the Contract Effective Date or after the Contract Term.
  - 4.9.3.2. All payments relating to this procurement will be made in accordance with the Payment Terms and Conditions of the Contract resulting from this RFP (refer to RFP Attachment 6.6., *Pro Forma* Contract, Section C).
  - 4.9.3.3. If any provision of the Contract provides direct funding or reimbursement for the competitive purchase of goods or services as a component of contract performance or otherwise provides for the reimbursement of specified, actual costs, the State will employ all reasonable means and will require all such documentation that it deems necessary to ensure that such purchases were competitive and costs were reasonable, necessary, and actual. The Contractor shall provide reasonable assistance and access related to such review. Further, the State shall not remit, as funding or reimbursement pursuant to such provisions, any amounts that it determines do not represent reasonable, necessary, and actual costs.

#### **4.10. Contractor Performance**

The Contractor who is awarded a contract will be responsible for the delivery of all acceptable goods or the satisfactory completion of all services set out in this RFP (including attachments) as may be amended. All goods or services are subject to inspection and evaluation by the State. The State will employ all reasonable means to ensure that goods delivered or services rendered are in compliance with the Contract, and the Contractor must cooperate with such efforts.

#### **4.11. Contract Amendment**

After Contract award, the State may request the Contractor to deliver additional goods or perform additional services within the general scope of the Contract and this RFP, but beyond the specified Scope, and for which the Contractor may be compensated. In such instances, the State will provide the Contractor a written description of the additional goods or services. The Contractor must respond to the State with a time schedule for delivering the additional goods or accomplishing the additional services based on the compensable units included in the Contractor's response to this RFP. If the State and the Contractor reach an agreement regarding the goods or services and associated compensation, such agreement must be effected by means of a contract amendment. Further, any such amendment requiring additional goods or services must be signed by both the State agency head and the Contractor and must be approved by other state officials as required by applicable statutes, rules, policies and procedures of the State of Tennessee. The Contractor must not provide additional goods or render additional services until the State has issued a written contract amendment with all required approvals.

#### **4.12. Severability**

If any provision of this RFP is declared by a court to be illegal or in conflict with any law, said decision will not affect the validity of the remaining RFP terms and provisions, and the rights and obligations of the State and Respondents will be construed and enforced as if the RFP did not contain the particular provision held to be invalid.

#### **4.13. Next Ranked Respondent**

The State reserves the right to initiate negotiations with the next ranked Respondent should the State cease doing business with any Respondent selected via this RFP process.

## 5. EVALUATION & CONTRACT AWARD

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### 5.1. Evaluation Categories & Maximum Points

The State will consider qualifications, experience, technical approach, and cost in the evaluation of responses and award points in each of the categories detailed below (up to the maximum evaluation points indicated) to each response deemed by the State to be responsive.

EVALUATION CATEGORY	MAXIMUM POINTS POSSIBLE
<b>General Qualifications &amp; Experience</b> (refer to RFP Attachment 6.2., Section B)	<b>10</b>
<b>Technical Qualifications, Experience &amp; Approach</b> (refer to RFP Attachment 6.2., Section C)	<b>40</b>
<b>Cost Proposal</b> (refer to RFP Attachment 6.3.)	<b>50</b>

### 5.2. Evaluation Process

The evaluation process is designed to award the contract resulting from this RFP not necessarily to the Respondent offering the lowest cost, but rather to the Respondent deemed by the State to be responsive and responsible who offers the best combination of attributes based upon the evaluation criteria. ("Responsive Respondent" is defined as a Respondent that has submitted a response that conforms in all material respects to the RFP. "Responsible Respondent" is defined as a Respondent that has the capacity in all respects to perform fully the contract requirements, and the integrity and reliability which will assure good faith performance.)

5.2.1. **Technical Response Evaluation.** The Solicitation Coordinator and the Proposal Evaluation Team (consisting of three (3) or more State employees) will use the RFP Attachment 6.2., Technical Response & Evaluation Guide to manage the Technical Response Evaluation and maintain evaluation records.

5.2.1.1. The State reserves the right, at its sole discretion, to request Respondent clarification of a Technical Response or to conduct clarification discussions with any or all Respondents. Any such clarification or discussion will be limited to specific sections of the response identified by the State. The subject Respondent must put any resulting clarification in writing as may be required and in accordance with any deadline imposed by the State.

5.2.1.2. The Solicitation Coordinator will review each Technical Response to determine compliance with RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A— Mandatory Requirements. If the Solicitation Coordinator determines that a response failed to meet one or more of the mandatory requirements, the Solicitation Coordinator will review the response and determine whether:

- a. the response adequately meets RFP requirements for further evaluation;
- b. the State will request clarifications or corrections for consideration prior to

- further evaluation; or,
- c. the State will determine the response to be non-responsive to the RFP and reject it.
- 5.2.1.3. Proposal Evaluation Team members will independently evaluate each Technical Response (that is responsive to the RFP) against the evaluation criteria in this RFP, and will score each in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide.
- 5.2.1.4. For each response evaluated, the Solicitation Coordinator will calculate the average of the Proposal Evaluation Team member scores for RFP Attachment 6.2., Technical Response & Evaluation Guide, and record each average as the response score for the respective Technical Response section.
- 5.2.1.5. Before Cost Proposals are opened, the Proposal Evaluation Team and the Solicitation Coordinator will review the Technical Response Evaluation record and any other available information pertinent to whether or not each Respondent is responsive and responsible. If the Proposal Evaluation Team or the Solicitation Coordinator identifies any Respondent that does not meet the responsive and responsible thresholds such that the team or the Solicitation Coordinator would not recommend the Respondent for Cost Proposal Evaluation and potential contract award, the team members or the Solicitation Coordinator will fully document the determination.
- 5.2.2. **Cost Proposal Evaluation.** The Solicitation Coordinator will open for evaluation the Cost Proposal of each Respondent deemed by the State to be responsive and responsible and calculate and record each Cost Proposal score in accordance with the RFP Attachment 6.3., Cost Proposal & Scoring Guide.
- 5.2.3 **Clarifications and Negotiations:** The State reserves the right to award a contract on the basis of initial responses received, therefore, each response shall contain the Respondent's best terms and conditions from a technical and cost standpoint. The State reserves the right to conduct clarifications or negotiations with one or more Respondents. All communications, clarifications, and negotiations shall be conducted in a manner that supports fairness in response improvement.
- 5.2.3.1. **Clarifications:** The State may identify areas of a response that may require further clarification or areas in which it is apparent that there may have been miscommunications or misunderstandings as to the State's specifications or requirements. The State may seek to clarify those issues identified during one or multiple clarification rounds. Each clarification sought by the State may be unique to an individual Respondent, provided that the process is conducted in a manner that supports fairness in response improvement.
- 5.2.3.2. **Negotiations:** The State may elect to negotiate with one or more Respondents by requesting revised responses, negotiating costs, or finalizing contract terms and conditions. The State reserves the right to conduct multiple negotiation rounds or no negotiations at all.
- 5.2.3.3. **Cost Negotiations:** All Respondents, selected for negotiation by the State, will be given equivalent information with respect to cost negotiations. All cost negotiations will be documented for the procurement file. Additionally, the State may conduct target pricing and other goods or services level negotiations. Target pricing may be based on considerations such as current pricing, market considerations, benchmarks, budget availability, or other methods that do not reveal individual Respondent pricing. During target price negotiations, Respondents are not obligated to reduce their pricing to

target prices, but no Respondent is allowed to increase prices.

5.2.3.4. If the State determines that it is unable to successfully negotiate terms and conditions of a contract with the apparent best evaluated Respondent, the State reserves the right to bypass the apparent best evaluated Respondent and enter into terms and conditions contract negotiations with the next apparent best evaluated Respondent.

5.2.4. **Total Response Score.** The Solicitation Coordinator will calculate the sum of the Technical Response section scores and the Cost Proposal score and record the resulting number as the total score for the subject Response (refer to RFP Attachment 6.5., Score Summary Matrix).

### 5.3. Contract Award Process

5.3.1 The Solicitation Coordinator will review the Proposal Evaluation Team determinations and scores for consideration along with any other relevant information that might be available and pertinent to contract award.

5.3.2. Benefits Administration's executive director will determine the apparent best-evaluated Response using the scoring provided by the Proposal Evaluation Team. To affect a contract award to a Respondent other than the one receiving the highest evaluation process score, the Solicitation Coordinator must provide written justification and obtain the written approval of the Chief Procurement Officer and the Comptroller of the Treasury.

5.3.3. Benefits Administration will present the apparent best-evaluated Response recommendation before the State Insurance Committee, as applicable, for approval to enter into a contract with the best-evaluated Respondent.

5.3.4 The State will issue a Notice of Intent to Award identifying the apparent best-evaluated response and make the RFP files available for public inspection at the time and date specified in the RFP Section 2, Schedule of Events.

**NOTICE: The Notice of Intent to Award shall not create rights, interests, or claims of entitlement in either the apparent best-evaluated Respondent or any other Respondent.**

5.3.5. The Respondent identified as offering the apparent best-evaluated response must sign a contract drawn by the State pursuant to this RFP. The Contract shall be substantially the same as the RFP Attachment 6.6., *Pro Forma* Contract. The Respondent must sign the contract by the Contractor Signature Deadline detailed in the RFP Section 2, Schedule of Events. If the Respondent fails to provide the signed Contract by this deadline, the State may determine that the Respondent is non-responsive to this RFP and reject the response.

5.3.6. Notwithstanding the foregoing, the State may, at its sole discretion, entertain limited terms and conditions or pricing negotiations prior to Contract signing and, as a result, revise the *pro forma* contract terms and conditions or performance requirements in the State's best interests, PROVIDED THAT such revision of terms and conditions or performance requirements shall NOT materially affect the basis of response evaluations or negatively impact the competitive nature of the RFP and contractor selection process.

5.3.7. If the State determines that a response is non-responsive and rejects it after opening Cost Proposals, the Solicitation Coordinator will re-calculate scores for each remaining responsive Cost Proposal to determine (or re-determine) the apparent best-evaluated response.

**RFP # 31786-00186 STATEMENT OF CERTIFICATIONS AND ASSURANCES**

The Respondent must sign and complete the Statement of Certifications and Assurances below as required, and it must be included in the Technical Response (as required by RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A, Item A.1.).

**The Respondent does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:**

1. The Respondent will comply with all of the provisions and requirements of the RFP.
2. The Respondent will provide all services as defined in the Scope of the RFP Attachment 6.6., *Pro Forma* Contract for the total Contract Term.
3. The Respondent, except as otherwise provided in this RFP, accepts and agrees to all terms and conditions set out in the RFP Attachment 6.6., *Pro Forma* Contract.
4. The Respondent acknowledges and agrees that a contract resulting from the RFP shall incorporate, by reference, all proposal responses as a part of the Contract.
5. The Respondent will comply with:
  - (a) the laws of the State of Tennessee;
  - (b) Title VI of the federal Civil Rights Act of 1964;
  - (c) Title IX of the federal Education Amendments Act of 1972;
  - (d) the Equal Employment Opportunity Act and the regulations issued there under by the federal government; and,
  - (e) the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government.
6. To the knowledge of the undersigned, the information detailed within the response submitted to this RFP is accurate.
7. The response submitted to this RFP was independently prepared, without collusion, under penalty of perjury.
8. No amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Respondent in connection with this RFP or any resulting contract.
9. Both the Technical Response and the Cost Proposal submitted in response to this RFP shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract pursuant to the RFP.
10. The Respondent affirms the following statement, as required by the Iran Divestment Act Tenn. Code Ann. § 12-12-111: "By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each bidder is not on the list created pursuant to §12-12-106." For reference purposes, the list is currently available online at: <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/library/public-information-library.html>.

By signing this Statement of Certifications and Assurances, below, the signatory also certifies legal authority to bind the proposing entity to the provisions of this RFP and any contract awarded pursuant to it. If the signatory is not the Respondent (if an individual) or the Respondent's company *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to bind the Respondent.

**DO NOT SIGN THIS DOCUMENT IF YOU ARE NOT LEGALLY AUTHORIZED TO BIND THE RESPONDENT**

**SIGNATURE:**

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**PRINTED NAME & TITLE:**

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**DATE:**

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**RESPONDENT LEGAL ENTITY NAME:**

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## RFP ATTACHMENT 6.2. — Section A

### TECHNICAL RESPONSE & EVALUATION GUIDE

**SECTION A: MANDATORY REQUIREMENTS.** The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

The Solicitation Coordinator will review the response to determine if the Mandatory Requirement Items are addressed as required and mark each with pass or fail. For each item that is not addressed as required, the Solicitation Coordinator must review the response and attach a written determination. In addition to the Mandatory Requirement Items, the Solicitation Coordinator will review each response for compliance with all RFP requirements.

<b>RESPONDENT LEGAL ENTITY NAME:</b>			
<b>Response Page # (Respondent completes)</b>	<b>Item Ref.</b>	<b>Section A— Mandatory Requirement Items</b>	<b>Pass/Fail</b>
		The Response must be delivered to the State no later than the Response Deadline specified in the RFP Section 2, Schedule of Events.	
		The Technical Response and the Cost Proposal documentation must be packaged separately as required (refer to RFP Section 3.2., <i>et. seq.</i> ).	
		The Technical Response must NOT contain cost or pricing information of any type.	
		The Technical Response must NOT contain any restrictions of the rights of the State or other qualification of the response.	
		A Respondent must NOT submit alternate responses (refer to RFP Section 3.3.).	
		A Respondent must NOT submit multiple responses in different forms (as a prime and a subcontractor) (refer to RFP Section 3.3.).	
	<b>A.1.</b>	Provide the Statement of Certifications and Assurances (RFP Attachment 6.1.) completed and signed by an individual empowered to bind the Respondent to the provisions of this RFP and any resulting contract. The document must be signed without exception or qualification.	
	<b>A.2.</b>	Provide a statement, based upon reasonable inquiry, of whether the Respondent or any individual who shall cause to deliver goods or perform services under the contract has a possible conflict of interest (e.g., employment by the State of Tennessee) and, if so, the nature of that conflict.  NOTE: Any questions of conflict of interest shall be solely within the discretion of the State, and the State reserves the right to cancel any award.	
	<b>A.3.</b>	Provide a current bank reference indicating that the Respondent's business relationship with the financial institution is in positive standing. Such reference must be written in the form of a standard business letter, signed, and dated within the past three (3) months.	



**RFP ATTACHMENT 6.2. — SECTION B (continued)**

	<b>A.4.</b>	Provide two current positive credit references from vendors with which the Respondent has done business written in the form of standard business letters, signed, and dated within the past three (3) months.	
	<b>A.5.</b>	Provide a current credit rating from Moody's, Standard & Poor's, Dun & Bradstreet, A.M. Best or Fitch Ratings, verified and dated within the last three (3) months and indicating a positive credit rating for the Respondent. OR, in lieu of the aforementioned credit rating, provide an official document or letter from an accredited credit bureau, dated within the last three (3) months and indicating a satisfactory credit score for the Respondent (NOTE: A credit bureau report number without the full report is insufficient and will not be considered responsive.)	
	<b>A.6.</b>	Provide the Respondent's most recent independent audited financial statements. Said independent audited financial statements must:  <ol style="list-style-type: none"> <li>1) reflect an audit period for a fiscal year ended within the last 36 months;</li> <li>2) be prepared with all monetary amounts detailed in United States currency;</li> <li>3) be prepared under United States Generally Accepted Accounting Principles (US GAAP);</li> <li>4) include the auditor's opinion letter; financial statements; and the notes to the financial statements; and</li> <li>5) be deemed, in the sole discretion of the State to reflect sufficient financial stability to undertake the subject contract with the State if awarded pursuant to this RFP.</li> </ol> NOTES: <ul style="list-style-type: none"> <li>• Reviewed or Compiled Financial Statements will not be deemed responsive to this requirement and will not be accepted.</li> <li>• All persons, agencies, firms, or other entities that provide opinions regarding the Respondent's financial status must be properly licensed to render such opinions. The State may require the Respondent to submit proof that the person or entity who renders an opinion regarding the Respondent's financial status is licensed, including the license number and state in which the person or entity is licensed.</li> </ul>	
	<b>A.7.</b>	Submit a written statement indicating that the Respondent has at least six (6) years' experience in providing Short Term and Long Term Disability Insurance plan benefits to at least five (5) employer accounts, one (1) of which serves at least 10,000 Members.	
	<b>A.8.</b>	Submit a written statement indicating that the Respondent acknowledges it is required to and agrees to administer the Short-term and Long-term Disability benefits as contained in Attachment 6.6 - Pro Forma Contract.	
	<b>A.9.</b>	Submit a written statement indicating the Respondent will comply with the State's requirement that <b>no minimum membership enrollment</b> levels are contained as a provision of the proposal.	



**RFP ATTACHMENT 6.2. — SECTION B (continued)**

	<b>A.10.</b>	The Respondent must hold a current certificate of authority from the Tennessee Department of Commerce and Insurance which authorizes the Respondent to issue group Short-Term and Long-Term Disability benefits in the State of Tennessee. Submit a copy of your organization's current State of Tennessee Certificate of Authority.	
	<b>A.11.</b>	Submit a written confirmation that ALL examples and illustrations that the Respondent includes in its Technical Proposal constitute an offer to provide the same such service or product in Tennessee for the premiums that the Respondent bids in its Cost Proposal UNLESS the Respondent prominently explicitly states in bolded, capital letters beside each separate, excepted example that "THIS SPECIFIC EXAMPLE IS FOR ILLUSTRATION PURPOSES ONLY AND WILL NOT BE PROVIDED TO THE STATE UNDER THIS CONTRACT FOR THE ALL-INCLUSIVE PREMIUMS BID IN THIS RFP."	
<i>State Use – Solicitation Coordinator Signature, Printed Name &amp; Date:</i>			

### TECHNICAL RESPONSE & EVALUATION GUIDE

**SECTION B: GENERAL QUALIFICATIONS & EXPERIENCE.** The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below. Proposal Evaluation Team members will independently evaluate and assign one score for all responses to Section B— General Qualifications & Experience Items.

<b>RESPONDENT LEGAL ENTITY NAME:</b>		
<b>Response Page #</b> (Respondent completes)	<b>Item Ref.</b>	<b>Section B— General Qualifications &amp; Experience Items</b>
	<b>B.1.</b>	Detail the name, e-mail address, mailing address, telephone number, and facsimile number, if applicable, of the person the State should contact regarding the response.
	<b>B.2.</b>	Describe the Respondent's form of business ( <i>i.e.</i> , individual, sole proprietor, corporation, non- profit corporation, partnership, limited liability company) and business location (physical location or domicile).
	<b>B.3.</b>	Detail the number of years the Respondent has been in business.
	<b>B.4.</b>	Briefly describe how long the Respondent has been providing the goods or services required by this RFP.
	<b>B.5.</b>	Describe the Respondent's number of employees, client base, and location of offices.
	<b>B.6.</b>	Provide a statement of whether there have been any mergers, acquisitions, or change of control of the Respondent within the last ten (10) years. If so, include an explanation providing relevant details.
	<b>B.7.</b>	Provide a statement of whether the Respondent or, to the Respondent's knowledge, any of the Respondent's employees, agents, independent contractors, or subcontractors, involved in the delivery of goods or performance of services on a contract pursuant to this RFP, have been convicted of, pled guilty to, or pled <i>nolo contendere</i> to any felony. If so, include an explanation providing relevant details.
	<b>B.8.</b>	Provide a statement of whether, in the last ten (10) years, the Respondent has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. If so, include an explanation providing relevant details.
	<b>B.9.</b>	<p>Provide a statement of whether there is any material, pending litigation against the Respondent that the Respondent should reasonably believe could adversely affect its ability to meet contract requirements pursuant to this RFP or is likely to have a material adverse effect on the Respondent's financial condition. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it would impair the Respondent's performance in a contract pursuant to this RFP.</p> <p>NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.</p>

**RFP ATTACHMENT 6.2. — SECTION B (continued)**

	<b>B.10.</b>	Provide a statement of whether there are any pending or in progress Securities Exchange Commission investigations involving the Respondent. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it will impair the Respondent's performance in a contract pursuant to this RFP.  NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.
	<b>B.11</b>	Provide a brief, descriptive statement detailing evidence of the Respondent's ability to deliver the goods or services sought under this RFP (e.g., prior experience, training, certifications, resources, program and quality management systems, etc.).
	<b>B.12</b>	Provide a statement of whether the Respondent intends to use subcontractors to meet the Respondent's requirements of any contract awarded pursuant to this RFP, and if so, detail: (a) the names of the subcontractors along with the contact person, mailing address, telephone number, and e-mail address for each; (b) a description of the scope and portions of the goods each subcontractor involved in the delivery of goods or performance of the services each subcontractor will perform; <u>and</u> (c) a statement specifying that each proposed subcontractor has expressly assented to being proposed as a subcontractor in the Respondent's response to this RFP.
	<b>B.13</b>	Provide a statement of whether or not the Respondent has any current contracts with the State of Tennessee or has completed any contracts with the State of Tennessee within the previous five (5) year period. If so, provide the following information for all of the current and completed contracts: (a) the name, title, telephone number and e-mail address of the State contact knowledgeable about the contract; (b) the procuring State agency name; (c) a brief description of the contract's scope of services; (d) the contract period; and (e) the contract number.
	<b>B.14</b>	Provide a statement and any relevant details addressing whether the Respondent is any of the following:  (a) is presently debarred, suspended, proposed for debarment, or voluntarily excluded from covered transactions by any federal or state department or agency;  (b) has within the past three (3) years, been convicted of, or had a civil judgment rendered against the contracting party from commission of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;  (c) is presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed above; and  (d) has within a three (3) year period preceding the contract had one or more public transactions (federal, state, or local) terminated for cause or default.
	<b>B.15</b>	Provide three references from three different persons, in accordance with the instructions in Attachment 6.4.
<p align="center"><b>SCORE (for <u>all</u> Section B—Qualifications &amp; Experience Items above):</b> (maximum possible score = 10)</p>		

*State Use – Evaluator Identification:*

**TECHNICAL RESPONSE & EVALUATION GUIDE**

**SECTION C: TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH.** The Respondent must address all items (below) and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the response to each item. Each evaluator will use the following whole number, raw point scale for scoring each item:

*0 = little value**1 = poor**2 = fair**3 = satisfactory**4 = good**5 = excellent*

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's Raw Weighted Score for purposes of calculating the section score as indicated.

<b>RESPONDENT LEGAL ENTITY NAME:</b>					
<b>Response Page # (Respondent completes)</b>	<b>Item Ref.</b>	<b>Section C— Technical Qualifications, Experience &amp; Approach Items</b>	<b>Item Score</b>	<b>Evaluation Factor</b>	<b>Raw Weighted Score</b>
<b>Implementation (Contract Section A.16.)</b>					
	<b>C.1.</b>	Provide a narrative that illustrates how the Respondent will manage the project, ensure completion of the scope of services, and accomplish required objectives within the State's project schedule.		<b>4</b>	
	<b>C.2.</b>	Please describe: (a) Your experience with large implementation projects including your experience transitioning a large group to a new contractor. (b) The implementation tasks you deem to be the most critical and your ability to successfully manage these tasks. (c) What you deem to be the biggest risks of this program and how you will mitigate these risks.		<b>6</b>	
	<b>C.3.</b>	Provide a project implementation plan describing the steps that the Respondent will take to be prepared to assume all responsibilities as of the Go-Live date shown in the Pro Forma Contract. Include the following: a) The project timeline including all standard tasks involved in the successful implementation of the program; b) A schedule of milestones and deliverables and the responsibilities of both the Contractor and the State; c) Assumptions and expectations for each key component of the Implementation Plan; and		<b>8</b>	

		d) A comprehensive description of activities related to information systems, including data interface/integration with critical systems, intake and assimilation of transition and enrollment data, and testing requirements and timelines.			
	<b>C.4.</b>	Provide a narrative description of the proposed implementation project team, its members, and organizational structure along with an organizational chart identifying the key people who will be assigned to deliver the goods and services required by this RFP.		<b>4</b>	
<b>Staffing (Contract Section A.3.)</b>					
	<b>C.5.</b>	Provide a personnel roster and organization chart listing the names of key people who the Respondent will assign to meet the Respondent's requirements per the pro forma Contract (RFP Attachment 6.6) along with the estimated number of hours that each individual will devote to that performance. Follow the personnel roster with a resume for each of the people listed. The resumes must detail the individual's title, education (if applicable), current position with the Respondent, and employment history.		<b>4</b>	
<b>Call Center (Contract Section A.4.)</b>					
	<b>C.6.</b>	What location(s) in the contiguous United States of America is your call center(s) located and what are the current hours of operation?		<b>2</b>	
	<b>C.7.</b>	Provide for calendar year 2024 and first six of months of calendar year 2025, by quarter, the following statistics for the call center(s) that will be assigned to this contract beginning the fourth quarter 2026:  (a) Average speed of answer in seconds (b) Call abandonment rate		<b>4</b>	
	<b>C.8.</b>	Describe how the quality of member service calls is measured, reported and used to enhance the member experience.		<b>3</b>	
	<b>C.9.</b>	Provide a summary of customer satisfaction results for the last two years for the call center(s) that will be assigned to this account.		<b>3</b>	
	<b>C.10.</b>	What is your staffing ratio of call center customer service representatives (CSRs) to members?		<b>3</b>	
	<b>C.11.</b>	What are the qualifications and experience of the call center service representatives CSRs?		<b>3</b>	
	<b>C.12.</b>	What are the average annual turnover rates for this call center(s)?		<b>2</b>	
	<b>C.13.</b>	What is the average tenure of the call center(s) staff that would be assigned to this contract?		<b>2</b>	

	<b>C.14.</b>	Describe the number and type of other clients currently serviced by the call center(s) that would be assigned to this contract?		<b>2</b>	
<b>Member Communications (Contract Section A.6., A.7., A.8., A.9.)</b>					
	<b>C.15.</b>	Describe how you would effectively communicate with and educate plan members regarding the Plan benefits throughout the plan year.		<b>3</b>	
	<b>C.16.</b>	Describe the various communications methods (written, electronic, in person, etc.) and the schedule of outreach you would utilize to reach members. Provide sample materials you propose to use for this account. Note: include any sample material as a separate exhibit file as required in RFP Section 3.2.2.1.		<b>7</b>	
	<b>C.17.</b>	What communication materials (e.g., letters) are provided to the retiree to identify them as a Subscriber? Please provide samples. Note: include any sample material as a separate exhibit file as required in RFP Section 3.2.2.1.		<b>4</b>	
	<b>C.18.</b>	Describe your process of materials creation from development to final approval.		<b>3</b>	
	<b>C.19.</b>	Describe your fulfillment process for distribution of any mailed pieces, including quality control methods.		<b>2</b>	
<b>Plan Microsite, Member Website and Mobile Application (Contract Section A.9.)</b>					
	<b>C.20.</b>	Confirm the Respondent's ability to develop and support a custom plan microsite which will outline Plan benefits, specific to our Plan without the need for a login or password.  Describe the member website that the Respondent will make available to Members. Include a list of available resources and services.  Describe the log-in process for the member website, including the credentials needed to register for first-time use as well as the process for resetting a password.		<b>6</b>	
	<b>C.21.</b>	Do you have a mobile app in place for Members today? If so, describe some of the current capabilities, features, and member benefits that are included on the app. Describe the log-in process for the mobile app, including the credentials needed to register for the first-time use as well as the process for resetting a password. If not, describe your plans to develop a mobile app?		<b>3</b>	
	<b>C.22.</b>	Describe any innovative technologies or programs you utilize to engage members with, or educate them about, their benefits.		<b>2</b>	
	<b>C.23.</b>	Does the Respondent manage the web portal and mobile app, if applicable, or do you utilize a subcontractor? Provide demo access to your web portal.		<b>4</b>	

	<b>C.24.</b>	Share links and materials that describe your member tools. Note: include any sample material as a separate exhibit file as required in RFP Section 3.2.2.1.		<b>3</b>	
	<b>C.25.</b>	What is the approximate turnaround time for fulfilling a request to make an update to the custom plan microsite?		<b>2</b>	
<b>Member Complaints and Grievances (Contract Section A.10.)</b>					
	<b>C.26.</b>	How are member inquiries or complaints tracked, reported and resolved?		<b>2</b>	
	<b>C.27.</b>	Describe the levels and timeframes available for grievance resolution.		<b>2</b>	
	<b>C.28.</b>	Are inquiries or complaints matched to the treating provider?		<b>2</b>	
<b>Claims Processing (Contract Section A.10.)</b>					
	<b>C.29.</b>	Provide a description of the claims accuracy testing processes that occur both during implementation and after implementation.		<b>5</b>	
	<b>C.30.</b>	Is your claims processing system fully customizable?		<b>2</b>	
	<b>C.31.</b>	What was your average claims turnaround time for calendar year 2024?		<b>5</b>	
	<b>C.32.</b>	How are employees notified of the status of their claims?		<b>2</b>	
	<b>C.33.</b>	Indicate your 2025 performance standards for claims payment accuracy and claims processing accuracy.		<b>6</b>	
	<b>C.34.</b>	How many claims did your organization process for calendar year 2024?		<b>3</b>	
<b>Reporting (Contract Section A.14.)</b>					
	<b>C.35.</b>	Describe your reporting systems and capabilities and how they will support your ability to deliver timely and accurate reports as required in Pro Forma Contract Attachment C.		<b>7</b>	
	<b>C.36.</b>	What plan performance data will be shared so that we can collaborate on plan strategy?		<b>3</b>	
<b>Data Integration and Technical Requirements (Contract Section A.12.)</b>					
	<b>C.37.</b>	Describe the type and format of enrollment file received from your clients.		<b>7</b>	



	<b>C.38.</b>	Describe the quality control processes you use to ensure the accurate and complete update of enrollment files as well as how enrollment errors will be communicated to the State.		<b>3</b>	
	<b>C.39.</b>	Describe how the Respondent will ensure a continuous enrollment match between the State's system (Edison) and the Proposer's system.		<b>3</b>	
<b>Information Systems (Contract Section A.11.)</b>					
	<b>C.40.</b>	Describe the system available to State staff to information related to the status of enrollment, medical underwriting or claim. Describe your process for training all relevant designated state staff on the use of your system. Describe who will conduct these trainings, length of time, location (online or in BA's Nashville offices).		<b>3</b>	
<b>Disability Determination (Contract Attachment E)</b>					
	<b>C.41.</b>	How do you notify the client and/or employee of an approved or denied disability claim? Provide the disability approval process and any technology related systems that can ease the administrative process for the client.		<b>6</b>	
	<b>C.42.</b>	What is the process and frequency used to validate continued disability once approved?		<b>4</b>	
	<b>C.43.</b>	Describe your case management programs.		<b>4</b>	
<b>Return to Work (Contract Attachment E)</b>					
	<b>C.44.</b>	What rehabilitation services are provided to claimants to encourage them to return to work?		<b>6</b>	
	<b>C.45.</b>	Do you have an in-house rehabilitation staff dedicated solely to LTD claimants? What is the background and experience of your rehabilitation staff?		<b>3</b>	
	<b>C.46.</b>	What were the results of your return to work program(s) for your largest three clients in 2024? How many claimants per 1,000 of open, active claims are involved in an active rehabilitation program?		<b>4</b>	
	<b>C.47.</b>	Do you pay for items or services needed for an employer to ready a workplace for an employee's return to work? If so, what is the dollar limit you will fund? If there is no limit describe the criteria that must be met for funding an item or service.		<b>3</b>	
<b>Customer Interaction (Contract Attachment E)</b>					
	<b>C.48.</b>	What services are provided to assist claimants in obtaining Social Security disability? Provide your Social Security approval percentage.		<b>3</b>	

	<b>C.49.</b>	Describe your evidence of insurability process, including the use, if any, of utilizing artificial intelligence in medical underwriting.		5	
<b>Privacy &amp; Confidentiality (Contract Section D.33.)</b>					
	<b>C.50.</b>	Describe the safeguards to protect the privacy and confidentiality of Members and to prevent unauthorized use or disclosure of Protected Health Information (PHI) that you create, receive, transmit, or maintain.		4	
<i>The Solicitation Coordinator will use this sum and the formula below to calculate the section score. All calculations will use and result in numbers rounded to two (2) places to the right of the decimal point.</i>				<b>Total Raw Weighted Score:</b> <i>(sum of Raw Weighted Scores above)</i>	
<b>Total Raw Weighted Score</b>				<b>X 20</b>	
<b>Maximum Possible Raw Weighted Score</b> <i>(i.e., 5 x the sum of item weights above)</i>			<b>X40</b> <i>(maximum possible score)</i>		<b>=SCORE:</b>
<i>State Use – Evaluator Identification:</i>					
<i>State Use – Solicitation Coordinator Signature, Printed Name &amp; Date:</i>					

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## COST PROPOSAL & SCORING GUIDE

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The Respondent shall complete and submit its Cost Proposal in accordance with the instructions given in RFP Section 3.2.2.2.2 The Respondent shall use an XLS spreadsheet to prepare the Cost Proposal. This spreadsheet is found at the following website address, under the section labeled RFP # 31786-00186:

<https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/supplier-information/request-for-proposals--rfp--opportunities1.html>

Further instructions specific to the content of the Cost Proposal are found in the above referenced spreadsheet.

The spreadsheet will calculate the Total Evaluation Cost Amount. This Amount will be used in the formula in the cost proposal to derive the Proposer's Cost Proposal score.

## REFERENCE QUESTIONNAIRE

**The standard reference questionnaire provided on the following pages of this attachment should be completed by all individuals offering a reference for the Respondent.**

The Respondent will be solely responsible for obtaining completed reference questionnaires as detailed below.. Provide references from individuals who are not current State employees of the procuring State Agency for projects similar to the goods or services sought under this RFP and which represent:

- two (2) contracts Respondent currently services that are similar in size and scope to the services required by this RFP; and
- three (3) completed contracts that are similar in size and scope to the services required by this RFP.

References from at least three (3) different individuals are required to satisfy the requirements above, e.g., an individual may provide a reference about a completed project and another reference about a currently serviced account. The individual contact reference provided for each contract or project shall not be a current State employee of the procuring State agency. Procuring State agencies that accept references from another State agency shall document, in writing, a plan to ensure that no contact is made between the procuring State agency and a referring State agency. The standard reference questionnaire should be used and completed, and is provided on the next page of this RFP Attachment 6.4.

In order to obtain and submit the completed reference questionnaires following the process below.

Email:

- (a) Add the Respondent's name to the standard reference questionnaire at RFP Attachment 6.4. and make a copy for each reference.
- (b) E-mail a reference questionnaire to each reference.
- (c) Instruct the reference to:
  - (i) complete the reference questionnaire;
  - (ii) sign and date the completed reference questionnaire;
  - (iii) E-mail the reference directly to the Solicitation Coordinator by the RFP Technical Response Deadline with the Subject line of the e-mail as "[Respondent's Name] Reference for RFP # 31786-00186".

NOTES:

- ☐ The State will not accept late references or references submitted by any means other than the two which are described above, and each reference questionnaire submitted must be completed as required.
- ☐ The State will not review more than the number of required references indicated above.
- ☐ While the State will base its reference check on the contents of the reference e-mails included in the Technical Response package, the State reserves the right to confirm and clarify information detailed in the completed reference questionnaires and may consider clarification responses in the evaluation of references.
- ☐ The State is under no obligation to clarify any reference information.

**RFP # 31786-00186 REFERENCE QUESTIONNAIRE**

**REFERENCE SUBJECT:** RESPONDENT NAME (completed by Respondent before reference is requested)

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The “reference subject” specified above, intends to submit a response to the State of Tennessee in response to the Request for Proposals (RFP) indicated. As a part of such response, the reference subject must include a number of completed reference questionnaires (using this form).

Each individual responding to this reference questionnaire is asked to follow these instructions:

- ☐ complete this questionnaire (either using the form provided or an exact duplicate of this document);
- ☐ sign and date the completed questionnaire and follow the process outlined below;

**E-Mail:**

- ☐ e-mail the completed questionnaire to:  
Heather Pease, [heather.pease@tn.gov](mailto:heather.pease@tn.gov) and cc: [vanessa.watson@tn.gov](mailto:vanessa.watson@tn.gov)
- 

(1) What is the name of the individual, company, organization, or entity responding to this reference questionnaire?

(2) Please provide the following information about the individual completing this reference questionnaire on behalf of the above-named individual, company, organization, or entity.

NAME:	
TITLE:	
TELEPHONE #	
E-MAIL ADDRESS:	

(3) What goods or services does/did the reference subject provide to your company or organization?

- (4) If the goods or services that the reference subject provided to your company or organization are completed, were the goods or services provided in compliance with the terms of the contract, on time, and within budget? If not, please explain
- (5) If the reference subject is still providing goods or services to your company or organization, are these goods or services being provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.
- (6) How satisfied are you with the reference subject's ability to perform based on your expectations and according to the contractual arrangements?

**REFERENCE**

**SIGNATURE:**

(by the individual completing  
this request for reference  
information)

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**DATE:**

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## RFP ATTACHMENT 6.5.

## SCORE SUMMARY MATRIX

	<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>	
<b>GENERAL QUALIFICATIONS &amp; EXPERIENCE</b> (maximum: 10)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE</b> :		<b>AVERAGE</b> :		<b>AVERAGE</b> :	
<b>TECHNICAL QUALIFICATIONS, EXPERIENCE &amp; APPROACH</b> (maximum: 20)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE</b> :		<b>AVERAGE</b> :		<b>AVERAGE</b> :	
<b>TECHNICAL QUALIFICATIONS, EXPERIENCE &amp; APPROACH: NETWORK ANALYSIS</b> (maximum: 35)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE</b> :		<b>AVERAGE</b> :		<b>AVERAGE</b> :	
<b>COST PROPOSAL</b> (maximum: 35)	<b>SCORE:</b>		<b>SCORE:</b>		<b>SCORE:</b>	
<b>TOTAL RESPONSE EVALUATION SCORE:</b> (maximum: 100)						
Solicitation Coordinator Signature, Printed Name & Date:						

**RFP # 31786-00186 *PRO FORMA* CONTRACT**

The *Pro Forma* Contract detailed in following pages of this exhibit contains some “blanks” (signified by descriptions in capital letters) that will be completed with appropriate information in the final contract resulting from the RFP.



**CONTRACT**  
**BETWEEN THE STATE OF TENNESSEE,**  
**Department of Finance & Administration, Division of Benefits**  
**Administration, State Insurance Committee**  
**AND**  
**CONTRACTOR NAME**

This Contract, by and between the State of Tennessee, **Department of Finance & Administration, Division of Benefits Administration, State Insurance Committee** ("State") and **Contractor Legal Entity Name** ("Contractor"), is for the provision of a voluntary short-term disability insurance program and a long-term disability insurance program as further defined in the "SCOPE." State and Contractor may be referred to individually as a "Party" or collectively as the "Parties" to this Contract.

The Contractor is **a/an Individual, For-Profit Corporation, Non-Profit Corporation, Special Purpose Corporation or Association, Partnership, Joint Venture, or Limited Liability Company.**

Contractor Place of Incorporation or Organization: **Location**

Contractor Edison Registration ID # **Number**

**A. SCOPE:**

**A.1.** The Contractor shall provide all goods or services and deliverables as required, described, and detailed below and shall meet all service and delivery timelines as specified by this Contract.

- a. The Contractor agrees to provide and administer a fully-insured, voluntary (contributory - 100% employee-paid premium) short-term disability insurance program (STD) and a fully-insured (non-contributory - 100% employer-paid premium) long-term disability insurance program (LTD-N) to eligible employees of central state government and state higher education agencies beginning January 1, 2027. The contractor also agrees to provide and administer a fully-insured, voluntary (contributory – 100% employee paid premium) short-term disability insurance program (STD) and a fully insured, voluntary (contributory – 100% employee paid premium) long-term disability insurance program (LTD-C) to eligible employees of state offline agencies beginning January 1, 2027.

Hereinafter, the STD and LTD programs shall be collectively referred to as the "Plan".

Employee eligibility criteria shall be defined in RFP #31786-00186 and subsequently the Contractor's Certificate of Coverage for this Plan. The Contractor agrees that there shall be no minimum participation requirements in this Contract.

The Contractor agrees that Members' premium payments may or may not be partially or fully paid by the state.

Employees currently enrolled in the Plan, as of December 31, 2026, shall be automatically covered under this Contract for coverage on January 1, 2027, if they continue to meet the eligibility requirements. Newly eligible central state government and state higher education employees will be automatically enrolled in LTD-N. Newly eligible employees of state offline agencies may elect enrollment in LTD-C.

All Members transferred from existing programs will be migrated to this new Contract with guaranteed issue and credit toward LTD pre-existing limitations based upon length of enrollment in the prior program. Thereafter, with the exception of new employees, medical underwriting shall be required prior to enrollment in STD for late entrants during the fall annual enrollment period or due to experiencing a mid-year enrollment event. Central state government and state higher education employees may choose to enroll in STD coverage in addition to their automatic coverage in LTD-N.

State offline agency employees may choose to enroll in one or both products, STD or LTD-C.

Newly eligible central state government, state higher education and state offline agency employees shall have an initial eligibility period to enroll with guaranteed issue in STD.

The STD and LTD options shall be delivered in accordance with the provisions of this Contract, including Contract Attachment E – Short-Term Disability (STD) Insurance and Long-Term Disability (LTD) Insurance Minimum Benefit Provisions; the Contractor's response to RFP 31786-00186; and the group master policy and/or certificate of coverage created under Contract Section A.15.a. of this contract which shall be incorporated hereto by reference.

- b. The Benefits coverage for the Plan shall range from January 1, 2027 (the "Go-Live" date) through December 31, 2031. No compensation, beyond the Term as shown in Contract Section B, shall be paid for completion of this task as it is recognized to be part of the Contractor's responsibilities. Approved claims for Members at the end of this contract shall continue to be the responsibility of the Contractor.

**A.2. Definitions.** For purposes of this Contract, definitions shall be as follows and as set forth in the Contract:

- a. **Active Pay Status:** Conditions under which an employee is eligible to receive pay, and includes, but is not limited to, vacation leave, sick leave, bereavement leave, administrative leave, compensatory time, holidays, paid parental leave, and personal leave. For the purpose of determining overtime or compensatory time for an employee who is eligible for overtime compensation, Active Pay Status does not include sick leave or leave used in lieu of sick leave.
- b. **Agency Benefits Coordinator ("ABC"):** The individual within each agency or department who is the officially designated liaison between BA and employees.
- c. **At-Risk Performance Payment:** Contractor's payment based on Key Performance Indicator (KPI) performance listed on the Service Level Agreement (SLA) Scorecard set forth in Contract Attachment D. The payment is calculated based on the SLA Scorecard quarterly score and annual score and at-risk payment based upon the respective score.
- d. **Average Speed of Answer ("ASA"):** The average waiting time for a caller before he/she is answered by a call center service representative. For this definition, the term "answer" shall mean to begin an uninterrupted dialogue with the caller. If a call center representative asks the caller to hold during the first 60 seconds of the dialogue, the Contractor shall not consider the call to be "answered" for purposes of this definition until the call center representative returns to the caller and begins an uninterrupted dialogue.
- e. **Benefits:** The services available to Members and the corresponding amounts that Members and the Plan will pay for covered services under this contract.
- f. **Benefits Administration ("BA"):** The division of the Tennessee Department of Finance & Administration that administers the State Group Insurance Program.
- g. **Business Days:** Monday, Tuesday, Wednesday, Thursday, and Friday. State Government Holidays are excluded.
- h. **Call Abandonment Rate ("CAR"):** The percentage of all inbound calls with a duration of five seconds or greater that are ended by the caller before the call is answered by a call center representative.

- i. **Central State Government:** The executive, legislative, and judicial branches of the state of Tennessee.
- j. **Certificate of Coverage:** A formal document detailing the eligibility and benefits for the Plan that has been approved by the Tennessee Department of Commerce and Insurance.
- k. **Claim:** Notification to an insurance company or Third-Party Administrator (TPA) requesting payment of an amount due under the terms of the policy.
- l. **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.
- m. **Claims Processing Accuracy:** The measurement of claims processed without any type of error divided by the total number of claims in the audited population.
- n. **Claims Processing Turnaround:** The total number of calendar days needed to process a claim. The calculation covers the period from the day the claim is received to the day the claim is processed, suspended, or denied.
- o. **Confidence Interval:** A percentage that reveals how confident you can be that the population would select an answer within a certain range. Used in determining a random sample size.
- p. **Decision Support System (“DSS”):** A database and query tool containing health care information and claims data which allows for analytics and executive decision making.
- q. **Denied Claim:** A claim that is not paid for reasons such as eligibility and coverage rules.
- r. **Edison:** The State’s enterprise resource planning system, which supports human resources, payroll, insurance, contracting, procurement and other agency functions.
- s. **Go-Live or Go-Live Date:** January 1, 2027
- t. **Holidays:** Days on which official Holidays and commemorations, as defined in Tenn. Code Ann. § [15-1-101](#) *et seq.*, are observed.
- u. **In Writing:** Written communication between the Parties, which may be in the form of an official memo, or documents sent via postal mail, fax, or email communications.
- v. **Key Performance Indicators (“KPI”):** Performance indicators which are the metrics used to measure and evaluate Contractor’s performance against the desired outcomes. These indicators are used to determine Contractor’s At-Risk Performance Payment as set forth in Contract Section C.5. and Contract Attachment D.
- w. **Landing Page:** Initial dedicated and customized webpage for this Contract, which does not require individuals to log in, containing information specific to the Plan when accessed via dedicated url.
- x. **Loss Ratio:** The percentage ratio derived from the sum of total claims dollars paid divided by the total collected premiums.
- y. **Margin of Error:** A percentage that tells you how much you can expect your survey results to reflect the population size. It is used in determining a random sample size.
- z. **Mean:** The average of a set of set of numerical values, calculated by first summing the numerical values and second dividing by the number of numerical values in a given set.

- aa. Member(s):** An employee of the government of Tennessee who is enrolled in the Plan.
- bb. Member Website:** Contractor's website which requires Member to log in, containing information specific to the Member and the Plan.
- cc. Open Call/Inquiry Closure:** The completion (responding with an answer to the appropriate caller or other identified entity) of calls which required additional handling beyond the initial call.
- dd. Paid Claim:** A claim that meets all coverage criteria of the Program and is paid by the Contractor.
- ee. Plan:** The disability insurance benefits and services provided under this Contract.
- ff. Plan Microsite:** Dedicated and customized Contractor webpages, including the Landing Page, displayed for this Contract, which does not require individuals to log in, containing information specific to the Plan when accessed via dedicated url.
- gg. Plan Sponsor:** The State of Tennessee Insurance Committee.
- hh. Plan Year:** January 1 through December 31 of the same calendar year.
- ii. Population Size:** The total number of claims in the period being reviewed. Used in determining a random sample size.
- jj. Protected Health Information ("PHI"):** As defined in the HIPAA Privacy Rule, 45 CFR § 160.103.
- kk. Public Key Infrastructure ("PKI"):** The framework and services that provide for the generation, production, distribution, control, accounting, and destruction of public key certificates. Components include the personnel, policies, processes, server platforms, software, and workstations used for the purpose of administering certificates and public-private key pairs, including the ability to issue, maintain, recover, and revoke public key certificates.
- ll. Public Sector Plans ("Plan"):** Refers to all benefit options sponsored by the State, Local Government, and Local Education Insurance Committees (e.g. health plan options, disability insurance, life insurance, other voluntary benefits).
- mm. Section 508:** Section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d) and implementing regulations at 36 CFR 1194 Parts A-D which requires accessibility among persons with a disability.
- nn. Service Level Agreement ("SLA") Scorecard:** Performance management scorecard that contains Contractor's KPIs and desired outcomes in Contract Attachment D. The At-Risk Performance Payments will be based on the Contractor's ability to meet the listed KPIs.
- oo. Span of Control:** Information Technology and telecommunications capabilities that the Contractor itself operates or for which it is otherwise legally responsible according to the terms and conditions of this Contract. The Span of Control also includes Systems and telecommunications capabilities outsourced by the Contractor.
- pp. State Group Insurance Program ("Program"):** Refers to all benefit options sponsored by the State, Local Government, and Local Education Insurance Committees (e.g., health plan options, disability insurance, life insurance, other voluntary and supplemental benefits).

- qq. **State Insurance Committee:** Policy making body for the State Group Insurance Program established under Tenn. Code Ann. § 8-27-201.
- rr. **State Offline Agency:** Beech River Watershed Development Authority, Governor's Early Literacy Foundation, Greater Nashville Regional Council, and South Central Human Resources Agency.

**A.3. Staffing**

- a. The Contractor shall provide and maintain qualified staff at a level that enables the Contractor to meet the requirements of this Contract. The Contractor shall ensure all persons, including the Contractor's employees, independent contractors, subcontractors, and consultants assigned by it to perform under the Contract, shall have the experience and qualifications necessary to perform the work required herein.
- b. 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 exclusions list unless the Contractor receives prior approval In Writing from the State.
  - 1. The Contractor shall provide the State by the date specified in Contract Section A.17 with a list of subcontractors to be used for this Contract as of the Go-Live date.
  - 2. The Contractor shall notify the State of the Contractor's intent to change subcontractors or use additional subcontractors prior to a subcontractor performing services related to this Contract.
- c. The Contractor shall provide an ongoing, designated account team that can provide daily operational support as well as strategic planning and analysis. All Members of the account team shall have previous experience administering disability benefits for large employers. The account team shall be available for consultation with the State during the hours of 8:00 a.m. to 4:30 p.m. Central Time, Monday through Friday.
  - 1. The account team shall include a full-time account manager and a back-up with the responsibility and authority to manage the entire range of services required by the Contractor. The account manager will meet periodically with the State as determined by the State to discuss operational, Plan performance, and planning activities.
  - 2. The Contractor shall provide a detailed staffing chart by the date specified in Contract Section A.17 showing key personnel and their job functions to be used for this Contract as of the Go-Live date.
- d. The Contractor shall ensure all staff members receive initial and ongoing training regarding all applicable requirements of this Contract and the Plan. The Contractor shall ensure staff members who provide services under this Contract have received comprehensive orientation and training regarding their functions, are knowledgeable about the Contractor's operations relating to the Plan and are knowledgeable about their functions and how those functions relate to the requirements of this Contract.

- e. At the State's request, In Writing, the Contractor must replace staff members or subcontractors providing core services. Core services are defined as those that touch or affect Members, specifically Member customer services, Member call center, mail services, and appeals processing at all levels. Also included are any services that affect the State, such as the Contractor's account team that routinely interacts with the State. The decision of the State on these matters shall not be subject to appeal.
- f. The State shall perform an account satisfaction survey of the Contractor's performance annually during the Term to determine the State's satisfaction with the ongoing account team. Results shall be shared with the Contractor including the identification of any deficiencies. Unless otherwise approved In Writing by the State, the Contractor shall respond In Writing within fifteen (15) days of receiving the results with a corrective action plan as necessary to remedy any identified deficiencies.

#### **A.4. Call Center**

- a. The Contractor shall maintain a call center(s) and provide a dedicated toll-free line, by the date specified in Contract Section A.17 for the exclusive purpose of responding to inquiries and general questions from Members and those eligible for the Plan. The Contractor shall provide advice and assistance to callers regarding matters such as, but not limited to, Benefits, Claim details, and medical underwriting applications.
- b. Call Center Requirements
  - 1) The Contractor shall operate a call center(s) that uses a dedicated toll-free number as the "front-end" entry point for callers. The Contractor's call center(s) shall have designated representatives/operators to respond to inquiries from Members.
  - 2) The Contractor's call center(s) and staff shall be located in the contiguous United States of America.
  - 3) The Contractor's call center(s) shall accept calls, at a minimum, from 7:00 a.m. to 4:30 p.m. Central Time (CT), Monday through Friday, except on Holidays.
- c. Call Center Processes
  - 1) The Contractor's call center(s) shall maintain a quarterly ASA rate of thirty (30) seconds or less. Quarterly results will be calculated for a quarterly score as shown in Contract Attachment D #1. The quarterly ASA rate shall be calculated by determining the Mean ASA rate of each day of the quarter.
  - 2) The Contractor's call center(s) shall maintain a quarterly average Call Abandonment Rate of five percent (5%) or less. Quarterly results will be calculated for a quarterly score as shown in Contract Attachment D #2. The quarterly Call Abandonment Rate shall be calculated by dividing the number of abandoned calls with a duration of five seconds or greater by the total number of inbound calls with a duration of five seconds or greater during the quarter and multiplying by 100.
- d. The Contractor shall provide a call center activity report to the State which shall include statistics related to the call center(s) performance standards in Contract Section A.4.c. See Contract Attachment C, #2.
- e. The Contractor's call center(s) shall have call management systems and communications infrastructure that can manage the potential call volume and achieve the performance standards required in Contract Section A.4.c.
- f. The Contractor's call management systems shall be scalable and flexible so they can be



adapted as needed, within negotiated timeframes where applicable, in response to Program benefit or enrollment changes.

- g. The Contractor's call management systems shall be equipped with caller identification. In addition, the Contractor's call center(s) shall adopt caller identification for outgoing calls.
- 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 Edison ID of the caller, phone number of the caller, the caller's name, the date/time of the call and/or 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.
- i. The Contractor may use an automated interactive voice response (IVR) system for managing inbound calls, provided that the caller always has the ability to leave the IVR system and wait in the queue in order to speak directly with a live-voice call center staff member rather than continuing through additional prompts.
- j. The Contractor shall have the ability to make outbound calls without interrupting the ability of callers to continue to access the call center.
- k. The call management system shall maintain a history of correspondence and call transactions for performance management, quality management, and audit purposes. This history is subject to the records retention and auditing requirements in Contract Sections D.11 and A.13. This history shall contain the actual information, a date/time stamp that corresponds to when the transaction took place, the origin of the transaction (e.g., the State and /or one of its authorized representatives or the Member), and the Member services representative that processed the transaction. Related correspondence and calls shall be indexed and properly recorded such that they can be treated in reporting and analysis as part of a distinct transaction.
- l. The Contractor's call center(s) staff shall have access to the Contractor's enrollment and other systems as necessary to respond to inquiries from Members.
- m. During normal business hours the Contractor's call center(s) shall be able to offer interpretation/translation services, via telephone, to callers with Limited English Proficiency at no charge to the caller or the State.

#### **A.5. General Communications**

- a. The Contractor shall develop and provide a written marketing and communications plan by the date specified in Contract Section A.17. In addition, the Contractor shall update this plan on an annual basis as specified in Contract Attachment C, #14 by the date specified by the State or as needed by the State to reflect any changes for the current Plan Year in marketing strategy and updated methods, tools or technology and/or address emerging needs to engage with Members. Contractor's marketing plan will reflect a thoughtful, proactive approach to drive engagement and utilization of applicable services and programs. Contractor is encouraged to relay what resources they have that will support marketing and communications. All plan updates shall be approved In Writing by the State.
  - 1) Contractor shall collaborate with other contractors, if applicable, to generally promote Program initiatives.
  - 2) Contractor will provide an annual analytics report as specified in Contract Attachment C, #15 of marketing and communications efforts and results that should include direct mail, email, website and/or other communications statistics. Contractor shall use the Contractor's template with prior approval In Writing by the State. Analytics should include metrics on both activities conducted and results achieved to drive

- engagement and utilization of applicable Partners for Health services and programs for Members.
- 3) Contractor agrees that all materials distributed and prepared or produced by the Contractor shall be accurate in all material respects.
  - 4) Contractor shall ensure that all Member materials and other communications meet any state or federal regulatory compliance.
- b. Unless otherwise specified, the Contractor shall be responsible for all costs related to the design, development, printing, distribution, mailing (if applicable) and revision of all materials that are required to be produced under this Contract.
- c. The Contractor shall assist the State, if requested, in the education of Members and dissemination of information regarding the Plan. This assistance may include but not be limited to:
- 1) Written information;
  - 2) Audio/video and webinar presentations;
  - 3) Member and Agency Outreach: With notification In Writing to the State, attendance at virtual and in-person meetings, workshops, Benefits fairs, marketing events and conferences.
    - i. Educating State staff, Agency Benefits Coordinators, Members and other persons on Contractor's administrative and Benefits procedures. Specifically, when a new agency joins the Plan, Contractor may be asked to attend on-site enrollment and Benefits educational events and provide educational materials.
    - ii. Educating Members and Agency Benefits Coordinators could include targeted agency outreach and partnering with other state departments on outreach efforts across the state on benefit implementation, engagement and education.
    - iii. Any on-site visits to agencies, marketing or other state department co-marketing efforts covered shall require prior notification In Writing by the State. The Contractor shall attend specific events at the request of the State.
- d. On an annual basis, at least four (4) months prior to the State's annual enrollment period, the Contractor shall provide to the State, in electronic format, drafts of any enrollment material requested by the State that may be helpful to potential Members. Items may include, but not be limited to, a toll-free Member services number, website address, website logon information, a confidentiality statement, procedures for accessing services, informational fliers, Member handbook and other pertinent updates, changes and/or materials. Final versions of enrollment materials must be available no later than one (1) month prior to annual enrollment.
- e. At any time and at the State's request, the Contractor shall notify Members, In Writing, of any benefit and/or Plan changes no less than thirty (30) Business Days prior to the implementation of the change.
- f. The Contractor shall update web-based versions of all materials as Plan changes are made and to correct errors. The Contractor shall update web-based versions at the request of the State, within five (5) Business Days. New Plan Year information must be added no later than one (1) month prior to the next Plan Year.
- g. Unless approved in advance and In Writing by the State, the Contractor shall not distribute any promotional materials or gifts to employees or Members, even if such gifts are of a de minimis value (e.g., magnets, pens, etc.).
- h. Contractor shall comply with the Federal Register Nondiscrimination in Health Programs and Activities (81 FR 31375, 45 CFR 92), or to the extent applicable to this Plan.



#### **A.6. Member Communication/Materials**

- a. The Contractor shall, in consultation with the State, develop and disseminate Member information and communication materials. All material must have approval In Writing by the State prior to distribution. Contractor shall ensure that all Member materials and other communications meet any state or federal regulatory compliance, if applicable. The Contractor shall develop all materials in conformance with the style, formatting and other related standards developed by the State and its communications and marketing staff. All marketing and communications materials, including contact information for any Members, shall become property of the State.
  - 1) Materials could include, but are not limited to, Member handbook, welcome packet, administrative forms, letters, emails, manuals, brochures, fliers, webinars, text messages, website copy, website images, mobile app and app content, social media content, PowerPoints, training materials, marketing materials and videos specific to the Plan or agency.
  - 2) Marketing/segmenting: Contractor shall suggest marketing and communications based on segmentation of population (e.g., demographics, geography, etc.). Contractor shall provide data to address paths and barriers to engagement.
  - 3) Personalization of Member materials and digital communications (e.g., email salutation) may be requested by the State.
  - 4) Contractor shall provide marketing and communications samples of how they introduce Plan options to Members and continually drive engagement and utilization of preferred services.
  - 5) The Contractor shall use graphics to communicate key messages to populations with limited literacy, limited health plan literacy or limited English proficiency. The Contractor shall also prominently display the call center's telephone number in large, bolded typeface and hours of operation on all materials.
  - 6) The Contractor shall provide text and graphics, if applicable, for the State's communication to Members.
  - 7) As part of its submission to the State, the Contractor, in consultation with the State, shall specify how the materials will be sent i.e., email, text, regular mail, other.
- b. The Contractor shall provide the State with draft versions of all year-round communications materials and letters at least fourteen (14) Business Days prior to planned printing, assembly, and/or distribution (including web posting). The Contractor shall not distribute any materials until the State issues approval In Writing to the Contractor for the respective materials.
- c. The State has and retains the ability to edit and customize all communication pieces distributed by the Contractor, including the right to require that the State branding "Partners for Health" logo be included on any Member letters, correspondence or other materials. The Contractor shall ensure communications are specific to the Plan design and not simply a rebranding/repackaging of standard book-of-business materials or communications unless it is to remain in compliance with other regulatory requirements.
- d. The Contractor shall work in conjunction with the State's staff to ensure continuity of branding across all Plan materials, mailings, emails, website, apps, social media and any other communications information, tools, communication methods and resources. 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 approval In Writing by the State. All marketing and communications materials, including contact information for any Members, shall become property of the State.
- e. 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 marketing and communication materials.

- f. The Contractor shall distribute materials that are culturally sensitive and professional in content, appearance and design with prior approval In Writing by the State.
- g. The Contractor shall provide electronic templates of all finalized materials in a format that the State can easily alter, edit, revise and update.
- h. Unless otherwise prior approved In Writing by the State, the Contractor shall design all marketing and communication materials at a sixth (6.0) grade reading level or lower using the Flesch-Kincaid Index, or a comparable product. 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 certification of the reading level of each piece of material.
- i. The Contractor shall ensure that up-to-date versions of all printed Member marketing and communication materials can be downloaded from the Plan Microsite (see Contract Section A.9) or accessible via a mobile device or other method. The Contractor shall provide the State an electronic copy of all marketing and communication materials at the State's request for posting on the State's website.

**A.7. Communications Mailing**

- a. The Contractor shall use First Class Mail for all mailings, unless otherwise directed or unless otherwise approved by the State In Writing. With prior approval, the State may approve, marketing, bulk or alternative rates.
- b. Unless otherwise directed by the State, the Contractor shall print and distribute any mass mailings developed by the State within fourteen (14) Business Days of receiving the language/copy from the State.
- c. If a mistake is the result of the Contractor's error and is not corrected prior to printing or distribution, the Contractor shall pay the postage, printing and production costs for these communications. The Contractor shall produce and distribute corrected versions of individual materials at the State's discretion within ten (10) Business Days.

**A.8. Welcome Packets**

- a. Unless otherwise directed by the State, the Contractor shall mail an initial welcome kit to at least ninety-five percent (95%) of Members on or before fourteen (14) Business Days prior to the go-live date. The welcome kit shall include items approved by the State In Writing including, but not limited to: Member handbook, a URL to customized Landing Page maintained by the Contractor, toll-free customer service number, general Contractor website login information, and other agreed upon material.
- b. As a new Member(s) joins the Program, they shall be mailed a welcome kit no later than ten (10) Business Days from the date initial enrollment was passed to the Contractor on the enrollment file. At least ninety-five percent (95%) of ongoing welcome kits shall be mailed within ten (10) Business Days of new Member enrollment record being received. The mailing of ongoing welcome packets shall be reported by the Contractor as specified in Contract Attachment C, #19. Quarterly results will be calculated for a quarterly score as shown in Contract Attachment D, #3. The score shall be calculated by dividing the number of welcome kits mailed on time by the total number of welcome kits that were required to be mailed during the quarter.

**A.9. Landing Page, Member Website, Plan Microsite and Mobile Application**

- a. The Contractor shall maintain a Landing Page and Plan Microsite dedicated to and customized to the State containing Plan information specific to the Plan, which does not require a Member to log in. The design of the Plan Microsite, 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 Plan Microsite must be prior approved In Writing by the State. The Contractor shall obtain prior approval In Writing from the State for any links from the Plan Microsite to an external website/portal or webpage.
- b. The Contractor shall link the Plan Microsite to the Benefits Administration website, other State-contracted vendor websites, microsites, content or other web or mobile device enabled video/multimedia tools apps, methods or technology as determined by the State that are useful or applicable for Members (State-approved tools from other approved vendors).
- c. The Plan Microsite shall have the capability to host streamed content (both audio and video) from other vendors including video/multimedia tools as determined by the State if useful and applicable to Members.
- d. The Plan Microsite shall at a minimum also contain the following information or a link to the information:
  - 1) Contractor customer service phone number and hours;
  - 2) Plan Benefits, limitations, and exclusions;
  - 3) Member handbook;
  - 4) Generic certificate of coverage;
  - 5) Member tools, forms, and information;
  - 6) Links to other State contractors' websites if requested by the State; and
  - 7) Other information as requested by the State.
- e. The Contractor shall submit the text and screenshots of the Landing Page and Plan Microsite to the State for review and approval by the date specified in Contract Section A.17.
- f. The Contractor shall grant the State access to the customized developed Landing Page and Plan Microsite for review and approval no later than the date specified in Contract Section A.17.
- g. The Contractor shall provide all information pertinent to each new Plan Year on the Plan Microsite and Member Website at least one (1) month prior to the State's annual enrollment period.
- h. Unless otherwise approved by the State, the Contractor shall update content and/or documents posted to the Plan Microsite and Member Website within five (5) Business Days of the State's prior approval of changes to said content and/or documents.

- i. The Contractor shall host the Plan Microsite on a non-governmental server, which shall be located within the contiguous United States. The contractor shall have adequate server capacity and infrastructure to support the likely volume of traffic from individuals without disruption or delay with the ability to sustain ninety-nine-point nine percent (99.9 %) continuous uptime. Contractor shall obtain prior approval In Writing from the State for any links from the site to a non-governmental website or webpage.
- j. The Contractor shall obtain and cover the cost of the domain name for the Contractor's Plan Microsite. The Plan Microsite URL must be prior approved by the State In Writing.
- k. Contractor shall ensure that all information and materials available on the Plan Microsite meet any state or federal regulatory compliance.
- l. To ensure accessibility among persons with a disability, the Contractor's Plan Microsite, Contractor's own log-in portal, and Member Website shall comply with Section 508. If the Contractor posts any video content it shall include closed captioning option and/or include text scripting to comply with Section 508 for these products.
- m. The Plan Microsite shall be fully operational on or before the date specified in Contract Section A.17.
- n. Contractor shall have a Member Website accessible via a Member log-in portal on the Landing Page so Members can view Member-specific documents, including but not limited to, the certificates of coverage and other material pertaining to Benefits. Contractor must maintain this website which shall be available twenty-four (24) hours a day, three hundred sixty-five (365) days a year except for maintenance windows. The Member Website shall be fully operational on or before the date specified in Contract Section A.17.
- o. The Member Website shall be enabled for mobile devices, mobile app or by other methods that may apply. The mobile format of the website shall at a minimum contain:
  - 1) Member specific Benefits, including exclusions and limitations;
  - 2) Any applicable Member forms (e.g., Appeal forms, claim submission forms, etc.); and
  - 3) Links to other State contractors' websites.
- p. The Member Website shall contain Member-accessible secure messaging capabilities.
- q. The Contractor shall include a mobile application for use by Members with prior approval In Writing by the State. The Contractor must agree to and adhere to all security measures as it relates to Member data. The Contractor must provide a one hundred percent (100%) secure web-based application that requires only a web-browser and an Internet connection.
- r. At the State's request, the Contractor's mobile application(s) shall be linked with other web applications to allow for seamless data linkage (this may include, but is not limited to, single sign-on) of Member information including the ability for Members to, as applicable, upload information (through a mobile device), or link to other technology or information that is helpful to the Member. The Contractor must work with any and all

State vendors on data updates and shall send and/or receive files as needed.

- s. Contractor agrees that the State shall have the authority to request any revisions to the Contractor's online terms and conditions, any terms and conditions Members must consent to, or any online service agreement before the Contract effective date. Contractor cannot change any online terms and conditions, Members terms and conditions, or online service agreement during the Contract period without prior approval by the State.

#### **A.10. Administrative Services**

- a. The Contractor shall provide customary corporate office services and functions including but not limited to medical underwriting, disability determination, claims processing including offsets with other benefits (i.e. workers compensation, social security, sick leave bank, etc.), return to work programs, case management, call center, employee outreach and communication, referrals, online services for members and employers, enrollment file processing, completion of all required state insurance filings, and reporting.
- b. The Contractor, upon request by the State, shall review and comment on benefit provisions in the Plan. When so requested, the Contractor shall comment in regard to:
  - 1) industry practices; and/or
  - 2) the general financial impact to premium rates plus Plan and Member costs if future changes were made to the Benefits of the Plan.
- c. The Contractor shall provide assistance and information (not legal advice) to the State regarding applicable existing and proposed Federal and State laws, court holdings, and regulations affecting the Plan, and other Plan related matters as needed.
- d. The Contractor shall provide assistance with questions and issues raised by the State, individual employees, former and current Members and others identified by the State. The Contractor shall log escalated questions (other than general routine questions identified by the State In Writing) and issues and submit the log to the State as specified in Contract Attachment C, #16.
- e. The Contractor shall refer calls regarding eligibility and premium payment issues to the State.
- f. The Contractor shall respond to all inquiries In Writing from the State within two (2) 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 one (1) 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 on the same business day. During non-business hours, the Contractor shall provide a response to urgent matters to the State on the next business day. Staff members, from the applicable business unit, with final decision-making authority shall provide responses. Said responses may be communicated through the account manager.
- g. The Contractor shall answer, In Writing, within five (5) Business Days, all written inquiries from Members concerning Benefits available through the benefit option, its clarifications and revisions, and other relevant information.

- h. The Contractor shall establish a formal grievance procedure for Members to appeal decisions in regard to administration of the Plan and to resolve disputes that may arise in the administration of the Plan. The Contractor shall provide the State with a written copy of this grievance procedure by the date specified in Contract Section A.17, and the State reserves the right to require changes in the procedures when appropriate.
- 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 Plan. 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 offices in Nashville, Tennessee, unless directed otherwise by the State. Quarterly meetings between the Contractor and the State may also be held upon request by either the Contractor or the State. At its discretion, the State may allow the Contractor to participate in meetings by webinar or teleconference.
- j. The Contractor shall perform, following review and approval by the State, Member satisfaction surveys no less than annually. The survey instrument shall be developed by the Contractor and approved by the State In Writing. The survey shall be conducted at a time mutually agreed upon by the State, and the Contractor shall guarantee a statistically valid response rate consistent with the sample size. The Contractor shall obtain an overall Member satisfaction rating equal to or greater than eighty-five percent (85%) in the first year and ninety percent (90%) in all subsequent year(s) within the Term. The Contractor shall report the results to the State as required in Contract Attachment C, #3. Annual results will be calculated for an annual score as shown in Contract Attachment D #9. 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 without the prior consent of the State In Writing.
- l. The Contractor shall refer all media and legislative inquiries concerning the Plan to BA, which will have the sole and exclusive responsibility to respond to all such inquiries. 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, the Contractor shall copy BA 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 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.



- o. The Contractor shall maintain a quarterly average rate of:
- (1) ninety-eight percent (98%) or higher for Claims Payment Accuracy (shall be calculated by dividing the number of audited claims that were paid accurately by the total number of audited claims)
  - (2) ninety-seven percent (97%) or higher for Claims Processing Accuracy (shall be calculated by dividing the number of audited claims that processed accurately by the total number of audited claims), and
  - (3) ninety-eight percent (98%) or higher within twenty-one (21) days for Claims Processing Turnaround (shall be calculated by dividing the number of audited claims processed within twenty-one (21) days by the total number of audited claims.)
- The Contractor shall report the results to the State as required in Contract Attachment C, #5, 6, and 7. Quarterly results will be calculated for a quarterly score as shown in Contract Attachment D #4, #5, and #6. The quarterly internal audit for Claims Payment Accuracy, Claims Processing Accuracy and Claims Processing Turnaround shall be performed by the Contractor on a statistically determined random sample using a 95% Confidence Interval with a Margin of Error of 5%.
- p. The Contractor shall submit to the State, in a format approved by the State, e.g. an Excel spreadsheet; enrollment information on Member's approved through medical underwriting by the Contractor for the State to load into its Edison system. The Contractor shall provide the information to the State at least one month in advance of the Member's effective date of coverage.
- q. The Contractor shall notify the State, within three (3) Business Days of identification, about any situation that appears to negatively impact the administration or delivery of the Plan or Benefits. The situation shall be researched and resolved in a timeframe mutually agreed upon with the State.
- r. The Contractor shall develop a process approved In Writing by the State for coordinating with the State applications for enrollment and medical underwriting forms by employees for coverage or increase in coverage that require medical underwriting for the STD program.

#### **A.11. Information Systems**

- a. The Contractor's systems shall have the capability of adapting to any future changes necessary as a result of modifications to the design of the Plan or this Contract and its requirements, including e.g., data collection, records and reporting based upon unique identifiers to track services and expenditures across population types/demographic groups, regions/parts of the state. The systems shall be scalable and flexible so they can be adapted as needed, within negotiated timeframes, e.g., in response to changes in Contract requirements or increases in enrollment estimates. The Contractor's system architecture shall facilitate rapid application of the more common changes that can occur in the Contractor's operation, including but not limited to:
- 1) Changes in payment methodology;
  - 2) Additions and deletions of in-scope services;
  - 3) Changes in program management rules, e.g., eligibility for certain services; and
  - 4) Standardized contact/event/service codes.
- b. The Contractor shall ensure that its electronic data processing (EDP) and electronic data interchange (EDI) environments (both hardware and software), data security, and internal controls meet all applicable Federal and State standards.

- c. 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.
- d. Upon the State's request and timeline, 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.
- e. Retention and Accessibility of Information
  - 1) The Contractor shall maintain a comprehensive information retention plan that is in compliance with state and federal requirements and provide to the State if requested.
  - 2) The Contractor shall maintain information on-line for a minimum of three (3) years, based on the last date of update activity, and update detailed and summary history data monthly for up to three (3) years to reflect adjustments.
  - 3) The Contractor shall provide forty-eight (48) hour turnaround or better on requests for access to information that is between one (1) year and three (3) years old, and seventy-two (72) hour turnaround or better on requests for access to information that is between four (4) and five (5) years old. Such requests for information shall be made by the State or its authorized designee.
  - 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 completed.
- f. Information Ownership. All information, whether data or documents, and reports that contain or make references to said 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 consent of the State In Writing.
  - 1) 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 support a transition of the Plan 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 Plan and upon 30 days' notice, this information shall be provided to the State or its designated agent.



g. System Availability

- 1) The Contractor shall ensure that Member, provider and other web-accessible and/or telephone-based functionality and information, including the website described in Contract Section A.9., are available to the applicable system users twenty-four (24) hours a day, seven (7) days a week, except during periods of scheduled system unavailability agreed upon by the State and the Contractor. Unavailability caused by events outside of the Contractor's Span of Control is outside of the scope of this requirement. Any scheduled maintenance shall occur between the hours of midnight and 5:00 a.m. Central Time and shall be scheduled in advance with notification on the Member website. The Contractor shall make efforts to minimize any downtime between 5:00 a.m. and 12:00 a.m. Central Time.
- 2) The Contractor shall ensure that the systems within its Span of Control that support its data exchanges with the State and the State's contractors are available and operational according to the specifications and schedule associated with each exchange.

h. Prior to implementing any major modifications to or replacement of the Contractor's core information systems functionality and/or associated operating environment, the Contractor shall notify the State In Writing of the change or modification within a reasonable amount of time (commensurate with the nature and effect of the change or modification) if the change or modification; (a) would affect the Contractor's ability to perform one or more of its obligations under this Contract; (b) would be visible to State system users and Members; (c) might have the effect of putting the Contractor in noncompliance with the provisions or substantive intent of this Contract; or (d) would materially reduce the coverage amounts payable or services provided to the average Member. If directed by the State, the Contractor shall discuss the proposed change with the State prior to implementing the change. Subsequent to this discussion, the State may require the Contractor to demonstrate the readiness of the impacted systems prior to the effective date of the actual modification or replacement.

i. System and Information Security and Access Management Requirements

- 1) The Contractor's systems shall employ an access management function that restricts access to varying hierarchical levels of system functionality and information. The access management function shall:
  - Restrict access to information on a "least privilege" basis, e.g., users permitted inquiry privileges only shall not be permitted to modify information;
  - Restrict access to specific system functions and information based on an individual user profile, including inquiry only capabilities and the ability to create, change or delete certain data (global access to all functions shall be restricted to specified staff jointly agreed to by the State and the Contractor);

- Restrict unsuccessful attempts to access system functions to three (3), with a system function that automatically prevents further access attempts and records these occurrences; and
  - Ensure that authentication credentials are not passed in clear text or otherwise displayed or presented.
- 2) The Contractor shall make system information available to duly authorized representatives of the State and other federal and state agencies to evaluate, through inspections or other means, the quality, appropriateness and timeliness of services performed.
  - 3) 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 developed jointly by and mutually agreed upon by the Contractor and the State.
  - 4) 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. The audit trails shall:
    - Contain a unique log-on or terminal ID, the date, and time of any create/modify/delete action and, if applicable, the ID of the system job that effected the action;
    - Have the date and identification "stamp" displayed on any on-line inquiry;
    - Have the ability to trace data from the final place of recording back to its source data file and/or document;
    - Be supported by listings, transaction reports, update reports, transaction logs, or error logs; and
    - Facilitate batch audits as well as auditing of individual records.
  - 5) The Contractor's systems shall have inherent functionality that prevents the alteration of finalized records.
  - 6) 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.
  - 7) The Contractor shall restrict perimeter access to equipment sites, processing areas, and storage areas through a card key or other comparable system, as well as provide accountability control to record access attempts, including attempts of unauthorized access.
  - 8) The Contractor shall include physical security features designed to safeguard processor site(s) through required provision of fire-retardant capabilities, as well as smoke and electrical alarms, monitored by security personnel.
  - 9) The Contractor shall put in place procedures, measures and technical security to

prohibit unauthorized access to the regions of the data communications network inside of the Contractor's Span of Control.

- 10) The Contractor shall conduct a security risk assessment at least annually and communicate the results to the State in compliance with Contract Attachment C. The first report shall be provided by the date specified in Contract Section A.17 and annually thereafter (refer also to Contract Attachment C. #20). The risk assessment shall also be made available to appropriate State and Federal agencies. At a minimum the assessment shall contain the following: identification of loss risk events/vulnerabilities; analysis of the probability of loss risk and frequency of events; estimation of the impact of said events; identification and discussion of options for mitigating identified risks; cost-benefit analysis of options; recommended options and action plan for their implementation. The assessment shall be conducted in accordance with the following: requirements for administrative, physical, and technical safeguards to protect health data (45 CFR §§164.304 – 318); rules for conducting risk analysis and risk management activities (45 CFR §164.308); requirements for security awareness training (45 CFR §164.308(a)(5)); requirements for entities to have security incident identification, response, mitigation and documentation procedures (45 CFR §164.308(a)(6)).
- 11) To maintain the privacy of PHI, the Contractor shall use current industry standards to ensure privacy and confidentiality of information on the mail server used for daily communications (i.e., email) between the State and the Contractor. This protection shall be enabled by the date specified in Contract Section A.17. and shall remain in effect throughout the Term of the contract unless otherwise directed by the State.
- 12) Upon request by the State, the Contractor shall provide designated State employees with access and update authority to the Contractor's enrollment and/or client system by the date specified in Contract Section A.17. Additional users may be added at any time at the State's request In Writing. The contractor shall provide appropriate training and system documentation to State employees as requested by the State.

#### **A.12. Data Integration and Technical Requirements**

- a. The Contractor shall establish and maintain an electronic data interface with Edison by the date specified in Contract Section A.17 for the purpose of retrieving and processing Member enrollment information. The Contractor shall be responsible for providing and installing the hardware and software necessary. When the Contractor requires the exchange of PHI with the State, the State requires the use of second level authentication. Second level authentication is accomplished using the State's standard software product, which supports PKI. The Contractor shall design a solution and submit to the State In Writing how their design meets the requirements of this Contract using industry standard software that can transmit files in a secure fashion. The initial implementation phase of this solution and the final production solution will differ in the method of authentication. The requirement for this solution is that all files that are transmitted will be encrypted, and the method of transmission will also be encrypted. Decryption of the files that are downloaded from this solution will not be decrypted until they are securely

stored with in the Contractor's environment. Additionally, federal standards require encryption of all electronic protected health data at rest as well as during transmission. The State uses public key encryption with Advanced Encryption Standard to encrypt PHI. If the State plans to adopt a different or additional encryption standard or tool in the future, the State will notify the Contractor and the Contractor shall comply. The Contractor shall establish and maintain the security of all confidential state data according to all applicable state and federal standards within thirty (30) days of the State's use of the new or additional encryption standard or tool.

- b. Notwithstanding the requirement to maintain enrollment data, the Contractor shall not perform changes to enrollment data without the State's approval In Writing. This prohibition shall include, but not necessarily be limited to initiation, termination, and/or changes of coverage.
- c. By the date specified in Contract Section A.17, the Contractor shall complete testing of the transmission, receipt, and loading of the test enrollment file from the State.
- d. By the date specified in Contract Section A.17, the Contractor shall load, test, verify and make available online for use the State's enrollment information. The Contractor shall certify, In Writing, to the State that the Contractor understands and can fully accept and utilize the enrollment files as provided by the State, in the format provided by the State, with no modifications.
- e. The Contractor shall maintain, in its systems, in-force enrollment records of all individuals covered by the Plan.
  - 1) Weekly Enrollment Update: To ensure that the State's enrollment records remain accurate and complete, the Contractor shall retrieve, unless otherwise directed by the State, via secure medium, custom weekly enrollment files from the State which may be revised. Files will include full population records for all Members. Change files will not be sent.
  - 2) The Contractor shall electronically process one hundred percent (100%) of electronically transmitted enrollment updates, including the resolution of any errors identified during processing for internal resolution by the Contractor, within two (2) Business Days of receipt of the weekly file. Weekly results will be calculated for a quarterly score as shown in Contract Attachment D #7. The score shall be calculated by dividing the number of enrollment files processed with internal errors resolved within two (2) Business Days by the total number of weekly files received in the quarter.
  - 3) The Contractor shall complete and submit to the State a Weekly File Enrollment Processing Report utilizing the template provided by the State or other approved report format produced by the Contractor's system processing within three (3) Business Days of processing the enrollment file from the State. The Contractor shall submit this report via email to designated State staff. (See Contract Attachment C, #10.)

- 4) The Contractor shall submit a weekly enrollment file error report in a format agreed upon by the State via email to designated State staff, within one (1) Business Day of processing the weekly file, which shall contain:
  - only errors that require State correction and
  - an indication of the correction required to resolve the error (Refer to Contract Attachment C, #11.)
- 5) The Contractor shall process all error corrections received from the State within two (2) Business Days of receipt of the correction information or in a timeframe mutually agreed upon with the State.
- 6) State Enrollment System Data Verification: Upon request by the State, not to exceed two (2) times annually, the Contractor shall submit to the State, in a secure manner, its full file of State Members, by which the State may conduct a data verification against the State's Edison database. The purpose of this data verification will be to determine the extent to which the Contractor is maintaining its database of State Members. The State will communicate results of this verification to the Contractor, including any Contractor requirements, and associated timeframes, for resolving the discrepancies identified.

f. Decision Support System:

- (1) Contractor shall provide the State's DSS contractor with all of the State's Claim data, data layouts, and data dictionaries in the formats, layouts and specifications mutually agreed upon.
- (2) Contractor shall submit complete and accurate data to the State's DSS contractor by the fifteenth of each month. Complete and accurate data is defined to be data that:
  - a. Contains records for all finalized Claims activity within the specified time periods;
  - b. Has the same format and content as the agreed-upon record layout and data dictionary;
  - c. Does not have unreported changes in either format or content; and
  - d. Is submitted in a single record format.
- (3) Contractor shall provide the data files at no charge to the State or the State's DSS contractor.
- (4) If Contractor's Contract with the State is terminated, Contractor shall continue to provide Claims data to the State's DSS contractor until all Claims incurred prior to the Contract termination date have been processed.
- (5) Contractor shall provide the data without any restrictions on its use and recognize that the Claims data transmitted pursuant to the provision of this Contract is owned by the State of Tennessee.
- (6) Contractor shall ensure that production data matches the test data in format, layout, and content.
- (7) Contractor shall update valid values and maps in a timely manner and notify the State's DSS contractor of any such updates at least ten (10) Business Days before the scheduled data submission date.

- (8) The Contractor is responsible for guaranteeing all applicable claims data fields are provided to the DSS Contractor to ensure accurate and complete mapping. The Contractor must be able to supply a report to the State upon request that will allow the State to validate the DSS mapping with 100% accuracy to confirm that adjudication is properly completed.

#### **A.13. Audits and Quality Assurance**

- a. The Contractor shall cooperate fully with audits the State may conduct related to any aspect of the Plan the State deems appropriate. The State may select any qualified persons or organization to conduct the audits. To the extent allowed by applicable law, the State agrees that persons or organizations conducting audits of the Contractor shall be prohibited from disclosing confidential patient records or proprietary or confidential information reasonably designated as such by the Contractor. For the purpose of audit requirements, Contractor shall include its parents, affiliates, subsidiaries, and subcontractors.
- b. The Contractor shall provide access, at any time during the term of this contract and for five (5) years after final contract payment (longer if required by law), to the State and/or its authorized representative to examine and audit Contractor services, payments, and pricing pursuant to this Contract. The State reserves the right to request that documentation be provided for review at the authorized representative's location, the State's location, or at the Contractor's corporate site.
- c. The Contractor shall provide reasonable cooperation with requests for information, which includes but is not limited to the timing of the audit, deliverables, data/information requests and the Contractor's response time to the State's questions during and after the process. The Contractor shall also provide written responses to all "findings" received. Such response shall occur within thirty (30) days, or at a later date if mutually determined with the State to be more reasonable based on the number and type of findings.
- d. The State shall not be responsible for time or any costs incurred by the Contractor in association with an audit including, but not limited to, the costs associated with providing data, reports, documentation, systems access, or space.
- e. If the outcome of the audit results in an amount due to the State, then the State will work with the Contractor to negotiate terms of repayment. In the absence of such agreement, the State will deduct the total amount due from the premiums due to the Contractor pursuant to Contract Section C.10. If the Contractor disagrees with a finding resulting in a payment to the State, the State will review the Contractor's comments, but if the State retains the original audit findings the Contractor will be responsible for any payment to the State.
- f. The Contractor shall maintain an internal quality assurance plan. The Contractor shall provide by the date specified in Contract Section A.17. a summary of the internal quality assurance plan indicating areas addressed, established criteria and standards and those methods employed to evaluate results.
- g. The Contractor shall submit to the State by the date specified in Contract Section A.17. 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.

#### **A.14 Reporting**

- a. The Contractor shall submit reports to the State electronically, in the format specified by the State, and shall be of the type and at the frequency indicated in Contract Attachment C. The State reserves the right to modify reporting requirements as deemed necessary to monitor the Plan. The State will provide the Contractor with at least ninety (90) days' notice prior to implementation of a report modification or a new report. The Contractor shall comply with the State's modifications to the reporting requirements by the end of the 90-day period from the notice. The Contractor shall confirm with the State the format, data needed, and due dates for each required report by the date specified in Contract Section A.17. Quarterly and annual results will be calculated for a quarterly and annual score as shown in Contract Attachment D #8 and #10. The score shall be calculated by dividing the total number of reports submitted completely and timely by the total number of reports required to be submitted during the specified time period.
- b. Unless prior approved In Writing by the State, each report required in Contract Attachment C shall be specific to the Plan (not the Contractor's book of business).
- c. The Contractor shall ensure that reports submitted by the Contractor to the State shall meet the following standards:
  - 1) The Contractor shall verify the accuracy and completeness of data and other information in reports submitted.
  - 2) The Contractor shall ensure delivery of reports or other required data on or before scheduled due dates.
  - 3) Reports or other required data shall conform to the State's defined written standards.
  - 4) All required information shall be fully disclosed in a manner that is responsive and with no material omission.
  - 5) Each report shall be accompanied by a brief narrative that describes the content of the report, statistics relevant to the data that supports the final level of results and highlights salient findings of the report.
  - 6) As applicable, the Contractor shall analyze the reports for any early patterns of change, identified trend, or outliers and shall submit a written summary with the report including such analysis and interpretation of findings. At a minimum, such analysis shall include the identification of change(s), the potential reasons for change(s), and the proposed action(s).
  - 7) The Contractor shall notify the State regarding any significant changes in its ability to collect information relative to required data or reports.
  - 8) The submission of late, inaccurate or otherwise incomplete reports shall be considered failure to report within the specified timeframe (see Contract Attachment C) and will be reflected in Contract Attachment D #8 and #10.
- d. At the State's request In Writing, the Contractor shall provide the State access to its internal client reporting system, including program and fiscal information regarding Members served, services rendered, and the ability for said personnel to develop and retrieve reports. The Contractor shall provide training in and documentation on the use of this mechanism no later than date specified in Contract Section A.17. The Contractor shall provide access to this reporting functionality to a minimum of two (2) State employees no later than the date specified in Contract Section A.17. Additional or replacement users may be added at any time at the State's request. If agreed upon by the State In Writing, the Contractor must provide the State with an individual dedicated to developing, retrieving, and providing reports in the timeframe requested by the State.

**A.15. Regulatory Requirements**



- a. The Contractor shall prepare and submit to the State for approval by the date specified in Contract Section A.17. the group master policy and/or certificate of coverage for approval by BA before submission to the State of Tennessee Department of Commerce and Insurance. Such final approved group master policy and/or certificate of coverage shall be added as a Contract Attachment incorporated by reference once approved. The certificate of coverage shall include at a minimum the following:
  - (1) Eligibility Provisions;
  - (2) Description of Claims Process;
  - (3) General Limitations, Exclusions and Elimination Periods;
  - (4) Optional Services; and
  - (5) Schedule of Benefits
- b. The Contractor shall post the most current certificate of coverage on its State of Tennessee Landing Page and provide a copy of the certificate for the State to post on its website.
- c. The Contractor shall submit to the State a revised certificate within thirty (30) Business Days of any changes to the eligibility, benefits, limitations, exclusions or other provisions of the Plan which are detailed in the certificate.
- d. The Contractor shall immediately notify the State of any pending disciplinary action initiated by the State of Tennessee Department of Commerce and Insurance or other state or federal agency that may materially impact its ability to perform under this Contract.
- e. The Contractor shall ensure that benefits paid under this Contract meet the Internal Revenue Service ("IRS") definition of sick pay and are being paid by the Contractor as other than an agent (as defined by the IRS) of the central state government agencies, state higher education institutions and state offline agencies.
- f. The Contractor shall perform the administration of tax calculations, payments, and filing of appropriate IRS W2 forms, and any other required federal and/or state tax forms. The Contractor shall issue W2 forms to Members who received benefit during the prior calendar year.
- g. With respect to benefit payments that are subject to Social Security, Medicare, and federal income tax withholding under IRS regulations, the Contractor shall:
  - (1) Withhold and deposit the employee's share of Social Security and Medicare taxes under the Federal Insurance Contributions Act ("FICA").
  - (2) Withhold and deposit federal income tax withholding if requested by the employee.
  - (3) Subject to Contract Section A.15.i., not transfer the liability for the employer's share of FICA taxes to the central state government and state higher education institutions and will therefore be liable for the employer's share of FICA taxes. Billing is pursuant to Contract Section C.12.
  - (4) Request information from the central state government and state higher education institutions to determine amounts that are not subject to employment taxes. Unless the Contractor has reason not to believe the information, it may rely on that information for the following items:
    - i. The total wages paid to the employee during the calendar year,
    - ii. The last month in which the employee worked for the employer, and
    - iii. The employee contributions to the sick pay plan made with after-tax dollars.

The Contractor will not rely on statements made by the employee regarding these items.

- (5) Subject to Contract Section A.15.i., report these benefit amounts on its own Form 941 and



- the central state government and higher education institutions will have no tax responsibilities for Social Security, Medicare, and federal income tax on these benefit amounts.
- (6) Timely (as determined by current IRS regulations) deposit Social Security, Medicare, and federal income taxes using its own name and EIN.
  - (7) Annually give each employee to whom it paid these benefit amounts during the previous calendar year a properly completed (as determined by current IRS regulations) Form W-2 by the annually published IRS deadline. The Form W-2 will include the Contractor's name, address, and EIN instead of those of the central state government and state higher education institutions.
  - (8) Not be responsible to remit state or federal unemployment taxes.
- h. For benefit amounts that are not includable in the employee's income because the employee paid the premium, the Contractor shall annually report (by the published IRS deadline) these benefit amounts to each employee to whom it paid said benefit amounts during the previous calendar year on a properly completed (as determined by current IRS regulations) Form W-2.
  - i. For all benefit amounts, the Contractor shall comply with any new or modified IRS regulations and reporting requirements that may be issued throughout the Term and are considered the responsibility of a third-party payer that is not an agent of the employer.
  - j. The State may transfer the liability for the employer's share of FICA taxes from the Contractor to the State for cause or convenience by notice In Writing, effective on the date indicated in the notification In Writing. In the event the State transfers the liability to itself, the Contractor shall continue to be liable for all tax responsibilities set forth under this Amendment regarding the employees' tax obligations.
  - k. Upon termination of this Contract, the Contractor shall continue to be liable for all tax responsibilities listed in Contract Section A.15.e. *et. seq.* for any benefit payments made through the date of termination, unless otherwise agreed to In Writing by both Contractor and the State.
  - l. The Contractor shall not be deemed the employer of a Member for any purpose under this Contract. The Contractor assumes no liability or obligation by performing its tax responsibilities under this Amendment other than the following:
    - (1) Contractor shall be liable to the State for the State's portion of FICA which Contractor fails to deposit with the appropriate taxing authority or refund to the State yet for which Contractor was reimbursed via the State's payment of the FICA Tax Invoice;
    - (2) Contractor shall be liable to the employee or the appropriate taxing authority up to the actual amount that the Contractor withholds from the employee's benefits for Social Security, Medicare, and federal income tax then fails to refund to the employee or deposit with the appropriate taxing authority; and
    - (3) Contractor shall be liable to the State for penalties, interest or direct damages arising from Contractor's failure to perform its tax responsibilities.

#### **A.16. Implementation**

- a. Unless otherwise directed by the State, all key Contractor project staff shall attend a project kick-off meeting at the State offices in Nashville, Tennessee, within ten (10) Business Days after the Contract Effective Date or on a date established by the State. The State may also approve virtual meetings as appropriate.

- b. The Contractor shall provide to the State a comprehensive implementation plan no later than ten (10) Business Days after the Contract Effective Date as specified in Contract Section B or upon another date established by the State. The plan shall outline the steps necessary for the Contractor to submit deliverables by the dates specified in Contract Section A.17. for the Contractor to be fully operational by the Go-Live date. This plan shall include a detailed timeline description of all work to be performed both by the Contractor and the State. The implementation plan shall also provide specific details on the following:
  - 1) Identification, timing, and assignment of significant responsibilities and tasks;
  - 2) Names and titles of key implementation staff;
  - 3) Identification and timing of the State's responsibilities;
  - 4) Processing of test data for appropriate interpretation of data values;
  - 5) Identification and timing for the testing, acceptance and certification of exchange of data between the Contractor and Edison and other relevant information systems;
  - 6) Member communications and their timing (consistent with BA's larger Member communication strategy); and
  - 7) Schedule of in-person meetings and conference calls with the State.
- c. The Contractor shall have a designated full-time implementation team to service this account. The Contractor's entire implementation team members shall have participated, as team members, in the implementation of a disability insurance program for at least one other client with at least 5,000 members. The Contractor's implementation team shall include a full-time, designated project coordinator ready to begin work immediately on the Contract Effective Date. The team shall also include an account manager dedicated to this Contract, who will be the main contact with the State for all day-to-day matters relating to the implementation and ongoing operations. The implementation team should also include an information systems project manager and a communications manager. All implementation team members shall be available as needed during the implementation as well as thirty (30) days after the Go-Live date.
- d. The State may conduct a comprehensive readiness review of the Contractor at least sixty (60) days prior to January 1, 2027, to ensure that the Contractor is able and prepared to perform all functions 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 and operations facilities. 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., enrollment, Member services, claims payment, 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, 2027.

**A.17. Due Dates for Key Contract Deliverables/Milestones**

Unless otherwise specified In Writing by the State, the Contractor shall adhere to the following schedule for the key deliverables and milestones for which it is responsible under this Contract:

Key Deliverables/Milestones		Contract Reference(s)	Milestone/Deliverable Due Dates
<b>Implementation</b>			
1.	Go-Live	A.1.b.	January 1, 2027

2.	Provide a list of subcontractors to be used for this Contract as of the Go-Live date	A.3.b.1.	Within ten (10) Business Days after the Contract Effective Date or on a date established by the State
3.	Account manager and backup in place	A.3.c.1.	Within ten (10) Business Days after the Contract Effective Date or on a date established by the State.
4.	Provide a detailed staffing chart showing key personnel and their job functions to be used for this Contract as of the Go-Live date.	A.3.c.2.	Within ten (10) Business Days after the Contract Effective Date or on a date established by the State
5.	Contractor's representatives/operators and other staff trained on State's Plan	A.3.d.	September 1, 2026
6.	The Contractor shall maintain a call center(s) and provide a dedicated toll-free line, for the exclusive purpose of responding to inquiries and general questions from Members and those eligible for the Plan.	A.4.a.	September 1, 2026
7.	The Contractor shall develop and provide a written marketing and communications plan	A.5.a.	June 1, 2026
8.	Provide to the State, in electronic format, drafts of any enrollment material requested by the State that may be helpful to potential Members. Items may include, but not be limited to, a toll-free Member services number, website address, website logon information, a confidentiality statement, procedures for accessing services, informational fliers, Member handbook, and any other materials.	A.5.d.	July 1, 2026
9.	The Contractor shall, in consultation with the State, develop and disseminate Member information and communication materials.	A.6.a.	August 1, 2026
10.	Welcome packets, if requested by the state, must be mailed to all Members no later than fourteen (14) Business Days prior to Go-Live.	A.8.a.	December 10, 2026
11.	The Contractor shall submit the text and screenshots of the Landing Page and Plan Microsite for review and approval.	A.9.e.	June 1, 2026
12.	The Contractor shall grant the State access to the customized developed Landing Page and Plan Microsite for review and approval.	A.9.f.	July 1, 2026

13.	The Contractor shall provide all information pertinent to each new Plan Year on the Plan Microsite and Member Website at least one (1) month prior to the State's annual enrollment period.	A.9.g.	September 1, 2026
14.	The Plan Microsite shall be fully operational.	A.9.m.	September 1, 2026
15.	The Member Website shall be fully operational.	A.9.n.	January 1, 2027
16.	The Contractor shall include a mobile application.	A.9.q.	January 1, 2027
17.	Develop a process approved In Writing by the State for coordinating with the State applications for enrollment and medical underwriting forms by employees for STD coverage that requires medical underwriting	A.10.r.	September 1, 2026
18.	Provide the State with a written copy of its grievance procedure.	A.10.h.	April 1, 2026
19.	The Contractor shall provide the results of their security risk assessment.	A.11.i.(10)	December 1, 2026
20.	Enable current industry standards to ensure privacy and confidentiality of information used for daily communications (i.e., email) between the State and the Contractor.	A.11.i.(11)	August 1, 2026
21.	Upon request by the State, the Contractor shall provide designated State employees with access and update authority to the Contractor's enrollment and/or client system.	A.11.i.(12)	December 1, 2026
22.	The Contractor shall establish and maintain an electronic data interface with Edison for the purpose of retrieving and processing Member enrollment information.	A.12.a.	October 1, 2026
23.	Contractor shall complete testing of the transmission, receipt, and loading of the test enrollment file from the State.	A.12.c.	November 1, 2026
24.	Contractor shall load, test, verify and make available online for use the State's enrollment information	A.12.d.	December 1, 2026
25.	The Contractor shall provide a summary of the internal quality assurance plan indicating areas addressed, established criteria and standards and those methods employed to evaluate results.	A.13.f.	April 1, 2026
26.	The Contractor shall submit to the State a summary of its methodology for conducting operational audits.	A.13.g.	April 1, 2026
27.	Confirm with State the format, data needed, and due dates for each required report	A.14.a.	September 1, 2026

28.	Provide the State access to its internal client reporting system, including program and fiscal information regarding Members served, services rendered, and the ability for said personnel to develop and retrieve reports. The Contractor shall provide training in and documentation on the use of this mechanism.	A.14.d.	December 1, 2026
29.	Kick-off meeting for all key Contractor Staff	A.16.a.	Within ten (10) Business Days after the Contract Effective Date or on a date established by the State
30.	Provide a comprehensive implementation plan	A.16.b.	Within ten (10) Business Days after the Contract Effective Date or on a date established by the State
31.	Implementation team assigned their responsibilities.	A.16.c.	Within ten (10) Business Days after the Contract Effective Date or on a date established by the State
32.	The State may conduct a comprehensive readiness review of the Contractor at least sixty (60) days prior to January 1, 2027, in order to ensure that the Contractor is able and prepared to perform all functions and to provide high quality services to Members.	A.16.d.	November 1, 2026

- A.18. 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 generally 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 the goods or services as warranted, then Contractor will re-provide the goods or services at no additional charge. If Contractor is unable or unwilling to re-provide the goods or services as warranted, then the State shall be entitled to recover the fees paid to Contractor for the Defective goods or 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.

- A.19. Inspection and Acceptance.** The State shall have the right to inspect all goods or services provided by Contractor under this Contract. If, upon inspection, the State determines that the goods or services are Defective, the State shall notify Contractor, and Contractor shall re-deliver the goods or provide the services at no additional cost to the State. If after a period of

thirty (30) days following delivery of goods or performance of services the State does not provide a notice of any Defects, the goods or services shall be deemed to have been accepted by the State.

**B. TERM OF CONTRACT:**

This Contract shall be effective on March 1, 2026 ("Effective Date") and extend for a period of seventy (70) months after the Effective Date ("Term"). The first ten months (March 2026-December 2026) are for implementation activities. The sixty (60) months of January 1, 2027, through December 31, 2031, are the Benefits dates. The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date or after the Benefits dates.

**C. PAYMENT TERMS AND CONDITIONS:**

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed **Written Dollar Amount (\$Number)** ("Maximum Liability"). This Contract does not grant the Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.

C.2. Compensation Firm. The payment methodology in Section C.3. of this Contract shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Contractor.

C.3. Payment Methodology. The Contractor shall be compensated based on the payment methodology for goods or services authorized by the State in a total amount as set forth in Section C.1.

- a. The Contractor's compensation shall be contingent upon the satisfactory provision of goods or services as set forth in Section A. Any implementation efforts and activities prior to services performed starting January 1, 2027, will be at no additional cost to the State.
- b. The premium rates are NOT contingent upon the State maintaining a minimum number of insured Members. The State, at its sole discretion as the employer, may elect to pay a portion of the monthly premiums for active central state and state higher education employees based on availability of appropriation funding.
- c. The Contractor shall be compensated based upon the following payment methodology:

**For service performed from January 1, 2027, through December 31, 2031, the following rates shall apply:**

Note: The Member's age and salary shall be as of September 1 of the current calendar year, or another date established by the State, and shall be effective as of October 1 of the current calendar year, or another date established by the State.

**PLACEHOLDER FOR COST PROPOSAL TABLES**

- d. If Member materials containing an error were approved by the State In Writing and the error was detected after the materials were mailed, the State will reimburse the Contractor the production and postage cost of mailing the corrected version pursuant to Contract Section C.3.e.
- e. For mailings in addition to those identified in the contract, the State shall reimburse the Contractor for the following, selected actual costs in the performance of this Contract upon Contractor providing documentation of actual costs incurred.

- 1. Postage. The State shall reimburse the Contractor for the actual cost of postage for mailing materials produced under the terms of this Contract and as directed and authorized by the State.
- 2. Printing/Production. The State shall reimburse the Contractor an amount equal to the actual cost of document printing/production as required and authorized by the State and as detailed by the Contract Scope of Services as referred to in A.6.b.

Notwithstanding the foregoing, the State retains the option to authorize the Contractor to deliver a product to be printed. The State also retains the option to approve and accept the product but not use the Contractor to print the material. In those situations, the State shall have the discretion to use other printing and production services at its disposal.

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel time, travel expenses, meals, or lodging.

C.5. At-Risk Performance Payments and SLA Scorecard.

- a. The Parties shall conduct a scorecard assessment (Contract Attachment D), beginning after the go-live date, on a quarterly and annual basis during the Term of the Contract.
- b. Based on the SLA Scorecard, Contractor shall send the State an At-Risk Performance Payment (if applicable) quarterly (every three months) and annually during the Term in accordance with Contract Attachment D. This payment is due within forty-five (45) calendar days of the quarterly or annual SLA scorecard assessment.

C.6. Purchase Order in Lieu of Invoice. The State will generate a monthly purchase order and initiate payment of the purchase order, based upon payroll deduction information provided by the State, utilizing the rates listed in C.3. above.

C.7. Reconciliation of Payment. The Contractor shall reconcile, within ten (10) Business Days of receipt, payment information provided by the State. Upon identification of any discrepancies, the Contractor shall immediately advise the State.

C.8. Payment of Purchase Order. A payment by the State shall not prejudice the State's right to object to or question any payment, purchase order, or other matter. A payment by the State shall not be construed as acceptance of goods delivered, any part of the services provided, or as approval of any amount reflected on the purchase order.

C.9. Payment Reductions. The Contractor's payment shall be subject to reduction for amounts included in any purchase order or payment that is determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, to not constitute proper compensation for goods delivered or services provided.

C.10. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee, any amounts that are or shall become due and payable to the State of Tennessee by



the Contractor.

- C.11. Prerequisite Documentation. The Contractor shall not be paid by the State under this Contract until the State has received the following, properly completed documentation.
- a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
  - b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.
- C.12. FICA Tax Invoice: On a quarterly basis, the Contractor will send the State a FICA Tax Invoice equal to the actual amount of the State's share of FICA taxes deposited to the IRS by the Contractor of the deposited amount as a service fee, as specified in Contract Section C.3.c. The State agrees to reimburse the Contractor for the full amount reflected on the FICA Tax Invoice, including the service fee, within forty-five (45) days of the date set forth on the FICA Tax Invoice. After the forty-five (45) day period expires, the Contractor may assess interest at the "Applicable Federal Rate" (as published by the IRS on a monthly basis) plus two (2) percentage points, on any amounts due and owing, each month for as long as the amounts remain due and owing.

**D. MANDATORY TERMS AND CONDITIONS:**

- D.1. Required Approvals. The State is not bound by this Contract until it is duly approved by the Parties and all appropriate State officials in accordance with applicable Tennessee laws and regulations. Depending upon the specifics of this Contract, this may include approvals by the Commissioner of Finance and Administration, the Commissioner of Human Resources, the Comptroller of the Treasury, and the Chief Procurement Officer. Approvals shall be evidenced by a signature or electronic approval.
- D.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first-class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

The State:

Heather Pease, Director of Procurement and Contracts  
Finance and Administration, Division of Benefits Administration  
William R. Snodgrass TN Tower, 19th Floor  
312 Rosa L. Parks Ave. Nashville, TN 37243  
[heather.pease@tn.gov](mailto:heather.pease@tn.gov)  
Telephone # 615-532-4598  
FAX # 615-253-8556

The Contractor:

**Contractor Contact Name & Title**  
**Contractor Name**  
**Address**



Email Address  
Telephone # Number  
FAX # Number

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

- D.3. Modification and Amendment. This Contract may be modified only by a written amendment signed by all Parties and approved by all applicable State officials.
- D.4. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract upon written notice to the Contractor. The State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.
- D.5. Termination for Convenience. The State may terminate this Contract for convenience without cause and for any reason. The State shall give the Contractor at least thirty (30) days written notice before the termination date. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.
- D.6. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition"), the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.
- 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.
- D.8. Conflicts of Interest. The Contractor warrants that no part of the Contractor's compensation shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed under this Contract.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six (6) months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual

who is, or within the past six (6) months has been, an employee of the State of Tennessee.

- D.9. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.10. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation by submitting to the State a completed Attestation (accessible through the Edison Supplier Portal) and included at Attachment A, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.
  - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the Term, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work under this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work under this Contract. Attestations obtained from subcontractors shall be maintained by the Contractor and made available to State officials upon request.
  - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
  - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
  - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
- D.11. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- 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.

- D.13. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.14. Strict Performance. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.
- D.15. Independent Contractor. The Parties shall not act as employees, partners, joint venturers, or associates of one another. The Parties are independent contracting entities. Nothing in this Contract shall be construed to create an employer/employee relationship or to allow either Party to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one Party are not employees or agents of the other Party.
- D.16. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless from any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.
- D.17. Limitation of State's Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.
- D.18. Limitation of Contractor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death. For clarity, except as otherwise expressly set forth in this Section, Contractor's indemnification obligations and other remedies available under this Contract are subject to the limitations on liability set forth in this Section.
- D.19. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys' fees, court costs, expert witness fees, and other litigation expenses for the State to enforce the terms of this Contract.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

- D.20. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, *et seq.*, the law governing the Tennessee Consolidated Retirement System ("TCRS"), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 8-35-101, *et seq.*, accepts State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the Term.
- D.21. Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract.
- D.22. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
  - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
  - c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
  - d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded, disqualified, or presently fall under any of the prohibitions of sections a-d.

- D.23. Force Majeure. "Force Majeure Event" means pandemic/epidemic, 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 one (1) day 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 for the affected obligations 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.

- D.24. State and Federal Compliance. The Contractor shall comply with all State and federal laws and regulations applicable to Contractor in the Contractor's performance of this Contract.
- D.25. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee, without regard to its conflict or choice of law rules. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 408.
- D.26. Entire Agreement. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.
- D.27. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
- D.28. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
- D.29. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:
- a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
  - b. this Contract with any attachments or exhibits (excluding the items listed at subsections through f., below), which includes:
    - (1) Contract Attachment A Attestation;
    - (2) Contract Attachment B Liquidated Damages;
    - (3) Contract Attachment C Reporting Requirements; and
    - (4) Contract Attachment D Service Level Agreement Scorecard.
    - (5) Contract Attachment E Short Term Disability (STD) Insurance and Long Term Disability (LTD) Insurance Minimum Benefit Provisions
    - (6) Contractor's group master policy; and



(7) Contractor's group certificate(s) of coverage.

- c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
- d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
- e. any technical specifications provided to proposers during the procurement process to award this Contract; and
- f. the Contractor's response seeking this Contract.

D.30. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101, *et seq.*, addressing contracting with persons as defined at Tenn. Code Ann. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Contract. The Contractor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.

D.31. Insurance. Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. All coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to name the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement for a waiver of subrogation in favor of the State. Any deductible or self insured retention ("SIR") over fifty thousand dollars (\$50,000) must be approved by the State. The deductible or SIR and any premiums are the Contractor's sole responsibility. 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.

To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two million dollars (\$2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars (\$1,000,000) combined with an umbrella policy for an additional one million dollars (\$1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Automobile Liability and Employers' Liability Accident), Contractor shall provide a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area. In the event that an umbrella policy is being provided to achieve any required coverage amounts, the umbrella policy shall be accompanied by an endorsement at least as broad as the Insurance Services Office, Inc. (also known as "ISO") "Noncontributory—Other Insurance Condition" endorsement or shall be written on a policy form that addresses both the primary and noncontributory basis of the umbrella policy if the State is otherwise named as an additional insured.

Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer's National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3<sup>rd</sup> floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) Business Days prior to the Effective Date and again thirty (30) calendar days before renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under

the Contractor's policy. At any time, the State may require Contractor to provide a valid COI. The Parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead, Contractor shall provide a certificate of self-insurance or a letter, on Contractor's letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. The State reserves the right to require complete copies of all required insurance policies, including endorsements required by these specifications, at any time.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

**The insurance obligations under this Contract shall be: (1)—all the insurance coverage and policy limits carried by the Contractor; or (2)—the minimum insurance coverage requirements and policy limits shown in this Contract; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss, shall be available to the State. No representation is made that the minimum insurance requirements of the Contract are sufficient to cover the obligations of the Contractor arising under this Contract. The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.**

a. Commercial General Liability ("CGL") Insurance

- 1) The Contractor shall maintain CGL, which shall be written on an ISO Form CG 00 01 occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises and operations products and completed operations, bodily injury, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).
- 2) The Contractor shall maintain single limits not less than one million dollars (\$1,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this policy or location of occurrence or the general aggregate limit shall be twice the required occurrence limit.

b. Workers' Compensation and Employer Liability Insurance

- 1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:
  - i. Workers' compensation in an amount not less than one million dollars (\$1,000,000) including employer liability of one million dollars (\$1,000,000) per accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit by disease, and one million dollars (\$1,000,000) per employee for bodily injury by disease.
- 2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:

- i. The Contractor employs fewer than five (5) employees;
- ii. The Contractor is a sole proprietor;
- iii. The Contractor is in the construction business or trades with no employees;
- iv. The Contractor is in the coal mining industry with no employees;
- v. The Contractor is a state or local government; or
- vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

c. Professional Liability Insurance

- 1) Professional liability insurance shall be written on an occurrence basis or on a claims-made basis. If this coverage is written on a claims-made basis, then:
  - i. The retroactive date must be shown, and must be on or before the earlier of the Effective Date of the Contract or the beginning of Contract work or provision of goods and services;
  - ii. Insurance must be maintained and evidence of insurance must be provided for at least five (5) full years from the date of the final Contract payment; and
  - iii. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date on or prior to the Contract Effective Date, the Contractor must purchase "extended reporting" or "tail coverage" for a minimum of five (5) full years from the date of the final Contract payment.
- 2) Any professional liability insurance policy shall have a limit not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) in the aggregate; and
- 3) If the Contract involves the provision of services by medical professionals, a policy limit not less than three million (\$3,000,000) per claim and three million dollars (\$3,000,000) in the aggregate for medical malpractice insurance.

Cyber Liability Insurance:

d. Technology Professional Liability (Errors & Omissions)/Cyber Liability Insurance

- 1) The Contractor shall maintain technology professional liability (errors & omissions)/cyber liability insurance appropriate to the Contractor's profession in an amount not less than five million dollars (\$5,000,000) per occurrence or claim and five million dollars (\$5,000,000) annual aggregate, covering all acts, claims, errors, omissions, negligence, infringement of intellectual property (including copyright, patent and trade secret); network security and privacy risks, including but not limited to unauthorized access, failure of security, information theft, damage to destruction of or alteration of electronic information, breach of privacy perils, wrongful disclosure and release of private information, collection, or other negligence in the handling of confidential information, and including coverage for related regulatory fines, defenses, and penalties.
- 2) Such coverage shall include data breach response expenses, in an amount not



less than five million dollars (\$5,000,000) and payable whether incurred by the State or Contractor, including but not limited to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services and expenses in the performance of services for the State or on behalf of the State hereunder.

- D.32. Major Procurement Contract Sales and Use Tax. Pursuant to Tenn. Code Ann. § 4-39-102 and to the extent applicable, the Contractor and the Contractor's subcontractors shall remit sales and use taxes on the sales of goods or services that are made by the Contractor or the Contractor's subcontractors and that are subject to tax.
- D.33. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.
- The obligations set forth in this Section shall survive the termination of this Contract.
- D.34. Boycott of Israel. The Contractor certifies that it is not currently engaged in, and covenants that it will not, for the duration of the Contract, engage in a Boycott of Israel, as that term is defined in Tenn. Code Ann. § 12-4-119.
- D.35. Prohibited Contract Terms. The prohibited contract terms and conditions enumerated in Tenn. Code Ann. § 12-3-515, shall be a material provision of this Contract. The Contractor acknowledges, understands, and agrees that the inclusion of a term or condition prohibited by Tenn. Code Ann. § 12-3-515, shall be null and void and the Contract shall be enforceable as if the Contract did not contain such term or condition.

## **E. SPECIAL TERMS AND CONDITIONS.:**

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, the special terms and conditions shall be subordinate to the Contract's other terms and conditions.
- E.2. Additional lines, items, or options. At its sole discretion, the State may make written requests to the Contractor to add lines, items, or options that are needed and within the Scope but were not included in the original Contract. Such lines, items, or options will be added to the Contract through a Memorandum of Understanding ("MOU"), not an amendment.
- a. After the Contractor receives a written request to add lines, items, or options, the Contractor shall have ten (10) Business Days to respond with a written proposal. The Contractor's written proposal shall include:
- (1) The effect, if any, of adding the lines, items, or options on the other goods or services required under the Contract;
  - (2) Any pricing related to the new lines, items, or options;
  - (3) The expected effective date for the availability of the new lines, items, or options;

- and
- (4) Any additional information requested by the State.
- b. The State may negotiate the terms of the Contractor's proposal by requesting revisions to the proposal.
- c. To indicate acceptance of a proposal, the State will sign it. The signed proposal shall constitute a MOU between the Parties, and the lines, items, or options shall be incorporated into the Contract as if set forth verbatim.
- d. Only after a MOU has been executed shall the Contractor perform or deliver the new lines, items, or options.

E.3 Extraneous Terms and Conditions. Contractor shall fill all orders submitted by the State under this Contract. No purchase order, invoice, or other documents associated with any sales, orders, or supply of any good or service under this Contract shall contain any terms or conditions other than as set forth in the Contract. Any such extraneous terms and conditions shall be void, invalid and unenforceable against the State. Any refusal by Contractor to supply any goods or services under this Contract conditioned upon the State submitting to any extraneous terms and conditions shall be a material breach of the Contract and constitute an act of bad faith by Contractor.

E.4 Comptroller Audit Requirements.

When requested by the State or the Comptroller of the Treasury, the Contractor must provide the State or the Comptroller of the Treasury with a detailed written description of the Contractor's information technology control environment, including a description of general controls and application controls. The Contractor must also assist the State or the Comptroller of the Treasury with obtaining a detailed written description of the information technology control environment for any third or fourth parties, or Subcontractors, used by the Contractor to process State data and/or provide services under this Contract.

Contractor will maintain and cause its Subcontractors to maintain a complete audit trail of all transactions and activities in connection with this Contract, including all information technology logging and scanning conducted within the Contractor's and Subcontractor's information technology control environment. Upon reasonable notice and at any reasonable time, the Contractor grants the State or the Comptroller of the Treasury with the right to audit the Contractor's information technology control environment, including general controls and application controls. The audit may include testing the general and application controls within the Contractor's information technology control environment and may also include testing general and application controls for any third or fourth parties, or Subcontractors, used by the Contractor to process State data and/or provide services under this Contract. The audit may include the Contractor's and Subcontractor's compliance with the State's Enterprise Information Security Policy and all applicable requirements, laws, regulations, or policies.

Upon reasonable notice and at any reasonable time, the Contractor and Subcontractor(s) agree to allow the State, the Comptroller of the Treasury, or their duly appointed representatives to perform information technology control audits of the Contractor and all Subcontractors used by the Contractor. Contractor will provide to the State, the Comptroller of the Treasury, or their duly appointed representatives access to Contractor and Subcontractor(s) personnel for the purpose of performing the information technology control audit. The audit may include interviews with technical and management personnel, physical or virtual inspection of controls, and review of paper or electronic documentation.

The Contractor must have a process for correcting control deficiencies that were identified in the State's or Comptroller of the Treasury's information technology audit. For any audit issues identified, the Contractor and Subcontractor(s) shall submit a corrective action plan to the State or the Comptroller of the Treasury which addresses the actions taken, or to be taken, and the anticipated completion date in response to each of the audit issues and

related recommendations of the State or the Comptroller of the Treasury. The corrective action plan shall be provided to the State or the Comptroller of the Treasury upon request from the State or Comptroller of the Treasury and within 30 days from the issuance of the audit report or communication of the audit issues and recommendations. Upon request from the State or Comptroller of the Treasury, the Contractor and Subcontractor(s) shall provide documentation and evidence that the audit issues were corrected.

Each party shall bear its own expenses incurred while conducting the information technology controls audit.

**E.5 Information Technology Security Requirements (State Data, Audit, and Other Requirements).**

a. The Contractor shall protect State Data as follows:

- (1) The Contractor shall ensure that all State Data is housed in the continental United States, inclusive of backup data. All State data must remain in the United States, regardless of whether the data is processed, stored, in-transit, or at rest. Access to State data shall be limited to US- based (onshore) resources only.

All system and application administration must be performed in the continental United States. Configuration or development of software and code is permitted outside of the United States. However, software applications designed, developed, manufactured, or supplied by persons owned or controlled by, or subject to the jurisdiction or direction of, a foreign adversary, which the

U.S. Secretary of Commerce acting pursuant to 15 CFR 7 has defined to include the People's Republic of China, among others are prohibited. Any testing of code outside of the United States must use fake data. A copy of production data may not be transmitted or used outside the United States.

- (2) The Contractor shall encrypt Confidential State Data at rest and in transit using the current version of Federal Information Processing Standard ("FIPS") 140-2 or 140-3 (or current applicable version) validated encryption technologies. The State shall control all access to encryption keys. The Contractor shall provide installation and maintenance support at no cost to the State.
- (3) The Contractor and any Subcontractor used by the Contractor to host State data, including data center vendors, shall be subject to an annual engagement by a licensed CPA firm in accordance with the standards of the American Institute of Certified Public Accountants ("AICPA") for a System and Organization Controls for service organizations ("SOC") 2 Type 2 examination. The scope of the SOC 2 Type 2 examination engagement must include the Security, Availability, Confidentiality, and Processing Integrity Trust Services Criteria. In addition, the Contractor services that are part of this Contract, including any processing or storage services, must be included in the scope of the SOC 2 Type 2 examination engagement(s).
- (4) The Contractor must annually review its SOC 2 Type 2 examination reports. Within 30 days of receipt of the examination report, or upon request from the State or the Comptroller of the Treasury, the Contractor must provide the State or the Comptroller of the Treasury a non-redacted copy of the Contractor's SOC 2 Type 2 examination report(s). The Contractor must review the annual SOC 2 Type 2 examination reports for each of its Subcontractors and must also assist the State or Comptroller of the Treasury with obtaining a non-redacted copy of any SOC examination reports for each of its Subcontractors, including data centers used by the Contractor to host or process State data.

If the Contractor's SOC 2 Type 2 examination report includes a modified opinion, meaning that the opinion is qualified, adverse, or disclaimed, the Contractor must share the SOC report and

the Contractor's plan to address the modified opinion with the State or the Comptroller of the Treasury within 30 days of the Contractor's receipt of the SOC report or upon request from the State or the Comptroller of the Treasury. If any Subcontractor(s) SOC 2 Type 2 examination report includes a modified opinion, the Contractor must assist the State or Comptroller of the Treasury with obtaining the Subcontractor(s) SOC report and the Subcontractor(s) plan to address the modified opinion.

The Contractor must have a process for correcting control deficiencies that were identified in the SOC 2 Type 2 examination, including follow-up documentation providing evidence of such corrections. Within 30 days of receipt of the examination report, or upon request from the State or the Comptroller of the Treasury, the Contractor must provide the State or the Comptroller of the Treasury with a corrective action plan and evidence of correcting the control deficiencies. The Contractor must require each of its Subcontractors, including data centers used by the Contractor to host State data, to have a process for correcting control deficiencies identified in their SOC examination reports and must assist the State or Comptroller of the Treasury with obtaining a corrective action plan and obtaining evidence of correcting control deficiencies identified in Subcontractor(s) SOC reports.

No additional funding shall be allocated for these examinations as they are included in the Maximum Liability of this Contract.

- (5) The Contractor must annually perform Penetration Tests and Vulnerability Assessments against its Processing Environment per the NIST 800-115 definition. "Processing Environment" shall mean the combination of software and hardware on which the Application runs. "Application" shall mean the computer code that supports and accomplishes the State's requirements as set forth in this Contract. "Penetration Tests" shall be in the form of attacks on the Contractor's computer system, with the purpose of discovering security weaknesses which have the potential to gain access to the Processing Environment's features and data. The "Vulnerability Assessment" shall be designed and executed to define, identify, and classify the security holes (vulnerabilities) in the Processing Environment. The Contractor shall allow the State, at its option, to perform Penetration Tests and Vulnerability Assessments on the Processing Environment. The Contractor shall provide a letter of attestation on its processing environment that penetration tests and vulnerability assessments has been performed on an annual basis and taken corrective action to evaluate and address any findings.

In the event of an unauthorized disclosure or unauthorized access to State data, the State Strategic Technology Solutions (STS) Security Incident Response Team (SIRT) must be notified and engaged by calling the State Customer Care Center (CCC) at 615-741-1001. Any such event must be reported by the Contractor within twenty-four (24) hours after the unauthorized disclosure has come to the attention of the Contractor.

- (6) If a breach has been confirmed a fully un-modified third-party forensics report must be supplied to the State and through the STS SIRT. This report must include indicators of compromise (IOCs) as well as plan of actions for remediation and restoration. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures.
- (7) Upon State request, the Contractor shall provide a copy of all Confidential State Data it holds. The Contractor shall provide such data on media and in a format determined by the State
- (8) Upon termination of this Contract and in consultation with the State, the Contractor shall destroy, and ensure all subcontractors shall destroy, all Confidential State Data it holds (including any copies such as backups) in accordance with the current version of National Institute of Standards and Technology ("NIST") Special Publication 800-88. The Contractor shall provide a written confirmation of destruction to the State within ten (10) business days after destruction.

#### b. Minimum Requirements

- (1) The Contractor and all data centers used by the Contractor to host State data, including those of

all Subcontractors, must comply with the State's Enterprise Information Security Policies as amended periodically. The State's Enterprise Information Security Policies document is found at the following URL: <https://www.tn.gov/finance/strategic-technology-solutions/strategic-technology-solutions/sts-security-policies.html>.

- (2) The Contractor agrees to maintain the Application so that it will run on a current, manufacturer-supported Operating System. "Operating System" shall mean the software that supports a computer's basic functions, such as scheduling tasks, executing applications, and controlling peripherals.
- (3) If the Application requires middleware or database software, Contractor shall maintain middleware and database software versions that are always fully compatible with current versions of the Operating System and Application to ensure that security vulnerabilities are not introduced.
- (4) In the event of drive/media failure, if the drive/media is replaced, it remains with the State and it is the State's responsibility to destroy the drive/media, or the Contractor shall provide written confirmation of the sanitization/destruction of data according to NIST 800-88.

c. Business Continuity Requirements. The Contractor shall maintain set(s) of documents, instructions, and procedures which enable the Contractor to respond to accidents, disasters, emergencies, or threats without any stoppage or hindrance in its key operations ("Business Continuity Requirements"). Business Continuity Requirements shall include:

- (1) "Disaster Recovery Capabilities" refer to the actions the Contractor takes to meet the Recovery Point and Recovery Time Objectives defined below. Disaster Recovery Capabilities shall meet the following objectives:
  - i. Recovery Point Objective ("RPO"). The RPO is defined as the maximum targeted period in which data might be lost from an IT service due to a major incident  
  
Twenty-four (24) hours
  - ii. Recovery Time Objective ("RTO"). The RTO is defined as the targeted duration of time and a service level within which a business process must be restored after a disaster (or disruption) in order to avoid unacceptable consequences associated with a break in business continuity:  
  
Seventy-two (72) hours
- (2) The Contractor and the Subcontractor(s) shall maintain a documented Disaster Recovery plan and shall share this document with the State when requested. The Contractor and the Subcontractor(s) shall perform at least one Disaster Recovery Test every three hundred sixty-five (365) days. A "Disaster Recovery Test" shall mean the process of verifying the success of the restoration procedures that are executed after a critical IT failure or disruption occurs. The Disaster Recovery Test shall use actual State Data Sets that mirror production data, and success shall be defined as the Contractor verifying that the Contractor can meet the State's RPO and RTO requirements. A "Data Set" is defined as a collection of related sets of information that is composed of separate elements but can be manipulated as a unit by a computer. The Contractor shall provide written confirmation to the State within 30 days of the completion of each Disaster Recovery Test that its Disaster Recovery Capabilities meet the RPO and RTO requirements.

E.6. Prohibited Advertising or Marketing. The Contractor shall not suggest or imply in advertising or marketing materials that Contractor's goods or services are endorsed by the State. The



restrictions on Contractor advertising or marketing materials under this Section shall survive the termination of this Contract.

- E.7. Liquidated Damages. If the Contractor fails to perform in accordance with any term or provision of this contract, only provides partial performance of any term or provision of the Contract, violates any warranty, or any act prohibited or restricted by the Contract occurs, ("Liquidated Damages Event"), the State may assess damages on Contractor ("Liquidated Damages"). The State shall notify the Contractor of amounts to be assessed as Liquidated Damages. The Parties agree that due to the complicated nature of the Contractor's obligations under this Contract it would be difficult to specifically designate a monetary amount for Contractor's failure to fulfill its obligations regarding the Liquidated Damages Event as these amounts are likely to be uncertain and not easily proven. Contractor has carefully reviewed the Liquidated Damages contained in Attachment B and agrees that these amounts represent a reasonable relationship between the amount and what might reasonably be expected in the event of a Liquidated Damages Event, and are a reasonable estimate of the damages that would occur from a Liquidated Damages Event. The Parties agree that the Liquidated Damages represent solely the damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party. The Contractor agrees that the Liquidated Damages are in addition to any amounts Contractor may owe the State pursuant to the indemnity provision or any other sections of this Contract.

The State is not obligated to assess Liquidated Damages before availing itself of any other remedy. The State may choose to discontinue Liquidated Damages and avail itself of any other remedy available under this Contract or at law or equity.

- E.8. Personally Identifiable Information. While performing its obligations under this Contract, Contractor may have access to Personally Identifiable Information held by the State ("PII"). For the purposes of this Contract, "PII" includes "Nonpublic Personal Information" as that term is defined in Title V of the Gramm-Leach-Bliley Act of 1999 or any successor federal statute, and the rules and regulations thereunder, all as may be amended or supplemented from time to time ("GLBA") and personally identifiable information and other data protected under any other applicable laws, rule or regulation of any jurisdiction relating to disclosure or use of personal information ("Privacy Laws"). Contractor agrees it shall not do or omit to do anything which would cause the State to be in breach of any Privacy Laws. Contractor shall, and shall cause its employees, agents and representatives to: (i) keep PII confidential and may use and disclose PII only as necessary to carry out those specific aspects of the purpose for which the PII was disclosed to Contractor and in accordance with this Contract, GLBA and Privacy Laws; and (ii) implement and maintain appropriate technical and organizational measures regarding information security to: (A) ensure the security and confidentiality of PII; (B) protect against any threats or hazards to the security or integrity of PII; and (C) prevent unauthorized access to or use of PII. Contractor shall immediately notify State: (1) of any disclosure or use of any PII by Contractor or any of its employees, agents and representatives in breach of this Contract; and (2) of any disclosure of any PII to Contractor or its employees, agents and representatives where the purpose of such disclosure is not known to Contractor or its employees, agents and representatives. The State reserves the right to review Contractor's policies and procedures used to maintain the security and confidentiality of PII and Contractor shall, and cause its employees, agents and representatives to, comply with all reasonable requests or directions from the State to enable the State to verify or ensure that Contractor is in full compliance with its obligations under this Contract in relation to PII.

In accordance with the timeframe for audits listed in Contract Section D.11 and in consultation with the State, Contractor shall immediately return to the State any and all PII which it has received under this Contract and shall destroy all records of such PII.

The Contractor shall report to the State any instances of unauthorized access to or potential disclosure of PII in the custody or control of Contractor ("Unauthorized Disclosure") that come to the Contractor's attention. Any such report shall be made by the Contractor within twenty-four

(24) hours after the Unauthorized Disclosure has come to the attention of the Contractor. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure. The Contractor shall bear the cost of notification to all individuals affected by the Unauthorized Disclosure, including individual letters and public notice. The remedies set forth in this Section are not exclusive and are in addition to any claims or remedies available to this State under this Contract or otherwise available at law. The obligations set forth in this Section shall survive the termination of this Contract.

- E.9.** Survival. The terms, provisions, representations, and warranties contained in this Contract which by their sense and context are intended to survive the performance and termination of this Contract, shall so survive the completion of performance and termination of this Contract.
- E.10.** Americans with Disabilities Act. The Contractor must comply with the Americans with Disabilities Act (ADA) of 1990, as amended, including implementing regulations codified at 28 CFR Part 35 "Nondiscrimination on the Basis of Disability in State and Local Government Services" and at 28 CFR Part 36 "Nondiscrimination on the Basis of Disability in Public Accommodations and Commercial Facilities," and any other laws or regulations governing the provision of services to persons with a disability, as applicable. For more information, please visit the ADA website: <http://www.ada.gov>.

IN WITNESS WHEREOF,

**CONTRACTOR LEGAL ENTITY NAME:**

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CONTRACTOR SIGNATURE

DATE

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PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

STATE OF TENNESSEE,  
STATE INSURANCE COMMITTEE,  
LOCAL EDUCATION INSURANCE COMMITTEE,  
LOCAL GOVERNMENT INSURANCE COMMITTEE:

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James E. Bryson, CHAIRMAN

DATE



**ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE**

<b>SUBJECT CONTRACT NUMBER:</b>	
<b>CONTRACTOR LEGAL ENTITY NAME:</b>	
<b>EDISON VENDOR IDENTIFICATION NUMBER:</b>	

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

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**CONTRACTOR SIGNATURE**

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. Attach evidence documenting the individual's authority to contractually bind the Contractor, unless the signatory is the Contractor's chief executive or president.

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**PRINTED NAME AND TITLE OF SIGNATORY**

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**DATE OF ATTESTATION**

## LIQUIDATED DAMAGES

To effectively manage contractual performance, the State has established Liquidated Damages associated with the Contractor's obligations with respect to the Contract. The Contractor is expected to perform according to a certain level of standards. If these standards are not met, the State is entitled to impose liquidated damage assessments. Damages are included in this Attachment.

The Parties agree that the Liquidated Damages represent solely the anticipated damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party.

**Payment of Liquidated Damages:** It is agreed by the State and the Contractor that any liquidated damages assessed by the State shall be due and payable to the State within forty-five (45) calendar days after Contractor receipt of the Invoice containing an assessment of Liquidated Damages. If payment is not made by the due date, the Liquidated Damages amount may be withheld from future payments by the State without further notice.

PERFORMANCE GUARANTEES	
<b>1. Program Go-Live Date</b>	
<i>Guarantee</i>	The Plan shall take effect and be fully Operational on the Go-Live date specified in Contract Section A.17. "Operational" is defined as the ability to electronically capture enrollment records accurately for Members, verify Members' enrollment to providers, answer Members' calls, and provide all other services described in the Contract.
<i>Assessment</i>	Twenty-five thousand dollars (\$25,000) for each Business Day beyond the Go-Live date that the Plan is not operational up to thirty (30) Business Days.
<i>Justification</i>	Go-Live is an imperative performance guarantee listed in the Contract. If there is a delay in this, the State is unable to provide Benefits coverage to our Members. This assessment and amount take into account the State's increased staff time for Member inquiries, resolution of additional Member issues, and increased legislative inquiries.
<i>Measurement</i>	Assessed, reported, and reconciled no later than three (3) months after Go-Live date.
<b>2. Implementation</b>	
<i>Guarantee</i>	The Contractor shall comply with all tasks, deliverables, and milestones included in the project implementation plan, as required in Contract Section A.17., and meet the "Milestone/Deliverable Due Dates" as required in Contract Section A.17. necessary to install the program by the Go-Live date.
<i>Assessment</i>	One thousand dollars (\$1,000) for each Business Day for each deliverable and/or milestone beyond the due date up to and including the Go-Live date.
<i>Justification</i>	Timely and accurate completion of all tasks, deliverables, and milestones in the project implementation plan and key deliverables table is critical to the successful implementation of a new contract. This assessment calculates the potential impact of missed or inaccurate implementation milestones.
<i>Measurement</i>	Assessed, reported, and reconciled no later than three (3) months after Go-Live.

### 3. Operational Readiness

<i>Guarantee</i>	The Contractor shall resolve all noncompliance with contract terms identified by the State during its operational readiness review as required in Contract Section A.16.d.
<i>Assessment</i>	Ten thousand dollars (\$10,000) for each Business Day per finding that is not resolved after Go-Live.
<i>Justification</i>	Operational readiness review requires the Contractor and the State to investigate and navigate any potential issues, deadlines, and milestones leading up to Go-Live and operations.
<i>Measurement</i>	Assessed and reported no later than three (3) months after Go-Live.

### 4. Plan Design

<i>Guarantee</i>	Plan design per the Contract and Certificate of Coverage will be implemented correctly, as required in Contract Section A.1.
<i>Assessment</i>	Twenty-five thousand dollars (\$25,000) per each incorrect Plan design setup such as, but not limited to, incorrect Copayments, incorrect covered services or excluded services.
<i>Justification</i>	Plan design information must be timely and accurate as to not cause confusion or financial hardship to Members. This assessment and amount take into account the State's increased staff time for Member inquiries, resolution of additional Member issues, and increased legislative inquiries.
<i>Measurement</i>	Assessed, reported, and reconciled no later than three (3) months after Go-Live and as subsequently identified.

### 5. Enrollment File Set-Up

<i>Guarantee</i>	Enrollment information must be loaded, tested, verified and available online for use as required in Contract Section A.12.d.
<i>Assessment</i>	Ten thousand dollars (\$10,000) for each Business Day beyond the date specified in Contract Section A.17.
<i>Justification</i>	Enrollment file set-up is a critical step in providing Members with Plan Benefits. Without the accurate and timely set-up of this file, there is a potential harm to Members financially and in receiving services. This assessment and amount take into account the State's increased staff time for Member inquiries, resolution of additional Member issues, and increased legislative inquiries.
<i>Measurement</i>	Assessed, reported, and reconciled no later than three (3) months after Go-Live.

### 6. Privacy and Security of Protected Health Information Impacting 1 to 499 Members

<i>Guarantee</i>	In accordance with Contract Section E.6., the Contractor shall not release, intentionally or unintentionally, Members' personal information, enrollment information, or claims information to unauthorized parties.
<i>Justification</i>	The guarantee and assessment estimate the impact on the State including the unpredictability of the timing of a breach; specifics of the breach's scope; length of time of investigation completion; number of Member calls to the BA service center; and level of legislative inquiries.

<i>Assessment</i>	<p>Four Thousand Eight Hundred dollars (\$4,800) per incident basis.</p> <p>This assessment is based on the previous experience BA has had in responding to similar incidents impacting less than five hundred (500) Members which includes the following predicted costs to BA:</p> <ol style="list-style-type: none"> <li>1. Compliance Officer time including investigating the breach, monitoring the privacy hotline and email address estimated at seventy-five (75) hours;</li> <li>2. Director of Financial Management and Program Integrity time and work estimated at seven and half (7.5) hours;</li> <li>3. Program Director associated with this contract time and work estimated at fifteen (15) hours;</li> <li>4. Executive Director's time and work estimated at one (1) hour;</li> <li>5. Department attorney time including legal review estimated at one (1) hour; and</li> <li>6. Service Center staff time and work answering Member questions/concerns estimated at fifteen (15) hours.</li> </ol>
<i>Measurement</i>	Assessed, reported, reconciled, and paid after each occurrence.
<b>7. Privacy and Security of Protected Health Information Impacting 500 or more Members</b>	
<i>Guarantee</i>	In accordance with Contract Section E.6., the Contractor shall not release, intentionally or unintentionally, Members' personal information, enrollment information, or claims information to unauthorized parties
<i>Justification</i>	The guarantee and assessment estimate the impact on the State including the unpredictability of the timing of a breach; specifics of the breach's scope; length of time of investigation completion; number of Member calls to the BA service center; and level of legislative inquiries.
<i>Assessment</i>	<p>Nineteen Thousand dollars (\$19,000) per incident basis.</p> <p>This assessment is based on the previous experience BA has had in responding to similar incidents impacting five hundred (500) or more Members which includes the following predicted costs to BA:</p> <ol style="list-style-type: none"> <li>1. Compliance Officer time including investigating the breach, monitoring the HIPAA privacy hotline and email address estimated at one hundred thirty (130) hours;</li> <li>2. Director of Financial Management and Program Integrity time and work estimated at thirty (30) hours;</li> <li>3. Program Director associated with this Contract time and work estimated at forty-five (45) hours;</li> <li>4. Executive Director's time and work estimated at eighteen (18) hours;</li> <li>5. Department attorney time including legal review estimated at thirty (30) hours;</li> <li>6. Service Center staff time and work answering Member questions/concerns estimated at one hundred (100) hours;</li> <li>7. Public Information Officer ("PIO")'s time and work estimated at forty-five (45) hours; and</li> <li>8. Communications Director's time and work estimated at thirty (30) hours.</li> </ol>
<i>Measurement</i>	Assessed, reported, reconciled, and paid after each occurrence.

### REPORTING REQUIREMENTS

As required by this Contract, the Contractor shall submit reports to the State. Reports shall be submitted via secure electronic medium, in a format approved or specified by the State, and shall be of the type and at the frequency indicated below. The State reserves the right to modify reporting requirements as deemed necessary. The State will provide the Contractor with at least sixty (60) days' notice prior to implementation of a report modification.

Unless otherwise directed by the State, the Contractor shall submit reports as follows:

1. Weekly reports shall be submitted by Tuesday of the following week;
2. Monthly reports shall be submitted by the 15<sup>th</sup> of the following month;
3. Quarterly reports shall be submitted by the 20<sup>th</sup> of the following month;
4. Semi-Annual Reports shall be submitted by the 20<sup>th</sup> of the following month; and
5. Annual reports shall be submitted within sixty (60) days after the end of the calendar year.

Note: Any report due on a Holiday or weekend will then be due on the following Business Day.

Reports shall include:

- 1) **Service Level Agreement Scorecards**, as detailed in Contract Attachment D, each component to be listed with guarantee and actual results, submitted quarterly and annually using the template prior approved In Writing by the State; the report shall also include a narrative statement regarding the status of items on the scorecard. Accompanying statistical reports supporting the activity and results achieved are to be included.
- 2) **Call Center Activity**, as detailed in Contract Section A.4.c., to support results entered in Contract Attachment D #1 and #2, for Call Abandonment Rate and Average Speed of Answer requirements, submitted monthly with monthly, quarterly, and year-to-date totals.
- 3) **Member Satisfaction Survey Results**, as detailed in Contract Section A.10.j., to support results entered in Contract Attachment D #9, submitted annually, within thirty (30) days of collecting all member survey responses for the year.
- 4) **Summary of Reports Submission**, as detailed in Contract Section A.14.a., to support results entered in Contract Attachment D #8 and #10, submitted quarterly and annually
- 5) **Claims Payment Accuracy**, as detailed in Contract Section A.10.o.1., to support results entered in Contract Attachment D #4, submitted quarterly.
- 6) **Claims Processing Accuracy**, as detailed in Contract Section A.10.o.2., to support results entered in Contract Attachment D #5 submitted quarterly.
- 7) **Claims Processing Turnaround**, as detailed in Contract Section A.10.o.3., to support results entered in Contract Attachment D #6, submitted quarterly.
- 8) **Claims Paid Summary Report**, submitted quarterly and annually using the template prior approved In Writing by the State to support Contract Section A.10.a.
- 9) **Claims Paid Lag Report**, submitted quarterly and annually using the template prior approved In Writing by the State to support Contract Section A.10.a.

- 10) **Enrollment File Processing Report**, to support results entered in Contract Attachment D #7, submitted weekly within three (3) Business Days of processing the weekly enrollment update file using the template prior approved In Writing by the State, as required in Contract Section A.12.e.(3).
- 11) **Enrollment File Processing Error Report**, submitted weekly, if applicable, within one (1) Business Day of processing the weekly enrollment update file using the template prior approved In Writing by the State, as required in Contract Section A.12.e.(4).
- 12) **BC/DR Test Results Report**, submitted annually within thirty (30) days of the completion of its Disaster Recovery Test by email using the template prior approved In Writing by the State, as required in Contract Section E.5.c.(2).
- 13) **System and Organization Controls for service organizations ("SOC") 2 Type II audit**, submitted annually within thirty (30) days from when the CPA firm provides the audit report and in addition to periodic bridge reports as requested by the State in compliance with Contract Section E.5.a.(4).
- 14) **Marketing and Communications Plan**, submitted annually, as required in Contract Section A.5.a.
- 15) **Marketing and Communications Results**, submitted annually, as required in Contract Section A.5.a.(2).
- 16) **Member Issues Log**, submitted monthly until notified by the State In Writing to send quarterly using template agreed to by the State, as required in Contract Section A.10.d.
- 17) **Appeals Summary Report**, submitted quarterly using the template prior approved In Writing by the State as described in Contract Section A.10.h.
- 18) **Ad Hoc Reports**: The Contractor shall submit such ad hoc reports as are deemed by the State to be necessary to analyze the Plan. The exact format, frequency and due dates for such reports shall be mutually agreed upon with the Contractor and shall be submitted at no cost to the State.
- 19) **Mailing of Ongoing Welcome Packets**, as detailed in Contract Section A.8.b, to support results entered in Contract Attachment D #3, submitted quarterly.
- 20) **Security Risk Assessment Results**, as detailed in Contract Section A.11.i.10, submitted annually.
- 21) **Penetration Tests and Vulnerability Tests Assessment Letter**, as detailed in Contract Section E.8.a.(5), submitted annually.
- 22) **FICA Tax Invoice**, as detailed in Contract Section C.12, submitted quarterly.
- 23) **State Lives Enrollment Count**, as detailed in Contract Section A.12.e, submitted quarterly.
- 24) **Underwriting Summary**, as detailed in Contract Section A.10.a, submitted quarterly.

**Service Level Agreement Scorecard**

Below is the SLA Scorecard and associated KPIs used to measure the Contractor's performance against the desired outcomes. KPIs shall be evaluated, scored, and reconciled quarterly via the SLA Scorecard with relevant documentation. Contractor must submit the SLA Scorecard each calendar quarter documenting the Contractor's outcome for each of the KPI for the previous quarter, in which services were delivered, as well as any At-Risk Performance Payment due (if applicable).

It is agreed by the State and the Contractor that any At-Risk Performance Payment assessed by the State shall be due and payable to the State within forty-five (45) calendar days after Contractor receipt of the Invoice containing an assessment of fees at risk. If payment is not made by the due date, the At-Risk Performance Payment amount may be withheld from future payments by the State without further notice.

Use the following for the quarterly calculations – the Contractor will fill in the Quarterly Score column for each individual KPI. If the individual KPI does not apply for the reported quarter, place 'n/a' in the Quarterly Score column. The total possible score will be adjusted accordingly. The State will calculate the Total Quarterly Score using the following formula: Quarterly Score divided by total possible quarterly score multiplied by 100%. The At-Risk Performance Payment will be determined by this percentage (see table below).

TABLE A - QUARTERLY						
KPI		Description	Performance Requirement	Contractor Performance	Score if Met	Quarterly Score
1.	Average Speed of Answer	The Contractor's call center shall maintain a quarterly Average Speed of Answer rate of 30 seconds or less as required in Contract Section A.4.c.(1).	30 seconds or less	30 sec. or less Avg.	10	
				31-35 sec., avg.	6	
				36-40 sec., avg.	2	
				Greater than 40 sec. avg.	0	
2.	Call Abandonment Rate	The Contractor's call center shall maintain a Call Abandonment rate of five percent (5%) or less as required in Contract Section A.4.c.(2).	5%	5% or less	10	
				> 5% through 7%	6	
				> 7% through 10%	2	
				> 10%	0	
3.	Mailing on Ongoing Welcome Kit	Ninety-five percent (95%), as measured quarterly, of ongoing welcome packets and Member identification cards shall be mailed within ten (10) Business Days of new Member enrollment record being received as required in Contract Section A.8.b.	95%	95% or greater	10	
				93% to < 95%	6	
				Less than 93%	0	
4.	Claims Payment Accuracy	The Contractor shall maintain a quarterly average rate of ninety-eight percent (98%) or higher	98% or greater	98% or greater	10	

		for Claims Payment Accuracy as required in Contract Section A.10.o(1).		97% - 97.9%	6	
				96% - 96.9%	2	
				Less than 96%	0	
5.	Claims Processing Accuracy	The Contractor shall maintain a quarterly average rate of ninety-seven percent (97%) or higher for Claims Processing Accuracy as required in Contract Section A.10.o(2).	97% or greater	97% or greater	10	
				96% - 96.9%	6	
				95% - 95.9%	2	
				Less than 95%	0	
6.	Claims Processing Turnaround	The Contractor shall maintain a quarterly average rate of ninety-eight percent (98%) or higher within twenty- one (21) days for Claims Processing Turnaround as required in Contract Section A.10.o(3).	98% or greater	98% or greater	10	
				97% - 97.9%	6	
				96% - 96.9%	2	
				Less than 96%	0	
7.	Enrollment Posting	One hundred percent (100%) of electronically retrieved enrollment files processed and internal errors to be resolved by the Contractor within two (2) Business Days of receipt of the weekly file as required in Contract Section A.12.e.(2).	100%	100%	10	
				96% to < 100%	6	
				93% to < 96%	2	
				Less than 93%	0	
8.	Reporting	The Contractor shall distribute to the State all weekly, monthly, and quarterly reports required in the Contract within the time frame and in the format specified in the	100%	100%	10	
				96% to < 100%	8	
				92% to < 96%	6	
				88% to < 92%	4	
				84% to < 88%	2	



TABLE A - QUARTERLY						
KPI		Description	Performance Requirement	Contractor Performance	Score if Met	Quarterly Score
		Contract as required in Contract Section A.14.a.		Less than 84%	0	
	Total Quarterly Score Achieved					
	Total Quarterly Score Available				80	
	Quarterly Score (Total Quarterly Points Achieved / Total Quarterly Points Available) x 100					
	At-Risk Performance Payment Due Quarterly Score determines at risk performance due – See “At Risk Performance Payment” table below for Table A.					

TABLE A – AT RISK PERFORMANCE PAYMENT DUE	
Quarterly Score	At Risk Performance Payment
>= 90%	\$0
84% to < 90%	\$10,000
78% to < 84%	\$20,000
72% to < 78%	\$30,000
66% to < 72%	\$40,000
< 66%	\$50,000

TABLE B - ANNUALLY						
KPI		Description	Performance Requirement	Contractor Performance	Score if Met	Quarterly Score
9.	Member Satisfaction Survey	The level of overall Member satisfaction, as measured annually through the Member satisfaction survey, shall be equal to or greater than eighty-five percent (85%) in the first year of the Contract, and shall be equal to or greater than ninety percent (90%) in all subsequent year(s) within the contract term as required in Contract Section A.10.j.	85% in first year of contract	85% or greater	20	
				82% to < 85%	18	
				79% to < 82%	16	
				76% to < 79%	14	
				73% to < 76%	12	
				70% to < 73%	10	
				Less than 70%	0	
			90% in years 2-4 of contract	90% or greater	20	
				87% to < 90%	18	
				84% to < 87%	16	
				81% to < 84%	14	
				78% to < 81%	12	
				75% to < 78%	12	
				Less than 75%	0	

TABLE B - ANNUALLY						
KPI		Description	Performance Requirement	Contractor Performance	Score if Met	Quarterly Score
10.	Reporting	The Contractor shall distribute to the State all annual reports required in the Contract within the time frame and in the format specified in the Contract as required in Contract Section A.14.a.	100%	100%	20	
				90% to < 100%	16	
				80% to < 90%	12	
				70% to < 80%	8	
				60% to < 70%	4	
				50% to < 60%	0	
	Total Annual Score Achieved					
	Total Annual Score Available				40	
	Annual Score (Total Annual Points Achieved / Total Annual Points Available) x 100					
	At-Risk Performance Payment Due Annual Score determines at risk performance due – See “At Risk Performance Payment” table below for Table B.					

TABLE B – AT RISK PERFORMANCE PAYMENT DUE	
Annual Score	At Risk Performance Payment
>= 90%	\$0
80% to < 90%	\$10,000
70% to < 80%	\$20,000
60% to < 70%	\$30,000
50% to < 60%	\$40,000
< 50%	\$50,000

KPI	Description	Performance Requirement	At Risk Performance Payment
11. Unauthorized Usage of Information	Unless prior approved In Writing by the State, and in compliance with state and federal law, the Contractor shall not use 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, as described in Contract Section A.10.m.	If Contractor uses data without prior State approval, In Writing.	\$25,000 per incident
12. Authorization of Member Communications	The Contactor shall not distribute any materials to Members prior approval by the State In Writing for the use of such materials, as described in Contract Section A.6.b.	If Contractor distributes materials without prior State approval, In Writing.	\$1,000 per incident

**Short Term Disability (STD) Insurance and Long Term Disability (LTD) Insurance Minimum Benefit Provisions**

The Contractor shall provide the Program benefits shown below as the minimum provisions for each type of disability insurance program. Enhanced or additional benefits may be provided by the Contractor upon approval by the State; however, the Contractor's compensation shall not be other than specified in Contract Section C.3. These Program benefits and other detailed provisions of the benefits shall be included in the Contractor's group master policy and/or certificates of coverage.

<b>Short Term Disability Insurance Program</b>	
<b><u>Benefit</u></b>	
STD Benefit % of Annual Gross Base Salary	60% paid weekly
STD Maximum per Week	\$2,500
STD Minimum per Week	\$25
Elimination Period	14 calendar days
Duration of Benefit	13 weeks
<b><u>Plan Provision</u></b>	
Evidence of Insurability (EOI)	Guaranteed Issue for New Hires who enroll within 30 days of eligibility date; EOI for Late Applicants during Annual Enrollment Period or for experiencing a qualifying event
Elimination Period	The period of time that a Member must be continuously disabled to be eligible for benefits under the policy.
Definition of Disability	A Member is considered disabled if due to an injury or illness he or she is unable to perform the duties of his or her own job and unable to earn 80% or more of his pre-disability earnings.
Benefits Pre-Existing Conditions Limitation	None
Return to Work Incentive	A Member may work while disabled. If a Member is able to work, they may earn up to 100% of his or her pre-disability earnings when combining his or her disability payments and earnings. If the sum of the disability payment and earnings exceeds 100%, the earnings will be considered an offset so that the Member receives 100% of his or her pre-disability earnings.
Termination of Coverage	Coverage will end on the earliest of the following: <ul style="list-style-type: none"> <li>• The date the policy is terminated</li> <li>• The date the Member is no longer eligible</li> <li>• The date that premiums are no longer paid</li> </ul> Disability benefits will continue to be paid for claimants who are disabled prior to the termination date and are entitled to receive benefits.
Continuation of Insurance	If a Member is no longer actively at work due to Family Medical Leave, coverage may continue for up to twelve (12) weeks.
Successive Period of Disability	If a Member returns back to work for a period of less than fourteen (14) days and goes back out on disability due to same injury or illness, the Member will not be required to satisfy a new elimination period.
Deductible sources of Income	Member's benefit will be reduced if the Member receives another source of income due to his or her disability including the following: 1. any amounts received (or assumed to be received*) by the Member or his or her dependents under:

	<ul style="list-style-type: none"> <li>- the Canada and Quebec Pension Plans;</li> <li>- the Railroad Retirement Act;</li> <li>- any local, state, provincial or federal government disability or retirement plan or law including a motor vehicle law or similar law</li> <li>- any sick leave, annual leave or salary continuation plan sponsored by the Employer;</li> </ul> <p>2. any Social Security disability or retirement benefits the Member or any third party receives (or is assumed to receive) on his or her own behalf or for his or her dependents; or which his or her dependents receive (or are assumed to receive) because of his or her entitlement to such benefits.</p> <p>3. any Retirement Plan benefits sponsored by the Employer. "Retirement Plan" means any defined benefit or defined contribution plan sponsored or funded by the Employer.</p> <p>4. any proceeds payable under any franchise or group insurance or similar plan.</p> <p>5. any amounts paid because of loss of earnings or earning capacity through settlement, judgment, arbitration or otherwise, where a third party may be liable, regardless of whether liability is determined.</p> <p>6. any amounts received from worker's compensation benefit.</p>
Exclusions	Suicide, act of war, participation in a riot, commission of a felony, cosmetic or elective surgery.
Annual Gross Base Earnings	Member's gross annual base salary as of September 1 of each year or another date established by the State to be effective on October 1 of each year or another date established by the State. The maximum covered monthly salary eligible for benefit is \$18,055.57 or \$216,666.84 annually.

## Long Term Disability Insurance Program (LTD-N & LTD-C)

### Benefit

LTD Benefit % of Gross Annual Base Salary	63% paid monthly
LTD Maximum per Month	\$10,000
LTD Minimum per Month	Greater of 10% of benefit or \$100
Elimination Period	90 calendar days
Duration of Benefit	Social Security Normal Retirement Age or Other as Listed Below*
Mental Nervous & Substance Abuse Limitations	24 months

### Plan Provision

Evidence of Insurability	Not required
Benefits Pre-Existing Conditions Limitation	3 months prior to effective date and 12 months from effective date
Elimination Period	If the disability stops for sixty (60) consecutive days or less during the elimination period, it will be treated as a continuous period of disability.
Definition of Disability	A Member is considered Disabled if due to injury or illness he or she is unable to perform his or her Own Occupation or have a loss of 20% or more of his or her pre-disability earnings (unable to earn 80% or more of his pre-disability earnings) by working in his or her regular occupation. After thirty-six (36) months, based upon Program enrollment for Member, of disability payments a Member is considered Disabled if due to injury or illness he or she is unable to perform the duties of Any Occupation or unable to earn 60% or more of his or her pre-disability earnings by working in any occupation.
Return to Work Incentive	During the first twenty-four (24) months of disability benefits, earnings from working while disabled will not be considered an offset unless the sum of the Disability benefit and the earnings exceed 100% of pre-disability earnings.
Continuation of Insurance	Disability Insurance continues if a Member's Active Pay Status ends due to a Disability for which benefits under the Policy are or may become payable. Premiums for the Member will be waived while Disability Benefits are payable. If the Member does not return to Active Service, this insurance ends when the Disability ends or when benefits are no longer payable, whichever occurs first.  If a Member's Active Service ends due to personal or family medical leave approved timely by the Employer, insurance will continue for a Member for up to twelve (12) weeks, if the required premium is paid when due.
Successive Period of Disability	A separate period of Disability will be considered continuous if it is due to a related disability and occurs within six (6) months of the Member returning to work for the initial period of disability.
Mental Nervous/Substance Abuse Limitations	Benefits will be payable for a maximum of twenty-four (24) months during a Member's lifetime for a disability due to Mental Nervous conditions or Substance Abuse. If confined in a hospital for treatment upon exhaustion of the twenty-four (24) months, benefits will continue as long the Member remains confined.
Pre-Existing Condition	If within the first year of being a covered Member a Member files a disability claim, a pre-existing investigation will be performed to determine whether the Member received care or treatment for this condition during the three months prior to his or

	her coverage effective date. Benefits will not be payable during the first twelve (12) months of coverage if the disability was caused by a pre-existing condition.
*Duration	Under Age 65 - To Member's Social Security normal retirement age Age 65 - 24 months Age 66 - 21 months Age 67 - 18 months Age 68 - 15 months Age 69 and over - 12 months
Annual Gross Base Salary	Member's gross annual base salary as of September 1 of each year or another date established by the State to be effective on October 1 of each year or another date established by the State. The maximum covered base annual salary is \$190,476.24.
Deductible sources of Income	Member's monthly benefit will be reduced if the Member receives another source of income due to his or her disability including the following: 1. any amounts received or assumed to be received by the Member or his or her dependents under: <ul style="list-style-type: none"> <li>- the Canada and Quebec Pension Plans;</li> <li>- the Railroad Retirement Act;</li> <li>- any local, state, provincial or federal government disability or retirement plan or law;</li> <li>- any sick leave, annual leave or salary continuation plan sponsored by the Employer;</li> </ul> 2. any Social Security disability or retirement benefits the Member or any third party receives or is assumed to receive on his or her own behalf or for his or her dependents; 3. any Retirement Plan benefits sponsored by the Employer. "Retirement Plan" means any defined benefit or defined contribution plan sponsored or funded by the Employer. 4. any proceeds payable under any franchise or group insurance or similar plan. 5. any amounts received by the Member or his or her dependents under any workers' compensation, occupational disease, unemployment compensation law or similar state or federal law payable for Injury or Sickness arising out of work with the Employer, including all permanent and temporary disability benefits. This includes any damages, compromises or settlement paid in place of such benefits, whether or not liability is admitted. 6. any amounts paid because of loss of earnings or earning capacity through settlement, judgment, arbitration or otherwise, where a third party may be liable, regardless of whether liability is determined. 7. any amounts received from worker's compensation benefit.
Survivor Benefit	If the Member received disability benefits under the plan and had been disabled for one-hundred eighty (180) or more days, a survivor benefit will be paid upon the Member's death. The survivor will receive a benefit equal to three (3) months of the Member's gross disability benefit paid in a lump sum.