Prudential Financial

John Hafner
Account Executive

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February 23, 2007

Mr. Matthew Bembenick
Deputy Director, Governor's Office of Administration
Commonwealth of Pennsylvania – Forum Place
555 Walnut Street – 6th Floor Bid Room
Harrisburg, PA 17101-1914

SUBJECT: RFP NUMBER - CN: 00023197 (Voluntary Coverages)

Dear Mr. Bembenick,

On behalf of The Prudential Insurance Company of America, we'd like to thank you for the opportunity to continue our relationship with the Commonwealth of Pennsylvania.

Prudential is pleased to respond to the Commonwealth of Pennsylvania's RFP NUMBER – CN: 00023197 for Voluntary coverages.

Please feel free to contact me with any questions.

Sincerely,

[redacted]

John Hafner
Account Executive

Prudential Financial

The Commonwealth of Pennsylvania

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APPENDIX C – PROPOSAL COVER SHEET
COMMONWEALTH OF PENNSYLVANIA
Governor's Office of Administration
RFP # RFP – CN: 00023197

Enclosed in three separately sealed submittals is the proposal of the Offeror identified below for the above-referenced RFP:

Offeror Information:	
Offeror Name	The Prudential Insurance Company of America
Offeror Mailing Address	751 Broad Street, Newark, NJ 07102-3777
Offeror Website	www.prudential.com
Offeror Contact Person	John Hafner
Contact Person's Phone Number	(215) 658-5389
Contact Person's Facsimile Number	(973) 548-6533
Contact Person's E-Mail Address	john.hafner@prudential.com
Offeror Federal ID Number	22-1211670
Submittals Enclosed and Separately Sealed:	
☑	Technical Submittal
☑	Disadvantaged Business Submittal
☑	Cost Submittal
Signature	
Signature of an official authorized to bind the Offeror to the provisions contained in the Offeror's proposal:	[redacted]
Printed Name	James A. Porter
Title	Vice President

FAILURE TO COMPLETE, SIGN AND RETURN THIS FORM WITH THE OFFEROR'S PROPOSAL MAY RESULT IN THE REJECTION OF THE OFFEROR'S PROPOSAL.

Technical Submittal

Proposal Requirements

II-1. Statement of the Problem. State in succinct terms the Contractor's understanding of the problem presented or the service required by this RFP.

Prudential has reviewed, understands and accepts the Commonwealth of Pennsylvania's problem as outlined in this RFP, as well as the addendums to the RFP. Our attached proposal addresses the Commonwealth of Pennsylvania's stated objectives.

Prudential is pleased to offer the following voluntary benefits for the Commonwealth of Pennsylvania to consider:

- Employee Term Life
- Dependent Term Life (spouse and children)
- Accidental Death and Dismemberment (AD&D) (employee, spouse and children)
- Long Term Disability (LTD) (employee)
- Long Term Care (LTC)

We believe our experience with employers of similar size and complexity, combined with our experience administering the Commonwealth of Pennsylvania's Basic Life Insurance program, provides us with a unique perspective, allowing us to offer a sophisticated plan design, client-focused processes, innovative technology, and superior claim and customer service all at a competitive price.

We are in full conformance with the General Information outlined in Part I, with any exceptions noted below:

I-5. Type of Contract

The Group Insurance policy/contract will be issued between Prudential and the Commonwealth of Pennsylvania. Each enrolled employee will receive a certificate of insurance for that particular coverage. This will apply to all voluntary products being offered.

I-26. Offeror's Representations and Authorizations

a. All of Prudential's information and representations in the proposal are material and important, and the Issuing Office may rely upon the contents of the proposal in awarding the contract(s). The Commonwealth of Pennsylvania shall treat any intentional or willful misstatement, omission or misrepresentation as fraudulent concealment of the true facts relating to the Proposal submission, punishable pursuant to 18 Pa.C.S. §4904.

We are in full conformance with the Work Statement outlined in the Request For Proposal specifications, with any exceptions noted below:

IV-3. Requirements. Eligibility and Enrollment

3. All employees and dependents are guaranteed enrollment in the Optional Life and Dependent Life plans up to the specified guarantee issue amounts during the initial offering. New hires are guaranteed enrollment up to the specified guarantee issue amounts, provided they meet Prudential's actively-at-work and non-confinement requirements. Prudential is willing to discuss alternate plan designs, with lower maximum coverage amounts, provided the entire benefit amount is to be guarantee issued at initial eligibility.

6. Under our Group LTC plan, an employee may enroll after the initial enrollment period by providing evidence of insurability.

7. Spouses and children are not eligible to participate in the LTD plan.

   There are no enrollment linkage requirements included in our LTC plan. A spouse or other eligible relative of an employee may choose to enroll independently of the employee.

a. Communications and Customer Service

   5. Prudential will maintain records of all phone inquiries. These will be used in the development of future communication materials.

b. Additional Requirements

   2. Prudential will offer conversion under our Group Term Life and LTD plans at the established conversion rates. Portability is offered for Group Term Life and AD&D at the Group Term Life Portability rates shown in the Cost Submittal. LTC is also portable at the established port rates.

3. Prudential will offer conversion under our Group Term Life and LTD plans at the established conversion rates. Portability is offered for Group Term Life and AD&D at the Group Term Life Portability rates shown in the Cost Submittal. LTC is also portable at the established port rates.

7. Prudential will notify the Commonwealth of Pennsylvania no later than six months from the anniversary date of the plan of any rate changes.

IV-4. Agreement Standards

Prudential has offered alternatives to the proposed criteria and standards. The proposed agreement standards are outlined in the Cost Submittal response.

IV-4. Tasks

a. Prudential can enter into a LTC contract with the Commonwealth of Pennsylvania May 1, 2007 and can begin an open enrollment July 1, 2007. While Prudential has extensive experience enrolling a LTC Insurance program with the company's other benefits, we recommend that the LTC coverage have a separate open enrollment from other voluntary coverages. People are often inundated with all kinds of information when enrolling for benefits and LTC can get lost in the shuffle. One advantage of implementing the LTC plan with an effective date other than that of other products is that it will help the LTC plan stand out, and get the attention of potential participants.

II-2. Management Summary. Include a narrative description of the proposed effort and a list of the items to be delivered or services to be provided.

Prudential, founded in 1875, has been offering Group Life, Disability and LTC Insurance to clients since 1916, 1946 and 1986, respectively. Today, our Group Insurance business unit is the nation's second largest Group Life carrier, proudly serving over 9,000 customers and insuring nearly 16 million employees and their families. We are also a leading Group Disability carrier, serving approximately 6,000 customers and insuring over three million employees.

According to the 2005 LIMRA Group Long Term Care Report, Prudential has approximately 2% and 3% of the Group Long Term Care Insurance marketplace in terms of premium and insureds (excluding the Federal Long Term Care plan). In 2005, Prudential had 6% of new sales, measured in annualized premium (excluding the Federal Long Term Care plan).

With $568 billion in corporate assets under management and over $3.2 billion of Group Insurance reported premiums, policy charges and fee income, Prudential is able to honor our long-term commitments to clients and their employees.

Prudential has 2,000 caring, competent, and committed Group Insurance employees ready to serve the Commonwealth of Pennsylvania. Our trained professionals, backed by leading-edge technology and systems, can respond quickly and accurately to client and marketplace needs. Plus, our organizational structure is designed to bring decision-making authority closer to our customers.

Prudential offers the following services that are included in the quoted rates:

- **Account Management Services**
  - The Commonwealth of Pennsylvania will continue to be assigned a National Account Management Team that will serve as your advocate, resolve questions and provide support
  - Account implementation services, which includes a detailed transition plan outlining critical steps to establish administration and plan details prior to the plan effective date. During the implementation project phase, such matters as preparation of contractual materials and booklet/certificates, developing, producing and implementing a comprehensive communications campaign, assistance during your enrollment period, providing standard Prudential administrative forms and an administrative instruction manual are just a few of the activities that will be supported.
  - Recommendations with respect to plan design and new benefit trends
- **Claim Adjudication and Processing**
  - Claim payment (including investigations and obtaining additional information, when applicable)
  - Prudential's Alliance Account® for life coverage
- **Data Management and Financial Reporting**
  - Prudential provides the Commonwealth of Pennsylvania with online access to real time standard and custom claim reports through a secure website. Reports include:
    - Claim Activity Report
    - Life Claim and Payment Status Report
    - LTD Employee Summary Report
    - Recalculation Report
    - Quarterly Performance Reporting
  - Quarterly Life Premium and Claim Reporting available via paper
- **Life Plan Management Services**
  - Eligibility file transmission and support
  - Eligibility determination
  - Maintenance of enrollment and beneficiary data
  - Processing beneficiary changes
  - Mailing welcome kits
  - Membership services with dedicated 800 number
  - Premium billing

- Direct billing
- Conversion life policies
- Portability policies

- **Additional Administrative Services**
  - Periodic plan-specific cost analysis/cost projection for future periods and estimates of outstanding claim liabilities for life and disability coverages
  - Evidence of insurability/conversion/portability options
  - Year-end and rerate accounting
  - Preparation of W-2 forms and other tax services for disability coverage
  - Vendor costs associated with rehabilitative counseling for disability coverage
  - Social Security filing assistance for disability coverage
  - Ongoing employee communications emphasizing the advantages of having a LTC program available through your place of employment
  - LTC information and referral services

a) The following information must be provided by the Contractor in its proposal.

(1) Organization.

(a) Briefly describe the history of the Offeror's organization and identify any parent business ties. Identify the office(s) or division that would be used to service this program and its address.

Prudential Financial companies, with $568 billion in assets under management as of June 30, 2006, serve individual and institutional customers worldwide and include The Prudential Insurance Company of America, one of the largest life insurance companies in the U.S. These companies offer a variety of products and services, including life insurance, mutual funds, annuities, pension and retirement related services and administration, asset management, securities brokerage, banking and trust services, real estate brokerage franchises and relocation services.

We conduct our principal businesses through three divisions: The Insurance Division, the Investment Division and the International Insurance and Investments Division.

The Insurance Division consists of the following segments:

- The Individual Life Insurance and Annuities segment
- The Group Insurance segment

The Group Insurance segment manufactures and distributes a full range of Group Life Insurance, Short Term Group Disability and LTD Insurance, LTC, and Corporate and Trust-Owned Life Insurance in the U.S. to institutional clients primarily for use in connection with employee and membership benefits plans. Group Insurance also sells AD&D and other ancillary coverages and provides plan administrative services in connection with its insurance coverages.

Prudential Financial, through its subsidiaries, is one of the leading providers of Group Insurance in the United States. Our resources, financial strength and stability allow us to honor long-term commitments to employers and employees alike.

For the 12 months ended December 31, 2006, Prudential Financial, through its life insurance subsidiary, is the second largest carrier of group life insurance insuring more than 16 million lives, and a leading group disability carrier covering more than three million lives.

For more information, visit www.prudential.com.

The Commonwealth of Pennsylvania will continued to be serviced by Prudential's Group Insurance Headquarters. The address is:

Prudential Financial - Group Insurance
290 West Mount Pleasant Avenue
Livingston, NJ 07039

Our Life Plan Management Unit is located in Dresher, PA. The address is:

Prudential Financial
2101 Welsh Road
Dresher, PA 19025

(b) **Provide a copy of the Offeror's and/or Insurance Carrier(s) most recent independently audited financial statements and/or tax returns – include ratings by the following organizations. For minimum requirements, refer to Part III.**

	Rating	Most Recent Date Rating Confirmed
Fitch	AA (Very High)	December 14, 2006
Moody's	Aa3 (Excellent)	December 14, 2006
Best	A+ (Superior)	December 14, 2006
Standard & Poor's	AA- (Very Strong)	December 14, 2006

Fitch ratings range from AAA (Exceptionally Strong) to D (Distressed). Moody's ratings range from Aaa (Exceptional) to C (Lowest Rated). A.M. Best ratings range from A++ (Superior) to F (In Liquidation). Standard & Poor's ratings range from AAA (Extremely Strong) to CC (Extremely Weak).

Prudential's 2005 Annual Report is included as Exhibit L of this proposal.

(c) **As of July 1, 2006, state the number of employers and number of employees for whom the Offeror provides the services that the Commonwealth will require of the Offeror. Indicate how many years the Offeror has been providing these services. Indicate how many of these employers have operations in the Commonwealth. Indicate how many employees of these customers work in the Commonwealth.**

For the year ending 2005, Prudential underwrote Group Life cases for 9,388 employers, covering 15,605,224 covered lives and underwrote 4,944 LTD cases, covering 2,094,786 covered lives. We also underwrote 178 Group LTC cases, covering over 35,000 individuals.

Prudential, founded in 1875, has been offering Group Life, Disability and Group LTC Insurance to clients since 1916, 1946 and 1986, respectively.

Prudential underwrites life insurance for approximately 250 employers in the Commonwealth of Pennsylvania, covering approximately 800,000 covered lives.

As of December 31, 2006, Prudential had 177 Group LTC clients, covering almost 41,672 insureds. Many of our LTC clients have operations in the Commonwealth of Pennsylvania. We currently insure 371 Commonwealth of Pennsylvania residents.

(d) Indicate the number of years the Offeror has been providing services in the Commonwealth of Pennsylvania. Please note: All Offerors proposing to broker insurance services must be licensed to provide applicable insurance services in the Commonwealth of Pennsylvania.

Prudential has been offering Group Life, Disability and Group LTC Insurance to clients in the Commonwealth of Pennsylvania since 1916, 1946 and 1986, respectively.

We are licensed to provide Group Insurance services in the Commonwealth of Pennsylvania.

(e) Indicate any recent or anticipated changes in the Offeror's corporate structure, such as mergers, acquisition, new venture capital, stock issue, etc.

Prudential has not been involved in any recent mergers, acquisitions, new venture capitals or stock issues.

As a publicly traded company, state and federal securities laws prohibit, restrict or impose certain requirements on Prudential from making any forward looking statements, or disclosing material non-public information, including statements regarding potential mergers or acquisitions.

(f) Submit evidence of required liability insurance protection as indicated in Part IV-3.

Prudential's Certificate of Liability Insurance is included as Exhibit C of this proposal.

(g) Describe the nature of each complaint concerning the Offeror's products or services that has been filed with a state regulatory agency in the past twelve (12) months that has resulted in an adverse decision. Describe the outcome of the decision and the actions taken to prevent future occurrences.

Prudential has received state insurance department complaints and inquiries. They are usually resolved by Prudential's initial response to the inquiring department. Details and information regarding complaints or inquiries are considered proprietary.

(h) **We require that all plan participant inquiries go directly to the Offeror for their resolution. Describe the Offeror's processes and controls in providing member services (by phone, letter, in person, and/or online). Include the functions of:**

1. **Marketing**
2. **Counseling of participants**
3. **Enrollment**
4. **Maintaining beneficiary forms**
5. **Inquiries on benefits**
6. **Handling administrative service issues**
7. **Claim processing, including appeals**
8. **Resolution of payroll discrepancies**
9. **All other functions that will be provided by the Offeror**

1. Marketing

Once Prudential is successful in securing the Commonwealth of Pennsylvania's business, our Marketing Consultants will meet with the appropriate personnel from the Commonwealth of Pennsylvania to develop a comprehensive communications campaign based on the needs of the Commonwealth of Pennsylvania, its employees and advice from Prudential on its experience relative to implementing similar programs.

Employee communication resources are extensive and will be specific to the Commonwealth of Pennsylvania, but may include our standard enrollment materials such as enrollment brochures, announcement letters, posters and newsletter articles. Prudential will also provide assistance with conducting enrollment meetings for locations identified in this Request for Proposal.

We have an in-house communications team with expertise in communications and insurance. The staff in the Marketing Communications Department includes project managers, copywriters, designers and production managers. It functions much like a creative services agency. Our writers have experience in marketing and communications and they have extensive backgrounds in employee benefits and insurance communications. The design team has expertise in both web and print materials, including enrollment brochures, announcement letters, posters and newsletter articles. Our production managers have expertise in print production and fulfillment, which includes managing the bid process, selecting vendors and overseeing the printing process.

Working directly with your benefits administrator, we will help you determine the program which best speaks for and encourages your employees to take full advantage of your benefits package. Whether you need an intro letter or an entirely customized kit, we have the expertise at hand to deliver.

2. Counseling of Participants

The Commonwealth of Pennsylvania will continue to have a dedicated toll free number, (800) 893-7316, staffed from 8:00 a.m. to 6:00 p.m., Eastern Time, Monday through Friday. Customer Service Professionals are available to help with all plan and claim questions and concerns, request forms, conversion information, etc. A voicemail system records all calls received after 6:00 p.m., and calls are returned the next business day.

In addition, the Life Claim Division has an Interactive Voice Response (IVR) system available 24 hours per day, 7 days per week to check the status of multiple life claims in a single toll free call. The Commonwealth of Pennsylvania can also check the precise payment information for each beneficiary by entering the individual's Social Security Number.

The Disability Claim Division also has an IVR system that provides claim status and disability benefit information (e.g., payment amount and check date) 24 hours per day, 7 days per week.

Prudential provides a LTC information service that is available to all insureds, regardless of benefit status. Our LTC staff includes professionals who can provide information and respond to insured's LTC questions. The Prudential Long Term Care Resource Center makes the process of finding a long term care provider easier by offering an array of valuable local and national long term care information, quality ratings and discounts.

The Prudential Long Term Care Resource Center can be accessed by insureds or insureds' family members through Prudential's website. At the time of claim submission, personal assistance with locating a provider can be done by phone, at no additional charge. There is no limit on how many times this service may be accessed.

Volumes of information and features are available through the website, including:

- Access a database of more than 80,000 providers and more than 500 pages of helpful content and information
- Search for resources to help you and/or a family member stay at home longer, as well as find information on nursing homes, assisted living/residential care facilities, home health aides and more

- View up-to-date quality ratings and assessments of facilities and services
- Take advantage of discounts to select facilities. These discounts range from 7% to 35%, and can lead to thousands of dollars in savings
- Read articles and helpful tips on caregiving

This Resource Center helps insureds and insureds' family members through the complex long term care decision- making process and can connect them to high quality providers that most closely meet their specific needs.

Prudential has contracted with a vendor to provide our insureds with information and referral services. CareScout, a nationwide eldercare organization, maintains information on more than 80,000 long term care providers (e.g., nursing homes, assisted living facilities, home health care agencies). This information and referral service can be accessed by calling Prudential's toll free number to have a Benefit Access Counselor arrange the referral. The service is available to all insureds, at no additional cost, and with no limit on how often the service can be used. Once Prudential has arranged the referral, CareScout will then assist the insured in his search for a long term care provider that meets his particular needs. CareScout may also be able to provide information on available provider discounts.

One additional point of contact is through the "contact us" website. This site provides the ability to email questions, 24 hours a day, 7 days a week, that funnel directly to the Customer Service Professionals. These inquiries are responded to within 24 hours.

3. Enrollment

We understand you want your workforce to feel good about the benefit choices you are offering and you need the process to be easy. Prudential is committed to facilitating an effective enrollment process that enables your employees to make better-informed decisions about their benefits. Using our enrollment expertise can also help simplify the process and boost participation.

- **Planning:** Prudential's Enrollment Services will work with you to develop and implement the program that best meets your needs. Our implementation team will provide our expertise during the implementation-planning phase.
- **Communications:** We have an array of communications from standard to custom that we will tailor to fit your needs. For life and LTD coverages, you can choose from three standard types of enrollment communications:
  - With online/IVR enrollment, you get a paperless enrollment. Your employees can enroll online or by telephone-interchangeably-throughout the enrollment period.

- With personalized enrollment, your employees receive printed enrollment forms with their name, specific benefit options, and cost-per-pay-period. They will see precisely what they are eligible for and how much it will cost.
- We can prepare client specific enrollment kits, which explain your unique plan design, rates and enrollment process.

For LTC, employees and their extended family members will always have the ability to call our toll free number to request a paper kit. They also can access a Commonwealth of Pennsylvania-specific website, built and maintained by Prudential, where actively at work employees can enroll directly online and extended family members can download a complete enrollment kit.

Our professionally staffed marketing department can create custom enrollment materials. We will charge you our cost for development, production and delivery of life and disability materials. The cost for these materials are included in the quoted LTC rates. If you prefer to create your own materials, we will gladly review them prior to distribution for accuracy and completeness. Due to state filing regulations, some materials will need to be reviewed by compliance and, if required, filed in the appropriate states prior to use.

We also have collateral materials to help promote successful enrollment periods including posters, tabletop tents and articles you can place in your company newsletters or on your intranet.

We generally recommend online/IVR enrollment. This enrollment approach is easy and paperless (paper forms are available as a backup option). The enrollment system is customized by client and personalized for each employee. Employees see or hear only those selections available to them. Enrolling for guaranteed issue amounts is as easy as selecting a level of coverage and selecting 'submit'. Here is a quick overview:

- **Before the enrollment period:** Since Prudential already maintains demographic information on the Commonwealth of Pennsylvania's employee population, things could not be easier. We will use this existing information to provide electronic messages that can be sent, encouraging your employees to consider the plans being offered.
- **During enrollment:** As mentioned, your employees can enroll online or by phone throughout the enrollment period. Since Prudential already maintains the Commonwealth of Pennsylvania's employees demographics, recognition of these employees when they call our customer service center will be simple through the use of a dedicated toll free number. Participants receive confirmation numbers immediately upon making a coverage selection.

We will give you reports on how many employees have enrolled, as it is happening. We can help you improve enrollment results by informing you of the enrollment activity based on your census data.

— **After the enrollment period:** We will provide you with confirmations and reports to help you simplify the overall plan administration. The confirmations represent valid beneficiary designations. Reports will reflect payroll deduction amounts, who requires evidence, and who requires a beneficiary form.

- **Meetings:** When you invite our professional enrollers to your worksite, you can provide your employees with a clearer overview of their options and are likely to build even more participation. We strongly encourage the use of group worksite meetings as a method of communicating these new benefits. Our trained enrollers utilize a unique approach that is based on educating your employees about the products being offered as opposed to an aggressive sales approach.
- **Train-the-Trainer:** Our professional enrollers can help prepare your Human Resource staff to conduct enrollment meetings. Just let Account Executive John Hafner know about your interest level in conducting meetings and we will accommodate as needed.

4. Maintaining Beneficiary Forms

As the Commonwealth of Pennsylvania already knows from its positive experience with Prudential administering their Basic Life plan management, all beneficiaries' records are housed in an imaging system that is accessible only to the Life Plan Management staff. All requests to add or change a beneficiary must be received on an approved Prudential Beneficiary Form, signed and dated by the policyholder. Forms can be customized to meet the Commonwealth of Pennsylvania's administrative requirements.

Incoming beneficiary forms are reviewed for completion prior to being sent to the imaging area. Incomplete forms (missing signature, date or allocations not adding up to 100%, etc.) are returned to the policyholder. Once imaged, an automated confirmation letter is sent to the policyholder and the original beneficiary form is sent to offsite retention, where it is processed within 48 hours and housed for the life of the case.

Prudential's Group Insurance has been working for several years on expanding the breadth of our electronic enrollment and beneficiary designation options to provide flexibility to employers and their associates. As such, we accept electronic beneficiary designations providing that the designations were executed with a valid electronic signature. We accept electronic beneficiary designations from our own proprietary web-based enrollment and beneficiary system and from the systems of our employer or third party administrator partners.

We would welcome the opportunity to explore with the Commonwealth of Pennsylvania the options available in terms of executing and storing electronic beneficiary designations. One such option could be the potential use of our own web-based Beneficiary Refresh Capability. Under it we could work with the Commonwealth of Pennsylvania to execute a mailing asking associates and/or retirees to update their beneficiaries and could use our proprietary web-based system to execute the designations. Participants would log in to our system using an identification and password we would provide. They would then designate their beneficiaries, in the process creating a valid electronic signature. From here, the beneficiary designation would be housed in an electronic repository that permits 24 hours a day, 7 days a week access for the viewing or updating of any beneficiary designations. Please note that this application also facilitates the designation of beneficiaries by product if warranted. This repository can also be updated via the submission of a scannable paper form which can be fed directly into the system for any individual who prefers this mode of communication.

If the Commonwealth of Pennsylvania does not wish to conduct a resolicitation of all beneficiaries, Prudential is willing to support a process of housing new designations on the web while continuing to check the current designations if no web beneficiary is present. This process would eliminate the need to invalidate existing beneficiary designations and would allow Prudential to accept all new designations and future changes via either the web or scannable form.

5. Inquiries on Benefits

The Commonwealth of Pennsylvania will continue to have a dedicated toll free number, (800) 893-7316, staffed from 8:00 a.m. to 6:00 p.m., Eastern Time, Monday through Friday. Customer Service Professionals are available to help with all plan and claim questions and concerns, request forms, conversion information, etc. A voicemail system records all calls received after 6:00 p.m., and calls are returned the next business day.

In addition, the Life Claim Division has an IVR system available 24 hours per day, 7 days per week to check the status of multiple life claims in a single toll free call. The Commonwealth of Pennsylvania can also check the precise payment information for each beneficiary by entering the individual's Social Security Number.

The Disability Claim Division also has an IVR system that provides claim status and disability benefit information (e.g., payment amount and check date) 24 hours per day, 7 days per week.

Our LTC professionals provide information and respond to insured's LTC questions. Our goal is to assist callers in a timely and professional manner, recognizing that, for many, this may be a stressful and challenging time for them as they deal with LTC needs.

One additional point of contact is through the "contact us" website. This site provides the ability to email questions, 24 hours a day, 7 days a week, that funnel directly to the Customer Service Professionals. These inquiries are responded to within 24 hours.

6. Handling Administrative Service Issues
Account Executive John Hafner and Senior Account Manager Maria Geelan will continue to be assigned to the Commonwealth of Pennsylvania to provide ease of access and efficient resolution to your plan needs. The Account Manager Team will be your day-to-day liaison, with responsibilities that range from supporting implementation activities, planning open enrollment sessions to coordinating resolution to your day-to-day administrative questions. In short, your Account Management Team is your advocate, and they will coordinate within the Prudential organization to provide you with efficient service. John and Maria will also partner with Christopher Matz, LTC National Sales Director, Linda Lowande, LTC Director of Account Management and Wendy Eberle, LTC Account Manager for all LTC administrative and service issues.

7. Claim Processing, Including Appeals
Prudential's life claim process is as follows:

Step 1: Claim Submission
To submit a life claim, the following information will continue to be gathered by our Life Plan Management Team:

- An original or certified copy of a death certificate. A photocopy may be submitted if all of the following criteria are met; however, Prudential maintains the right to request an original certified death certificate and to withhold payment until it is provided if circumstances surrounding a claim require this documentation:

  a) The aggregate face amount of the policy is $50,000 or less
  b) The insured died within the last six months
  c) The insured died within the United States or Canada
  d) Benefits are not being assigned to a funeral home
  e) The manner of death is natural causes (manner of death cannot be homicide, accidental or pending determination)
  f) The beneficiary must provide his or her Social Security Number or in case of an estate, the Tax Identification Number

g) The beneficiary is not one of the following:
   1) A business
   2) Deceased
   3) Divorced from decedent
   4) Non-resident alien

- A signed and dated enrollment card/form with the beneficiary designation (or an electronic enrollment card/form, if agreed to by Prudential)

- A completed claim form signed by our Life Plan Management Team

The same information is required for accidental life claims. Any additional supporting information should also be submitted, including accident reports, newspaper articles, autopsy reports and/or police reports. However, if AD&D benefits are being claimed, a certified death certificate must always be provided with the initial claim.

For accidental injury claims (such as dismemberment, blindness, loss of speech or hearing, paralysis or coma), Prudential needs a completed Group Accidental Injury Claim Form completed by the Life Plan Management Team, the claimant and the attending physician, as well as any supporting medical information.

Step 2: Claim Review
Upon receipt of the claim, a Prudential Life Claim Manager:

- Reviews the death certificate
- Verifies the signature and beneficiary designation(s) on the enrollment card (signed and dated by the insured)
- Reviews the plan details to ensure the salary and amounts of insurance are in agreement
- Contacts the Commonwealth of Pennsylvania to clarify the data if there are any discrepancies

Step 3: Claim Entry
Once the claim information is validated, we enter the payment into our Life Claim Management System. The system has built-in logic to ensure that claims do not exceed the plan maximum and that claims occurred during the plan's effective dates. In addition, the Life Claim Management System is programmed to recognize and prevent duplicate payments.

Step 4: Quality Review
Quality is assured through claim evaluations, a referral process and a random selection of claim approvals by our Quality Review Team. The team is comprised of experienced, fully trained Life Claim Managers who have sole responsibility for the review of claim approvals. Currently, 10% of all claim approvals are selected for quality review.

Step 5: Claim Payment
Payment is issued on the next business day following claim approval. A check is issued if the payment is less than $5,000 and an Alliance Account® is established if the payment is greater than $5,000. Group policies also enable a certificate holder to designate a mode of settlement. If the certificate holder designates a mode of settlement other than the modes referenced above, payment will be made accordingly.

When a life claim is denied, the Prudential Life Claim Manager provides the following in the denial letter:

- Specific reason(s) for the denial
- References to the pertinent plan provision(s) on which the decision is based
- A description of any internal rule, guideline, protocol or similar criterion, if any, that was relied upon in making the decision
- A description of the plan's review procedures and related time limits, including a statement of the claimant's right to bring civil action under ERISA following a denial at the second level of appeal
- A description of any additional material needed for claim approval and why it is needed
- An explanation of the scientific or clinical judgment for the determination if a claim is denied due to medical necessity or experimental treatment on which the denial is based
- The toll free number of the applicable state Department of Insurance (for California and New Hampshire residents)

Claimants have a right to file an appeal within 180 days of receipt of the written notification. They must submit the appeal in writing and in accordance with the appeals procedure outlined in the notification letter. While it is not required, Prudential encourages claimants to submit additional documentation and medical evidence with the appeal request. Two levels of appeal are available.

The appeal process allows the claimant a full and fair review of all facts relating to his or her claim. The Quality Review Team, in accordance with ERISA requirements, reviews all denials and denial appeals.

If at any stage in the process, sufficient information is provided to cause Prudential to reverse the denial, we will do so as quickly as possible.

Prudential makes appeal decisions within 45 days of receipt of the appeal, which may be extended by another 45 days if Prudential determines that special circumstances require it. A written notice of the extension, including the new date and the reason for it, is sent to the claimant within 45 days of the receipt of the appeal.

Any legal action taken by the insured or beneficiary is referred to Prudential's Law Department for advice or handling depending on the situation. Prudential's Law Department provides advice to the claim area and coordinates any court proceedings that may arise from a claim denial.

All of the Commonwealth of Pennsylvania's LTD claims will be managed by a designated Prudential Disability Claim Management Team. The team includes a team leader, disability consultants, Disability Claim Managers and a service technician. Various specialty teams support this team, including our in-house Clinical Team, Vocational Rehabilitation Team and Social Security Claimant Assistance Program Team.

Step 1: Evaluation
Upon receipt of a completed claim (Employee Statement, Employer Statement and Attending Physician's Statement), the Disability Claim Manager evaluates the information received and calls the employee in order to discuss his or her current condition, treatment and return-to-work plans. The Disability Claim Manager may also contact the Commonwealth of Pennsylvania in order to clarify the job description, get additional information regarding work performance and discuss job modifications.

Step 2: Clinical Review
The Disability Claim Manager, his or her immediate supervisor, and members of the Clinical and Vocational Teams evaluate the claim in a claim discussion format. The clinician evaluates the medical information in relation to the employee's essential job duties and the impact of the medical condition on the employee's ability to perform his or her job. This includes, but is not limited to, identifying the presence or absence of impairment, anticipated duration of impairment, potential clinical and vocational interventions, and any additional information that may be required for evaluation prior to decision. The Disability Claim Manager and his or her supervisor discuss the applicable contractual provisions and pertinent employer information and the medical analysis is incorporated. This results in an individual claim management plan.

Step 3: Claim Completion Process
If the initial information provided is not sufficient to make an immediate claim determination, the team identifies the additional information needed, appropriate sources and the most efficient means of getting it. Upon receipt of the information, the Disability Claim Manager re-evaluates the claim and may need to refer it to the appropriate clinician and/or vocational rehabilitation specialist for assessment.

Step 4: Disability Determination
After the completion of medical and vocational assessment, the Disability Claim Manager reviews the complete claim, including the employee's medical condition, physical capabilities and job duties, the availability of needed accommodations and applicable contractual provisions of the plan. Once this is done, the Disability Claim Manager makes a determination of the disability benefits.

Step 5: Notification
If the claim is approved, we notify the employee and release benefits. We send a letter to the employee with a copy to the Commonwealth of Pennsylvania, which explains the plan's definition of disability and any applicable benefit limitations, and provides the amount of the monthly benefit payable. The letter also discusses Social Security Disability Benefits and directs the claimant to apply when applicable.

If the claim is denied, we send a letter to the employee with a copy (excluding confidential medical information) to the Commonwealth of Pennsylvania. The letter explains the reason for the denial of the claim and informs the employee of the appeals process if the employee disagrees with our decision.

Step 6: Ongoing Disability Management
After the LTD claim has been approved and benefits have started, the Disability Claim Management Team continues to follow it closely. Disability management activities may include:

- Ongoing communication with the employee to discuss prior work experience, education level and interests in order to identify return-to-work opportunities
- Request for verification of continued disability
- Request for medical information from the attending physician
- Independent Medical Examination by a qualified specialist
- Employability assessment
- Labor market surveys
- Job placement services
- Worksite modification

During this time, our Clinical and Vocational Rehabilitation Teams are available to assist the Disability Claim Manager through team, specialty and one-on-one claim discussions.

In the event that a claim is terminated or denied, the claimant receives written notification that:

- Explains the specific reason for the decision and the information on which that decision was based
- Advises the claimant of his or her right to appeal that decision
- Includes a description of the appeal process, the appropriate person to whom the appeal should be submitted, applicable time limits and a statement that the claimant has a right to bring a civil suit under section 502(a) of ERISA

The appeal must be filed in writing. In it, the claimant may raise any issues or comments he or she wants considered in the appeal, as well as provide any evidence or other documents to be considered.

First Appeal
The first appeal of a denied or terminated claim is directed to Prudential's Appeals Review Unit. Upon receipt of an appeal, the Appeals Review Unit, which is comprised of individuals not involved in the initial decision:

- Conducts a full and independent review of the information in the claim file and any new information submitted to support the appeal
- Gives no deference to the initial denial
- Obtains any additional information needed to reach a first appeal decision
- Makes a determination on the first appeal within 45 days of receipt of the appeal. This period may be extended by another 45 days after the first appeal determination period if Prudential determines that special circumstances require an extension of time. A written notice of the first appeal extension that states the reason for the extension and the date the Appeals Review Unit expects to render a decision is sent to the claimant within the initial 45-day period.

A member of Prudential's Appeals Review Unit who was not involved in the initial adverse decision on the claim authorizes the appeal decision. We notify the claimant of the first appeal decision in writing. If the claim is denied again, the claimant is given the specific reason for the denial and the information on which that denial is based. The letter also advises the claimant:

- Of his or her right to file a voluntary second appeal, which must be made in writing and be filed within 180 days of receipt of the first appeal denial notice

- To whom the voluntary second appeal should be submitted
- Of applicable time limits
- That he or she has the right to:
  - Bring a civil suit under section 502(a) of ERISA, which allows the claimant to file suit for policy benefits and reasonable attorney's fees (note that the claimant's decision on whether to file a second appeal does not affect his or her rights under ERISA)
  - Receive, upon request, information about the voluntary level of the second appeal
  - Receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim for benefits

Second Appeal
Upon receipt of a second appeal, the Appeals Review Unit:

- Conducts a full and fair review of the claim file and any additional information submitted
- Obtains additional information needed to reach a decision, if necessary
- Makes a determination on the second appeal within 45 days of receipt of the appeal. This period may be extended by another 45 days after the second appeal determination period if Prudential determines that special circumstances require an extension of time. A written notice of the second appeal extension is sent to the claimant within the initial 45-day period that states the reason for the extension and the date the Appeals Review Unit expects to render a second appeal decision.

A member of Prudential's Appeals Review Unit authorizes the decision on the second appeal. We notify the claimant of the decision in writing. If the claim is denied again, the claimant is advised of the specific reason for the decision and the information on which that decision is based. The letter also includes a statement that the claimant has a right to bring a civil suit under section 502(a) of ERISA. The second appeal decision is final and cannot be further appealed.

The following protocols are involved in the LTC claim process:

Benefit Eligibility Assessment
In the processing of a typical claim, the insured begins the process by calling Prudential at (800) 732-0416 to speak with a Prudential Benefit Access Counselor, who then:

- Performs an intake evaluation
- Discusses the coverage requirements
- Arranges for an assessment, if appropriate

Generally, an assessment means that a Nurse Assessor from an independent, third party agency contacts the insured to arrange for a functional and cognitive evaluation, based on objective standards of measurement. The assessment is done at the insured's convenience, takes about an hour, and is performed at no additional cost to the insured.

If the insured prefers, the assessment may be performed by the insured's own Licensed Health Care Practitioner (LHCP), at his or her expense. The LHCP must be a nurse, physician or licensed social worker, and Prudential must be notified in advance so that we can send the insured's LHCP a copy of our functional abilities and cognitive deficits assessment tool.

Regardless of who performs the assessment, the assessor observes the employee's functional and cognitive deficits and reports on:

- The claimant's inability to perform at least two Activities of Daily Living without the substantial assistance of another person for a period of at least 90 days
- The presence or absence of severe cognitive impairment requiring the substantial supervision of another person to protect the claimant from harm

After reviewing the assessment report supplied by the Nurse Assessor or other LHCP, a Prudential Nurse Clinician certifies whether the individual has a chronic illness or disability, determines eligibility, and prepares a Plan of Care.

Plan of Care (POC)
A POC is a written individual plan, prescribed by a licensed physician, registered nurse or licensed social worker, that outlines the type and frequency of long term care services the insured may need. Federal and state laws require that a tax-qualified Long Term Care Insurance contract only provide benefits for qualified long term care services that are included within the POC. The POC may be developed by a Prudential Nurse Clinician at no additional expense, or by the insured's own LHCP at the insured's expense.

Finding a Long Term Care Provider
If the insured needs assistance finding a long term care provider, he/she can refer to The Prudential Long Term Care Resource Center. The Prudential Long Term Care Resource Center makes the process of finding a long term care provider easier by offering an array of valuable local and national long term care information, quality ratings and discounts. At the time of claim submission, personal assistance with locating a provider can be done by phone if preferred.

Claim Submission
If the Prudential Nurse Clinician determines that the claimant is eligible for benefits, a request for claim payment is processed accordingly. The claim can be faxed or mailed to Prudential's Long Term Care Claim Unit, where a claim examiner reviews it to determine whether the terms and conditions of coverage have been met, answering such questions as:

- Is the service provider eligible?
- Is the service covered under the contract?
- Has all necessary information been received?

Claim Approval
If the claim is eligible for payment, the claim examiner checks to see if the claim service type and frequency is consistent with the current POC. If it is, the examiner approves the claim, prepares an Explanation of Benefits statement and a payment voucher, and sends it to the Quality Control area for further review. Quality Control reviews the claim for mechanical and payment accuracy. The Explanation of Benefits is mailed to the insured, or his or her legal representative, and a copy is also mailed to the provider, if benefits are assigned. Accounting releases the benefit payment.

Claim Decision Appeals
The claimant's right to appeal decisions about benefit eligibility and claims is set forth in the contractual document (e.g., policy, certificate). A claimant has the right to appeal either a benefit eligibility decision or claim determination by submitting a written appeal within the time limits set forth in the certificate.

Generally, the route an appeal takes will depend on the nature of the appeal. If the first and second appeals include medical documentation or relate to a determination of chronic illness or disability, then it will be reviewed by a different member of the clinical staff than the initial decision maker. The third appeal would be reviewed by the Medical Director. The process for claim denial appeals operates similarly. The first and second appeals would generally be reviewed by an employee of equal or higher level than the initial claim reviewer. Prudential has a Claims Appeal Committee, consisting of clinical and product management staff, who are also utilized in the claim appeal process.

The decision will be communicated in writing to the insured or his/her legal representative.

LTC Insurance is not subject to ERISA provisions; however, appeals are handled in accordance with all applicable state and federal laws. All group contracts define the right to appeal eligibility and claim payment decisions.

Additionally, all letters of denial and Explanation of Benefits statements provide claimants with the information needed to file an appeal if they disagree with Prudential's decision.

8. Resolution of Payroll Discrepancies

To support the payroll interface process and ensure accurate data exchange, Prudential has established standard data record formats and standard data transfer processes. The data we receive from you allows Prudential to create individual records containing all of the information necessary for calculating insurance deductions.

Prudential will provide a payroll deduction file to the Commonwealth of Pennsylvania so that your payroll department can make the required payroll deductions. Prudential will then receive an updated data file from you indicating actual payroll deductions taken for a specified payroll period. Once Prudential reconciles the data, the actual remittance can be wired to Prudential.

For those individuals whose deduction is short, our standard resolution process is to add the shortage onto the next available payroll file (either the following month or two months later). We also currently provide communication to the affected individuals informing them that their payroll will be increased by the shortage amount.

9. All Other Functions Provided by the Contractor

Prudential offers the following additional administrative services that are included in the quoted rates:

- Periodic plan-specific cost analysis/cost projection for future periods and estimates of outstanding claim liabilities for life and disability coverages
- Evidence of insurability/conversion/portability options
- Year-end and rerate accounting
- Preparation of W-2 forms and other tax services for disability coverage
- Vendor costs associated with rehabilitative counseling for disability coverage
- Social Security filing assistance for disability coverage
- Ongoing employee communications emphasizing the advantages of having a LTC program available through your place of employment
- LTC information and referral services

(i) **Describe the Offeror's disaster recovery plans for the location that will serve the Commonwealth's employees.**

Prudential's Group Insurance Operation has formal business continuation plans in place that provide for the timely recovery of data and continuation of normal business activities in the event of a disaster. All application software and business data is backed up and sent to a secure off-site location for storage. Incremental back-ups of changes to applications and data are performed four days a week. A complete back up of entire applications and all data is conducted once a week. Alternative hardware facilities have been arranged with other Prudential locations as well as external vendors to minimize the systems down time. Finally, the telephone system is modifiable in order to redirect the calls from one location to another.

Formal testing of the business continuation plan is conducted at least once each year to identify areas for improvement and to ensure that the appropriate procedures are in place.

(2) **Implementation**

(a) **Provide an implementation time-line identifying each task and target date for an assumed May 1, 2007 effective date. The actual date of implementation will occur after execution of the contract and dates will be adjusted accordingly. Assume open enrollment may occur beginning July 1, 2007.**

An implementation timeline is included as Exhibit D of this proposal.

Prudential can enter into a LTC contract with the Commonwealth of Pennsylvania on May 1, 2007 and can begin an open enrollment on July 1, 2007. While Prudential has extensive experience enrolling a LTC Insurance program with the company's other benefits, we recommend the LTC coverage have a separate open enrollment from other voluntary coverages. People are often inundated with all kinds of information when enrolling for benefits and LTC can get lost in the shuffle. One advantage of implementing the LTC plan with an effective date other than that of other products is that it will help the LTC plan stand out and get the attention of potential participants.

(b) **Provide a marketing strategy for the initial notification to participants of the new program and recruitment of participants.**

Employee participation hinges on a successful enrollment process. Our Communications Team develops materials that educate and motivate employees to make informed benefits decisions.

Prudential will provide the following services:

- 20 on-site employee enrollment meetings at no additional cost for locations with a minimum of 50 eligible employees for life and disability coverage. We will conduct meetings for locations with a minimum of 100 eligible employees for LTC coverage.
- Train-the-trainer sessions
- Brochures, posters and other written communications materials

Enrollment presentations are structured to explain Prudential's products, how they work and specific information regarding what is being offered to employees. By illustrating and describing the benefits of the plans, Prudential hopes to increase the level of employee participation. As an alternative, train-the-trainers sessions may also be provided to help educate benefit managers so that they can explain plan features and answer employee questions. Prudential's Enrollment Specialists have public speaking experience as well as extensive knowledge of our products and employee benefits.

Custom communications are also available for life and disability for additional printing costs. The cost for custom communications is included in the LTC quoted rates.

An effective enrollment communications strategy can be thoroughly planned and rolled out once we have an opportunity to understand the Commonwealth of Pennsylvania's needs.

A formal marketing strategy plan is included as Exhibit E of this proposal.

(c) Provide samples of typical communication materials that the Offeror may provide under this program.

Prudential's standard communication materials include enrollment brochures, announcement letters, posters and newsletter articles.

Sample communication materials are included as Exhibit G of this proposal.

(d) Provide details regarding media to communicate the plan to employees.

At Prudential, we understand the success of a Group Insurance plan starts with an effective enrollment campaign. The Commonwealth of Pennsylvania can use our announcements, electronic messages, flyers, payroll stuffers, table tent cards and posters to educate and motivate employees.

Prudential will provide 20 on-site employee enrollment meetings at no additional cost for locations with a minimum of 50 eligible employees for life and disability coverage. We will conduct meetings for locations with a minimum of 100 eligible employees for LTC coverage.

(e) **Explain how the Offeror will transmit electronic interface files to begin, change, and stop payroll deductions. Indicate that the Offeror agrees to provide the data elements in the order and format required by the Commonwealth to update the HR/Payroll system. Include software, data elements for the file. See Part IV for the minimum required data elements and transmission format.**

All information is maintained in our administrative system. The full details of an individual's payroll are communicated to Prudential via a secured file transfer from the Commonwealth of Pennsylvania. This file can be in the Commonwealth of Pennsylvania's current format.

Payroll deduction calculations are also maintained within the same administrative system. The details of an individual's payment amount, due and paid, are maintained on said individual's personal record. Changes to payroll amounts (increases, decreases, stops or starts) are also communicated within the same file transfer on a frequency agreed upon with the Commonwealth of Pennsylvania.

The computer system that is currently used to house Prudential's administration consists of software written in a combination of Cobol II, Cobol LE, SAS and CICS. The software runs on IBM mainframes with an MVS operating system.

(3) **Administration.**

(a) **The benefits provided under this contract are voluntary and enrollment is contingent upon the Offeror providing benefits at a competitive rate and communicating the value of such benefits to employees. As such, the Commonwealth will not agree to minimum participation requirements for any benefits provided under this RFP.**

Confirmed. There are no minimum participation requirements for any voluntary coverage being offered.

(b) Provide the implementation date of the most recent substantive changes to the Offeror's administrative processes/procedures for managing benefits/claims. If a change is contemplated between the date of the submittal and the end of the contract period, provide a brief description of the changes and the anticipated implementation dates.

Prudential's Group Insurance products are continuously reviewed and improved upon. These improvements come in the form of added features and benefits, as well as new services and enhancements to existing services.

Our Life Claim and Disability Claim Management Systems receive major enhancements on a quarterly basis. The nature of these enhancements range from system changes to server upgrades. The objectives are to increase customer satisfaction, streamline business processes, improve productivity and meet regulatory compliance.

Major system enhancements that are planned to occur over the next two years include:

- Online claim submission
- Enhancement of imaging and workflow capabilities (including a number of auto processing enhancements in the claim life cycle and output fulfillment processes)
- Enhanced metrics reporting
- Enhancement of online evidence of insurability screening for disability
- Enhancement of participant online status for evidence of insurability
- Elimination of a number of legacy systems, moving employees and clients to the new, more efficient and feature-rich platforms
- Development of data warehouse financial reporting and analysis capabilities, including an integrated premium and claim reporting process

There have been no recent material changes to Prudential's administrative practices with regard to LTC claims processing. We do not anticipate changes to our practices and/or procedures for benefit and claims management.

(c) Provide a marketing strategy for new hires in the ongoing administration of this contract.

We have an in-house communications team with expertise in communications and insurance. The staff in the Marketing Communications department includes project managers, copywriters, designers and production managers. It functions much like a creative services agency.

Our writers have experience in marketing and communications and they have extensive backgrounds in employee benefits and insurance communications. The design team has expertise in both web and print materials, including enrollment brochures, announcement letters, posters and newsletter articles. Our production managers have expertise in print production and fulfillment, which includes managing the bid process, selecting vendors and overseeing the printing process.

Prudential will be sending a Welcome Kit to all new hires. We can include solicitation materials for the new coverages in this welcome kit. We will work directly with the Commonwealth of Pennsylvania to determine the marketing strategy that will work best.

The employee can also conduct us directly for additional information or to request enrollment materials for the LTC plan.

A similar marketing strategy plan can be developed for new hires as presented in Exhibit E of this proposal.

(d) Provide a marketing strategy for annual open enrollments.

For life and disability coverages, we have an in-house communications team with expertise in communications and insurance. The staff in the Marketing Communications department includes project managers, copywriters, designers and production managers. It functions much like a creative services agency. Our writers have experience in marketing and communications and they have extensive backgrounds in employee benefits and insurance communications. The design team has expertise in both web and print materials, including enrollment brochures, announcement letters, posters and newsletter articles. Our production managers have expertise in print production and fulfillment, which includes managing the bid process, selecting vendors and overseeing the printing process.

For LTC coverage, we are happy to provide input for the Commonwealth of Pennsylvania's annual enrollment materials in a format that is consistent with their typical communications (subject to state filing), but we will not provide annual guaranteed issue opportunities due to the high adverse risk selection that would be associated with our product.

Working directly with your benefits administrator, we will help you determine the program which best speaks for and encourages your employees to take full advantage of your benefits package. Whether you need an intro letter or an entirely customized kit, we have the expertise at hand to deliver.

A similar marketing strategy plan can be developed for annual enrollments as presented in Exhibit E of this proposal.

(e) Provide details regarding the various types of media that will be used to communicate with employees in the ongoing administration of this contract.

Prudential's Account Management Team will provide ongoing account service for the Commonwealth of Pennsylvania, and Account Executive John Hafner and Senior Account Manager Maria Geelan are responsible for timely and accurate communication of all pertinent information. The method of communicating such information (via client newsletter, phone, letter, fax, email or in person) is generally dictated by the nature and urgency surrounding the communication.

(f) Describe how the Offeror will communicate all plan and premium changes to the insured. Describe how will this be communicated to the Office of Administration and how much notice will be provided.

Account Executive John Hafner and Senior Account Manager Maria Geelan are responsible for timely and accurate communication of all pertinent information. The method of communication is generally done by phone, letter, fax, email or in person. The timing of the plan changes is generally dictated by the nature and urgency surrounding the communication. Any annual premium changes should be communicated to the insured within 30 days prior to the effective date of change as long as the changes are finalized within 90 days prior to the effective date of the change.

We can provide notice of a premium change to the Office of Administration within ten business days of a requested plan change.

Our LTC rates are guaranteed for seven years; therefore, we would not take a rate increase during that time. Once the guarantee ends, we would only raise rates on a class basis.

(g) **Part IV requires the Offeror provide a single website specific to the Commonwealth plan of benefits. Indicate whether the Offeror provides online enrollment. If not, explain why online enrollment is not provided. The Offeror's response should address any legal or administrative concerns with online enrollment. If the online enrollment functionality impacts the proposed premiums, the Offeror must include this in the separate Cost Submittal, Part II-10. No information regarding cost proposals should be included in the Offeror's response. If there is an impact on the proposed premiums, the Offeror must include this in the separate Cost Submittal, Part II-10.**

Prudential can provide the Commonwealth of Pennsylvania with a single website containing information specific to the plan of benefits. The site would have a distinct web address that would be easily recognizable to employees and administrators. It would include a link to our Group Insurance online enrollment site and display the 800 number of our phone-based IVR enrollment system. The online/IVR enrollment system will also be customized to reflect the Commonwealth of Pennsylvania's plan of benefits.

If the Commonwealth of Pennsylvania has its own enrollment platform, we can link the client-specific web page to the enrollment platform.

Prudential's Group Insurance has no legal concerns regarding the use of online enrollment platforms as long as valid electronic signatures are recorded and retained for enrollments made through such systems.

For LTC coverage, online enrollment is available for actively-at-work employees as they are guaranteed issue during the open enrollment period and new hires during their eligible enrollment period. Qualified family members and employees enrolling after their enrollment period as a new hire are able to utilize the online enrollment website too; however, they must download the enrollment form as we require an original signature on the medical evidence form. An individual (employee or extended family member) can also call the dedicated toll free number to request an enrollment kit or send an email to LTC4ME@prudential.com to have a kit sent to them.

(h) Part IV requires the Offeror provide a single toll-free customer service number. Describe how many customer service representatives will be handling phone calls solely for Commonwealth employees. Describe the hours of the Offeror's customer service department. Describe how the Offeror handles evening and weekend calls. Describe any special facilities available for the hearing impaired and for those where English is a second language.

The Commonwealth of Pennsylvania will continue to have a dedicated toll free number, (800) 893-7316, staffed from 8:00 a.m. to 6:00 p.m., Eastern Time, Monday through Friday. Customer Service Professionals are available to help with all plan and claim questions and concerns, request forms, conversion information, etc. A voicemail system records all calls received after 6:00 p.m., and calls are returned the next business day.

In addition, the Life Claim Division has an IVR system available 24 hours per day, 7 days per week to check the status of multiple life claims in a single toll free call. The Commonwealth of Pennsylvania can also check the precise payment information for each beneficiary by entering the individual's Social Security Number. The Disability Claim Division also has an IVR system that provides claim status and disability benefit information (e.g., payment amount and check date) 24 hours per day, 7 days per week.

Our Life and Disability Claim Divisions currently have Spanish-speaking capabilities on our toll free lines for Spanish speaking customers. Other languages can be accommodated on an as needed basis through AT&T's Language Line Services who provide translating services to us. Interpretation services are available for over 140 foreign languages and dialects. They will place calls for us if need be and translate both ways during the call. Our customer service line accepts calls from the hearing impaired through Total Relay. This allows an insured to type questions that will be translated to our Customer Service Professionals and vice versa.

The LTC Claims Unit is available Monday through Friday, from 7:30 a.m to 4:30 p.m., Eastern Time to respond to more technical inquiries regarding claim submissions. The LTC Team also has Spanish speaking capabilities and has a TDD line available for hearing impaired callers.

(i) Describe quality assurance parameters the Offeror has in place.

Prudential has high customer service standards with regard to quality.

In order to meet these standards, we have implemented the following quality review programs.

Life Claims Quality Review Programs

- Claim reviews are performed on a random sample of our claims on a daily basis.
- A new claim processor has 100% of claims reviewed, while an experienced claim processor has 10% of claims reviewed. In addition, 65% of AD&D payments are reviewed. Also, 100% of all denials are reviewed.
- The percentage of claims reviewed is fixed. It is based on the percentages listed above, so the number of claims reviewed per Life Claim Manager varies monthly with the volume of claims.
- All reviews are completed prior to claim payment.
- The claim department has the capability to target reviews on either an individual or client specific basis.
- A senior claim team member is dedicated as the quality review person.
- Furthermore, 5% of the reviews are then triple checked and verified by life claim management on a monthly basis.

Life Plan Management Quality Review Program

- All Life Plan Management output is subject to a random review in order to ensure the highest quality service and assistance to our customers.
- An independent Quality Review Team is responsible for reviewing all transactions processed in the Life Plan Management area.
- Any element related to finalizing a death claim is evaluated at 100%.
- All other transactions are reviewed at 20%.
- All output for newly hired associates is evaluated at 100%.
- The Quality Review Team maintains a 24-hour turnaround time.
- Processors receive daily quality feedback, which contains positive reinforcement as well as tips for improved handling.
- All error corrections are monitored for completion.
- Individual statistics are tracked on a monthly basis and provided to management.

Disability Claims Quality Review Programs

- Automated random selection on a daily basis of claims for quality review based on criteria established by management as well as fully random sampling
- Online quality review of disability claim payment history, Explanation of Benefits, single sum payments, correspondence history and pending claims
- Evaluations by highly-trained, experienced reviewers of claims processing actions and decisions on claims selected for quality review
- Online recording of all quality review results so the Disability Claim Management System can automatically prepare reports summarizing quality review activity over a period of time.

- Quality review selection occurs prior to disbursement and is based on a variety of time-tested criteria that ensures the secure treatment of claims and promotes uniformity. This ensures claims are processed accurately and paid in a timely manner.

We have LTC quality assurance programs in place for new business application processing, case management, benefit access, assessment, claim customer service and claim payment. A Quality Consultant who has responsibility for quality review functions reviews LTC Insurance claims. New business applications are also subject to quality review. Customer Service Professionals are reviewed and coached by Call Coaches within the Call Center.

(j) Indicate if the Offeror uses silent call monitoring for its customer service representatives, and at what frequency. Describe the steps that are taken when representatives provide erroneous information or act in an inappropriate manner.

Yes. Incoming calls are monitored through silent monitoring to ensure quality service. We also provide meaningful feedback to our Customer Service Professionals as needed for individual development.

Once a disciplinary need has been identified, the call coach and Customer Service Professional Supervisor will design and track progress against a remedial training plan. In the event significant improvement is not achieved within an acceptable timeframe, further, more formal disciplinary action would be taken (up to and including eventual termination).

(k) Describe how member questions and issues will be addressed through the Offeror and the procedures and guidelines that will be used to escalate the problem to the next level of supervision/management; describe the level at which the Commonwealth will be notified.

The Commonwealth of Pennsylvania will continue to have a dedicated toll free number, (800) 893-7316, staffed from 8:00 a.m. to 6:00 p.m., Eastern Time, Monday through Friday. Customer Service Professionals are available to help with all plan and claim questions and concerns, request forms, conversion information, etc. A voicemail system records all calls received after 6:00 p.m., and calls are returned the next business day.

In addition, the Life Claim Division has an IVR system available 24 hours per day, 7 days per week to check the status of multiple life claims in a single toll free call.

The Commonwealth of Pennsylvania can also check the precise payment information for each beneficiary by entering the individual's Social Security Number. The Disability Claim Division also has an IVR system that provides claim status and disability benefit information (e.g., payment amount and check date) 24 hours per day, 7 days per week.

Calls are tracked and managed in our call tracking database utilizing an automated reason for call coding system. Phone documentation can be routed to supervisors, the case administration area and even to client management for handling. Management reports allow open calls to be monitored, problems to be identified and resolution to be brought about quickly. The online history file facilitates the resolution of subsequent inquiries received in relation to the same caller. This extensive coordination allows Prudential to respond to inquiries and concerns quickly and efficiently, regardless of the reason for the call.

Our LTC professionals provide information and respond to insured's LTC questions. Our goal is to assist insureds in a timely and professional manner, recognizing that, for many, this may be a stressful and challenging time for them as they deal with LTC needs.

In addition, Account Executive John Hafner and Senior Account Manager Maria Geelan will be your day-to-day liaison, with responsibilities that include coordinating resolution to your day-to-day administrative questions. In short, your Account Management Team is your advocate, and they will coordinate within the Prudential organization to provide you with efficient service.

(l) Describe the manner in which subscriber eligibility, enrollment, and premium payment records are maintained. If this information varies by insurance plan, the Offeror should include any and all variances in their proposal.

All information is maintained in our administrative system. The full details of an individual's eligibility are communicated to Prudential via a secured file transfer from the Commonwealth of Pennsylvania. The enrollment information is either sent to us in the same secured manner, or, if we are running the enrollment ourselves, we gather the information and populate our system directly from the enrollment forms we receive. Premium payment (client bill, roster bill, payroll deduction, direct bill) is also maintained within the same administrative system. The details of an individual's payment amount, due and paid, are maintained on said individual's personal record.

(m) State the Contractor's understanding of how the self-bill process will work for employees who are on Leave Without Pay or who terminate employment. The response also should address who should be contacted regarding billing issues.

Prudential can offer the following billing options:

- Prudential can offer Electronic Fund Transfers to participants. Prudential can accommodate monthly, quarterly, semi-annual or annual billing and there are no billing charges associated with Electronic Fund Transfers. Prudential will solicit participants in order to set them up for this mode of payment.
- Prudential can offer direct billing to participants. Direct billed participants will receive a bill at their home address on a quarterly, semi-annual or annual basis. Bills are produced and mailed to participants approximately 30 days before the beginning of the billing period. Participants return their payment check or money order directly to Prudential.

The Commonwealth of Pennsylvania can contact Account Executive John Hafner or Senior Account Manager Maria Geelan regarding any billing issues.

(n) Explain the procedures for processing a claim through the Offeror. If the claim process varies by insurance plan, the Offeror should include the procedures for each insurance plan. Indicate who approves the request for benefit eligibility.

Prudential's life claim process is as follows:

Step 1: Claim Submission
To submit a life claim, the following information will continue to be gathered by our Life Plan Management Team:

- An original or certified copy of a death certificate. A photocopy may be submitted if all of the following criteria are met; however, Prudential maintains the right to request an original certified death certificate and to withhold payment until it is provided if circumstances surrounding a claim require this documentation:

  a) The aggregate face amount of the policy is $50,000 or less
  b) The insured died within the last six months
  c) The insured died within the United States or Canada
  d) Benefits are not being assigned to a funeral home
  e) The manner of death is natural causes (manner of death cannot be homicide, accidental or pending determination)

f) The beneficiary must provide his or her Social Security Number or in case of an estate, the Tax Identification Number
g) The beneficiary is not one of the following:
   1) A business
   2) Deceased
   3) Divorced from decedent
   4) Non-resident alien

- A signed and dated enrollment card/form with the beneficiary designation (or an electronic enrollment card/form, if agreed to by Prudential)

- A completed claim form signed by our Life Plan Management Team

The same information is required for accidental life claims. Any additional supporting information should also be submitted, including accident reports, newspaper articles, autopsy reports and/or police reports. However, if AD&D benefits are being claimed, a certified death certificate must always be provided with the initial claim.

For accidental injury claims (such as dismemberment, blindness, loss of speech or hearing, paralysis or coma), Prudential needs a completed Group Accidental Injury Claim Form completed by the Life Plan Management Team, the claimant and the attending physician, as well as any supporting medical information.

Step 2: Claim Review
Upon receipt of the claim, a Prudential Life Claim Manager:

- Reviews the death certificate
- Verifies the signature and beneficiary designation(s) on the enrollment card (signed and dated by the insured)
- Reviews the plan details to ensure the salary and amounts of insurance are in agreement
- Contacts the Commonwealth of Pennsylvania to clarify the data if there are any discrepancies

Step 3: Claim Entry
Once the claim information is validated, we enter the payment into our Life Claim Management System. The system has built-in logic to ensure that claims do not exceed the plan maximum and that claims occurred during the plan's effective dates. In addition, the Life Claim Management System is programmed to recognize and prevent duplicate payments.

Step 4: Quality Review
Quality is assured through claim evaluations, a referral process and a random selection of claim approvals by our Quality Review Team. The team is comprised of experienced, fully trained Life Claim Managers who have sole responsibility for the review of claim approvals. Currently, 10% of all claim approvals are selected for quality review.

Step 5: Claim Payment
Payment is issued on the next business day following claim approval. A check is issued if the payment is less than $5,000 and an Alliance Account® is established if the payment is greater than $5,000. Group policies also enable a certificate holder to designate a mode of settlement. If the certificate holder designates a mode of settlement other than the modes referenced above, payment will be made accordingly.

All of the Commonwealth of Pennsylvania's LTD claims will be managed by a designated Prudential Disability Claim Management Team. The team includes a team leader, disability consultants, Disability Claim Managers and a service technician. Various specialty teams support this team, including our in-house Clinical Team, Vocational Rehabilitation Team and Social Security Claimant Assistance Program Team.

Step 1: Evaluation
Upon receipt of a completed claim (Employee Statement, Employer Statement and Attending Physician's Statement), the Disability Claim Manager evaluates the information received and calls the employee in order to discuss his or her current condition, treatment and return-to-work plans. The Disability Claim Manager may also contact the Commonwealth of Pennsylvania in order to clarify the job description, get additional information regarding work performance and discuss job modifications.

Step 2: Clinical Review
The Disability Claim Manager, his or her immediate supervisor, and members of the Clinical and Vocational Teams evaluate the claim in a claim discussion format. The clinician evaluates the medical information in relation to the employee's essential job duties and the impact of the medical condition on the employee's ability to perform his or her job. This includes, but is not limited to, identifying the presence or absence of impairment, anticipated duration of impairment, potential clinical and vocational interventions, and any additional information that may be required for evaluation prior to decision. The Disability Claim Manager and his or her supervisor discuss the applicable contractual provisions and pertinent employer information and the medical analysis is incorporated. This results in an individual claim management plan.

Step 3: Claim Completion Process
If the initial information provided is not sufficient to make an immediate claim determination, the team identifies the additional information needed, appropriate sources and the most efficient means of getting it. Upon receipt of the information, the Disability Claim Manager re-evaluates the claim and may need to refer it to the appropriate clinician and/or vocational rehabilitation specialist for assessment.

Step 4: Disability Determination
After the completion of medical and vocational assessment, the Disability Claim Manager reviews the complete claim, including the employee's medical condition, physical capabilities and job duties, the availability of needed accommodations and applicable contractual provisions of the plan. Once this is done, the Disability Claim Manager makes a determination of the disability benefits.

Step 5: Notification
If the claim is approved, we notify the employee and release benefits. We send a letter to the employee with a copy to the Commonwealth of Pennsylvania, which explains the plan's definition of disability and any applicable benefit limitations, and provides the amount of the monthly benefit payable. The letter also discusses Social Security Disability Benefits and directs the claimant to apply when applicable.

If the claim is denied, we send a letter to the employee with a copy (excluding confidential medical information) to the Commonwealth of Pennsylvania. The letter explains the reason for the denial of the claim and informs the employee of the appeals process if the employee disagrees with our decision.

Step 6: Ongoing Disability Management
After the LTD claim has been approved and benefits have started, the Disability Claim Management Team continues to follow it closely. Disability management activities may include:

- Ongoing communication with the employee to discuss prior work experience, education level and interests in order to identify return-to-work opportunities
- Request for verification of continued disability
- Request for medical information from the attending physician
- Independent Medical Examination by a qualified specialist
- Employability assessment
- Labor market surveys
- Job placement services
- Worksite modification

During this time, our Clinical and Vocational Rehabilitation Teams are available to assist the Disability Claim Manager through team, specialty and one-on-one claim discussions.

The following protocols are involved in the LTC claim process:

Benefit Eligibility Assessment
In the processing of a typical claim, the insured begins the process by calling Prudential at (800) 732-0416 to speak with a Prudential Benefit Access Counselor, who then:

- Performs an intake evaluation
- Discusses the coverage requirements
- Arranges for an assessment, if appropriate

Generally, an assessment means that a Nurse Assessor from an independent, third-party agency contacts the insured to arrange for a functional and cognitive evaluation, based on objective standards of measurement. The assessment is done at the insured's convenience, takes about an hour, and is performed at no additional cost to the insured.

If the insured prefers, the assessment may be performed by the insured's own LHCP, at his or her expense. The LHCP must be a nurse, physician or licensed social worker, and Prudential must be notified in advance so that we can send the insured's LHCP a copy of our functional abilities and cognitive deficits assessment tool.

Regardless of who performs the assessment, the assessor observes the employee's functional and cognitive deficits and reports on:

- The claimant's inability to perform at least two Activities of Daily Living without the substantial assistance of another person for a period of at least 90 days
- The presence or absence of severe cognitive impairment requiring the substantial supervision of another person to protect the claimant from harm

After reviewing the assessment report supplied by the Nurse Assessor or other LHCP, a Prudential Nurse Clinician certifies whether the individual has a chronic illness or disability, determines eligibility, and prepares a POC.

POC
A POC is a written individual plan, prescribed by a licensed physician, registered nurse or licensed social worker, that outlines the type and frequency of long term care services the insured may need.

Federal and state laws require that a tax-qualified LTC Insurance contract only provide benefits for qualified long term care services that are included within the POC. The POC may be developed by a Prudential Nurse Clinician at no additional expense, or by the insured's own LHCP at the insured's expense.

Finding a Long Term Care Provider
If the insured needs assistance finding a long term care provider, he/she can refer to The Prudential Long Term Care Resource Center. The Prudential Long Term Care Resource Center makes the process of finding a long term care provider easier by offering an array of valuable local and national long term care information, quality ratings and discounts. At the time of claim submission, personal assistance with locating a provider can be done by phone if preferred.

Claim Submission
If the Prudential Nurse Clinician determines that the claimant is eligible for benefits, a request for claim payment is processed accordingly. The claim can be faxed or mailed to Prudential's Long Term Care Claim Unit, where a claim examiner reviews it to determine whether the terms and conditions of coverage have been met, answering such questions as:

- Is the service provider eligible?
- Is the service covered under the contract?
- Has all necessary information been received?

Claim Approval
If the claim is eligible for payment, the claim examiner checks to see if the claim service type and frequency is consistent with the current POC. If it is, the examiner approves the claim, prepares an Explanation of Benefits statement and a payment voucher, and sends it to the Quality Control area for further review. Quality Control reviews the claim for mechanical and payment accuracy. The Explanation of Benefits is mailed to the insured, or his or her legal representative, and a copy is also mailed to the provider, if benefits are assigned. Accounting releases the benefit payment.

(o) **Describe the Offeror's internal and external audits and controls. Explain how these systems ensure accurate billing and coverage based on eligibility data provided by the Commonwealth.**

Prudential's claim operations are subject to regular process, compliance and financial audits by Prudential's Internal Auditing associates and outside auditing firms engaged by Prudential. During such audits, every aspect of claim administration is evaluated.

The Internal Auditing staff reports through the Audit Committee to the Board of Directors. They conduct independent appraisals, unbiased by the influence of local claim management policies and practices.

In Prudential's Group Life Claim Division, internal audits are performed every day by the Quality Reviewer, an experienced, fully trained Life Claim Manager with sole responsibility for claim review. Currently, 10% of all claim approvals are randomly selected daily for quality review and 100% of all claim denials are selected.

An individual claim manager's workload is managed by their immediate supervisor for timely and appropriate decisions. These factors are part of the performance review process.

Overall, claims are selected for quality review daily based on varying criteria determined by management. Prudential's Quality Review Staff reviews approximately 30% of all LTD claims. This includes 100% of all LTD terminations and disallowals.

100% of a new claim manager's work is reviewed by his/her coach until the individual is released from training.

LTC Insurance claims are reviewed by a Quality Consultant who has responsibility for quality review functions. Claims are reviewed for duplication, overpayment and fraud by an independent Quality Review Functional Area.

Prudential's claim associates are well trained in the identification of possible fraud. Whenever fraud is suspected, Prudential's claim associates immediately alert Prudential's Special Investigation Unit to investigate. As needed, the Special Investigation Unit may contract with outside vendors of investigational services and resources.

Prudential's Claim Divisions are periodically audited by Prudential's Group Audit Staff in accordance with Prudential's internal risk assessment.

In addition, Prudential uses secure data transmissions with each of our clients and we require audit trails for each file (header/footer records that identify the record counts contained on each file). Any discrepancies are reported back to the client and we work together to solve the problem.

(p) **Provide samples of reports to be generated, without charge, clearly indicating any variances from the specifications in Part IV of the RFP. Indicate the proposed frequency of the reports.**

Sample management reports are included as Exhibit K of this proposal.

The following life reports and features are available online in real time:

- **Claim Activity Report:** This report provides a list of claim status and payment activities of claims received or paid during a certain period of time. The report can be filtered at branch level. A choice is available to select a certain claim type and coverage status.
- **Claim & Payment Status:** This report provides a comprehensive, easy access facility to viewing details of a particular claim, one at a time. You can search for a record by claimant's name, claim number or Social Security Number. You can view detailed information about a claim and the relevant coverage and payment information.
- **Custom Reports:** The Life Claim Management System Custom Report provides a facility to create ad hoc reports by selecting report columns and defining report parameters. The report columns can be displayed and sorted in any desired order. Filters are available for most of the columns selected. Once the report template is created, it can be saved and reused again in the future.
- **Report Scheduler:** This unique feature will permit the user to schedule reports to be run. Each report can be run on the schedule of the user's choosing (weekly, daily, monthly, bi-weekly, etc). When the report runs, the system will generate an email to the user to advise him/her that the report has run and provide a link to the reporting site. This feature makes it easier to replace paper reporting with web based reporting by creating notifications on a schedule that the user defines.

Premium and Claim Comparison (P&C) Report: This report provides information on the billed premium, paid claim amounts, interest to beneficiaries and pending life claims. The P&C is available in a number of formats, including month-by-month, the last 12 months, year-to-date and by coverage types. Prudential will continue to provide this custom report in excel format on a quarterly basis.

Prudential's Disability Claim Management System has outstanding reporting capabilities. One of the convenient features of our system is that these reports can be scheduled and automatically delivered to the client without time-consuming follow up.

The following standard reports are available as part of our Claim Management Services via the World Wide Web.

- **Claim Activity/Advice to Pay Report:** Lists all active and/or inactive claims data during the requested time frame
- **Summary Report:** Lists all specific claim data, active and inactive, for every claimant on disability. This report includes, but is not limited to, disability type, date of disability, maximum duration, offsets (including type of Social Security Disability Benefit) and award dates.
- **Diagnostic Group Analysis Report:** Breaks down claims into diagnostic categories. It includes the number of claims that fall into the category as well as the coverage-scheduled benefit for that diagnostic group and the coverage benefit duration.
- **Recalculation Report:** Displays all claimants who have current overpayment balances
- **Payment Report:** Provides detailed breakdown of an employee's payments between specified distribution dates
- **Sick Pay Employer Report:** Furnishes detailed information regarding employee disability payments as well as taxes/deductions withheld from these payments
  - Non-Match cases (Client is responsible for matching the employer's portion of FICA): Sick Pay Employer Reports are distributed cyclically (every two to three days), quarterly and annually
  - FICA Match cases (Prudential is responsible for matching the employer's portion of FICA): Sick Pay Employer Reports are distributed quarterly and annually

In addition, our system has the capability to produce the following graphic reports:

- **LTD by Diagnosis - Bar View:** Display client's claim history in comparison with other clients with similar elimination periods and Prudential's book of business. It groups the claims based on diagnosis categories.
- **LTD Duration – Bar View:** Displays client's duration history in comparison with other clients with similar elimination periods and Prudential's book of business. It groups the claims based on diagnosis categories.
- **LTD by Age:** Display client's claim history in comparison with other clients with similar elimination periods and Prudential's book of business. It groups the claims based on age.
- **LTD by Gender:** Display client's claim history in comparison with other clients with similar elimination periods and Prudential's book of business. It groups the claims based on gender.

- **LTD Major Diagnosis – Pie View:** Displays client's claim history with other clients with similar elimination periods and Prudential's book of business. It groups the claims based on Major diagnosis category.

We also offer web-based reports for our evidence of insurability processing. These reports provide status information on evidence of insurability submissions to our Medical Underwriting Unit. While we will provide you with approvals and denials through a file, the web-based application is valuable for the purpose of checking interim status and for analysis purposes. The available reports include:

- **Approved/Declined/Closed:** Lists the applicants who were approved, declined or closed during the period of time selected
- **Current Pending:** Lists the applicants currently pending in the system
- **Pending Quality Review:** Lists the applicants whose final decision is in pending quality review. Once these applicants have been released from quality review, they will appear on the Approved/Declined/Closed Report or Current Pending Report.

Prudential currently provides clients with LTC Insurance management reports that include LTC participation data, customer service reports and new business/medical underwriting summary reports. Typically, we provide these reports on quarterly basis; however, other frequencies can be made available.

Participation data will be collected and split by plan option, relation code, gender, location and branch as defined by the Commonwealth of Pennsylvania. If the Commonwealth of Pennsylvania requires a specific breakdown of data, Prudential will work with the Commonwealth of Pennsylvania to accommodate their request during the implementation/set up of the plan.

In addition, Prudential is willing to provide the requested Task Plan, Implementation Status Report and Problem Identification Report.

(q) Indicate the Offeror's willingness to provide flexibility for future changes to procedures, report formats, etc. as requested by the Commonwealth. Describe how this flexibility (or lack thereof) is consistent with the Offeror's administrative systems.

Yes. Prudential is willing to provide flexibility for future changes to procedures, report formats, etc. as requested by the Commonwealth of Pennsylvania.

Our online Life Claim Management System Custom Report provides a facility to create ad hoc reports by selecting report columns and defining report parameters.

The report columns can be displayed and sorted in any desired order. Filters are available for most of the columns selected. Once the report template is created, it can be saved and reused again in the future.

In addition, the Life Plan Management Division currently utilizes a number of flexible processes in the day-to-day administration of our benefit delivery system. Our beneficiary imaging system allows for all beneficiary forms to be clearly imaged and retained for the life of the case. Inclusion in the imaging system provides immediate, real time access for the Customer Service Professionals supporting the Commonwealth of Pennsylvania account. The imaging system also provides the necessary data elements to facilitate reporting of the number of beneficiary forms on file and to identify the individual associates with no record on file.

Some of the client specific projects we have completed include:

- A complete data cleansing and validation project for Viacom, in which we were asked to verify portions of employee data prior to loading it into our administration system.
- We produce specialized annual statements for the New York Port Authority, in which we create and mail a client specific coverage and beneficiary statement to the entire active population.
- A beneficiary review for the State of Florida, in which we compare all of the beneficiaries we currently have on file against the client's full population in order to identify anyone without a record and produce a resolicitation mailing to attempt to acquire beneficiary forms from any employee who failed to complete one previously.

Life Plan Management provides full customization for National Account clients. All requested format changes are given the utmost priority for implementation. All client reporting is reviewed and pre-approved prior to becoming effective. Additionally, Prudential's Group Insurance has demonstrated our flexibility by making all necessary adjustments to facilitate revised file formats and definitions when necessary or requested.

(r) **Describe how all contacts with employees (e.g., phone call, letter, e-mail) and the related action by the Offeror and Insurance Carrier are tracked by the Offeror. In addition to the reports required in Part IV, describe reports the Offeror will produce for the Commonwealth detailing these contacts and related action. Indicate the frequency of these additional reports.**

A history of customer interactions is maintained online using our call correspondence tracking system.

The data elements maintained include date and time of call, call reason, action required, area responsible for resolution and an internally assigned tracking number for future customer reference. The Customer Service Professional routes the request to the appropriate area for processing. Management reporting allows these action requests to be tracked against prescribed processing cycle time objectives to ensure timely completion. Prudential is willing to discuss with the Commonwealth of Pennsylvania specific reporting you would like to see and at what frequency.

(s) Describe how records are maintained, backed-up, stored, and retrieved. Include any provisions for recovery from disaster. Explain how records are secured and how confidentiality of information is protected.

Paper mail and faxes from the enterprise fax server pool are received and processed for imaging in our automated Optical Character Recognition system. The data is visually inspected and repaired, then sent for quality review.

The finished product is packaged for data feed into the Image Workflow Repository. Every 30 minutes, the Image Delivery System automatically feeds image work products into the various business administration workflow systems where the transaction life cycle processing begins. This system:

- Provides permanent retention of these images
- Maintains versioning of the images and objects to provide a traceable history of the electronic file
- Uses real time, fail-safe capabilities to ensure continuous business processing

Prudential also maintains hard copy life claim files in an offsite location and they are retained for seven years. Some claim records are stored in hard copy and other records are on microfiche.

Prudential's Disability Claim Management System currently keeps all online information in the active transaction database. All historical data is currently available online; however, in the future, it is possible that some less critical data will be moved to an archive/history database. All payment information since claim inception is available for ad hoc reporting purposes. Hard copy claim files are maintained for ten years from the claim termination date.

Prudential's Group Insurance Operation has formal business continuation plans in place that provide for the timely recovery of data and continuation of normal business activities in the event of a disaster. All application software and business data is backed up and sent to a secure off-site location for storage. Incremental back ups of changes to applications and data are performed four days a week.

A complete back up of entire applications and all data is conducted once a week. Alternative hardware facilities have been arranged with other Prudential locations as well as external vendors to minimize system down time. Finally, the telephone system is modifiable in order to redirect the calls from one location to another.

Formal testing of the business continuation plan is conducted at least once each year to identify areas for improvement and to ensure that the appropriate procedures are in place.

Prudential's LTC claim files are maintained by Prudential on site for two years, once the claim is closed. The files are then shipped off site with a retention of seven years. All claim records are kept in accordance with these requirements. Claim files are scanned upon receipt and all documents received since that date are maintained, indefinitely, in an electronic imaging system.

Formalized recovery and business continuation procedures exist for each function within Prudential's Long Term Care Unit. The procedures are designed to permit critical business activities to continue as usual with full recovery within three business days. Details on our business continuation practices can be provided upon request.

II-3. Work Plan. Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in Part IV of this RFP as the reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of person hours and corresponding Full-Time Equivalents (FTEs) allocated to each task.

Prudential has reviewed, understands and accepts the Commonwealth of Pennsylvania's problem as outlined in this RFP. Our attached proposal addresses the Commonwealth of Pennsylvania's stated objectives.

Prudential is pleased to offer the following voluntary benefits for the Commonwealth of Pennsylvania to consider:

- Employee Term Life
- Dependent Term Life (spouse and children)
- AD&D (employee, spouse and children)
- LTD (employee)
- LTC

We believe our experience with employers of similar size and complexity, combined with our experience administering the Commonwealth of Pennsylvania's Basic Life Insurance program, provides us with a unique perspective, allowing us to offer a sophisticated plan design, client-focused processes, innovative technology, and superior claim and customer service all at a competitive price.

We are in full conformance with the General Information outlined in Part I, with any exceptions noted below:

I-5. Type of Contract

The Group Insurance policy/contract will be issued between Prudential and the Commonwealth of Pennsylvania. Each enrolled employee will receive a certificate of insurance for that particular coverage. This will apply to all voluntary products being offered.

I-26. Offeror's Representations and Authorizations

a. All of Prudential's information and representations in the proposal are material and important, and the Issuing Office may rely upon the contents of the proposal in awarding the contract(s). The Commonwealth of Pennsylvania shall treat any intentional or willful misstatement, omission or misrepresentation as fraudulent concealment of the true facts relating to the Proposal submission, punishable pursuant to 18 Pa.C.S. §4904.

We are in full conformance with the Work Statement outlined in the Request For Proposal specifications, with any exceptions noted below:

IV-3. Requirements. Eligibility and Enrollment

3. All employees and dependents are guaranteed enrollment in the Optional Life and Dependent Life plans up to the specified guarantee issue amounts during the initial offering. New hires are guaranteed enrollment up to the specified guarantee issue amounts, provided they meet Prudential's actively-at-work and non-confinement requirements. Prudential is willing to discuss alternate plan designs, with lower maximum coverage amounts, provided the entire benefit amount is to be guarantee issued at initial eligibility.

6. Under our Group LTC plan, an employee may enroll after the initial enrollment period by providing evidence of insurability.

7. Spouses and children are not eligible to participate in the LTD plan.

There are no enrollment linkage requirements included in our LTC plan. A spouse or other eligible relative of an employee may choose to enroll independently of the employee.

a. Communications and Customer Service

5. Prudential will maintain records of all phone inquiries. These will be used in the development of future communication materials.

b. Additional Requirements

2. Prudential will offer conversion under our Group Term Life and LTD plans at the established conversion rates. Portability is offered for Group Term Life and AD&D at the Group Term Life Portability shown in the Cost Submittal. LTC is also portable at the established port rates.

3. Prudential will offer conversion under our Group Term Life and LTD plans at the established conversion rates. Portability is offered for Group Term Life and AD&D at the Group Term Life Portability shown in the Cost Submittal. LTC is also portable at the established port rates.

7. Prudential will notify the Commonwealth of Pennsylvania no later than six months from the anniversary date of the plan of any rate changes.

IV-4. Agreement Standards

Prudential has offered alternatives to the proposed criteria and standards. The proposed agreement standards are outlined in the Cost Submittal response.

IV-4. Tasks

a. Prudential can enter into a LTC contract with the Commonwealth of Pennsylvania May 1, 2007 and can begin an open enrollment July 1, 2007. While Prudential has extensive experience enrolling a LTC Insurance program with the company's other benefits, we recommend that the LTC coverage have a separate open enrollment from other voluntary coverages. People are often inundated with all kinds of information when enrolling for benefits and LTC can get lost in the shuffle. One advantage of implementing the LTC plan with an effective date other than that of other products is that it will help the LTC plan stand out, and get the attention of potential participants.

a) **For each individual voluntary benefit product proposed, the following information must be provided.**

(1) **General.**

(a) **Provide the name of the recommended insurance carrier, if the recommended carrier is not the Offeror.**

All of the quoted products are being proposed by The Prudential Insurance Company of America.

(b) **Describe the insurance product being proposed.**

Prudential is quoting Optional Life, Dependent Life, Optional AD&D, LTD and LTC coverages.

(c) **Describe why the insurance product is a significant benefit for employees and their eligible dependents.**

Group Life, accident and LTD Insurance coverages are essential elements of every employee's financial plan. While each coverage has a different purpose, they are all designed to help employees and their families manage the financial impact of the unforeseen - premature death, accidental injuries and disability. Sadly, these events are more common than many employees realize. In fact:

- Every 1.6 seconds, a disabling injury occurs in the home*
- Every 5 minutes, a fatal injury occurs*
- Ever 12 minutes, a fatal motor vehicle crash occurs*
- Accidents are the 5th leading cause of death**
- One in three workers will become disabled for 90 days or more during their working years***
- Of those who become disabled, one in seven will become disabled for five years or more***
- 46% of all foreclosures happen because of disability-related financial difficulties***

The opportunity to buy insurance at work is especially valued by employees. Group plans give them the opportunity to get coverage at group rates, which are generally lower than rates they could find on their own. Employees also appreciate the ease of group insurance. There are no confusing quotes or high pressure sales tactics, no health questions (depending on coverage amounts selected and timeliness of enrollment) and automatic payroll deduction makes premium payment a breeze.

Finally, Prudential's Optional Term Life, Dependent Term Life, Optional AD&D and LTD plans include special benefits designed to help employees and their families through difficult times. Examples include:

- The Accelerated Benefit Option for the terminally ill
- Waiver of Premium for disabled employees
- The Alliance Account for beneficiaries
- Conversion and portability features that let employees take coverage with them
- Seat belt and airbag benefits
- Benefits for worksite modifications, rehabilitation and return-to-work incentives, partial disability, and more

*Report on Injuries in America, 2003, National Safety Council, 2005 Edition
**Death: Leading Causes 2004, Centers for Disease Control and Prevention, April 2006
***Bradford, Stacy L., "Do You Need Disability Insurance?", SmartMoney.com, April 19, 2005

The demand for long term care services in the United States will increase significantly over the next 30 years as Baby Boomers move into retirement and life expectancies continue to increase. At the same time, the supply of informal caregivers, who provide most of the long term care in this country, will decline. A number of factors will contribute to this decline, including low fertility rates amongst Boomers, an increasing percentage of women in the workforce and the greater geographic mobility of Americans today.

Driven by these socio-demographic trends, the demand for formal, paid, long term care services will increase dramatically, as will the need for ways to finance this care. Prudential recognizes that public funding of this care will continue to be significantly strained, and that the impact of paying for these services out of personal savings could jeopardize the retirement security of many Americans.

Prudential is deeply committed to raising the level of public awareness of the risk of needing long term care, as well as of ways to help finance the high cost of that care. LTC Insurance, we believe, will play a major role in protecting Americans from this major financial risk and Prudential expects to be a leading provider of that protection.

(d) Provide a detailed explanation of the benefit program and the level of benefits that will be provided to members.

A detailed explanation of Prudential's quoted life, AD&D, LTD and LTC programs are included as Exhibit A of this proposal.

(e) **Provide the typical participation percentage of the insurance product being proposed. Gender, Annual Salary, and Age of Employees eligible under the RFP are available at http://www.dgsweb.state.pa.us/comod/main.asp. Please include your participation estimates based on the following age ranges:**

i. <30
ii. 30-34
iii. 35-39
iv. 40-44
v. 45-49
vi. 50-54
vii. 55-59
viii. 60-64
ix. 65-69
x. 70+

We anticipate the following enrollment by age bracket, based on our book of Optional Life business and the demographics from the census provided:

i. Under 25	7%
ii. 25-29	13%
iii. 30-34	16%
iv. 35-39	20%
v. 40-44	27%
vi. 45-49	30%
vii. 50-54	33%
viii. 55-59	26%
ix. 60-64	19%
x. 65-69	13%
xi. 70 and over	11%

We anticipate the following enrollment by age bracket, based on our book of LTD business and the demographics from the census provided (assuming 25% participation):

i. Under 25	1.15%
ii. 25-29	4.88%
iii. 30-34	7.80%
iv. 35-39	12.39%
v. 40-44	13.88%
vi. 45-49	16.83%

vii. 50-54	19.37%
viii. 55-59	16.85%
ix. 60-64	5.33%
x. 65-69	1.11%
xi. 70 and over	0.42%

Prudential's distribution of participation by age for LTC is as follows:

i. Under 30	10%
ii. 35-39	11%
iii. 40-44	13%
iv. 45-49	16%
v. 50-54	18%
vi. 55-59	15%
vii. 60-64	10%
viii. 65-69	4%
ix. 70 and over	2%

Overall industry participation rates range from less than ½% to a high of 46%. We expect an initial participation rate of 4% for both eligible employees and qualified family members of the Commonwealth of Pennsylvania.

(f) Describe the portability feature of the insurance product being proposed.

Prudential's portability feature will enable the Commonwealth of Pennsylvania's employees and their dependents (eligible spouses and children) to continue Optional Term Life, Dependent Term Life, and Optional AD&D coverages on a direct-billed basis after employment ends. Individuals who port coverage will receive new certificates. Benefits, coverage amounts and coverage provisions may be different than what was included under the employer's plan. Benefit amounts may be equal to or less than the amount the insured was covered for as an active employee, subject to a minimum of $20,000 and a maximum of five times the employee's annual earnings or $1,000,000, whichever is less. There is no minimum coverage amount for dependents.

Under Prudential's portability program, portable coverage is provided through a Group Insurance contract issued to a trustee located in the state of Delaware. Those who enroll in the portability plan are issued a new certificate as a member of a different group (these provisions are governed by Delaware law, except for New York residents).

Immediately upon electing portability, experience for these individuals will be charged to this pool and will not impact the experience of the active employees, however the portability program does carry a one percent load to the active rate. Should the master contract with the Commonwealth of Pennsylvania terminate, active participants who have elected portability will retain coverage with Prudential. Ported benefits will reduce to 60% at age 65, an additional 10% at age 70 (for a total combined reduction of 50% of the pre-reduction face amount) and terminate at age 80.

Rates for individuals who elect portable coverage will differ from the Commonwealth of Pennsylvania's rates. They will be based on Prudential's portable pool experience. Our standard portability product has an optional evidence of insurability requirement. This provides a participant the choice of whether or not to submit evidence of good health. A participant who submits satisfactory evidence will pay a lower rate than a person who either submits no evidence or unsatisfactory evidence. Medical evidence is not required for dependent child coverage.

The portability application period is the longer of 31 days after coverage ends or the time period for conversion. In many states, this is the same time period as the conversion period.

Prudential's portable product utilizes rate tables in five-year age bands.

Portability is not available if coverage terminates due to nonpayment of premium, if the Commonwealth of Pennsylvania's policy with Prudential terminates and is replaced by another employer-sponsored Group Life Insurance plan within 31 days, if the employee retires or if the end of coverage is due to injury or illness.

Prudential's quoted LTD plan does not include a portability provision; however, we have quoted an LTD plan with a conversion option.

Under Prudential's LTC Portability Provision, coverage is fully portable for all participants. As long as the insured continues to pay premiums on a timely basis and does not exhaust his or her benefits, coverage may be maintained regardless of his or her relationship to the Commonwealth of Pennsylvania. If an insured should terminate employment with an inforce employer, Prudential will automatically switch the individual from payroll deduction status to direct bill status, if required, upon notification of the termination by either the Commonwealth of Pennsylvania or the individual.

In the event the Commonwealth of Pennsylvania terminates the group contract, and does not replace it within 31 days of the date coverage ends, a conversion policy will be offered to the insured.

(g) Provide a sample policy and insurance certificates for the Insurance product being proposed.

Sample contracts and certificates are included as Exhibit F of this proposal.

(h) Provide samples of standard enrollment and claim forms for the Insurance product being proposed.

Sample enrollment forms are included as Exhibit H of this proposal.

Sample claim forms are included as Exhibit I of this proposal.

(i) Indicate what percentage of applications submitted to the Offeror were approved and denied in the most recent twelve-month period.

Historically, Prudential has approved 84% of all long form evidence of insurability life and disability applications received by Medical Underwriting. The balance of 16% reflects both closed files (applications not finalized because the applicants did not respond to our request for information) as well as those actually denied for medical cause.

Our approval percentage on fully completed applications is 94%; however, since all medical evidence applications are reviewed on an individual basis, we cannot guarantee that these same percentages, which represent Prudential's experience on our entire book of business, will apply to any particular case.

For LTC applications requiring underwriting, our current underwriting acceptance rate is 84% for all of our medically underwritten LTC business (Individual and Group Long Term Care). Consequently, our denial rate is 16%.

Although we do not have statistics available for just Group LTC business, we are confident that our Group LTC acceptance rate is significantly higher than 84% as most of our underwritten Group LTC applications are from spouses of active employees, who tend to be younger than the typical Individual LTC applicant and consequently more likely to pass underwriting.

(j) **Indicate that the Offeror guarantees coverage for the employee, spouse, or dependent upon initial enrollment. Describe all requirements and limitations other than during open enrollment. If there are any cost differences, provide cost information in the Cost Submittal, Part II-10. No cost information should be included in the technical submittal.**

Yes. Prudential guarantees life coverage for employees, spouses and dependents as described in the proposed plan design. Employees who are absent from work due to disability, injury or accident will not be eligible to enroll for Optional Life coverage until they are actively at work. Dependents must be non-confined on the effective date of coverage.

The guarantee issue limit for Optional Life coverage is the lesser of one times base annual earnings or $100,000. The guarantee issue limit for Dependent Spouse Life coverage is $20,000. Employees are allowed to increase coverage by one increment up to a total coverage amount of $100,000 on a guarantee issued basis at annual enrollment. As an alternate plan design (Option 2), we are willing to raise the guarantee issue limit for Optional Life coverage to the lesser of three times base annual earnings or $350,000 and the limit for Dependent Spouse Life coverage to $50,000. If the alternate plan design (Option 2) is implemented, the three year rate guarantee will be modified to one year in the event that participation is 15% or less.

Applicants who wish to enroll for Optional Life coverage amounts and Dependent Life coverage amounts in excess of the guaranteed issue and applicants who apply for insurance or an increase of insurance after the initial eligibility period (late entrants) will need to submit a short form health questionnaire, which is systematically reviewed by Prudential. The form contains four questions covering prior or current treatment for one or more health conditions. Height and weight are also recorded. If all questions are answered favorably and the height and weight are within acceptable limits, the applicant is automatically approved for coverage.

If one or more questions is not answered favorably and/or the height/weight parameters are outside acceptable limits, the applicant will need to submit a long form health questionnaire. Upon receipt and review of the long form, additional information may be required, such as: medical examinations, Attending Physician's Statement (medical records), blood/urine tests and, sometimes, additional tests, e.g., an EKG.

Employees currently enrolled in the disability plan will be allowed to enroll in the new plan for the same level of benefits. Those not currently enrolled in the plan are considered late entrants and must submit satisfactory evidence of insurability.

The plan does not offer an annual open enrollment, if an employee chose to elect LTD coverage during an annual enrollment they would need to submit evidence of insurability. In addition, after the initial enrollment of current participants, any requests for increases in the benefit percentage for all participants during an annual enrollment will be subject to satisfactory evidence of insurability.

Eligible actively at work employees who enroll for LTC coverage during the open enrollment period as well as eligible new hires who enroll during the employer's new hire open enrollment period will be guarantee issued.

Spouses, under the age of 65, of active employees that enroll during the open enrollment period will be simplified issue.

Late entrants may enroll at any time and will be required to complete a medical history health statement. Responses will be used by Prudential to determine eligibility for insurance.

(k) Describe any age limitations on enrollment.

There are no age limitations on enrollment in the Optional Life or Dependent Life plans. Prudential covers children from 14 days after live birth up to age 19 (age 25 if the child is a full-time student).

Prudential requires that all enrollees in the LTD plan be over the age of 18.

Prudential extends LTC eligibility to individuals between the ages of 18 and 84.

(l) If applicable, explain the Offeror's medical underwriting process used to determine insurability.

The guarantee issue limit for Optional Life coverage is the lesser of one times base annual earnings or $100,000. The guarantee issue limit for Dependent Spouse Life coverage is $20,000. Employees are allowed to increase coverage by one increment up to a total coverage amount of $100,000 on a guarantee issued basis at annual enrollment. As an alternate plan design (Option 2), we are willing to raise the guarantee issue limit for Optional Life coverage to the lesser of three times base annual earnings or $350,000 and the limit for Dependent Spouse Life coverage to $50,000. If the alternate plan design (Option 2) is implemented, the three year rate guarantee will be modified to one year in the event that participation is 15% or less.

Applicants who wish to enroll for Optional Life coverage amounts and Dependent Life coverage amounts in excess of the guaranteed issue and applicants who apply for insurance or an increase of insurance after the initial eligibility period (late entrants) will need to submit a short form health questionnaire, which is systematically reviewed by Prudential. The form contains four questions covering prior or current treatment for one or more health conditions. Height and weight are also recorded. If all questions are answered favorably and the height and weight are within acceptable limits, the applicant is automatically approved for coverage.

If one or more questions is not answered favorably and/or the height/weight parameters are outside acceptable limits, the applicant will need to submit a long form health questionnaire. Upon receipt and review of the long form, additional information may be required, such as: medical examinations, Attending Physician's Statement (medical records), blood/urine tests and, sometimes, additional tests, e.g., an EKG.

Applicants who apply for LTD Insurance or an increase of insurance after the initial eligibility period (late entrants) will be asked to submit a long form health questionnaire. Upon receipt and review of the form, additional information may be required, such as: medical examinations, attending physicians' statements (medical records), blood/urine tests and, sometimes, additional tests, e.g., an EKG.

For applicants who enroll for coverage within the initial eligibility period (timely entrants), any needed physical examinations or tests will be performed by our paramedical vendor. This vendor will contact the applicant and schedule an appointment at the applicant's home or workplace (at the applicant's choice). A nurse or paramedic will gather more detailed medical information, perform a basic physical (which includes measurement of blood pressure / pulse / height / weight) and collect blood and/or urine specimen(s). In addition, for specific medical conditions, an Attending Physician's Statement (medical records) may be requested from the applicant's physician.

These exams, tests and medical records are at no expense to the applicant for timely entrants. For late entrants, any needed physical examinations, tests and medical records are also fulfilled by a vendor. Any costs incurred for these requirements will be at the applicant's expense.

Eligible actively at work employees who enroll for LTC coverage during the open enrollment period as well as eligible new hires who enroll during the Commonwealth of Pennsylvania's new hire open enrollment period will be guarantee issued.

Spouses, under the age of 65, of active employees that enroll during the open enrollment period will be simplified issue.

All other applicants, including eligible family members and late entrants, may enroll at any time and will be required to complete a medical health statement. Responses will be used by Prudential to determine eligibility for insurance.

Upon receipt, an application will be reviewed for completeness. Incomplete applications are returned and the completed applications are entered into the system and are forwarded to the Medical Underwriting Department.

Each fully underwritten applicant age 72 and older will receive an in-person assessment to supplement the information they provide on the health statement.

Medical records are requested for review for all fully underwritten applicants age 65 and older and at other ages when warranted by the information presented on the application.

If an applicant is subject to evidence of insurability, the application is forwarded to our Medical Underwriting Division and underwriting proceeds based on our underwriting guidelines. Automatic rejections are mailed as soon as the rejection is determined. Our goal is to make a decision on 90% of all applications within 10 days' receipt of all required information. We anticipate a maximum turnaround time of 60 days for full underwriting of a LTC Insurance application. If requested information needed to make a determination is not received within this time frame, we will be unable to issue coverage and the file will be closed as incomplete.

(m) Provide the Offeror's HIPAA Compliance Policy for all applicable insurance solutions, as proposed. Please refer to Appendix E, HIPAA Appendix, for additional information regarding Commonwealth HIPAA standards as may be applicable to this procurement.

Life, STD and LTD Insurance benefits are not directly impacted by the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA). The only unit that is a covered entity and directly affected by HIPAA is LTC.

Prudential is in compliance with Appendix E. Our LTC Unit formed a multi-disciplined HIPAA Implementation Team to comply with the various aspects of HIPAA compliance, including its health privacy standards, standards relating to electronic transactions and security. With regard to the HIPAA EDI, Privacy and Security Rules, we are in full compliance. With specific regard to contract revisions, Prudential's LTC Unit has entered into contracts with our Business Associates (as such term is defined by HIPAA), which agreements meet the privacy and other applicable requirements of HIPAA.

(n) Indicate whether the Offeror's plan includes any pre-existing conditions limitation; if so, describe.

Prudential's Group Life contract does not include a pre-existing condition clause.

Under Prudential's LTD contract, you have a pre-existing condition if:

- You received medical treatment, consultation, care or services including diagnostic measures, took prescribed drugs or medicines, or followed treatment recommendation in the three months just prior to your effective date of coverage or the date an increase in benefits would otherwise be available; or
- You had symptoms for which an ordinarily prudent person would have consulted a health care provider in the three months prior to your effective date of coverage or the date an increase in benefits would otherwise be available.

If the Prudential LTD plan replaces the employer's prior plan, and the present employee was covered under the employer's LTD plan immediately prior to becoming covered under the Prudential LTD plan, pre-existing conditions will be handled as follows:

- If the prior LTD plan did not have a pre-existing condition exclusion or limitation, then a pre-existing condition will not be excluded or limited under the Prudential plan.
- If the prior plan did have a pre-existing condition exclusion or limitation, the limited time does not end after the first 12 months of coverage under the Prudential LTD plan. Instead, it will end on the date any equivalent limit would have ended under the prior plan.
- If the change in plans results in a benefit increase, the benefits under the Prudential LTD plan for a disability that is due to a pre-existing condition will not increase. Instead, the benefits will be limited to the amount the employee had on the day before the plan change. This applies whether or not the prior plan had a pre-existing condition exclusion or limitation.

The proposed Group LTC plan does not include any pre-exiting conditions limitations.

(o) Provide the Offeror's standard list of exclusions for the product being proposed.

Under Prudential's standard Term Life coverage, no specific exclusions apply. Dependents of newly enrolled employees who are home or hospital confined on the effective date will have their coverage deferred until they are no longer home or hospital confined, but they must apply during the eligibility period.

Under any coverage, including Term Life, Prudential may contest a person's amount of insurance based upon written statements made by that person within two years of issuance of the amount, if Prudential relied on those statements to approve the amount.

Under Prudential's Optional AD&D coverage, the specific exclusions that apply are listed below. Some items may vary depending on the contract state.

A loss is not covered if it results from any of these:

- Suicide or attempted suicide, while sane or insane
- Intentionally self-inflicted injuries, or any attempt to inflict such injuries
- Sickness, whether the loss results directly or indirectly from the sickness
- Medical or surgical treatment of sickness, whether the loss results directly or indirectly from the treatment
- Any infection. But, this does not include:
  (a) a pyogenic infection resulting from an accidental cut or wound; or
  (b) a bacterial infection resulting from accidental ingestion of a contaminated substance
- War, or any act of war. War means declared or undeclared war and includes resistance to armed aggression
- An accident that occurs while you are serving on full-time active duty for more than 30 days in any armed forces. But this does not include Reserve or National Guard active duty for training
- Travel or flight in any vehicle used for aerial navigation. This includes getting in, out, on or off any such vehicle. This applies only if you are:
  (a) riding as a passenger in any aircraft not intended or licensed for the transportation of passengers;
  (b) performing as a pilot or a crew member of any aircraft; or
  (c) riding as a passenger in an aircraft owned, leased or operated by the Commonwealth of Pennsylvania
- Commission of or attempt to commit a felony
- Being legally intoxicated or under the influence of any narcotic unless administered or consumed on the advice of a doctor

Prudential's LTD plans do not cover disabilities resulting from:

- Self-inflicted injuries
- Participation in a riot
- Commission of a crime for which the employee has been convicted (in some states, the conviction must be for a felony)

- A pre-existing condition, if the disability begins within 12 months of the effective date of coverage
- War

Prudential will not make a payment for any period of disability during which the employee is incarcerated as a result of a conviction (this limitation is not permitted in some states).

Prudential's standard LTC exclusions are as follows:

- **Work-Connected Conditions Charge.** A charge covered by a Workers' Compensation law, occupational disease law, or similar law
- **Government Plan Charge**. A charge for a service or supply:
  a) Furnished by or for the United States government or any other government, unless payment of the charge is required by law; or
  b) To the extent that the service or supply, or any benefit for the charge, is provided by any law or governmental plan under which the patient is or could be covered. This (b) does not apply to a state plan under Medicaid or to any law or plan when, by law, its benefits are excess to those of any private insurance program or other non-governmental program.
  When this (b) applies to Medicare, the benefits provided by Medicare will be deemed to include any amount that would have been payable by Medicare in the absence of a deductible or coinsurance requirement under that program.
- **War, Felony, Riot, or Insurrection.** Charges for a condition due to war or any act of war while you are insured or due to your participation in an act of felony, riot or insurrection. War means declared or undeclared war and includes resistance to armed aggression. Riot means a wild, violent, public disturbance of the peace.
- **Self-Inflicted Injury or Suicide.** Charges arising from intentionally self-inflicted injury or attempted suicide, while sane or suffering from inorganic-based insanity
- **Services and Supplies Outside the United States.** Charges for services or supplies outside of the United States and its possessions. The exclusion for services and supplies outside the United States does not apply to the International Coverage Benefit.
- **Treatment for Chronic Alcoholism or Chemical Dependency.** Charges in connection with the treatment of chronic alcoholism

(p) Indicate if there is an appeal process for underwriting denials; if so, describe.

Yes. Prudential has an appeal process for underwriting denials.

When a life or LTD application is denied, an individual may appeal the decision by providing additional medical information.

This can either be new or different from the original medical data submitted. A medical underwriter will evaluate these facts against the original information provided to determine if the rejection can be reversed to an approval. The underwriter will advise the applicant whether the appeal is granted or denied.

Appeals are resolved within 15 business days of receipt of all required additional information.

If a LTC application has been rejected, a letter will be sent explaining the reason(s) for the rejection. This letter also invites applicants to submit additional information if they wish to appeal the decision. A written appeal should be submitted to Prudential at the address specified in the rejection letter.

Upon receiving the appeal, the original application will be reviewed by a clinical supervisor who will consider the additional information submitted and determine where, according to underwriting criteria, the decision stands. If additional information is required, Prudential will again request the information and another clinical review will be conducted. The applicant will be notified of the results.

(q) Describe the Offeror's waiting period in detail. Indicate how days are counted. Indicate if the days must be consecutive.

Prudential's life plans do not contain waiting periods. The Commonwealth of Pennsylvania will determine any waiting periods.

For disability, the elimination period extends from the first day of disability until the LTD in-benefit date. During the elimination period, a person is considered disabled under a Prudential LTD plan when he or she is unable to do the material and substantial duties of his or her regular occupation because of sickness or injury. The person must also be under the regular care of a doctor and not be working at any job.

For LTC, a one-time 90 day waiting period, counted in cumulative calendar days, must be satisfied before benefits are payable. No out-of-pocket expenses need to be incurred in order to satisfy the waiting period. Once a covered person is assessed as eligible for benefits under the plan, satisfaction of the waiting period begins. The waiting period is counted in calendar days and can be satisfied over several periods of disability. The days do not need to be consecutive. Once satisfied, the waiting period does not need to be met again.

There is no waiting period for caregiver training, independence support, hospice care, and information and referral services however, with the exception of information and referral services, these benefits will be deducted from the lifetime maximum.

(r) Describe the Offeror's premium waiver provision.

Prudential's quoted Optional Life plan includes a Premium Continuance Provision.

An employee is considered totally disabled when 1) not working at any job for wage or profit and 2) due to sickness, injury, or both, not able to perform, for wage or profit, the material and substantial duties of any job for which the employee is reasonably fitted by education, training, or experience.

To be eligible for this benefit, an employee has to be actively at work prior to the disability, has to be less than age 60 and has to be disabled for at least nine months. This provision will terminate at age 65.

Normally the definition for LTD has an own occupation definition for a period of time and any occupation after that; however, most of the Waiver of Premium contracts have an any occupation definition only. There are a few cases, where the definitions match and the waiver duplicates the LTD definition. There are also some cases where the waiver definition is total and permanent disability.

Under Prudential's Waiver of Premium Provision for LTC, premiums are waived the first of the month following the date an insured meets the benefit eligibility criteria and satisfies the benefit waiting/elimination period. Billing resumes on the first of the month following a month in which the insured no longer meets the benefit eligibility criteria.

(s) Describe the Offeror's Coordination of Benefits (COB) feature, if one is available.

Prudential does not have a Coordination of Benefits Provision under our life or LTD plans; however, for LTD, Prudential investigates other possible forms of income with the employee, employer, and attending physician to ensure an accurate benefit amount. Further, we periodically revalidate our offset information with the employer, employee, and other appropriate parties again to ensure its accuracy.

For LTC, a Coordination of Benefits feature is not available in Pennsylvania.

(t) Supply an Explanation of Benefits (EOB) and sample EOB message.

A sample Explanation of Benefits is included as Exhibit J of this proposal.

(u) Provide a recommendation on which family members will be eligible to participate in the proposed benefit program.

Prudential's Dependent Life and Optional AD&D Insurance covers:

- An employee's spouse
- An employee's unmarried children from 14 days after live birth up to age 19 (age 25 if the child wholly depends on the employee for support and maintenance and/or is a full-time student)

Children include legally adopted children, children placed with the employee for adoption prior to legal adoption; and each stepchild and foster child who depends on the employee for support and maintenance. A child placed with the employee for adoption prior to legal adoption is considered a qualified dependent from the date of placement for adoption and is treated as though the child were a newborn child born to the employee.

A spouse or child is not considered a qualified dependent while:

- On active duty in the armed forces of any country
- Insured under any Employee Term Life Coverage of the Group Contract
- The spouse or child has protection under any Employee Term Life Coverage of the Group Contract after the spouse's or child's insurance under that coverage ends

A child will not be considered the qualified dependent of more than one employee.

Dependents are not eligible to enroll in the quoted LTD plan.

Prudential encourages active permanent full-time employees and permanent part time employees who are working greater than 50% of regular full time hours and who are actively at work on the effective date of coverage and their spouse, domestic partner (subject to state laws and regulations), parents, parents-in-law, adult children, spouses of adult children, grandparents, grandparents-in-law and qualified adults of an eligible employee to participate in the LTC program.

(v) Describe requirements for participants who, during open enrollment, want to increase their coverage levels.

Participants may increase Optional Life and Dependent Life coverage by one option at annual enrollment up to the guarantee issue amount. Increases of more than one option, or in excess of the guarantee issue amount, will require a short form health questionnaire.

The form contains four questions covering prior or current treatment for one or more health conditions. Height and weight are also recorded. If all questions are answered favorably and the height and weight are within acceptable limits, the applicant is automatically approved for coverage.

If one or more questions is not answered favorably and/or the height/weight parameters are outside acceptable limits, the applicant will need to submit a long form health questionnaire. Upon receipt and review of the long form, additional information may be required, such as: medical examinations, Attending Physician's Statement (medical records), blood/urine tests and, sometimes, additional tests, e.g., an EKG.

For LTD, after the initial enrollment of current participants, any requests for increases in the benefit percentage during an annual enrollment will be subject to satisfactory evidence of insurability.

Upgrades in LTC coverage may be requested by a covered person at any time after issue.

If an insured applies to purchase additional coverage amounts during an open enrollment period, the additional coverage is guarantee issued.

An insured may apply to purchase additional coverage amounts (daily maximum and lifetime maximum) within plan limits with evidence of insurability. Full evidence of insurability would be required which includes the completion of an application by the insured and the review of medical records by our underwriting staff. The additional premium for the new layer of coverage will be based on participant's attained age at the time the increase goes into effect.

(w) Explain the procedures for processing a claim. Describe the Offeror's average turnaround time from receipt of a claim. List the physical location of each office involved in the claims process.

Prudential's life claim process is as follows:

Step 1: Claim Submission
To submit a life claim, the following information will continue to be gathered by our Life Plan Management Team:

- An original or certified copy of a death certificate. A photocopy may be submitted if all of the following criteria are met; however, Prudential maintains the right to request an original certified death certificate and to withhold payment until it is provided if circumstances surrounding a claim require this documentation:

  a) The aggregate face amount of the policy is $50,000 or less
  b) The insured died within the last six months
  c) The insured died within the United States or Canada
  d) Benefits are not being assigned to a funeral home
  e) The manner of death is natural causes (manner of death cannot be homicide, accidental or pending determination)
  f) The beneficiary must provide his or her Social Security Number or in case of an estate, the Tax Identification Number
  g) The beneficiary is not one of the following:
     1) A business
     2) Deceased
     3) Divorced from decedent
     4) Non-resident alien

- A signed and dated enrollment card/form with the beneficiary designation (or an electronic enrollment card/form, if agreed to by Prudential)

- A completed claim form signed by our Life Plan Management Team

The same information is required for accidental life claims. Any additional supporting information should also be submitted, including accident reports, newspaper articles, autopsy reports and/or police reports. However, if AD&D benefits are being claimed, a certified death certificate must always be provided with the initial claim.

For accidental injury claims (such as dismemberment, blindness, loss of speech or hearing, paralysis or coma), Prudential needs a completed Group Accidental Injury Claim Form completed by the Life Plan Management Team, the claimant and the attending physician, as well as any supporting medical information.

Step 2: Claim Review
Upon receipt of the claim, a Prudential Life Claim Manager:

- Reviews the death certificate
- Verifies the signature and beneficiary designation(s) on the enrollment card (signed and dated by the insured)
- Reviews the plan details to ensure the salary and amounts of insurance are in agreement
- Contacts the Commonwealth of Pennsylvania to clarify the data if there are any discrepancies

Step 3: Claim Entry
Once the claim information is validated, we enter the payment into our Life Claim Management System. The system has built-in logic to ensure that claims do not exceed the plan maximum and that claims occurred during the plan's effective dates. In addition, the Life Claim Management System is programmed to recognize and prevent duplicate payments.

Step 4: Quality Review
Quality is assured through claim evaluations, a referral process and a random selection of claim approvals by our Quality Review Team. The team is comprised of experienced, fully trained Life Claim Managers who have sole responsibility for the review of claim approvals. Currently, 10% of all claim approvals are selected for quality review.

tep 5: Claim Payment
Payment is issued on the next business day following claim approval. A check is issued if the payment is less than $5,000 and an Alliance Account® is established if the payment is greater than $5,000. Group policies also enable a certificate holder to designate a mode of settlement. If the certificate holder designates a mode of settlement other than the modes referenced above, payment will be made accordingly.

ERISA guidelines require that all claims be processed within 45 days of receiving all required information. Prudential's objective, however, is to process and pay 95% of all complete life claims within five business days. Complete means that all information needed to process the claim is included.

An incomplete claim is pended until we receive the missing information, upon which our goal is to process the claim within five business days.

Prudential's centralized Group Life Claim Operation in Livingston, NJ is responsible for processing all Group Life claims.

All of the Commonwealth of Pennsylvania's LTD claims will be managed by a designated Prudential Disability Claim Management Team. The team includes a team leader, disability consultants, Disability Claim Managers and a service technician. Various specialty teams support this team, including our in-house Clinical Team, Vocational Rehabilitation Team and Social Security Claimant Assistance Program Team.

Step 1: Evaluation
Upon receipt of a completed claim (Employee Statement, Employer Statement and Attending Physician's Statement), the Disability Claim Manager evaluates the information received and calls the employee in order to discuss his or her current condition, treatment and return-to-work plans. The Disability Claim Manager may also contact the Commonwealth of Pennsylvania in order to clarify the job description, get additional information regarding work performance and discuss job modifications.

Step 2: Clinical Review
The Disability Claim Manager, his or her immediate supervisor, and members of the Clinical and Vocational Teams evaluate the claim in a claim discussion format. The clinician evaluates the medical information in relation to the employee's essential job duties and the impact of the medical condition on the employee's ability to perform his or her job. This includes, but is not limited to, identifying the presence or absence of impairment, anticipated duration of impairment, potential clinical and vocational interventions, and any additional information that may be required for evaluation prior to decision. The Disability Claim Manager and his or her supervisor discuss the applicable contractual provisions and pertinent employer information and the medical analysis is incorporated. This results in an individual claim management plan.

Step 3: Claim Completion Process
If the initial information provided is not sufficient to make an immediate claim determination, the team identifies the additional information needed, appropriate sources and the most efficient means of getting it. Upon receipt of the information, the Disability Claim Manager re-evaluates the claim and may need to refer it to the appropriate clinician and/or vocational rehabilitation specialist for assessment.

Step 4: Disability Determination
After the completion of medical and vocational assessment, the Disability Claim Manager reviews the complete claim, including the employee's medical condition, physical capabilities and job duties, the availability of needed accommodations and applicable contractual provisions of the plan. Once this is done, the Disability Claim Manager makes a determination of the disability benefits.

Step 5: Notification
If the claim is approved, we notify the employee and release benefits. We send a letter to the employee with a copy to the Commonwealth of Pennsylvania, which explains the plan's definition of disability and any applicable benefit limitations, and provides the amount of the monthly benefit payable. The letter also discusses Social Security Disability Benefits and directs the claimant to apply when applicable.

If the claim is denied, we send a letter to the employee with a copy (excluding confidential medical information) to the Commonwealth of Pennsylvania. The letter explains the reason for the denial of the claim and informs the employee of the appeals process if the employee disagrees with our decision.

Step 6: Ongoing Disability Management
After the LTD claim has been approved and benefits have started, the Disability Claim Management Team continues to follow it closely. Disability management activities may include:

- Ongoing communication with the employee to discuss prior work experience, education level and interests in order to identify return-to-work opportunities
- Request for verification of continued disability
- Request for medical information from the attending physician
- Independent Medical Examination by a qualified specialist
- Employability assessment
- Labor market surveys
- Job placement services
- Worksite modification

During this time, our Clinical and Vocational Rehabilitation Teams are available to assist the Disability Claim Manager through team, specialty and one-on-one claim discussions.

Prudential's LTD claim turnaround objective is to make a claim determination on 90% of all LTD claim submissions within 45 days.

The Disability Claim Operation located in Portland, ME will be responsible for managing the Commonwealth of Pennsylvania's LTD only claims.

The following protocols are involved in the LTC claim process:

Benefit Eligibility Assessment
In the processing of a typical claim, the insured begins the process by calling Prudential at (800) 732-0416 to speak with a Prudential Benefit Access Counselor, who then:

- Performs an intake evaluation
- Discusses the coverage requirements
- Arranges for an assessment, if appropriate

Generally, an assessment means that a Nurse Assessor from an independent, third-party agency contacts the insured to arrange for a functional and cognitive evaluation, based on objective standards of measurement. The assessment is done at the insured's convenience, takes about an hour, and is performed at no additional cost to the insured.

If the insured prefers, the assessment may be performed by the insured's own LHCP, at his or her expense. The LHCP must be a nurse, physician or licensed social worker, and Prudential must be notified in advance so that we can send the insured's LHCP a copy of our functional abilities and cognitive deficits assessment tool.

Regardless of who performs the assessment, the assessor observes the employee's functional and cognitive deficits and reports on:

- The claimant's inability to perform at least two Activities of Daily Living without the substantial assistance of another person for a period of at least 90 days
- The presence or absence of severe cognitive impairment requiring the substantial supervision of another person to protect the claimant from harm

After reviewing the assessment report supplied by the Nurse Assessor or other LHCP, a Prudential Nurse Clinician certifies whether the individual has a chronic illness or disability, determines eligibility and prepares a POC.

POC
A POC is a written individual plan, prescribed by a licensed physician, registered nurse or licensed social worker, that outlines the type and frequency of long term care services the insured may need.

Federal and state laws require that a tax-qualified LTC Insurance contract only provide benefits for qualified long term care services that are included within the POC. The POC may be developed by a Prudential Nurse Clinician at no additional expense, or by the insured's own LHCP at the insured's expense.

Finding a Long Term Care Provider
If the insured needs assistance finding a long term care provider, he/she can refer to The Prudential Long Term Care Resource Center. The Prudential Long Term Care Resource Center makes the process of finding a long term care provider easier by offering an array of valuable local and national long term care information, quality ratings and discounts. At time of claim, personal assistance with locating a provider can be done by phone if preferred.

Claim Submission
If the Prudential Nurse Clinician determines that the claimant is eligible for benefits, a request for claim payment is processed accordingly. The claim can be faxed or mailed to Prudential's LTC Claim Unit, where a claim examiner reviews it to determine whether the terms and conditions of coverage have been met, answering such questions as:

- Is the service provider eligible?
- Is the service covered under the contract?
- Has all necessary information been received?

Claim Approval
If the claim is eligible for payment, the claim examiner checks to see if the claim service type and frequency is consistent with the current POC. If it is, the examiner approves the claim, prepares an Explanation of Benefits statement, and a payment voucher, and sends it to the Quality Control area for further review. Quality Control reviews the claim for mechanical and payment accuracy. The Explanation of Benefits is mailed to the insured, or his or her legal representative, and a copy is also mailed to the provider, if benefits are assigned. Accounting releases the benefit payment.

Claim Office Address
Prudential Long Term Care Administration
2101 Welsh Road
Dresher, PA 19025

II-4. Prior Experience. In order to be considered, the Offeror must provide documentation that it has experience with clients whose structure, size, and geographical nature is comparable to the Commonwealth of Pennsylvania. In particular, the Offeror must discuss experience in administering employee-pay-all accounts that are similar in size to this group, including the experience of any insurance carrier, if the Offeror is not an insurance carrier. Such experience should be demonstrated both at the firm level and at the team level, i.e., as it relates to the firms as a whole and, collectively to those individuals to be assigned to the Commonwealth program.

Experience should demonstrate each firm's capability to provide the requested services. Where subcontractors, joint ventures, etc., are being proposed, provide the related work experience for the other firms and for all individuals of the other firms assigned to this project. Related work experience must be adequately described and should note the name of the client for which the services were provided, the period during which such services were rendered, and a brief description of those services as they relate to the services requested in this RFP.

Offerors must provide the Office of Administration with a list of clients that are similar in size, geographic distribution, and number of benefits offered, with references. At a minimum, references for three (3) clients must be provided for each insurance program. References should be those client personnel who can provide an opinion as to the quality, timeliness and acceptability of services performed. The reference information must include the name of the client and the name, title, address and telephone number of the responsible official of the client who may be contacted for reference purposes. If possible, references should include governmental and private employers.

Prudential's Group Insurance clients include some of the largest companies and organizations in the country, including many Fortune 100 companies. Prudential understands mid-size and large case needs and responds by offering a wide variety of plan designs, funding arrangements and administrative services.

Prudential's Life Plan Management Unit, located in Dresher, PA, has extensive experience in providing plan administration for large, complex life insurance customers. Available services include:

- Enrollment
- Beneficiary and other life plan management maintenance
- Processing of coverage changes
- Waiver of Premium claim filing
- Death claim processing
- Customer billing

- Individual member billing
- Customer Service Center for employee inquiries

As the inforce Basic Life carrier, Prudential believes our service record and interaction with the Commonwealth of Pennsylvania serves as our best reference. We have included additional references as requested.

Prudential's current life and disability client references include:

The City of Los Angeles
Erika Hill, Senior Analyst
Employee Benefits Division
City Hall
200 North Spring Street, Room 867
Los Angeles, CA 90012
(213) 978-1646

The State of Florida
Richard W. Barnum, Jr.
Division of State Group Insurance
400 Esplanade Way
Tallahassee, FL 32399-3949
(850) 921-4536

The State of Louisiana
Dianne Turcotte, Director of Administration
State Employees' Group Benefits Program
5825 Florida Boulevard
P. O. Box 44036
Baton Rouge, LA 70806
(225) 925-6679

Automatic Data Processing, Inc.
Patricia Zurawell, Benefits Manager
One ADP Boulevard
Roseland, NJ 07068
(973) 974-5363

Xerox Corporation
Arlyn Kaster
800 Long Ridge Road
Stamford, CT 06904
(203) 968-4446

Our current LTC client references include:

The State of Maryland
Diane D. Bell
Operations Director
301 West Preston Street, Room 510
Baltimore, MD 21201
(410) 767-1810

The State of New Jersey
Lawrence Lenahan
Health Care Consultant
50 West State Street, #CN-295
Trenton, NJ 08625-0295
(609) 292-3678

The State of North Carolina
Tonja Williams
4509 Creedmoor Road, Suite 201
Raleigh, NC 27612
(919) 785-5003

II-5. Personnel. Include the number, and names where practicable, for the Account Manager, executive and professional staff who will be engaged in the work. Provide the following information for each of these employees assigned to this engagement:

- **Related experience in the administration of group insurance benefits and the nature of the work performed in such administration.**
- **Education, including continuing education, and experience in the administration of group insurance benefits.**
- **Specific duties to be performed by the employee.**
- **Physical location of the principal office that the employee works from in the administration of group insurance benefits.**
- **Professional licenses and memberships.**

The Offeror must agree that key personnel, once designated as assigned by the Offeror to the services covered by this RFP and the contract, must perform as designated in the absence of termination from the firm or other unavoidable circumstance. In the event assigned key personnel must be replaced, replacements are subject to approval by the Project Manager, and should have comparable levels of responsibility and substantially equivalent experience and skills. By submitting its proposal, the Offeror indicates its acceptance of this condition.

Account Executive John Hafner, located in Prudential's Dresher, PA Office and Senior Account Manager Maria Geelan, located in Prudential's Group Insurance Headquarters in Livingston, NJ, will continue to be assigned to the Commonwealth of Pennsylvania to provide ease of access and efficient resolution to your plan needs. The Account Management Team will be your day-to-day liaison, with responsibilities that range from supporting implementation activities to coordinating resolution to your day-to-day administrative questions. In short, your Account Management Team is your advocate, and they will coordinate within the Prudential organization to provide you with efficient service.

John Hafner has over 30 years of experience with Prudential's Group Insurance in the management and account service of Group Insurance cases.

In his present position, John is responsible for the implementation, maintenance and retention of our most prestigious customers with over 10,000 lives. He acts as a liaison between the client and our Home Office, coordinating the activities of the relevant functional areas such as underwriting, case installation, billing and eligibility and claim operations. John and his team are also responsible for identifying trends and solutions that create wins for all parties. His current client base consists of various manufacturing, retail and banking concerns.

John began his career at Prudential in the claims area where he successfully moved through a series of increasingly responsible positions. He was subsequently appointed to Prudential Healthcare's National Account Operations where he provided service to some of our largest clients and does the same today for Prudential's life and disability customers.

Maria Geelan, Senior Account Manager, has over 22 years of experience with Prudential, 13 years with Prudential's Group Insurance in the management and account service of Group Insurance cases.

Maria is responsible for assisting in the maintenance of client and broker satisfaction in regards to Group Insurance products and services. She currently has primary responsibility for the conservation of 12 national accounts. She also serves as backup to other team members on a number of accounts that entail extensive oral and written communication with clients, consultants and other business units with Prudential's Group Insurance.

Other responsibilities include, but are not limited to, analysis of plan design, knowledge of financials, performance guarantees, claim process, billing and eligibility, contractual and compliance issues, proposals, as well as any service issues related to the administration of the client's benefit plan. Maria works closely with her clients to meet not only current needs, but future goals as well.

Maria previously held supervisor and technical positions within Prudential, such as Marketing Consultant, Manager, Marketing and Communications and Account Consultant.

Maria holds a Life and Health Producer's License in several states.

Additional staff includes:

Robert Stellar, Vice President, Operations
Bob has over 19 years of insurance industry experience, having spent 17 years with Prudential and two years with Aetna, Inc. While at Prudential, Bob has worked in several different subsidiaries, having held a number of leadership positions in Property and Casualty Operations, Individual Insurance Operations, and Group Insurance Operations. Bob's background and experience includes assignments in Human Resources, Underwriting, Training, General Operations, Call Center Management and Transaction Processing Operations.

In his current assignment, Bob heads up the Dresher Management Team for Life Plan Management, Call Center and Quality Operations, Case Installation, Small Market Operations, and Billing/Eligibility Processing.

Bob received his Bachelors of Arts degree from Villanova University in Pennsylvania and his Masters degree in Business Administration from Rutgers University in New Jersey.

Suanne Pettit, Director, Operations
Sue has over 28 years of experience with Prudential's Group Insurance. She joined the company in a financial operations assignment and has extensive large client experience. She has been a key member of the Life Plan Management Team since its inception and has been responsible for oversight of the Commonwealth of Pennsylvania's account since 2001.

Sue has a Bachelor of Science degree in accounting from West Chester University and a Master degree in Business Adminstration from Widener University. She also holds her FMLI and ACS professional designations.

Thomas Gesualdi, Associate Manager, Life Plan Management
Tom has over eight years of insurance industry experience, all spent with Prudential. While at Prudential, he has worked in several different capacities.

Tom has worked as Quality Review Specialist where he was responsible for reviewing all new and add issue cases set up by Group Insurance. He has also held an implementation specialist position, where he worked closely with external and internal clients to ensure effectively implement new client benefit programs. Tom has extensive knowledge handling implementations for clients choosing Life Plan Management services.

In his current assignment, Tom is an Associate Manager of the National Services Team for the Life Plan Management Division. He is responsible for 12 associates involved in Project Management, Case Implementation and Daily Administration.

Tom received his Bachelors degree in Marketing from West Chester University.

Ted Jordan, Vice President, Customer Service and Quality
Ted returned to Prudential Financial in September 2003 where he is currently responsible for the Group Insurance Customer Contact Centers that support the life, disability and Long Term Care product lines. Additionally, he is responsible for administrating the Quality Control Programs for Group Insurance Operations.

Prior to joining Prudential, Ted spent six years working for The Hartford. He managed customer service and sales contact centers for their AARP programs. He also spent two years as a Human Resource Manager, supporting a contact center environment.

Ted received his undergraduate degree from the University of Pittsburgh. In June 2007, he will receive his graduate degree from Temple University's Executive Master of Business Administration Program. Ted is currently a member of the American Society for Quality and the International Call Management Institute.

Danielle Piscitelli, Associate Manager, Customer Service
Danielle has over 15 years of insurance industry experience, having spent nine years with Aetna, Inc., two years with Guardian Life Insurance and four years with Prudential. While at Prudential, Danielle has worked in several different subsidiaries, having held a number of leadership positions in Group Insurance Operations. Her Prudential background and experience includes assignments in Contact Center Management, Account Management and Life Plan Management.

In her current assignment, Danielle oversees the day-to-day operations of three Group Insurance Contact Centers: The Life Plan Management Contact Center, the Client Operations Service Center and the New Jersey Education Association Contact Center.

Maureen Mullins, Customer Service Associate
Maureen has over 20 years experience with Prudential's Group Insurance. While at Prudential, she has worked in several different capacities, dedicating more than 16 years to Prudential's largest clients.

Maureen has held several positions in the financial field including supervision for as many as 15 accounting associates, as well as technical lead and financial analyst positions. She has been responsible for providing information such as performance measurement, premium collection, staffing changes and how this information corresponded to budgets and plans to internal members of our Senior Management Team as well as to our external clients. She has also been responsible for the accounting aspect of various projects and Group Insurance Initiatives, which included identifying risks associated with current practices and created action plans and timelines to mitigate risks identified, submitting proposals to Senior Management and participating in the development of and training for the newly installed systems. These projects enabled her to partner with each of the departments within Group Insurance, including Billing, Life Plan Management and Life and Disability Claims.

Maureen has an extensive Accounting background as well as excellent computer skills. She recently transferred to Life Plan Management from the Group Insurance Treasury Operation.

Maureen received her Bachelors degree in Accounting from Philadelphia University.

Christopher Matz, Group LTC National Sales Director
Christopher Matz, Group LTC National Sales Director, leads Prudential's efforts in the Group LTC marketplace.

Christopher brings strong sales experience from his most recent assignment as the LTC sales executive for Aetna's Mid-Atlantic and Southeast regions. He also had managerial responsibility for other aspects of LTC, including account management, sales support and claims during his tenure at Aetna. Prior to Aetna, Christopher had a variety of management and administrative assignments where he was responsible for a wide range of group insurance functions.

Linda Lowande, Group LTC Director, Case Installation
Linda Lowande, Group LTC Director, Case Installation, has over 23 years at Prudential, including over 15 years managing sales, implementation and administration for Prudential's National Account customers. Linda is responsible for ensuring Prudential's LTC group client account plans are installed and managed efficiently and effectively. Linda holds an Associates Degree in Marketing from Raritan Valley Community College and a Health and Life Insurance Producers License.

Wendy Eberle, LTC Account Manager
Wendy Eberle, LTC Account Manager, joined the LTC Implementation and Client Services Team in 2001. She is responsible for managing the installation and ongoing administration of Prudential's Group LTC plans. Wendy's responsibilities include developing and maintaining an installation timeline, developing a customized marketing campaign, managing the production and distribution of marketing and enrollment materials, coordinating the billing and systems set-up, organizing and running employee educational sessions, and managing any issues that may arise during the installation and ongoing administration of the plan. Wendy received her Bachelor of Science degree from Kean University, and is a Fellow, Life Management Institute. She holds a Life and Health Producers License and the designations of CLTC (Certified in Long Term Care) and LTCP (Long Term Care Professional).

II-6. Training. If appropriate, indicate recommended training of Commonwealth of Pennsylvania personnel. Include the personnel to be trained, the number to be trained, duration of the program, place of training, curricula, training materials to be used, number and frequency of sessions, and number and level of instructors. Commonwealth personnel interaction with employees will be limited to attending certain open enrollment meetings. Commonwealth personnel will not be involved in the promotion, enrollment, administration, or payment collection of the program.

As the inforce Basic Life carrier, all of the tasks such as system interfaces, eligibility roles and responsibilities are currently in place and are being performed successfully.

The Commonwealth of Pennsylvania may take advantage of Prudential's train-the-trainers professional, who are available to lead sessions to educate benefits managers and Human Resources Staff on the new benefit plans.

Presentations are structured to explain how the products in your plan work and how your employees can best use them. By illustrating and describing the benefits of your plan to your human resources staff, it is likely you will increase employee understanding and participation in the voluntary benefit.

Prudential's Enrollment Specialists not only have experience in communications and effective public speaking, but extensive knowledge of Group Life and Disability products and employee benefits. All Enrollment Specialists are licensed by State Insurance Departments. The enrollment team has an average of ten years of insurance experience and keep their skills up-to-date through internal training programs and continuing education classes.

II-7. Financial Capability. Describe your company's financial stability and economic capability to perform the contract requirements. Financial documents such as audited financial statements or recent tax returns will be acceptable to the Commonwealth.

With $568 billion in assets under management as of June 30, 2006 and over $3.2 billion of Group Insurance reported premiums, policy charges and fee income, Prudential is able to honor our long-term commitments to clients and their employees.

Prudential has 2,000 caring, competent, and committed Group Insurance employees ready to serve the Commonwealth of Pennsylvania.

Our trained professionals, backed by leading-edge technology and systems, can respond quickly and accurately to client and marketplace needs. Plus, our organizational structure is designed to bring decision-making authority closer to our customers.

Prudential's 2005 Annual Report is included as Exhibit L of this proposal.

II-8. Objections and Additions to Standard Contract Terms and Conditions. The Offeror will identify which, if any, of the terms and conditions (contained in Appendix A and/or the terms of Part IV, Section IV-4 of the RFP) it would like to negotiate and what additional terms and conditions the Offeror would like to add to the standard contract terms and conditions. The Offeror's failure to make a submission under this paragraph will result in its waiving its right to do so later, but the Issuing Office may consider late objections and requests for additions if to do so, in the Issuing Office's sole discretion, would be in the best interest of the Commonwealth. The Issuing Office may, in its sole discretion, accept or reject any requested changes to the standard contract terms and conditions. The Offeror shall not request changes to the other provisions of the RFP, nor shall the Offeror request to completely substitute its own terms and conditions for Appendix A. All terms and conditions must appear in one integrated contract. The Issuing Office will not accept references to the Offeror's, or any other, online guides or online terms and conditions contained in any proposal. Regardless of any objections set out in its proposal, the Offeror must submit its proposal, including the cost proposal, on the basis of the terms and conditions set out in Appendix A and the terms of section IV-4 of the RFP.

The Issuing Office will reject any proposal that is conditioned on the negotiation of terms and conditions other than those set out in Appendix A and the terms of section IV-4 of the RFP.

Prudential is in full conformance with the Standard Contract Terms and Conditions, with any exceptions noted below:

- **Section 1. Term of Contract**
  The effective date shall be fixed by the Contracting Officer after the contract has been fully executed by Prudential and by the Commonwealth of Pennsylvania and all approvals required by the Commonwealth of Pennsylvania's contracting procedures and insurance regulators have been obtained.
- **Section 5. Post-Consumer Recycled Content**
  Except as specifically waived by the Department of General Services in writing, Prudential shall use commercially reasonable efforts to ensure that any products which are provided to the Commonwealth of Pennsylvania as part of the performance of the contract or the Group Insurance policy meet the minimum percentage levels for total recycled content as specified in Exhibits A-1 through A-8 to these Standard Contract Terms and Conditions.
- **Section 6. Compensation/Expenses**
  Prudential shall be required to perform the specified services at the price(s) quoted in the contract. Prudential shall be compensated only for work performed to the satisfaction of the Commonwealth of Pennsylvania. Prudential shall not be allowed or paid travel or per diem expenses except as specifically set forth in the contract.
- **Section 8. Payment**
  - If any payment is not made within fifteen (15) days after the required payment date, Prudential shall have the right to terminate the Group Insurance Contract and this contract. If Prudential elects not to terminate the Group Insurance Contract and this contract, then the Commonwealth of Pennsylvania shall pay interest as determined by the Secretary of Budget in accordance with Act No. 266 of 1982 and regulations promulgated pursuant thereto.
  - Prudential offers the following technology-based services to assist clients with premium payments:
    - Electronic transmission of premium and enrollment information
    - Wire transfer or Electronic Funds Transfer of premium payments
    - Online billing reporting (for client billed and roster billed cases)
    - Online bill access and completion
- **Section 10. Warranty**
  Prudential warrants that all services performed by us, our agents and subcontracts shall be reasonably free and clear of any defects in workmanship or materials. Prudential shall correct any problem without any additional cost to the Commonwealth of Pennsylvania.

- **Section 12. Ownership Rights**
  The Commonwealth of Pennsylvania shall have unrestricted authority to reproduce, distribute and use any submitted report, data or material and any software or modifications and any associated documentation that is designed or developed exclusively for the Commonwealth of Pennsylvania and delivered to the Commonwealth of Pennsylvania as part of the performance of the contract and the Group Insurance policy, provided however, Prudential's proprietary material shall remain the sole and exclusive property of Prudential. Prudential shall have a right to maintain a copy of any and all report, data or material and any software or modifications and any associated documentation that is designed or developed exclusively for the Commonwealth of Pennsylvania and delivered to the Commonwealth of Pennsylvania as part of the performance of the contract and the Group Insurance policy.
- **Section 14. Hold Harmless Provision**
  Prudential believes that a separate indemnification provision is not needed in a Group Life Insurance program. Because the Group Life Insurance contract is an indemnity contract, the Commonwealth of Pennsylvania will be indemnified and held harmless for all claims for program benefits that are payable under it. Under a fully insured Group Disability plan, Prudential retains complete authority and responsibility for administration of the policy and the benefits provided thereunder. In performing its obligations under the policy, Prudential will have sole authority to determine eligibility for benefits and to determine the amount received for each claim. As Group Disability Insurance policies do not normally contain indemnification provisions, we believe there is no need for such a provision in our fully insured product.
- **Section 15. Audit Provisions**
  Subject to execution of Prudential's standard audit agreement, the Commonwealth of Pennsylvania shall have the right, at reasonable time and at a site mutually agreed upon by the Commonwealth of Pennsylvania and Prudential to audit the books, documents and records of Prudential to the extent that the books, documents and records relate to costs or pricing data for Prudential and/or the Group Insurance policy. Prudential agrees to maintain records which will support the prices charged and costs incurred for the contract and the Group Insurance policy for a period of three years from the date of final payment. Prudential shall give full and free access to all pertinent records o the Commonwealth of Pennsylvania and/or their authorized representatives.
- **Section 16. Default**
  — Prudential believes the following provisions do not apply to our Group Insurance products:
  - Failure or refusal to remove material, or remove and replace any work rejected as defective or unsatisfactory
  - Discontinuance of work without approval
  - Failure to resume work, which has been discontinued, within a reasonable time after notice to do so
  - Failure to protect, to repair, or to make good any damage or injury to property

- In the event that the Commonwealth terminates this Contract and the Group Insurance Policy in whole or in part as provided in Subparagraph a. above, the Commonwealth may procure, upon such terms and in such manner as it determines, services similar or identical to those so terminated, provided, the Commonwealth shall remain liable to Contractor for any accrued and unpaid premium under the Group Insurance Policy through the termination date. Contractor shall have no further liability under this Contract and the Group Insurance Policy.
- Prudential cannot agree that the Commonwealth of Pennsylvania may withhold from amounts otherwise due to Prudential for such completed or partially completed works, such sum as the Contracting Officer determines to be necessary to protect the Commonwealth of Pennsylvania against loss.
- Prudential retains complete authority and responsibility with respect to benefit decisions, including without limitation, decisions with respect to claim determinations and efforts to recover any overpayments.

- **Section 17. Force Majeure**
  - Prudential will incur any liability to the other if its performance of any obligation under this contract and the Group Insurance policy is prevented or delayed by causes beyond its control and without the fault of negligence of Prudential.
  - Prudential cannot agree that in the event of a declared emergency by competent governmental authorities, the Commonwealth of Pennsylvania by notice to Prudential, may suspend all or a portion of the contract.
- **Section 18. Termination Provisions**
  - The Commonwealth of Pennsylvania will have the right to terminate the contract and the Group Insurance policy.
  - Prudential shall be paid for work completed prior to the effective date of the termination, but in no event shall Prudential be entitled to recover loss of profits.
  - Prudential shall have the right to terminate this contract and the Group Insurance policy for any of the following reasons:
    - Nonpayment of premium by the end of the grace period specified in the Group Insurance policy
    - The Commonwealth of Pennsylvania changes the benefit plan design in a manner that is inconsistent with Prudential's filed and approved Group Insurance policy forms
- **Section 20. Assignability and Subcontracting**
  - With respect to services to be performed exclusively for the Commonwealth of Pennsylvania, Prudential shall not subcontract with any person or entity to perform all or any part of such services to be performed under this contract without the prior written consent of the Contracting Officer, which consent shall not be unreasonably withheld by the Contracting Officer.

— The contract may not assign, in whole or in part, this contract or its rights, duties, obligations or responsibilities hereunder to any person or entity, other than an affiliate, without the prior written consent of the Contracting Officer, which consent shall not be unreasonably withheld by the Contracting Officer.

- **Section 21. Nondiscrimination/Sexual Harassment Clause**
  - — Prudential complies with the Affirmative Action reporting requirements as set forth by the United States Department of Labor, Office of Federal Contract Compliance Program. Since Prudential complies with the requirements established by the United States Department of Labor, it will be unable to agree to the examination and reporting requirements set forth in this clause.
  - — Prudential is willing to include the provisions of the Nondiscrimination/Sexual Harassment Clause in every subcontract entered into exclusively to provide service to the Commonwealth of Pennsylvania so that such provisions will be binding upon each subcontractor hired solely for the purpose of performing services this agreement.
  - — The Commonwealth of Pennsylvania may cancel or terminate the contract and the Group Insurance policy for a violation of the terms and conditions of the nondiscrimination/Sexual Harassment Clause.
- **Section 22. Contractor Integrity Provisions**
  - — Prudential shall maintain the highest standards of integrity in the performance of the contract and shall not knowingly or intentionally take any action in violation of state or federal laws, regulations, or other requirements that govern contracting with the Commonwealth of Pennsylvania.
  - — Except with the consent of the Commonwealth of Pennsylvania, neither Prudential nor anyone in privity with him or her shall accept or agree to accept from, or give or agree to give to, any person, any gratuity from any person in connection with the performance of work under the contract and the Group Insurance policy except as provided herein.
  - — Prudential, by execution of the contract and by the submission of any bills or invoices for payment pursuant thereto, certifies and represents that he or she has not knowingly or intentionally violated any of these provisions.
  - — Subject to execution of Prudential's standard audit agreement by the Inspector General of the Commonwealth of Pennsylvania or any of that official's agents or representatives, Prudential, upon inquiry or request of the Inspector General of the Commonwealth of Pennsylvania or any of that official's agents or representatives, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form, save non-public information or information protected by attorney-client privilege, deemed relevant by the Inspector General of Prudential's integrity or responsibility, as those terms are defined by the Commonwealth of Pennsylvania's statutes, regulations or published management directives. Such information may include, but shall not be limited to, Prudential's business or financial records, documents or files of any type or form which refers to or concern the contract and the Group Insurance policy.

Such information shall be retained by Prudential for a period of three years beyond the termination of the contract unless otherwise provided by law.

— For violation of any of the provisions contained in Section 22, the Commonwealth of Pennsylvania may terminate this agreement with Prudential, and debar and suspend Prudential from doing business with the Commonwealth of Pennsylvania. These rights and remedies are cumulative, and the use or nonuse of one shall not preclude the use of the other. These rights and remedies are in addition to those the Commonwealth of Pennsylvania may have under law, statute or regulation.

- **Section 23. Contractor Responsibility Provisions**
  To the best of our knowledge, Prudential nor any of our subcontractors have ever defaulted on a contract or denied a bid due to non-responsibility to perform. Since 1875, Prudential has a tradition of keeping our promises to our policyholders.
- **Section 28. Integration**
  Prudential cannot agree that all such amendments will be made using the appropriate Commonwealth of Pennsylvania form.
- **Section 29. Change Orders**
  — Any such change order shall be mutually agreed upon by the Commonwealth of Pennsylvania and Prudential and shall be in writing signed by the Contracting Officer and Prudential.
  — For purposes of this Contract, change order is defined as a written order signed by the Contracting Officer and agreed to by Prudential directing Prudential to make changes authorized by the change order clause.

Prudential believes that the following sections of the Standard Contract Terms and Conditions are not applicable to the Group Insurance services quoted:

- Exhibit A-1 Construction Products Recycled Content
- Exhibit A-2 Vehicular Products Recycled Content
- Exhibit A-3 Paper Products Recycled Content
- Exhibit A-4 Landscaping Products Recycled Content
- Exhibit A-5 Miscellaneous Products Recycled Content
- Exhibit A-6 Non-Paper Office Products Recycled Content
- Exhibit A-7 Park & Recreation Products Recycled Content
- Exhibit A-8 Transportation Products Recycled Content
- Manufacturer/Mill Certification

- **I-5. Type of Contract.**

  The Group Insurance policy/contract will be issued between Prudential and the Commonwealth of Pennsylvania. Each enrolled employee will receive a certificate of insurance for that particular coverage. This will apply to all voluntary products being offered.