



200 E. 18TH STREET, AUSTIN, TEXAS 78701 | P. O. BOX 13207, AUSTIN, TEXAS 78711-3207 | (512) 867-7711 | (877) 275-4377 TOLL-FREE | WWW.ERS.STATE.TX.US

June 9, 2011

RE: Request for Proposal ("RFP") to provide Group Term Life Insurance, Accidental Death and Dismemberment Insurance, and administration of a Short and Long Term Disability Income Benefits Plan under the Texas Employees Group Benefits Program.

To Whom It May Concern:

The Employees Retirement System of Texas ("ERS") in accordance with Texas Insurance Code, Chapter 1551, is issuing a Request for Proposal ("RFP") seeking qualified Carriers to provide Group Term Life Insurance, Accidental Death and Dismemberment Insurance, and administration of a Short and Long Term Disability Income Benefits Plan for Participants of the Texas Employees Group Benefits Program ("GBP") beginning January 1, 2012 through an initial term of August 31, 2016.

The services requested and described in the RFP have been segregated into two (2) distinct Plan Administrations to: (a) underwrite and administer Group Term Life Insurance and Accidental Death and Dismemberment Insurance ("AD&D"), and (b) administer Group Disability Income coverages. ERS reserves the right to select one or more Carriers to provide services for one or both Programs.

A Texas Register Notice will be published on or after June 3, 2011 at: <http://www.sos.state.tx.us/texreg/index.shtml> with additional RFP information. Your firm has been identified as offering the services listed above, and ERS encourages you to review the posting and request access to the secured bid materials when they become available on the ERS website.

ERS anticipates receiving high quality Proposals for the services listed above, and we encourage your organization to give full consideration to the development of a Proposal that complies with the RFP requirements.

If you have any questions regarding this process, please submit your inquiry directly to the IVendor Mailbox at: [ivendorquestions@ers.state.tx.us](mailto:ivendorquestions@ers.state.tx.us).

Thank you for your interest in doing business with the GBP.

Sincerely,

A handwritten signature in black ink that reads "Robert P. Kukla". The signature is written in a cursive style.

ROBERT P. KUKLA  
Director of Benefit Contracts

# **Request for Proposal**

**To Underwrite and Administer Group Term Life and Accidental Death and Dismemberment Insurance, Including Supplemental Voluntary Accident Insurance and To Administer Short and Long Term Group Disability Income Coverages**

**ERS**

EMPLOYEES RETIREMENT  
SYSTEM OF TEXAS

**June 9, 2011**

## Table of Contents

I. Instructions.....	1
A. Request for Proposal (“RFP”) Summary.....	1
B. General Information .....	3
C. General Specifications .....	10
II. Proposal Evaluation Criteria .....	14
A. General Evaluation Information .....	14
B. Minimum Requirements .....	14
C. Preferred Criteria.....	15
III. Financial Requirements and Structure.....	16
A. Contractual Basis .....	16
B. Group Term Life Insurance Premium.....	16
C. Disability Administrative Fees .....	17
D. Employee/Retiree Contribution Requirements .....	17
E. Funding Methodology.....	17
F. Payment Methodology .....	17
G. Designated Group Term Life Insurance Funds.....	18
H. Release of Group Term Life Insurance Surplus .....	18
I. Group Term Life Insurance Runoff .....	18
J. Annual Experience Accounting .....	19
K. Determination of Renewal Rates .....	19
L. Runoff of Disability Claims Incurred Prior to January 1, 2012 .....	19
M. Other Requirements.....	20
IV. Group Term Life Insurance with Accidental Death and Dismemberment .....	21
A. Amounts of Coverage – Active Employees.....	21
B. Amounts of Coverage - Retirees.....	23
C. Provisions of Coverage .....	24
D. Eligibility for Coverage .....	25
E. Premium and Contribution Rates .....	26
F. Complaints .....	26
G. Process for Grievance and Appeals .....	26
H. Conversion Privilege. ....	27
V. Dependent Group Term Life Insurance with Accidental Death and Dismemberment.....	28
A. Amounts of Coverage .....	28
B. Provisions of Coverage .....	28
C. Eligibility for Coverage .....	28
D. Premium and Contribution Rates.....	29
E. Complaints .....	29
F. Process for Grievance and Appeals .....	29
VI. Voluntary Accidental Death and Dismemberment.....	31
A. Amounts of Coverage .....	31
B. Provisions of Coverage .....	31
C. Eligibility for Coverage .....	32

D.	Premium and Contribution Rates .....	32
E.	Opt-Out.....	32
F.	Complaints .....	32
G.	Process for Grievance and Appeals .....	32
VII.	Group Disability Income.....	34
A.	Amounts of Coverage .....	34
B.	Provisions of Coverage .....	34
C.	Eligibility for Coverage .....	35
D.	Contribution Rates .....	35
E.	Disability Runoff .....	35
F.	Complaints .....	35
G.	Process for Grievance and Appeals .....	36
VIII.	Proposal Response – Information and Format.....	37
A.	General Information .....	37
B.	Enrollment Assumptions .....	38
C.	Proposed Group Term Life Insurance and AD&D Premium Rates .....	38
D.	Proposed Disability Administrative Fees.....	39
E.	Proposed Group Term Life and AD&D Premium Rates and Disability Administrative Fees .....	40
IX.	Communication Requirements .....	43
A.	General Information .....	43
B.	Agency/Higher Education Institution Communications .....	46
C.	Carrier Communication Materials .....	47
D.	Carrier Website Content.....	50
X.	Operational Specifications.....	52
A.	Implementation Operational Requirements .....	52
B.	Post-Implementation Operational Requirements .....	53
C.	Carrier Customer Service Call Center .....	55
D.	Administrative Requirements .....	56
E.	Carrier Program Reporting.....	57
F.	Coordination with Other GBP Vendors .....	58
G.	Other Administrative Requirements .....	59
XI.	Information Systems Requirements .....	60
A.	Systems Requirements .....	60
XII.	Organizational Information.....	64
A.	Information required of Organization responding to RFP .....	64
B.	Legal Disclosure Requirements .....	68
C.	Data and Information Services.....	69
D.	Financial Reporting Requirements.....	70
XIII.	Deviations .....	72
XIV.	Group Term Life Insurance and AD&D Interrogatories.....	75
A.	Administrative Information.....	75
B.	Claims Processing .....	76
C.	Customer Service.....	77

D.	Customer Complaint and Grievance Processes .....	77
E.	Financial Information.....	77
XV.	Disability Interrogatories.....	79
A.	Administrative Information.....	79
B.	Claims Processing .....	80
C.	Customer Service.....	81
D.	Customer Complaint and Grievance Processes .....	82
E.	Financial Information.....	82
F.	Management Reporting.....	82
XVI.	Appendices.....	83

# Life and/or Disability RFP Deliverables Checklist

**Order of Return:** The entity submitting a Proposal in response to the RFP (“Carrier”) is required to submit a total of six (6) sets of the Carrier’s Proposal in the following formats: One (1) printed “Original” (which shall be labeled as such) and three (3) additional printed copies shall be submitted and include fully executed documents as appropriate, signed in blue ink and without amendment or revision. The remaining two (2) copies shall be submitted via CD-ROMs in Excel or Word format as applicable and labeled *Life and/or Disability RFP Proposal Duplicate*. **No PDF documents may be reflected on the CD-ROMs with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials.**

All binders must contain:

PAPER FORMAT	RFP REFERENCE
<b>RFP FEEDBACK FORM</b>	Page viii.
<b>TAB I Instructions</b>	<b>I.</b>
<input type="checkbox"/> Executed RFP Signature Pages signed in <i>blue ink</i> (Appendix A)	I.B.8.
<input type="checkbox"/> Executed Data Security and Breach Notification, signed in <i>blue ink</i> (Appendix D)	I.B.14.
<input type="checkbox"/> Confidential and Proprietary Schedule	I.B.23.
<input type="checkbox"/> HUB Designation Confirmation	I.B.25.
<b>TAB II Proposal Evaluation Criteria</b>	<b>II.</b>
<input type="checkbox"/> Minimum Requirements ( <i>evidence of the Carrier’s satisfaction of Requirements</i> )	II.B.
<input type="checkbox"/> Preferred Criteria ( <i>evidence of the Carrier’s satisfaction of Criteria</i> )	II.C.
<b>TAB VIII Proposal Response – Information and Format</b>	<b>VIII.</b>
<input type="checkbox"/> Price Proposal Responses	VIII.A.1. – VIII.E.5.
<b>TAB IX Communication Requirements</b>	<b>IX.</b>
<input type="checkbox"/> Provide draft copies of all proposed marketing materials to include, but not be limited to: power point presentations, scripts for presentations, newspaper/press releases, billboard, television, and radio advertisements for GBP Annual Enrollment or for any other GBP-specific purpose	IX.A. and IX.B.4.
<input type="checkbox"/> Provide a proposed sample of a Carrier welcome packet	IX.C.7.
<input type="checkbox"/> Provide a format of the Carrier’s proposed website to include ALL screen shots on CD-ROM in the GBP website format and an ACTIVE URL address	IX.C.9.a.
<input type="checkbox"/> URL address to access proposed GBP-specific FY 2012 TEST website	IXI.C.9.a
<input type="checkbox"/> Proposed FY 2012 screen shots of ALL web materials in the required GBP website format ( <i>draft copies</i> ).	IX.C.9.a.
<b>TAB XI Information Systems Requirements</b>	<b>XI.</b>
<input type="checkbox"/> Provide a report evidencing Section 508, Level 1 compliance	XI.A.2.c.
<b>TAB XII Organizational Information</b>	<b>XII.</b>
<input type="checkbox"/> Organizational Information Responses and Requested Materials	XII.A.1. – XII.D.7.

<b>TAB XIII Deviations</b>	<b>XIII.</b>
<input type="checkbox"/> Deviation Responses	XIII.A.1. – XIII.A.18.
<b>TAB XIV Group Term Life Insurance and AD&amp;D Interrogatories</b>	<b>XIV.</b>
<input type="checkbox"/> Group Term Life Insurance and AD&D Interrogatory Responses and Requested Materials	XIV.A.1. – XIV.E.6.
<b>TAB XV Disability Interrogatories</b>	<b>XV.</b>
<input type="checkbox"/> Disability Interrogatory Responses and Requested Materials	XV.A.1. – XV.F.6.
<b>CD Format</b>	<b><u>REFERENCE</u></b>
<input type="checkbox"/> All materials described above shall be received in CD-ROM Format. The two (2) separate Proposal CD-ROMs shall be in either Word or Excel format.	I.B.4.a. – I.B.4.b.
<input type="checkbox"/> Two (2) complete sets of CD-ROMs – Set One (Confidential and Proprietary Information) and Set Two (Public Information).	I.B.24.- I.B.24.a.

**NOTE: Keep this Checklist for your records. Do not return with your submission.**

# Request for Feedback

## Employees Retirement System of Texas

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The Employees Retirement System of Texas, Benefit Contracts Division, periodically publishes requests for proposals, applications or information and is interested in your organization's feedback regarding our request. To assist the Benefit Contracts Division in creating future requests, we would be interested in knowing how we could improve our solicitation process or how we could make our request more user-friendly. Please take a moment to answer the following questions and return it at your earliest convenience.

1. Did your organization submit a bid?  
 Yes  
 No
2. If No, why did your organization elect not to bid? (Check all that apply)  
 Timing, not enough time to complete bid  
 Contract Provisions/Parts of the Contract  
 Complexity of RFP  
 Other:

3. Please elaborate on question #2 or provide other reasons for not submitting a bid.

4. Please provide any suggestions that might improve the bid process.

### Additional Comments

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### About Your Organization

Name \_\_\_\_\_ Contact \_\_\_\_\_  
Email \_\_\_\_\_  
Address \_\_\_\_\_ Phone \_\_\_\_\_  
City, State, \_\_\_\_\_  
ZIP Code \_\_\_\_\_

An ERS representative may, if necessary, contact you by email or telephone for further clarification of your responses.

**Thank you for your consideration and participation!**

# I. Instructions

## A. Request for Proposal (“RFP”) Summary

- A.1. **Introduction.** ERS is soliciting Proposals from qualified Carriers to provide Group Term Life Insurance, Accidental Death and Dismemberment Insurance (“AD&D”), and administration of Short and Long Term Group Disability Income Benefits Plan for Participants covered in the Texas Employees Group Benefits Program (“GBP”) beginning January 1, 2012 through an initial term of August 31, 2016. The Carrier shall provide services for the level of benefits required in the RFP and meet other requirements that are in the best interests of ERS, the GBP, its Participants and the state of Texas, and shall be required to execute a Contractual Agreement (“Contract”) provided by, and satisfactory to, ERS.

The services requested and described in the RFP have been segregated into two (2) distinct Plan Administrations to: (a) underwrite and administer the Group Term Life Insurance and Accidental Death and Dismemberment Insurance coverages, and (b) administer Group Disability Income coverages. ERS reserves the right to select one or more Carriers to provide services for one or both Programs.

- A.1.a. A Carrier wishing to respond to this request shall meet all of the minimum requirements as referenced in Article II of the RFP. Qualified Carriers may submit a proposal (“Proposal”) and bid response materials to provide services for the Group Term Life Insurance and Group Disability Income Contract and specified services required and outlined herein.

ERS reserves the right to make separate awards for the Group Term Life Insurance and Accidental Death and Dismemberment Insurance Contract and the Group Disability Income Contract. These Contracts may or may not be awarded to the same organization.

**FAILURE TO PROVIDE PROPOSALS IN THE FORMAT REQUESTED MAY RESULT IN THE CARRIER BEING ELIMINATED FROM FURTHER CONSIDERATION. ALL PROPOSALS SHALL BE VALID THROUGHOUT THE ENTIRE RFP PROCESS AND ANY RESULTING CONTRACT TERM.**

A.2. **Schedule of RFP Process.** The RFP process and Contract award shall be conducted in accordance with the following schedule, unless notified otherwise by ERS:

On or After June 7, 2011	12:00 p.m. (CT)	RFP is available on ERS' website. To access the RFP, the Carrier shall email a request to: <a href="mailto:ivendorquestions@ers.state.tx.us">ivendorquestions@ers.state.tx.us</a>  <b>A USERID and Password will be provided only to those qualified bidders requesting access to the secured sections of the RFP. The Carrier is prohibited from contacting agency employees, officials, and its consulting actuaries regarding any aspect of the RFP by telephone or in person throughout the bid process other than as directed by ERS.</b>
June 24, 2011	4:00 p.m. (CT)	Submission deadline for ALL RFP questions. RFP questions should be submitted to: <a href="mailto:ivendorquestions@ers.state.tx.us">ivendorquestions@ers.state.tx.us</a>
July 5, 2011	12:00 Noon (CT)	The Carrier is required to submit all bid materials in the formats reflected below in one (1) sealed container: <ul style="list-style-type: none"> <li>• One (1) fully executed and labeled "Original";</li> <li>• Three (3) identical printed, hard copies; and</li> <li>• Two (2) identical copies provided on CD-ROMs.</li> </ul> Two (2) complete sets of CD-ROMs – Set One ( <i>Confidential and Proprietary Information</i> ) and Set Two (2) ( <i>Public Information</i> ).  <b>No PDF documents may be reflected on the CD-ROMs with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials.</b>  <b>Submit Bid Materials to:</b>  <b>Robert P. Kukla, Director of Benefit Contracts Employees Retirement System of Texas 200 E. 18th Street Austin, Texas 78711-3207 RE: Life and/or Disability RFP Proposal</b>
TBD		Bid finalists may be required to participate in a face-to-face or teleconference interview session that will be announced at an ERS designated time and location. Required Carrier participants and interview guidelines will be provided if an interview appointment is extended by ERS.
August 23, 2011		ERS Board selects Carrier
July 2012		Annual Enrollment Period
January 1, 2012		Contract begins

**ERS RESERVES THE RIGHT TO EXTEND ANY AND ALL DEADLINES ABOVE, TO REJECT ANY AND ALL PROPOSALS, TO CONTRACT WITH ONE OR MORE FIRMS, OR TO ISSUE A NEW RFP AT ANY TIME, IN ITS SOLE DISCRETION. ERS WILL NOT**

**NOTIFY RESPONDENTS UNLESS THEY ARE SELECTED FOR INTERVIEWS OR ENGAGEMENT.**

- A.3. The Carrier is responsible for reviewing and responding to the RFP materials available on the ERS website [http://www.ers.state.tx.us/community\\_group.aspx?groupid=2view=contracts](http://www.ers.state.tx.us/community_group.aspx?groupid=2view=contracts). ERS' website provides interested Carriers with background information and an electronic version of the RFP. The information contained in this offering provides instructions for the Carrier to submit a Proposal to ERS' RFP and specifies a deadline for the submission of questions as reflected in the table provided in Section I.A.2. above and Sections I.B.3. – I.B.4.d. below.

**B. General Information**

- B.1. **Agent of Record.** ERS shall not designate an Agent of Record or any other such company employee or commissioned representative to act on behalf of either ERS or the Carrier. Any requests for ERS to provide such designation shall be rejected.
- B.2. **News Release.** Prior written approval by ERS shall be required for any news releases regarding a Contract awarded to a Carrier. Additional requirements regarding the management of News Releases are further outlined in Sections IX.A.9. – IX.A.9.d.
- B.3. **Inquiries.** Questions regarding ERS and/or the RFP shall be submitted via email no later than 4:00 p.m. CT on June 24, 2011.
- B.3.a. In its sole discretion, ERS shall post the question and response that it deems appropriate on ERS' website in a timely manner. Such inquiries should be directed to:

Robert P. Kukla, Director of Benefit Contracts  
Email: [ivendorquestions@ers.state.tx.us](mailto:ivendorquestions@ers.state.tx.us)

- B.4. **Proposal Submission.** All bid materials shall be packaged collectively in one (1) sealed container and submitted to ERS as noted below. ERS may not consider a Proposal unless one (1) "Original" and five (5) copies are received by ERS at the appropriate address no later than 12:00 Noon CT on July 5, 2011. The mailing label for the Proposal shall be clearly marked as: *Life and/or Disability RFP Proposal*.
- B.4.a. The one (1) printed "Original" (which shall be labeled as such) and three (3) additional printed copies shall be submitted with all requested supporting documentation, including, but not limited to, the Data Security and Breach Notification (see Sections I.B.14. and I.B.14.a. below), and Signature Pages, (see Sections I.B.8 below) executed in **blue ink**.
- B.4.b. The remaining two (2) copies shall be submitted via CD-ROMs in Excel and/or Word format and labeled *Life and/or Disability RFP Proposal Duplicate*. **No PDF documents may be reflected on the CD-ROMs with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials.**
- B.4.c. For instructions relating to the submission of Confidential and/or Proprietary Information in response to this RFP, please refer to Sections I.B.24. – I.B.24.a. below.
- B.4.d. ERS is not responsible for receipt of any Proposal that is not labeled, packaged or delivered properly. All bid materials shall include complete, properly executed, and detailed supporting documentation as required.

The Carrier shall mail or deliver its sealed Proposal to ERS at the following address:

Robert P. Kukla, Director of Benefit Contracts  
Employees Retirement System of Texas  
200 E. 18th Street  
Austin, Texas 78711-3207  
RE: Life and/or Disability RFP Proposal

- B.5. **Retention of Proposal.** All Proposals submitted become the sole property of ERS.

- B.6. **Notification of Withdrawal of Proposal.** A Proposal may be withdrawn prior to the date and time specified for Proposal submission with a formal written notice by an authorized representative of the Carrier and accepted by the Executive Director of ERS.
- B.7. **Order of Proposal Materials.** The Carrier shall submit its Signature Pages, as well as all Proposal materials, in the order prescribed in the *RFP Deliverables Checklist* located behind the *Table of Contents* contained in this RFP.
- B.8. **Signature Requirements.** The Chief Executive Officer or other authorized officer who is at a Vice President or higher level of the Carrier shall execute, in *blue ink*, the Signature Pages referenced as Appendix A, which is a part of this RFP. The signature of the Carrier's authorized representative on the Proposal's signature page and all other related documents submitted by the Carrier reflects the Carrier's agreement with the truth and accuracy of all statements, warranties and representations contained in the Proposal and other documents submitted by the Carrier. The signature further reflects the Carrier's authorization for ERS to rely on same for all purposes in connection with the RFP/Proposal process.
- B.9. **Supplements to RFP.** In the event that it becomes necessary, at ERS' discretion\*, to revise any part of this RFP, or if ERS determines that any additional information is needed to clarify the provisions of this RFP, supplemental information shall be provided to each Carrier that has indicated interest in this RFP. However, ERS shall not be bound by any deviations from or to this RFP unless ERS specifically agrees in writing to the specific deviation.
- B.10. **Reserved Rights.** Section 1551.212, Texas Insurance Code ("TIC"), specifies that ERS retains the right to approve the Proposal of the Carrier that is in the best interests of the employees, retirees and their dependents covered under the Texas Employees Group Benefits Act ("the Act"), Chapter 1551, TIC, and further that ERS is not required to select the lowest proposed rate, but shall take into consideration other relevant criteria, including the Carrier's ability to service contracts, past experience, quality, financial stability and other factors as ERS may require. Evaluation criteria are described in Article II, *Proposal Evaluation Criteria*, of the RFP. ERS staff and Board may determine that other factors may be considered important based on their review of a Carrier's response to the RFP and the Interrogatories. ERS and the Carrier shall enter into a Contractual Agreement acceptable to ERS and in which shall include, but not be limited to, the Contractual Agreement identified in Appendix B and/or Appendix B.1.
- B.10.a. ERS reserves the right to reject any and all Proposals submitted that do not fully comply with the RFP's instructions and criteria, including minimum requirements for the Carrier as reflected in Sections II.B.1. – II.B.6., and call for new Proposals if deemed by ERS to be in the best interests of ERS, the GBP, its Participants and the state of Texas. ERS is under no legal requirement to execute a Contract on the basis of this RFP.
- B.10.b. ERS specifically reserves the right to revise any or all RFP or Contract provisions set forth at any time prior to ERS' execution of a Contract where ERS deems it to be in the best interests of ERS, the GBP, its Participants and the state of Texas.
- B.10.c. The Contract may be awarded to Carrier(s), that in the opinion of the Board, is best qualified on the basis of offering to perform the services for a fair and reasonable price, and based upon Carrier's demonstrated competence and qualifications.
- B.10.d. ERS reserves the right to make multiple awards and to divide the work among two or more qualified Carriers.
- B.10.e. The Carrier understands and agrees that ERS reserves the right to accept or reject the submitted premium rates/administrative fees for the Group Term Life Insurance and AD&D and/or Group Disability Income coverages, as reflected in Article VIII. Therefore, the Carrier agrees to cooperate with ERS and its representatives and to negotiate in good faith in connection with any proposed premium rates/administrative fees submitted in response to this Proposal.
- B.10.f. ERS reserves the right to modify the performance requirements and benefit plans during this RFP process or Contract term.

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\*All references in this RFP to matters within ERS' discretion mean ERS' sole discretion.

- B.11. **Costs incurred for Proposal preparation.** ERS will not pay any costs incurred by the Carrier prior to execution of a Contract. Issuance of this RFP in no way obligates ERS to award a Contract or to pay any costs incurred by the Carrier in the preparation of an offer or Proposal.
- ERS specifically reserves the right to vary all provisions set forth at any time prior to execution of a Contract where ERS deems it to be in the best interests of ERS, the GBP, its Participants and the state of Texas. Furthermore, the selected Carrier agrees to act in good faith and to cooperate with ERS in the execution of any document necessary to effect a change to the RFP or Contract, following execution of the Contract by ERS, if ERS deems it to be in the best interests of ERS, the GBP, its Participants and the state of Texas.
- B.12. **Prohibited Interest.** Except as a Participant in the GBP, a member, Board member, or employee of ERS may not have a direct interest in the gains or profits of any Contract executed by ERS pursuant to this RFP, and may not receive any payment or emolument for any service performed for the Carrier.
- B.12.a. In the case where a Board member or employee of ERS receives any payment from the Carrier for any services performed for the Carrier or for any gains or profits from any Contract executed by ERS pursuant to this RFP, ERS may terminate its relationship with the Carrier immediately, and ERS reserves the right to seek any legal, equitable or contractual relief to which it may be entitled. Under such circumstances, the Carrier shall complete any outstanding transactions with ERS as soon as possible. In its discretion, ERS may choose not to consider any future Proposals from the Carrier.
- B.12.b. By submitting its Proposal, the Carrier warrants and represents that it does not have, nor shall it permit, any actual or perceived conflicts of interest that would impair its ability to perform the services required by the Contract in the best interests of ERS, the GBP, its Participants and the state of Texas. The Contract shall have additional requirements in this regard.
- B.13. **HIPAA.** As a business associate of ERS, the Carrier shall comply with all privacy protections as provided in Tex. Health & Safety Code Ann. Chapter 181 (Vernon 2010) and in the "Privacy Rule" adopted pursuant to the federal Health Insurance Portability and Accountability Act of 1996 [Pub. L. No. 104-191], amended by the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the implementing regulations issued and amended by the U.S. Department of Health and Human Services Secretary (45 C.F.R. Parts 160 and 164) (hereinafter referred to as "HIPAA").
- B.14. **Information and Data Security.** The Carrier shall comply with the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code ("TBCC") and information security standards as outlined in Title 1, Texas Administrative Code §202. Further, the Carrier shall comply with the requirements for handling and use of personal information as more fully outlined in Appendix D, *Data Security and Breach Notification*. The execution of the Data Security and Breach Notification will be required prior to final execution of a Contract.
- B.14.a. The Carrier shall utilize proven methods of ensuring the control and security of Participant and GBP information.
- B.15. **Business Associate Agreement.** The Carrier is hereby notified that the execution of the Business Associate Agreement ("BAA") attached as Appendix C is a preferred submission requirement of this RFP. It includes additional duties and obligations the Carrier is required to provide or perform. ERS prefers that the BAA be signed and returned without amendments or revisions with the Proposal submission. However, if a Carrier in good faith determines that it does not agree with any of the provisions of the BAA in the form attached as Appendix C, the Carrier may elect not to return an executed BAA with its Proposal, and but must submit deviations to the BAA's terms, which must be provided in accordance with Section XIII.A.14 of this RFP. Any such deviations will be considered by ERS; however, ERS will not be obligated to accept or agree to any such deviations, and ERS may determine in its sole discretion not to proceed with further negotiations with a Carrier based upon such deviations. To prevent any misunderstanding, while the Carrier's Proposal may be evaluated

if returned with deviations, such deviations may themselves form a basis for ERS to conclude that the Carrier's Proposal will not be considered further beyond its initial evaluation. Any Carrier submitting a signed BAA with its Proposal shall have the BAA executed, in *blue ink*, by the duly authorized officer of the Carrier as reflected in Sections I.B.8 and XII.A.9.

- B.15.a. ERS reserves the right to reject any Proposal if the BAA is revised or returned unsigned, and ERS further retains the right to modify the BAA terms and to add additional terms at its discretion. Upon approval of the Proposal, notification to the Carrier of its selection by the Board and any clarifications to be required in the Proposal, and upon execution of the BAA by ERS, it is ERS' intent that the written BAA shall be in force.
- B.16. **Contractual Agreement.** The Carrier is hereby notified that the execution of the Contractual Agreement ("Contract") attached as Appendix B and/or B.1., is a preferred submission requirement of this RFP. ERS prefers that the Contract be signed and returned without amendments or revisions with the Proposal submission. However, if a Carrier in good faith determines that it does not agree with any of the provisions of the Contract in the form attached as Appendix B and/or B.1., the Carrier may elect not to return an executed Contract with its Proposal, but must instead submit deviations to the Contract's terms, which must be provided in accordance with Section XIII.A.14.a. of this RFP. Any such deviations will be considered by ERS; however, ERS will not be obligated to accept or agree to any such deviations, and ERS may determine in its sole discretion not to proceed with further negotiations with a Carrier based upon such deviations. To prevent any misunderstanding, while the Carrier's Proposal may be evaluated if returned with deviations, such deviations may themselves form a basis for ERS to conclude that the Carrier's Proposal will not be considered further beyond its initial evaluation. Any Carrier submitting a signed Contract with its Proposal shall have the Contract executed, in *blue ink*, by the duly authorized officer of the Carrier as reflected in Sections I.B.8 and XII.A.9.
- B.16.a. ERS reserves the right to reject any Proposal if the Contractual Agreement is revised or returned unsigned, and ERS further retains the right to modify the Contractual Agreement terms and to add additional terms at its discretion. Upon approval of the Proposal, notification to the Carrier of its selection by the Board and any clarifications to be required in the Proposal, and upon execution of the Contractual Agreement by ERS, it is ERS' intent that the written Contract shall be in force.
- B.17. **Contract Term and Chronology of Responsibility.** The Contract and all its aspects shall be for an initial term beginning after the Board has accepted the Carrier's Proposal and has notified the Carrier of its selection and immediately upon the execution of the Contract by ERS, and extending through the 31st day of August 2016, unless terminated, renewed or extended.
- B.17.a. The Carrier products and services to be provided under the Contract's initial term shall occur between January 1, 2012 and August 31, 2016. ERS and the Carrier also agree and acknowledge that there are duties and obligations specified by the Contractual Agreement to be performed prior to January 1, 2012 and following August 31, 2016, and the parties each agree to perform all such duties and obligations, and all damage provisions including performance guarantees included herein and in the Contractual Agreement shall thereby be in effect. Such prerequisites, duties and obligations include, but are not limited to, the following:
- Selection by the Board of Trustees is anticipated at the August 2011 meeting.
  - Execution of the Contractual Agreement by ERS' Executive Director after all clarifications have been agreed to and accepted or rejected by ERS.
  - The Contract includes the RFP, the Contractual Agreement including all exhibits, and any other information, duties or obligations the Carrier may be required to provide or perform thereto as accepted by ERS and that does not conflict with terms of the Contractual Agreement executed by the parties, and the Carrier's Proposal. The Contract includes important requirements that may not be expressly referenced in this RFP.
  - Any and all activities required by the Carrier to effectively implement the requirements of this Contract.
  - The Carrier shall coordinate and work cooperatively with other GBP Vendors as applicable.
- B.18. **Termination of Contract.** In the event that the Carrier fails or refuses to perform or it appears that the Carrier is not capable of performing any of its duties or obligations as

provided by the Contract, which includes this RFP, the Carrier's Proposal accepted by ERS and the signed Contractual Agreement, ERS, without limiting any other rights or remedies it may have by law, equity or under Contract, shall have the right to terminate the Contract immediately. The Carrier understands and acknowledges that, notwithstanding any termination of the Contract, certain obligations of the Carrier shall survive the termination of the Contract. The Contract expands upon this provision.

- B.19. **Liquidated Damages.** The Carrier acknowledges that it is impossible or impractical to estimate certain damages with any degree of certainty. Therefore, the Carrier understands and acknowledges that the Contract includes a liquidated damages provision that is in addition to any other remedies that ERS may have in the event the Carrier fails or refuses to perform, or it appears that the Carrier is not capable of performing, any obligation it may have in connection with the Contract to the satisfaction of ERS. The Contract has additional requirements in this regard.
- B.20. **Contract Implementation.** To ensure the successful implementation and delivery of the Carrier's benefits, coverages and services to the GBP and its Participants, the Carrier shall complete the proposed dollar value at risk by the Carrier in Article VIII, *Proposal Response – Information and Format*.
- B.20.a. **Implementation Period.** Following selection of a Carrier(s) by the Board and upon ERS' execution of the Contract, the Carrier shall immediately staff an implementation team and name an implementation manager. The names, positions and qualifications of the implementation team shall be communicated to ERS no less than fifteen (15) business days from the award of the Contract. The period of time beginning with the selection of the Carrier by the Board and upon ERS' execution of this Contract to the point at which the Carrier assumes full responsibility for the duties specified hereunder, such date being no later than December 1, 2011, shall be known as the "Implementation Period."

During the Implementation Period, the Carrier warrants and represents the following:

- It shall maintain appropriate, sufficient and qualified staff, technical capabilities and resources that are fully devoted to the Life and/or Disability Plans Implementation. ERS reserves the right to require the Carrier to add additional staff or to remove staff from the Implementation Team;
- It shall not permit any current or prospective business, projects or other matters to interfere in any manner with the smooth and timely implementation of the Life and/or Disability Plans;
- The Carrier understands and agrees that time is of the essence in the performance of this Contract and in the implementation of the Life and/or Disability Plans;
- The Carrier acknowledges and agrees that the GBP, its Participants and ERS shall suffer irreparable harm if the Life and/or Disability Plans are not fully and completely implemented on or before January 1, 2012;
- To the extent the Liquidated Damages and/or Performance Guarantee provisions of the Contract require prior notice, the Carrier hereby waives such prior notice during the Implementation Period;
- ERS may immediately assess against the Carrier the agreed upon Liquidated Damages, and/or *Performance Guarantees* as referenced in Appendix G to this RFP, or implementation of other legal remedies available to ERS in the Contract, without prior notice, in the event the Carrier fails, refuses or if it reasonably appears that it will fail or refuse to complete or perform or will not be capable of completing or performing any aspect of the Contract in connection with the timely and smooth implementation of the Life and/or Disability Plans; and
- All communication materials dealing with the implementation, including Participant communication materials, call center staff training materials, Interactive Voice System ("IVR"), and website design are subject to ERS' review and approval before Implementation.

- B.21. **Finalist Interview.** Following ERS' initial review of the RFP Proposals, if the Carrier is selected as a finalist in the Carrier selection process, ERS may request that personnel from the Carrier, at the Carrier's expense, attend a meeting at an ERS-designated location to clarify the Carrier's Proposal and to answer questions regarding the Carrier's Proposal. If ERS deems necessary, a site visit to the Carrier may be conducted during the RFP review period at ERS' expense.

- B.21.a. If the Carrier is selected as a finalist and has been requested to participate in a Finalist face-to-face or teleconference interview session, the Carrier shall prepare and present a Proposed Implementation Plan that will ensure the successful Implementation and delivery of the Carrier's benefits, coverages and services to the GBP and its Participants. The Implementation Plan shall include the following:
- A detailed Project Plan that will define the manner in which the Implementation project will be managed and guided. The Project Plan will clearly define all actions, activities and objectives that will be coordinated and the owners of said action and activities.
  - A detailed description of all activities the Carrier expects ERS to perform related to the Implementation Plan.
  - A project schedule that defines the series of tasks, meetings and associated dates for the proposed Implementation project to include the timeline with start and end dates for tasks to be completed over the life of the project.
    - Schedules of meetings between the Carrier and ERS to facilitate the transition.
    - Schedules of meetings between other contracted Vendor(s) and ERS to facilitate transition.
  - A Sample Go-Live Contingency Plan as described in Section I.B.21.b. below.
  - A list of sample reports relevant to RFP reporting – specific GBP reports will be determined following Contract award.

ERS recognizes that the Carrier will have updates and/or amendments to the Implementation Plan to reflect mutually agreed-upon changes as additional work is defined throughout the Implementation Period.

- B.21.b. **Sample Go-Live Contingency Plan.** This document captures the priorities and major milestones of activities that shall occur in order to ensure a successful go-live date on January 1, 2012. In addition to reflecting the steps that shall occur along with their corresponding "drop dead dates," the document outlines the steps that should be taken to avoid and resolve any disruptions or loss of service. This document also identifies the individuals from each functional area and the escalation path of contact. See Appendix M.

- B.22. **Public Information Act.** As reflected in greater detail in Sections I.B.23. – I.B.23.d. below, ERS is required to provide access to certain records in accordance with the provisions of Chapter 552, Tex. Gov't Code, the Texas Public Information Act ("PIA"), formerly known as the Open Records Act.

- B.22.a. During the evaluation process, ERS shall make reasonable efforts as allowed by law to maintain Proposals in confidence, and shall release Proposals only to personnel involved with the evaluation of the Proposals and implementation of the Contract unless otherwise required by law.

- B.22.b. However, ERS cannot prevent the disclosure of public documents and may be required by law to release documents that the Carrier considers to be confidential and proprietary. By execution of the Signature Pages, as further referenced in Sections I.B.8. above, the Carrier warrants and represents that all information that the Carrier in good faith considers to be properly excepted from disclosure under the PIA will be clearly labeled as confidential by the Carrier upon submission to ERS. The Carrier's signature further reflects that all documents submitted by the Carrier that are not marked "confidential" shall be considered to be public information. All public information in response to this RFP may be fully disclosed by ERS without liability and without prior notice to or consent of the Carrier or any of the Carrier's subcontractors or agents.

- B.23. **Disclosure of Information.** In order to protect and prevent inadvertent access to confidential information submitted in support of its Proposal in accordance with the PIA as reflected in Sections I.B.22. - I.B.22.b. above, the Carrier is required to supply in good faith and with legally sufficient justification, a separate schedule of all pages considered by the Carrier to contain any confidential and/or proprietary information. The Carrier shall supply its confidential and/or proprietary information to ERS each time it submits information to ERS, whether in its initial Proposal or in any supplemental information submitted to ERS. The Carrier shall submit its confidential and proprietary information in accordance with the instructions given in Sections I.B.24. – I.B.24.a. below of this RFP.

- B.23.a. By submitting a Proposal, the Carrier acknowledges and agrees that ERS shall have no liability to the Carrier or to any other person or entity for disclosing information in accordance

with the PIA. Furthermore, ERS shall have no obligation or duty to advocate the confidentiality of the Carrier's material to the Texas Attorney General, to a court, or to any other person or entity.

- B.23.b. The Carrier further understands and agrees that, upon ERS' receipt of a PIA request for the Carrier's information, the only information that ERS shall treat as the Carrier's confidential and proprietary information in accordance with the PIA shall be the documents the Carrier identifies as required above.
- B.23.c. It is the Carrier's sole obligation to advocate in good faith and with legally sufficient justification the confidential or proprietary nature of any information it provides to ERS. The Carrier acknowledges and understands that the Texas Attorney General may nonetheless determine that all or part of the claimed confidential or proprietary information shall be publicly disclosed.
- B.23.d. In addition, the Carrier specifically agrees that ERS may release the Carrier's information, including alleged confidential or proprietary information, upon request from individual members, agencies or committees of the Texas Legislature where needed for legislative purposes, as provided for in the PIA, or to any other person or entity as otherwise required by law.
- B.24. **Confidential and/or Proprietary Schedule – Public Information Submission.** In order to protect and prevent inadvertent access to confidential and/or proprietary information submitted in support of its Proposal, each Carrier submitting a Proposal to this RFP is required to supply two (2) sets of CD-ROMs containing full and complete copies of all information that the Carrier in good faith, and with sufficient legal justification, considers to: (Set One) contain any confidential and/or proprietary information; and (Set Two) contain all public material, a total of four (4) CD-ROMs to be received upon initial submission. The Carrier shall supply this information in this manner to ERS each time it submits information to ERS, whether in its initial Proposal or in any supplemental information submitted to ERS. Otherwise ERS will presume that all information submitted by the Carrier that does not comply with this directive is public information subject to disclosure. The documents reflected on the CD-ROMs shall correlate in order and by title to those reflected on the separate schedule required in Section I.B.23. above.
- B.24.a. Upon ERS' receipt of a PIA request, ERS will provide the requestor the information provided on the Carrier's public CD-ROM(s) (Set Two) under the applicable provisions above. If the Carrier fails to submit its confidential and/or proprietary information as outlined herein, ERS shall consider Carrier's information to be public, and it will, therefore, be released without notification to the Carrier upon receipt of a PIA request.
- B.25. **Historically Underutilized Businesses (“HUB”).** ERS makes a good faith effort to assist HUBs in receiving agency contract awards. As appropriate, the Carrier shall provide the following information in the submitted Proposal materials:
- a. If Respondent is certified as a Texas HUB, please provide the TBPC VID/Certification Number.
  - b. If an engagement is awarded and the Carrier plans to engage a subcontractor for all or any of the Contract services, the Carrier shall identify all proposed HUB subcontractors. The required forms with video instructions can be found at the following website:  
  
<http://www.window.state.tx.us/procurement/prog/hub/hub-forms/>
- B.26. **Subcontractors.** Any planned or proposed use of subcontractors by the Carrier related to the management of or access to GBP Participant data shall be clearly disclosed and documented in the Carrier's Proposal and shall not be accepted until agreed to in writing prior to bid award by ERS. The Carrier shall be completely responsible for all services performed and for fulfillment of its obligations under the Contract, even if such services are delegated to a subcontractor.

The Carrier agrees that any and all subcontracts entered into by the Carrier for the purpose of meeting the requirements of the Contract are the responsibility of the Carrier. ERS will hold the Carrier responsible for assuring that subcontractors meet all of the requirements of

the Contract and all amendments thereto. The Carrier shall provide complete information regarding each subcontractor used by the Carrier to meet the requirements of the Contract.

- B.26.a. The Carrier shall agree to accept the following administrative requirements:
- A qualified Carrier will be required to sign an ERS Contract;
  - The Carrier shall be solely responsible for all subcontracted activities in support of the benefits and services outlined in any executed agreement with ERS;
  - Any subcontractor utilized to provide the benefits and services as described herein and in support of any subsequent Contract, shall be located within the United States for the duration of the contracted term; and
  - If a Carrier subcontracts any part of the outlined benefits and services, the subcontractor(s) are subject to review and acceptance by ERS throughout any contracted term.
- B.27. **The Employee Retirement Income Security Act of 1974 (“ERISA”).** As a state government plan, the GBP is not subject to ERISA; however, the Carrier shall assume the same fiduciary responsibilities that apply to ERISA plan administrators for all claims processing and payments, adjudication and appeals.
- B.28. **Board Rules.** The Board has sole rulemaking authority in connection with the GBP pursuant to Chapter 1551, TIC. In the event of a conflict of laws or regulations, then ERS’ interpretation of the applicability and controlling status of the law or rules shall control. The Board Rules are located at Title 34, Part IV, Tex. Admin. Code. The Board Rules, including any amendments, are a part of any Contract executed in accordance with this RFP process for all purposes as if they were contained verbatim therein. The Carrier agrees to comply with all such Board Rules, and all applicable federal and Texas laws and regulations.
- B.28.a. The determination of the amount of benefits to which any Participant is entitled shall initially rest with the Carrier. However, the final determination of the extent of the benefit to which any Participant is entitled shall be made solely and exclusively by the Trustees in accordance with Article 1551.357, TIC, as amended.
- B.29. **No Solicitation.** An approved Carrier shall not use, or otherwise disseminate, copy, or make available to any person or entity, lists of GBP Participants or employees, or any other Participant data to solicit any other insurance coverage, annuity products, or any other services or products, unless specifically approved in writing by ERS’ authorized representatives. This requirement shall survive the termination of the Contract. The Contract has additional requirements in this regard.
- B.30. **IRS Withholding.** The parties acknowledge that effective December 31, 2012 or as otherwise required by law, Internal Revenue Code subsection 3402(t) requires ERS to withhold three percent (3%) income tax withholding on all payments to persons or entities that have provided goods or services to the state government or ERS. Both parties agree to cooperate in satisfying the income tax withholding requirements of federal tax law. The Carrier agrees that it shall also withhold and pay to the U.S. Treasury any and all such applicable sums from any Provider, subcontractor, Agent or any other person or entity providing any Services, coverages, benefits, Equipment, supplies, products and other Services in connection with the performance of the Contract.

## C. General Specifications

- C.1. Changes Required by Statute, Regulation, Court Orders, or Program Funding: ERS acknowledges that certain factors may change conditions with regard to the Carrier’s benefits and administration. Some factors that may affect the Carrier include, but are not limited to:
- Changes in federal and state statutes, regulations, and new court decisions and administrative rulings;
  - Changes in anticipated funding by the Texas Legislature; and
  - Changes in the GBP.

The Carrier agrees to make a good faith effort to comply with any additional responsibilities or changes to the GBP imposed as a result of the above factors, and other similar factors that may arise, requiring plan design changes and/or an increase or decrease of the Carrier’s premiums/administrative fees to cooperate with ERS to effect any such changes and to

execute any agreements that may be required as a result. However, should a mandated change materially affect the Carrier's obligations under the Contract, ERS reserves the right to negotiate with the Carrier regarding any administrative fees increase (or decrease) that may be appropriate under the circumstances, as provided in the Contract.

C.2. **Alternative Benefit Design or Financial Arrangements**

C.2.a. ERS will evaluate Proposals based on the current benefit design and financial arrangement. However, ERS reserves the right to revise the benefits and/or financial arrangements should that become necessary due to legislative, budgetary, or other factors. The purpose of this RFP and the subsequent review process is to select the Carrier that ERS considers to be most qualified to provide the most effective, efficient and high-quality services, supplies and products to the GBP, its Participants, ERS, and the state of Texas. ERS views the relationship with the Carrier as a cooperative one, and nothing contained in this RFP, nor any action taken in the review and approval process, shall prevent ERS from continuing negotiations with the selected Carrier after the selection is made.

C.2.b. The Carrier agrees to act in good faith in connection with all such negotiations and in performing all of its services, duties, and provisions of coverage related to the GBP.

C.3. The Carrier shall maintain fidelity and liability insurance coverage throughout the term of the Contract, and any extension, amendment, or renewal thereof. Evidence that such coverage (declaration page of policy) is being maintained throughout the term of the Contract shall be submitted to ERS no later than fifteen (15) business days following the effective date and each subsequent anniversary date of such policy.

C.4. **Materials.** A copy of all materials to be used by the Carrier in administering the GBP benefits shall be provided as requested in Article IX, *Communication Requirements*. The Carrier is required to submit proposed marketing and other informational materials in ERS' required format according to deadlines to be set by ERS, including, but not limited to, the Master Benefit Plan Document ("MBPD") for the Disability Income Benefits Plans and the Evidence of Coverage ("EOC") for Group Term Life Insurance and as referenced in Appendices O and P, Benefits Books as referenced in Appendices E and F, along with any supplemental information and marketing materials, this also includes, but is not limited to, all scripts to be used by the Carrier customer service representatives. The cost for preparation of these materials for the term of the Contract must be included in the administrative fee and premium rates quoted by the Carrier. ERS shall retain the right to review and approve all such documents before distribution.

C.5. **Service-Oriented Architecture.** ERS is moving toward a service-oriented architecture ("SOA"), which will combine a number of technologies to provide comprehensive and cost-effective technical solutions that will integrate our front-end information (website) and processes (ERS OnLine) with our back-end information systems. SOA deployment at ERS will be incremental and scaled as business processes, opportunities, and capabilities require. An example of such technology would include ERS' ability to extract XML-tagged content from a GBP Vendor website through the use of "data feeds." Throughout ERS' SOA evolutionary processes, the Carrier shall provide compliant information in a timely manner and afford all necessary technological support as required by ERS' staff and consultants.

C.6. **Enrollment and Coverage.** ERS is responsible for determining the eligibility of its Participants in the GBP and for reporting eligibility to the approved Carrier. ERS provides a 100% weekly enrollment file via **secure file transfer protocol ("SFTP")** within a site-to-site VPN tunnel and the file shall be encrypted with ERS' public key (PGP). GBP Participants and new hires utilize ERS OnLine through ERS' website ([www.ers.state.tx.us](http://www.ers.state.tx.us)), which allows Participants to enroll in or change their coverages, contingent upon eligibility criteria such as experiencing a qualifying life event ("QLE") or being within their initial period of eligibility, during the Annual Enrollment ("AE") period (generally held in July of each plan year) and throughout the plan year. On-going enrollment throughout the plan year is handled via a paper enrollment form, an Employee Multi-Purpose Form or Retiree Insurance Enrollment Form. These forms are also used in enrolling, changing, or terminating individual employees who do not have access to a computer during AE and at other times of the year. The Carrier does not receive a copy of the form, but does have electronic access to the enrollment records.

- C.7. **Claims Payments.** The Carrier pays all claims based on the data provided by ERS.
- C.8. **Administrative Audit.** As plan administrator for the GBP, ERS may access, request, and audit appropriate Carrier documents and Participant records as required for purposes of administering the Plan.
- C.9. **Annual Audit of the Carrier.** Pursuant to Chapter 1551 of the TIC, ERS shall commission an annual audit of the Carrier's claims administration by an independent auditor to determine the adequacy of timeliness, and accuracy of the Carrier's procedures and performance for the prior plan year. ERS will determine the scope of the audit, and the Carrier shall be prepared to fully support the activities of and in good faith cooperate with the auditor. In addition, if ERS or any of its duly authorized representatives or designees request records, data, information, report analysis rebuttals, etc. of the Carrier, timely release of all information requested shall be required by the Carrier.

The Carrier's support shall include maintaining readily available data that is accessible electronically as well as through hard copy. Neither ERS nor the Auditor shall reimburse or indemnify the Carrier for any cost incurred or any claim that may arise in connection with or relating to these audits.

In addition, ERS or any of its duly authorized representatives or designees shall, during the term of the Contract and until the expiration of seven (7) years after the final payment is made under the Contract, have access to and the right to examine any and all pertinent books, documents, papers and records involving transactions relating to the Contract. In the event there arises any claim, dispute or litigation concerning the Contract, the period of access and examination described above shall continue until the disposition of such claim, dispute, or litigation is final. The Contract has additional requirements regarding audits.

- C.10. **Employee Identification Number.** Current employee, retiree, and dependent (collectively referred to as Participants) enrollment reporting is based on their (Participant's) unique employee identification number ("ID"). Texas law mandates the removal of Social Security Numbers from ID cards.

The Carrier's system shall have the capability to manage an eleven (11) digit number in its reporting system. The Carrier shall be capable of identifying Participants based on the enrollment information submitted by ERS.

- C.11. **ERS Actuary.** ERS retains a consulting actuary, Rudd & Wisdom, Inc., to advise the ERS Board of Trustees, ERS staff and management on insurance and other financial matters related to the GBP. The consulting actuary also assists and advises the ERS Board on benefit plan designs, application reviews, rating analysis, and certain audit related activities as described herein.

- C.12. **Carrier Personnel Changes.** The experience and professional qualifications of the Carrier project personnel are critical elements to the awarding of the project; therefore, substitutions of or other changes in assigned personnel shall require the prior approval of ERS' Executive Director. In any event, ERS may, at any time, request the removal or reassignment of the Carrier's staff, or the staff of any subcontractor, in connection with the Carrier's performance under this Contract.

- C.13. **Fiscal/Plan Year.** The Fiscal/Plan Year ("FY"/"PY") begins each September 1st, and ends the following August 31st. GBP fiscal year shall be determinative for all Contract reporting requirements. For purposes of this RFP, the initial Contract period shall begin on January 1, 2012 and end on August 31, 2016.

- C.14. **Online Access.** The Carrier shall provide to ERS and its designated representatives online access to any information reasonably related to the GBP, its Participants, and the services, coverages, benefits, supplies and products specified hereunder. Such online access, at a minimum, must give ERS the ability to view, download and print such information. Thus, any information regarding the services, coverage, benefits, supplies or products that the Carrier is required to perform, deliver or provide in connection with the GBP shall be fully accessible and available to ERS via online access.

C.15. **Definitions.** A list of definitions applicable to certain terms used in this RFP is referenced in Appendix I, *Glossary of Definitions*.

## II. Proposal Evaluation Criteria

### A. General Evaluation Information

A.1. **Introduction.** Proposals submitted in response to this RFP shall be evaluated on the basis of the criteria listed below. The criteria are not listed in order of importance. While the criteria provides the basis for an objective evaluation of each Proposal, the experience and judgment of ERS' staff, Board and their advisors shall also be important in the selection process. The criteria include the Carrier's response to all items reflected in its Proposal, and any clarifications. The criteria include:

- Compliance with, and adherence to, the RFP and Contractual Agreement;
- Minimum requirements and preferred criteria as reflected below;
- Experience in underwriting and administering Group Term Life Insurance and Group Disability Income coverages for large group programs;
- Administrative capability;
- Proposed Premium/Administrative Fees;
- Financial strength and stability;
- Legal disclosure requirements;
- Technological capabilities;
- Operating requirements;
- References;
- Site Visits; and
- Other factors, as determined during the evaluation review process.

A.2. ERS reserves the right to reject any and/or all Proposals and/or call for new Proposals if ERS deems it to be in the best interests of ERS, the GBP, its Participants and the state of Texas.

A.2.a. The selected Carrier shall adhere to these requirements upon Contract award and throughout the term of the Contract and any renewals or extensions thereof. ERS also reserves the right to reject any Proposal submitted that does not fully comply with the RFP's instructions and criteria. ERS is under no legal requirement to execute a Contract on the basis of this notice or upon issuance of the RFP or receipt of a Proposal.

A.2.b. Proposed deviations to the minimum requirements identified below shall not be considered, and submission of such may disqualify the Carrier's Proposal package. Failure to satisfy the mandatory minimum requirements may result in elimination from the evaluation process.

### B. Minimum Requirements

Those wishing to respond to the RFP shall demonstrate their competence to perform the services required by ERS, and shall evidence the ability to satisfy each of the following minimum requirements by specifically identifying supporting documentation contained in the Carrier's response.

B.1. The Carrier shall maintain its principal place of business and provide all products and/or services including, but not limited to: call center, billing, eligibility, claims processing and programming, etc. within the United States of America and shall have a valid Certificate of Authority and a third-party administrative license to do business in Texas as a Carrier from TDI and is in good standing with all agencies of the state of Texas, including TDI.

B.2. The Carrier shall have been providing coverage, administrative services, and claim processing, to group benefit plans, at least one of which will have an enrollment of 10,000 covered employees working in multiple locations.

B.3. The Carrier shall have a current net worth of \$50 million as evidenced by a 2010 audited financial statement and have been doing business in Texas for three (3) years.

B.4. Life Carrier shall have a minimum capital and surplus in the amount of \$100 million and have been doing business in Texas for five (5) years as evidenced by a 2010 audited financial statement.

B.5. Disability Carrier shall have a minimum capital and surplus in the amount of \$50 million and have been doing business in Texas for five (5) years as evidenced by a 2010 audited financial statement.

B.6. The Carrier shall have the capability to provide all reports and supporting documentation electronically and in CD-ROM format.

**C. Preferred Criteria**

Those wishing to respond to the RFP shall demonstrate their competence to perform the services required by ERS, and shall evidence the ability to satisfy (or not), each of the following preferred requirements by specifically identifying supporting documentation contained in the Carrier's response.

C.1. The Carrier shall have experience working with and/or extensive knowledge of applicable Texas laws and federal regulations affecting the GBP.

C.2. The Carrier shall have experience working with and/or extensive knowledge of public or governmental benefit plans that are not subject to ERISA.

# III. Financial Requirements and Structure

## A. Contractual Basis

The coverages described herein are to be provided under the following contractual basis:

- A.1. **Group Term Life Insurance.** The Group Term Life Insurance coverages (Basic and Optional) described herein are to be provided under a fully insured contract. The Contract is to be financed under a minimum premium arrangement, as described in Section F. The Contract is to be fully experience rated and subject to a retention agreement under which retention for Carrier expenses, risk charges and profit will be limited to contractual amounts. Each Group Term Life Insurance plan is to be realistically rated, but all such plans will be combined in the determination of surplus and deficits.
- A.2. **AD&D.** Both AD&D and Voluntary AD&D coverages are to be provided on a fully insured basis. The liability of ERS, the State and its employees will be limited to the premiums paid under the Contract in accordance with the rates proposed by Carrier and adopted by ERS. ERS, the State and its employees will have no contingent or retroactive liability. The Carrier will have full liability for all claims. The coverages are to be nonparticipating with all surplus and/or deficits accruing to Carrier.
- A.3. **Disability.** The disability coverages (Short and Long Term) described herein are to be provided on a self-funded basis. The administrative contract to be issued in accordance with specifications for these coverages will involve no insurance or reinsurance. The contract will be for administrative services only.

## B. Group Term Life Insurance Premium

The proposed monthly premiums for all Group Term Life Insurance coverages are to be broken into two (2) components:

- B.1. **Claims.** This portion of the premium will be held by ERS for reimbursement for the payment of claims, conversion charges and accumulation of reserves. It should be sufficient to meet all liabilities incurred during the period of the Contract. Any insufficiency will be the responsibility of Carrier. Any deficit existing upon termination of the Contract shall not be recoverable by the Carrier.
- B.2. **Retention.** This portion of the premium will be paid to the Carrier to provide for the Carrier expenses, risk charges and profit margins. It should be adequate to cover all expenses incurred during the period of the Contract and during any runoff period following termination of the Contract:
  - B.2.a. Communication;
  - B.2.b. Claim processing and adjudication;
  - B.2.c. General administration;
  - B.2.d. Underwriting of individual applications for coverage;
  - B.2.e. Actuarial, legal and other technical assistance; and
  - B.2.f. Reporting.

Article 1551.012, TIC, exempts the GBP from taxes on premiums. The retention portion of the premium should not include any provision for premium taxes.

## C. Disability Administrative Fees

The disability administrative fees will cover the Carrier's full cost of administration, including the following Standard Services:

- Communication;
- Claim processing and adjudication;
- General administration;
- Underwriting of individual applications for coverage;
- Actuarial, legal and other technical assistance; and
- Reporting.

## D. Employee/Retiree Contribution Requirements

For the coverages described herein, ERS will establish contribution rates using a rate structure similar to that currently in effect and described in these specifications. The contribution rates will be established based on the advice of the ERS consulting actuary with assistance from Carrier and will be adequate to provide for anticipated benefits, reserves, premiums, retention and/or administrative expenses, as appropriate for each of the coverages.

## E. Funding Methodology

Each month, ERS will collect the contributions and hold such contributions in Fund 973 which is designated solely for the payment of expenses incurred under the GBP.

## F. Payment Methodology

F.1. Group Term Life Insurance Retention, Disability Administrative Fees and AD&D Premiums: ERS will remit Group Term Life Insurance retention, Disability administrative fees, and AD&D and Voluntary AD&D premiums to Carrier(s) within forty-five (45) days of the due date of such amounts (i.e., within fifteen (15) days of the end of the month for which such premium is applicable).

F.2. **Reimbursement of Claims.** The Carrier shall process and pay all claims submitted under the plan as described herein and in the Contract. The claims shall be paid by the Carrier through the issuance of drafts or through Electronic Funds Transfer from the Carrier's account prior to reimbursement from ERS. On the first business day of each week, the Carrier shall present a voucher to ERS requesting reimbursement for all payments actually made by the Carrier(s) during the previous week. ERS will use reasonable efforts to process and submit the voucher to the Comptroller of Public Accounts ("CPA") for payment within five (5) business days following receipt of the voucher. It is anticipated that authorization shall be returned to ERS within four (4) business days and, upon receipt by ERS, shall be immediately deposited into the Carrier's account at its designated financial institution via wire transfer. Although the Carrier(s) shall be responsible for maintaining sufficient funds to provide for the costs incurred, the Carrier(s) shall have no risk for the sufficiency or collection of plan contributions. Due to the timing of the claims reimbursements, the Carrier(s) may be required to advance up to three (3) weeks of its own resources for claim payments. It is expected that in the first year of the Contract, three (3) weeks of claim payments will average approximately \$4.0 million dollars for Life and \$1.5 million for Disability.

In the event that the voucher is not presented on the first business day of each week to ERS requesting reimbursement for all payments actually made by the Carrier(s) during the previous week, ERS' Finance division will make reasonable efforts to contact the Carrier by telephone and email to obtain the voucher. ERS then will follow the process described in Section III.F.2. above.

F.2.a. Group Term Life Insurance

F.2.a.i. Carrier will be liable for 100% of the Group Term Life Insurance claims incurred during the period of the Contract.

F.2.a.ii. In no event will any funds be available to the Carrier in excess of the cumulative claims portion of the premium. It will be the responsibility of the Carrier to assure that from inception through the end of any given month during the Contract period the cumulative claims reimbursement to the Carrier shall not exceed the cumulative claims portion of the premiums. Within five (5) working days of the end of each month, the Carrier will provide ERS with a reconciliation confirming that the cumulative claims reimbursement has not exceeded the cumulative claims portion of the premiums.

F.2.a.iii. To the extent that the cumulative monthly claims portion of the premiums is insufficient at the end of any month, the insufficiency will be carried forward on the next week's voucher and will be eligible for reimbursement at that time.

F.2.b. Disability

Although the Carrier will be responsible for maintaining sufficient funds to provide for the cash benefits which become payable under the plans described herein, the Carrier will have no risk for the sufficiency of plan contributions.

## **G. Designated Group Term Life Insurance Funds**

The claims portion of the Group Term Life Insurance premium will be held by ERS and designated solely for the payment of claims incurred during the period of the Contract. These funds will be invested, and the interest earned thereon will be retained by ERS for use, at its discretion, for the benefit of the Participants in the administration of the GBP. The interest earned will not be available to the Carrier for payment of claims or expenses.

The claims portion of the premium is expected to be sufficient to provide for the liability for all claims incurred during the period of the Contract. Except as described in Subsection I, ERS will not utilize the claims portion of the premium during the period of the Contract, without the consent of the Carrier, other than for the reimbursement of claims paid by the Carrier. The excess of the claims portion of the premium over claims paid will be available to provide reserves for liabilities incurred under the Contract.

Reserves established under the Contract will be mutually agreed upon by ERS and the Carrier after good faith negotiation with recognition of actual and projected claims experience, the terms of the Contract and statutory requirements.

## **H. Release of Group Term Life Insurance Surplus**

If the annual experience accounting described in Subsection J indicates that the then remaining balance of the cumulative claims portion of the Group Term Life Insurance premium exceeds required reserves by more than 15% of the projected claims portion of the premium for the then current fiscal year, or, following termination, by more than 20% of the required reserve and such funds have not been committed by ERS for any other purpose in the course of good faith negotiation with the Carrier, such surplus will be available to ERS for use at its discretion for the benefit of Participants in the GBP, Subsection G notwithstanding.

Once such surplus has been released, the Carrier will have no further rights to such funds. Until released as described in this subsection, such funds will be available to the Carrier to provide for claims incurred under the Contract.

## **I. Group Term Life Insurance Runoff**

In the event of termination of the Contract, ERS and the Carrier will adhere to the procedure contained in this Article with respect to payment of Group Term Life Insurance claims incurred during the period of the Contract for a twenty-seven (27) month runoff period following the date of termination. At the end of the runoff period, ERS at its option may:

- Pay the Carrier the lesser of: (a) the remaining balance of the cumulative claims portion of the Group Term Life Insurance premium; or (b) the present value of all Extended Insurance Benefits ("EIB") also commonly known as waiver of premium claims which have been approved and are open at the end of the runoff period. Such present value will be established on a mutually agreeable basis determined through good faith negotiation. In return, the Carrier will accept terminal liability for all such claims. In no

event will ERS be liable for any amounts in excess of the remaining balance of the cumulative claims portion of the Group Term Life Insurance premium at the end of the runoff period, or

- Release the Carrier from all future liability with respect to the Contract issued hereunder. Under this option, ERS will retain all remaining funds and pay all remaining claims.

## **J. Annual Experience Accounting**

Within ninety (90) days of the end of each Contract year, the Carrier underwriting and administering the Group Term Life Insurance and AD&D plans will provide ERS with a fully documented accounting of the Group Term Life Insurance and AD&D premiums accrued during the period, the claims incurred for the year, its expenses, allowance for profit, the reserves established for the year and any resulting surplus or deficit. (This accounting is required by the TIC, Article 1551.215). In addition, the Carrier shall provide ERS with such other experience data and accounting information as ERS shall reasonably require.

Any Group Term Life Insurance surplus existing as of the end of a given Contract year and not withdrawn by ERS in accordance with methodology described in Subsection I above will be available to pay claims in a subsequent Contract year. Any deficit existing as of the end of the Contract year will be carried forward for possible recovery from future years' surplus.

Within ninety (90) days of the end of each Contract year, the Carrier administering the Disability Income Benefits Plans will provide the following for each plan:

- Reserve for future payments on approved claims;
- Reserve for pending claims;
- Reserve for accrued but unpaid claims; and
- Reserve for incurred but unreported claims.

The reserve determination will be accompanied with full documentation.

## **K. Determination of Renewal Rates**

The Carrier(s) are required to guarantee all premium rates and/or administrative fees for fifty-six (56) months, January 1, 2012 through August 31, 2016. The renewal rating procedure is to be clearly detailed in the Proposal. ERS reserves the right not to renew the Contract after the initial fifty-six (56) month term. With respect to the Group Term Life Insurance coverage, the Carrier will be required to take into account any known or anticipated surplus in developing renewal rates. The Carrier will not be allowed to include a deficit recovery provision in its renewal rates. Any deficit existing upon the termination of the Contract will not be recoverable.

The Carrier(s) will be required to commit to good faith discussion with ERS prior to December 1, 2015, regarding renewal rates and administrative fees. If a written agreement regarding the renewal rates/fees for the period September 1, 2016 through August 31, 2019, is not reached by March 31, 2016, ERS may proceed to submit the program for competitive bidding.

## **L. Runoff of Disability Claims Incurred Prior to January 1, 2012**

The selected Carrier(s) may be requested to provide complete claims administration services for claims incurred prior to January 1, 2012. These services would be applicable to three (3) categories of claims:

- Claims in payment status as of January 1, 2012;
- Claims received prior to but still pending on January 1, 2012; and
- Claims incurred prior to January 1, 2012, but submitted on or after January 1, 2012.

A Carrier submitting a Proposal hereunder will be required to agree to provide claims administration services in connection with such claims in return for a fee proposed in accordance with Article VIII. The decision to utilize such services will be left solely to the discretion of ERS.

**M. Other Requirements**

The Carrier(s) shall provide ERS with such experience data and accounting information as ERS shall reasonably require.

## IV. Group Term Life Insurance with Accidental Death and Dismemberment

Group Term Life Insurance is fully insured under a minimum premium arrangement, while AD&D is fully insured under a nonparticipating arrangement. Choices include Basic Group Term Life Insurance with AD&D, Optional Group Term Life with AD&D, Dependent Group Term Life Insurance coverages with AD&D, and employee and employee and family Voluntary AD&D coverages.

After a ninety (90) day waiting period, each active employee who enrolls in a health plan is automatically enrolled in \$5,000 Basic Group Term Life Insurance and \$5,000 Basic AD&D insurance. The cost of such coverage is paid by the State.

Within the first thirty (30) days of employment, employees are eligible to enroll in Optional Group Term Life Insurance, Dependent Life, Voluntary AD&D and Disability Income coverage. Optional Group Term Life Insurance provides from one (1) to four (4) times the employee's annual salary as Election I, II, III, or IV of Optional Group Term Life Insurance and AD&D. Employees must submit Evidence of Insurability ("EOI") if requesting Optional Group Term Life more than thirty (30) days after employment or, at any time, if requesting Elections III or IV or an increase of current in force coverage.

The maximum amount of coverage is the lesser of four (4) times annual salary or \$400,000. The cost of all Group Term Life Insurance and AD&D, and Voluntary AD&D coverages other than Basic Group Term Life Insurance and Basic AD&D is paid by the electing employee. AD&D and Voluntary AD&D insurance coverage terminates at retirement, regardless of age.

Basic, Optional Group Term Life Insurance and Dependent Group Term Life Insurance coverage includes AD&D. AD&D is provided as a part of the coverage paid for with the Optional Group Term Life premium paid by the electing employee.

Each retiree enrolled in a health plan is also eligible to have Basic Group Term Life Insurance in the amount of \$2,500. The cost of such coverage is paid by the State. If Election I or II of Optional Group Term Life is in effect on the date of retirement, the retiree may continue this level of coverage after retirement. If Election III or IV of Optional Group Term Life Insurance is in effect on the date of retirement, the retiree may elect to continue no more than Election II. Election I and II coverages are subject to age-based benefit reduction factors.

Retirees may reduce their Optional Group Term Life Insurance coverage to a lesser amount, but not less than \$10,000 or drop Optional Group Term Life Insurance at any time. However, once it is reduced or canceled, coverage cannot be increased or reinstated. Retiree Optional Group Term Life Insurance does not include AD&D. Retirees pay the full cost of Optional Group Term Life Insurance.

At retirement, any Optional Group Term Life Insurance amount not retained as group coverage may be converted to an individual whole life policy through the Carrier.

Retirees not enrolled in optional Group Term Life Insurance on the date of retirement may be eligible to enroll in Minimum Optional Group Term Life Insurance at the time of retirement, during AE or within thirty (30) days of a QLE. The amount of Minimum Optional Group Term Life Insurance is \$10,000 and EOI is required.

ALB was added for retirees and dependents with Group Term Life Insurance effective January 1, 2000. For a detailed account of the Group Term Life Insurance benefits, see Appendices E and F.

### A. Amounts of Coverage – Active Employees

A.1. Basic Group Term Life Insurance with AD&D coverage.

A.1.a. Each participating active employee who elects health coverage under the GBP is automatically enrolled in \$5,000 Basic Group Term Life Insurance and \$5,000 Basic AD&D coverage.

A.2. Optional Group Term Life Insurance with Basic AD&D coverage

The amount of Optional Group Term Life Insurance coverage is based on the salary of the employee. For purposes of determining the amount of coverage, the salary is rounded to the next higher \$1,000.

A.2.a. Election I

A.2.a.1. Each participating active employee under the age of 70 may purchase Optional Group Term Life Insurance with AD&D coverage in an amount equal to his/her annual salary (rounded to the next highest \$1,000).

A.2.a.2. Each participating active employee age 70 and over may purchase Optional Group Term Life Insurance with AD&D coverage in an amount equal to a reduced percentage of his/her annual salary (rounded to the next highest \$1,000). These reductions comply with 1987 ADEA amendments to federal law. The percentages of annual salary are as follows:

Age 70-74	65%
Age 75-79	40%
Age 80-84	25%
Age 85-89	15%
Age 90 and over	10%

Election I is available without EOI only if elected during the initial enrollment period after employment. Thereafter, EOI is required for enrollment.

A.2.b. Election II

A.2.b.1. Each participating active employee under the age of 70 may purchase Optional Group Term Life Insurance with AD&D coverage in an amount equal to two (2) times his/her annual salary (rounded up to the next highest \$1,000).

A.2.b.2. Each participating active employee age 70 and over may purchase Optional Group Term Life Insurance and AD&D coverage in an amount equal to a reduced percentage of two (2) times his/her annual salary (rounded to the next highest \$1,000). These reductions comply with 1987 ADEA amendments to federal law. The percentages of annual salary are as stated in IV.A.2.a.2. above.

Election II is available without EOI if elected during the initial enrollment period after employment. Thereafter, EOI is required for enrollment.

A.2.c. Election III

A.2.c.1. Each participating active employee under the age of 70 may purchase Optional Group Term Life Insurance and AD&D coverage in an amount equal to three (3) times his/her annual salary (rounded to the next highest \$1,000).

A.2.c.2. Each participating active employee age 70 and over may purchase Optional Group Term Life Insurance and AD&D coverage in an amount equal to a reduced percentage of three (3) times his/her annual salary (rounded to the next highest \$1,000). These reductions comply with 1987 ADEA amendments to federal law. The percentages of annual salary are as stated in IV.A.2.a.2. above.

A.2.c.3. Purchase of Election III always requires EOI.

A.2.d. Election IV

A.2.d.1. Each participating active employee under the age of 70 may purchase Optional Group Term Life Insurance and AD&D coverage in an amount equal to four (4) times his/her annual salary (rounded to the next highest \$1,000).

A.2.d.2. Each participating active employee age 70 and over may purchase Optional Group Term Life Insurance and AD&D coverage in an amount equal to a reduced percentage of four (4) times his/her annual salary (rounded to the next highest \$1,000). These reductions comply with

1987 ADEA amendments to federal law. The percentages of annual salary are as stated in IV.A.2.a.2. above.

- A.2.d.3. Purchase of Election IV always requires EOI.
- A.2.e. The combined amount of Optional Group Term Life Insurance in force on the life of an employee may not exceed \$400,000 with a corresponding amount of AD&D coverage.

## **B. Amounts of Coverage - Retirees**

The dates used in the benefit discussion below are based on the date that the benefit becomes effective rather than the date of retirement.

### **B.1. Basic Group Term Life Insurance**

Each participating retired employee who elects health coverage under the GBP is automatically enrolled in \$2,500 Basic Group Term Life Insurance. AD&D coverage is not available to retired employees.

### **B.2. Optional Group Term Life Insurance**

- B.2.a. All Retirees who retired before September 1, 1985: The amount of Optional Group Term Life Insurance held as a retiree immediately prior to September 1, 1985, less \$2,500 (provided as Basic Group Term Life Insurance).
- B.2.b. All Retirees who retired on or after September 1, 1985, but before September 1, 1989: 50% of the Election I amount held on the date of retirement as an Active Employee under age 70, rounded to the next highest \$1,000; or 100% of the Election I amount held on the date of retirement as an Active Employee age 70 and over, rounded to the next highest \$1,000. Maximum amount when combined with Basic Life will not exceed \$12,500.
- B.2.c. All Retirees who retired on or after September 1, 1989, but before December 31, 1995: 50% of the Election I amount held on the date of retirement as an Active Employee under age 70, rounded to the next highest \$1,000; or the smaller of (1) all of the Election I insurance held on the date of retirement as an Active Employee age 70 and over, rounded to the next highest \$1,000 or (2) 50% of the last September 1 Salary Amount, rounded to the next highest \$1,000. Maximum amount when combined with Basic Life will not exceed \$12,500.
- B.2.d. All Retirees who retired on or after December 31, 1995, but before September 1, 1999: 50% of the Election I amount held on the date of retirement as an Active Employee under age 70, rounded to the next highest \$1,000; or the smaller of: (1) all of the Election I insurance held on the date of retirement as an Active Employee age 70 and over, rounded to the next highest \$1,000 or (2) 50% of the last September 1 Salary Amount, rounded to the next highest \$1,000. Maximum amount when combined with Basic Life will not exceed \$12,500. The amount of coverage under this option is not subject to future age-based reductions.

### **OR**

100% of the Election I amount held on the date of retirement rounded to the next highest \$1,000. The amount of coverage under this Election I will be subject to future age-based reductions (shown in the chart below) on September 1 of each year, rounded to the next highest \$1,000. Age-based reductions cease when the amount of coverage reaches \$10,000.

<u>Age</u>	<u>% of original amount</u>
70-74	65%
75-79	40%
80-84	25%
85-89	15%
90 & over	10%

### **OR**

100% of the Election II amount held on the date of retirement rounded to the next highest \$1,000. The amount of coverage under this Election II will be subject to future age-based reductions (see chart below) on September 1 of each year, rounded to the next highest \$1,000. Age based reductions cease when the amount of coverage reaches \$10,000.

<u>Age</u>	<u>% of original amount</u>
70-74	65%
75-79	40%
80-84	25%
85-89	15%
90 & over	10%

- B.2.e. All Retirees who retired on or after September 1, 1999, are eligible either for Election I or Election II, if held on the date of retirement. Age-based reductions cease when the amount of coverage reaches \$10,000 for those with Election I or II. Retirees with Election I or II may elect \$10,000 Minimum Optional Group Term Life Insurance at retirement (without EOI).
- B.2.f. All Retirees who were not enrolled in Optional Group Term Life Insurance coverage immediately prior to retirement may enroll in Minimum Optional Group Term Life Insurance (\$10,000) at the time of retirement, or during AE or at the time of a QLE. EOI will be required. Age-based reductions do not apply to this benefit.

Any change in Group Term Life Insurance amounts or premiums due to a change in salary or attainment of age during the Plan Year is effective the following September 1 unless the change in salary or birth date occurs on September 1.

## **C. Provisions of Coverage**

The provisions of coverage will remain unchanged from the Group Term Life Insurance currently in effect. Those provisions include any Extended Life Insurance Benefit (“EIB”) also known as, a waiver of premium benefit for active employees, conversion privilege, and order of precedence (as explained in the appropriate documentation reflected in Appendix O).

Basic Group Term Life Insurance is payable at death from any cause while insured. Active and Retiree Optional Group Term Life Insurance are payable at death from any cause except for a loss caused by, or resulting from, intentionally self-inflicted injuries, suicide or any attempted suicide while sane or insane. This exception does not apply to the amount of coverage which has been in force on the life of the employee or retiree for two (2) years.

The time limit for filing claims for Group Term Life Insurance benefits is twenty-four (24) months following the date of the active or retired employee’s death, in accordance with Chapter 1551 TIC, and the Rules of the Board of Trustees.

The ALB was added September 1, 1995, and modified effective January 1, 1998. Different rules and provisions apply to active employees with Basic Group Term Life Insurance versus those with Optional Group Term Life Insurance coverages. The provisions of this component are as follows:

- C.1.a. This provision provides for a one-time only ALB, not to exceed 80% of the total amount of the employee’s Basic and Optional Group Term Life Insurance coverage, to be payable to the employee in one lump sum, provided the employee (or court-appointed legal representative of the employee) completes a form and submits it together with a physician’s statement to Carrier attesting to the employee’s terminal condition (twelve (12) months or less to live).
- C.1.b. The amount of the ALB may not be less than \$5,000 for active employees and \$2,500 for retirees. Other optional coverages held by the employee will not be affected as long as all required premiums are paid when due.
- C.1.c. The cost of administering the ALB will be included in the Carrier’s retention. An administrative charge may not be deducted from the benefit.
- C.1.d. The benefit remaining to be paid upon the death of the employee is the total amount of life insurance minus the ALB paid.

- C.1.e. The premium does not decrease even though he/she has received an ALB. For example, an employee with \$50,000 in life insurance coverage, who receives an accelerated benefit of \$25,000, will continue to pay a premium on \$50,000. The only exception to the above provision is that if an extended benefit is approved, no further premiums are due.
- C.1.f. If the employee has received an ALB and then no longer has a terminal condition and returns to active duty, the full amount of coverage remains in force and premiums must be paid for that amount. No reimbursement of ALB received is required. However, any benefits ultimately paid on the employee's death shall be reduced by the amount the employee received in connection with the ALB.
- C.1.g. If the employee has received an ALB and then no longer has the terminal condition and does not return to active duty, the life insurance coverage terminates. The employee may convert the coverage, but any amounts to be converted will be less the ALB paid.
- C.1.h. This benefit is available to retired employees as of January 1, 2000.
- C.1.i. This benefit is available for persons insured under Dependent Group Term Life Insurance as of January 1, 2000.
- C.1.j. Viatical Settlements are available to employees, retirees and dependents only if they have not received payments under an ALB.

C.2. AD&D coverage

The provisions of coverage will remain unchanged from the AD&D plan currently in effect. Those provisions include order of precedence, payment options and incontestability as explained in the appropriate document reflected in Appendix O. The full scheduled amount is payable for loss of life or loss of two (2) or more members. "Member" means a hand, a foot, or sight of an eye. Half of the scheduled amount is payable for loss of one (1) member.

The AD&D benefit is payable for death or dismemberment due to an Accidental Injury as defined in the supplemental glossary of definitions in Appendix I. The limitations and exclusions relating to the current AD&D plan are listed in the appropriate document reflected in Appendix O.

The time limit for filing claims for AD&D benefits shall be in accordance with the specifications provided by ERS in the EOC.

The details of the provisions of coverage are provided in the Active Benefits Book.

## **D. Eligibility for Coverage**

### D.1. Active Employees

When enrolled in health insurance, active employees are automatically enrolled in Basic Group Term Life Insurance. Optional Group Term Life Insurance Election I and Election II coverages may be purchased during the first thirty (30) days of employment without EOI. Any employee wishing to enroll in Election I or Election II after the first thirty (30) days of employment may enroll only through the EOI process, subject to the approval of the Carrier. Any employee wishing to enroll in Election III or Election IV may enroll only through the EOI process, subject to the approval of the Carrier.

### D.2. Retired Employees

- D.2.a. Retired employees who elect health coverage under the GBP are automatically enrolled in Basic Group Term Life Insurance on the first day of becoming an annuitant. Retiree Optional Group Term Life Insurance may be continued as follows: If Election I is in effect on the date of retirement, the retiree may continue Election I after retirement. If Election II, III, or IV is in effect on the date of retirement, the retiree may elect to continue Election I or Election II or the \$10,000 minimum optional Group Term Life Insurance. If this is done, then Elections I and II are subject to age-based benefit reduction factors shown in the Summary of Benefits. The premiums for this coverage are based on age as of September 1 of each year.

- D.2.b. Retirees, who are not enrolled in Optional Group Term Life at the date of retirement, may be eligible to enroll in Minimum Optional Group Term Life Insurance at the time of retirement, during AE or within thirty (30) days of a QLE. The amount of life insurance is \$10,000 and EOI is required. However, this benefit is not subject to an age-based benefit reduction period.

At retirement, any Optional Group Term Life Insurance amount not retained as group coverage may be converted to any individual whole life policy with the Carrier.

## **E. Premium and Contribution Rates**

- E.1. The current premium and member contribution rates for Group Term Life Insurance and AD&D coverage are included in Appendix Q.
- E.2. State law requires that the contribution rates charged to the members from Election I and Election II coverage be the same for active employees and retirees.

## **F. Complaints**

The Carrier's Participants shall follow ERS' complaint and grievance process. If the Participant is not satisfied with the Carrier's resolution, the Participant may go through the grievance process found in the Rules of ERS, Title 34, Part IV, § 81.9 of the Texas Administrative Code.

## **G. Process for Grievance and Appeals**

1. If a claim for benefits is denied, the Participant must first appeal the denial to the Carrier, the Carrier shall provide the Participant with a written or oral explanation including the specific reasons for the denial.
2. If the Participant does not agree with a claim denial, he may call or write to the Carrier and request that the claim be reviewed. Additional information may be submitted with the request for review.
3. If the claim is again denied, the Carrier shall furnish instructions to the Participant on how to file a grievance with ERS. The grievance must be in writing, signed and postmarked or received by ERS within ninety (90) days of the date of the Carrier's letter to the Participant. After a grievance is filed with ERS, ERS shall notify the Participant of the decision in writing. Certain Participants who do not accept ERS' decision may appeal the decision to the designee of the ERS Board of Trustees provided the decision grants a right of appeal. This appeal must be in writing, signed and postmarked or received by ERS within thirty (30) days of the date the decision is mailed by certified or first class mail.

- G.1. **Grievance and Appeals.** The Carrier's grievance procedure shall be in compliance with all applicable statutes and regulations.

- G.1.a. Section 1551.352 of the TIC provides that the Executive Director of ERS has exclusive authority to determine all questions relating to eligibility or payment of claims arising from programs or coverage provided under the GBP. A decision by ERS under this Article may be appealed, if appeal rights are available, only to the designee of the ERS Board of Trustees. An appeal to the Board's designee is a contested case under Chapter 2001, Tex. Gov't Code, and hearings are currently conducted by referral to the State Office of Administrative Hearings ("SOAH"). SOAH's recommendation in an appeal is submitted to the Board's designee for a final ERS decision. Any further appeal of ERS' decision goes to the state district court in Travis County, Texas, and the standard of review is by "substantial evidence." Appeals of plan design features are not available, and the administrative appeal process under Section 1551.355, TIC, is the exclusive remedy available to a Participant whose claim is denied.

- G.1.b. The Rules of the ERS, Title 34, Part IV, § 81.9 Tex. Admin. Code, describe the Grievance Procedure available to a person participating in the GBP and is attached as Appendix J.

- G.1.c. The Carrier shall provide support for both of these functions. Among these requirements are the Carrier's maintenance of adequate staff to produce grievance rights letters to Participants who request ERS' review of a claim determination, to provide applicable medical and claim/application related opinions and records to ERS, to conduct professional staff reviews of claim determinations and the provision of legal representation to the Carrier in administrative hearings under Chapter 1551, TIC and Chapter 2001, Tex. Gov't Code.

**H. Conversion Privilege.**

Any Participant whose Group Term Life Insurance coverage ceases due to termination of employment or loss of eligibility for coverage will have the right to convert to an individual policy of life insurance in accordance with the conversion privilege described in Appendix O. The Carrier shall make such a conversion policy available to Participants.

# V. Dependent Group Term Life Insurance with Accidental Death and Dismemberment

The coverages described in this Article are exactly the same as those presently in effect with respect to both benefits and provisions of coverage. See Appendix I for definitions.

## A. Amounts of Coverage

- A.1. Each participating active employee may purchase \$5,000 of Dependent Group Term Life Insurance and \$5,000 of AD&D for each listed eligible dependent.
- A.2. Each participating retired employee may retain \$2,500 of Dependent Group Term Life Insurance if held as an active employee. The AD&D coverage is not available for dependents of retired employees.

## B. Provisions of Coverage

### B.1. Dependent Group Term Life Insurance

The provisions of coverage will remain unchanged from Dependent Group Term Life Insurance currently in effect. Those provisions include a conversion privilege for a covered spouse, ALB, viatical settlement option, and an incontestability clause. Dependent Group Term Life Insurance benefit is payable to the active or retired employee upon an insured dependent's death from any cause except a loss caused by or resulting from intentionally self-inflicted injuries, suicide or any attempted suicide, while sane or insane. The exception does not apply if the amount of coverage has been in force on the life of the dependent for two years.

The time limit for filing claims for Dependent Group Term Life Insurance benefits shall be in accordance with the specifications provided by ERS in the EOC.

### B.2. Dependent AD&D coverage

The provisions of coverage will remain unchanged from Dependent AD&D coverage currently in effect. Those provisions include order of precedence and incontestability as explained in the appropriate document reflected in Appendix O. The full scheduled amount is payable for loss of two (2) or more members. "Member" means a hand, a foot, or sight of an eye. Half of the scheduled amount is payable for loss of one (1) member.

The AD&D benefit is payable for death or dismemberment due to an Accidental Bodily Injury as defined in the Glossary of Definitions in Appendix I. The limitations and exclusions relating to AD&D coverage are listed in the appropriate document reflected in Appendix O.

The details of the provisions of coverage are provided in the Active Employee Benefits Book or Retiree Benefits Book.

## C. Eligibility for Coverage

- C.1. Active employees may enroll in Dependent Group Term Life Insurance and AD&D coverage during the first thirty (30) days of employment. Any active employee wishing to enroll a dependent in Dependent Group Term Life Insurance after the first thirty (30) days of employment may enroll that dependent only through the EOI process during AE, QLE, etc., subject to the approval of the Carrier. Dependents are eligible for ALB or Viatical Settlement coverage.

Newly acquired dependent may be enrolled within thirty (30) days from first date of eligibility.

- C.2. Retired employees may continue Dependent Group Term Life Insurance upon becoming an annuitant if the retired employee was enrolled in Dependent Group Term Life Insurance as an active employee immediately prior to the date of retirement. Retired employees with Basic Group Term Life Insurance are eligible to enroll in Dependent Group Term Life Insurance; however, EOI applies.

Retired employees not enrolled in Dependent Group Term Life Insurance on the day before becoming an annuitant, becomes eligible for Dependent Group Term Life Insurance with enrollment of a newly acquired dependent on the first day of the month following the date on which the individual becomes a dependent of the retiree.

- C.3. The following individuals are not eligible to be covered under Dependent Group Term Life Insurance:
- C.3.a. Any person who is a full-time or part-time State employee or State retiree and is covered under Basic Group Term Life Insurance or Optional Group Term Life Insurance;
  - C.3.b. Any person approved for EIB (waiver of premium benefits); or
  - C.3.c. Any person who has applied for an individual life insurance policy with the Carrier within thirty-one (31) days of termination of state of Texas employment or any person approved for EIB.

#### **D. Premium and Contribution Rates**

The current premium and member contribution rates for Dependent Group Term Life Insurance with AD&D coverage are included in Appendix Q.

#### **E. Complaints**

The Carrier's Participants shall follow ERS' complaint and grievance process. If the Participant is not satisfied with the Carrier's resolution, the Participant may go through the grievance process found in the Rules of ERS, Title 34, Part IV, § 81.9 of the Texas Administrative Code.

#### **F. Process for Grievance and Appeals**

1. If a claim for benefits is denied, the Participant must first appeal the denial to the Carrier, the Carrier shall provide the Participant with a written or oral explanation including the specific reasons for the denial.
2. If the Participant does not agree with a claim denial, he may call or write to the Carrier and request that the claim be reviewed. Additional information may be submitted with the request for review.
3. If the claim is again denied, the Carrier shall furnish instructions to the Participant on how to file a grievance with ERS. The grievance must be in writing, signed and postmarked or received by ERS within ninety (90) days of the date of the Carrier's letter to the Participant. After a grievance is filed with ERS, ERS shall notify the Participant of the decision in writing. Certain Participants who do not accept ERS' decision may appeal the decision to the designee of the ERS Board of Trustees provided the decision grants a right of appeal. This appeal must be in writing, signed and postmarked or received by ERS within thirty (30) days of the date the decision is mailed by certified or first class mail.

- F.1. **Grievance and Appeals.** The Carrier's grievance procedure shall be in compliance with all applicable statutes and regulations.

- F.1.a. Section 1551.352 of the TIC provides that the Executive Director of ERS has exclusive authority to determine all questions relating to eligibility or payment of claims arising from programs or coverage provided under the GBP. A decision by ERS under this Article may be appealed, if appeal rights are available, only to the designee of the ERS Board of Trustees. An appeal to the Board's designee is a contested case under Chapter 2001, Tex.

Gov't Code, and hearings are currently conducted by referral to the State Office of Administrative Hearings ("SOAH"). SOAH's recommendation in an appeal is submitted to the Board's designee for a final ERS decision. Any further appeal of ERS' decision goes to the state district court in Travis County, Texas, and the standard of review is by "substantial evidence." Appeals of plan design features are not available, and the administrative appeal process under Section 1551.355, TIC, is the exclusive remedy available to a Participant whose claim is denied.

- F.1.b. The Rules of the ERS, Title 34, Part IV, § 81.9 Tex. Admin. Code, describe the Grievance Procedure available to a person participating in the GBP and is attached as Appendix J.
- F.1.c. The Carrier shall provide support for both of these functions. Among these requirements are the Carrier's maintenance of adequate staff to produce grievance rights letters to Participants who request ERS' review of a claim determination, to provide applicable medical and claim/application related opinions and records to ERS, to conduct professional staff reviews of claim determinations and the provision of legal representation to the Carrier in administrative hearings under Chapter 1551, TIC and Chapter 2001, Tex. Gov't Code.

## VI. Voluntary Accidental Death and Dismemberment

Voluntary Accidental Death and Dismemberment is a separate insurance product or type of coverage. Voluntary AD&D, sometimes referred to as Voluntary Accident Insurance (“VAI”), is offered to employees for an additional premium unrelated to the Group Term Life premium. If the employee is not enrolled in a GBP health plan, the Voluntary AD&D premium may be paid by the electing employee via a Health Insurance Opt-Out Credit. An employee is not required to carry optional Group Term Life Insurance coverage in order to carry Voluntary AD&D coverage and no EOI is required for Voluntary AD&D. The amount of Voluntary AD&D coverage is a maximum of \$200,000, but available in lesser incremental amounts.

Effective January 1, 1998, a viatical settlement option and an accelerated life benefit (“ALB”) were added for employees and dependents with Group Term Life Insurance.

### A. Amounts of Coverage

A.1. Each participating active employee may purchase Voluntary AD&D in the amounts specified as follows:

Employee's Age*	Benefit		Increments
	Minimum	Maximum	
Under age 70	\$10,000	\$200,000	\$5,000
70-74	\$ 6,500	\$130,000	\$3,250
75-79	\$ 4,000	\$ 80,000	\$2,000
80-84	\$ 2,500	\$ 50,000	\$1,250
85-89	\$ 1,500	\$ 30,000	\$ 750
90 and over	\$ 1,000	\$ 20,000	\$ 500

\*Employee attained age as of September 1 of each year.

A.2. Each participating active employee may purchase Voluntary AD&D as stated above on his/her life only or on an employee and family basis.

A.3. The amount payable to the employee upon the death of the spouse is 50% of the amount in force on the life of the employee.

A.4. The amount payable to the employee upon the death of a dependent child is 5% of the amount in force on the life of the employee if there is a spouse; the amount payable to the employee upon the death of a dependent child is 10% of the amount in force on the life of the employee if there is no spouse.

### B. Provisions of Coverage

Voluntary AD&D, (sometimes referred to as Voluntary Accidental Insurance (“VAI”), is a distinct and separate coverage from the AD&D feature of Group Term Life Insurance.

The provisions of coverage will remain unchanged from Voluntary AD&D currently in effect. Those provisions include order of precedence, payment options, and incontestability as explained in the appropriate document reflected in Appendix O. The full scheduled amount is payable for loss of life or loss of two (2) or more members. “Member” means a hand, a foot, or sight of an eye. Half of the scheduled amount is payable for loss of one (1) member.

The Voluntary AD&D benefit is payable for death or dismemberment due to an Accidental Bodily Injury as defined in the Glossary of Definitions in Appendix I. The limitations and exclusions relating to Voluntary AD&D are listed in the appropriate document reflected in Appendix O.

The time limit for filing claims shall be in accordance with the specifications provided by ERS in the EOC.

The details of the provisions of coverage are provided in the Active Benefits Book.

### **C. Eligibility for Coverage**

- C.1. An active employee may enroll in Voluntary AD&D on the first day of employment or during AE, or within thirty (30) days of a QLE. EOI is not required.
- C.2. If the employee enrolls in the Employee and Family Voluntary AD&D, all eligible dependents are automatically insured. The following persons are not eligible:
  - C.2.a. Any person already insured as an Employee under Employee Only Voluntary AD&D or any person insured as a Dependent spouse under the Employee's Family Voluntary AD&D; or
  - C.2.b. Any person who is within the thirty-one (31) day conversion period for Basic or Optional Group Term Life Insurance.

### **D. Premium and Contribution Rates**

The current premium and member contribution rates for Voluntary AD&D are included in Appendix Q.

### **E. Opt-Out**

- E.1. Employees or retirees, who have health insurance comparable to that provided through the GBP, are eligible to waive the GBP health insurance and sign up for the Health Insurance Opt-Out Credit to apply toward optional coverage.
- E.2. The Opt-Out Credit is a cost savings program passed during the 79th Legislative Session which provides an incentive to participants to waive their GBP health insurance in order to receive a monthly credit. Participants can then apply that credit toward dental and/or Voluntary AD&D premiums under the GBP.
- E.3. Voluntary AD&D is not available to retirees unless they return to work at a state agency or higher education institution that participates in the GBP and they enroll in the GBP as an active employee.

### **F. Complaints**

The Carrier's Participants shall follow ERS' complaint and grievance process. If the Participant is not satisfied with the Carrier's resolution, the Participant may go through the grievance process found in the Rules of ERS, Title 34, Part IV, § 81.9 of the Texas Administrative Code.

### **G. Process for Grievance and Appeals**

1. If a claim for benefits is denied, the Participant must first appeal the denial to the Carrier, the Carrier shall provide the Participant with a written or oral explanation including the specific reasons for the denial.
2. If the Participant does not agree with a claim denial, he may call or write to the Carrier and request that the claim be reviewed. Additional information may be submitted with the request for review.
3. If the claim is again denied, the Carrier shall furnish instructions to the Participant on how to file a grievance with ERS. The grievance must be in writing, signed and postmarked or received by ERS within ninety (90) days of the date of the Carrier's letter to the Participant. After a grievance is filed with ERS, ERS shall notify the Participant of the decision in writing. Certain Participants who do not accept ERS' decision may appeal the decision to the designee of the ERS Board of Trustees provided the decision grants a right of appeal. This appeal must be in writing, signed and postmarked or received by ERS within thirty (30) days of the date the decision is mailed by certified or first class mail.

- G.1. **Grievance and Appeals.** The Carrier's grievance procedure shall be in compliance with all applicable statutes and regulations.
- G.1.a. Section 1551.352 of the TIC provides that the Executive Director of ERS has exclusive authority to determine all questions relating to eligibility or payment of claims arising from programs or coverage provided under the GBP. A decision by ERS under this Article may be appealed, if appeal rights are available, only to the designee of the ERS Board of Trustees. An appeal to the Board's designee is a contested case under Chapter 2001, Tex. Gov't Code, and hearings are currently conducted by referral to the State Office of Administrative Hearings ("SOAH"). SOAH's recommendation in an appeal is submitted to the Board's designee for a final ERS decision. Any further appeal of ERS' decision goes to the state district court in Travis County, Texas, and the standard of review is by "substantial evidence." Appeals of plan design features are not available, and the administrative appeal process under Section 1551.355, TIC, is the exclusive remedy available to a Participant whose claim is denied.
- G.1.b. The Rules of the ERS, Title 34, Part IV, § 81.9 Tex. Admin. Code, describe the Grievance Procedure available to a person participating in the GBP and is attached as Appendix J.
- G.1.c. The Carrier shall provide support for both of these functions. Among these requirements are the Carrier's maintenance of adequate staff to produce grievance rights letters to Participants who request ERS' review of a claim determination, to provide applicable medical and claim/application related opinions and records to ERS, to conduct professional staff reviews of claim determinations and the provision of legal representation to the Carrier in administrative hearings under Chapter 1551, TIC and Chapter 2001, Tex. Gov't Code.

## VII. Group Disability Income

The disability coverages are self-funded and administered under an administrative services only Contract.

Active employees are eligible for short-term disability (“STD”) and long-term disability (“LTD”) coverage. Disability Income coverage includes benefits for occupational and non-occupational illness or injury. Disability Income Insurance benefits may be reduced by offsets from other sources of income to which the employee may be entitled such as Social Security Disability payments. Some active employees may not be eligible for Social Security Disability because their higher education Employer does not participate in Social Security.

Generally, the cost of disability coverage is paid by the employee. In a few employing agencies/institutions, the institution pays a portion of the cost of disability coverage. If a percentage of the STD or LTD contribution is paid by the employing agency/institution, then a corresponding percentage of disability benefits received are subject to FICA and/or federal income tax.

Effective September 1, 2000, disability coverage continues for those employees on a Leave-Without-Pay status for up to twelve (12) months as long as the premium is paid.

ERS does not currently offer any special programs to encourage a disabled individual to return to work (“RTW”). Further references to RTW are referenced in Sections XV.B.13.a. and XV.B.13.b.

### A. Amounts of Coverage

- A.1. STD. Each active employee may purchase disability income coverage equal to 66% of covered monthly salary up to a maximum benefit of \$6,600 per month, with a minimum monthly benefit of not less than 10% of the covered monthly salary for five (5) months. The maximum covered salary is \$10,000 per month. The STD benefit payable will be reduced and offset by (integrated with) other sources of income to which the insured employee may be entitled; i.e., Workers Compensation, ERS or Teacher Retirement System (“TRS”) disability retirement benefits and other group disability benefits. If Integration is used to reduce STD benefits, 70% of the covered monthly salary is used.
- A.2. LTD. Each active employee may purchase disability income coverage equal to 60% of covered monthly salary up to a maximum benefit of \$6,000 per month, with a minimum monthly benefit of 10% of the covered monthly salary for a maximum period of one (1) year. The maximum covered salary is \$10,000 per month. The LTD benefit payable may be reduced and offset by (integrated with) other sources of income to which they may be entitled; i.e., Workers Compensation, ERS or TRS disability retirement benefits and other group disability benefits. If Integration is used to reduce LTD benefits, 70% of the covered monthly salary is used.
- A.3. Integration. STD and LTD benefits when combined with all other disability income sources (Social Security Disability, Workers’ Compensation, State Disability Retirement Benefits, and other group disability plans) shall not exceed 70% of the employee’s covered monthly salary.

### B. Provisions of Coverage

- B.1. STD. The waiting period (elimination period) is the greater of (a) sick leave, extended sick leave, and sick leave pool, or (b) thirty (30) consecutive days. The waiting period begins, after the employee has stopped working, on the date an Approved Practitioner certifies the employee as totally disabled. The maximum benefit period is five (5) months.
- B.2. LTD. The waiting period (elimination period) is the greater of (a) sick leave, extended sick leave, and sick leave pool, or (b) ninety (90) consecutive days. The waiting period begins, after the employee has stopped working, on the date an Approved Practitioner certifies the employee as totally disabled. The maximum benefit period for mental and nervous conditions is twenty-four (24) months unless the individual is hospitalized or institutionalized; in which case, benefits are continued until the employee is released from the hospital or institution. The maximum benefit period is as follows:

Age at Disability	Maximum Benefit Duration
Under age 60	To age 65*
60-64	60 months
65-69	To age 70, or for 12 months, whichever is greater*
70 and over	12 months

\*Benefits end the first day of the Plan Month following attainment of the limiting age.

**B.3. General Provisions**

- B.3.a. Coverage is provided for both occupational and non-occupational disabilities.
- B.3.b. The LTD benefit is integrated with the STD benefit.
- B.3.c. Both STD and LTD benefits are subject to the preexisting condition provision.
- B.3.d. If an employee becomes disabled again after having returned to work for more than ninety (90) days, a new period of total disability begins and a new waiting period must be satisfied.
- B.3.e. Employee contributions for Disability Income coverages are waived when an employee is receiving disability benefits from that coverage.
- B.3.f. The limitations and exclusions relating to disability are listed in the appropriate document reflected in Appendix P.
- B.3.g. The time period for filing claims for disability benefits is twelve (12) months following the date of onset of the disability.

The details of the provisions of coverage are provided in the Active Benefits Book.

**C. Eligibility for Coverage**

STD and/or LTD Income coverages may be purchased during the first thirty (30) days of employment. Any employee wishing to enroll in STD and/or LTD after the first thirty (30) days of employment may enroll only through the EOI process during AE, QLE, etc., subject to the approval of the Carrier. If approved, the preexisting conditions provision will apply.

**D. Contribution Rates**

The current member contribution rates for STD and LTD are included in Appendix Q.

**E. Disability Runoff**

The selected Carrier may be requested to provide complete administration services for claims incurred prior to January 1, 2012. These services would be applicable to three (3) categories of claims:

- E.1. Claims in payment status as of January 1, 2012;
- E.2. Claims received prior to but still pending on January 1, 2012; and
- E.3. Claims incurred prior to January 1, 2012, but submitted on or after January 1, 2012.

A Carrier submitting a Proposal hereunder will be required to agree to provide claims administration services in connection with such claims in return for a fee proposed in accordance with Article VIII. The decision to utilize such services will be left solely to the discretion of ERS.

**F. Complaints**

The Carrier's Participants shall follow ERS' complaint and grievance process. If the Participant is not satisfied with the Carrier's resolution, the Participant may go through the

grievance process found in the Rules of ERS, Title 34, Part IV, § 81.9 of the Texas Administrative Code.

## **G. Process for Grievance and Appeals**

1. If a claim for benefits is denied, the Participant must first appeal the denial to the Carrier, the Carrier shall provide the Participant with a written or oral explanation including the specific reasons for the denial.
2. If the Participant does not agree with a claim denial, he may call or write to the Carrier and request that the claim be reviewed. Additional information may be submitted with the request for review.
3. If the claim is again denied, the Carrier shall furnish instructions to the Participant on how to file a grievance with ERS. The grievance must be in writing, signed and postmarked or received by ERS within ninety (90) days of the date of the Carrier's letter to the Participant. After a grievance is filed with ERS, ERS shall notify the Participant of the decision in writing. Certain Participants who do not accept ERS' decision may appeal the decision to the designee of the ERS Board of Trustees provided the decision grants a right of appeal. This appeal must be in writing, signed and postmarked or received by ERS within thirty (30) days of the date the decision is mailed by certified or first class mail.

G.1. **Grievance and Appeals.** The Carrier's grievance procedure shall be in compliance with all applicable statutes and regulations.

G.1.a. Section 1551.352 of the TIC provides that the Executive Director of ERS has exclusive authority to determine all questions relating to eligibility or payment of claims arising from programs or coverage provided under the GBP. A decision by ERS under this Article may be appealed, if appeal rights are available, only to the designee of the ERS Board of Trustees. An appeal to the Board's designee is a contested case under Chapter 2001, Tex. Gov't Code, and hearings are currently conducted by referral to the State Office of Administrative Hearings ("SOAH"). SOAH's recommendation in an appeal is submitted to the Board's designee for a final ERS decision. Any further appeal of ERS' decision goes to the state district court in Travis County, Texas, and the standard of review is by "substantial evidence." Appeals of plan design features are not available, and the administrative appeal process under Section 1551.355, TIC, is the exclusive remedy available to a Participant whose claim is denied.

G.1.b. The Rules of the ERS, Title 34, Part IV, § 81.9 Tex. Admin. Code, describe the Grievance Procedure available to a person participating in the GBP and is attached as Appendix J.

G.1.c. The Carrier shall provide support for both of functions. Among these requirements are the Carrier's maintenance of adequate staff to produce grievance rights letters to Participants who request ERS' review of a claim determination, to provide applicable medical and claim/application related opinions and records to ERS, to conduct professional staff reviews of claim determinations and the provision of legal representation to the Carrier in administrative hearings under Chapter 1551, TIC and Chapter 2001, Tex. Gov't Code.

## VIII. Proposal Response – Information and Format

Included in this article are the formats to be followed in presenting your proposed monthly administrative fees and/or premium rates for each plan of coverage.

The following information is provided to assist you in developing your response:

### A. General Information

- A.1. **Enrollment.** The Enrollment assumptions shown in Appendix Q will be utilized by ERS in comparing and analyzing administrative fees and premium rates. While these enrollment assumptions are ERS' best estimate of Fiscal Year 2012 enrollment and will be utilized to facilitate proposal analysis, the Carrier must recognize that a variety of factors will influence actual enrollment. These factors include, but are not limited to, increases in employee salary, changes in payroll deduction amounts, etc.
- A.2. **ERS Administrative Expenses.** The Act provides that ERS may withhold a portion of the total contributions under the program to provide for ERS' administrative expenses. ERS is not presently withholding for administrative expenses, and it has not made a decision with respect to the withholding of such an amount for Fiscal Year 2012. Proposed rates should not include a provision for ERS' administrative expenses. If ERS chooses to include an administrative fee for Fiscal Year 2012, the rates will be adjusted to reflect such action.
- A.3. **Premium taxes.** In accordance with Chapter 1551, TIC, no premium, maintenance or administrative services taxes or fees will be levied on coverages provided under the GBP. The Carrier selected to underwrite and administer the coverages described herein should not include recovery of such taxes or fees in the premium rates or fees proposed.
- A.4. **Premium Rate and Administrative Fee Guarantees and Adjustments.** In rating the proposed program, it is required that the rates and fees contained in the Carrier's Proposal be guaranteed commencing on January 1, 2012 and ending on August 31, 2016.
- A.5. **Proposal required.** To be eligible for consideration, the Carrier must submit a Proposal for:
- A.5.a. Group Term Life Insurance and AD&D plans (complete Section C below); or Disability Income plans: (Complete Section D below); and/or
- A.5.b. Both (a) Group Term Life and AD&D plans; and (b) Disability Income benefits plans (Complete Section E below).
- Note: A Carrier must complete Sections C, D, and E below, if the Carrier wishes to be considered for all options that ERS may exercise in selecting an underwriting and/or administering Carrier.
- A.6. **No Loss/No Gain.** The Carrier must certify in its response that no person presently insured under the Group Term Life Insurance and/or the AD&D plans will experience a loss of benefits or a diminution of coverage as a result of a change in Carrier. If the employee desires, all coverages in force prior to January 1, 2012 will be maintained in force on January 1, 2012 without EOI and without regard to an actively at work requirement or application of a new preexisting condition provision.
- A.7. **Legislative Mandate.** If, subsequent to the submission of a Proposal prepared in response to these specifications, federal or state legislation or regulation is enacted or interpreted in a manner which materially impacts the coverages which are the subject of this RFP, ERS shall enter into good faith negotiations with the Carrier selected to underwrite and administer the plan to arrive at mutually agreeable adjustments to the rates submitted in response to these specifications so as to appropriately reflect the anticipated impact of such legislation.

**B. Enrollment Assumptions**

To facilitate Proposal analysis, the following enrollment assumptions will be utilized:

March 2011 enrollment from Appendix Q.

**C. Proposed Group Term Life Insurance and AD&D Premium Rates**

To be used if the Carrier is submitting a Proposal to serve as the stand-alone Underwriter/Administrator of the Group Term Life Insurance and AD&D Plans (i.e., the Carrier would not also administer the Disability Income Benefits Plans)

C.1. Group Term Life Insurance Premium Rates

C.1.a. Basic Group Term Life Insurance.

A unit is \$5,000 per active employee and \$2,500 per retiree.

**Proposed Monthly Rate Per Unit**

	Claims	Carrier Retention	Total
Active Employee			
Retiree			

C.1.b. Optional Group Term Life Insurance - Active Employees

Proposed Monthly Rate Per \$1,000

Employee Age	Claims	Carrier Retention	Total
15-19			
20-24			
25-29			
30-34			
35-39			
40-44			
45-49			
50-54			
55-59			
60-64			
65-69			
70-74			
75-79			
80-84			
85-89			
90 +			

C.1.c. Dependent Group Term Life Insurance.

A unit is \$5,000 for the spouse and \$5,000 for each dependent child of participating active employee. A unit is \$2,500 for the spouse and \$2,500 for each dependent child of each participating retiree.

Proposed Monthly Rate Per Unit

	Claims	Carrier Retention	Total
Active Employee			
Retiree			

C.1.d. Optional Group Term Life Insurance – Retirees.

All coverages except Election I and II. As referenced in Section IV.B.2. (a through d above), as referenced in Appendix Q.

Proposed Monthly Rate Per \$1,000

Claims	Carrier Retention	Total

C.1.e. Optional Group Term Life Insurance – Retirees.

Election I and II

Proposed Monthly Rate Per \$1,000

Employee Age	Claims	Carrier Retention	Total
15-19			
20-24			
25-29			
30-34			
35-39			
40-44			
45-49			
50-54			
55-59			
60-64			
65-69			
70-74			
75-79			
80-84			
85-89			
90 +			

C.2. AD&D Monthly Premium Rates (Rates to the nearest one-tenth cent)

C.2.a. Basic and Optional (per \$1,000)\_\_\_\_\_

C.2.b. Dependent (per family unit)\_\_\_\_\_

C.2.c. Voluntary (per \$1,000 of employee coverage)

Employee Only\_\_\_\_\_

Employee and Family \_\_\_\_\_

**D. Proposed Disability Administrative Fees**

To be used if the Carrier is submitting a Proposal to serve as the stand-alone Administrator of the Disability Income Benefits Plans (i.e., the Carrier would not also Underwrite/Administer the Group Term Life Insurance and AD&D Plans)

D.1. Standard Services (per covered employee per month)

Short Term\_\_\_\_\_

Long Term\_\_\_\_\_

D.2. Runoff of Claims Incurred Prior to January 1, 2012 (per claimant per year)

Short Term \_\_\_\_\_  
 Long Term \_\_\_\_\_

**E. Proposed Group Term Life and AD&D Premium Rates and Disability Administrative Fees**

To be used if the Carrier is submitting a Proposal to serve as both the Administrator of the Disability Income Benefits Plans and Underwrite/Administer the Group Term Life Insurance and AD&D Plans.

E.1. Group Term Life Insurance Premium Rates

E.1.a. Basic Group Term Life Insurance. (A unit is \$5,000 per active employee and \$2,500 per retiree.)

**Proposed Monthly Rate Per Unit**

	Claims	Carrier Retention	Total
Active Employee			
Retiree			

E.1.b. Optional Group Term Life Insurance - Active Employees

Proposed Monthly Rate Per \$1,000

Employee Age	Claims	Carrier Retention	Total
15-19			
20-24			
25-29			
30-34			
35-39			
40-44			
45-49			
50-54			
55-59			
60-64			
65-69			
70-74			
75-79			
80-84			
85-89			
90 +			

E.1.c. Dependent Group Term Life Insurance.

A unit is \$5,000 for the spouse and \$5,000 for each dependent child of participating active employee. A unit is \$2,500 for the spouse and \$2,500 for each dependent child of each participating retiree.

Proposed Monthly Rate Per Unit

	Claims	Carrier Retention	Total
Active Employee			
Retiree			

E.1.d. Optional Group Term Life Insurance – Retirees.

All coverages except Election I and II. As referenced in Article IV.B.2. (a through d), as referenced in Appendix Q.

Proposed Monthly Rate Per \$1,000

Claims	Carrier Retention	Total

E.1.e. Optional Group Term Life Insurance – Retirees.

Election I and II

Proposed Monthly Rate Per \$1,000

Employee Age	Claims	Carrier Retention	Total
15-19			
20-24			
25-29			
30-34			
35-39			
40-44			
45-49			
50-54			
55-59			
60-64			
65-69			
70-74			
75-79			
80-84			
85-89			
90 +			

E.2. AD&D Monthly Premium Rates (Rates to the nearest one-tenth cent)

E.2.a. Basic and Optional (per \$1,000) \_\_\_\_\_

E.2.b. Dependent (per family unit) \_\_\_\_\_

E.2.c. Voluntary (per \$1,000 of employee coverage)

Employee Only \_\_\_\_\_

Employee and Family \_\_\_\_\_

E.3. Disability Administrative Fees

E.3.a. Standard Services (per covered employee per month)

Short Term \_\_\_\_\_

Long Term \_\_\_\_\_

E.3.b. Runoff of Claims Incurred Prior to January 1, 2012 (per claimant per year)

Short Term \_\_\_\_\_

Long Term \_\_\_\_\_

E.4. Amount placed at risk for Group Term Life Insurance and AD&D Plans *performance guarantees* per plan year \$ \_\_\_\_\_

Note: The *performance guarantees* shall reflect a total aggregate dollar amount equal to but no less than 10% of the total administrative fee (retention) for the Plan. At ERS' discretion,

*Performance Guarantees* will be allocated to the various severity levels based on the total amount at risk. Assessments for any single Plan Year will not exceed the total amount at risk.

E.5. Amount placed at risk for Disability Income Benefits Plan *performance guarantees per plan year*  
\$\_\_\_\_\_

Note: The *performance guarantees* shall reflect a total aggregate dollar amount equal to but not less than 10% of the total administrative fee for the Plan. At ERS' discretion, *Performance Guarantees* will be allocated to the various severity levels based on the total amount at risk. Assessments for any single Plan Year will not exceed the total amount at risk.

# IX. Communication Requirements

This Article describes the Carrier's requirements in communicating with Participants and potential Participants, employers, ERS staff, and other constituents, as further described herein. The Carrier shall administer its plans in a manner consistent with all applicable state and federal laws, regulations and rules of ERS, and at the direction of the ERS Board, its Executive Director, and ERS staff. The cost of the requirements described herein shall be recovered by the Carrier only by making provision for such expenses in the Carrier's *Proposal Response – Information and Format* in Article VIII.

**The Carrier's communication materials designed for GBP Participants cannot, and the Carrier represents and warrants that it shall not, advertise or promote coverage, services, products or materials, other than those relating to the Carrier's participation in the GBP. Prior approval of all communication material's design and content shall follow a formal process that requires ERS' documented authorization. In all cases, the Carrier is not allowed to disseminate materials or information relating to the GBP program without prior written ERS approval. The final materials used by the Carrier shall not differ in form or utility from those approved by ERS.**

## A. General Information

In all cases, the Carrier communication materials, whether disseminated via the Internet, written, or in oral form shall be approved by ERS prior to dissemination. The Carrier is required to submit to ERS for prior approval draft copies of all proposed marketing materials to include, but not be limited to: power point presentations, scripts for presentations, newspaper/press releases, billboard, television, and radio advertisements for GBP AE or for any other GBP-specific purpose (as required in the latest version of the *Marketing Guidelines for GBP & ERS Vendors*, Appendix K). The final materials used by the Carrier shall not differ in form or utility from those approved by ERS.

- A.1. **Prohibition.** During AE, and ongoing communication process, the Carrier shall not discuss, advertise, distribute, or in any manner allude to coverage, products, or materials other than those explicitly relating to the Carrier's participation in the GBP. This product marketing prohibition also applies to the GBP-specific website to be used by GBP Participants.
- A.2. ERS shall review and approve all communication materials designed for GBP Participants and GBP employers or that references the GBP. The Carrier shall provide this material electronically in a format that allows for online editing. The Carrier shall have the ability to customize said material to ERS specifications. The Carrier shall not distribute these communication materials until they have gone through a formal review process at ERS and have received ERS' documented approval authorization. Following this approval, the Carrier may not alter the materials in any way.
- A.3. In addition to GBP-specific materials, ERS may suggest refinements to other materials and will work with the Carrier to modify materials as needed. These include operating documents such as Explanation of Benefits ("EOB"), claim approval and denial letters, other claims processing documents and promotional items.
- A.4. **Carrier Training Requirement.** The Carrier's Account Team shall have designated resources available to provide training as needed to ERS staff, employers and GBP Participants. Training may be conducted in person in individual or group settings or via webcast or conference call. Training related to the Carrier internal operations shall be provided to ERS Customer Benefits, Benefit Contracts, and Communications and Research staff upon ERS' request. Staff training shall occur randomly throughout the year based on changes to operations or plan design and as ERS determines to be necessary. The Carrier should have resources sufficient to provide twenty (20) full days of training each year. ERS must approve training agenda and materials for external training. Training will be designed to meet specific learning goals. The Carrier should be able to provide web-based training, in addition to in-person training.
- A.5. **Plain Language Requirement.** The Carrier is responsible for a wide variety of communication materials explaining the plan to eligible employees, retirees, and their dependents. ERS requires the Carrier to comply with TDI's plain language requirements as outlined in the Texas Administrative Code, Title 28, Part I, Chapter 3, subchapter G § 3.602,

and as it may be amended in the future for all communication materials related to the Life and/or Disability benefit plans. Material submitted to ERS for approval should be at the 8th grade reading level with limited use of jargon. The material shall conform to ERS branding and communication guidelines. In addition, material shall be subject to editing and customization, including legal disclaimers and other standard language.

- A.5.a. Communication to Participants in the Group Term Life and/or Disability Income Plans shall be clear and understandable, using terminology familiar to Participants, customized, as required by ERS, to comport with the benefit plan design and approved by ERS prior to dissemination. All of the Carrier communication materials shall meet Americans with Disabilities Act (“ADA”) requirements for accessibility.
- A.5.b. Communication material shall be available in both print and electronic forms. Certain material, such as provider directories, may be made available electronically, only as long as printed materials can be provided upon request to Participants. Accommodations shall be made for individuals with visual and/or hearing impairments and the development, production, and deployment of all communication materials to include web information.
- A.6. **Forms.** Sample copies of all forms and procedures required by or used by the Carrier in administering the various coverages must be attached with the Proposal. Except for forms customarily used in membership/enrollment or premium processing which are provided by ERS, the Carrier shall provide all other forms such as claims forms, benefits books, and general administrative information pieces. Any cost for these forms should be included as a part of the Proposal administrative fees or premium rates quoted by the Carrier. ERS shall retain the right to change or modify such material to accommodate specific needs.
- A.7. **Carrier Communication Materials.** ERS shall assign a communications account manager to the Carrier to manage communication material review and approval. The Carrier will assign a communications representative to work with the ERS designee. This representative must be familiar with the applicable GBP program(s). In order to receive document approval, the Carrier shall provide to the CAR divisional designee for review all communication material that requires pre-approval, at least fifteen (15) business days prior to sending, disseminating or otherwise providing such written or oral communications to any person or entity. On occasion, review and approval may be less than fifteen (15) business days. These types of “rush” jobs require prior approval from ERS’ CAR divisional designee. The Carrier shall regularly review, revise and update, where necessary, all information contained on its website which relates to or may be utilized by any GBP Participants. The Carrier shall not disseminate material without prior ERS approval or pressure ERS to advance the timeline as provided herein, other than at ERS’ discretion.
- A.7.a. **Communication/Marketing Material Review Process.** Communication materials are considered “approved” when a final “printer’s proof” or “test email” is delivered to ERS and subsequently approved by the CAR divisional designee, in writing. The Carrier may not alter printer’s proof in any way without ERS’ permission.
- A.8. **Advertising and Other Communications.** The Carrier is required to acquire ERS approval for all proposed newspaper, web, social media, billboard, television, and radio advertisements used to promote GBP benefit programs.
- A.8.a. The Carrier’s failure to receive ERS’ approval for the use of GBP-specific communication materials prior to dissemination may result in a monetary assessment as referenced in the *Performance Guarantees* in Appendix G or implementation of other legal remedies available to ERS in the Contract.
- A.9. **Media Relations, Public Information and Outreach.** As a Carrier for the Group Term Life and/or Disability Income Plans, the Carrier may receive inquiries from interested third-parties relating to the Carrier’s program administration, benefits and/or services. Although information about and generated under this Contract may fall within the public domain, the Carrier shall not release information about or related to this Contract to the general public or media verbally, in writing, or by any electronic means without prior approval from the ERS Assistant Director (“AD”) of Benefit Contracts, or designee, unless the Carrier is required to release requested information by law.

ERS reserves the right to announce to the general public and media:

- award of the Contract;
- Contract terms and conditions;
- scope of work under the Contract;
- deliverables and results obtained under the Contract;
- impact of Contract activities; and
- assessment of the Carrier's performance under the Contract.

Except where ERS approval has been granted in advance, the Carrier shall not seek to publicize and shall not respond to unsolicited media queries requesting announcement of Contract award, Contract terms and conditions, Contract scope of work, government-furnished documents ERS may provide to the Carrier to fulfill the Contract scope of work, deliverables required under the Contract, results obtained under the Contract, and impact of Contract activities. If contacted by the media about this Contract, the Carrier agrees to notify the ERS AD of Benefit Contracts, or designee, in lieu of responding immediately to such media queries.

- A.9.a. **Media Inquiry Process.** The Carrier shall verbally respond immediately to any media inquiries acknowledging receipt of query and provide the media with an expected timeframe for the Carrier response based upon the Carrier's understanding of the media request and an estimate of time required to respond.
- A.9.b. If the Carrier identifies that an inquiry is directly related to a GBP program and/or GBP program Participant, the Carrier shall immediately provide a high priority written notification to the AD of Benefit Contracts, or designee, outlining all details related to the media's inquiry and all known facts of the related circumstances. GBP Participant information is considered confidential under Texas law.
- A.9.c. If the case is GBP related, ERS will provide the Carrier with:
- a. specific instructions on how to manage the media inquiry moving forward;
  - b. direction regarding the handling of the Participant related issue(s) and/or complaint(s); and
  - c. if appropriate, provide the Carrier with an ERS directive on Operational or Customer Service Representative ("CSR") internal control modifications necessary to avoid problem recurrence.
- A.9.d. If the Carrier determines that neither a GBP program nor GBP program Participant is impacted, the Carrier may respond as appropriate and agrees to provide ERS' AD of Benefit Contracts with a copy of the response information within forty-eight (48) hours from dissemination.
- A.10. **Quality Control.** The Carrier shall ensure that all communication materials submitted to ERS will reflect quality production, accuracy, timeliness, and thorough review. All GBP-approved benefit and legal documents, website, GBP-specific media responses, required reports (to include *ad hoc* reports), and dated materials shall at the minimum, but not be limited to, reflect the following criteria:
- Appropriate Plan Year;
  - Accurate data related exclusively to the GBP, unless otherwise specified by ERS; and
  - Contain GBP-specific language.
- A.10.a. All such materials shall be provided within the required timelines as directed by ERS staff and/or its consultants and may not be released to outside sources without prior ERS consent.
- A.10.b. The Carrier's failure to provide accurate, timely and GBP-specific communication materials may result in a monetary assessment as reflected in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.
- A.10.c. Following ERS review and once edited materials have been provided to the Carrier, the Carrier shall conform all documents as reflected by the ERS designated deliverable dates. If the edits, or other mutually agreed upon resolution of those edits, have not been completed by the ERS designated due date, the Carrier may risk a monetary assessment as required in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract .

- A.11. **Participant Requests for Communication Materials.** The Carrier shall, at its expense, respond to all Participant requests for mailed materials no later than three (3) business days following a Participant's request.

## **B. Agency/Higher Education Institution Communications**

- B.1. The Carrier approved by the Board should be prepared to attend a meeting following Board approval to discuss the Carrier's customer service, communications requirements, and AE meeting responsibilities.
- B.2. **Agency/Institution Contacts.** There are approximately two hundred seventy-five (275) agencies of the state and higher education institutions that employ GBP Participants. Many agencies/institutions have staff dedicated to benefits enrollment and education, called a benefits coordinator ("BC"). The Carrier shall have resources dedicated to responding to BCs and other agency/higher education institution contacts. The Carrier shall provide escalated customer service, as well as training and educational presentations/materials, to agencies/higher education institutions throughout the year.
- B.2.a. The Carrier shall process requests from agencies/higher education institutions for communication materials for their employees. The Carrier shall also process requests from individual retirees for printed communication materials upon request. In addition, the Carrier may be asked to provide materials to employee and retiree associations, such as the Retired State Employees Association, Executive Women in Texas Government, the Texas Association of State Human Resource Managers, the Texas Public Employees Association and the Texas State Employees Union at the Carrier's expense.
- B.3. **Presentations and Events.** The Carrier shall have a GBP-knowledgeable representative available to attend numerous ERS sponsored events throughout the year to include:
- AE fairs (Additional resources will be needed during this 30-day period);
  - Wellness fairs;
  - Benefit seminars hosted by ERS throughout Texas;
  - Annual retiree conference;
  - Various association events and conferences; and
  - Benefit Webinars.
- B.3.a. In addition to ERS sponsored events, the Carrier shall provide at least one (1) GBP knowledgeable representative to attend the following employer sponsored and miscellaneous events to include, but not be limited to:
- Benefits fairs;
  - New employee orientations hosted by employers; and
  - Annual employer conference.
- B.3.b. The Carrier shall provide no fewer than one (1) GBP knowledgeable representative at each fair who is well versed in the products and services to be offered to the GBP health benefit plans Participants.
- B.3.c. The dedicated resource must be an experienced presenter able to communicate effectively to large groups. Some events will require the representative to set up and staff an information table to offer GBP approved communication materials and individualized customer service.
- B.3.d. ERS' CAR divisional designee will designate those events for which the Carrier's attendance is required. The Carrier acknowledges and accepts that additional obligations and enhancements to these requirements may become necessary should benefit plan changes or other circumstances warrant.
- B.4. **Enrollment Campaign.** The Carrier shall create custom communication materials for each enrollment campaign. This material includes, but is not limited to:
- An enrollment presentation to be recorded and posted on the ERS website and delivered upon request at enrollment events;
  - Targeted enrollment communication brochures;
  - Welcome Letter to new Participants;
  - Brochures explaining plan changes and updates;
  - General plan information; and
  - Enrollment information on the Carrier website.

## C. Carrier Communication Materials

C.1. All of the following information shall be included with the materials submitted for application in the format required in the latest version of the *Marketing Guidelines for GBP & ERS Vendors*, Appendix K, and in the latest version of the *ERS Brand Guidelines*, Appendix H, and accessible on the CD-ROM in Word or Excel format as applicable (no PDF documents will be accepted, with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials).

C.2. The Carrier shall have the ability to provide customizable communication materials listed below.

Communication materials include, but are not limited to:

- MBPD and/or EOC;
- Benefits Book;
- Welcome packet;
- Brochures and newsletters;
- The Carrier's GBP-specific website;
- Claims forms;
- Presentations;
- Scripted responses used by customer service representatives;
- IVR scripting;
- Standard messaging for various systems' downtime;
- Announcement Letters;
- Consumer-targeted educational materials;
- News releases/Contract signing announcements;
- All advertising materials in association with the Group Term Life and/or Disability Income Plans;
- Annual HIPAA exemption notice and benefit changes summary;
- Articles for ERS newsletters;
- News updates for ERS website;
- *Ad hoc* publications;
- Token giveaways for enrollment fairs, events; and
- Other related statements.

The Carrier shall disseminate only GBP-specific approved materials at all events. Disseminating unapproved material, or material that is not customized for GBP Participants, could result in the levying of *Performance Guarantees* as referenced in Appendix G or implementation of other legal remedies available to ERS in the Contract.

Any cost for these forms and other communication-related materials should be included as a part of the Carrier's proposed administrative fees and/or premium rates. ERS shall retain the right to change or modify such material to accommodate ERS' specific needs.

C.3. The Carrier shall design and/or print certain ERS communication materials on behalf of ERS. These materials are in addition to the communication materials that the Carrier must produce as part of the contract and must be approved by ERS in advance of such printing in accordance with ERS' previously described format review process. Each year, the Carrier will secure a print/fulfillment vendor on ERS' behalf and invoice ERS when the printing job is completed.

C.3.a. These tasks include, but are not limited to:

- Setting print/fulfillment bid specifications with assistance from ERS staff;
- Sending print/fulfillment bid specifications to prospective vendors;
- Receiving bids from prospective vendors on printing/fulfillment;
- Answering questions (with assistance from ERS staff) from prospective vendors on print/fulfillment bid specifications;
- Selecting an economical print/fulfillment vendor based on bid specifications;
- Conducting or attending periodic meetings on ERS print job with ERS staff and vendor;
- Serving as intermediary between ERS staff and vendor;
- Communicating with ERS staff and vendor in a timely fashion about printing and distribution specifications and deadlines;

- Comparing vendor invoices with the original bid, providing sign off, and obtaining sign off from ERS staff;
- Obtaining clarification (if needed) on vendor invoices;
- Submitting selected printing invoice to ERS staff for final approval;
- Paying printing vendor after invoices are approved by ERS; and
- Submitting the Carrier's invoice to ERS for reimbursement.

C.4. **Confidential Information.** Materials that contain protected health information or other confidential information such as the Participant ID number must be mailed in an envelope or other mailing service device designed to secure the confidential information from casual viewers.

C.5. **Master Benefit Plan Document and Benefits Books.** The Carrier shall provide to the AD of Benefit Contracts or designee:

- MBPD for Short and Long Term Disability Benefits Plans.. The Carrier shall provide for FY 2012 the MBPD draft by October 15th and by the first business day in April for subsequent plan years for ERS' review.
- Benefits Books. Two (2) versions are required for ERS' review by October 15th. The benefits books are comprehensive benefit plan summaries that interpret the MBPD for Participants in layman's terms. These are the primary reference sources for Participants explaining the plan design and covered benefits. A version is provided for employees and retirees under 65 and another version for retired employees age 65 and over.

The Carrier is required to provide the MBPD and Benefits Books along with any supplemental information and/or their amendments within thirty (30) calendar days of ERS' request or by October 15th and by the first business day in April for subsequent plan years of the plan year as appropriate.

C.5.a. **MBPD Approval/Delivery Requirements.** The Carrier shall submit a proposed MBPD on a separate CD-ROM for ERS' review and approval. The Carrier shall work with ERS to finalize all plan documents no later than August 1st of each plan year unless directed by ERS. ERS requires the MBPD be printed; therefore, the final printed product shall not differ from that approved by ERS and published on the Carrier's GBP-specific website.

C.5.b. The Carrier shall provide a finalized MBPD to the Benefit Contracts' AD no later than August 1st of each plan year, and once executed make it available on the GBP-specific website no later than February 1, 2012 and October 1st of each plan year thereafter unless otherwise directed by ERS. The Carrier shall follow ADA guidelines and provide an HTML version and printable version for download by the Participant.

All Participants shall have access to the MBPD as directed herein or as instructed by ERS. The Carrier shall be prepared to mail the MBPD upon the request of a Participant no later than five (5) business days. The Carrier understands, agrees and acknowledges that the Contract between ERS and the Carrier shall control over the MBPD in connection with the contractual relationship between ERS and the Carrier.

Subsequent to AE, the Carrier shall mail the MBPD within five (5) business days of the transfer of the final enrollment file at the end of AE but no later than the date to be announced. For on-going MBPD requests, the Carrier shall send the MBPD to current membership, including dependents, when a change is reported, within five (5) business days after the Carrier receives the enrollment information.

C.6. **EOC for the Group Term Life and AD&D Plans.** The Carrier understands, agrees and acknowledges that the Contract between ERS and the Carrier shall control over the EOC in connection with the contractual relationship between ERS and the Carrier.

The Carrier is required to produce a printed EOC for to be effective January 1, 2012, as well as to publish it on their GBP-specific website. The Carrier shall submit a proposed EOC on a separate CD-ROM (in Word or Excel document, no PDF documents will be accepted). The Carrier currently participating in the GBP shall submit a version with tracked changes of their proposed EOC with the RFP response using their current GBP EOC as the starting point. The tracked change version shall indicate ALL proposed revisions.

- C.6.a.i. The Carrier's failure to provide a tracked change version of their proposed EOC for the upcoming plan year may result in a monetary assessment as reflected in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract. Once the EOC has been reviewed by ERS and all edits made, the EOC shall be submitted to TDI for approval. All EOC modifications required by TDI shall be provided to ERS, as well as any subsequent EOC revisions occurring during the plan year. The Carrier shall inform ERS in writing once the EOC has received TDI approval. ERS requires that printed copies of the TDI approved EOC be immediately available to requesting Participants no later than February 1, 2012 and October 1st and for plan years thereafter. The final published EOC posted on the Carrier's GBP-specific website shall not differ from that which was approved by TDI and provided to Participants in printed form.
- C.6.a.ii. The EOC shall include an identical copy of the Summary of Benefits, a complete list of limitations and exclusions, including all plan provisions and the TDI-approved member complaint and appeal process. The Carrier is required to include the GBP-specific eligibility rules as found in the Board of Trustee Rules, Title 34, Part IV, § 81.5, Tex. Admin. Code.
- C.6.a.iii. **EOC Approval/Delivery Requirements:** A proposed, final draft of the Carrier's EOC for the plan year effective January 1, 2012 shall be published and reflected in the Carrier's test website available on the last Thursday in October 2011. The Carrier's EOC revisions, as requested by ERS, shall be complete and all information accurately reflected on the live Carrier website by the first business day of February or the Carrier risks a monetary assessment as reflected in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.
- C.6.a.iv. The Carrier shall submit its finalized EOC to TDI so that one (1) CD-ROM version (in Word or Excel format as applicable, PDF documents will not be accepted) of the Carrier's EOC effective January 1, 2012, shall be received by ERS' Benefit Contracts no later than February 1, 2012 and October 1 of the plan year thereafter.
- **New Enrollees:** The EOC shall be mailed to all new enrollees who request a printed copy within five (5) working days after the Carrier receives the Participant's request. For all other purposes, the EOC's publication on the Carrier's website shall be provided as required in this section.
  - **Current Membership:** Within thirty (30) days following TDI approval, the EOC and applicable amendments shall be published on the Carrier's website and shall be mailed within five (5) business days to all currently enrolled Participants if a printed copy is requested.
- C.7. **Welcome Packets.** The Carrier's packets shall be produced for January 1, 2012 by the selected Carrier and mailed to approximately 285,000 GBP Participants during AE at ERS' direction. The Carrier shall coordinate with other appropriate GBP Vendors as appropriate to provide supplementary program information to be included in the Welcome Packets. New enrollment packets shall be mailed by the Carrier throughout all plan years to new hires. A proposed sample of a Carrier packet shall be included in the Carrier's response to this RFP. This packet should contain, but not be limited to, the following materials:
- Welcome Letter;
  - Benefits Summary; and
  - The Carrier's customer service contact information.
- C.8. **Welcome Letter.** The Welcome Letter should contain information about the Carrier and announce any plan changes from the previous plan year. The communication piece shall contain instructions on how to access information and forms using the web and include the customer service address, phone numbers, and hours of operation. The Carrier's Welcome Letter shall be available no later than seven (7) calendar days prior to the onset of the BC webcast for use during AE.
- C.9. **GBP Custom website.** The Carrier shall publish and maintain a custom website for GBP Participants and prospective Participants in a format prescribed by ERS. Neither the Carrier nor its subcontractors can advertise or link to products or services without the express prior written permission of the CAR divisional designee.

The GBP website shall be directly linked to the ERS homepage. The GBP website shall be in final form and linked as required by ERS no later than the first business day of June of each year or otherwise directed by ERS. The Carrier's failure to provide the GBP-specific website as outlined below may result in a monetary assessment as reflected in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.

- C.9.a. **Proposed website materials.** The Carrier shall provide ERS with a test site for review sixty (60) days prior to the go-live date. The URL address, all screen shots, and instructions on how to access the Carrier's test website are required for submission with the Carrier's bid response materials. For the Carrier currently participating in the GBP, it will be necessary to provide separate links from the ERS website for plan year beginning January 1, 2012 and the proposed test website for subsequent years beginning for FY 2013. All links and web pages shall clearly identify the plan year for which the information applies.
- C.9.b. **All Carrier "Test" websites.** The Carrier shall provide a fully developed GBP-specific test website, capable of being linked to the ERS Internet home page. Following ERS' approval of test websites and prior to being linked to the ERS website, the Carrier shall provide documentation of a test plan, test scripts (e.g., to ensure all links are working), completion of testing, and final sign off. The Carrier's test website shall transition from a test phase to fully operational and be linked to the ERS website with all information and components as reflected below no later than the thirty (30) business days prior to the go-live date or risk a monetary assessment as required in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.
- C.9.c. The Carrier's home page shall include the following primary access links:
- The Carrier's Privacy Plan;
  - Customer Service contact information;
  - Benefits Books;
  - Benefits brochure;
  - Coverages;
  - Limitations and exclusions;
  - Forms;
  - Master Policy and Amendments;
  - MBPD and/or EOC;
  - A page for frequently asked questions;
  - A glossary of frequently used terms;
  - On demand real time provider information and search capabilities;
  - Search function; and
  - Link to ERS website.
- C.9.d. The Carrier's GBP-specific home page shall include both the GBP life and/or disability plans logo and the ERS logo as required by the latest version of the *Marketing Guidelines for GBP and ERS Vendors*, Appendix K, and the *ERS Brand Guidelines*, Appendix H, and specified below:

## **D. Carrier Website Content**

All content for the Carrier's GBP-specific website shall be approved by ERS prior to publication. The final materials used by the Carrier shall not differ in form or utility from those approved by ERS. The Carrier GBP-specific website shall include the following information:

- D.1. The website shall provide self-service transactions for Participants to:
- View and print forms;
  - Lodge a service complaint, and escalate unresolved complaints and to request a telephone call back within one (1) business day;
  - Communicate with customer service representatives using live chat;
  - Search the full website using a key word and/or phrase; and
  - Provide a "return to home" button, which returns the viewer to the ERS home page.
- D.2. **Plan Year Information.** The GBP home page shall include the following information:
- Information that welcomes new Participants and introduces the Participant to the Carrier and summarizes the basic coverage benefits;

- Direct link to ERS' website. The Carrier shall indicate the current dates for AE and remove all references to AE no later than September 1 of that plan year or as directed by ERS;
- Accessing Emergency Care; and
- Helpful Phone Numbers and websites.

- D.2.a. **Link to the Carrier's Privacy Plan**

- D.2.b. **Link to Customer Service Page** to include the following information:

- Phone numbers and hours of operation;
- Physical address of plan site;
- Link to the Carrier's Complaint Process;
- An email address or a link to a mailbox for Participants to send customer complaints and questions directly to the Carrier. The Carrier should respond to email complaints/inquiries with no more than a twenty-four (24) hour (business days) turnaround. A tracking system for email complaints shall be in place similar to the tracking of telephone complaints to provide to ERS;
- Any applicable interactive forms; i.e., Claims; and
- Link to Appeals/Grievance Process.

- D.2.c. **Link to Benefits** to include the following information:

- AE or Welcome Letter stating changes (if applicable) from the previous year;
- Benefits Book;
- MBPD; and/or
- EOC.

# X. Operational Specifications

This Article describes general operational specifications including administrative requirements and functions, customer service, and the statistical reporting requirements as mandated by ERS. The Carrier shall administer the Plan in a manner consistent with all applicable state and federal laws and regulations, as well as ERS' administrative rules and at the direction of the ERS Board, its Executive Director, and ERS staff. The cost of the requirements described herein shall be recovered by the Carrier only by making provisions for such expenses in the Carrier's *Proposal Response – Information and Format* in Article VIII.

The Carrier shall submit its "group number" and provide a list of lead contacts to both ERS Communications & Research and Benefit Contracts Divisions by the first working day of the month following Board selection. The Carrier agrees that it shall cooperate with ERS and be flexible in its efforts to ensure a smooth program implementation.

The Carrier must provide a technical contact that will provide support to ERS' Information Systems Division for Electronic Data Interchange issues. ERS will work with the Carrier on these requirements following Contract award.

The Contract will include *Performance Guarantees* and other legal remedies to ensure proper administration of the GBP Program as outlined in Appendix G or implementation of other legal remedies available to ERS in the Contract. Performance guarantees referenced throughout the RFP are not all inclusive. For a comprehensive listing of the performance guarantees refer to Appendix G.

## A. Implementation Operational Requirements

The Carrier shall provide all services specified in this RFP, including, but not limited to the following:

- A.1. **Account and Implementation Teams.** No later than the fifteenth (15th) calendar day following Board selection, the Carrier shall provide to the Benefit Contracts' AD or designee, a thorough listing of the Carrier's Account and Implementation Team contacts assigned to support the Carrier's Contract. The list shall identify an account "key point of contact" responsible for the implementation, coordination, and maintenance of the business relationship and continuity pertaining to all business matters in support of the Contractual Agreement.

The Carrier's Implementation and Post-Implementation Account Management Teams contact list should reflect key contact information (resume, office, fax, and cell phone numbers, email and physical addresses) for each Carrier Account and Implementation Team representative. In the event of a change in the Carrier, the Carrier shall ensure a smooth transition of all ERS communication processes and requirements as follows:

- The Carrier shall inform, via email notification, the AD of Benefit Contracts or designee, in advance of any planned periods of unavailability by the Team's key point of contact.
- In any instance where a Team key point of contact is not available to ERS, the Carrier shall immediately secure and provide details of alternate coverage sufficient to meet ERS expectations.
- All Account Team appointments require ERS' pre-approval in writing. Any modification to team membership also requires the prior approval of ERS.

- A.2. **Implementation Team.** The Carrier shall provide an Implementation Team to coordinate and expedite all Contract requirements as outlined and prioritized by the AD of Benefit Contracts or designee to ensure complete continuity, without exception, of all interactive Carrier functions, deliverables, and objectives prior to and during the Contract's onset. At minimum, the Implementation Team shall have a dedicated Team Lead and back-up Team Lead with availability to ERS staff throughout the Implementation Period. Should additional team members become necessary to support implementation functions, the Carrier shall dedicate such appropriate staff at ERS' direction. The Carrier shall provide brief summary resumes with this RFP response of the proposed Account and Implementation Team's points of contact for ERS' consideration and approval. ERS will approve proposed Implementation Team members on the fifteenth (15th) business day following Board selection via email notification from the AD of Benefit Contracts or designee. At this time, the Carrier shall

provide the AD of Benefit Contracts or designee with contact information (resume, office, fax and cell phone numbers, email, and physical mailing addresses) for each Carrier Implementation Team representative.

- A.3. **Implementation Team Manager.** The implementation team manager shall serve as ERS' primary contact throughout the Implementation Period, shall have the legal authority to make binding decisions for the Carrier, and be accessible to ERS seven (7) days a week and twenty-four (24) hours per day during the Implementation Period. The Implementation Plan shall be attached to the Contract as an exhibit in the form most up-to-date at the time of Contract execution and may be modified thereafter by agreement of the parties.
- A.4. The Carrier acknowledges that it is impossible or impractical to estimate with any degree of certainty the impact or damage that the failure of particular Implementation activities may have on the GBP and/or its Participants. Therefore, the Carrier agrees that Implementation failures, judged by ERS to have adversely harmed the GBP and/or its Participants, may immediately subject the Carrier to the Liquidated Damages as described in the Contract and *Performance Guarantees* provisions as reflected in Appendix G or implementation of other legal remedies available to ERS in the Contract.

## **B. Post-Implementation Operational Requirements**

### **B.1. Account Management**

The Carrier shall establish and maintain throughout the term of the Contract an account management team that will work directly with ERS staff. This team shall include, but is not limited to, a designated account executive, a customer service manager, medical director, a practicing attorney, consulting actuary, a person responsible for preparing reports, and a management information system representative. Approval of the account management team rests with ERS. The Carrier's account management team shall provide all services specified in this RFP, including, but not limited to, the following:

- B.1.a. The Carrier shall provide an Account Executive Team and make staffing adjustments, as required by and acceptable to ERS. The results from the formal performance evaluation of the assigned account management team may be used in this determination. An ERS Account Executive Team shall be established no later than thirty (30) calendar days following Board selection, and be available Monday through Friday from 8:00 a.m. to 5:00 p.m., central time, excluding national holidays.
- B.1.b. The Carrier shall provide a minimum of two (2) per fiscal year face-to-face Account Executive reviews to ERS on the utilization and performance of the GBP Program. The reviews shall include, but not be limited to, a presentation of the following information:
- Life and/or Disability plan statistical outcomes;
  - Industry trends and best practices;
  - Plan recommendations; and
  - Other cost saving recommendations.
- B.1.c. **Meetings.** The Carrier shall develop meeting agendas, coordinate meetings and provide documentation of actions in the form of meeting minutes for designated meetings with ERS at a scheduled time agreed upon by ERS and the Carrier to include, but not be limited to:
- Implementation, if applicable;
  - Operational;
  - Analytical;
  - Information Systems; and
  - Communications, etc.
- B.1.c.a. The Carrier shall utilize ERS' meeting agenda template and provide meeting agendas one (1) day prior to the scheduled meetings.
- B.1.c.b. The Carrier shall provide the meeting minutes within four (4) business days from the day of the scheduled meeting for ERS' review and approval.
- B.1.d. ERS strongly believes that the account service relationship is the critical link in developing and maintaining a strong working relationship dedicated toward the achievement of plan objectives. As such, the Carrier shall be committed to providing ERS with service attention

that is at the highest levels in the industry, and fully consistent with ERS' expectations. ERS shall define the criteria for measurement and evaluation of service performance.

- B.1.e. The Carrier shall notify the Director of Benefit Contracts, in writing, no less than ninety (90) calendar days prior to anticipated major changes likely to impact the GBP Program. The Carrier shall receive prior written approval from ERS' authorized representative prior to making any changes as addressed in this section.
- B.1.f. In addition to the above requirement, the Carrier shall notify ERS' Benefit Contracts Director, in writing, thirty (30) calendar days prior to implementing material changes in policies, servicing methodologies, business, and key personnel connected with the ERS account.
- B.1.g. The Carrier shall provide general administrative, legal and statistical support to assist ERS in the operation of the GBP Program and shall recover any associated costs by making provision for such expenses in the Carrier's *Proposal Response – Information and Format*, Article VIII.
- B.1.h. The Carrier shall provide ERS with priority positioning for delivery of *ad hoc* system service requests and/or issue resolutions. As reflected in Article XII, *Organizational Information* Section XII.C.7., the Carrier shall designate a Technical Consultant ("TC") to lead the management of all technical issues, including, but not limited to, system service requests. The TC shall ensure that all ERS system requests and issues are thoroughly analyzed and given priority positioning to ensure prompt resolution. The Carrier shall provide competent, focused attention to ERS' system requests/issues. The Carrier shall use its best efforts to implement all ERS system requests and to correct all ERS system issues as soon as reasonably practicable, but in no event later than thirty (30) calendar days or sooner from receipt of ERS' written notification to the Carrier of the request/issue. ERS shall fully supply any and all information reasonably necessary for the Carrier to complete the requested services as outlined herein. If an ERS request cannot be implemented by the Carrier within thirty (30) calendar days, from the date of ERS' request, then the Carrier shall provide ERS with a written explanation as to why the issues are not capable of being resolved within this time frame and a written plan for implementation, to include a timeline for resolution, within five (5) business days from receipt of the Carrier's written notification as noted above. This section does not apply to disaster recovery matters, which are covered specifically in the Contract.

An example of a system issue includes, but is not limited to:

*Eligibility and/or Benefit modifications shall be reviewed, responded to, and approved by the Carrier within fifteen (15) business days of such request. If changes to the modifications are required, the Carrier shall notify ERS and set up weekly updates until ERS agrees that the modifications meet ERS' operating requirements. After eligibility and/or benefit modifications have been mutually agreed upon, the Carrier shall complete the eligibility and/or benefit project, including required testing, within forty-five (45) calendar days from ERS' approval.*

- B.1.i. The account management team shall be thoroughly familiar with virtually all of the Carrier's functions that relate directly or indirectly to the GBP account.
- B.1.j. The Carrier shall provide the GBP with priority placement in all aspects of Contract performance provided by the Carrier.
- B.1.k. The Carrier agrees to allow ERS to complete a formal performance evaluation of the assigned account management team annually as deemed appropriate by ERS.
- B.1.l. The Carrier shall provide a high quality and experienced customer service unit. The life and/or disability plan staff members shall be fully trained in the benefit designs, and the Carrier shall have the ability to track and report performance of call center matrices.
- B.1.m. The Carrier shall provide ERS access to a dedicated/designated Reporting and Analytical team to advise and support ERS to include, but not be limited to:
  - Create statistical reports;
  - Develop templates for ERS data; and
  - Benchmarking analysis.

## C. Carrier Customer Service Call Center

- C.1. **Call Center/Customer Service Unit.** The Carrier shall establish and provide for staffing of one (1) customer service unit designated exclusively to ERS' GBP. The unit shall be adequately staffed to manage GBP-related questions and provide for resolution of complaints, clarifications, and escalated issues.
- C.1.a. The hours of operation for the Carrier's customer service unit shall be, at a minimum, Monday through Friday from 8:00 a.m. to 7:00 p.m., central time.
- C.1.a.1. **Call Center Specialists.** The Carrier shall designate as many Call Center Specialists as necessary whose sole responsibility shall be to respond to and resolve, within a reasonable timeframe as determined by ERS, plan-related customer service needs. ERS and the Carrier shall jointly monitor and adjust staffing levels to ERS' sole satisfaction as work and service requirements demand. The Carrier warrants and represents that it shall provide thorough training of additional team members in support of the GBP. Any training deficiencies noted by ERS shall be immediately rectified by the Carrier to ERS' satisfaction.
- C.1.a.2. **Back-up Staffing.** The Carrier shall designate additional staff, as needed or at ERS' request, to update and maintain Life and/or Disability-related records and accounts. This staff will also provide additional support for the Carrier's customer service team.
- C.1.a.3. **Call Center Management Criteria.** The Carrier shall establish toll free lines (telephone and facsimile). The Carrier shall also employ appropriate and adequate customer service staff to maintain *Performance Guarantees* for average speed to answer, abandonment rate and blockage rate as referenced in the Appendix L of the RFP. The Carrier shall provide in its Proposal the methodology and sample source documents utilized by the Carrier to arrive at the reporting requirements referenced in Appendix L. The Carrier's Customer Service Call Centers shall be located within the United States, and preferably in the state of Texas.
- C.1.a.4. **Access for Hearing Impaired.** The Carrier's Call Center shall be equipped with Telephone Device for the Deaf ("TDD") or Teletype ("TTY") in order to serve the hearing impaired population.
- C.1.a.5. **Language Accessibility.** The Carrier's Call Center shall have at least two (2) member service representatives who are bilingual in English and Spanish and provide Limited English Proficiency ("LEP") support or have a language translation organization available for such support.
- C.1.a.6. **Benefits Coordinator ("BC") Access.** The Carrier shall provide BCs with a special number or access code that permits them to have priority access to the Carrier's Call Center supervisors. The Carrier can satisfy this "hotline" requirement by expediting calls to this special number in front of the general queue. Additionally, BCs and dedicated ERS staff shall be provided with a web portal to electronically access Participant eligibility status and through which they may escalate GBP requests to a Call Center supervisor.
- C.2. **Enrollment Verification.** To assist the Carrier in verifying enrollment, ERS provides online access to its enrollment system, PeopleSoft. Online access is available through the Carrier's Internet provider and shall be operational sixty (60) days prior to go-live date. Staff trained on ERS' enrollment system shall be available during all customer service open hours.
- C.2.a. The Carrier shall accept oral verification of a GBP Participant's coverage by an authorized representative of ERS or verify the Participant's coverage through utilization of ERS OnLine. Coverage shall be updated in the Carrier's system prior to receipt of the next ERS weekly enrollment information.
- C.3. **Audit.**
- C.3.a. ERS may contract with an auditing firm to conduct periodic audits of the Carrier. The Carrier shall be required to cooperate with and support the efforts of the auditors. Neither ERS nor the auditors will be required to indemnify the Carrier for any costs incurred in connection with these audits.

- C.3.b. ERS or any of its duly authorized representatives shall have access to any GBP-related information during the term of the Contract and until the expiration of seven (7) years after the final payment is made under the Contract. This includes access to and the right to examine any pertinent books, documents, papers, and records of the Carrier involving transactions relating to the Contract. In the event there arises any claim, dispute, or litigation concerning the Contract, the period of access and examination described above may continue until the disposition of such claim, dispute, or litigation has been deemed final.
- C.4. **Fraud and Abuse.** The Carrier shall use automated systems to detect fraud and misuse of the program, overpayments, wrongful or incorrect payments, unusual or extraordinary charges, and verification of enrollment. The Carrier shall also conduct thorough, diligent, and timely investigations with regard to fraudulent and suspicious claims and immediately upon discovery, notify ERS' Director of Benefit Contracts of any fraudulent or suspicious activity. The Carrier shall also provide a monthly report on all such suspicious claims to ERS' Benefit Contracts division. The Carrier understands that ERS may develop further policies in connection with the detection and prevention of fraud or abuse. The Carrier shall comply with all applicable laws and regulations and shall also comply with all ERS policies and is encouraged to develop additional safeguards as allowed by law. The Contract has additional requirements in this regard. Examples of standards for detecting fraud and abuse are as follows:
- The Carrier shall provide a toll-free number and an Internet link for Participants to report fraud and abuse.
  - The Carrier shall report the total number of dollars recovered through fraud-related investigation activities monthly.
- C.4.a. The Carrier shall maintain a complete and accurate claims reporting system and provide for the retention, maintenance, and storage of all payment records with provision for appropriate reporting to ERS. The Carrier shall maintain all such records throughout the term of the Contract and for at least seven (7) years following the end of the Contract, and shall make such records accessible and available to ERS for inspection and audit upon ERS' request. In the event the Carrier is scheduled to destroy records, the Carrier must contact ERS for approval prior to the destruction of the records. If ERS approves destruction, verification of the destroyed records shall be required at ERS' direction. In the event there arises any claim, dispute or litigation concerning the Contract, the period of access and examination described above shall continue until the disposition of such claim, dispute, or litigation is final. The Contract has additional requirements regarding audits.

## **D. Administrative Requirements**

- D.1. The Carrier shall provide the underwriting staff and support necessary to comply with the EOI provisions of the Contract. The Carrier shall provide all supplies, forms, and related items that are required to accomplish this function. EOI is required for late entrants for all coverages except Voluntary AD&D. Approximately 9,104 individual applications for Life, STD and LTD coverage were submitted through the EOI process from September 1, 2010 to March 31, 2011. The Carrier shall refer to the related performance guarantees for further EOI management requirements.
- D.2. The Carrier shall administer and adjudicate all claims functions under the various life and/or disability coverages offered through the GBP. General requirements shall include the following:
- The adjudication of claims, including disbursement of claim checks or drafts.
  - The Carrier must process claims using its own financial resources and will be reimbursed by ERS on a weekly basis. See Article III, *Financial Requirements and Structure*, of this RFP for additional specifications regarding the payment methodology.
  - Claims filed must be processed within ten (10) business days of submission to the Carrier unless additional information and/or investigation is required.
  - EOI underwriting processes shall be completed within ten (10) business days from date of receipt for applications not requiring additional information.

- The Carrier must provide general, legal, underwriting, actuarial and other technical services and assistance as ERS may reasonably request in relation to insurance coverage and administration, adjudication of claims, appeals and litigation. Each disability claim that is denied must be reviewed and affirmed by a licensed medical doctor with a specialty applicable to the disabling condition.

## **E. Carrier Program Reporting**

### **E.1. Actuarial Reporting**

- E.1.a. As previously noted, ERS retains a consulting actuary on insurance matters. The consulting actuary assists and advises the ERS staff on benefit plan design, Proposal review, and the Carrier's Price Proposal analysis. ERS staff or the consulting actuary may, from time to time, request the Carrier to provide additional information specific to Group Term Life Insurance and Disability Income benefits. The Carrier shall cooperate with and act in good faith in working with ERS and/or the consulting actuary and shall be prepared to respond to these requests promptly. In that regard, or for other Group Term Life Insurance and Disability Income benefit purposes, from time to time ERS may, on an *ad hoc* basis, request that the Carrier prepare customized reports on a timely basis at no additional cost to ERS.
- E.1.b. The Carrier should be able to provide the periodic experience information regarding the plans. At a minimum, the Carrier shall be prepared to provide all of the data contained in Appendix Q of this RFP. ERS will request this information from the Carrier at least annually.

### **E.2. Management Reporting Requirements**

- E.1. ERS may, from time to time on an *ad hoc* basis, request that the Carrier prepare customized reports on a timely basis at no additional cost to ERS. The Carrier shall be required to provide data analysis and GBP-specific reports as specified by ERS. A list of the Carrier's current client reports shall be included in the Carrier's response. In addition to providing the Carrier's current client reports list, please describe the methods used to access all reports electronically.
- E.2. Following contract award, ERS will determine the required administrative reports and specify reporting frequency. The Carrier's required reporting shall include, but not be limited to, the following:
- Performance Guarantees;
  - Call Center Statistics as referenced in Appendix L;
  - Complaints; and
  - Fraud, Waste and Abuse.

Reports shall vary in frequency and scope based on ERS' designation after selection of the Carrier and execution of the Contract as reflected herein. However, all reports provided by the Carrier shall reflect quality production with attention to detail, accurate data, and meet additional requirements as specified by ERS. Costs associated with reporting shall be included in the Carrier's *Proposal Response – Information and Format*, Article VIII.

To ensure the accuracy of the self-reported information and reliability of the Carrier's internal operational controls, the Carrier shall provide documentation verifying all reported statistics associated with the *Performance Guarantees* referenced in Appendix G or implementation of other legal remedies available to ERS in the Contract. The document type and due date shall be specified by ERS.

- E.3. **Monthly Reporting Requirements:** ERS requires the Carrier to provide the following reports as reflected in Sections X.E.3. below using either GBP-specific or book of business statistics. The data shall include the entire previous month, and shall be received in the ERS-prescribed format via email by the 20th of the following month. Failure to provide the required data may result in a monetary assessment as required in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract. The required data and format are subject to change as required by ERS. The current requirements are:

E.3.a. **Monthly Administrative Performance Report:** This document reflects the specific Contract performance areas upon which the Carrier must report each month. The last tab of the document reflects the calculation and methodology used to identify the reported measure. On an annual basis, the Carrier will be responsible for providing ERS with the source document in order to allow ERS the opportunity to certify that the self-reported data is accurate. A sample monthly administrative performance report is referenced in Appendix N.

ERS shall utilize information reported by the Carrier to proactively monitor trends and to identify/address variances on the targeted Carrier performance requirements. ERS shall specify the reporting timelines and formats. Some formats shall include a column indicating a performance standard for the item being reported that ERS shall use as a benchmark to monitor compliance and to analyze the reported statistics. The standard to be reported is based on availability in the following order of priority:

1. Stated in the Contract;
2. As required by applicable statute or regulation;
3. The Carrier internal standard; or
4. Generally accepted industry standard.

To ensure the accuracy of the self-reported information and reliability of the Carrier's internal operational controls, the Carrier shall provide documentation verifying the statistics. The document type and due date shall be specified by ERS.

The statistics required to be reported by the Carrier include, but are not limited to:

- The number of written and emailed complaints received from GBP Participants, and the average length of time to resolve those complaints. Complaints shall be resolved within thirty (30) calendar days. The number of and percentage of MBPDs and/or EOCs mailed within five (5) business days of the Carrier's receipt of enrollment data from ERS or Participant request.
- Answer time, in seconds, for calls in the queue.
- Average call-blockage rate.
- GBP-specific dollars recovered through fraud investigation activity.

E.4. **Other Reporting Requirements.** The Carrier shall submit to ERS varied reports on a monthly basis. This data shall be used by ERS to analyze the life and/or disability plans.

E.5. **Special Reporting Requirements.** The Carrier shall provide ERS with knowledgeable dedicated personnel resources to provide varied reports and analytical data as requested by ERS. This data shall be used by ERS to analyze the Group Term Life Insurance and Disability Income Plans. The information shall include current and previous year data. Special reporting requirements shall include, but not be limited to, the following:

- Trend Reporting;
- Annual Statistical Report;
- Cost Management & Fraud Report; and
- Other *ad hoc* reports.

ERS may request the Carrier to provide additional, customized *ad hoc* reports specific to the life and/or disability plans. The Carrier shall cooperate, act in good faith in working with ERS, and shall be prepared to respond to these requests promptly at no additional costs to ERS.

## F. Coordination with Other GBP Vendors

F.1. The Carrier shall coordinate with all other GBP Vendors as required by ERS, if applicable. Other GBP Vendors currently are:

F.2. **HealthSelect TPA.** The HealthSelect TPA is administered through a TPA selected by ERS through a separate RFP process. ERS currently utilizes BlueCross and BlueShield of Texas as its TPA for all HealthSelect Participants. Regardless of the HealthSelect health plan TPA utilized, the Carrier shall be required to coordinate with the HealthSelect health plan TPA to exchange patient health care information.

**G. Other Administrative Requirements**

**G.1. Site Visits**

At ERS' discretion, agency personnel may conduct site visits at ERS' sole expense. The Carrier may be asked to assist ERS staff with arranging and identifying travel and lodging arrangements that shall be in compliance with state of Texas travel guidelines.

# XI. Information Systems Requirements

This Article describes system requirements including information security, data processing interface requirements, enrollment and eligibility, security breach and fraud, and web specifications, as mandated by ERS. The Carrier shall administer the Plan in a manner consistent with all applicable state and federal laws and regulations, as well as ERS' administrative rules and at the direction of the ERS Board, its Executive Director, and ERS staff. The cost of the requirements described herein shall be recovered by the Carrier only by making provisions for such expenses in the Carrier's *Proposal Response – Information and Format* in Article VIII.

## A. Systems Requirements

### A.1. Data Processing Interface

A.1.a. **Enrollment/Eligibility.** ERS is responsible for determining the eligibility of Participants in the GBP and for reporting coverage.

GBP Participants are responsible for their own AE or life event choices by utilizing ERS OnLine, call to ERS and/or paper enrollment forms.

A.1.b. The Carrier must expend the necessary funds to electronically access ERS' enrollment system by all departments involved in customer services, claims adjudication, and eligibility enrollment administration.

A.1.c. The Carrier shall verify Group Term Life Insurance, AD&D and Disability Income coverage(s). To assist the Carrier in verifying coverage, ERS provides OnLine access to its PeopleSoft enrollment system. ERS OnLine is available through the Carrier's internet provider and must be operational sixty (60) days prior to go-live date of each plan year. Staff trained on the new system shall be available during the Carrier's customer service open hours.

A.1.d. ERS will determine the appropriate security and encryption to be used in the delivery of data to all Carriers. The approved Carrier shall have at least two (2) staff members available for training on the use of the new system prior to implementation. The Carrier shall have staff experienced with the new system available during the Carrier's customer service hours.

A.1.e. **ERS OnLine.** ERS provides the Carrier with the opportunity to view ERS' enrollment system through web access. The Carrier shall be prepared to access ERS OnLine via web access sixty (60) days prior to go-live date of each plan year. The Carrier shall utilize the enrollment information to assist in the verification of eligibility. The Carrier shall provide Customer Service staff proficient with the ERS OnLine system during all ERS designated customer service hours.

For the purpose of responding to this RFP, the Carrier shall recover any costs involved in the adaptation of its system requirements to those set forth by ERS only through Article VIII, *Proposal Response – Information and Format*.

A.1.f. **Information Security.** The Carrier shall comply with the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, TBCC and information security standards as outlined in Title 1, Texas Administrative Code §202. Further, the Carrier shall comply with the requirements for handling and use of personal information. The execution of the Data Security and Breach Notification will be required prior to final execution of a Contract.

A.1.f.1. The Carrier shall ensure the confidentiality, integrity, and availability of Participant and Program information through the utilization of mutually agreed upon industry best practices coordinated with the Information Security Officer of ERS.

A.1.f.2. The Carrier shall establish a Secure Sockets Layer ("SSL") and/or Transport Layer Security ("TLS") layer below the standard SFTP protocol to encrypt the control and/or data channels. SSL/TLS protocols are to be utilized to prevent unauthorized disclosure of personal identifying information. The Carrier shall be fully capable of accepting and implementing all Program information via SFTP within a site-to-site VPN tunnel.

- A.1.g. **Encrypted Data Files.** The Carrier shall maintain duplicate or back-up computer encrypted data files maintained securely in connection with all GBP Programs in a secure, hardened facility which provides environmental and access controls. The Carrier shall utilize 256Bit AES encryption standard for tapes or equivalent backup medium. Decryption keys shall be access controlled and provided to ERS upon demand.
- A.1.g.1. All computer data files of the Plan, as maintained by the Carrier, shall at all times remain the property of ERS notwithstanding the fact that such records may be stored upon or within one (1) or more computer or data retention systems owned, operated, or leased by the Carrier.
- A.1.g.2. Electronic communications, to include, but not be limited to, email and file transfers, between the Carrier and ERS shall be encrypted to protect Participant's confidential information.
- A.1.h. **Multi-Factor Authentication.** The Carrier shall provide non-repudiation services up to and including second factor authentication on all transactions.
- A.1.i. **Identity Theft Enforcement and Protection Act.** Texas Business and Commerce Code 521.001, *et seq.*. A person cannot obtain, transfer, possess, or use another's personal identifying information without consent in order to get something of value in another's name. Businesses must take reasonable steps to safeguard customers' personal identifying information and must notify customers of any electronic security breach involving their sensitive personal information.
- A.1.j. **Security Breach.** The Carrier shall comply with the Data Security and Breach Notification as attached hereto as Appendix D with regard to Security Breaches. In addition, the Carrier shall comply with the BAA as attached hereto as Appendix C.
- A.1.k. **Data Files.** The Carrier shall maintain a complete and accurate reporting system, and provide for the retention, maintenance, and storage of all Program and Participant records for appropriate reporting to ERS. The Carrier shall securely maintain all such records throughout the term of the Contract, and for at least seven (7) years or as dictated by statute following the end of the Contract, and shall make such records accessible and available to ERS for inspection and audit upon ERS' request. In addition, the Carrier shall maintain such records indefinitely to the extent there is any legal action, investigation or audit related to the Contract and the Carrier is notified of same.
- A.1.l. **Data/Records Availability.** At all reasonable times, ERS or its representatives shall have access to ERS and life and/or disability records. To the extent that any such records are to be maintained upon a computer system or any other data retention system which is not owned by the Carrier, the Carrier shall provide ERS with assurances from the owner of such computer facilities, satisfactory to ERS, of continued availability and security of such records at all times. ERS must be permitted to personally inspect such facilities and systems.
- A.1.m. **Data/Records Retention.** The Carrier shall maintain records in accordance with the Contract. In the event the Carrier is scheduled to destroy records, the Carrier shall contact ERS for approval prior to the destruction of the payment records. If ERS approves destruction, verification of the destroyed records shall be required at ERS' direction.
- A.1.n. **Fraud Detection.** The Carrier shall use a comprehensive plan, including automated systems, to prevent and detect fraud and misuse of the program, overpayments, wrongful or incorrect payments, and falsification of eligibility, verification of enrollment and unnecessary and/or wrongful medical practices and abuses. The Carrier shall comply with all applicable state and federal laws and regulations and shall also comply with all ERS policies, and is encouraged to develop additional safeguards as allowed by law. The Carrier understands that ERS may develop further policies in connection with the detection and prevention of fraud or abuse. The Carrier shall also conduct thorough, diligent, and timely investigations with regard to fraudulent and suspicious claims, and report all such suspicious claims to ERS' Benefit Contracts division. The Contract contains additional anti-fraud and abuse requirements. Examples of practices for preventing and detecting life and/or disability fraud and abuse include, but are not limited to:
- Enhancing prospective medical services utilization review to prevent waste;
  - Using technology at the point of service to prevent abuse and errors; and
  - Auditing claims data to profile both providers and clients.

A.1.o. **IVR System.** The Carrier shall provide all annual updates and/or equipment re-configurations for future years no later than the first business day of May of each subsequent year.

A.1.p. **Mobile Devices.** All laptop computers, mobile devices and external storage devices which contain, process, or interact with ERS data shall be encrypted at rest. If ERS data is to be transmitted using a mobile device or laptop computer, the transmission shall be encrypted as well.

## A.2. **Web Specifications**

A.2.a. **Carrier Website Technical Specifications.** ERS' primary focus in its web page design is to provide information to state and higher education employees, retirees and their dependents. The Carrier shall adhere to all website access, format, content, and technical requirements outlined in both the ADA and Section 508 of the Rehabilitation Act in order to accommodate the needs of all individuals accessing information.

A.2.b. **Section 508 Requirement.** The Carrier shall comply with Section 508 accessibility standards. Section 508 requires that when state agencies develop, procure, maintain, or use electronic and information technology, they shall ensure that its information technology allows state employees and members of the public with disabilities to have access to and use of information and data that is comparable to the access to and use of information and data by state employees and members of the public who are not individuals with disabilities, unless an undue burden would be imposed on the state agency. In other words, all visitors to the ERS website should get a full and complete understanding of the information contained on the site, as well as the full and complete ability to interact with the site. Exceptions to this rule are only acceptable on a case-by-case basis and shall require prior approval by ERS.

A.2.c. To validate the Carrier's Section 508 compliance, the Carrier shall provide with its response a report in responding to this RFP evidencing its organization's Section 508, Level 1, compliance.

A.2.d. **Carrier's Internet Availability.** The Carrier providing Internet access to GBP Participants guarantees that the Internet Availability Rate for each Fiscal Year shall be 99.5% or greater. "Internet Availability Rate" means the percentage of available hours that the Carrier's GBP-specific Internet site is operational, excluding scheduled and pre-approved maintenance time, measured on a Plan Year basis, as reflected in Appendix G, *Performance Guarantees* or implementation of other legal remedies available to ERS in the Contract.

The Carrier shall correct inaccuracies within ten (10) days of being notified by ERS, as reflected in Appendix G, *Performance Guarantees* or implementation of other legal remedies available to ERS in the Contract.

A.2.e. **ERS Internet Specification.** In addition to ADA and Section 508 requirements, the Carrier shall adhere to the following website guidelines:

- The Carrier's web page shall be compatible with a wide spectrum of web browsers, including, but not limited to:
  - Microsoft Internet Explorer IE v6 or newer SP 1 ("Service Pack");
  - Netscape 7.0;
  - Mozilla Firefox 3.5 or newer;
  - Apple Safari 4.0 or newer;
- If providing a PDF document, assure ADA and Section 508 compliance;
- Warn user if "cookies" are used; however, do not use permanent "cookies";
- When linking to an external file (i.e., PDF, Word, etc.), reflect the file size and type;
- List ERS-approved security and privacy policies on the Carrier's GBP-specific Home page;
- Reflect the ERS logo or appropriate branding on the Carrier's GBP-specific Home page as specified by ERS for each plan year;
- Create text for all links used that makes sense when read out of context. For example, avoid "click here";
- The Carrier shall maintain Single Sign-On ("SSO") capabilities for security access; and
- Each page of the Carrier's website shall have a link back to the GBP-specific Home page;

- The Carrier's website shall use SSL wherever Participant's Personally Identifiable Information is presented.
- A.2.f. **Testing prior to Rolling Out Program Changes.** The Carrier shall provide testing environments for all circumstances utilized prior to rolling out program changes that run the logic to achieve predicted outcomes of programming prior to pushing-out a new process or enhancement/modification of an existing program.
- A.2.g. **XML.** Standardized method of extracting content on the Carrier websites, through "feeds." The Carrier shall be prepared to provide ERS with XML-tagged content.
- A.2.h. **Single-Sign-On ("SSO").** ERS expects that the selected Carrier shall act in utmost good faith and cooperate with ERS in the implementation of SSO environment with respect to ERS' external website and the Carrier's website. As further described in the Contractual Agreement, ERS Participant records are confidential by law, and ERS maintains other records and information that the Carrier shall have access to and which the Carrier must keep confidential. Additionally, the Contractual Agreement contains prohibitions on using GBP Participant information for marketing purposes. The Carrier must cooperate with ERS in implementing an SSO environment that complies with these provisions of the Contract.

## XII. Organizational Information

The Life and/or Disability Carriers will submit separate organizational information in their response.

### A. Information required of Organization responding to RFP:

A.1. The Carrier's full legal name, physical/email address(es), and telephone/facsimile numbers.

Full legal name:  
Physical address:  
Email address:  
Telephone number:  
Facsimile number:

A.2. Identify the Carrier's type of incorporation:

Publicly owned                       Privately owned  
 For Profit                               Not-for-Profit / Non-Profit

A.3. In which state was the Carrier's incorporation or formation?

A.4. What is the Carrier's Federal Identification Number?

A.5. Date of state of Texas license.

A.5.a. If the Carrier is licensed through the state of Texas as a Carrier, include a copy of the Carrier's current license.

A.6. Is the Carrier required to maintain any other license(s)? If so, describe and confirm the validity of any valid license(s).

A.7. Has the Carrier ever had its certificate of authority or license to conduct business in Texas revoked?  Yes  No

If yes, explain.

A.8. Provide the date that Group Term Life and/or Disability Income products were first provided by the Carrier.

A.9. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for **the person authorized to execute this Proposal** and any subsequent contract that may be awarded. **This person shall be a company vice president or higher level in authority.**

Name:  
Title:  
Mailing address:  
Email address:  
Telephone number:  
Facsimile number:  
Biographical summary:

A.10. Provide the name(s), title(s), mailing/email address(es), and telephone/facsimile number(s) and biographical summary for **the individual(s)** responsible for the **(preparation of all materials contained in the Carrier's Proposal)** (other than the *Proposal Format Response*).

Name:  
Title:  
Mailing address:  
Email address:  
Telephone number:  
Facsimile number:

Biographical summary: [redacted]

- A.11. Provide the firm/attorney names, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the person who shall serve as the **Carrier's Legal Counsel** and/or all such information as it relates to any outside law firm retained by the Carrier for purposes of the Carrier's RFP Proposal or Contract performance.

Firm name: [redacted]  
Attorney name: [redacted]  
Title: [redacted]  
Mailing address: [redacted]  
Email address: [redacted]  
Telephone number: [redacted]  
Facsimile number: [redacted]  
Biographical summary: [redacted]

- A.12. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the person who shall serve as the **Carrier's Account Management Team Lead**.

Name: [redacted]  
Title: [redacted]  
Mailing address: [redacted]  
Email address: [redacted]  
Telephone number: [redacted]  
Facsimile number: [redacted]  
Biographical summary: [redacted]

- A.13. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the person who shall serve as the **Carrier's Account Implementation Team Lead**.

Name: [redacted]  
Title: [redacted]  
Mailing address: [redacted]  
Email address: [redacted]  
Telephone number: [redacted]  
Facsimile number: [redacted]  
Biographical summary: [redacted]

- A.14. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **individual** responsible for preparation of the **Carrier's Proposal Response – Information and Format** submitted in Article VIII.

Name: [redacted]  
Title: [redacted]  
Mailing address: [redacted]  
Email address: [redacted]  
Telephone number: [redacted]  
Facsimile number: [redacted]  
Biographical summary: [redacted]

- A.15. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **Carrier's Account Liaison**.

Name: [redacted]  
Title: [redacted]  
Mailing address: [redacted]  
Email address: [redacted]  
Telephone number: [redacted]  
Facsimile number: [redacted]  
Biographical summary: [redacted]

A.16. Provide the name(s), title(s), and corporate affiliation to the Carrier's firm of **ALL officers and ALL directors or principals, as applicable**. List each in the following format:

Name: [redacted]  
Title: [redacted]  
Corporate affiliation: [redacted]

A.17. Does the Carrier propose to utilize subcontractors in the performance, delivery and provision of services and products requested hereunder?  Yes  No

A.18. If applicable, provide the information below for each subcontractor and specify what services may be performed by each subcontractor. List each in the following format:

Name: [redacted]  
Physical address: [redacted]  
Mailing address: [redacted]  
Email address: [redacted]  
Telephone number: [redacted]  
Facsimile number: [redacted]  
Services performed: [redacted]

A.19. Confirm the Carrier's understanding, acknowledgement and agreement that the Carrier shall be fully liable and responsible for the performance of any subcontractor that the Carrier utilizes to perform any of the services, coverages, etc. required under the RFP and Contractual Agreement.  Confirm

A.19.a. Confirm the Carrier's understanding, acknowledgement and agreement that all services performed in support of the RFP and Contractual Agreement be solely executed in the United States.  Confirm

A.20. Provide a company-wide organizational chart reflecting employee name(s) and title(s) for the Carrier and any subcontractor(s) (if applicable) to be utilized in support of this Contract. Chart should also identify those positions open but not yet filled.

The Carrier's organizational chart: [redacted]  
Subcontractor organizational charts: [redacted]

A.21. Describe the staff (including numbers of full-time equivalent employees) that the Carrier and any subcontractor shall utilize to perform, deliver and provide the services, coverages, benefits, equipment, supplies and products requested herein.

The Carrier's staff description: [redacted]  
Subcontractor staff description: [redacted]

A.22. How many of these employees are located in Texas? Describe the functions these employees perform.

Number of the Carrier staff in Texas: [redacted]  
Description of Carrier's staff functions: [redacted]  
If applicable, number of Subcontractor staff in Texas: [redacted]  
If applicable, description of Subcontractor staff functions: [redacted]

A.23. Provide a list of individuals who shall comprise the Carrier's proposed Account Service team and submit brief resumes, as applicable, for each team member. [redacted]

A.24. Provide a list of individuals who shall comprise the Carrier's proposed Implementation Team and submit brief resumes, as applicable, for each team member. [redacted]

A.25. Provide brief resume(s) identifying key personnel for the Carrier's subcontractor who shall be responsible for any administrative and/or managerial functions of the Contract which shall include a listing of the Carrier-related duties and length of time contracted with the Carrier.

Subcontractor personnel resumes: [redacted]

A.26. Confirm that ALL relevant personnel's licensure(s), including subcontractors if applicable, shall be validated and current throughout the entire term of the Contract.  Confirm

A.27. Provide the name, mailing/email addresses, telephone/facsimile numbers and contact person for the professional associations to which the Carrier belongs.

Name: [REDACTED]  
Mailing address: [REDACTED]  
Email address: [REDACTED]  
Telephone number: [REDACTED]  
Facsimile number: [REDACTED]  
Contact person: [REDACTED]

A.28. The Carrier shall identify five (5) benefit programs for which the Carrier currently provides life and/or disability services. For these five (5) employers or carriers, the Carrier shall provide the company name, the Carrier's primary contact, title, email address, and telephone and facsimile numbers of representatives who are familiar with the Carrier and/or life and/or disability services provided for the programs previously identified, the number of employees for whom benefits are administered. Indicate the nature of Carrier's relationship provided to each client, i.e., insurer, administrator, reinsurer, etc.

**Note:** The Carrier's Proposal to this request officially authorizes ERS to contact these organizations or any other person or entity to discuss the services that the Carrier has provided and authorizes any person or entity contacted to provide such information to ERS, and shall release and hold harmless ERS and any person or entity contacted of any and all liability whatsoever, in connection with providing and receiving all such information. **The Carrier may not provide sponsoring, parent organizations, subsidiaries, or subcontractors as references.**

Company name: [REDACTED]  
Account primary contact: [REDACTED]  
Title: [REDACTED]  
Email address: [REDACTED]  
Telephone number: [REDACTED]  
Facsimile number: [REDACTED]  
Type of relationship: [REDACTED]  
Number of employees benefits administered: [REDACTED]

A.29. Provide the names of the five (5) largest organizations that have **terminated for Cause**, without limiting any other rights or remedies that the organization may have at law, equity or under contract, the organization shall have the right to terminate the Contract immediately in the event the Carrier, in organization's sole opinion, fails or refuses to perform, is negligent in performing, is unable to perform or it reasonably appears that the Carrier will not or is unable to perform any of its duties or obligations, in whole or in part, as provided by the Contract, the Carrier's life and/or disability services, other than because of mergers and acquisitions, within the last five (5) years. What is the name, title and telephone number of the representative of the entity who is familiar with the life and/or disability services and other consideration the Carrier provided? Indicate the types of life and/or disability services that were provided to each client.

**Note:** The Carrier's Proposal to this request officially authorizes ERS to contact these employers to discuss the services and other considerations that the Carrier has provided for its employees and dependents, and authorizes the organizations or any other entities to provide such information to ERS, and shall release and hold harmless ERS and the employers of any and all liability whatsoever, in connection with providing and receiving all such information. **The Carrier may not provide sponsoring, parent organizations, subsidiaries, or subcontractors as references.**

Company name: [REDACTED]  
Account primary contact: [REDACTED]  
Title: [REDACTED]

Email address:  
Telephone number:  
Facsimile number:  
Type of relationship:  
Number of employees  
benefits administered:



## B. Legal Disclosure Requirements

- B.1. For the past ten (10) year period, describe any litigation, regulatory proceedings, investigations, and/or inquiries completed, pending or threatened against the Carrier and/or any of its related affiliates, officers, directors, parent companies, subcontractors and any individuals identified by the Carrier who will be performing any services and providing coverages required under the RFP and Contractual Agreement. Identify the case number, date filed, full style of each suit, proceeding, inquiry or investigation, including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution, if any. **The Carrier shall not refer ERS to any third party websites or other sources in order for ERS to obtain this information. The Carrier must address each aspect of the above paragraph in its Proposal to this question.**

Case Number:  
Date filed:  
Full style of matter:  
County and State:  
Regulatory Body:  
Brief summary:  
Current status:  
Resolution:



- B.2. Provide a schedule and describe in detail previous contract implementation breakdowns, performance assessments, contract disputes resulting in suit or settlement and/or contract breaches for the **past ten (10) years** (if any) by the Carrier, and discuss all measures the Carrier took to rectify the situation or remedy the breach. Please separate by governmental and non-governmental clients indicating the reason for the assessment and the amount paid. **List in most recent chronological order.**

Governmental:  
Non-governmental:  
Action taken to resolve issue:  
Assessment amount paid:



- B.3. Confirm that neither the Carrier nor any of its affiliates, subsidiaries, employees, principals, directors, or officers, nor, to its knowledge, the Carrier's agents, assigns, representatives, independent contractors, and/or subcontractors, who are involved, either directly or indirectly, in the Carrier's performance of the Contract, are or may, in the time such parties become involved, be the subjects of any inquiry, investigation, suit, action or prosecution by any state or federal regulatory or law enforcement authority, including, but not limited to, such actions by the U.S. Department of Justice or the offices of any states' attorney general, the U.S. Department of Labor, Department of Health & Human Services, Centers for Medicare and Medicaid Services, or any self-regulatory organization with oversight authorization over the Carrier or such parties concerning any violation of state and federal statutes, rules, regulations, or other laws.  Confirm

- B.3.a. During the past ten (10) years, describe any investigations, proceedings or disciplinary actions by any state or federal regulatory agency, states' attorney general or any other law enforcement or applicable oversight body against the Carrier and/or any of its related affiliates, officers, directors and any person or subcontractor performing any part of the services or providing any of the coverages or supplies in connection with the Contract. Identify the full style of each disciplinary action, suit, inquiry, proceeding or investigation including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution, if any. **The Carrier shall not refer ERS to any third-party websites or other sources in order for ERS to obtain**

**this information. The Carrier must address each aspect of the above paragraph in its Proposal to this question.**

Case Number: [REDACTED]  
Date filed: [REDACTED]  
Full style of matter: [REDACTED]  
County and State: [REDACTED]  
Regulatory Body: [REDACTED]  
Brief summary: [REDACTED]  
Current status: [REDACTED]  
Resolution: [REDACTED]

- B.4. Describe any pending agreements, negotiations, and/or offers to merge or sell the Carrier's organization. This should include any joint ventures or other financial arrangements regarding a pending change in ownership of the Carrier's organization. [REDACTED]
- B.4.a. Disclose any obligation or arrangement to purchase another firm that would involve substantial commitment of assets or capital. [REDACTED]
- B.4.b. If applicable, outline the anticipated timelines for the actions reflected in the Carrier's responses to items XII.B.4. and XII.B.4.a. above. [REDACTED]
- B.4.c. Confirm that the Carrier shall notify ERS' Executive Director immediately upon reaching any form of binding agreement in connection with any merger, acquisition or reorganization of the Carrier's management as permitted by applicable law.  Confirm
- B.5. Confirm that the Carrier shall notify the Director of Benefit Contracts with any anticipated changes to the ERS' Account Management and/or Implementation Team(s) structure and the Carrier's Senior Officers.  Confirm
- B.6. Does the Carrier sell or report any data from its clients, either specifically or in aggregate, to any organizations?  Yes  No
- B.6.a. If yes, disclose the arrangements and information shared in detail. [REDACTED]
- B.7. Provide a copy of the Carrier's current fidelity and liability insurance declarations page reflecting the required coverage limits as specified in the Contractual Agreement. [REDACTED]
- B.7.a. Describe the various types of insurance coverage and indemnification provided to protect clients, including for each insurance type: risks covered, carriers, levels, limits, and deductibles. [REDACTED]
- B.8. Describe the errors and omissions coverage to be provided by the Carrier. [REDACTED]
- B.9. Confirm that the Carrier agrees to add ERS as an additional insured on each such policy. [REDACTED]

### **C. Data and Information Services**

- C.1. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **Carrier's Privacy Officer**.

Name: [REDACTED]  
Title: [REDACTED]  
Mailing address: [REDACTED]  
Email address: [REDACTED]  
Telephone number: [REDACTED]  
Facsimile number: [REDACTED]  
Biographical summary: [REDACTED]

- C.1.a. Is the Carrier currently in compliance with all HIPAA requirements?  Yes  No
- C.1.b. Please provide a brief description of any HIPAA violations alleged against the Carrier. This should include the date of the occurrence, a brief description of what occurred, any fines or

penalties assessed against the Carrier, and any regulatory body that assessed any such claim.

C.1.c. Confirm that the Carrier has the ability to transmit HIPAA-related data from and to its site via secured site-to-site VPN or other federally approved means of data transmission.  
 Confirm

C.2. Confirm the Carrier's ability to accept data via SFTP within site-to-site VPN tunnel.  
 Confirm

C.3. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **Security Compliance Officer**.

Name: [REDACTED]  
Title: [REDACTED]  
Mailing address: [REDACTED]  
Email address: [REDACTED]  
Telephone number: [REDACTED]  
Facsimile number: [REDACTED]  
Biographical summary: [REDACTED]

C.4. Confirm that the Carrier has the ability to transmit encrypted data from and to its site via secured direct transmission line or other federally approved means of data transmission.  
 Confirm

C.5. Confirm that the Carrier is currently in compliance with requirements of the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code Chapter 521.001, et seq.: Unauthorized Use of Identifying Information or the information security standards as specified in Title 1, Part X, ch. 202, Subchapter C, §§ 202.20 – 202.25 & § 202.27, Tex. Admin. Code.  
 Confirm

C.6. Provide a brief description of any violations alleged against the Carrier with regard to the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code Chapter 521.001, et seq.: Unauthorized Use of Identifying Information or the information security standards as specified in Title 1, Part X, ch. 202, Subchapter C, §§ 202.20 – 202.25 & § 202.27, Tex. Admin. Code. [REDACTED]

C.7. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **Carrier's Technical Consultant** contact for SFTP file management and system service concerns.

Name: [REDACTED]  
Title: [REDACTED]  
Mailing address: [REDACTED]  
Email address: [REDACTED]  
Telephone number: [REDACTED]  
Facsimile number: [REDACTED]  
Biographical summary: [REDACTED]

C.8. Related to the Carrier's administrative and customer service support functions, what are the Carrier's contingency plans and procedures for providing back-up service in the event of strike, natural disaster, act of God, backlog, or other events that might interrupt, delay or shut-down service? Provide a brief description. [REDACTED]

C.9. Provide a copy of the Carrier's disaster recovery plan and/or business resumption plan including the results of the Carrier's most recent test of the plan. [REDACTED]

## D. Financial Reporting Requirements

D.1. The Carrier shall provide copies of the Carrier's 2009 and 2010, or most current NAIC annual statement and a copy of the Carrier's most recent audited financial statement. [REDACTED]

- D.2. For each year contracted, the Carrier shall submit a copy of its annual audited financial statement by the last business day of June. Affirm that the Carrier will provide financial statements as required. [REDACTED]
- D.3. Is the Carrier's company a subsidiary or affiliate of another company?  Yes  No  
 If yes, provide full disclosure of all direct or indirect ownership and include an organization chart depicting the parent company, other companies owned by the parent company, and any subsidiary relationships. [REDACTED]
- D.4. Does the Carrier have a sponsoring or parent company?  Yes  No
- D.4.a. Does the Carrier have any legal relationships or financial agreements with any other entity?  
 Yes  No
- D.4.b. If yes, state the name and address of any sponsoring or parent organization, others who provide financial support to the Carrier and please describe.  
 Full Legal Name: [REDACTED]  
 Mailing Address: [REDACTED]  
 Type of Support: [REDACTED]  
 Type of Relationship: [REDACTED]
- D.4.c. Provide an indication of the type of support, i.e., guarantees, letters of credit, etc., if applicable. [REDACTED]
- D.4.d. Provide the maximum limits of additional financial support from other entities or persons, if applicable. [REDACTED]
- D.4.e. Provide a copy of the sponsoring or parent organization's most current audited financial statement, if applicable. [REDACTED]
- D.5. Provide a copy of the Carrier's current SAS 70, Level 2, report, if applicable. [REDACTED]
- D.5.a. Provide a copy of the Carrier's sponsoring or parent company's current SAS 70, Level 2, report, if applicable. [REDACTED]
- D.6. The Carrier shall confirm compliance with the Sarbanes-Oxley Act of 2002, if applicable.  
 Confirm [REDACTED]
- D.7. Provide copies of ratings and reports on the Carrier issued by independent insurance rating organizations or similar entities, e.g., A.M. Best's, Moody's, NCQA, Standard & Poor's, etc.

# XIII. Deviations

ERS shall interpret any lack of deviation as the Carrier's full agreement to the provisions of the Contractual Agreement and RFP requirements unless specifically and unequivocally stated in detail under XII., Deviations in the Carrier's Proposal. ERS shall interpret the Carrier's Proposal to match the specifications herein except for deviations specifically noted and described in response to this item. Deviations will not become a part of the final Contract unless expressly accepted by ERS and agreed to by ERS in writing. In all cases, the RFP and all Contractual Agreement terms shall control. In the event of any conflict between the two, the terms of the Contractual Agreement shall prevail.

Deviations, which are strongly discouraged, must be specifically identified below in order to be considered. General references to or comparisons with a different standard shall not be considered as satisfactory identification of a deviation and shall be deemed void. The Carrier understands and agrees that ERS is relying on the truth and accuracy of the Carrier's Proposal, that the Carrier shall comply with all requirements set forth throughout the entire RFP, and that ERS shall interpret the Carrier's Proposal to match the RFP specifications, except for deviations specifically noted and described below.

- A.1. Affirm that the Carrier shall comply with all of the **Instructions** described in **Article I** of this RFP.  
 Affirm                       Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.  
The Carrier's Requested Deviation Detail:

- A.2. Affirm that the Carrier shall comply with all of the **Proposal Evaluation Criteria** described in **Article II** of this RFP.  
 Affirm                       Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.  
The Carrier's Requested Deviation Detail:

- A.3. Affirm that the Carrier shall comply with all of the **Group Term Life Insurance with Accidental Death and Dismemberment Requirements** described in **Article IV** of this RFP.  
 Affirm                       Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.  
The Carrier's Requested Deviation Detail:

- A.4. Affirm that the Carrier shall comply with all of the **Dependent Group Term Life Insurance with Accidental Death and Dismemberment Requirements** described in **Article V** of this RFP.  
 Affirm                       Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.  
The Carrier's Requested Deviation Detail:

- A.5. Affirm that the Carrier shall comply with all of the **Voluntary Accidental Death and Dismemberment Requirements** described in **Article VI** of this RFP.  
 Affirm                       Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.  
The Carrier's Requested Deviation Detail:

- A.6. Affirm that the Carrier shall comply with all of the **Group Disability Income Requirements** described in **Article VII** of this RFP.  
 Affirm                       Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.

The Carrier's Requested Deviation Detail: [REDACTED]

- A.7. Affirm that the Carrier shall comply with all of the **Proposal Response – Information and Format Requirements** described in **Article VIII**, and bound to the rates the Carrier provides in Proposal to the Rate Proposal Section of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.

The Carrier's Requested Deviation Detail: [REDACTED]

- A.8. Affirm that the Carrier shall comply with all of the **Communication Requirements** described in **Article IX** of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.

The Carrier's Requested Deviation Detail: [REDACTED]

- A.9. Affirm that the Carrier shall comply with all of the **Operational Specifications Requirements** described in **Article X** of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.

The Carrier's Requested Deviation Detail: [REDACTED]

- A.10. Affirm that the Carrier shall comply with all of the **Information Systems Requirements** described in **Article XI** of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.

The Carrier's Requested Deviation Detail: [REDACTED]

- A.11. Affirm that the Carrier shall comply with all of the **Organizational Information** described in **Article XII** of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.

The Carrier's Requested Deviation Detail: [REDACTED]

- A.12. Affirm that the Carrier shall comply with all of the **Group Term Life Insurance and AD&D Interrogatories** described in **Article XIV** of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.

The Carrier's Requested Deviation Detail: [REDACTED]

- A.13. Affirm that the Carrier shall comply with all of the **Disability Income Interrogatories** described in **Article XV** of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Carrier's Proposal and these specifications.

The Carrier's Requested Deviation Detail: [REDACTED]

- A.14. While deviations to the Contractual Agreement are strongly discouraged, clearly identify any provisions found in the Contractual Agreement, referenced as Appendix B and/or B.1., to which the Carrier is requesting a deviation. ERS is seeking a Carrier that will agree to, and comply with, all provisions of the Contractual Agreement. ERS shall presume that the Carrier agrees with and will execute the Contractual Agreement unless it clearly and unequivocally specifies any

deviations thereto in the Carrier's Proposal. In any event, ERS shall not be required to accept any deviations to the Contractual Agreement or to the terms of this RFP. Any such deviations must be specifically agreed to in writing by ERS before they shall form a part of the final agreement between ERS and the chosen Carrier.

- A.14.a. Affirm that the Carrier shall comply with all of the provisions in the **Contractual Agreement** provided in **Appendix B and/or Appendix B.1.** of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Contractual Agreement deviation.

The Carrier's Requested Deviation Detail:

- A.15. Affirm that the Carrier shall comply with all of the provisions provided in **Appendix C, Business Associate Agreement** of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix C, Business Associate Agreement deviation.

The Carrier's Requested Deviation Detail:

- A.16. Affirm that the Carrier shall comply with all of the provisions provided in **Appendix D, Data Security and Breach Notification** of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix D, Data Security and Breach Notification deviation.

The Carrier's Requested Deviation Detail:

- A.17. Affirm that the Carrier shall comply with all of the provisions provided in **Appendix G, Performance Guarantees** of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix G, Performance Guarantees deviation.

The Carrier's Requested Deviation Detail:

- A.18. Affirm that the Carrier shall comply with all of the provisions provided in **Appendix J, Grievance Procedure** of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix J, Grievance Procedure deviation.

The Carrier's Requested Deviation Detail:

# XIV. Group Term Life Insurance and AD&D Interrogatories

**Instructions: If the Carrier is not submitting a Proposal to underwrite and administer the Group Term Life Insurance and AD&D plans, please disregard this Article.**

In order for the Carrier's Proposal to be considered and accepted, the Carrier must provide answers to all of the questions presented herein. Each question must be answered specifically and in detail. **Reference should not be made to a prior response, or to another document, unless the question involved specifically provides such an option.** Be sure to refer to the earlier articles of this RFP and the Contract before responding to any of the questions, so that the Carrier has a complete understanding of all of ERS' requirements with respect to the bid. For purposes of the Contract and the RFP, "Carrier" necessarily includes the Carrier, its officers, directors, employees, representatives, agents, subsidiaries, affiliates and any subcontractors and independent contractors.

Answers to the questions included in this Article should be detailed enough to satisfactorily explain the Carrier's position on each particular issue. It is the Carrier's responsibility to respond to these questions in such a way that ERS has a full and complete understanding of its intent. **It is important that the Carrier carefully defines any key words or phrases used in answering these questions that are not otherwise defined in the Contract or the RFP. The Carrier's Proposal shall use the terms defined in the Contract and the RFP only as they are so defined.**

The Carrier acknowledges, understands and agrees that its responses to these Interrogatories and all other provisions of the RFP are material and are being relied on by ERS in connection with the selection of the Carrier to provide the services, benefits, equipment, coverages, supplies, products and other services as specified in the RFP.

## A. Administrative Information

A.1. Provide a detailed description of the manner in which the Carrier proposes to administer the Group Term Life and AD&D benefits to the Participants of the GBP. Please include at least the following information in the Carrier's response: the location of the office where the following functions are performed; numbers of staff for each administrative function; the last two (2) years of staff turnover rates; and note how long the office has been in operation.

A.1.a. Account Manager/Account Representative(s);

A.1.b. Claims processing;

A.1.c. Customer service;

A.1.d. Website management;

A.1.e. Correspondence unit; 

A.1.f. Medical (EOI unit) Underwriting unit; and

A.1.g. Publications distribution.

A.2. If the Carrier contracts with a management or service company for some or all of the Carrier's proposed services, provide the name of the company, the services provided, and the method of reimbursement.

Name of Company:

Physical address:

Mailing address:

Email address:

Telephone number:

Facsimile number:

Services provided: 

Reimbursement Method:

- A.3. If any of the individuals noted in response to item A.2. above have been employed by ERS or other state agency or higher education institutions at any time during the two (2) years preceding the Proposal closing date, state the name of the individual, the nature of the previous employment, and the date of termination from employment.

Name of Individual:

Nature of Previous Employment:

Date of Termination:

**B. Claims Processing**

- B.1. Describe in detail the claims processing facilities the Carrier will use if the Carrier is selected to administer the plan. Provide separate descriptions for each of the types of coverages to be administered under this plan.
- B.2. For the office that would process GBP Participant claims, please provide:
- B.2.a. The number of clients for whom the Carrier currently processes claims; and
- B.2.b. The number of covered employees for whom the Carrier currently processes claims.
- B.3. Provide the following aggregate claims information for 2009 and 2010.
- B.3.a. Total claims paid, volume and dollar amount, under all plans administered or insured for each of the following types of coverage:
- B.3.a.1 Group Term Life;
- B.3.a.2. AD&D,
- B.3.a.3. Dependent Life; and
- B.3.a.4. Voluntary.
- B.3.b. Total claims paid, volume and dollar amount, under all such plans insured or administered in the state of Texas.
- B.4. Describe the interval claims processing standards that will be applied to claims generated by each type of coverage.
- B.5. What is the average claims turnaround time for processing Life claims?
- B.5.a. What is the average claims turnaround time for processing AD&D claims?
- B.6. What is the Carrier's internal dispute or appeal process available to plan Participants? Please provide a detailed description.
- B.7. Describe the process that the Carrier intends to use to provide life insurance conversion policies for terminated participants. Provide a description of the benefits and the cost of such coverage, including the conversion charge.
- B.8. Describe in detail the facilities, procedures, and locations that you intend to utilize in servicing those functions required under the program other than the processing of claims. This response should include a description of:
- B.8.a. The underwriting staff and procedures the Carrier will use to carry out the EOI requirements of the plan.
- B.8.b. The actuarial personnel that will be available to confer with the ERS consulting actuary concerning rating and other financial issues.

- B.8.c. Legal and other expertise available to assist ERS in the execution of its duties under the Contract.
- B.9.d. Legal counsel in Austin, Texas that will handle administrative appeals and/or litigation related to GBP claims.
- B.10. Describe the Carrier's most effective means to detect fraud, abuse and other improprieties.
- B.10.a. How is the Carrier qualified to perform this task and how does the Carrier undertake such a service?

**C. Customer Service**

- C.1. Describe the Carrier's member services unit, the manner in which it is accessed, hours of operation, and complaint management procedures.
- C.2. Does the Carrier provide access to automated, interactive data systems that would provide Participants with information?
  - C.2.a. Does the Carrier currently maintain an Internet website?  
If yes, provide the Internet address.
  - C.2.b. Can employees access specific claim information via the Carrier website to determine the status of claims and to make inquiries?
- C.3. Describe the Carrier's customer satisfaction survey process.
  - C.3.a. How often does the Carrier conduct these surveys? Provide a copy of the results of the Carrier's most recent survey.
- C.4. Does the Carrier provide any automated customer service support using voice response for routine questions?
- C.5. How are patterns of customer service inquiries monitored and the subsequent data used to improve claims processing activities?
- C.6. Will the Carrier have bilingual customer service personnel available to GBP Participants?
  - C.6.a. Please identify all languages spoken.
- C.7. Can the Carrier provide a separate telephone number for GBP Participants? Yes No  
If no, please explain.

**D. Customer Complaint and Grievance Processes**

- D.1. Describe the procedure for handling customer service complaints.
  - D.1.a. What customer complaint tracking system does the Carrier utilize?
  - D.1.b. How long has this system been operational?
- D.2. Describe the Carrier's problem resolution policies.
- D.3. Describe the Carrier's internal processes to deal with Participant grievances.

**E. Financial Information**

- E.1. List number of clients that have a minimum premium financial arrangement.

- E.2. Describe the Carrier's procedure for establishing reserves for approved waiver of premium claims. Such reserves will be subject to the review and approval of ERS.
- E.3. Describe the Carrier's procedure for establishing reserves for incurred but unreported claims for each plan of coverage at the end of the first year and at the end of each renewal year. Such description should include the methodology applicable to each plan. Such reserves will be subject to the review and approval of ERS.
- E.4. Does the Carrier establish, for any plan of coverage, reserves other than those discussed above?
- E.4.a. Describe how such reserves are established. Any such reserves will be subject to the review and approval of ERS.
- E.5. How does the Carrier establish the level of life coverage that is available to a Participant without EOI if Participant is enrolling at their first opportunity?
- E.6. What would the Carrier recommend as the level of available life coverage without EOI if Participants are enrolling at their first opportunity.

# XV. Disability Interrogatories

**Instructions: If the Carrier is not submitting a Proposal to provide administrative services for the Disability Income Insurance Plans, please disregard this Article.**

In order for the Carrier's Proposal to be considered and accepted, the Carrier must provide answers to all of the questions presented herein. Each question must be answered specifically and in detail. **Reference should not be made to a prior response, or to another document, unless the question involved specifically provides such an option.** Be sure to refer to the earlier articles of this RFP and the Contract before responding to any of the questions, so that the Carrier has a complete understanding of all of ERS' requirements with respect to the bid. For purposes of the Contract and the RFP, "Carrier" necessarily includes the Carrier, its officers, directors, employees, representatives, agents, subsidiaries, affiliates and any subcontractors and independent contractors.

Answers to the questions included in this Article should be detailed enough to satisfactorily explain the Carrier's position on each particular issue. It is the Carrier's responsibility to respond to these questions in such a way that ERS has a full and complete understanding of its intent. **It is important that the Carrier carefully defines any key words or phrases used in answering these questions that are not otherwise defined in the Contract or the RFP. The Carrier's Proposal shall use the terms defined in the Contract and the RFP only as they are so defined.**

The Carrier acknowledges, understands and agrees that its responses to these Interrogatories and all other provisions of the RFP are material and are being relied on by ERS in connection with the selection of the Carrier to provide the services, benefits, equipment, coverages, supplies, products and other services as specified in the RFP.

## A. Administrative Information

- A.1. Provide a detailed description of the manner in which the Carrier proposes to administer the Disability Income Benefits plan to the participants of the GBP. Please include at least the following information in the Carrier's response: the location of the office where the following functions are performed, numbers of staff for each administrative function to include the last two (2) years of staff turnover rates, and note how long the office has been in operation.
  - A.1.a. Account Manager/Account Representative(s);
  - A.1.b. Claims processing;
  - A.1.c. Customer service;
  - A.1.d. Website management;
  - A.1.e. Correspondence unit; 
  - A.1.f. Medical (EOI unit) Underwriting unit; and
  - A.1.g. Publications distribution.
- A.2. If the Carrier contracts with a management or service company for some or all of the Carrier's administrative services, provide the name of the company, the services provided, and the method of reimbursement.

Name of Company:  
Physical address:  
Mailing address:  
Email address:   
Telephone number:  
Facsimile number:  
Services provided:  
Reimbursement Method:

- A.3. If any of the individuals noted in response to item A.2. above have been employed by ERS or other state agency or higher education institutions at any time during the two (2) years preceding the Proposal closing date, state the name of the individual, the nature of the previous employment, and the date of termination from employment.

Name of Individual:

Nature of Previous Employment:

Date of Termination:

- A.4. Can the Carrier perform all medical underwriting for all EOI applications for all of the GBP coverages (life, disability, and medical)? Yes No

## **B. Claims Processing**

- B.1. Describe in detail the claims processing facilities the Carrier will use if the Carrier is selected to administer the plan. Provide separate descriptions for each of the types of coverages to be administered under this plan.

- B.2. For the office that would process GBP participant claims, please provide:

- B.2.a. The number of clients for whom the Carrier currently processes claims; and

- B.2.b. The number of covered employees for whom the Carrier currently processes claims.

- B.3. Provide the following aggregate claims information for 2009 and 2010.

- B.3.a. Total claims paid under all plans administered or insured for each of the following types of coverage:

- B.3.a.i. Short Term Disability; and

- B.3.a.ii. Long Term Disability.

- B.3.b. Total claims paid under all such plans insured or administered in the state of Texas.

- B.4. Describe the claims processing standards that will be applied to claims generated by each type of coverage.

- B.5. What is the average claims turnaround time for processing long term and short term claims?

- B.5.a. Where is the claims facility located?

- B.6. How many support staff are dedicated to claims processing?

- B.7. What is the Carrier's internal dispute or appeal process available to plan participants? Please provide a detailed description.

- B.8. Describe in detail the facilities, procedures, and locations that you intend to utilize in servicing those functions required under the plan other than the processing of claims. This response should include a description of:

- B.8.a. The underwriting staff and procedures the Carrier will use to carry out the EOI requirements of the plan.

- B.8.b. The actuarial personnel that will be available to confer with ERS consulting actuary concerning rating and other financial issues.

- B.8.c. Legal and other expertise available to assist ERS in the execution of its duties under the Contract.

- B.8.d. Legal counsel in Austin, Texas that will handle administrative appeals and/or litigation related to GBP claims.

- B.9. Provide a description of disability case management, including review and investigative procedures, both for initial disabilities and for continuing disabilities. Confirm that the Carrier will have a licensed medical doctor, with a specialty appropriate to the claimed disability, review and certify the disability or lack thereof for all claims filed that are denied.
- B.10. Describe any unique claims processing systems that may generate cost savings to the Plan.
- B.11. Provide a detailed description of the Carrier's procedures for assisting claimants in applying for Social Security disability benefits that may be offset against disability claims payments.
- B.12. Describe how the Carrier handles disability offsets in the following programs:
- B.12.a. Retirement disability;
- B.12.b. Social Security;
- B.12.c. Worker's Compensation; and
- B.12.d. Any other offset program(s).
- B.13. Describe the Carrier's disability rehabilitation program, if any. The description should include staffing as well as procedures.
- B.13.a. Does the Carrier administer programs with return to work incentives? For example, a feature that would allow an employee to attempt to return to work, part-time, and remain disabled which would allow the employee to earn up to a set percentage of pre-disability . Yes No
- B.13.b. If yes, the Carrier may provide a separate quote for its return to work programs for ERS to review and/or consider.
- B.14. Describe the Carrier's most effective means to detect fraud, abuse and other improprieties.
- B.14.a. How is the Carrier qualified to perform this task, and how does the Carrier undertake such a service?
- C. Customer Service**
- C.1. Describe the Carrier's member services unit, the manner in which it is accessed, hours of operation, and complaint management procedures.
- C.2. Does the Carrier provide access to automated, interactive data systems that would provide participants with information?
- C.2.a. Does the Carrier currently maintain an Internet website?  
If yes, provide the Internet address.
- C.2.b. Can employees access specific claim information via the Carrier website to determine the status of claims and to make inquiries?
- C.3. Describe the Carrier's customer satisfaction survey process.
- C.3.a. How often does the Carrier conduct these surveys? Please provide a copy of the results of the Carrier's most recent survey.
- C.4. Does the Carrier provide any automated customer service support using voice response for routine questions?
- C.5. How are patterns of customer service inquiries monitored and the subsequent data used to improve claims processing activities?

C.6. Will the Carrier have bilingual customer service personnel available to GBP Participants?

C.6.a. Please identify all languages spoken.

C.7. Can the Carrier provide a separate telephone number for GBP Participants?  
Yes No

If no, please explain.

**D. Customer Complaint and Grievance Processes**

D.1. Describe the Carrier's procedure for handling customer service complaints.

D.1.a. What customer complaint tracking system does the Carrier utilize?

D.1.b. How long has this system been operational?

D.2. Describe the Carrier's problem resolution policies.

D.3. Describe the Carrier's internal processes to deal with Participant complaints and grievances.

**E. Financial Information**

E.1. Describe the Carrier's reserving methodology for determination of each of the following reserves for each disability plan:

E.1.a. Reserve for future payments on approved claims;

E.1.b. Reserve for pending claims;

E.1.c. Reserve for accrued but unpaid payments; and

E.1.d. Reserve for incurred but unreported claims.

**F. Management Reporting**

F.1. Describe the Carrier's data analysis and reporting capability. Provide current samples of available reports.

F.1.a. How often are these reports prepared?

F.2. Is there an additional cost involved with customized reporting?

F.3. Provide a copy of all forms and procedures required or used in administering the coverages.

F.4. Are reports available electronically? (The GBP expects the standard reports package to be provided at no additional cost.)

F.5. What additional *ad hoc* reports are available and at what cost?

F.6. Describe the Carrier's specific calculation methodology used to arrive at ERS' acceptable standard referenced in Appendix Q.

## XVI. Appendices

- A. Signature Pages
- B. Contractual Agreement for Group Term Life Insurance with Accidental Death and Dismemberment Insurance and Voluntary Accidental Death and Dismemberment Insurance
- B.1. Contractual Agreement for Administration of Group Disability Income Coverages
- C. Business Associate Agreement
- D. Data Security and Breach Notification
- E. Benefits Book for Employees and Retirees Under Age 65
- F. Benefits Book for Retirees Age 65 and Over
- G. Performance Guarantees
- H. ERS Brand Guidelines
- I. Glossary of Definitions
- J. Grievance Procedure reflected in Administrative Code
- K. Marketing Guidelines for GBP & ERS Vendors
- L. Call Center Metrics
- M. Sample Go-Live Contingency Plan
- N. Sample Monthly Administrative Performance Report
- O. Evidence of Coverage Document for Group Term Life Insurance
- P. Master Benefit Plan Document for Disability Income Benefits Plan
- Q. Data Instructions and Supplement