

RFP—Voluntary Benefits

CN00023197

Addendum #1

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF GENERAL SERVICES  
BUREAU OF PROCUREMENT  
HARRISBURG

January 18, 2007

Subject: RFP -- Voluntary Benefits  
Bid Number: CN00023197  
Opening Date/Time: February 13, 2007  
Flyer: Addendum #1

To All Bidders:

Clarifications:

1. Calendar of Events – The zip-code for submission of proposal was incorrect. The Calendar of Events has been changed to reflect the correct zip-code information. The official address to mail sealed proposals is: Commonwealth of Pennsylvania, Forum Place, 555 Walnut Street, 6<sup>th</sup> Floor Bid Room, Harrisburg, PA 17101-1914. Refer to revised Calendar of Events dated January 18, 2007.
2. Deadline to submit questions via email was January 5, 2007. All questions are being posted, along with approved responses. Subsequent responses to unanswered questions will be posted to the Department of General Services (DGS) website by close-of-business Thursday, January 25, 2007.
3. Any questions concerning this bid direct to: Matthew M. Bembenick via email at [mbembenick@state.pa.us](mailto:mbembenick@state.pa.us).

IF YOU ARE CHANGING PRICE(S), DO NOT FAX this flyer and/or cover memo; you must furnish these instructions in a sealed envelope. Please indicate the bid number and opening date/time on the outside of the envelope.

Except as clarified and amended by this flyer, the terms, conditions, specifications, and instructions of the invitation to bid and any previous flyers, remain as originally written.

Very truly yours,

Syline M. Shingara  
Commodity Specialist  
Phone: (717) 346-3833  
E-mail: [sshingara@state.pa.us](mailto:sshingara@state.pa.us)

## CALENDAR OF EVENTS

The Commonwealth will make every effort to adhere to the following schedule:

Activity	Responsibility	Date
Deadline to submit Questions via email to <a href="mailto:mbembenick@state.pa.us">mbembenick@state.pa.us</a> Questions must be received no later than 3 p.m. on January 5, 2007 in order to be accepted.	Potential Offerors	January 5, 2007 3:00 PM
Preproposal Conference—Commonwealth of Pennsylvania, Department of General Services, Bureau of Procurement, 555 Walnut Street, 6 <sup>th</sup> Floor, Conference Room #9, Harrisburg, PA 17101-1914.	Issuing Office/Potential Offerors	January 18, 2007 10:30 AM
Answers to Potential Offeror questions posted to the DGS website ( <a href="http://www.dgsweb.state.pa.us/comod/main.asp">http://www.dgsweb.state.pa.us/comod/main.asp</a> ) no later than this date.	Issuing Office	January 25, 2007
Please monitor website for all communications regarding the RFP.	Potential Offerors	On-Going
Sealed proposal must be received at Commonwealth of Pennsylvania, Forum Place, 555 Walnut Street, 6 <sup>th</sup> Floor Bid Room, Harrisburg, PA 17101-1914.  Proposals must be received no later than 1:30 p.m. on February 13, 2007 in order to be accepted.	Offerors	February 13, 2007 1:30 PM

Questions for the Commonwealth "RFP CN:00023197, Questions"

1. What current voluntary benefit programs are offered to eligible employees?  
At present, the Commonwealth does not offer any voluntary benefits to employees. Several independent agencies that use the Commonwealth's payroll system offer additional life insurance; these comprise a very small portion of the total employee base. Another 4,800 employees participate in a union-sponsored insurance offering.
2. Will the State support and provide employees with time to meet with enrollment counselors to review benefit options?  
Group meetings should be held in the following major employment areas: Harrisburg, Philadelphia, Pittsburgh, Wilkes-Barre/Scranton, Allentown/Easton, Erie, and Johnstown. One-on-one meetings may be offered during non-working hours, however, the Commonwealth will not provide facility space for one-on-one meetings.
3. When will union participation be determined?  
All Commonwealth unions have been notified of the Commonwealth's intent to make these benefits available. None have objected to the offering.
4. Will all benefits (allowable under IRS code) be required to flow through a Section 125 plan?  
No.
5. What is the current short term disability program offered to eligible employees?  
What is the current sick pay/salary continuation plan?
6. What is the current LTD plan offered to eligible employees?  
No LTD plan is currently offered.
7. What is the current Employer Paid group life offering?  
The employer-provided group life insurance benefit is equal to the amount of an employee's annual salary up to a maximum benefit of \$40,000. Insurance amounts are reduced to 65% of the original amount at age 70, and to 50% at age 75.
8. How many eligibility classes are there?  
All permanent full-time employees, and those permanent part-time employees who work at least 50% of full-time hours, will be eligible for the benefits.
9. How many pay frequencies are there?  
The Commonwealth operates on a biweekly payroll system. Approximately one-half the Commonwealth is paid on a given date, and the other half is paid one week later.
10. Are deductions and payroll functions centralized?  
Yes.

11. Is the state willing to offer a limited product in year one to gauge benefit communications and enrollment success? Rather than offering all programs at once?  
The Commonwealth will decide which products to offer, and the time of product offerings, based on the proposals received.
12. Who administers the Section 125 plan?  
Not applicable.
13. If a third party is managing the communications and enrollment processes, is a warm transfer to carriers for purposes of claims management acceptable?  
The Commonwealth will consider any systems and methods for data exchanges that can be demonstrated to be cost-effective and efficient.
14. Is your employee vision plan employee-funded or employer-funded?  
The vision plan is provided by a health and welfare fund; that organization funds the benefit.
15. Is your employee health plan employee-funded or employer-funded?  
The employee health plan is provided by a health and welfare fund; that organization funds the benefit. Certain employee groups are required to make a 1% contribution toward the cost of the health plan benefit.
16. Can you provide specific information on what is covered under your employee vision plan?
- Annual vision examination covered in full
  - Frames every two years, covered to a maximum \$200 wholesale allowance; balance is paid at participating providers up to wholesale cost plus 20%
  - Glasses every year up to age 16, every two years thereafter; standard glass or plastic lenses covered in full at a participating provider
  - Cosmetic contact lenses - limited to a \$50 payment in lieu of all other vision benefits. Participating provider's charge is limited to Retail Cost less 25%.
17. The Commonwealth has requested large multi day meeting sessions. What other meetings will be supported/required? What other kinds of endorsement/communication/marketing support will the Commonwealth provide to help make these programs successful?
18. Can group meetings be mandatory? Will the Commonwealth allow 1 on 1 meetings with enrollment specialists if an employee indicates he/she desires individual attention? Under what circumstances?  
Group meetings will be conducted on a voluntary basis. No one-on-one meetings will be permitted during work hours. An employee may schedule one-on-one meetings on their own time.

19. With respect to products the employee population has widely varying characteristics that makes one size fit all purchasing problematic. Would the Commonwealth consider an array of group and individual insurance products which provide broad financial security?  
Yes. Vendors may propose an array of group and individual insurance products. The Commonwealth will decide which products to offer, and the time of product offerings, based on the bids received. (Please refer to Question #11)
20. Is the State University System included in the Commonwealth's population? Is there any thought of including the System in the future?  
No. The State University System is not included in the Commonwealth's population.
21. Are the specifications in the Terms & Conditions something that the carrier needs to be concerned with from an insurance perspective?
22. Page 1 -- Does the Commonwealth have a sense of what percentage of the represented employees will be able to participate in these programs? We are aware that bargaining is currently under way with a large union and are curious if there is any sense from that process about the union's willingness to participate.
23. Page 23 and Page 32 -- Page 23 says that employee age should be as of 1/1 and page 32 says that employees should have no tax liability. For the latter to be true, for voluntary group life the age should be measured as of 12/31 to be consistent with IRC Section 79? Even though the proposed programs are fully voluntary, this section of IRC Section 79 applies in a material way.
24. Page 30 -- there is a statement that changes to a vendors system that requires programming changes can't be charged to the employees? Does that mean that vendors are not allowed to build such expenses into the premium rates?
25. Page 32 -- does the Commonwealth *really* insist that voluntary group disability benefits be portable? This is not common in the group insurance industry.
26. Page 32 item 8 -- what underwriting/actuarial services are contemplated in this item, other than renewal underwriting?
27. Pages 33-36 -- to whom would penalties be paid in the event of non-compliant performance?  
Penalties would be paid to the Commonwealth of Pennsylvania in the event of non-compliant performance.
28. Appendix D Rate Card -- does the Commonwealth anticipate having single-age rates for Group Life and Disability?
29. The RFP also states, the offeror must accept the Commonwealth's standard eligibility data. We request a description of the data elements included so we are certain it meets minimum standards.

30. How many payroll interfaces will be required?

An individual payroll interface is required for each product offered.

31. Will the Commonwealth entertain offering any voluntary benefits on a pre-tax basis where suitable?

The Commonwealth anticipates offering voluntary benefits on a pre-tax basis, as allowable under the Internal Revenue Code.

32. Given the array of potential products there are concerns about the appropriateness of one common roll out date, especially for complicated products such as Long Term Care. Will the Commonwealth entertain staggered enrollment campaigns to facilitate better communication/educational experiences for the employee population?

The Commonwealth will consider staggered or phased enrollment campaigns over several years for individual benefits. Vendors should explain reasons for their preference in their proposals.

33. The census data provided in Appendix F is identical to the data which was provided to MetLife in 2005 and the number of employee lives in Appendix F, which totals 81,739, differs from the approximately 79,000 lives figure cited on page 29 of the RFP. Please provide a current census with the following information:

- Date of Birth
- Gender
- Annual covered salary
- Occupation
- State of Residence
- Coverage Option (if there is an existing plan)
- Bargaining vs. Salaried Indicator
- Dependent Spouse Indicator if the employee has a spouse or recognized domestic partner

**Life Questions:**

34. There is no indication in any of the RFP material provided that there is a current optional and/or dependent life insurance plan in effect. If there is no current plan, then the plan can be priced as a new plan. However if there is an existing plan, could you provide the last 5 years of experience as defined below by coverage by year:

- Premium
- Claims Paid
- Change in Reserve by Reserve Type
- Claims Incurred

35. In addition, if there is an existing plan, could you provide:
- Detailed Plan Design Information (SPD, Policy, Certificate, or Plan Documents)
  - A summary of any plan changes over the past five years?
  - A summary of any changes in rates due to plan changes? If so, what was the new rate and when was it effective?
36. Can you provide any information about the level of enrollment participation?
37. Is it possible that the new carrier would acquire bargained groups with legacy plan designs if the proposed plan design is not accepted by such groups? If so, we would need to price those plans separately. Please provide relevant supporting information.
38. Item # 3 on page 30 of the RFP says that in subsequent open enrollments, the insurance carrier may require proof of insurability as determined by the carrier and as agreed to by the Commonwealth. What does "as agreed to by the Commonwealth mean?"
39. Paragraph I-25 on page 7 of the RFP says the effective date will be determined only after the contract has been fully executed. However, p. 12 shows an assumed 5/1/2007 effective date. How likely is 5/1/2007 the likely date?
40. Item 5 on p. 30 says coverage must be continued for employees on Leave Without Pay.
- Are employees who are or who become disabled considered on Leave Without Pay?
  - Does the Commonwealth desire that a disability provision be added to Group Life Insurance protection?
  - Can the Commonwealth describe the types of Leave available, including the maximum durations, the process of approvals, etc.?
41. For the conversion privilege, the Commonwealth requests MetLife offer the preferred group rate for one year (p. 32 of the RFP). Please specify what specific group rates are being referred to?
41. Page 2 of Appendix A, section 9 (Taxes) states that the Commonwealth is exempt from several state taxes. Are the Commonwealth and/or the employees exempt from insurance premium taxes?
43. If there is currently life coverage, and the Commonwealth does not retain the current carrier, will the liability for the currently disabled lives be retained by the incumbent carrier, or will this liability be transferred to the new carrier.

### LTD Questions

44. Does the Commonwealth currently offer a voluntary LTD plan? If not, we would price the plan as a brand new group. However, if there is a current LTD plan in place, we would like to obtain as much information as possible, as requested below:

Last 5 years of premium and claim experience, to include:

- a. Premium
- b. Average Monthly Volume
- c. Average Monthly Lives
- d. Monthly Rates, or Administrative Fees, and Rate Basis
- e. Claims Paid
- f. Claim Count
- g. Paid and Incurred Analysis
- h. In the event a Paid and Incurred Analysis is unavailable an Open and Closed Claim listing for the experience period(s). The listing should include the following fields:
  - i. Date of Disability
  - ii. Benefit Start Date
  - iii. Termination Date
  - iv. Age at Disability
  - v. Monthly Gross Benefit
  - vi. Monthly Net Benefit
  - vii. Accumulated Benefits Paid
  - viii. Social Security Approval (Yes or No)
  - ix. Diagnosis Code
  - x. Gender
  - xi. Status (Active or Terminated)

45. In addition, if there is an existing plan, could you provide:

- Detailed Plan Design Information (SPD, Cert, or Plan Documents)
- A summary of any plan changes over the last five years
- A summary of any changes in rates due to plan changes

46. Current Insured Census file, in an excel format, with the following:

- a. Date of Birth
- b. Gender
- c. Annual covered salary
- d. State of residence
- e. Occupation
- f. Coverage Option (if applicable)

47. If there is no current LTD plan, any pension disability information that is available would be helpful in the pricing of the LTD plan. More specifically a Plan Document which describes the formulas, benefit levels, etc. A census indicator showing vesting status toward a pension disability benefit and a covered years indicator to allow us to estimate potential pension benefits would also be helpful.

48. If applicable, please provide a description of the current Salary Continuation/ Paid Time Off or STD plan

49. Are employee contributions to be remitted on a pre-tax or post-tax basis?  
The Commonwealth anticipates offering voluntary benefits on a pre-tax basis, as allowable under the Internal Revenue Code.

50. For the portability provision, the Commonwealth requests the preferred group rates be charged for a period of at least two years (p. 32 of the RFP). Please specify what specific group rates are being referred to?

51. Do you prefer a single payroll slot for Voluntary Benefits or do you prefer an individual payroll slot for each benefit? (Page 12, II-2 (a) (2) (e))  
Individual payroll slots are preferred.

52. Will you provide Social Security Number on the eligibility file?  
Yes.

53. Some benefits, including pet insurance and auto/home insurance, are typically enrolled year-round. Will the Commonwealth allow employees to enroll in some benefits at all times of the year?  
The Commonwealth will consider year-round enrollment for benefits that would not be impacted by adverse selection.

54. How does the Commonwealth prefer to distribute marketing materials to the employees, at the workplace or by mail to the home?  
The Contractor will be responsible for developing the communication plan. The Commonwealth is interested in the proposer's ideas on how best to communicate the information for employees.

55. Will the offeror/project manager be allowed to contact individual Departments (including correctional facilities) to set up education and enrollment meetings in a smaller setting?  
Under the proper circumstances, this may be permissible. The Contractor will be responsible for developing the communication plan. The Commonwealth is interested in the proposer's ideas on how best to communicate information for employees.

56. Will the Commonwealth of Pennsylvania support 20 minute individual meetings between the offeror and all employees to educate and enroll the benefit offerings? This will allow the 30,000 employees that don't have access to a computer during the day to enroll and also allow everyone to ask questions in a more personal setting. These optional individual meetings would be conducted in addition to the group meetings by licensed non-commissioned benefit representatives.  
No one-on-one meetings will be permitted during work hours.

57. What is your current method of enrollment for core benefits? How do the 30,000 employees without computer access currently enroll?  
Paper forms.
58. The Commonwealth wants all benefits to be portable for its employees. Do you define portable as the ability for an employee to participate after they leave employment of the Commonwealth via direct bill or do you define portable as all benefits can continue on a direct bill basis even after the master policy and payroll deductions have been cancelled?  
The Commonwealth defines portable as the ability for an employee to participate after they leave employment of the Commonwealth via direct bill.
59. Is the Commonwealth interested in launching all products at once, or a more phased-in approach over several years?  
The Commonwealth is open to either approach. Vendors should explain reasons for their preference in their proposals.
60. Can you provide a full census including DOH, DOB, Salary, Gender and Job Classification?  
The Commonwealth's standard data interface includes all of these except Job Classification.
61. Do you have a preference for benefit duration for STD and LTD or do you prefer we recommend durations?  
The proposer should recommend durations.
62. Is disability currently offered to any of the Commonwealth employees?  
The Commonwealth does not offer a disability benefit. The pension system offers a disability retirement benefit.
63. Do all employees currently receive employer-paid term life at one-times salary (1x) up to \$40,000?  
All permanent employees receive this benefit, with the exception of 4,300 law enforcement employees whose maximum is \$50,000.
64. Can you provide the following for your employer-paid life program: 5 years of claim history, 5 years of waiver of premium history, and copies of the master policy and certificate of coverage?
65. Is the Commonwealth considering reducing the current Rx benefit to add a supplemental plan?  
Prescription benefits are offered through a health and welfare fund. The Commonwealth does not have jurisdiction over the benefits offered by that fund.
66. Does your current Rx Plan have any monthly or annual caps?  
No.
67. Do you offer any voluntary benefits that are not listed on the Commonwealth's website?

No.

68. The offeror is able to comply with the RFP specifications. However, will the Commonwealth consider an alternative proposal where the Offeror/Broker if selected would conduct a separate RFP process with the assistance of the Commonwealth? This approach brings the advantages detailed below:

- a. Allows for more competition, negotiation, improved plan design and reduced pricing.
- b. Streamlines underwriting requirements or provides for no underwriting.
- c. Facilitates the selection of insurance carriers that are best-in-class for each product.
- d. Ensures independence between broker and insurance carrier and allows for replacement of carrier if they fail to deliver on all program requirements.

Our partnership has significant experience in other Commonwealths, State Governments and large employers where our best-in-class RFP process has added great value for the employees.

No, the Commonwealth will not consider the described alternative approach.

69. Is it acceptable for the Insurance Carrier(s) to maintain the beneficiary forms or do you prefer the offeror (broker) to perform this function?

The Commonwealth is willing to consider having the Insurance Carrier(s) to maintain beneficiary forms.

70. Did the Commonwealth use a consultant to help write the RFP? Will a consultant assist in the bid evaluation process? If so, can you identify the consultant(s)?

71. Census data provided does not outline occupations, full-time or part-time designation, union designation, or union name/affiliation. Please provide census data which outlines individual's occupations. (Special indicators showing which personnel are police, fire, or prison guard personnel is very important.)

72. Please provide a comprehensive grid outlining which groups/unions/segments of the population currently have Group Life, STD, LTD, Critical Illness, LTC, Cancer Insurance, Supplemental Prescription Drug Insurance, etc. – Include approximate headcounts/volumes.

73. For coverage currently in place, please provide current rates, carrier names, and plan designs. ✓

At present, the Commonwealth does not offer any voluntary benefits to employees. Several independent agencies that use the Commonwealth's payroll system offer additional life insurance; these comprise a very small portion of the total employee base. Another 4,800 employees participate in a union-sponsored insurance offering. (Please refer to Question #1)

74. In regards to Disability, do any of the current insurance programs coordinate benefits with the employees usage of sick leave/sick bank, etc. (please note on plan design grids)?

75. For groups that already have coverage in place, is it the intent of this RFP to replace existing coverage with coverage quoted by us? Or is it the intent to have our coverage supplement current coverage already in place?  
Please refer to Question 73.
76. If existing benefits vary by group, is the intent of this RFP to merge to a standard plan design for each product?  
At present, the Commonwealth does not offer any voluntary benefits to employees.
77. The RFP mentions that unions must agree to the proposed benefit programs. How will this process be managed? How soon could the Commonwealth provide a determination of the final population of employees who will be eligible for the program (including union employees whose union management approve participation?)
78. Are all 79,000 employees eligible or just those that don't have coverage offered today (i.e. permanent part-time employees)?  
All permanent full-time employees, and those permanent part-time employees who work at least 50% of full-time hours, will be eligible for the benefits. (Please refer to Question #8)
79. Will the state endorse the programs available over any current voluntary plans in force or will all existing plans plus the proposed plan be offered? Please describe the level of endorsement that would be provided and how the endorsement campaign would be managed.  
The Commonwealth does not currently offer any voluntary benefits to employees.
80. Will the carrier have access to all eligible employees via face-to-face and/or one-on-one meetings?  
The Commonwealth will not allow face-to-face and/or one-on-one meetings during work hours. An employee may schedule one-on-one meetings on their own time. The Commonwealth would like to offer group meetings in the following locations: Harrisburg, Philadelphia, Pittsburgh, Wilkes-Barre/Scranton, Allentown/Easton, Erie, and Johnstown. (Please refer to Question #2)
81. Will the carrier have access to all eligible employees via group meetings? Will participation in the group meetings be mandatory?
82. Will group enrollment meetings be held during normal business hours? During lunch hour? During the course of the business day?

83. Is the Commonwealth of Pennsylvania interested in subsidizing premium payments on any or all products? If so, how much?  
No.
84. Is the Commonwealth of Pennsylvania expecting mailers/benefits packages to be sent to home addresses?  
The Contractor will be responsible for developing the communication plan. The Commonwealth is interested in the proposer's ideas on how best to communicate the information for employees. (Please refer to Question #54)
85. Will the Commonwealth of Pennsylvania agree to distribute written communication materials via its internal mail and email distribution network? If so, will the Commonwealth of Pennsylvania bear or share any of the costs? What costs would the Commonwealth expect to be reimbursed for?
86. Has the Commonwealth of Pennsylvania ever attempted to install Voluntary Benefit programs similar to the ones outlined in this proposal? If so, what were the outcomes/takeaways? What made the process successful or unsuccessful?
87. Access to employees:
- a. Will one-on-one meetings be possible?
  - b. Who will be sponsoring (endorsing face-to-face mtgs.?) The enrollments, the Union, or the Gov't. administration?
  - c. How many different physical locations are there?
  - d. What is the smallest concentration of ee's, largest concentration of ee's, avg. # of ee's per location.
89. Benefits History:
- a. Have voluntary products been offered in the past?
  - b. If so:
    - i. What products?
    - ii. What carriers?
    - iii. When were they offered?
    - iv. What kind of participation was achieved?
    - v. Are they still in force?
90. Please check all that currently apply to benefit enrollments:
- a. One form per benefit
  - b. Consolidated enrollment form

- c. Manual data entry of changes/additions
- d. Blank enrollment forms
- e. Pre-printed enrollment forms (excluding current choices)
- f. Pre-printed enrollment forms (including current choices)
- g. Forms distributed via interoffice mail
- h. Forms distributed via U.S Mail to employee's homes
- i. Scan form technology
- j. Benefit election confirmation statement
- k. Group meetings conducted by Human Resources personnel
- l. Group meetings conducted by third party
- m. Video/multimedia presentation
- n. Dedicated personnel for answering questions via telephone during enrollment
- o. Interactive voice response system
- p. Kiosk
- q. Intranet
- r. Internet

91. In 2005, the Commonwealth went out to bid with a similar proposal and never awarded one. Could you explain why? Is this likely to occur again?

92. Did the Commonwealth engage a consultant in regards to drafting this RFP? If so, who was the consultant and are they currently acting in this capacity?

93. Would you consider looking at another voluntary benefit, such as:

- a. On-line Employee Discounts
- b. Prepaid Legal Insurance
- c. Home & Auto Insurance

Yes. The Commonwealth is open to considering such benefits. However, the Commonwealth will decide which products to offer, and the time of product offerings, based on the proposals received.

94. Will retirees of the Commonwealth be eligible for the discounts or programs?

- a. If yes, approximately how many retirees would be eligible?
- b. If yes, would pension deduction be available to retirees?
- c. If yes and pension deduction is not available, can retirees be offered discounts through EFT payment options?

Not at this time. Program offerings may be extended to retirees at a later date, at the discretion of the Commonwealth.

95. For our legal insurance products, we contract with "individual" attorneys, not firms. If we utilized and certified attorneys as minority or women attorneys as part of the panel servicing your plan, would this meet the intent of this section?

96. Does the Commonwealth currently conduct or recognize individual minority certification for other professionals they work with (doctors, accountants, etc.)?

97. Is the contract term set as described in this section? Would you be open to other guarantee periods other than that stated?

The initial term of the contract period is three (3) years with the option of two (2) one-year renewal periods, which may be exercised in the sole discretion of the Commonwealth as one (1) two (2) year renewal or as two (2) one (1) year renewals. The Issuing Office will fix the Effective Date after the contract has been fully executed by the selected Offeror and by the Commonwealth and all approvals required by Commonwealth contracting procedures have been obtained.

98. Are you open to proposals for other agreement standards other than what is stated here? In other words, would you be open to accepting the vendor's standard performance guarantees (some could be more stringent, some perhaps less) or is this exactly what you're looking for on all products and not adhering to would create non-compliance in the bid?

Vendors may take exception to agreement standards, consistent with Section II-8 of the RFP.

99. In regards to Exhibit A-3 (Paper Products) and Exhibit A-6 (Non-Paper Office Products), does this recycling requirement apply to materials used for communication and open enrollment for the plan? Or does this section apply just to those contractors who would be directly supplying this type of product to the Commonwealth for use (e.g. Purchase of paper for Commonwealth copying machines needs to meet the recycling criteria) and not to a benefits vendor and the materials they use? If not, would not using recycling materials for communication materials be considered non-compliant or would the Commonwealth be open to bids without recycled materials?

100. We can send an invoice breaking out the members if the Commonwealth requested. Would this meet the requirements of this section?

101. Can we get an exception to the warranty section since we are providing a service? This section seems to pertain more to physical products.

102. To conserve costs, our materials are created to be used universally across our book of business and, therefore, we cannot transfer ownership. Can you provide more detail on the intent, and possible examples, of this section as it applies to employee benefits and their communication?

103. Audits are OK as long as they don't violate plan member privacy issues. We're assuming they would not due to the client/attorney privilege in regards to services with a legal plan.

104. We could not agree to pay for replacement services in the case of contract termination. We would assume that we as the vendor would not default on any of the provisions provided for in Section A during this contract. If this paragraph is stricken, would we be considered non-compliant?

105. Termination for Convenience: We're assuming this provision is provided in case budget dollars are not available for this plan. This would be a moot point in

that this is a voluntary plan paid for by employee payroll deduction dollars. Otherwise, other than for a breach of contract, we can't allow termination for convenience. Would it be possible to strike or amend this section? If not, would this make the bidder non-compliant?

106. May we get a copy of the RFP in a Word/Excel document?
107. Will only one carrier be selected to insure /administer all optional plans (i.e. Life, AD&D, STD, LTD, LTC) or can multiple carriers be selected by coverage? The Commonwealth reserves the right to select multiple carriers by coverage.
108. Can you confirm that we are to assume that all optional plans (i.e. Life, AD&D, STD, LTD, LTC) will be effective 5/1/2007, but that enrollment will not take place until 7/1/07? If this is the case, we are not sure who will be eligible on 5/1/2007 if enrollment doesn't take place for another 2 months on 7/1/07. Please clarify.
109. When are future rate changes expected to occur: (a) 5/1 based on the assumed effective date, or (b) 7/1 enrollment date or (c) at a 1/1 annual enrollment date or (d) other?
110. Should we assume that COP would like full record-keeping services for all optional coverages (i.e. Life, AD&D, LTD, STD, LTC)?
111. Should we assume that this group of employees is the active employees currently insured under the Class I Basic Life coverage?
112. Will any current disabled employees be allowed to enroll for all the optional coverages (i.e. Life, AD&D, STD, LTD, LTC) if they were disabled prior to the effective date? If so, is there a separate census?
113. Are there any other Optional Life plans currently being offered to these employees? If so, may we obtain the plans?
114. Since an Optional Life plan wasn't provided in the proposal specifications, is there a specific plan design that you would like to see?
115. Since an Optional AD&D plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?
116. Should the Optional AD&D plan match the offering for Optional Life?
117. Since an LTD plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?
118. Since an STD plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?
119. It doesn't appear as if any of the Performance Guarantees are Disability-related. Please confirm.

120. Do employees participate in PA Public Employees Retirement System or State Teachers Retirement System plan or just Social Security?

121. Please confirm the plan is Non-ERISA.

122. Please confirm that all optional coverages (i.e. Life, AD&D, LTD, STD, LTC) would be quoted Net of Commissions.

RFP—Voluntary Benefits

CN00023197

Addendum #2

**COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF GENERAL SERVICES  
BUREAU OF PROCUREMENT  
HARRISBURG**

January 25, 2007

Subject: RFP – Voluntary Benefits  
Bid Number: CN00023197  
Opening Date/Time: February 25, 2007  
Flyer: Addendum #2

To All Bidders:

Clarifications:

Updated information from the Department of General Services (DGS), Preproposal Conference for RFP-CN00023197 – Voluntary Benefits, which was held on January 18, 2007 at Department of General Services Office, 555 Walnut Street, 6<sup>th</sup> Floor, Forum Place, Harrisburg, PA 17101-1914 are posted to the DGS website as Addendum #2.

The following attachments are part of said Addendum #2:

1. PREPROPOSAL QUESTIONS – UPDATE
2. LIST OF ATTENDEES AT PREPROPOSAL CONFERENCE
3. SAMPLE STANDARD ELIGIBILITY FILE FORMAT
4. COPA - EMPLOYER PAID LIFE INSURANCE MASTER POLICY
5. COPA - EMPLOYER PAID LIFE INSURANCE CERTIFICATE OF COVERAGE
6. COPA - EMPLOYER PAID LIFE INSURANCE, THREE (3) YEARS OF WAIVER HISTORY
7. COPA - EMPLOYER PAID LIFE INSURANCE, THREE (3) YEARS OF CLAIM HISTORY
8. WORD DOCUMENT – RFP CN00023197 – VOLUNTARY BENEFITS

Changes to RFP CN00023197 – Voluntary Benefits document are as follows:

**Page 2, Part I, Section 1-1, Purpose;** Paragraph 2, Sentence 1, the Commonwealth is no longer considering Short Term Disability products for review under RFP – CN-00023197.

**Page 2, Part I, Section I-5. Type of Contract;** Paragraph 2, Sentence 3 is to read: “Insurance policies issued under the contract must be issued directly to the program participant”

**Page 23, Part II, Section II-10. Cost Submittal;** Paragraph 3, Sentence 2 is to read: "Age means Insured's age as of **December 31** for the year insurance is elected".

**Page 30, Part IV, Section IV-3, Requirements, Eligibility and Enrollment is to read:** "Prior to the open enrollment, the Commonwealth will forward an electronic file containing the annual salary and age as of **December 31**, of the current year.

Except as clarified and amended by this flyer, the terms, conditions, specifications, and instructions of the invitation to bid and any previous flyers, remain as originally written.

Very truly yours,

*Syline M. Shingara*

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Questions for the Commonwealth "RFP CN:00023197, Questions"

1. What current voluntary benefit programs are offered to eligible employees?  
Please refer to Addendum #1 of the RFP for answer.
2. Will the State support and provide employees with time to meet with enrollment counselors to review benefit options?  
Please refer to Addendum #1 of the RFP for answer.
3. When will union participation be determined?  
[Note: This answer replaces the answer originally set forth in Addendum #1]  
All employees will be participating.
4. Will all benefits (allowable under IRS code) be required to flow through a Section 125 plan?  
Please refer to Addendum #1 of the RFP for answer.
5. What is the current short term disability program offered to eligible employees?  
What is the current sick pay/salary continuation plan?  
The Commonwealth has determined that it is no longer interested in offering a short term disability benefit. Vendors should not propose a voluntary benefit of this type.
6. What is the current LTD plan offered to eligible employees?  
Please refer to Addendum #1 of the RFP for answer.
7. What is the current Employer Paid group life offering?  
Please refer to Addendum #1 of the RFP for answer.
8. How many eligibility classes are there?  
[Note: This answer replaces the answer originally set forth in Addendum #1]  
One. All permanent full-time employees, and those permanent part-time employees who work at least 50% of full-time hours, will be eligible for the benefits.
9. How many pay frequencies are there?  
Please refer to Addendum #1 of the RFP for answer.
10. Are deductions and payroll functions centralized?  
Please refer to Addendum #1 of the RFP for answer.
11. Is the state willing to offer a limited product in year one to gauge benefit communications and enrollment success? Rather than offering all programs at once?  
[Note: This answer replaces the answer originally set forth in Addendum #1]  
Yes. Vendors may propose an array of group and individual insurance products. The Commonwealth will decide which products to offer, and the time of product offerings, based on the bids received.

Addendum #2 Questions  
January 25, 2007

12. Who administers the Section 125 plan?  
Please refer to Addendum #1 of the RFP for answer.
13. If a third party is managing the communications and enrollment processes, is a warm transfer to carriers for purposes of claims management acceptable?  
Please refer to Addendum #1 of the RFP for answer.
14. Is your employee vision plan employee-funded or employer-funded?  
[Note: This answer replaces the answer originally set forth in Addendum #1]  
Employer funded.
15. Is your employee health plan employee-funded or employer-funded?  
[Note: This answer replaces the answer originally set forth in Addendum #1]  
Primarily employer-funded, however, some employees are required to make a contribution toward the cost of the health plan benefit.
16. Can you provide specific information on what is covered under your employee vision plan?  
Please refer to Addendum #1 of the RFP for answer.
17. The Commonwealth has requested large multi day meeting sessions. What other meetings will be supported/required? What other kinds of endorsement/communication/marketing support will the Commonwealth provide to help make these programs successful?  
An employee may schedule meetings on his/her own time. The Commonwealth will utilize its electronic mail system, and will utilize agency HR offices, to distribute limited information to make employees aware of the benefits.
18. Can group meetings be mandatory? Will the Commonwealth allow 1 on 1 meetings with enrollment specialists if an employee indicates he/she desires individual attention? Under what circumstances?  
Please refer to Addendum #1 of the RFP for answer.
19. With respect to products the employee population has widely varying characteristics that makes one size fit all purchasing problematic. Would the Commonwealth consider an array of group and individual insurance products which provide broad financial security?  
[Note: This answer replaces the answer originally set forth in Addendum #1]  
Please refer to Question #11.
20. Is the State University System included in the Commonwealth's population? Is there any thought of including the System in the future?  
Please refer to Addendum #1 of the RFP for answer.
21. Are the specifications in the Terms & Conditions something that the carrier needs to be concerned with from an insurance perspective?  
Please refer to RFP Section II-8 related to exceptions to the terms and conditions.

22. Page 1 -- does the Commonwealth have a sense of what percentage of the represented employees will be able to participate in these programs? We are aware that bargaining is currently under way with a large union and are curious if there is any sense from that process about the union's willingness to participate. Please refer to Question #3.
23. Page 23 and Page 32 -- Page 23 says that employee age should be as of 1/1 and page 32 says that employees should have no tax liability. For the latter to be true, for voluntary group life the age should be measured as of 12/31 to be consistent with IRC Section 79? Even though the proposed programs are fully voluntary, this section of IRC Section 79 applies in a material way. The Commonwealth agrees to this change. For voluntary group life, the age should now be measured as of 12/31 to be consistent with IRC Section 79.
24. Page 30 -- there is a statement that changes to a vendors system that requires programming changes can't be charged to the employees? Does that mean that vendors are not allowed to build such expenses into the premium rates? The Commonwealth is not responsible for costs incurred by vendors as a result of programming changes to a given vendor's system. Vendors may not bill employees directly for programming changes to a given system. Vendors should instead build such expenses into their premium rates.
25. Page 32 -- does the Commonwealth *really* insist that voluntary group disability benefits be portable? This is not common in the group insurance industry. The Commonwealth believes that employees should be provided the opportunity to enroll in insurance products that are in their best interest and consistent with industry standards. As such, the Commonwealth is interested in providing employees a portable LTD insurance policy. However, the Commonwealth will not disqualify a proposal that does not include this provision/
26. Page 32 item 8 -- what underwriting/actuarial services are contemplated in this item, other than renewal underwriting? Renewal underwriting is expected to be provided. Please indicate any additional services that your firm is able to provide.
27. Pages 33-36 -- to whom would penalties be paid in the event of non-compliant performance?  
[Note: This answer replaces the answer originally set forth in Addendum #1] Liquidated damages would be paid to the Commonwealth of Pennsylvania in the event of non-compliant performance.
28. Appendix D Rate Card -- does the Commonwealth anticipate having single-age rates for Group Life and Disability?  
Please complete the rate card in accordance with the instructions provided in the RFP.

29. The RFP also states, the offeror must accept the Commonwealth's standard eligibility data. We request a description of the data elements included so we are certain it meets minimum standards.  
The Commonwealth will provide a sample data description for the standard file format.
30. How many payroll interfaces will be required?  
Please refer to Addendum #1 of the RFP for answer.
31. Will the Commonwealth entertain offering any voluntary benefits on a pre-tax basis where suitable?  
Please refer to Addendum #1 of the RFP for answer.
32. Given the array of potential products there are concerns about the appropriateness of one common roll out date, especially for complicated products such as Long Term Care. Will the Commonwealth entertain staggered enrollment campaigns to facilitate better communication/educational experiences for the employee population?  
Please refer to Addendum #1 of the RFP for answer.
33. The census data provided in Appendix F is identical to the data which was provided to MetLife in 2005 and the number of employee lives in Appendix F, which totals 81,739, differs from the approximately 79,000 lives figure cited on page 29 of the RFP. Please provide a current census with the following information:
- Date of Birth
  - Gender
  - Annual covered salary
  - Occupation
  - State of Residence
  - Coverage Option (if there is an existing plan)
  - Bargaining vs. Salaried Indicator
  - Dependent Spouse Indicator if the employee has a spouse or recognized domestic partner
- Vendors should use the census file that is provided with the RFP.

**Life Questions:**

34. There is no indication in any of the RFP material provided that there is a current optional and/or dependent life insurance plan in effect. If there is no current plan, then the plan can be priced as a new plan. However if there is an existing plan, could you provide the last 5 years of experience as defined below by coverage by year:
- Premium
  - Claims Paid
  - Change in Reserve by Reserve Type
  - Claims Incurred
- There is no current plan, so it should be priced as a new plan.

35. In addition, if there is an existing plan, could you provide:
- Detailed Plan Design Information (SPD, Policy, Certificate, or Plan Documents)
  - A summary of any plan changes over the past five years?
  - A summary of any changes in rates due to plan changes? If so, what was the new rate and when was it effective?
- Please refer to Question #34.
36. Can you provide any information about the level of enrollment participation? Carriers should use their experience to estimate levels of participation. As no such plans presently exist, the Commonwealth has no information on level of enrollment.
37. Is it possible that the new carrier would acquire bargained groups with legacy plan designs if the proposed plan design is not accepted by such groups? If so, we would need to price those plans separately. Please provide relevant supporting information.  
The new carrier will not acquire legacy plan designs.
38. Item # 3 on page 30 of the RFP says that in subsequent open enrollments, the insurance carrier may require proof of insurability as determined by the carrier and as agreed to by the Commonwealth. What does "as agreed to by the Commonwealth mean?"  
The Commonwealth reserves the right to have final review and concurrence with the required proof of insurability. Deviations from the vendor's proposed requirements will be discussed and negotiated as necessary.
39. Paragraph I-25 on page 7 of the RFP says the effective date will be determined only after the contract has been fully executed. However, p. 12 shows an assumed 5/1/2007 effective date. How likely is 5/1/2007 the likely date?  
The Commonwealth is unable to guarantee the effective date due to the contract execution process. It is hoped that the contract will be fully executed by May 1, 2007. The proposer may not, however, rely on that date. The subsequent enrollments and start-up process leads us to estimate that July 1, 2007, will be the effective date for the first benefit coverage that is implemented.
40. Item 5 on p. 30 says coverage must be continued for employees on Leave Without Pay.
- Are employees who are or who become disabled considered on Leave Without Pay?  
Yes. They are considered to be on Leave Without Pay unless they are using paid sick leave.
  - Does the Commonwealth desire that a disability provision be added to Group Life Insurance protection?  
No.
  - Can the Commonwealth describe the types of Leave available, including the maximum durations, the process of approvals, etc.?

Most Commonwealth employees earn paid time off in the form of annual, personal and sick leave. The earnings vary based on years of service, with most unions (but not all) having similar accrual rates. At a minimum, employees earn 7 days of annual, 1 day of personal, and 13 days of sick leave each year. The average employee earns 15 days of annual, 4 days of personal, and 13 days of sick each year. The maximum earning rate is 26 days of annual, 4 days of personal, and 13 days of sick leave each year. Leave can be accumulated to a maximum of 45 days of annual and 300 days of sick. When used, leave is paid at 100% of salary. Employees request leave. Supervisors have the discretion to approve leave requests within established guidelines.

41. For the conversion privilege, the Commonwealth requests MetLife offer the preferred group rate for one year (p. 32 of the RFP). Please specify what specific group rates are being referred to?

The rates that are being proposed in the Cost Proposal section of the vendor's response.

42. Page 2 of Appendix A, section 9 (Taxes) states that the Commonwealth is exempt from several state taxes. Are the Commonwealth and/or the employees exempt from insurance premium taxes?

The Commonwealth is exempt from all state taxes. The Commonwealth is unable to give an opinion as to whether employees are exempt from insurance premium taxes.

43. If there is currently life coverage, and the Commonwealth does not retain the current carrier, will the liability for the currently disabled lives be retained by the incumbent carrier, or will this liability be transferred to the new carrier.

This RFP does not include the life insurance contract for employer-paid coverage.

#### LTD Questions

44. Does the Commonwealth currently offer a voluntary LTD plan? If not, we would price the plan as a brand new group. However, if there is a current LTD plan in place, we would like to obtain as much information as possible, as requested below:

The Commonwealth does not offer a voluntary LTD plan. (Please refer to Question #6 of Addendum #1)

Last 5 years of premium and claim experience, to include:

- a. Premium
- b. Average Monthly Volume
- c. Average Monthly Lives
- d. Monthly Rates, or Administrative Fees, and Rate Basis
- e. Claims Paid
- f. Claim Count
- g. Paid and Incurred Analysis

h. In the event a Paid and Incurred Analysis is unavailable an Open and Closed Claim listing for the experience period(s). The listing should include the following fields:

- i. Date of Disability
- ii. Benefit Start Date
- iii. Termination Date
- iv. Age at Disability
- v. Monthly Gross Benefit
- vi. Monthly Net Benefit
- vii. Accumulated Benefits Paid
- viii. Social Security Approval (Yes or No)
- ix. Diagnosis Code
- x. Gender
- xi. Status (Active or Terminated)

45. In addition, if there is an existing plan, could you provide:

- Detailed Plan Design Information (SPD, Cert, or Plan Documents)
  - A summary of any plan changes over the last five years
  - A summary of any changes in rates due to plan changes
- Please refer to Question #44.

46. Current Insured Census file, in an excel format, with the following:

- a. Date of Birth
- b. Gender
- c. Annual covered salary
- d. State of residence
- e. Occupation
- f. Coverage Option (if applicable)

Please refer to Question #44.

47. If there is no current LTD plan, any pension disability information that is available would be helpful in the pricing of the LTD plan. More specifically a Plan Document which describes the formulas, benefit levels, etc. A census indicator showing vesting status toward a pension disability benefit and a covered years indicator to allow us to estimate potential pension benefits would also be helpful. Information regarding the Disability Retirement program can be found at <http://www.sers.state.pa.us/sers/cwp/view.asp?a=260&Q=246669&sersSPNav=|5895|#5896> and <http://www.sers.state.pa.us/sers/lib/sers/MemberHandbook06F-2C-W.pdf>. SERS uses the following formulas to determine the pension amount for disability retirements.

- 1) If the member has more than 16.6667 years of credited service then the pension is equal to  $2\% \times \text{years of service} \times \text{Final Average Salary} \times \text{the multiplier}$ .
- 2) If the member has less than 16.6667 years of credited service then the pension amount is the smaller of:

- (a) the benefit calculated for superannuation retirement based on service projected to superannuation date, or
- (b) 33 1/3 percent of the final average salary at time of disability.

If the member is superannuated, then the disability is calculated as a superannuation retirement.

More detailed information is available in the Retirement Code, Section 5704 (a) Disability Annuities.

48. If applicable, please provide a description of the current Salary Continuation/ Paid Time Off or STD plan.  
Most Commonwealth employees earn paid time off in the form of annual, personal and sick leave. The earnings vary based on years of service, with most unions (but not all) having similar accrual rates. At a minimum, employees earn 7 days of annual, 1 day of personal, and 13 days of sick leave each year. The average employee earns 15 days of annual, 4 days of personal, and 13 days of sick each year. The maximum earning rate is 26 days of annual, 4 days of personal, and 13 days of sick leave each year. Leave can be accumulated to a maximum of 45 days of annual and 300 days of sick. When used, leave is paid at 100% of salary. Employees are encouraged to save sick leave in the event of an emergency or long-term illness or disability. The average employee has approximately 60 days of sick leave banked.
49. Are employee contributions to be remitted on a pre-tax or post-tax basis?  
Please refer to Addendum #1 of the RFP for answer.
50. For the portability provision, the Commonwealth requests the preferred group rates be charged for a period of at least two years (p. 32 of the RFP). Please specify what specific group rates are being referred to?  
The rates that are being proposed in the Cost Proposal section of the vendor's response.
51. Do you prefer a single payroll slot for Voluntary Benefits or do you prefer an individual payroll slot for each benefit? (Page 12, II-2 (a) (2) (e))  
Please refer to Addendum #1 of the RFP for answer.
52. Will you provide Social Security Number on the eligibility file?  
Please refer to Addendum #1 of the RFP for answer.
53. Some benefits, including pet insurance and auto/home insurance, are typically enrolled year-round. Will the Commonwealth allow employees to enroll in some benefits at all times of the year?  
Please refer to Addendum #1 of the RFP for answer.
54. How does the Commonwealth prefer to distribute marketing materials to the employees, at the workplace or by mail to the home?  
Please refer to Addendum #1 of the RFP for answer.

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55. Will the offeror/project manager be allowed to contact individual Departments (including correctional facilities) to set up education and enrollment meetings in a smaller setting?  
Please refer to Addendum #1 of the RFP for answer.

56. Will the Commonwealth of Pennsylvania support 20 minute individual meetings between the offeror and all employees to educate and enroll the benefit offerings? This will allow the 30,000 employees that don't have access to a computer during the day to enroll and also allow everyone to ask questions in a more personal setting. These optional individual meetings would be conducted in addition to the group meetings by licensed non-commissioned benefit representatives.  
Please refer to Addendum #1 of the RFP for answer.

57. What is your current method of enrollment for core benefits? How do the 30,000 employees without computer access currently enroll?  
Please refer to Addendum #1 of the RFP for answer.

58. The Commonwealth wants all benefits to be portable for its employees. Do you define portable as the ability for an employee to participate after they leave employment of the Commonwealth via direct bill or do you define portable as all benefits can continue on a direct bill basis even after the master policy and payroll deductions have been cancelled?  
Please refer to Addendum #1 of the RFP for answer.

59. Is the Commonwealth interested in launching all products at once, or a more phased-in approach over several years?  
Please refer to Addendum #1 of the RFP for answer.

60. Can you provide a full census including DOH, DOB, Salary, Gender and Job Classification?  
[Note: This answer replaces the answer originally set forth in Addendum #1]  
No.

61. Do you have a preference for benefit duration for STD and LTD or do you prefer we recommend durations?  
[Note: This answer replaces the answers originally set forth in Addendum #1]  
The proposer should recommend durations. Please refer to Question #5 for additional information.

62. Is disability currently offered to any of the Commonwealth employees?  
Please refer to Addendum #1 of the RFP for answer.

63. Do all employees currently receive employer-paid term life at one-times salary (1x) up to \$40,000?  
Please refer to Addendum #1 of the RFP for answer.

64. Can you provide the following for your employer-paid life program: 5 years of claim history, 5 years of waiver of premium history, and copies of the master policy and certificate of coverage?

The Commonwealth is able to provide 3 years of claim history, 3 years of waiver premium history, and copies of the master policy and certificate of coverage.

65. Is the Commonwealth considering reducing the current Rx benefit to add a supplemental plan?  
[Note: This answer replaces the answer originally set forth in Addendum #1]  
No.

66. Does your current Rx Plan have any monthly or annual caps?  
Please refer to Addendum #1 of the RFP for answer.

67. Do you offer any voluntary benefits that are not listed on the Commonwealth's website?  
Please refer to Addendum #1 of the RFP for answer.

68. The offeror is able to comply with the RFP specifications. However, will the Commonwealth consider an alternative proposal where the Offeror/Broker if selected would conduct a separate RFP process with the assistance of the Commonwealth? This approach brings the advantages detailed below:
- a. Allows for more competition, negotiation, improved plan design and reduced pricing.
  - b. Streamlines underwriting requirements or provides for no underwriting.
  - c. Facilitates the selection of insurance carriers that are best-in-class for each product.
  - d. Ensures independence between broker and insurance carrier and allows for replacement of carrier if they fail to deliver on all program requirements.

Our partnership has significant experience in other Commonwealths, State Governments and large employers where our best-in-class RFP process has added great value for the employees.

Please refer to Addendum #1 of the RFP for answer.

69. Is it acceptable for the Insurance Carrier(s) to maintain the beneficiary forms or do you prefer the offeror (broker) to perform this function?  
Please refer to Addendum #1 of the RFP for answer.

70. Did the Commonwealth use a consultant to help write the RFP? Will a consultant assist in the bid evaluation process? If so, can you identify the consultant(s)?  
Part 1 - Yes. Part 2 - The consultant may assist, at the discretion of the RFP committee. Part 3 - Buck Consultants.

71. Census data provided does not outline occupations, full-time or part-time designation, union designation, or union name/affiliation. Please provide census data which outlines individual's occupations. (Special indicators showing which personnel are police, fire, or prison guard personnel is very important.)  
Census data by occupation is not available. However, approximately 4300 employees are State Police enlisted personnel, and there are approximately 10,000 correctional officers.

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72. Please provide a comprehensive grid outlining which groups/unions/segments of the population currently have Group Life, STD, LTD, Critical Illness, LTC, Cancer Insurance, Supplemental Prescription Drug Insurance, etc. – Include approximate headcounts/volumes.

The Commonwealth provides Group Life coverage to all permanent employees. The other benefits are not provided.

73. For coverage currently in place, please provide current rates, carrier names, and plan designs.

Please refer to Addendum #1 of the RFP for answer.

74. In regards to Disability, do any of the current insurance programs coordinate benefits with the employees usage of sick leave/sick bank, etc. (please note on plan design grids)?

Disabled employees are permitted to use their earned paid sick leave, or up to 6 months of leave without pay.

75. For groups that already have coverage in place, is it the intent of this RFP to replace existing coverage with coverage quoted by us? Or is it the intent to have our coverage supplement current coverage already in place?

Please refer to Addendum #1 of the RFP for answer.

76. If existing benefits vary by group, is the intent of this RFP to merge to a standard plan design for each product?

Please refer to Addendum #1 of the RFP for answer.

77. The RFP mentions that unions must agree to the proposed benefit programs. How will this process be managed? How soon could the Commonwealth provide a determination of the final population of employees who will be eligible for the program (including union employees whose union management approve participation?)

Please refer to Question #3. All permanent full-time employees, and those permanent part-time employees who work at least 50% of full-time hours, will be eligible for the benefits. Approximately 79,000 employees from all unions will be eligible.

78. Are all 79,000 employees eligible or just those that don't have coverage offered today (i.e. permanent part-time employees)?

Please refer to Addendum #1 of the RFP for answer.

79. Will the state endorse the programs available over any current voluntary plans in force or will all existing plans plus the proposed plan be offered? Please describe the level of endorsement that would be provided and how the endorsement campaign would be managed.

**[Note: This answer replaces the answer originally set forth in Addendum #1]**

The Commonwealth does not currently offer any voluntary benefits to employees. The number of employees enrolled in plans available from other sources is a small percentage of the total.

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80. Will the carrier have access to all eligible employees via face-to-face and/or one-on-one meetings?

[Note: This answer replaces the answer originally set forth in Addendum #1]  
No. Please refer to Question #2.

81. Will the carrier have access to all eligible employees via group meetings? Will participation in the group meetings be mandatory?

The carrier will have access to all or nearly all eligible employees via group meetings. Participation in the group meetings is not mandatory.

82. Will group enrollment meetings be held during normal business hours? During lunch hour? During the course of the business day?

Group enrollment meetings will be held during normal business hours and during other such times as may be mutually established between the Commonwealth and the vendor.

83. Is the Commonwealth of Pennsylvania interested in subsidizing premium payments on any or all products? If so, how much?

Please refer to Addendum #1 of the RFP for answer.

84. Is the Commonwealth of Pennsylvania expecting mailers/benefits packages to be sent to home addresses?

Please refer to Addendum #1 of the RFP for answer.

85. Will the Commonwealth of Pennsylvania agree to distribute written communication materials via its internal mail and email distribution network? If so, will the Commonwealth of Pennsylvania bear or share any of the costs? What costs would the Commonwealth expect to be reimbursed for?

Under certain circumstances, the Commonwealth would consider distribution of materials provided by vendors. The Commonwealth would not expect to bear costs for this; costs subject to reimbursement would depend on what is being proposed.

86. Has the Commonwealth of Pennsylvania ever attempted to install Voluntary Benefit programs similar to the ones outlined in this proposal? If so, what were the outcomes/takeaways? What made the process successful or unsuccessful?

The Commonwealth of Pennsylvania has never offered a voluntary benefit program to its employees.

87. Access to employees:

a. Will one-on-one meetings be possible?  
Not during work hours.

b. Who will be sponsoring (endorsing face-to-face mtgs.?) The enrollments, the Union, or the Gov't. administration?  
The Commonwealth will support the process, although it will not endorse a specific product or vendor.

- c. How many different physical locations are there?  
The Commonwealth had over 450 discrete, permanent locations at last count.
- d. What is the smallest concentration of ee's, largest concentration of ee's, avg. # of ee's per location.  
The smallest concentration of employees is one (1). The largest concentration of employees is approximately 15,000, located at the Capitol complex. The Commonwealth does not have an average number of employees per location calculation available.

89. Benefits History:

- a. Have voluntary products been offered in the past?  
No.
- b. If so:
  - i. What products?
  - ii. What carriers?
  - iii. When were they offered?
  - iv. What kind of participation was achieved?
  - v. Are they still in force?

Not applicable.

90. Please check all that currently apply to benefit enrollments:

- a. One form per benefit
  - b. Consolidated enrollment form
  - c. Manual data entry of changes/additions
  - d. Blank enrollment forms
  - e. Pre-printed enrollment forms (excluding current choices)
  - f. Pre-printed enrollment forms (including current choices)
  - g. Forms distributed via interoffice mail
  - h. Forms distributed via U.S Mail to employee's homes
  - i. Scan form technology
  - j. Benefit election confirmation statement
  - k. Group meetings conducted by Human Resources personnel
  - l. Group meetings conducted by third party
  - m. Video/multimedia presentation
  - n. Dedicated personnel for answering questions via telephone during enrollment
  - o. Interactive voice response system
  - p. Kiosk
  - q. Intranet
  - r. Internet
- All of the above apply.

91. In 2005, the Commonwealth went out to bid with a similar proposal and never

awarded one. Could you explain why? Is this likely to occur again?

No. The Issuing Office reserves the right to reject any or all proposal received when such rejection is in the best interest of the Commonwealth.

92. Did the Commonwealth engage a consultant in regards to drafting this RFP? If so, who was the consultant and are they currently acting in this capacity?  
Yes; the Commonwealth has an on-going contract with Buck Consultants (Buck) for benefits and actuarial consulting. Buck provided some input in drafting the RFP.

93. Would you consider looking at another voluntary benefit, such as:

- a. On-line Employee Discounts
- b. Prepaid Legal Insurance
- c. Home & Auto Insurance

Please refer to Addendum #1 of the RFP for answer.

94. Will retirees of the Commonwealth be eligible for the discounts or programs?

- a. If yes, approximately how many retirees would be eligible?
- b. If yes, would pension deduction be available to retirees?
- c. If yes and pension deduction is not available, can retirees be offered discounts through EFT payment options?

Please refer to Addendum #1 of the RFP for answer.

95. For our legal insurance products, we contract with "individual" attorneys, not firms. If we utilized and certified attorneys as minority or women attorneys as part of the panel servicing your plan, would this meet the intent of this section? The Commonwealth's Bureau of Minority and Women Business Opportunities (BMWBO) certifies minority business enterprises. Minority attorneys can apply for certification as a sole proprietorship or in a corporate entity capacity (PC, LLP, LLC). So long as the minority attorney is certified, the individual can receive consideration in the DB submittal. Individual attorneys that own, operate and control at least 51% of their own firm should be encouraged to obtain certification.

96. Does the Commonwealth currently conduct or recognize individual minority certification for other professionals they work with (doctors, accountants, etc.)?  
Yes. Please refer to Question #95 for additional information.

97. Is the contract term set as described in this section? Would you be open to other guarantee periods other than that stated?  
[Note: This answer replaces the answer originally set forth in Addendum #1]  
The contract term is set. The Commonwealth will not consider a different guarantee period.

98. Are you open to proposals for other agreement standards other than what is stated here? In other words, would you be open to accepting the vendor's standard performance guarantees (some could be more stringent, some perhaps less) or is this exactly what you're looking for on all products and not adhering to would create non-compliance in the bid?  
Please refer to Addendum #1 of the RFP for answer.

99. In regards to Exhibit A-3 (Paper Products) and Exhibit A-6 (Non-Paper Office Products), does this recycling requirement apply to materials used for communication and open enrollment for the plan? Or does this section apply just to those contractors who would be directly supplying this type of product to the Commonwealth for use (e.g. Purchase of paper for Commonwealth copying machines needs to meet the recycling criteria) and not to a benefits vendor and the materials they use? If not, would not using recycling materials for communication materials be considered non-compliant or would the Commonwealth be open to bids without recycled materials?  
Please refer to Question #21.
100. We can send an invoice breaking out the members if the Commonwealth requested. Would this meet the requirements of this section?  
Please refer to Question #21.
101. Can we get an exception to the warranty section since we are providing a service? This section seems to pertain more to physical products.  
Please refer to Question #21.
102. To conserve costs, our materials are created to be used universally across our book of business and, therefore, we cannot transfer ownership. Can you provide more detail on the intent, and possible examples, of this section as it applies to employee benefits and their communication?  
Please refer to Question #21.
103. Audits are OK as long as they don't violate plan member privacy issues. We're assuming they would not due to the client/attorney privilege in regards to services with a legal plan.  
Please refer to Question #21.
104. We could not agree to pay for replacement services in the case of contract termination. We would assume that we as the vendor would not default on any of the provisions provided for in Section A during this contract. If this paragraph is stricken, would we be considered non-compliant?  
Please refer to Question #21.
105. Termination for Convenience: We're assuming this provision is provided in case budget dollars are not available for this plan. This would be a moot point in that this is a voluntary plan paid for by employee payroll deduction dollars. Otherwise, other than for a breach of contract, we can't allow termination for convenience. Would it be possible to strike or amend this section? If not, would this make the bidder non-compliant?  
Please refer to Question #21.
106. May we get a copy of the RFP in a Word/Excel document?  
The Commonwealth will post a link to a Word version of the RFP. We understand that this assists vendors in structuring their proposals.
107. Will only one carrier be selected to insure /administer all optional plans (i.e. Life, AD&D, STD, LTD, LTC) or can multiple carriers be selected by coverage?

Please refer to Addendum #1 of the RFP for answer.

108. Can you confirm that we are to assume that all optional plans (i.e. Life, AD&D, STD, LTD, LTC) will be effective 5/1/2007, but that enrollment will not take place until 7/1/07? If this is the case, we are not sure who will be eligible on 5/1/2007 if enrollment doesn't take place for another 2 months on 7/1/07. Please clarify.  
We anticipate the initial contracts to be effective 5/1/2007, but that coverage would not be effective into July. Standard practice is for the Commonwealth to provide updated eligibility files during the systems testing phase, which also ensures that carriers have reasonably current data. The vendor may not rely, however, on the May 1, 2007 date. Please refer to the answer to Question #39.
109. When are future rate changes expected to occur: (a) 5/1 based on the assumed effective date, or (b) 7/1 enrollment date or (c) at a 1/1 annual enrollment date or (d) other?  
The Commonwealth expects changes to occur on July 1, 2007.
110. Should we assume that COP would like full record-keeping services for all optional coverages (i.e. Life, AD&D, LTD, STD, LTC)?  
Yes.
111. Should we assume that this group of employees is the active employees currently insured under the Class I Basic Life coverage?  
The term Class 1 does not apply in this bid. Employees under the Governor's jurisdiction who are on the Commonwealth's payroll system are eligible for these benefits.
112. Will any current disabled employees be allowed to enroll for all the optional coverages (i.e. Life, AD&D, STD, LTD, LTC) if they were disabled prior to the effective date? If so, is there a separate census?  
The term "disabled employees" has a variety of meanings. No employees who have separated service from the Commonwealth will be eligible for the voluntary benefits.
113. Are there any other Optional Life plans currently being offered to these employees? If so, may we obtain the plans?  
The Commonwealth does not offer any other optional life plans
114. Since an Optional Life plan wasn't provided in the proposal specifications, is there a specific plan design that you would like to see?  
Plan design recommendations will be up to the offeror.
115. Since an Optional AD&D plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?  
Plan design recommendations will be up to the offeror.
116. Should the Optional AD&D plan match the offering for Optional Life?  
Plan design recommendations will be up to the offeror.

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117. Since an LTD plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?  
Plan design recommendations will be up to the offeror.
118. Since an STD plan wasn't provided in the proposal specifications, is there a specific plan design you would like to see?  
Plan design recommendations will be up to the offeror.
119. It doesn't appear as if any of the Performance Guarantees are Disability-related. Please confirm.  
Performance Guarantees are as stated in the RFP.
120. Do employees participate in PA Public Employees Retirement System or State Teachers Retirement System plan or just Social Security?  
Most Commonwealth employees are enrolled in the State Employees Retirement System for pension; a very few are enrolled in the Public School Retirement System. Most Commonwealth employees also are enrolled in Social Security.
121. Please confirm the plan is Non-ERISA.  
The plan is non-ERISA.
122. Please confirm that all optional coverages (i.e. Life, AD&D, LTD, STD, LTC) would be quoted Net of Commissions.  
Cost proposals should include all costs to be charged, including any commissions.
123. Section III-4 A) Financial Ratings. Typically not-for-profits are not rated. As such, would this disqualify the vendor even if PA-based and in business for 40+ years?  
Yes.
124. Please verify that frame allowance is \$200 wholesale and not retail.  
The frame allowance is \$200 wholesale.
125. I-5 Type of Contract – "Insurance policies issued under the contract must be issued directly to the Commonwealth." Most voluntary/supplemental policies are issued in the name of the employee, not the employer. Is this a problem?  
The requirement is modified by this Addendum #2. The overall contract for each product will be with the Commonwealth. The individual policies are between the vendor and the employee.
126. Will the Commonwealth provide home addresses for all eligible employees?  
Yes.
127. What are the consultant company names introduced at the pre-proposal meeting today? And what is their role in the process?  
Buck Consultants. Their role is as advisor to the Commonwealth.

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128. Have you surveyed employees to determine programs of interest?  
No.
129. If no survey was conducted, would the state permit a survey to be conducted prior to rollout?  
No.
130. To clarify the statement today, the state could decide to select individual products from different vendors and not necessarily look to select one vendor proposal to provide all products?  
Yes.
131. Can the state gauge the participation from the unions? Can the state provide a list of unions?  
No. The Commonwealth will not provide a list of the unions.
132. Broker Costs – Is this asking for our projected expenses for this bid and the Commonwealth only?  
Yes.
133. Auto and Home Insurance rates are not determined by gender and age alone, so the rate card does not apply to our program. Is there an alternative means by which we can illustrate our rates?  
Yes. The rate card may be modified as required to convey a rate structure that would apply to your product offering.
134. Can we get a copy of the vendor sign-in list?  
Yes; it is attached as part of this Addendum #2.
135. The Purpose Statement describes a need to have benefits communicated, enrolled, and administered. Without face-to-face meetings, this will be difficult to fund. If features and benefits can be demonstrated, will face-to-face meetings be considered?  
No. Individual face-to-face meetings will not be allowed during work hours.
136. How many payroll slots does the state have to accommodate these pre- and post-tax deductions?  
The number of slots will be determined based upon the benefits offered.
137. Can costs be shown in a "money purchase" (i.e \$10 per bi-weekly deduction) mode, or "benefit purchase" (i.e \$25,000 life insurance) mode?  
Please refer to section II-10 of the RFP.
138. Can you identify the representatives of this RFP evaluation board?  
No.
139. Why were all proposals from a previous RFP issued in 2005 rejected?  
The Commonwealth reserves the right to reject any proposal, in the best interest of the Commonwealth.

140. Will all departments of the Commonwealth of PA be required to participate in all of the voluntary platforms?  
No. Participation is voluntary at the employee level.
141. Do any departments currently solicit benefits independently of the Commonwealth?  
Yes. They are not covered by this RFP.
142. II-10 h) – Broker Costs. Are these specific to this RFP or are they on a book of business basis?  
Broker costs to be provided are specific to this RFP.
143. Please confirm how the proposals will be graded. An overall score by vendor for technical portion blended with disadvantaged business score\*, creates an overall vendor score. This is then blended with the cost score by product.  
*\*Enterprise Zone Small business & domestic workforce*
- Each component of the proposal has a weight assigned to it. The sum of the individual components will be used to determine an overall score.
144. I-26 (b&c) – How does their prohibition relate to a broker proposing a carrier's product, when the carrier is also an offeror?  
In this case, the broker is the offeror.
145. What "documentation" is required to substantiate client experience?  
Please refer to section II-4 of the RFP.
146. Do you require a consolidated billing statement that includes all products or would you accept a separate billing statement for each product?  
Payment will be conducted by payroll deduction. Vendors will send an electronic interface to the Commonwealth and the Commonwealth will deduct an appropriate amount. There will be no invoice.
147. Can you explain the disability portion of your pension plan and when employees can access these funds?  
Information on disability is available on the SERS website at the following address:  
<http://www.sers.state.pa.us/sers/lib/sers/publications/DisabilityRetirementGuide2006.pdf>
148. Are the permanent part-time hours typically based on a 40-hour work week?  
For some employees, permanent part-time hours are based on a 40-hour per week work schedule. For other employees, permanent part-time hours are based on a 37.5 hour per week work schedule.
149. Would you consider integrating the voluntary benefits into your core enrollment process?  
No.

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150. When will we have the final commitment on the participation of the union members? This is critical for underwriting.  
Please refer to Question #3.
151. Will January 1 be changed as the age date for life insurance to December 31 to protect the tax integrity of any optional life offer? This conflicts with the desire to avoid tax risk to the employee?  
The Commonwealth will change the age date for life insurance to December 31 to protect the tax integrity of any optional life offer. Please refer to Addendum #2 for additional information.
152. To what extent do the employees covered under this RFP participate in the PEBTF?  
Almost 100%. Enlisted State Police employees (4,300 employees) have their own plan coverage and do not participate in the PEBTF.