

ADDENDUM TWO QUESTIONS and ANSWERS

Date: November 20, 2018

To: All Bidders

From: Teresa Fleming, Buyer
AS Materiel State Purchasing

RE: Addendum for Request for Proposal Number 5953 Z1 be opened December 5, 2018 at 2:00 p.m. Central Time

Questions and Answers

Following are the questions submitted and answers provided for the above mentioned Request for Proposal. The questions and answers are to be considered as part of the Request for Proposal. It is the Bidder's responsibility to check the State Purchasing Bureau website for all addenda or amendments.

| <u>Question Number</u> | <u>RFP Section Reference</u> | <u>RFP Page Number</u> | <u>Question</u> | <u>State Response</u> |
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| 1. | II Terms and conditions | 6 | <p>Please clarify the order of the RFP response.</p> <p>Can the Technical and Cost sections be in the same binder?</p> <p>Bidders should complete Sections II through VI as part of their proposal.</p> <p>Was this meant to say Sections II through IV?</p> | <p>Yes but should be presented in separate sections. Refer to Section I. Procurement Procedure, I. Submission of Proposals.</p> <p>Refer to Section I. Procurement Procedure, O. Request for Proposal/Proposal Requirements which comprises Section II through VI.</p> |
| 2. | VI. Proposal Instructions | 24 & 26 | <p>Bidders should identify the subdivisions of "Project Description and Scope of Work"</p> | <p>Bidders must complete Attachment A Contractor Requirements Matrix.</p> |

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| | | | <p>clearly in their proposals.</p> <p>We're not clear on what is expected for this. Please advise.</p> | |
| 3. | Attachment A Contractor Requirements Matrix | 1 & 2 | <p>Regarding: 7. Accept the current enrollment files and beneficiary designations for the State's employees.</p> <p>Regarding: 18. Offer web-based enrollment and termination.</p> <p>1. Are they looking for a Full Ben Admin system?</p> <p>2. Are they looking for an employee enrollment portal or an employer portal or both?</p> <p>3. How do they currently enroll in their benefits?</p> <p>4. Please clarify if they are looking for year-round employee enrollment portal or annual enrollment.</p> <p>5. Are they looking for carriers to provide a list of preferred vendors that provide enrollment/ben admin platforms?</p> | <p>1. The State will send the premiums to the Contractor and the Contractor will administer the benefits when claims are filed.</p> <p>2. Employer portal to monitor the status of claims, EOI, etc. An employee portal is not needed.</p> <p>3. Employees use the State's online system to enroll.</p> <p>4. No employee portal.</p> <p>5. No.</p> <p>REVISED Attachment A. Contractors Requirements Matrix, Question 7 has been replaced with the following:</p> <p>"Accept the current enrollment and beneficiary designations for the State's employees."</p> <p>REVISED Attachment A. Contractors Requirements Matrix, Question 18 has been replaced with the following:</p> <p>"Provide employer</p> |

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| | | | | portal to monitor the status of claims, EOI, etc.” |
| 4. | Attachment A Contractor Requirements Matrix | 2 | <p>Regarding: 15. When customized printing is requested by the State, present a complete draft and subsequent proof to the State for sign-off. The Contractor must ensure that logo placement and color requirements are met. Contractor will be responsible for costs of printing booklets, certificates, or SPDs as required.</p> <p>Please advise approximate number of copies, and if the mailing should be to the State for distribution or to employee homes.</p> | <p>Flyers or informational materials to provide during Open Enrollment process. The quantity would be approximately 600 pieces.</p> <p>The certificate booklet or other items can be sent electronically to the State to post on the website.</p> <p>The distribution will not be sent to employee’s homes.</p> |
| 5. | V. Project Description and Scope of Work | 32 | Please provide Aetna Certificates and Summary of Benefits for all plans and classes including Basic Life, Supplemental Life, Basic AD&D, Dependent Life and Retiree Life. | <p>Refer to REVISED Attachment B Current Plan Structure.</p> <p>Refer to Attachment F and Attachment G for Certificate Book for the Department of Labor.</p> |
| 6. | V. Project Description and Scope of Work | 32 | Supplemental Life Open Enrollment History – has the State allowed late entrants to buy new coverage without evidence of insurability or allowed current participants to increase coverage | The current provider does not allow late entrants or increases of more than one increment without evidence of insurability. The State would be open to allow late entrants as a one-time opportunity with the |

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| | | | <p>more than one increment without evidence of insurability?</p> <p>Has the State allowed Dependent late entrants into the plan without evidence of insurability?</p> <p>If so, please provide dates and special enrollment guarantee issue amounts.</p> | <p>new Contractor.</p> <p>No.</p> <p>N/A</p> |
| 7. | V. Project Description and Scope of Work | 32 | Life Experience – Please provide complete Aetna reports. | <p>The State is unclear on what you are asking.</p> <p>Please refer to all attachments for the reports provided.</p> |
| 8. | V. Project Description and Scope of Work | 32 | Please provide an individual paid claim list | Refer to NEW Attachment E Life and AD&D Review Package. |
| 9. | Attachment E | | The document is missing retiree lives, premium and volume for 07/01/2016 to 6/31/2017. Please provide. | Refer to NEW Attachment E Life and AD&D Review Package. |
| 10. | Attachment E | | Basic Term & Retiree Life and Sup Term: premium and volume for 7/1/2013 appear to be incorrect. Please provide the correct figures. | Refer to NEW Attachment E Life and AD&D Review Package. |
| 11. | Attachment E | | Basic Term & Retiree Life premium inconsistencies found for 11/01/2015, 01/01/2016, 02/01/2016 and 03/01/2016. Please explain. | Refer to NEW Attachment E Life and AD&D Review Package. |
| 12. | Cost Proposal | | AD&D: The table does not include the | The State does not need the current plan |

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| | | | current AD&D benefit amount \$5,200. Please verify the State does is not requesting the current plan design. | design of \$5,200. |
| 13. | Cost Proposal | | Basic Life: The Aetna rate basis is per \$1,000 of covered volume. The cost proposal is per employee per month. Please verify-Is the intent to change the rate basis from per \$1,000 volume to per employee per month? | Refer to REVISED Cost Proposal. |
| 14. | Cost Proposal | 1 | For Basic Life, please confirm bidders should enter a cost per employee per month instead of the rate per \$1,000 of coverage. | Refer to REVISED Cost Proposal. |
| 15. | Cost Proposal | 1 | For the AD&D section, will one of the coverage levels requested (\$5,000, \$7,500 and \$10,000) replace the current benefit of \$5,200 or will they all be offered in addition to the current benefit of \$5,200? | Yes, one of the coverage levels requested will replace the current benefit. |
| 16. | Attachment E Claim Experience and Premium History | All | Please provide the following data on any Waiver of Premium claims incurred 7/1/2013 and after: date of birth, gender, date of disability, face amount (please report Basic and Optional separately), reserve amount (please report Basic and Optional separately). | Refer to Attachment I Waiver Claim Listing. |

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| 17. | Attachment E Claim Experience and Premium History | All | Please provide any Conversion charges and Claim Interest payments that have been assessed against the plan experience. | Refer to NEW Attachment E Life and AD&D Review Package. |
| 18. | Attachment E Claim Experience and Premium History | All | Please provide coverage indicator and coverage amount for any known pending claims. | At this time, the pending claims for Basic is \$60,000, Supplemental is \$156,000, and Dependent is \$20,000. |
| 19. | Attachment E Claim Experience and Premium History | 2 | Please provide the missing monthly lives, premium and volume for the Basic Life for Active employees for the period 7/1/16 through 6/30/17. | Refer to NEW Attachment E Life and AD&D Review Package. |
| 20. | Attachment E Claim Experience and Premium History | 5 | Please provide the missing monthly lives, premium and volume for the Basic Life for Retirees for the period 7/1/16 through 6/30/17. | Refer to NEW Attachment E Life and AD&D Review Package. |
| 21. | Attachment E Claim Experience and Premium History | 1 - 5 | Please explain how the data under the heading "TERM and Retiree LF" relates to the data under the heading "Term LF" and the data under the heading "Retirees". For example, our assumption was that the data under "TERM and Retiree LF" was a combination of the data under "Term LF" and "Retirees;" however, we notice that for the periods 7/1/13 through 6/30/17, this | LF is the abbreviation for Term Life. Refer to NEW Attachment E Life and AD&D Review Package. |

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| | | | does not seem to be an accurate assumption. Please advise. | |
| 22. | Attachment E Claim Experience and Premium History | 1 – 5 | Regarding the paid claim data under the heading “Retirees”, we notice that the total claim amounts for the periods 7/1/16 – 6/30/17 and 7/1/17 – 6/30/18 are drastically different than the claim totals for the periods 7/1/13 through 6/30/16. Please confirm that the data is accurate. Also, were there plan changes that may have affected the claim amounts for the periods 7/1/16 – 6/30/18? | Refer to NEW Attachment E Life and AD&D Review Package. No. |
| 23. | Attachment C Census Report | All | Please provide gender for all Retirees. | Refer to REVISED Attachment C Census Report. |
| 24. | Attachment C Census Report | All | There are 446 records which are missing Optional Life amounts. Please advise. | These are employees that applied during open enrollment but had not gone through EOI as of 7/1/18 so the plan was not active. |
| 25. | Attachment C Census Report | All | There are 267 records which are missing Dependent Life amounts. Please advise. | See the response to Question 24. |
| 26. | Plan Design Documents | All | Please provide complete certificates for both the Active and Retirees Dept of Labor plans. | See the response to Question 5. |
| 27. | Plan Design Documents | All | Have there been any plan changes and/or | No. |

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| | | | rate changes to any of the coverages for the time period 7/1/13 through 6/30/18? | |
| 28. | Attachment D Current Rates | 1 | The attachment indicates that permanent Part-Time employees can purchase \$20,000 of Basic Life coverage by contributing 50% of the cost which is stated as \$.48 per employee per month; however, the total monthly cost would appear to be \$1.92 based on the reported rate of \$.096 / \$1,000. If permanent Part-Time employees contribute 50% of the cost, our calculation would be a monthly contribution of \$.96 instead of \$.48. Please clarify. | The total cost is \$1.92. Half of the total cost of the \$20,000 coverage is paid through a different fund. This leaves \$10,000 to be paid for by the employee and agency for part-time employees. Half of that cost is \$.48 for the employee and \$.48 for the agency. |
| 29. | Attachment A Contractor Requirements Matrix | Multiple | Please describe the current enrollment and medical evidence of insurability submission processes. Are they completed on paper, on a/your website, through the carrier, or a Third Party Administrator (TPA)? If a TPA, please provide the TPA's name so we can determine if we have existing protocols in place with them. | Enrollment is on-line in the State's system and EOI is on paper which is submitted to the State and forwarded to the Contractor for processing. |
| 30. | Attachment A Contractor Requirements Matrix | 1 | Please confirm who maintains the beneficiary | The State maintains the beneficiary designation records electronically. |

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| | | | designation records, and if they are stored on paper (including images) or electronically. | |
| 31. | Attachment A Contractor Requirements Matrix | 1 | Please confirm who distributes claim forms to beneficiaries, and how the carrier is notified of a claim. | The agency Human Resource representative works with the beneficiary and sends the claim to Benefits. Benefits reviews and forwards to Contractor for processing. |
| 32. | Plan Design Documents | All | Please clarify if AD&D coverage includes a conversion option (not typical). | Yes. |
| 33. | | | Please provide the current carrier certificates for Retiree class(es). | See the response to Question 5. |
| 34. | | | Please confirm Retiree class(es) are closed class(es) & no more Retirees will come on in the future. | Correct. |
| 35. | | | Please describe the Annual Enrollment on the Supplemental Life that the state currently allows and the expectations of a potential new carrier. | See the response to Question 6. |
| 36. | | | Please clarify any Benefit Admin Platforms the state uses. | Currently, no platforms are used. |
| 37. | | | From the census, please clarify what "Optional Supplemental Life" amounts the 446 individuals have that are noted with blank | See the response to Question 24. |

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| | | | amounts for "Coverage" when "Optional Supplemental Life" is noted in "Benefit Type". | |
| 38. | | | Please provide an individual claim listing for Basic Life Actives, Retiree Basic Life, Employee Supplemental Life and Dependent Supplemental Life noting incurred date and benefit amount. | Refer to NEW Attachment E Life and AD&D Review Package. |
| 39. | | | Please provide Waiver of Premium claim information for both Basic Life and Supplemental Life noting Date of Birth, Gender, Date of Disability and Benefit Face Amount. | Attachment I Waiver Claim Listing. |
| 40. | | | Please provide Rate History going back to 7/1/13. | Rates have not changed since 2013. |
| 41. | | | Please note any plan design changes going back to 7/1/13. | None. |
| 42. | | | Please provide the lives, premium and volume for Retirees information missing for 7/1/16 through 6/1/17. | Refer to NEW Attachment E Life and AD&D Review Package. |
| 43. | Attachment A Contractor Requirements | RFP number 5953 Z1 #18 | Please clarify the following: "Offer web-based enrollment and termination". When you refer to termination is this for Termination of employment? | See the response to Question 3. |

| | | | Or portability/conversion? | |
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| 44. | Attachment A | 1 | Please verify what the inforce maximum and minimum Dollar coverage limits are for the Basic and Supplemental Aggregate. | Basic Life is \$20,000 for active employees. The Supplemental Aggregate does not have a minimum and a maximum of \$750,000 without an EOI. |
| 45. | Attachment A | 1-2 | Please provide a copy of the any inforce provisions that protect the State from multiple deaths in a single occurrence. | The State does not have a provision in place for multiple deaths in a single occurrence. |
| 46. | Attachment E | 1 | TERM & Retiree LF 07/01/2013 Why are the lives and the volume for 07/01/2013 so different that the rest of the months? | Refer to NEW Attachment E Life and AD&D Review Package. |
| 47. | Attachment E | N/A | Why is the premium for the following months different from the other months 11/01/2015 01/01/2016 02/01/2016 03/01/2016 | Refer to NEW Attachment E Life and AD&D Review Package. |
| 48. | Attachment E | N/A | Term LF Please provide the monthly Lives, Premium and Volume for the period 7/01/2016 to 03/01/2017 | Refer to NEW Attachment E Life and AD&D Review Package. |
| 49. | Attachment E | N/A | Retirees Please provide the monthly Lives, Premium and Volume | Refer to NEW Attachment E Life and AD&D Review Package. |

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| | | | for the period 7/01/2016 to 03/01/2017 | |
| 50. | RFP Final | Page 23 | Please explain why roughly 1, 000 employees don't participate in the basic life. Are they part of the eligible permanent part time that contribute premium? | Yes. |
| 51. | Attachment C | N/A | The census numbers don't match the 3 classes. Is class 1 & 2 in labor retirees under 65 and over 65? | See Excel version of REVISED Attachment C Census Report tabs. |
| 52. | Request for Proposal document | Page 13 and Page 33 | On page 13, we are asked to complete sections II through VI of the RFP. On page 33, we are asked to complete sections II through VII. Can you confirm which is correct? | Refer to Section I. Procurement Procedure, Request for Proposal/Proposal Requirements. |
| 53. | N/A | N/A | Can you provide the Life SOB and cert for all classes (Aetna splits up SOB and Cert)? | See the response to Question 5. |
| 54. | N/A | N/A | Can you provide a recent invoice? | Refer to Attachment H Invoice. |
| 55. | N/A | N/A | Can you provide open waiver or premium claims information (date of disability, face amount, open)? | The State does not have any waiver of premium claims pending. |
| 56. | Attachment B | 1 | What are "high age reductions" as indicated on the NDOL group? | Refer to Attachment F and Attachment G for Certificate Book for the Department of Labor. |
| 57. | Attachment B | 1-6 | Please clarify the AD&D to be quoted for the non-NDOL | AD&D is Supplemental. |

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| | | | <p>active employees. The Life cost proposal sheet shows flat \$5,000, \$7,500 or \$10,000. The "attachment B ,plan structure" shows \$5,200</p> <p>Also, Is there Basic AD&D, or just Supplemental?</p> | See REVISED Attachment B Plan Structure - Basic and Supplemental. |
| 58. | N/A | N/A | <p>Please verify Basic Life rates for the 3 classes as the only data we have is from 2013 website info :</p> <p>Class 1 – Active NDOL = Basic Life : .167 and .013 Basic AD&D</p> <p>Class 2 – All other active employees = .096 Basic Life and No Basic AD&D</p> <p>Class 3 – Retired NDOL = .19 Basic Life</p> | Rates have not changed since 2013 |
| 59. | I. Procurement Procedure i. Submission of Proposals | 3 | Please confirm that only one (1) original hard copy binder is requested? | Confirmed. |
| 60. | I. Procurement Procedure i. Submission of Proposals | 3 | Regarding the "Technical" and "Cost" sections of the response, please confirm that we can put both within the 1 requested binder but separated into separate sections? | Confirmed. |
| 61. | VI. Proposal Instructions 2. Corporate Overview h. Summary of Bidder's | 25 & 26 | Please confirm if the incumbent carrier would need to provide references? | All bidders must respond to the Corporate Overview section of the RFP. |

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| | Corporate Experience and, i. Summary of Bidder's Proposed Personnel/Management Approach | | | |
| 62. | Attachment A - Contractor Requirements Matrix | 4 | Question 34 asks to attach a description of premium billing procedures. Please confirm if it is acceptable to provide an overview in the "Response" section or if a separate attachment/document is necessary. | Please provide a separate attachment/document. |
| 63. | Attachment B - Plan Structure - Basic and Supplemental | | The current plan design we have listed in our system for the Closed NDOL active employee group is a minimum benefit of \$10,000. The Attachment B-Plan Structure document lists it as \$20,000. Is this a plan change you would like to see in the quote? Or is this a miscommunication of the current plan design? | Refer to REVISED Attachment B Plan Structure and REVISED Cost Proposal. |
| 64. | Attachment D - Current Rates | | Attachment D shows that Part-Time active employees have a 50% contributory rate of \$0.48 if they would like to elect Basic Life. We do not have this currently listed in our system. Is this something you would like quoted in the RCF? | See the response to Question 28. |
| 65. | 5953 Z1 Attachment C | State-active- | Can the first two | The State is unable to |

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| | Census Report | AX01 | census tabs for active employees be set up to include one row for each employee with separate columns for Basic Life, Supp Employee Life, Supp Dependent Life, and Supp AD&D? | provide due to the system does not deliver the information this way. Refer to REVISED Attachment C Census Report. |
| 66. | 5953 Z1 Attachment C Census Report | State-active-AX01 | If the census cannot be set up as requested in question no. 1 above, can a unique identifier be added to each row for the first two census tabs for active employees such as employee number or employee name? | Refer to REVISED Attachment C Census Report. |
| 67. | 5953 Z1 Attachment C Census Report | State-active-AX01 | Can a column be added to the first two census tabs to designate if the active employees are permanent full time or permanent part time? | Refer to REVISED Attachment C Census Report. |
| 68. | 5953 Z1 Attachment C Census Report | State-active-AX01 | What are the total number of eligible permanent full time and part time employees, including the permanent part time employees who have waived Basic Life coverage? | 16,125 employees |
| 69. | 5953 Z1 Attachment C Census Report | State-active-AX01 | Regarding the State-active-AX01 census tab, the census has 8,172 employees with a Supp Employee Life election and 446 employees with a "blank" volume. There are several thousand employees who are waiving Supp Employee Life | See the response to Question 24. |

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| | | | coverage. Are these 446 employees with “blanks” on the census also waiving Supp Employee Life coverage? | |
| 70. | 5953 Z1 Attachment C Census Report | State-active-AX01 | Regarding the State-active-AX01 census tab, there are 468 employees with \$5,000 Supp Dependent Life, 4,701 employees with \$10,000 Supp Dependent Life, and 267 employees with “blank” for a total of 5,438 employees on the census that show a Benefit Type of Dependent Life. Are the “blanks” on the census waiving Supp Dependent Life coverage? | See the response to Question 24. |
| 71. | 5953 Z1 Attachment C Census Report | Labor-Retirees under age 65 RX04/Labor-Retirees over age 65 RX04 | Can gender be added to both retiree census tabs? | Refer to REVISED Attachment C Census Report. |
| 72. | | | Are Aetna’s current Life and AD&D booklets available along with any amendments from 7/1/2013 to present? | See the response to Question 5. No changes since 7/1/2013. |
| 73. | | | If Aetna’s current Life and AD&D booklets are not available, can we obtain all benefit changes from 7/1/2013 to present? | See the response to Question 5. |
| 74. | 5953 Z1 Attachment B Plan Structure - Basic | Page 1 & 3 | What is the Supp Employee Life | \$750,000 without EOI |

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| | and Supplemental | | maximum? | |
| 75. | 5953 Z1 Attachment B Plan Structure - Basic and Supplemental | Page 1 & 3 | Does Aetna currently offer Basic Life portability? | No. |
| 76. | 5953 Z1 Attachment B Plan Structure - Basic and Supplemental | Page 1 & 3 | Does Aetna currently offer Supp Life portability? | No. |
| 77. | 5953 Z1 Attachment B Plan Structure - Basic and Supplemental | Page 3 | Permanent part time employees must work 20 hours to be eligible for the Life and AD&D benefits. How many hours must employees work to be considered permanent full time employees? | 40 hours per week. |
| 78. | 5953 Z1 Attachment B Plan Structure - Basic and Supplemental | Page 1 | What are the "high age reductions" for Basic Life on page 1 of Attachment B? | Refer to Attachment F and Attachment G for Certificate Book for the Department of Labor. |
| 79. | 5953 Z1 Attachment B Plan Structure - Basic and Supplemental | Page 3 | What is the benefit schedule and age reduction schedule for the Labor-Retirees over 65 RX04 census tab? | Refer to Attachment F and Attachment G for Certificate Book for the Department of Labor. |
| 80. | | | Is a recent premium bill from the current carrier available? | Refer to Attachment H Invoice |
| 81. | 5953 Z1 Attachment E Claim Experience and Premium History | | Please provide a list of the approved waivers that includes DOB, DOD, Gender, Basic Employee Life Volume, and Supp Employee Life Volume. | Refer to Attachment I Waiver Claim Listing |
| 82. | 5953 Z1 Attachment E Claim Experience and Premium History | | If the Supp Term experience includes dependent experience, can it be separated from the employee experience? | Refer to NEW Attachment E Life and AD&D Review Package. |

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| 83. | 5953 Z1 Attachment E Claim Experience and Premium History | | If the Supp Term experience does not include dependent experience, can we obtain the dependent experience in the same format and with the same time periods? | Refer to NEW Attachment E Life and AD&D Review Package. |
| 84. | | | PT designations on the census so that we know which EEs are paying for the basic life. | Refer to REVISED Attachment C Census Report. |
| 85. | | | Detailed claims listing of each claimant and cert amount | Refer to NEW Attachment E Life and AD&D Review Package. |
| 86. | | | Is the state comfortable if we cross-subsidize? When quoting, we will use much of the optional life excess to cover the Basic Life losses, also known as cross-subsidation. The State may be highly sensitive to this. | No, the State will not accept cross-subsidizing. |

This addendum will become part of the proposal and should be acknowledged with the Request for Proposal response.