

**REQUEST FOR PROPOSALS**  
**FOR**  
**GROUP TERM LIFE INSURANCE**  
**AND**  
**ACCIDENTAL DEATH AND DISMEMBERMENT**  
**INSURANCE**  
**for**  
**Employees and Retired Employees**  
**of**  
**The University of Texas System**



**To be effective  
September 1, 2010**

**Office of Employee Benefits**

702 Colorado Street, Ste. 2.100, Austin, Texas 78701  
Phone: 512-499-4616 Fax: 512-499-4620

November 24, 2009

To qualified Group Term Life and Accidental Death and Dismemberment Insurance Carriers:

The Office of Employee Benefits (OEB) of The University of Texas System (System) is issuing a Request for Proposals (RFP) for a fully insured Group Term Life Insurance plan and a fully insured Accidental Death and Dismemberment (AD&D) Insurance plan for eligible employees to be effective September 1, 2010.

The enclosed specifications and appendices have been developed to provide the data, proposed coverage, and other information needed to respond to this RFP. It is the intent of the System to select only one qualified vendor to administer the Group Term Life and AD&D plans.

One original, ten (10) identical copies, and two (2) electronic versions on CD or disk of the vendor's response to these specifications should be submitted on or before 3:00 p.m. Central Time on **Wednesday, January 20, 2010** to:

Laura C. Chambers, Director  
Office of Employee Benefits  
The University of Texas System  
702 Colorado Street, Suite 2.100  
Austin, Texas 78701

To provide representatives of interested vendors an opportunity to pose questions regarding the specifications and selection process, the System has scheduled a teleconference for prospective respondents on **Thursday, December 17, 2009** beginning at 10:00 a.m. Central Time. If you are interested in attending this event, please register on-line at <http://utdirect.utexas.edu/rfp>.

Following the teleconference, all questions and comments related to the RFP must be sent via e-mail using the appropriate e-mail link on the RFP Web site.

To ensure that all replies can be provided to all prospective responding vendors prior to the deadline for submission of proposals, no questions received after 5:00 p.m. Central Time on **Monday, January 11, 2010** will be considered or responded to by the System.

Sincerely,

Laura C. Chambers, Director  
Office of Employee Benefits

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# 1.0 INTRODUCTION

## 1.1 DESCRIPTION OF THE UNIVERSITY OF TEXAS SYSTEM

The Texas Constitution of 1876 provided that “the Legislature shall, as soon as practical, establish, organize and provide for maintenance, support and direction of a university of the first class, to be located by vote of the people of this State, and styled ‘The University of Texas.’” In 1881, the 17th Texas Legislature passed an act to establish The University of Texas. Later that year, voters determined that the Main System was to be located in Austin and the Medical School was to be located in Galveston.

Today, The University of Texas System (System) includes nine (9) academic institutions in Arlington, Austin, Brownsville, Dallas, Edinburg (Pan American), El Paso, Odessa (Permian Basin), San Antonio and Tyler, plus six (6) health institutions in Dallas, Galveston, Houston (2), San Antonio and Tyler. In addition, the main System Administration office is located in Austin; however, many of the operations of System Administration are decentralized and therefore located in numerous areas of Texas as well as in Washington, D.C. Most institutions have their own payroll systems. The System has approximately 82,000 benefits-eligible employees who are eligible for Group Term Life (GTL) and Accidental Death and Dismemberment (AD&D) insurance coverage. The System has approximately 18,000 benefits-eligible retired employees who are eligible for Group Term Life coverage. Retired employees are not eligible for AD&D insurance even if they return to work in an otherwise benefits-eligible position.

The table below shows the name, location, and the approximate number of benefits-eligible employees associated with each institution in the System.

<b>THE UNIVERSITY OF TEXAS SYSTEM</b>			
<b>Location</b>	<b>The University of Texas System Institutions</b>	<b>Benefits-Eligible Employees October 2009</b>	<b>Benefits-Eligible Retired Employees October 2009</b>
Austin	The University of Texas at Austin	18,368	4,191
	The University of Texas System Administration	734	214
Brownsville	The University of Texas at Brownsville	1,232	192
Dallas	The University of Texas at Arlington	2,815	931
	The University of Texas at Dallas	2,163	443
	The University of Texas Southwestern Medical Center at Dallas	10,654	1,240
Edinburg	The University of Texas - Pan American	1,757	390
El Paso	The University of Texas at El Paso	2,222	699
Galveston	The University of Texas Medical Branch at Galveston	10,404	3,647

Houston	The University of Texas Health Science Center at Houston	5,039	1,231
	The University of Texas M.D. Anderson Cancer Center	16,780	2,342
Odessa	The University of Texas of the Permian Basin	346	82
San Antonio	The University of Texas at San Antonio	3,428	498
	The University of Texas Health Science Center at San Antonio	4,827	1,196
Tyler	The University of Texas at Tyler	583	170
	The University of Texas Health Science Center at Tyler	737	583
<b>TOTAL</b>		<b>82,089</b>	<b>18,049</b>

Although the University of Texas Medical Branch has the majority of its employees in the Galveston area, it has employees in many other areas of the State involved in providing medical care to prisoners at the State prisons located in the central and eastern parts of Texas. The University of Texas at Austin has staff members at the marine biology center in Port Aransas and at the astronomy observatory in Fort Davis. A small number of employees from several institutions either reside or work in other states.

Although most U.T. retired employees reside in Texas, many retired employees reside in other states or countries.

## 1.2 OBJECTIVES OF THE REQUEST FOR PROPOSAL

The University of Texas System (System) is soliciting proposals from qualified and appropriately licensed vendors to provide a fully insured Group Term Life (GTL) plan consisting of basic group term life (Basic GTL) and voluntary group term life (Voluntary GTL) and a fully insured Accidental Death and Dismemberment (AD&D) plan consisting of basic accidental death and dismemberment (Basic AD&D) and voluntary accidental death and dismemberment (Voluntary AD&D) available under the System Group Employee Benefits Program, for the three-year period beginning September 1, 2010 through August 31, 2013, with the opportunity at System's sole option to renew for an additional three year period, subject to terms and conditions acceptable to the System. It is the System's intention to have a signed contract in place and begin implementation planning by March 1, 2010.

## 1.3 SUMMARY OF CURRENT BENEFIT PLANS

The System has more than 100,000 employees and retired employees plus approximately 100,000 dependents participating in the Group Employee Benefits Program. In addition, there are approximately 1,600 COBRA participants in the health plans. The System offers a self-funded medical PPO plan (UT SELECT) in all areas. Approximately 98,000 employees and retired employees and 76,000 dependents are covered by UT SELECT. UT SELECT medical

benefits are currently administered by Blue Cross and Blue Shield of Texas, and the pharmacy benefits are currently administered by Medco Health Solutions, Inc. (Medco).

The System also currently offers the following optional plans: a self-funded dental PPO plan (UT SELECT Dental), a fully insured dental health maintenance organization administered by Assurant Employee Benefits, voluntary group term life and accidental death and dismemberment coverage administered by Fort Dearborn Life Insurance, dependent group term life and accidental death and dismemberment coverage administered by Fort Dearborn Life Insurance, short and long term disability administered by Fort Dearborn Life Insurance, vision care administered by Superior Vision, dependent medical, dependent dental, dependent vision care, flexible spending accounts through PayFlex Inc., and long term care insurance through CNA. Participation in these plans is voluntary, and generally the premiums are fully paid by the participating employees and retired employees.

This summary of current plans is provided to illustrate the number of potential plan participants eligible for the System GTL and AD&D plans. Appendix C provides System GTL and AD&D plan statistics including enrollment, demographic data, and plan utilization data.

The System's Office of Employee Benefits (OEB), located at System headquarters in Austin, Texas, administers all insurance plans provided by the System. A primary objective of the Group Employee Benefits Program is to maximize the benefits and services that eligible System employees, retired employees and their covered dependents receive for each dollar spent on insurance benefits. The duties of OEB are described elsewhere in this RFP.

## ENROLLMENT IN VOLUNTARY GROUP TERM LIFE (October 2009)

- Employees: 46,894
  - Dependents: 53,789
- Retired Employees: 9,868
  - Dependents: Not Eligible

## ENROLLMENT IN VOLUNTARY AD&D (October 2009)

- Employees: 41,707
  - Dependents: 48,478
- Retired Employees: Not Eligible
  - Dependents: Not Eligible

## 1.4 PURPOSE OF THIS RFP

Section 1601.054 of the Texas Insurance Code requires the System to submit all of its group insurance plan agreements for bid at least once every six years. In accordance therewith, the System is submitting its Group Term Life and AD&D insurance plans for competitive bidding as described in this Request for Proposal (RFP). All qualified vendors, including the current

contracting vendor, are invited to submit a proposal for a fully insured Group Term Life (GTL) plan, consisting of basic group term life (Basic GTL) and voluntary group term life (Voluntary GTL) benefits for the three-year term beginning September 1, 2010 and extending through August 31, 2013, to be renewable for an additional three-year period from September 1, 2013 through August 31, 2016, at System's option.

In addition, the System requests a proposal for a fully insured accidental death and dismemberment (AD&D) plan, consisting of basic accidental death and dismemberment (Basic AD&D) and voluntary accidental death and dismemberment (Voluntary AD&D) benefits, for the three-year term beginning September 1, 2010 and extending through August 31, 2013, to be renewable for an additional three-year period from September 1, 2013 through August 31, 2016, at System's option.

To be eligible for consideration, a vendor must submit a proposal to the System for both the GTL and AD&D plans. A response that does not include proposals for both the GTL plan and the AD&D plan will not be considered by the System.

The System requires responding vendors to present proposals in Section 12.2 of this RFP for the GTL benefit design described in Appendix A-1 and for the AD&D benefits design described in Appendix A-2 of this RFP. The vendor proposals must include a commitment to work closely with the System to ensure a seamless transition for the current Group Term Life and AD&D plan participants, in the event the current plan provider is not selected for the new contract period.

The System also requires responding vendors to present a proposal in Section 12.3 of this RFP for a potential new alternative Basic GTL benefit for Employees and Retired Employees. Also, the System requires responding vendors to present a proposal in Section 12.4 of this RFP for a potential new Voluntary GTL benefit of \$3,000 for the covered spouse of a Retired Employee. The System will determine if either of these potential benefits will be offered.

## 1.5 SELECTION CRITERIA

Proposals submitted in response to this RFP will be evaluated on the basis of the criteria included in this section. The criteria are not necessarily listed in order of importance. The criteria will provide the basis for an objective evaluation of each proposal and will apply to both the GTL and AD&D plans.

### 1.5.1 Compliance with the RFP

Proposals containing deviations are strongly discouraged and must be specifically identified and described in detail in order to be considered. While a proposal with minor deviations from the RFP will not be disqualified, preference will be shown to those responding vendors with the fewest and least significant deviations. The System will interpret the responses to match the specifications herein except for deviations specifically noted and described in response to this item. Deviations will not become a part of the final contract unless expressly accepted and agreed to by the System in writing and accepted by the Board of Regents. In all cases, the RFP, the RFP response, and contract terms shall control.

### 1.5.2 Required Experience

The responding vendor must demonstrate experience in providing benefits to a large public employer plan or similar operation.

### 1.5.3 Time Table

The responding vendor's ability to meet the required due dates as specified in the Time Table in Section 9.0 of this RFP will be an important consideration in the evaluation of the vendor proposals.

### 1.5.4 Data Transmission

The responding vendor's ability to provide data transmission, as specified in this RFP, will be an important consideration in the selection process. Some of the features include the following:

- A management information system that will support database maintenance and management reporting required herein.
- The responding vendor's ability to accept eligibility datasets via the Internet and to reflect updated eligibility in a timely manner.
- The responding vendor's ability to accept Security Assertion Markup Language (SAML) as described in Section 6.2.6 of the RFP by no later than three months after the first day of the first plan year in which the vendor offers the GTL and AD&D plans to System uniform group insurance program subscribers.
- The responding vendor's ability to accept billing support via e-mail and datasets.
- The responding vendor's ability to accept electronic coverage applications via System-defined datasets including electronic signatures maintained by System. Vendor must also be able to respond with status of applications via datasets at least weekly.

### 1.5.5 Customer Service

The responding vendor's ability and willingness to provide customer service according to the standards specified in this RFP include the responding vendor's:

- Customer service and data reporting capabilities
- Ability to provide general administrative services
- Willingness to commit to specified service and quality performance levels
- Willingness to provide communications and personnel for attendance at the annual Insurance Benefits Meeting for the System HR/Benefits Office staff (usually held in Austin for 2-3 days in June of each year) and state-wide attendance at Annual Enrollment meetings for employees (beginning in late June through the entire month of July)
- Ability to provide all of the institutions with on-site training for each plan prior to May 28, 2010, if requested
- Ability to meet the Electronic Information and Resources (EIR) Warranty requirements described in Section 7.4.3 of this RFP

### 1.5.6 The Contract

Important factors in the selection criteria include the responding vendor's willingness to accept the provisions of the System contract (see Sample Contract in Appendix D) and to sign the contract without deviations.

### 1.5.7 Other Factors

Based on responses provided to the interrogatories, other factors are considered, including the following:

- The responding vendor's financial stability
- An organizational structure and a delivery mechanism that have demonstrated ability to deliver cost-effective GTL and AD&D benefits
- The information received from the responding vendor's list of references
- The review by the System's consulting actuary of the submitted rate proposals  
Rates are a crucial, but not the only, factor in selecting a proposal

The System reserves the right to make site visits to selected finalists and to utilize information gained in the site visits in the evaluation process

## **2.0 GENERAL INFORMATION AND REQUIREMENTS**

### **2.1 THE BENEFIT YEAR OR PLAN YEAR**

The System's benefits Plan Year begins on September 1st and ends the following August 31st. This period corresponds with the fiscal year of the System and the State of Texas.

### **2.2 CONFLICT OF INTEREST**

No member of the System Board of Regents or System employees (including the Chancellor, Vice Chancellor for Administration, Assistant Vice Chancellor for Employee Services, and Office of Employee Benefits management) may have any direct interest in the awarding of the Contract or any indirect conflict of interest involving the vendor, including but not limited to any financial interest.

### **2.3 AGENT OF RECORD**

The System will not designate an Agent of Record or any other such company employee or commissioned representative. All requests for the System to provide such designation shall be rejected. An officer of the responding vendor may designate a company representative to service the Contract. Vendors are specifically instructed to submit proposals directly to the System as specified herein in Sections 2.9.4 and 2.31. Proposals submitted through a third party agent will not be accepted.

### **2.4 NEWS RELEASES**

Written approval by the System will be required prior to the issuance of any news release or other public communication regarding any Contract awarded to a responding vendor.

### **2.5 RESPONSES, ORDERING OF CONTENTS, DEVIATIONS**

The content of all responses submitted must be ordered to correspond with the specifications as they appear in this RFP. Unless a deviation is specifically noted in a response, it will be assumed that the responding vendor agrees to meet all specifications exactly as set forth in this RFP.

### **2.6 RESERVATION OF RIGHTS**

- 2.6.1 The System retains the right to reject any and/or all proposals submitted and/or call for new proposals. The System is not required to select the proposal with the lowest administrative fee, but shall take into consideration other factors as described herein. The System reserves the right to enter into discussions and negotiations with one or more vendors selected at its discretion to determine the

best and final terms. The System is not under obligation to hold these discussions or negotiations with each responding vendor that submits a proposal. The System is under no legal obligation to execute a Contract on the basis of this RFP or upon receipt of a proposal.

2.6.2 The System specifically reserves the right to revise any or all RFP or Contract provisions set forth at any time prior to the System's execution of a Contract where the System deems it to be in the best interest of the System GTL and AD&D plans and its participants.

2.6.3 The System reserves the right to audit/validate all materials and responses submitted with the vendor's proposal.

## 2.7 TERM OF ACCEPTANCE

It is the intent of the System, at this time, to enter into a three-year contract for the provision of a fully insured GTL plan and an AD&D insurance plan beginning September 1, 2010. At the System's option, this Contract may be renewed for an additional three-year period beginning September 1, 2013, subject to terms and conditions acceptable to the System.

## 2.8 USE OF SYSTEM INFORMATION FOR SOLICITATION PROHIBITED

The selected vendor must specifically agree that it shall never use any information about System employees received from any source for any marketing purpose, or to solicit business of any other type. This agreement extends the provision to other vendors' lists of System employees, discussions, advertisement, distribution, or other marketing by the vendor or a parent or subsidiary to coverage, products, or materials other than those explicitly relating to the selected vendor's participation in the System disability plans. This prohibition applies to any use of the vendor's System-specific Web site. This prohibition applies even after termination of the Contract.

## 2.9 SYSTEM'S HISTORICALLY UNDERUTILIZED BUSINESS (HUB) PROGRAM

The System is committed to providing full and equal opportunity for all businesses to provide goods and services needed in support of the System's missions. This effort is carried out through the System Historically Underutilized Business (HUB) Program. The HUB program ensures compliance with state HUB laws and educates the university and business communities about the benefits of using HUB vendors. In all contracts for professional services, contracting services, and/or commodities with an expected value of \$100,000 or more, the System must indicate in the purchase solicitation whether or not the System has determined that subcontracting opportunities are probable in connection with the contract. A HUB Subcontracting Plan is a required element of the vendor response to the RFP.

2.9.1 All agencies of the State of Texas are required to make a good faith effort to assist historically underutilized businesses (each a "HUB") in receiving contract

awards. The goal of the HUB program is to promote full and equal business opportunity for all businesses in contracting with state agencies. Pursuant to the HUB program, if under the terms of any agreement or contractual arrangement resulting from this RFP the Contractor subcontracts any of the Program, then the Contractor must make a good faith effort to utilize HUBs certified by the Procurement and Support Services Division of the Texas Comptroller of Public Accounts. Proposals that fail to comply with the requirements contained in this Section 2.9 will constitute a material failure to comply with advertised specifications and will be rejected by System as non-responsive. Additionally, compliance with good faith effort guidelines is a condition precedent to awarding any agreement or contractual arrangement resulting from this RFP. Proposing vendor acknowledges that, if selected by System, its obligation to make a good faith effort to utilize HUBs when subcontracting any of the Program will continue throughout the term of all agreements and contractual arrangements resulting from this RFP. Furthermore, any subcontracting of the Program by the vendor is subject to review by System to ensure compliance with the HUB program.

2.9.2 System has reviewed this RFP in accordance with Title 34, *Texas Administrative Code*, Section 20.13 (a), and has determined that subcontracting opportunities are probable under this RFP.

2.9.3 A HUB Subcontracting Plan (“HSP”) is required as part of vendor’s proposal. The HSP will be developed and administered in accordance with System’s Policy on Utilization of Historically Underutilized Businesses attached as **APPENDIX F** and incorporated for all purposes.

*Each proposing vendor must complete and return the HSP in accordance with the terms and conditions of this RFP, including APPENDIX F. Vendors that fail to do so will be considered non-responsive to this RFP in accordance with Section 2161.252, Texas Government Code.*

The Contractor will not be permitted to change its HSP unless: (1) the Contractor completes a newly modified version of the HSP in accordance with the terms of **APPENDIX F** that sets forth all changes requested by the Contractor, (2) the Contractor provides System with such a modified version of the HSP, (3) System approves the modified HSP in writing, and (4) all agreements or contractual arrangements resulting from this RFP are amended in writing by System and the Contractor to conform to the modified HSP.

2.9.4 Proposing vendor must submit three (3) originals of the HSP to System at the same time it submits its proposal to System (ref. Section 2.31 of this RFP.) The three (3) originals of the HSP must be submitted under separate cover and in a separate envelope (the “HSP Envelope”) that is attached to the outside of the box containing the other proposal materials submitted by the vendor or otherwise provided contemporaneously with the other proposal materials. Vendor must ensure that the top outside surface of its HSP Envelope clearly shows and makes visible:

2.9.4.1 The RFP title (ref. cover page of this RFP) and the Submittal Deadline (ref. Section 2.31.1 of this RFP), both located in the lower left hand corner of the top surface of the envelope,

2.9.4.2 The name and the return address of the proposing vendor, and

2.9.4.3 The phrase “HUB Subcontracting Plan”.

Any proposal submitted in response to this RFP that is not accompanied by a separate HSP Envelope meeting the above requirements will be rejected by System and returned to the vendor unopened as that proposal will be considered non-responsive due to material failure to comply with advertised specifications. It is the vendor's sole responsibility to ensure that the HSP arrives concurrently with the other proposal materials. System will open a vendor's HSP Envelope prior to opening the proposal submitted by the vendor, in order to ensure that the vendor has submitted the number of completed and signed originals of the vendor's HUB Subcontracting Plan ("HSP") that are required by this RFP.

A VENDOR'S FAILURE TO SUBMIT THE NUMBER OF COMPLETED AND SIGNED ORIGINALS OF THE HSP THAT ARE REQUIRED BY THIS RFP WILL RESULT IN SYSTEM'S REJECTION OF THE PROPOSAL SUBMITTED BY THAT VENDOR AS NON-RESPONSIVE DUE TO MATERIAL FAILURE TO COMPLY WITH ADVERTISED SPECIFICATIONS; WITHOUT EXCEPTION, SUCH A PROPOSAL WILL BE RETURNED TO THE VENDOR UNOPENED.

**Note:** The requirement that the proposing vendor provide three originals of the HSP under this Section 2.9.4 is separate from and does not affect vendor's obligation to provide System with the number of copies of its proposal as specified in Section 2.31 of this RFP.

## 2.10 SUBCONTRACTORS

Any planned or proposed use of subcontractors by the vendor must be clearly disclosed and documented in the Proposal and agreed to by the System. The vendor shall be completely responsible for all services performed and fulfillment of its obligations under the Contract even if such services are delegated to a subcontractor. Any proposal to utilize subcontracting must be addressed in the vendor's Subcontracting HUB Plan. See Section 2.9, *supra*.

## 2.11 CERTIFICATION

An authorized officer of any responding vendor submitting a proposal must certify that the proposal complies with the RFP specifications by signing and returning the Signature Page in Section 13.0 of this RFP.

## 2.12 ADDITIONAL INFORMATION FROM RESPONDING VENDORS

System reserves the right to request additional documentation and responding vendor agrees to provide the information requested.

## 2.13 DEFINITIONS

For purposes of this RFP and any responses provided, the terms "employee", "dependent", "optional coverage", "retired employee", and "The University of Texas System ("System")", shall have the same meaning as set forth in Chapter 1601 of the Texas Insurance Code. A copy of the entire statute is found in Appendix E of this RFP.

## 2.14 REFERENCES

Each responding vendor must provide a list of current major customers for their GTL and AD&D coverage, as requested in this RFP. These customers may be contacted by the System to provide information regarding the vendor's overall record of service in providing the program for their employees.

The provision of references by the responding vendor shall constitute verification that the System has the responding vendor's permission to contact these organizations and obtain any required information without obtaining further permission from the responding vendor.

## 2.15 NON-RESPONSIVE PROPOSALS

The System will not accept for consideration any proposals that do not comply with the criteria set forth herein. Failure to address any of the RFP requirements may result in rejection of a proposal.

## 2.16 CONFIDENTIAL STATUS, DISCLOSURE OF PROPOSAL CONTENTS

As a state institution of higher education, the System is subject to the Texas Public Information Act, Chapter 552 of the Texas Government Code ("the Act"). System has no authority to enter into a confidentiality agreement in contravention of the Act. Until any announcement regarding the selection or rejection of a proposal has been made by System, System shall deem and argue to the Attorney General in response to public information requests submitted under the Act that all proposals received in response to this RFP submitted by vendor organizations are confidential under the Act during the bidding process. However, once the RFP process is terminated, this exception no longer applies. At that time, if System receives a public information request for a proposal, it shall make a good faith effort pursuant to the Act, to notify the vendor of the request, at which time it shall become the vendor's sole responsibility to submit in writing to the Attorney General reasons why the information should be withheld, such as the exception applicable to certain commercial information.

In order to ensure that it can claim this exemption, the responding vendor must designate in its proposal and any accompanying materials any information it believes to be exempt from disclosure and provide legal justification for each instance. The responding vendor acknowledges and agrees that by submitting a proposal, the responding vendor indicates that it understands and agrees that System shall have no liability to the responding vendor or any other person or entity for disclosure of information in accordance with the Act.

It is the responding vendor's sole obligation to advocate the confidential or proprietary nature of any information it provides in its proposal. Responding vendors should be aware that the Texas Attorney General may determine that all or part of the claimed confidential or proprietary information should be disclosed. The System shall not advocate the confidentiality of the responding vendor's material to the Texas Attorney General or to any other person or entity. The responding vendor also understands and agrees that pursuant to the Act, the System may be required to release the responding vendor's entire proposal, including alleged information confidential or proprietary, upon request from a member of the Legislature where needed for legislative purposes. This section applies to all proposing vendors regardless of whether a contract is awarded as the result of this RFP.

## 2.17 COMPLIANCE WITH APPLICABLE LAW, CHANGES REQUIRED BY STATUTE OR REGULATION

All proposals must comply with all applicable laws and regulations including, but not limited to, the following:

- State and federal laws and regulations; and
- Rules promulgated by the Texas Department of Insurance.

The System recognizes that the requirements of these laws and regulations may change. The System requires a good faith effort on the part of the selected vendor to comply with additional responsibilities imposed by federal or state law without requiring mid-year administrative fee increases. The System reserves the right to negotiate with the contracting vendor to comply with any changes required by state or federal law or regulation.

## 2.18 MEMBER IDENTIFICATION

The System issues unique 8-digit alphanumeric Benefits Identification (BID) numbers as the reference numbers to identify plan subscribers and their dependents (collectively referred to herein as “participants”). The vendor must be able to identify a participant and/or the participant’s coverage using the System issued BID during any telephone call, unencrypted electronic communication, or printed report. Vendors must be able to comply with all federal and Texas state legislation, as well as System policy, applicable to the protection and use of Social Security Numbers, including the limitations placed on the use of Social Security Numbers on ID cards and plan documents by Section 35.58 of the Texas Business and Commerce Code, CONFIDENTIALITY OF SOCIAL SECURITY NUMBER. The selected vendor must be able to coordinate with the System to fully comply with all applicable laws relating to the security, protection and use of plan participants’ Social Security Numbers. Social Security Numbers may not be transmitted over the Internet unless the data is encrypted.

## 2.19 EXEMPTION FROM STATE TAXES

Coverages provided by the System are exempt from state premium and maintenance taxes.

## 2.20 NONDISCRIMINATORY PRACTICE

A selected vendor shall not discriminate against eligible System employees by excluding, seeking to exclude, or otherwise imposing restrictions on services or benefits on the basis of gender, race, national origin, religion, age, sexual orientation, veteran status, disability, or pregnancy.

## 2.21 BINDING ARBITRATION CLAUSE EXCLUSION

Each proposal must specify that the vendor will not impose a binding arbitration requirement upon a plan participant. A proposal containing a requirement that plan participants must agree to engage in binding arbitration will not be accepted by the System.

## 2.22 RETENTION OF PROPOSALS

All proposals submitted become the sole property of the System. During the evaluation process, the System shall make reasonable efforts as allowed by law to maintain proposals in confidence, and shall release proposals only to personnel involved with the evaluation of the proposals and implementation of the Contract unless otherwise required by law. See Section 2.16 (supra) for additional information.

## 2.23 MODIFICATION

No proposal may be changed, amended, or modified after submission to the System except to correct an inadvertent error.

## 2.24 ADDENDA TO RFP, INQUIRIES REGARDING SPECIFICATIONS

All questions and comments related to the RFP must be sent via e-mail by using the appropriate e-mail link on the RFP Web site:

<http://utdirect.utexas.edu/rfp/>

Any response to an inquiry that alters an interpretation of, or requires a change to, this RFP will be posted as addenda on the RFP Web site. All vendors will be responsible for regularly checking this Web site for RFP addenda and other announcements. All addenda issued by the System prior to receipt of a proposal shall be considered part of the RFP. All responding vendors are required to acknowledge all of the addenda issued on the space provided on the Signature Page of this proposal.

To ensure that all replies can be provided to all prospective responding vendors prior to the deadline for submission of proposals, no questions received after 5:00 p.m. Central Time on Monday, **January 11, 2010** will be considered or responded to by the System.

## 2.25 CHANGES REQUIRED BY STATUTE, REGULATION, COURT ORDER, OR PROGRAM APPROPRIATIONS

The System acknowledges that certain factors may necessitate change in the fully insured GTL and AD&D plan benefits and administration. Examples of such factors include but are not limited to:

- Changes in federal and state statutes, regulations, and new court decisions and administrative rulings; and
- Changes in anticipated funding appropriated by the Texas Legislature.

The vendor agrees to make a good faith effort to comply with any additional responsibilities or changes to the fully insured GTL and AD&D plans imposed as a result of the above factors, and other similar factors that may arise. Such factors may require plan design changes and/or an increase or decrease of vendor fees. The vendor agrees to cooperate with the System to effect any such changes and to execute any agreements that may be required as a result. However, should a mandated change materially affect the vendor's obligations under the Contract, the System reserves the right to negotiate with the vendor regarding any fee increase (or decrease) that may be appropriate under the circumstances, as provided in the Contract.

## 2.26 VENDOR INITIATED CHANGES TO VENDOR ACCOUNT TEAM

The vendor must notify the System in writing prior to making any changes to the designated System account team, or other areas which are likely to impact the fully insured GTL and AD&D plans. The System reserves the exclusive right to determine if these potential changes may be applied to the System, and if so, when they shall apply.

## 2.27 ALTERNATIVE BENEFIT DESIGN OR FINANCIAL ARRANGEMENTS

2.27.1 Alternative benefit design or financial arrangements, other than as requested herein, shall not be considered. However, the System reserves the right to revise the benefits and/or financial arrangements should that become necessary due to legislative, budgetary, or other factors. The purpose of this RFP and the subsequent review process is to select the vendor that the System considers to be most qualified to provide the most effective, efficient and high-quality services, supplies and products to the fully insured GTL and AD&D plan participants and the System. The System views the relationship with the vendor as a cooperative one, and nothing contained in this RFP, nor any action taken in the review and approval process, shall prevent the System from continuing negotiations with the selected vendor after the selection is made.

2.27.2 The vendor must agree to act in good faith in connection with all such negotiations and in performing all of its services, duties, and provisions of coverage related to the fully insured GTL and AD&D plans.

## 2.28 TELECONFERENCE FOR INTERESTED VENDORS

To provide representatives of interested vendors an opportunity to pose questions regarding the specifications and selection process, a conference for prospective respondents is scheduled at the System office in Austin on **Thursday, December 17, 2010 to begin at 10:00 a.m. Central Time**. If you are interested in attending this event, please register online at <http://utdirect.utexas.edu/rfp>.

## 2.29 FINALIST INTERVIEW

Following the System's initial review of the RFP Proposals, if a vendor is selected as a finalist in the vendor selection process, the System may, at its sole option, request that personnel from the vendor, at the vendor's expense, attend a meeting at a System-designated location to clarify responses and to answer questions regarding the vendor's Proposal. If the System deems necessary, a site visit to the vendor may be conducted during the RFP review period at the System's expense.

## 2.30 MATERIALS

A copy of all materials to be used by the vendor in administering the fully insured GTL and AD&D plan benefits must be provided as requested in Section 8, *Communication Requirements*. The System retains the right to review and approve all such documents prior to distribution. The vendor is required to submit proposed marketing and other informational materials in the System's required format according to deadlines to be set by the System. The cost for preparation of these materials for the term of the Contract should be included in the proposed premium rates quoted by the vendor.

## 2.31 SUBMISSION OF PROPOSALS

Only proposals submitted in compliance with the following will be accepted by System:

- 2.31.1 One (1) signed original proposal signed with blue ink and clearly marked "Original", and ten (10) identical copies of the proposal must be received by the System on or before 3:00 p.m. Central Time on Wednesday, **January 20, 2010**. The original and copies of the proposal should be delivered to:

Laura C. Chambers, Director  
Office of Employee Benefits  
The University of Texas System  
702 Colorado Street, Suite 2.100  
Austin, Texas 78701-3043

- 2.31.2 A responding vendor must submit two (2) electronic versions of the proposal on separate disks or CD's using Microsoft Word, Excel or Access. The electronic versions must be labeled with the vendor name and the title of this RFP.
- 2.31.3 Proposals must be valid for one hundred twenty (120) days following the proposal receipt date. The proposed premium rate(s) must be firm and guaranteed for at least three (3) years beginning September 1, 2010 through August 31, 2013.
- 2.31.4 Proposals and any other information submitted by responding vendors in response to this RFP shall become the property of System and will be subject to Section 2.16, Disclosure of Proposal Contents, of this RFP.
- 2.31.5 The System will not provide compensation to responding vendors for any expenses incurred by the vendors for proposal preparation or for any demonstrations, unless otherwise expressly stated in writing by the System. Responding vendors shall submit proposals at their own risk and expense. Materials submitted with the RFP will not be returned to the vendor.
- 2.31.6 Proposals containing deviations, or items not called for in the RFP documents, or irregularities of any kind are subject to disqualification by the System, at its option.
- 2.31.7 Each proposal must provide a succinct and concise description of the responding vendor's ability to meet the requirements of the RFP. Emphasis should be on completeness, clarity of content, responsiveness to the requirements, and an understanding of the System's needs.
- 2.31.8 Representations made within the proposal will be binding on the responding vendor. The System will not be bound to act by any other previous communication of any type or non-conforming proposals submitted by a responding vendor.
- 2.31.9 A Table of Contents with page number references must be included. The Table of Contents should include sufficient detail to facilitate easy reference to the sections of the proposal, as well as separate attachments. Any supplemental information and attachments not requested in the RFP, but which are included

in the proposal, should be clearly identified in the Table of Contents and be provided as a separate section in the proposal.

- 2.31.10 The materials, other than the HUB Subcontracting Plan (“HSP”), must be submitted in a sealed envelope, box or container. The HSP must be affixed to the outside of the box or otherwise provided so as to arrive concurrently with the other materials. The package must show clearly the submittal deadline, the responding vendor’s name, and the responding vendor’s return address.
- 2.31.11 Late proposals will not be accepted or considered under any circumstances. Late proposals properly identified will be returned to the responding vendor unopened at the responding vendor’s expense. Other late proposals will be held at the System Office of Employee Benefits for 30 days and then discarded.
- 2.31.12 Telephone proposals or proposals transmitted electronically are not acceptable responses to this RFP.

## 3.0 THE CONTRACT

The Contract shall be in the format specified by the System. The Contract will incorporate the RFP, the responding vendor's proposal thereto, and any other information the responding vendor may be required to provide. Until a Contract has been executed and signed, the RFP and the selected vendor proposal will be binding. A Sample Contract is included in the RFP as Appendix D. Proposals containing proposed changes to the Sample Contract will not be considered.

### 3.1 INTRODUCTION

No Contract will be executed until the System has accepted the responding vendor's proposal and the System has notified the responding vendor of its approval. The Contract will be for a three-year term beginning on September 1, 2010 and will extend through August 31, 2013, to be renewed at the System's option for an additional three-year period unless terminated as provided herein or in the Contract. If the current vendor submits a proposal and is not selected, the current vendor shall continue to perform in good faith all obligations under its existing contract with the System.

The System and the contracting vendor shall agree and acknowledge, as applicable, that the benefits and coverage to be provided under the Contract will be provided from September 1, 2010 through August 31, 2013. However, the System and the contracting vendor shall also agree and acknowledge that there are duties and obligations specified by the RFP to be performed prior to September 1, 2010 and following August 31, 2013, and the Contract will specify that the parties agree to perform all such duties and obligations, and that all applicable damage provisions shall be in effect as to these duties and obligations.

The Contract shall comprise the complete and exclusive statement of each agreement between the System and the contracting vendor and supersede all prior or contemporaneous agreements, negotiations, course of prior dealings, and oral representations relating to the subject matter hereof.

The System has specific contracting requirements that cannot be waived or altered. All vendors should carefully review the Sample Contract in Appendix D, particularly the provisions on Indemnification, Auditing and the EIR Warranty. If a responding vendor takes exception to any terms or conditions set forth in the contract, the responding vendor must submit a list of the exceptions as part of its proposal. The responding vendor's exceptions will be reviewed by the System and may result in disqualification of the vendor's proposal as non-responsive to this RFP. If the responding vendor's exceptions do not result in disqualification of the vendor's proposal, the System may consider the responding vendor's exceptions when the System evaluates the proposal. Submission of an altered Sample Contract as part of a proposal shall cause the System to reject a proposal, despite other factors of the evaluation.

In the event that a contracting vendor fails or refuses to perform any of its duties or obligations as provided by the Contract, the System, without limiting any other rights or remedies it may have by law, equity or under contract, will have the right to terminate the Contract immediately.

Notwithstanding such termination, certain obligations of the vendor shall survive the termination of the Contract.

At any time during the term of a Contract and for a period of four (4) years thereafter, the System or a duly authorized audit representative of the System, or the State of Texas, at its expense and at reasonable times, reserves the right to audit the contracting vendor's records and books relevant to all services provided under the Contract. In the event such an audit reveals any errors/overpayments by the System, the contracting vendor will be required to refund the full amount of such overpayments within thirty (30) days of such audit findings, or the System may, at its option, reserve the right to deduct such amounts from any payments due the vendor.

The contracting vendor must agree not to publicize the Contract or disclose, confirm or deny any details thereof to third parties or use any photographs or video recordings of the System's employees or use the System's name in connection with any sales promotion or publicity event without the prior express written approval of the System.

This Contract is for the personal services of the vendor and the vendor's interest in such agreement. Duties assigned to the vendor under the contract may not be assigned or delegated to a third party.

### **3.2 FAILURE TO COMPLY**

Failure to comply with the procedures required by the RFP or any other applicable guidelines shall be cause for immediate suspension or cancellation of the Contract. A suspended or canceled vendor that provides coverage or services will not be permitted to accept new enrollees, but must continue to provide coverage for those employees whose effective date was prior to the date of suspension or cancellation. Any suspension will remain in effect until System is satisfied that circumstances resulting in suspension have been corrected. Upon the loss of the contracting vendor of any licensure or certification required by Texas law to provide a service required under the Contract, or the filing of a petition for bankruptcy, or upon judgment of bankruptcy or insolvency by or against the contracting vendor, the System may terminate the Contract for cause without notice.

### **3.3 NOT AN ERISA PLAN**

As a governmental entity, the System is not subject to the provisions of the Employee Retirement and Income Security Act (ERISA).

### **3.4 COMPLIANCE WITH TEXAS DEPARTMENT OF INSURANCE RULES**

Nothing in any agreement between the System and a contracting vendor shall be construed to require any action that is prohibited by, or in conflict with, an applicable provision of the Texas Insurance Code or an applicable rule or regulation of the Texas Department of Insurance (TDI).

### **3.5 VENDOR ID NUMBERS**

A responding vendor must obtain a Vendor Identification Number issued by the Comptroller of Public Accounts of the State of Texas. The vendor will be required to complete and submit a Payee Identification Form in order to receive payment.

### **3.6 AUTHORIZED SIGNATURES**

The Chief Executive Officer, General Counsel, or an authorized officer of the responding vendor must sign the Contract. The proposal must state the name and office of the individual who will sign the Contract on behalf of the vendor and include documentation verifying that the individual has the authority to do so.

### **3.7 RELATIONSHIP OF PROPOSAL TO CONTRACT**

Any contract resulting from the selection of a vendor by the System shall incorporate by reference the Policy to be issued by the vendor to System, the RFP including Appendices, the vendor's response thereto, and any other information the vendor may be required to provide.

## 4.0 FINANCIAL REQUIREMENTS

The following sections, the terms of which shall survive termination of the Contract, apply to both the GTL and AD&D plans, unless otherwise specified.

### 4.1 INSURANCE COVERAGE

The coverage(s) described herein are to be provided under the following policy basis:

#### 4.1.1 Group Term Life (GTL)

The GTL coverage(s) described herein are to be provided under a fully insured plan. The vendor will have full liability for all claims incurred during the period of the Contract including (a) future payments to be made in connection with claims that have been approved at the time of termination of the Contract and (b) payments related to those claims incurred prior to termination of the Contract but not submitted and/or approved until after termination of the Contract. The liability of the System and its employees will be limited to the premiums paid under the contract in accordance with the rates proposed by the vendor and adopted by the System. The System and its employees will have no contingent or retroactive liability. The plan is to be written on a participating basis with surplus, if any, accruing to the System:

- 1) The plan is to be fully experience rated and subject to a retention agreement under which retention for vendor expenses, risk charges and profit will be limited to contractual amounts.
- 2) Claims in excess of \$750,000 on any individual are to be pooled by the vendor and are not to be charged against the contract's experience. The vendor will be compensated for such pooling through a pooling charge assessed against the experience.
- 3) Each GTL plan is to be realistically rated, but all such plans will be combined in the determination of surplus and deficits.

#### 4.1.2 Accidental Death and Dismemberment (AD&D)

The AD&D coverage(s) described herein are to be provided under a fully insured plan. The liability of the System and its employees will be limited to the premiums paid under the contract in accordance with the rates proposed by the vendor and adopted by the System. The System and its employees will have no contingent or retroactive liability. The vendor will have full liability for all claims. The plan is to be nonparticipating with all surplus and/or deficits accruing to the vendor.

### 4.2 VENDOR FINANCIAL STRENGTH

To be eligible for consideration, the vendor must have a net worth of at least \$100 million as demonstrated by an audited financial statement as of the close of the vendor's most recent fiscal year. To affirm financial capability, the vendor must submit all documentation as requested in the interrogatories including the vendor's annual audited financial report.

## 4.3 GROUP TERM LIFE PREMIUM RATES

The proposed monthly premiums for all Group Term Life (GTL) coverages must consist of the following two components:

### 4.3.1 Claims

This portion of the premium is intended to provide for the payment of claims, conversion charges, pooling charges, and accumulation of reserves. It should be sufficient to meet all liabilities incurred during the period of the Contract. Any insufficiency will be the responsibility of the vendor. Any deficit existing upon termination of the Contract shall not be recoverable by the vendor.

### 4.3.2 Retention

This portion of the premium is intended to provide for vendor expenses, risk charges and profit margins. It should be adequate to cover all expenses incurred during the period of the Contract and during any runoff period following termination of the Contract, for all services associated with the coverages, including but not limited to:

- a) Communication
- b) Claim processing and adjudication
- c) General administration
- d) Underwriting of individual applications for coverage
- e) Actuarial, legal and other technical assistance
- f) Reporting

Section 1601.009, Chapter 1601 of the Texas Insurance Code, exempts the System from taxes on premiums. The retention portion of the premium should not include any provision for premium taxes.

## 4.4 PREMIUM RATE GUARANTEES AND ADJUSTMENTS

In rating the proposed plan, it is required that the rates contained in this proposal be guaranteed for the 36-month period from September 1, 2010 through August 31, 2013. Any future renewal rate adjustments are subject to approval of the System in accordance with information contained in these specifications.

## 4.5 DETERMINATION OF RENEWAL RATES

The vendor will be required to conduct good faith discussions with the System prior to February 1, 2013, to determine renewal rates for the three-year period from September 1, 2013 through August 31, 2016. If agreement cannot be reached by March 1, 2013, the System may elect not to renew the contract and submit the GTL and AD&D plans to competitive bidding.

The renewal rating procedure to be used in the determination of premium rates for years following the original 36-month guarantee period is to be clearly detailed in the proposal. The System reserves the right to cancel the Contract at the end of any contract year beyond the first three-year term, if, in its judgment, such action would be in the best interests of the System. In developing renewal rates, the GTL and AD&D plans may include the anticipated level of

incurred claims, a reasonable provision for retention and a reasonable profit margin. With respect to the GTL coverage(s) the vendor will be required to take into account any known or anticipated surplus in developing the renewal rates. The vendor will not be allowed to include a deficit recovery provision in its renewal rates. Any deficit existing upon the termination of the Contract will not be recoverable.

In order to obtain the System's approval of the renewal rates, the vendor shall be required to provide full documentation of the renewal rate determination and shall demonstrate to the satisfaction of the System the appropriateness of the renewal rates.

## 4.6 PREMIUM PAYMENT

The premiums for Voluntary GTL and Voluntary AD&D insurance coverage are not eligible for the state Premium Sharing. Therefore, the enrolled UT employee is responsible for the full premium payment for Voluntary GTL and Voluntary AD&D plan coverage which is paid through payroll deduction on an after-tax basis only.

Each month, the total premium for each GTL and AD&D plan will be determined by multiplying the volume at the first of the month for each type of coverage by the rates applicable to that coverage. The System will collect the premiums paid by the employees and retired employees from the institutions and will remit the premium to the vendor within 90 days of the due date of that premium along with a memo detailing the remittance by coverage category, number of lives covered, and rate.

## 4.7 PAYMENT OF CLAIMS

The vendor shall process, administer and pay all GTL and AD&D claims incurred during the term of the Contract, including administration and payments required following termination of the Contract in connection with claims incurred prior to termination of the Contract. Provision for administration of any runoff claims must be included in the vendor's proposed retention fee. No additional fees will be paid to the vendor after termination of the contract.

General requirements for claims processing include the following:

4.7.1 Using System's enrollment records, the vendor shall create and maintain participation records to be used for the processing of claims and other administrative functions for the GTL and AD&D plans. System's enrollment records, however, shall control in the event of a conflict. Vendors should verify that U.T. members' Evidence of Insurability (EOI) applications have been approved by the vendor before downloading their enrollment from OEB eligibility files and processing claims. This request is to prevent institutions from incorrectly adding a new member prior to the member's EOI being approved.

4.7.2 The vendor shall review claims for eligibility. Any ineligible claims inadvertently paid by the vendor shall be recovered and credited to the System.

## 4.8 ANNUAL EXPERIENCE ACCOUNTING

Within ninety (90) days after the end of each contract year, the vendor must provide the System with an accounting of the System GTL and AD&D plans' financial experience under the Contract, as required by Section 1601.060, Chapter 1601 of the Texas Insurance Code.

The accounting shall include the premiums accrued during the year, the claims incurred for the year, the vendor's expenses and allowance for profit, the reserves established for the year, and any resulting surplus or deficit. Separate reports shall be provided for the GTL and AD&D plans.

The vendor shall provide the System with such other experience data and accounting information as the System shall reasonably request.

Any surplus existing as of the end of a given contract year shall be held by the vendor as a special contingency reserve in accordance with Chapter 1601.061 of the Texas Insurance Code and shall be available to pay claims in a subsequent contract year. Any deficit existing as of the end of the contract year will be carried forward for possible recovery from future years' surplus.

The vendor will credit interest on all positive cash flow generated under the GTL coverage, including special contingency reserves and claim reserves.

## 4.9 SETTLEMENT ON TERMINATION OF THE CONTRACT

In the event of termination of the GTL Contract, the System and the vendor will adhere to the procedure contained in this section with respect to financial settlement of the Contract.

4.9.1 The vendor will complete the annual experience accounting as required in Section 4.8 above. Within 90 days of the termination date, the vendor will refund to the System the balance of the special contingency reserve (established in accordance with Section 4.8 above) which exists as of the termination date, together with interest thereon. The System will not be liable for any deficit which exists as of the termination date, although any such deficit may be considered in the determination of the refund described in 4.9.2 below.

4.9.2 Within 90 days, following the end of a 27-month runoff period commencing on the termination date, the vendor will refund to the System the excess, if any, of (a) claim reserves established as of the termination date, together with interest thereon, over (b) the sum of (i) claim payments made during the runoff period, together with interest thereon, (ii) any deficit determined as of the termination date, together with interest thereon, and (iii) the present value of all waiver of premium claims which have been approved and are open at the end of the runoff period. Such present value will be established on a mutually agreeable basis determined through good faith negotiation. In no event will the System be liable for any deficit that exists at the end of the runoff period.

## 4.10 ACTUARIAL/FINANCIAL CONTACT

Responding vendors must provide the name, mailing address, e-mail address, telephone number, and fax number of the actuarial/financial personnel responsible for the preparation of the GTL and AD&D plan vendor's rates. The named person should be capable of responding to inquiries concerning the rates and must cooperate with requests for information made by the System or its consulting actuaries.

## 4.1 1 FIDUCIARY LIABILITY

If a Contract is awarded, the vendor assumes fiduciary duty and liability for all of its actions associated with the performance of its duties under the Contract.

## 5.0 GROUP TERM LIFE (GTL) AND ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) PLAN SPECIFICATIONS

### 5.1 INTRODUCTION

The System currently offers a GTL plan (consisting of two different amounts of coverage called Basic and Voluntary Group Term Life) and an AD&D plan (consisting of two different amounts of coverage called Basic and Voluntary Accidental Death and Dismemberment) to eligible Employees and Retired Employees as authorized by Chapter 1601 of the Texas Insurance Code. Both plans include coverage amounts that are provided by the System and optional coverage amounts from which the Employee or Retired Employee can choose. The optional benefits selected by the Employee or Retired Employee are fully funded by the plan participants' contributions.

Participants can enroll in the GTL and AD&D plans either as a new Employee, during Annual Enrollment periods with an effective date of September 1, or as a result of and in consistency with a qualified change in status.

This section presents the benefits and program requirements for the GTL and AD&D plans. Through the RFP process, the System intends to select one vendor to handle the two plans.

The vendor must submit a proposal to provide the benefits described in Appendix A-1 and Appendix A-2 of this RFP which are the benefits being provided under the current contract.

In addition, the System is requesting additional proposals to provide potential new benefits described in Sections 12.3 and 12.4 of this RFP. Following review of the selected vendor's proposal, the System will determine which benefits will be offered.

The GTL and AD&D insurance must be tax-qualified group plans, and all premiums paid must qualify as deductions under applicable Internal Revenue law and regulations.

### 5.2 THE PLAN YEAR

The plan year period begins on September 1st of each year and ends the following August 31st. These dates correspond with the fiscal year of the System and the State of Texas.

## 5.3 SUMMARY OF CURRENT GROUP TERM LIFE BENEFITS

The current summary of benefits for the GTL plan is located in Appendix A-1. The current summary of benefits for the AD&D plan is located in Appendix A-2.

Vendors must submit rates strictly in accordance with the benefits described in Appendix A-1 and Appendix A-2.

In addition to these summaries of benefits for the GTL and AD&D plans, vendors must provide a description of any additional benefits and definitions to be considered in evaluating its response to this RFP.

A complete description of the current GTL plan and the GTL guide can be found online at <http://www.utsystem.edu/benefits/life/homepage.htm>.

In response to this RFP, vendors must submit rates strictly in accordance with the financial structure described in Section 4.0 of this RFP and the aforementioned appendices. No deviation from these requirements will be allowed.

The vendor should include rates as provided in Section 12.3 of this RFP for the potential alternative Basic GTL benefits for Employees and Retired Employees. The System reserves the right to consider and negotiate an increase in the Basic GTL and Basic AD&D coverage amounts following selection of a vendor.

In addition, the vendor should submit a proposal in Section 12.4 of this RFP for the potential new Voluntary GTL benefits for the covered spouse of a Retired Employee.

## 5.4 BASIC AND OPTIONAL COVERAGE

Basic group insurance coverage provided by the System must be comparable to the coverage commonly provided in private industry and in other institutions of higher education.

The basic package for full-time employees includes employee-only medical coverage, \$10,000 Basic GTL, and \$10,000 Basic AD&D. This basic coverage is provided automatically to each new full-time employee eligible for benefits. The effective date is determined by the decision of the System institution to pay (or not pay) the new employee premium during the initial waiting period. See Section 5.9 for more information.

The basic package for part-time employees includes employee-only medical coverage, \$10,000 Basic GTL, and \$10,000 Basic AD&D coverage. However, the System only pays for 50% of the premium associated with the part-time basic package for all non-graduate student part-time employees. The System institutions do not have the option to pay the remaining premium on the behalf of such part-time employees. Part-time employees who elect not to enroll and pay this premium cost are not automatically enrolled in coverage through the System. However, individual institutions have the option to pay the full premium for the basic coverage package for all of their eligible graduate student employees.

In addition to the basic coverage, all benefits-eligible employees may elect to enroll in Voluntary GTL, Voluntary AD&D, dependent GTL, and dependent AD&D insurance.

Basic coverage for retired employees includes medical and \$3,000 Basic GTL. Basic AD&D coverage is not available to System retired employees. Voluntary GTL is available to retired employees, as described in this RFP. Dependent GTL, Voluntary AD&D and dependent AD&D are not available to retired employees. See Appendix A-1 and A-2 for more information.

## 5.5 APPEALS PROCEDURE

The responding vendor's appeals procedure must be in compliance with all applicable statutes and regulations including, but not limited to, the rules and regulations of the Texas Department of Insurance. Any selected responding vendor must have all levels of appeals required by law. All vendors must include a description of its appeals process.

## 5.6 SOLVENCY AND PROTECTION AGAINST INSOLVENCY

A contracting vendor must maintain compliance with all applicable provisions of the Texas Insurance Code and rules promulgated by the Texas Department of Insurance (TDI) relating to the financial solvency of its organization, including the establishment and maintenance of all required reserves, insurance and/or other guarantees.

In the event that a contracting vendor fails to maintain such compliance, or if the System reasonably believes that it is likely that the contracting vendor will be unable to maintain a fiscally sound operation, without limiting any other rights or remedies it may have by law, equity or under the Contract, the System shall have the right to terminate the Contract immediately. By this reservation of the System's right to terminate the Contract, the System does not undertake any duty to monitor the contracting vendor's fiscal solvency.

## 5.7 CONTINUITY OF COVERAGE

Insured persons must not lose coverage solely by reason of a change in vendors. Employees who are not actively at work on the effective date must be assured continuity of coverage if their insurance would otherwise have been continuous except for the change in vendors. All provisions and exclusions met under the current plan must be credited under any new plan.

## 5.8 ENROLLMENT

Chapter 1601 of the Texas Insurance Code (see Appendix E) establishes the enrollment requirements for System's fully insured GTL and AD&D plans. The enrollment process is governed by System policies.

- 5.8.1 Annual Enrollment for all insurance plans is held during the month of July.
- 5.8.2 During the initial Annual Enrollment period (July 2010) in which the GTL and AD&D plans will be offered by the selected vendor, any eligible System employee may enroll for GTL and/or AD&D plan coverage as described in Section 5 of this RFP. Any eligible retired employee may enroll for GTL plan coverage as described in Section 5 of this RFP. If an employee or retired employee elects enrollment changes during the July 2010 Annual Enrollment period, the changes will be effective September 1, 2010.
- 5.8.3 Subsequent Annual Enrollment periods may require that Evidence of Insurability (EOI) be completed and approved for GTL prior to coverage becoming effective.
- 5.8.4 An employee may elect the GTL plan without EOI during their initial period of eligibility. EOI will be required for any previously eligible employee who chooses to enroll in or increase GTL coverage after a qualified change in status.

- 5.8.5 An employee may elect the AD&D plan without EOI during their initial period of eligibility. EOI will not be required for any previously eligible employee who chooses to enroll in or increase AD&D coverage after a qualified change in status.
- 5.8.6 An employee enrolled in either GTL and/or AD&D plan coverage as of August 31, 2010 will continue enrollment at the same level of coverage under the new Contract effective September 1, 2010, unless the employee elects to cancel the coverage during 2010 Annual Enrollment.
- 5.8.7 The first date for enrollment data to be transferred to the contracting vendor is projected to be August 11, 2010. See Section 6.2 of this RFP for the data processing interface requirements for eligibility and enrollment.

## 5.9. Eligibility

Eligibility Benefits—eligible dependents are defined at 1601.004 of the Texas Insurance Code. See Appendix E.

### 5.9.1 Employees

Section 1601.101 of the Texas Insurance Code states that an employee who is expected to work at least 20 hours per week and to continue in the employment (is expected to work) for a term of at least four and one-half months, or is appointed for at least 50% of a standard full-time appointment, is eligible for benefits. See Appendix E.

For newly benefits-eligible employees, state Premium Sharing is not available for payment of the employee's medical, Basic GTL (\$10,000) and Basic AD&D (\$10,000) coverages until the first of the calendar month that begins after the 90<sup>th</sup> day after the employee begins employment. Each institution has the option to supplement all of its employees' premium during this waiting period. However, if an institution does not supplement its employees' premium, the institution's employees will not be eligible for the Basic GTL and Basic AD&D until the end of the waiting period.

Employees who were previously eligible for Voluntary GTL coverage, but did not enroll during their initial 31 days of eligibility (the first 31 days of employment), will be required to provide Evidence of Insurability (EOI) during the July 2010 annual enrollment period to obtain Voluntary GTL coverage for the 2010–2011 plan year. For each plan year thereafter, EOI will be required from any benefits-eligible employee enrolling for the voluntary group term life coverage during the annual enrollment period if they are not newly benefits-eligible employees.

All newly benefits-eligible employees have the option to enroll in the Voluntary GTL for coverage amounts up to three times their annual salary, but not to exceed up to \$1,500,000, without providing EOI. The eligible coverage amounts referenced above apply as long as the employee enrolls within their initial period of eligibility.

Benefits-eligible employees who experience a qualified change in status event may add or drop amounts of Voluntary GTL or AD&D coverage during the plan year only if the enrollment change is consistent with the change in status. Any Voluntary GTL coverage added due to a change in status will require EOI.

All newly benefits-eligible employees who elect to enroll in the Voluntary GTL for coverage amounts of 4, 5, or 6 times their annual salary must provide EOI.

### 5.9.2 Retired Employees

In accordance with Section 1601.102 of the Texas Insurance Code, certain retired employees of the System are eligible for benefits.

For newly retired benefits-eligible employees, the state Premium Sharing is available to pay the retired employee's premium for medical coverage and Basic GTL coverage of \$3,000 if there is no break in service between active employment and the effective date of retirement. If there is a break in service, Premium Sharing is not available for payment of the retired employee's medical and Basic GTL until the first day of the calendar month that begins after the 90<sup>th</sup> day after the effective date of retirement. The System institution does not have the option to supplement the retired employee's premium during this waiting period. Retired employees are not eligible for AD&D coverage.

Retired employees who are receiving coverage as of August 31, 2010 are eligible to continue the coverage levels in effect on that date. System employees who retire on or after September 1, 2010 are subject to the benefit options listed in this RFP. See Appendix A-1 and A-2 for more information.

### 5.9.3 Dependents

The benefits-eligible spouse and dependent children of an active employee are not eligible for Basic GTL or Basic AD&D coverage. They are eligible for the Voluntary GTL and Voluntary AD&D coverage as described in this RFP. See Appendix A-1 and A-2 for more information.

The benefits-eligible spouse and dependent children of a retired employee are currently not eligible for Basic GTL, Basic AD&D coverage, Voluntary GTL or Voluntary AD&D.

Proposing vendors must submit rates for the potential new retired employee spouse Voluntary GTL coverage in Section 12.5 of this RFP. The System will determine whether to offer this additional benefit.

## 5.10 USE OF PREMIUM SHARING FUNDS

The Texas Legislature on a biennial basis determines the amount of premium sharing available for employees, retired employees and any eligible dependents. Premium sharing is intended to fund the total cost of full-time and half the cost of part-time Employee Only medical coverage, \$10,000 Basic GTL coverage and \$10,000 Basic AD&D coverage. The State Appropriations Act also provides for funding of the total cost of Retired Employee Only medical coverage and \$3,000 Basic GTL coverage. A percentage of the medical plan cost for covered dependents of participating active and retired employees is paid through Premium Sharing; however, employees do not receive premium sharing dollars to pay the cost for dependent GTL or AD&D coverage.

Full-time employees with comparable coverage from another source may waive medical coverage and receive 50% of the State's Premium Sharing amount to pay premium(s) for certain

optional coverage(s) which includes Voluntary GTL, Voluntary AD&D, Dependent GTL and Dependent AD&D. See Section 5.11 below. In relation to this RFP, the 50% Premium Sharing amount can be used to pay the premium associated with the employee's first \$50,000 of GTL coverage, the employee's AD&D coverage, and the employee's dependent GTL and AD&D coverage.

Part-time employees with comparable coverage from another source may waive medical coverage and receive 25% of the State's Premium Sharing amount to pay premiums for certain optional coverage(s) mentioned in Section 5.5. In relation to this RFP, the 25% Premium Sharing amount can be used to pay the premium associated with the part-time employee's first \$50,000 of GTL coverage, the part-time employee's AD&D coverage, and the part-time employee's dependent GTL and AD&D coverage.

## 5.11 OTHER FACTORS

There are a number of factors that should be taken into consideration when preparing a response to this RFP, including:

5.11.1 Some System employees have nine-month appointments of employment. The covered monthly earnings for an employee on a nine month contract are determined by dividing the total salary to be paid under the contract by nine and then by multiplying the answer by 12. This annualizes the monthly earnings of the nine month employees. This is necessary because it is sometimes not possible to determine if an employee will be teaching summer school and to include the additional earnings in the calculations of the covered monthly earnings.

5.11.2 Some System employees, such as faculty members, may take extended leaves of absence at which time they may have full benefits from another source. In such cases, employees may put their System coverage in abeyance (i.e. freeze benefit elections). During the abeyance period, the employee is not eligible for GTL or AD&D coverage and will not pay premium. Upon return to the System, such employees are immediately eligible to resume coverage without providing evidence of insurability.

5.11.3 There are two main retirement plans available to eligible System employees: the Teachers Retirement System of Texas (TRS), and the Optional Retirement Program (ORP). All employees in TRS eligible positions are eligible upon employment to join the TRS. Employees who participate in the TRS plan are eligible to apply for early retirement and waiver of premium for GTL if they become disabled. Certain TRS eligible employees may elect to enroll in ORP rather than TRS. **Exception:** Graduate student employees are not eligible for membership in TRS or ORP.

5.11.4 Currently, approximately 4,000 System physicians who participate in the Medical Practice Plan provided by individual UT health institutions are not offered the option to enroll in the System Voluntary GTL and AD&D plans. However, these physicians are eligible to enroll in the Basic portions of the GTL and AD&D plans, as described in this RFP. In addition, if the alternative Medical Practice Plan coverage is no longer available to these physicians from their institutions, they will become eligible to participate in the System Voluntary GTL and AD&D plans without Evidence of Insurability.

5.11.5 The System has identified 13 retired System employees who are currently insured through the System plan for coverage amounts greater than \$50,000. These retired employees are subject to a one-time retirement option, under which these individuals may retain coverage that exceeds \$50,000, up to a \$1,500,000 maximum, until age 70. Once these retired employees reach 70 years of age, they will be required to reduce their coverage levels to those available to other retired employees. See Appendix C.

5.11.6 The System does not have a single payroll system. There are currently nine different payroll systems. Premiums are sent by the institutions based upon the deductions taken from the subscribers on those payroll systems. The System routinely will provide eligibility data which will coincide with the same data used to calculate the payment of premium. The vendor may need to interface with the institutions regarding eligibility or coordination for the payment of a claim.

5.11.7 Salary: Institutions send via eligibility dataset the expected September 1 compensation for employees enrolled in the GTL plan. The compensation for these employees typically does not change throughout the fiscal year, but may if changes in salary or employment status change. If the salary at the time of the claim is different than the 9/1 salary, the higher salary will be used to calculate the claim.

5.11.8 UT Medical Branch at Galveston (UTMB): Certain revenue generating physicians who participate in the OEB GTL policy earn compensation based on the revenue the institution expects them to generate. For administration of the GTL program, institutions with this type of compensation will report the expected annual compensation based on the base salary and the expected salary based on the revenue and compensation contract for that particular employee. This type of salary structure affects a minimal number of physicians at UTMB.

## 6.0 OPERATIONAL SPECIFICATIONS

This Section describes operational specifications including administrative requirements and functions, data processing interface requirements, and the statistical reporting requirements as mandated by the System. The vendor shall administer the Plan in a manner consistent with all applicable laws and regulations, as well as requirements set forth in this RFP by the System. The vendor shall include the cost of the requirements described in this article in the proposed premium rates.

### 6.1 ADMINISTRATIVE REQUIREMENTS

The vendor shall provide all services associated with the administration of the plan including, but not limited to, the following:

- a) The establishment and staffing for adequate customer service personnel to handle the plan's specific benefit questions, claims administration, resolution of complaints, and program or claim clarification. The vendor's customer service hours must be, at a minimum, Monday through Friday from 8:00 a.m. to 5:00 p.m. Central Time.
- b) The vendor shall designate vendor customer service representatives as contacts for System staff. The vendor warrants and represents that it will adequately train additional team members as needed to support the System's requirements. The vendor must accept oral verification of a System participant's coverage by an authorized representative of the System or verify the participant's coverage through an online system and subsequently update coverage in the responding vendor's system prior to receipt of the System's weekly/monthly enrollment information.
- c) The vendor shall dedicate additional staff members, as needed, to update UT System related records and accounts and to provide additional help for the vendor client service team during and following the System Annual Enrollment period including the 2010 Annual Enrollment period, which is prior to the September 1, 2010 contract effective date.
- d) Customer Service call centers must be located within the United States, preferably in the state of Texas. No out-of-country call centers shall be allowed. The establishment of toll free lines (telephone and facsimile) and appropriate customer service staff must be adequate at a minimum to maintain the following standards:
  1. Average abandonment rate of 5% or less; and
  2. Average time to answer of 30 seconds or less.
- e) The vendor must make available to System staff the ability to listen to and monitor calls to and from the vendor call center(s).

f) The vendor shall process and administer all required fully insured GTL and AD&D plan claims incurred on or after September 1, 2010, and throughout the term of the Contract.

General requirements for claims processing include the following:

1. Using System enrollment records, the vendor shall create and maintain participation records to be used for the processing of claims and other administrative functions for the fully insured GTL and AD&D plans. System enrollment records, however, shall control in the event of a conflict.
2. The vendor shall review claims for eligibility based on the coverage in effect on the date of death, accident, injury or loss. Any ineligible claims inadvertently paid by the vendor shall be the sole responsibility of the vendor to recapture.
3. The vendor shall process claims submitted by GTL and AD&D plan participants. Each claim payment must include an Explanation of Benefits (EOB) for all applicable claims. The vendor must submit all claim forms and sample EOBs as an attachment to the Proposal for the System's review and approval.
4. All System GTL and AD&D plan claims filed by participants must be processed within an average of thirty (30) calendar days of submission to the vendor unless additional information and/or investigation is required.

g) In the event the vendor issues excess payments or payments for ineligible claims or participants, it will:

1. Take all steps necessary to recover the overpayment, including in rare situations, the recoupment (offset) from participants' subsequent claim payments;
2. Assume 100% liability for incorrect payments which result from policy or System errors attributable to the vendor in whole or in part, including payments made for any covered services to a former GTL or AD&D plan participant reported by the System as no longer a plan participant, if the vendor receives such notification at least two (2) full business days prior to the date of such claim payment; and
3. Notify System of and seek System Office of General Counsel's input on any proposed litigation to recover such overpayment.

h) The vendor must provide an Account Executive Team and/or make staffing adjustments, as required by and acceptable to the System. This Account Executive Team must be established on or before March 1, 2010, and be available Monday through Friday from 8:00 a.m. to 5:00 p.m. Central Time, excluding national holidays.

i) The vendor will provide a minimum of one (1) per year face-to-face Account Executive review to the System on the utilization and performance of the fully insured GTL and AD&D plans. The System also may require quarterly and other additional meetings (face-to-face or telephone conference), when necessary. The reviews should include cost saving recommendations and required implementation.

j) The System strongly believes that the account service relationship is the critical link in developing and maintaining a strong partnership dedicated to the achievement of plan objectives. As such, the vendor must be committed to provide the System with service attention that is at the highest levels in the industry, and fully consistent with expectations.

The vendor and the System shall define the criteria for measurement and evaluation of service performance.

k) The vendor is required to notify the Director of the Office of Employee Benefits in writing prior to any anticipated major change to the organization that may likely impact the fully insured GTL and AD&D plans.

l) The vendor shall notify the System prior to implementing material changes in policies, business, and key personnel on the System account management team.

m) The vendor shall provide general administrative support that complies with all applicable legal and actuarial standards to assist the System in the operation of the GTL and AD&D plans.

1. The vendor shall provide the System with priority positioning for delivery of ad hoc system service requests and/or issue resolutions. By no later than March 1, 2010, the vendor shall designate a Technical Consultant ("TC") to lead the management of all technical issues including, but not limited to, system service requests. The TC shall ensure that all System information system requests and issues are thoroughly analyzed and given priority positioning to ensure speedy resolution. The vendor shall provide competent, focused attention to the System's system request/issue. The vendor shall use its best effort to implement all System information system requests and correct all System information system issues within thirty (30) days from receipt of the System's written notification to the vendor of the request/issue. The System shall fully supply any/all information reasonably necessary for the vendor to complete the requested services as outlined herein. If a thirty (30) day resolution is not reasonably possible, the vendor shall provide the System with a written plan for implementation and timeline for resolution within five (5) days from receipt of written notification as noted above.

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

- Eligibility and/or benefits modifications must be reviewed, responded to, and approved by the vendor within fifteen (15) days of such request. If changes are required, the vendor shall notify the System and set up weekly updates until the System agrees that the modifications meet the System's operating requirements. After eligibility and/or benefits modifications have been mutually agreed upon, the vendor shall complete the eligibility and/or benefits project, including required testing within forty-five (45) days of System's approval.
2. The vendor shall provide legal and technical assistance as it relates to the operation and administration of the GTL and AD&D plans.
  3. The vendor shall provide exceptional Evidence of Insurability (EOI) support and a strong collaborative effort must be made between the vendor underwriting team, account management team and System to ensure proper implementation of EOI policies, deadlines and corrections of late submission of EOI forms due to administrative error on the part of an institution Benefits Office.

## 6.2 DATA PROCESSING INTERFACE REQUIREMENTS

Each institution of the System self-administers its eligibility. The System's sixteen (16) institutions do not use the same payroll system; approximately nine (9) different systems are

used. System institutions transmit eligibility data to the System, and the System in turn transmits the appropriate data to the plan vendor. Often there is some delay between the effective date of coverage and notification of eligibility.

To accommodate the variation in institutional eligibility administration and payroll systems, the System has developed a standardized method for receiving and transmitting eligibility information. The selected vendor will be required to accept encrypted eligibility data via Secure File Transfer Protocol (SFTP) over the Internet. Currently, full replacement and partial replacement eligibility files are being transmitted by the System to plan administrators. The selected vendor is required to receive at least two (2) partial files per week and a full file dataset at least once per month for reconciliation against the responding vendor's eligibility files.

### 6.2.1 Eligibility Transmission

Currently, vendors receive eligibility datasets via SFTP over the Internet. The data is encrypted using Pretty Good Privacy (PGP) public key encryption. The System requires that all datasets must be PGP encrypted and transmitted using Secure FTP (SFTP). The vendor must state in its proposal that the vendor agrees to use PGP encryption and SFTP.

### 6.2.2 The Eligibility Database

Each institution's eligibility data is transmitted to the System and used to update an eligibility database maintained by the System. The database maintained by the System is directly updated by enrollees during the Annual Enrollment period using the System *My UT Benefits* online enrollment system. During July 2009 Annual Enrollment, approximately 47% of all employees/retired employees made Annual Enrollment elections using the *My UT Benefits* online system on the Web. This enrollment system provides the advantage of having most new enrollment data available before the beginning of each new plan year – September 1.

### 6.2.3 The Eligibility Dataset

The System's database provides the information for the System to generate datasets specific to the fully insured GTL and AD&D plans. An eligibility dataset for the vendor is generated at least once per week for each plan.

The selected GTL and AD&D plan vendor will be required to receive at least two partial replacement datasets per week. A partial replacement dataset includes only records for individuals who are new or who have had a change in coverage since the last dataset was generated. Once per month a full replacement dataset including all current participants will be sent to the selected vendor.

Each year during the second half of August and the majority of September, larger than normal datasets can be expected due to updates related to annual enrollment and the start of the new plan year. The required format for eligibility (enrollment) data being transferred to and from the System is called the Benefit Enrollment and Maintenance Transaction Set (ASC X12H 834) format.

The vendor must state in its proposal that the vendor agrees to use the ASC X12H 834 format or if unable to comply with the requirement, may submit a rationale to use another applicable ANSI X12 transaction set.

#### 6.2.4 Requirements for the Payment of Premium Using the Billing Dataset

The System will produce a “self bill” by the fourteenth (14<sup>th</sup>) day of the month for the premium due for the prior month (billing month). Bills currently are created in an electronic “Premium Billing” dataset format; however, for the purpose of this contract, the bills can be in either an administrative fee billing format or in the HIPAA-approved “Payroll Deducted and Other Group Premium Payment for Insurance Products Transaction Set (ASC X12N 820)” format. The dataset will be transmitted via SFTP over the Internet to a secure FTP server, and an automated e-mail will be sent to the appropriate contacts notifying them of the dataset transmission and the billing total. Each bill will reflect remittance detail for the current billing month plus make any necessary adjustments for the prior three months.

Based on an eligibility “snapshot” taken on the first Sunday of each month, the System will prepare a detailed listing of premium remittance referencing the plan participant, their Benefit-ID, the coverage period, and the fee amount, as support for the monthly payment of the premium.

#### 6.2.5 Secure File Transfer Protocol (SFTP) Over the Internet

During the past decade, the use of FTP over the Internet greatly increased the speed and accuracy of eligibility data transmission. During the last few years, because of heightened concerns for security of data containing sensitive information, new security requirements mandate that SFTP be used to access System servers.

Datasets sent via SFTP are transmitted by institutions directly to the System as often as desired. Institutions can also make real time updates to the System eligibility database and can transmit either a full replacement file or a partial replacement file as needed. Some institutions only update their payroll files shortly before payroll; therefore, they only transmit eligibility data twice a month. However, other institutions update their data more often. Eligibility data will be sent to the selected vendor at least two times each week and be available to the vendor by 6:00 a.m. Central Time.

A responding vendor’s ability to use SFTP over the Internet at least two times per week and work with the Benefit Enrollment and Maintenance Transaction Set (ASC X12H 834) will be important considerations in the System’s evaluation of the proposals.

#### 6.2.6 Web User Access Authentication Via Security Assertion Markup Language (SAML)

A responding vendor’s current ability or willingness to accept Security Assertion Markup Language (SAML) (v1.1 or newer) within three months of the first day of the first Plan Year as a term of the contract is strongly preferred.

SAML is a standards-based, single sign-on, authentication method under which a vendor’s System-specific Web site allows one of System’s 16 Identity Providers (IdP) to authenticate a user and assert authentication.

Using SAML at login to a vendor's System-specific Web site, each System institution will act as an IdP and determine whether the user has authenticated properly using local credentials. If the user authenticates correctly, System will redirect the user's browser and pass a SAML assertion to the vendor site in question. The vendor site will consume the SAML assertion in order to grant access.

The vendor would agree to host a SAML Discovery Service on the vendor's System-specific Web site and subsequently accept the IdP's assertion that identifies the individual using System's Benefits Identification (BID) number, which is included as an attribute in the SAML assertion. Each Member has a unique BID, and the Members' BIDs will be regularly communicated to the vendor via eligibility dataset.

Only authentication will be handled via SAML. Authorization to access specific information, for example restricting a user's ability to view member specific data for only the authenticated user, will still need to be handled by the vendor Web site.

A vendor who is currently unable to comply with SAML but will commit contractually to be able to do so within three months of the first day of the First Plan Year that the contract takes effect should include a statement in the proposal of its ability to support authentication via proxy until such time as it is able to comply with SAML.

If a responding vendor's System-specific Web site is unable or unwilling to comply with SAML (v1.1 or newer), the responding vendor's proposal should include a statement of ability to support authentication via proxy.

### 6.2.7 Requirements to Facilitate Emergency Updates

On occasion, System institutions may need to make emergency updates to the coverage of their plan participants. (Emergency updates are updates to eligibility coverages on the vendor's eligibility system made through a means other than the eligibility dataset.) The System has implemented a "controlled emergency update e-mail process" through which the institution representative can submit the emergency update request.

The emergency update system can be configured to send the e-mail update request to the System GTL and AD&D plan vendor or to a System Control Clerk to facilitate these updates. The vendor can either provide a secured Web page for the Control Clerk to update eligibility on the Vendor's system or the Vendor can receive the emails from the institutions. The institutions must update the OEB eligibility database prior to sending an emergency update request to either the System or to the responding vendor. The eligibility system verifies the coverage prior to sending an emergency update e-mail which is always sent from our controlled e-mail account.

Social Security Numbers will never be transmitted on emergency update e-mail messages. The vendor will either need to be able to add the member to their eligibility system prior to receiving the Social Security Number or be able to connect to OEB's secured Web site and retrieve the update information there. The link to the secure Web site will be included in the emergency update e-mail messages. The e-mail can be formatted to include the responding vendor's preferences for coding, and its structure does include some free form text. The responding vendor may choose up to five (5)

recipients for emergency update e-mails. Confirmation of emergency update to the responding vendor's database is required within four (4) business hours of receipt.

As an alternative to receiving e-mail for emergency updates, the responding vendor may provide an access-controlled software interface through which the System can update the responding vendor's eligibility database. The preferred method for this option is an Internet interface accessible via a Web browser such as Firefox, Microsoft Internet Explorer, Google Chrome, or Apple Safari.

#### 6.2.8 Retroactive Eligibility

The System requires a retroactive "window" of eligibility to allow for eligibility changes to be made ninety (90) days after the end of the coverage period affected. The changes that may be made include activation of eligibility, termination of eligibility, and changes that occur as a result of participant status changes. The System retroactively adjusts the payment of premium assessments to ensure agreement with updated eligibility information.

#### 6.2.9 Evidence of Insurability (EOI) Data Transmission

The System's required method of EOI status transmission is in dataset form, using the OEB Evidence of Insurability Dataset Layout. The dataset will be transmitted by the use of Secured File Transfer Protocol (FTP) method of transferring data on at least a weekly basis. The dataset must also be PGP encrypted. The dataset will be uploaded to the OEB eligibility system and transmitted to System institutions. Individual EOI information should be transmitted for five months following the receipt of the EOI application by the vendor. During those five months, the dataset will contain cumulative information of all EOI updates with references to the full coverage amount (including family status changes) that the applicant will have if the EOI application is approved. At the end of the five-month period, the pending EOI application will be closed with a "closed" status and transmitted for one additional month as closed. Following one month as closed, the applicant's EOI information should be purged from the dataset by the vendor. All closed applications become ineligible for additional benefits through the System or vendor until the next annual enrollment period, unless the applicant experiences a qualified change in status. This closure will be communicated to the applicant by the vendor. The communication should inform the member that a new EOI application would need to be submitted for the next annual enrollment period. A cumulative transmission of all change in status EOI applications will be sent continuously on a weekly basis throughout the plan year. See Section 8.1.6 for more information about EOI requirements.

### 6.3 REPORTING AND INFORMATION SHARING

The System retains an independent consulting actuary on insurance matters. The consulting actuary assists and advises System staff on benefit plan design, proposal review, and administrative cost analysis. System staff or the consulting actuary may, from time to time, request that the vendor provide additional information specific to the GTL and AD&D plans. The vendor must cooperate with and act in good faith in working with the consulting actuary

and must be prepared to respond to these requests promptly. Regarding actuarial requests, or for other GTL and AD&D plan purposes, the System may request on an ad hoc basis that the vendor prepare customized reports. Such reports must be provided in a timely manner at no additional cost to the System.

The vendor should be able to periodically provide the utilization and cost information to the System.

Additionally, routine vendor reporting is required to support the System's ability to proactively monitor trends and to identify/address variances on targeted vendor Performance Guarantees and customer service standards. The reporting timelines and formats shall be specified by the System. Some formats shall include a column indicating a performance standard for the item being reported, which shall be utilized by the System as a benchmark to monitor compliance and to analyze the reported statistics. See Appendix G for further details.

## 7.0 COMMUNICATION REQUIREMENTS

This section describes applicable communication requirements. The vendor may recover the cost of the services described in this section only by making provision for such cost in the proposed premium rate.

### 7.1 GENERAL INFORMATION

The vendor is required to communicate the plan to participants and potential participants, institution Benefits Office staff and the System staff. Communications to System GTL and AD&D plan participants must be clear and understandable, using terminology specified by the System that is familiar to participants and approved by the System prior to dissemination. All printed material must be available electronically. Communication materials must meet ADA requirements for accessibility.

Communication materials include, but are not limited to:

- Participant brochures, benefits books and newsletters
- System-specific GTL and AD&D plan Web site
- Presentations to institution Benefits Staff and participants
- Scripted responses used by customer service representatives
- Advertising materials in association with System GTL and AD&D plan enrollment
- Claim forms
- News releases including contract signing announcement
- Participant welcome packets
- Token giveaways for enrollment fairs and events

Communication materials designed for System GTL and AD&D plan participants cannot, and the vendor represents and warrants that it shall not, advertise or promote coverage, products or materials, other than those relating to the vendor's administration of the System GTL and AD&D plans.

Respondents to this RFP shall include samples of communication materials, including the benefits books, consumer targeted educational materials (in both print and electronic format), and the format of the UT System-specific Web site.

### 7.2 REQUIRED SERVICES FOR WEB SITE AND PRINTED MATERIAL

The vendor must communicate plan information to all System institutions after it has been approved by the System's Office of Employee Benefits (OEB). Annual Enrollment information

must be promptly provided to all benefits-eligible employees as required in this RFP. All communications are intended to educate potential enrollees, as well as current participants. In communicating plan information, the vendor will be required to print and disseminate information in written, electronic, and oral forms to reasonably accommodate all participants; however, it is preferred that electronic communication be used whenever reasonably possible.

Electronic draft copies (on disk or CD) of the proposed Plan Year 2010–2011 printed materials, plan participants' handbook (if applicable), and advertising (newspaper ads, radio scripts, television ads, etc.) must be submitted as part of the proposal. **All materials relating to the plan must be approved by the System prior to distribution to institution employees.**

## 7.3 ANNUAL ENROLLMENT

The following requirements apply to all Annual Enrollment materials including plan booklets:

### 7.3.1 Customer Service Information

The material must contain the customer service phone number, hours of operation, a description of the process for filing claims and the appeal process for claim denials, and the vendor's Web site address.

### 7.3.2 Description of Benefits

The material must include a Schedule of Benefits that contains the benefits as set forth in Appendix A-1 and A-2 of this RFP along with the responding vendor's limitations and exclusions.

### 7.3.3 Due Dates for Enrollment Materials

All educational and enrollment materials used for both Annual Enrollment and new employees must be distributed to all System institution Benefit Offices no later than June 1 of each plan year. **All materials must be approved by the System before distribution to System institutions and employees.**

### 7.3.4 Vendor Attendance at Annual Enrollment Meetings

The contracting vendor is required to attend key scheduled Annual Enrollment meetings at each System institution when requested by the institution Benefits Office at the vendor's own expense. Vendor participation at Annual Enrollment meetings will help educate employees about the GTL and AD&D plans discussed in this RFP. If the contracting vendor is unable to attend all Annual Enrollment meetings being offered at a particular System institution, the institution will have the discretion to designate a particular meeting or meetings as high-priority and request vendor attendance specifically for the designated priority meeting(s).

### 7.3.5 Customer Service during Annual Enrollment

The contracting vendor's dedicated Customer Service department is required to assist in answering questions regarding the fully insured GTL and AD&D plans discussed in this RFP during the System Annual Enrollment period(s), including the July 2010 Annual Enrollment period. Education by the vendor Customer Service staff must be provided regardless of an employee's status as a current participant in the GTL and/or AD&D plan. Customer service should be made available via phone, email, in writing, or in person.

## 7.4 UT SYSTEM–SPECIFIC WEB SITE

The vendor must establish a System–specific Web site in a specified format through which participants can easily access information regarding customer service toll–free numbers, claims and plan contacts and the System’s GTL and AD&D plan booklets.

The vendor’s System–specific Web site must be available to the System for testing no later than June 1, 2010. The final System–approved Web site for plan year 2010–2011 must be completed by June 21, 2010, and must include the System–approved enrollment materials. The System must approve new Web site additions or redesigns at least two weeks prior to any scheduled launch date.

Providing information to System employees is the Web site’s primary goal. The System requires the selected vendor to meet the following requirements:

### 7.4.1 Content Specifications

All content in the System–specific Web site must be approved by the System before it becomes available. The site must include:

- The plan brochure and summary as approved by the System;
- Customer service information, including phone numbers, mail and claim addresses, hours of operation, and guidelines for the complaint and appeals processes;
- Electronic form or e–mail address for customer complaints and questions. Response to e–mail complaints should have no more than a 48–hour turnaround time. A tracking system for complaints submitted online, similar to the tracking of telephone complaints, must be in place, to provide to the System;
- All necessary vendor forms (e.g., claim forms) for participants must be provided. If these forms are in PDF format, a link must be provided to download Adobe Acrobat Reader to enable participant viewing and printing; and
- System’s branding and a UT–specific welcome message that clearly shows it is a UT System–specific Web site;
- A link to the System’s OEB Web site; and
- If the vendor provides a Web page which a participant may view specific information about himself/herself, the site must utilize secured protocol (<https://>) and may not use the participant’s Social Security Number as either the user identification or the password. The Benefits ID may be used as the user identification.

### 7.4.2 Technical Specifications

The vendor’s UT System–specific Web site must be accessible to as many participants as possible. Therefore, the following specifications must be met:

- The Web site content must be clearly visible and functional in Internet Explorer, Safari and Foxfire browsers;
- The System participant should not have to enter a Social Security Number at any time to access information on the Web site;
- The login information page must not allow the browser to store the information entered in the cache. The auto-complete feature must be turned off for every form;
- The font must be easy to read, no smaller than 10px; and
- All forms and Adobe Portable Document Format (PDF) files must be accessible.

### 7.4.3 Electronic and Information Resources (EIR) Warranty

System is required to acquire all EIRs in compliance with the legal requirements governing access to such EIRs by individuals with disabilities (“EIR Accessibility Requirements.”) The EIR Accessibility Requirements applicable to the University are set forth in Chapter 2054, Subchapter M of the *Texas Government Code*, Title 1, Section 206.70 of the *Texas Administrative Code*, and Title 1, Chapter 213, Subchapter C of the *Texas Administrative Code*. In order for System to ensure that the EIRs offered by each Proposer responding to this RFP are in compliance with the EIR Accessibility Requirements, Proposer must include all of the following in its proposal:

**COMPLIANCE WITH THIS STATUTE AND THESE RULES IS NOT OPTIONAL AND THEIR APPLICABILITY CANNOT BE WAIVED.**

1. The vendor must warrant that the Web site complies with the requirements set forth in Title 1, Rules §§ 206, 213.30 and 213.36 of the *Texas Administrative Code* (as authorized by Chapter 2054, Subchapter M of the *Texas Government Code*). The proposal must provide that to the extent vendor becomes aware that the Web site does not satisfy the EIR Category Warranty, vendor will, at no cost to System, perform all necessary remediation to make the Web site satisfy the EIR Category Warranty.
2. Vendor is required to submit a completed Electronic and Information Technology (EIR) Accessibility Checklist (Appendix H) along with proposals. Proposals or bids without a completed checklist will be disqualified.
3. Vendor must provide a written explanation for each of its responses to the requirements in the Checklist with respect to the Web site:
  - If Proposer determines that the Web site ***complies*** with an applicable accessibility requirement in the Checklist, Proposer’s written response to that requirement must identify how Proposer made such a determination (merely responding with “Complies” or similar non-explanatory language is ***not acceptable***).
  - If the vendor determines that the Web site ***does not or will not comply*** with an applicable accessibility requirement in the

Checklist, Proposer's written response to that requirement must identify the cause of such non-compliance and the *specific* efforts and costs that Proposer would need to assume in order to remedy such non-compliance (merely stating "Does not comply" or similar non-explanatory language is *not acceptable*).

- If Proposer determines that an accessibility requirement in the Checklist *is not applicable* to the website, then Proposer's written response to that requirement must identify the reason for such inapplicability (merely stating "N/A" or similar non-explanatory language is *not acceptable*).

4. All vendor Proposals must:

- Agree to authorize UT System to engage in product accessibility conformance testing prior to and after completion of purchase.
- Provide the name of a person and contact information for addressing accessibility questions and issues with the product must be provided.
- Describe the vendor's capacity to respond to and resolve any complaint regarding accessibility of products or services provided pursuant to this RFP.

## 7.5 PROHIBITIONS; NOTICE OF INQUIRIES FROM THIRD PARTIES

The selected vendor for the System GTL and AD&D plans may receive numerous inquiries from interested third parties relating to the disability plans and their program administration. The vendor is strictly prohibited from disseminating any information about coverage, products, or materials on the vendor's Web pages other than those explicitly relating to the vendor's plan offered or service provided to System participants, including the System-specific OEB Web site.

The vendor must forward all inquiries from interested third parties relating to the System GTL and AD&D plans and their program administration to the System Office of Employee Benefits.

## 7.6 DISSEMINATION OF COMMUNICATION MATERIALS

Communication materials may be considered "published" when a final electronic copy is delivered to the System or is accessible on the vendor's Web site. Materials that contain protected health information or other confidential information such as the member ID number must be mailed in an envelope or other mailing device designed to secure the confidential information from casual viewers.

## 7.7 IMPLEMENTATION AND ACCOUNT TEAM

By no later than March 1, 2010, the selected vendor must identify in writing and submit to the System the vendor's implementation team. In addition, the vendor must submit a list of their service representatives to be dedicated to the System account. Service representative responsibilities will include answering questions from the System and institution Benefit Offices, scheduling vendor attendance at institution Annual Enrollment meetings, and distributing vendor materials.

The vendor's implementation team must include a designated information technology contact to interface with System regarding data transmission, data integrity, and timely processing of the data files.

## 7.8 PLAN BOOKLET

A separate plan booklet, approved by the Texas Department of Insurance, must be provided for the System's GTL and AD&D plans for each plan year. If corrections or amendments are made to a plan booklet during a plan year, the revisions will be announced via e-mail and by Web announcement. The Updated plan booklet will also be posted on the Web site. The plan booklet must include the Summary of Benefits as approved by the System. The plan booklet shall include any additions, limitations and exclusions, and a description of the appeals process. The plan booklet should include a description of current eligibility requirements, as set forth in Chapter 1601 of the Texas Insurance Code.

The contracting vendor is responsible for providing a draft of the plan booklets each year, and is expected to assist the System with the development of the booklets.

Final drafts of any required plan booklets must be submitted by the vendor to the System for review no later than May 3, 2010. It is the intent of the System to distribute the plan booklets by electronic link during the Annual Enrollment period of each year.

Contracted vendors must follow any Texas Department of Insurance requirements for the issuance and distribution of plan booklets.

## 7.9 TRAINING OF SYSTEM STAFF

The vendor must provide training to the System staff and to institution Benefits Office staff explaining plan operations. Benefits staff training occurs on an annual basis when necessary and during the month of June at the annual Benefits Training Workshop (BTW) in Austin hosted by OEB. The dates for the 2010 BTW are scheduled for **Sunday, June 6 through Wednesday, June 9.**

In addition, UT institution staff training may be required during the year based on changes to operations and the needs of the System.

## 8.0 PERFORMANCE REQUIREMENTS AND PENALTIES

The selected vendor must comply with the System requirements listed below and report information as specified in an Administrative Performance Requirements Report submitted to the System on a quarterly basis. Appendix G of this RFP contains the required reporting format for both the GTL and AD&D reports.

In addition, the System has the option of using an auditing firm of its choice to conduct periodic audits of the contracting vendor on behalf of the System to determine compliance with these and other standards. The contracting vendor's compliance with these requirements will be used as review criteria during any contract renegotiations.

The vendor approved to administer the System GTL and AD&D plans must agree to the financial penalties set forth in this section if performance requirements are not met.

### 8.1 PERFORMANCE REQUIREMENTS AND PENALTIES

#### 8.1.1 ADMINISTRATIVE REPORT TIMELINESS

**System Requirement:** Each Administrative Performance Report is due no later than the 20th of the month following the end of the System plan year quarter or by the first business day following the 20th if it falls on a weekend or holiday (e.g., 3rd Quarter 2010–2011 ends May 31, 2011; June 20th falls on Saturday; therefore, the 3Q2011 report will be due to System no later than Monday, June 22, 2011).

**Financial Penalty:** A penalty of \$2,000 may be assessed for each quarter in which the vendor fails to submit the Administrative Performance Report by the required due date.

#### 8.1.2 COMMUNICATION REQUIREMENTS

**System Requirement:** The vendor must meet all due date requirements as specified in Section 7.0 of this RFP for materials related to Annual Enrollment.

**Financial Penalty:** A penalty of \$4,000 may be assessed for each violation of the due date requirements for: (1) preparation of the System-specific Web site; and (2) distribution of plan materials.

#### 8.1.3 Complaints

**System Requirement:** The average time for the vendor to resolve System participants' complaints should not exceed 30 calendar days, with at least 90% resolved in 15 days.

**Quarterly Report:** The vendor must report the total number of complaints (written and e-mail) received from System participants, the average length of time to resolve complaints, and the percentage resolved within 15 days of receipt. System specific data is required.

**Financial Penalty:** A penalty of \$4,000 may be assessed for each quarter in which the average time to resolve complaints received from System participants exceeds 30 days or 90% are not resolved within 15 days.

#### 8.1.4 Telephone Calls

**System Requirement:** The vendor's Customer Service average abandonment rate for telephone calls should not exceed 5%. The average time a caller waits before speaking to a vendor representative should not exceed 30 seconds.

**Quarterly Report:** The vendor must report its Customer Service telephone call average abandonment rate (ABR) and average speed of answer (ASA) a caller waits in queue before a live vendor representative is available. System-specific data is preferred; however, vendor may report total business information if System-specific data is not available.

**Financial Penalty:** A penalty of \$4,000 may be assessed for each quarter that the vendor's ABR exceeds 5% and for each quarter that the vendor's ASA exceeds 30 seconds.

#### 8.1.5 Claims Processing

**System Requirement:** Once complete information is received, the vendor should average processing System participants' claims as follows:

- a) 85% of claims to be processed within fifteen (15) calendar days following date of receipt.
- b) 98% of claims to be processed within thirty (30) days following date of receipt.

**Quarterly Report:** The vendor must report its total number of System claims received from System participants, the total dollar amounts paid and denied, the average processing time (in days) for these claims, and the percentage processed within 15 days and 30 days from date of receipt.

**Financial Penalty:** A penalty of \$5,000 may be assessed for each quarter and for the standard for timeliness regarding claims processing that the vendor fails to meet.

#### 8.1.6 Evidence of Insurability (EOI) Application Process

Under the current plan, previously eligible and late entering active employees are required to provide satisfactory EOI in order to enroll in or increase Voluntary GTL coverage. This is applied to those who have declined coverage at initial eligibility.

The vendor shall provide the underwriting support and appropriate staff, including qualified and duly licensed medical doctors in good standing with the state of Texas, to service the EOI function.

**System Requirement:** Once complete information is received, the vendor should average processing System EOI applications for System participants as follows:

- a) 85% of EOI applications to be processed within fifteen (15) days following date of receipt.
- b) 98% of EOI applications to be processed within thirty (30) days following date of receipt.

The vendor must report the status of EOI applications, weekly via SFTP (secure FTP), to OEB using the dataset layout format found in Appendix B.

The vendor should provide OEB with an "unlocked" PDF copy of their EOI form. OEB will use this form to create online EOI application screens where U.T. System employees can provide complete medical history in response to the vendor's EOI form questions. This data will populate a PDF version of the vendor's EOI form available for the member to

print, sign and mail to the vendor (if required). This form will also be capable of capturing an electronic signature if the vendor agrees that a hard copy of the EOI form with a wet signature is not required. The data captured will be put into a dataset and transmitted, via SFTP, to the vendor. The vendor should strongly consider receiving these EOI application form datasets, which will be created nightly by OEB during the annual enrollment period from July 1 through August 15. The dataset layout for the EOI applications can be found in Appendix B. OEB would like the vendor to accept an electronic signature that will be included in the datasets.

**Quarterly Report:** The vendor must report the total number of EOI applications received, approved, denied, closed, and pending by System participants; plus the average time (in days) to process the applications, and the percentage processed within 15 and 30 days.

**Financial Penalty:** A penalty of \$5,000 may be assessed for each quarter and for each standard for timeliness regarding EOI processing that the vendor fails to meet.

### 8.1.7 Appeals

**System Requirement:** The vendor should average processing appeals for System participants within 30 calendar days following date of receipt.

**Quarterly Report:** The vendor must report the total number of appeals received, upheld and denied from System participants; plus the average time (in days) to reach a decision and the percentage processed within 15 and 30 days.

**Financial Penalty:** No penalty is associated with this requirement.

### 8.1.8 Waiver of Premium

**System Requirement:** The vendor should average processing GTL Waiver of Premium applications for System participants within 30 calendar days following date of receipt.

**Quarterly Report:** The vendor must report the total number of applications received, upheld and denied from System participants; plus the average time (in days) to reach a decision and the percentage processed within 15 and 30 days.

**Financial Penalty:** No penalty is associated with this requirement.

### 8.1.9 Fraud Detection

**System Requirement:** The vendor must document that it has a comprehensive plan in place sufficient to detect fraud, abuse, overpayments, wrongful or incorrect payments and to verify enrollment.

**Quarterly Report:** The vendor must report any fraud, abuse, overpayments, wrongful or incorrect payments, as well as verification of enrollment, in the Quarterly Administrative Performance Requirements Report. The vendor shall also conduct investigations with regard to fraudulent or suspicious claims and report the information to the System. The System may develop further policies in connection with the detection and prevention of fraud or abuse. The vendor must comply with all such policies and is encouraged to develop additional safeguards. The vendor must report the total number of dollars recovered through fraud investigation activity and submit a written description of the vendor's comprehensive fraud detection plan, using its automated systems to detect and prevent fraud, abuse and other improprieties.

**Financial Penalty:** No penalty is associated with this requirement.

### 8.1.9 Dataset Processing

**System Requirement:** Maintenance eligibility datasets received by the vendor from the System on any business day by 11:00 AM Central Time will be processed within two (2) business days following receipt.

**Financial Penalty:** A penalty of \$1,000 may be assessed for each successfully transmitted dataset not processed by the vendor within the specified timeframe, up to a maximum penalty of \$5,000 for each quarter.

### 8.1.10 Customer Service Call Center and Web Site Outages

**System Requirement:** Vendor customer service call center telephone and IVR outages and Web site outages should be kept to a minimum. If an outage does occur, the vendor's goal should be to restore service within one (1) hour of the outage.

**Financial Penalty:** A penalty of \$1,000 may be assessed for each outage over one (1) hour but less than eight (8) hours. If the outage is greater than 8 hours but less than 24 hours, a penalty of \$2,000 may be assessed. If the outage is 24 hours or greater, a penalty of \$4,000 may be assessed for each occurrence, up to a maximum penalty of \$10,000 for each quarter. OEB may waive this penalty based on extenuating circumstances such as down time due to severe weather, a natural disaster, or an act of terrorism.

## 9.0 Time Table

These dates represent the best estimate of your organization's compliance with the listed requirements.

1.	Life and AD&D RFP posted	11/24/2009
2.	Conference for Prospective Respondents	12/17/2009
3.	Last day for prospective vendors to submit RFP questions	1/11/2010
4.	Proposal due date	1/20/2010
5.	Contracts finalized and signed	3/1/2010
6.	Implementation team designated and tasks assigned	3/1/2010
7.	First planning meeting between System representatives and vendor and timetable for implementation finalized	March 2010 TBD
8.	Selected vendor will submit booklets to OEB for review	5/3/2010
9.	Meetings with System-institution Benefits Offices, if necessary	May 2010 TBD
10.	System-specific vendor Web site available for testing	6/1/2010
11.	Setup of eligibility SFTP procedures and authorizations	6/1/2010
12.	Plan booklets due to System for review	6/4/2010
13.	Annual Benefits Training Workshop in Austin, Texas	6/6-6/9/2010
14.	Begin testing transmission of test eligibility data	6/15/2010
15.	Deadline for distribution of enrollment materials to institutions	6/18/2010
16.	System-specific vendor Web site ready for use	6/21/2010
17.	Annual Enrollment period	7/1-7/31/2010
18.	Eligibility, accounting, and data management systems testing completed	8/1/2010
19.	Transmission of September 1, 2010 eligibility data sets to vendor	8/11/2010
20.	Testing/training of emergency eligibility update/review processes	8/15/2010
21.	Deadline for participants to submit EOI application	8/15/2010
22.	Testing of eligibility error dataset transmission from vendor	8/25/2010
23.	Plan booklets received by participants	Prior to 9/1/2010
24.	Effective date of coverage	9/1/2010
25.	Begin testing of Self Premium Billing data	9/1/2010
26.	Transmission of Self Premium Billing data	10/1/2010

## 10.0 PROPOSAL EVALUATION CRITERIA

Proposals submitted in response to this RFP will be evaluated on the basis of the criteria included in this section. The criteria are not necessarily listed in order of importance. While the criteria will provide the basis for an objective evaluation of each proposal, the experience and judgment of the System staff and their advisors shall also be important in the selection process. The goal of the process will be to determine the organization that will provide the System with the best partner for the administration of the System's fully insured GTL and AD&D plans during the term of the Contract.

### 10.1 COMPLIANCE WITH AND ADHERENCE TO THE RFP

Deviations are strongly discouraged and must be specifically identified and described in detail in order to be considered. While a proposal with minor deviations from the RFP will not be disqualified, preference may be shown to those vendors with the fewest, least significant deviations. The System will interpret vendor responses to match the specifications herein except for deviations specifically noted and described in response to this item.

### 10.2 ADMINISTRATIVE CAPABILITY

The organization will be evaluated on the basis of its ability to provide quality services to the System in the management and administration of the System GTL and AD&D plans, as described herein.

### 10.3 FINANCIAL STRENGTH AND STABILITY

The System has specified a minimum organization net worth of \$100 million. While a net worth substantially in excess of the minimum will not necessarily indicate a superior proposal, a net worth below the minimum will result in disqualification of the proposal.

### 10.4 PREMIUM RATES AND ADMINISTRATIVE COST

The System expects to receive proposals from several highly qualified organizations, all of which can provide high quality, cost-effective service. For these, a distinguishing factor will be the organization's proposed premium rate schedule and the percentage of the premium designated for administrative costs.

### 10.5 DIR ACCESSIBILITY RULES

The System is required to ensure that the vendor is able to comply with the DIR Accessibility Rules and provide the required Electronic and Information Resources Accessibility Warranty as described in Section 7.4.3 of this RFP.

### 10.6 OTHER

The System may determine that other factors should be considered important based on their review of the responses to the interrogatories. Examples of such factors include, but are not limited to, experience serving large group programs, prior System experience, and references. The System reserves the right to make site visits to selected finalists and to utilize information gained in those site visits in the evaluation process.

The System reserves the right to reject any and/or all proposals and/or call for new proposals if the System deems it to be in the best interests of the GTL and AD&D plans and its participants.

The System also reserves the right to reject any proposal submitted that does not fully comply with the RFP's instructions and criteria. The System is under no legal requirement to execute a Contract on the basis of this notice or upon issuance of the RFP or receipt of a Proposal.

## 11.0 INTERROGATORIES

In order for a vendor's proposal to be considered and accepted, it must provide answers to all of the questions presented in this section. Each question must be answered specifically and in detail. Reference should not be made to a prior response, or to another document, unless the question involved specifically provides such an option. Be sure to refer to all sections and appendices of this RFP including the Sample Contract before responding to any of the questions, to ensure a complete understanding of all of the System's requirements with respect to the bid.

Answers to the questions included in this section should be detailed enough to satisfactorily explain the vendor's position on each particular issue. It is the vendor's responsibility to respond to these questions in such a way that the System has a full and complete understanding of the vendor's intent. The answers to these questions will be the basis for interpretation of various aspects of the contract between the System and the organization. It is important to carefully define any key words or phrases used in answering these questions.

Each response must be preceded by the question to which the response pertains.

Indicate clearly if each answer is in response to the GTL plan or the AD&D plan or both plans.

For example:

1. Question

GTL Answer:

AD&D Answer:

### DEVIATIONS

1. Enumerate and provide a detailed description of each deviation from this RFP. Deviations, which are strongly discouraged, must be specifically identified in order to be considered. The System will interpret your proposal to match the specifications of this document except for deviations specifically noted and described in response to this item. If the System enters into a contract with your organization, deviations shall not become a part of the final Contract unless expressly agreed to by the System in writing and accepted by the System. See Section 3.0 of this RFP for further information regarding deviations from the Sample Contract.

### GENERAL INFORMATION

2. Provide the following information regarding your organization:
  - a. Vendor's full legal name, address, telephone number
  - b. Name, title, telephone number, e-mail address and FAX number of contact person
  - c. Name, title, telephone number and e-mail address of the person authorized to execute this RFP, and any subsequent contract that may be awarded
  - d. Name, title, telephone number and e-mail address of the person who will serve as the System account liaison

e. Name(s), title(s), e-mail address(es), mailing address(es), telephone number(s), and facsimile number(s) of the personnel responsible for preparation of the Proposed Rates noted in Section 12

f. Type of incorporation (for profit/not-for-profit or non-profit); publicly or privately owned

g. Names of officers and directors and percentage of ownership in the company.

h. State of incorporation

i. Provide a copy of your organization's certificate of authority to operate as a GTL and AD&D insurance carrier from the Texas Department of Insurance and your organization's State of Texas Vendor ID number (14-digit number)

j. Date GTL and AD&D services were each first provided

k. Name, title, e-mail address, mailing address, and telephone number of the person who shall serve as the vendor's legal counsel and/or all such information as it relates to any outside law firm retained by the vendor for purposes of the vendor's proposal or contract performances

l. Name and title of the individual who will be signing the contract on behalf of the vendor. Provide a secretary statement or other proof that this individual is authorized to bind the vendor in this manner.

3. Does the vendor propose to utilize subcontractors in the performance, delivery and provision of services, coverages, benefits, equipment, supplies and products requested hereunder? If so, provide the information requested in items a. through l. above for each subcontractor and specify what services may be performed by each subcontractor.
4. Provide the names and addresses of all parties who would receive compensation as a result of the organization's selection under this RFP, including, but not limited to, consulting fees, finder's fees, and service fees.
5. Provide an organizational chart identifying the personnel who will be responsible for the administration and management of your organization's contract with the System.
6. Provide a copy of your most recent NAIC annual statement (if you are a licensed insurance carrier) and a copy of your most recent audited financial statement.
7. Provide copies of ratings and reports on your organization issued by independent insurance rating organizations or similar entities, e.g., Best's, Moody's, Standard & Poor's, etc.
8. Is your company a stock or mutual company? Is your organization owned or controlled by any other organization? If so, please explain this relationship.
9. Describe in detail previous implementation breakdowns or contract breaches (if any) by the vendor and all measures the vendor took to rectify the situation or to remedy the breach. Provide a schedule of performance assessments and contract breaches for the last ten (10) years or life of the company if less than ten (10) years. Separate by governmental and nongovernmental clients indicating the reason for the assessment and the amount paid. List in most recent chronological order.
10. Is your company currently in default on any loan agreement or financing agreement with any bank, financial institution, or other entity? If yes, specify date(s), details, circumstances, and prospects for resolution.

11. How many employees are covered by plans for which you underwrite GTL and AD&D benefits as of **September 1, 2009**? Describe your organization's capacity to enroll new participants and any anticipated limitations on future enrollment.
12. For how many groups of 10,000 or more do you currently provide GTL and/or AD&D benefits?

## CONFIRMATION AND ACKNOWLEDGEMENTS

13. Confirm that your organization will comply with all of the general requirements described in Section 2.0 of this RFP.
14. Confirm that your organization will comply with all of the financial requirements described in Section 4.0 of this RFP.
15. Confirm you agree to a 210-day notice of any future rate adjustments.
16. Confirm that your organization will comply with all of the benefits and requirements described in Section 5.0 of this RFP.
17. Confirm that your organization has the ability to provide all of the benefits specified in Appendix A-1 and A-2 of this RFP. Also confirm that your organization has the ability to provide the potential new benefits specified in Sections 12.3 and 12.4 of this RFP.
18. Confirm that your organization will comply with all of the operational specifications including administrative, data processing and reporting requirements described in Section 6.0 of this RFP.
19. Confirm that your organization will comply with all of the communication and administration requirements described in Section 7.0 of this RFP. Confirm that you understand and will comply with the UT-specific Web site technical specifications in this section and that you will complete and submit the Electronic and Information Resources (EIR) Accessibility Checklist found in Appendix H of this RFP.
20. Confirm that your organization understands all of the administrative performance requirements described in Section 8.0 of this RFP and agrees to pay the stated performance penalties if applicable.
21. Confirm that your company retains the liability for incurred waiver-of-premium claims on covered individuals in the event of the termination of your contract.
22. What is your standard waiting period (number of days) for a premium waiver? Is there a time limit for application for waiver of premiums? Does premium waiver apply only to the GTL plan?
23. Confirm that all active and retired employees enrolled in Voluntary GTL coverage and/or Voluntary AD&D coverage on August 31, 2010 will continue enrollment at the same level(s) of coverage under the new contract effective September 1, 2010 unless the employee elects to reduce, increase or cancel the coverage.

## REFERENCES

24. List as references five employers for whom you provide fully insured GTL and AD&D plan services to their employees. The System is particularly interested in employers located in Texas and in public entities. For each employer, include:
  - a. Name and telephone number of the representative of the employer who is familiar with the services you provide

b. Nature of your relationship with the employer, i.e., insurer, administrator, reinsurer, manager of provider network

c. The number of employees enrolled and the annual claims paid

Note: Your response to this request officially authorizes the System to contact these employers to discuss the services that you have provided for their employees and authorizes the employers to provide such information to the System.

## VENDOR FINANCIAL INFORMATION

25. **ADDED TO 2015 RFP** Provide a statement regarding your organization's capacity to enroll new participants and the likelihood of any future limitations on enrollment.

26. Describe your organization's risk retention process including the use of a reinsurer. If a reinsurer is employed, provide the name and amount of risk assumed and any involvement the reinsurer has in the claims approval process.

27. State the name and address of any sponsoring or parent corporation or others who provide financial support to your organization. Provide an indication of the type of such support, i.e., guarantees, letters of credit, etc. What are the maximum limits of additional financial support? Provide a copy of the sponsoring organization's most recent audited financial statement. Confirm that you will provide a copy of the audited financial statement for each year during the term of this contract.

28. Is your organization presently actively considering or subject to any mergers with and/or acquisitions of or by other organizations? If so, provide specifics. Affirm your organization's agreement to notify the System immediately upon reaching any form of binding agreement in connection with any reorganization of your organization's management or ownership. Disclose any contractual relationships with affiliates that could present a conflict of interest with your role as the contracted vendor for the System GTL and AD&D plans.

## HUB PARTICIPATION PROGRAM

29. Confirm that you have read the HUB requirements in Section 2.9 and Appendix F of this RFP and have provided three (3) originals of the HUB subcontracting plan with your proposal. Include all applicable HUB materials in a separate envelope from the other proposal materials.

## BENEFITS

30. Explain your previous experience in providing GTL and AD&D benefits, as applicable, to groups of 10,000 or more.

31. Indicate the overall percentage of covered individuals filing claims during the last year.

32. Explain the process followed when Evidence of Insurability (EOI) is required. What is the average decision time on an EOI application form? What factors determine the need for a medical report? If a medical report is required, does your organization decide which medical professional completes the form? If so, who pays for the medical report and what is the average cost? How is approval or declination reported to the individual applicant?

33. Describe the services you will provide in compliance with this RFP as described in Section 5, as well as the specific services you will render in connection with the installation of the plan, education of benefit staffs, printing of booklets, forms, etc.

34. Describe all plan limitations, exclusions, and pre-existing condition clauses included in your organization's proposal.
35. In addition to the GTL and AD&D summaries found in Appendix A, provide the System with a description of any additional benefits and definitions to be considered in evaluating the product(s) your organization is proposing in response to this RFP.
36. Confirm your organization understands that a limited number of employees, mostly physicians, are enrolled in a separate Medical Practice Plan benefit and that in the event of loss of this coverage, your organization will treat this group of employees as newly eligible in regards to EOI requirements for the System's GTL plan.
37. The System's abeyance policy permits faculty and staff to hold coverage in abeyance (freeze coverage) prior to a leave or sabbatical commencing. Upon return to active employment, the staff or faculty member is eligible to pick up coverage without Evidence of Insurability. Is your company willing to accept the System's abeyance provision?

## ADMINISTRATION AND CUSTOMER SERVICE

38. Briefly outline your organization's account management philosophy. Include an outline of how the team members are compensated by your organization.
39. Describe the organization, location and structure of the account service team that shall (1) initially implement the System GTL and AD&D plans; and (2) provide ongoing program support for the System plans. Provide a resume of each team member, including vendor-related duties and length of time with your organization. Describe any other duties these personnel will be performing related to non-System responsibilities.
40. Describe the coordination and collaboration between the account management team and underwriting for the EOI process.
41. Provide a list of individuals who will comprise your implementation team should you be selected as the vendor. Include individuals for the following categories:
  - a. Enrollment reporting
  - b. Benefit processing
  - c. Communication materials
  - d. Grievance process
  - e. EOI Processing
  - f. Claims processing
  - f. Payments and reconciliation
42. Where would the person responsible for the account and client management be located?
43. What are your organization's contingency plans and procedures for providing back-up service in the event of strike, natural disaster, backlog, or other events that might interrupt or delay service? Provide a copy of your disaster recovery plan and/or business resumption plan, including the results of your most recent test of the plan.
44. Are all administrative services performed internally? If not, where is the administrative service facility located? If your organization contracts with a management company for

- some or all of your administrative services, specify the name of the company, the services provided and the method of reimbursement.
45. Provide the names, positions, and locations of the vendor's support staff (including numbers of full-time equivalent employees), which shall administer the System GTL and AD&D plans. What is the turnover rate among this administrative staff for the past two (2) years?
  46. Describe your customer services unit, the manner in which it is accessed, its hours of operation and its handling of complaints.
  47. What are your organization's current response time standards with respect to questions requiring written communication?
  48. Describe your organization's procedures for handling customer service complaints.
  49. What customer complaint tracking system does your organization utilize? How long has this system been operational?
  50. Briefly outline any recent system changes. Include any plans or timelines for scheduled future changes to the existing system.
  51. Briefly describe the training that each vendor employee or representative receives to provide customer services? Include length of time it takes to go from training to a qualified Customer Service Representative (CSR).
  52. Are there any scheduled changes of the CSR system support? If so, include description of the old and new systems, along with a timeline of when the changes will be implemented.
  53. How will the customer service unit be staffed? What is the turnover rate for your organization's non-management call center staff?
  54. How does your organization handle after-hours customer service calls?
  55. How does your organization track and monitor phone service on an account-specific basis?
  56. Does your organization have the ability to allow the System to listen to customer service calls remotely from Austin?
  57. Does your organization record phone calls? If so, how many and what criteria are used for selecting the calls for recording?
  58. Does your organization's CSR system support TTY, also known as a TDD (Telecommunications Device for the Deaf), technologies?
  59. Does your organization currently conduct participant satisfaction surveys? Provide a copy of the latest results of the vendor's most current survey. Does an outside organization perform the survey? The survey should provide the percentage of participants who indicated that they were "satisfied" or "very satisfied" with the overall program.
  60. Does your organization's CSR system support Spanish-speaking participants?
  61. Does your organization expect to make major changes to its service organization or facilities (e.g., moving to a different location, reorganizing or merging units)? If so, please describe.
  62. Will you be willing to provide personnel who will attend employee/retired employee meetings during annual enrollment on a statewide basis? Although on a very limited basis, will your organization provide personnel for meetings at times other than from

8:00 a.m. to 5:00 p.m. on regular business days to accommodate the System institutions that have 24-hour facilities?

63. Will your organization provide toll-free telephone access for System participants for both customer service and claims access? How many lines will be available? During what hours will it be operated? Will any dedicated customer service lines be provided for System participants? What was your telephone customer service performance for the last year?

64. Provide a copy of all written materials to be used in administering the System GTL and AD&D plan coverage. As a minimum, your response should include the following:

a. Annual Enrollment/Marketing Packets: Include copies of proposed marketing materials. Include all plan exclusions or limitations. Also include all proposed newspaper, billboard, television, and radio advertisements for Annual Enrollment.

b. Post enrollment member packets: Include a copy of the proposed benefits books, including a complete description of benefits provided, limitations, and exclusions. Note that the benefits provided must be those presented in this RFP. No deviations from these required benefits shall be allowed, with the exception of any additional optional benefits specifically stated in this RFP.

65. Provide a complete description of the resources and procedures that you intend to apply to the program in connection with the communication of the plan as described in this RFP.

66. Describe your organization's problem resolution policies.

67. Provide a complete description of the resources and procedures, which your organization intends to apply to the program in connection with those services required in the communication of the Plan, as described in Section 7 of this RFP.

68. Provide a detailed description of the manner in which you propose to administer services to System GTL and AD&D plan subscribers. Include responses to the following:

a. Are all administrative services performed internally? Where is the administrative service facility located? If you contract with a management company for some or all of your administrative services, please specify the name of the company, the services provided and the method of reimbursement.

b. How many telephone lines and support staff are dedicated to customer service and claims processing? What is the average number of customer service inquiries handled with these resources on a weekly basis?

## CLAIMS PROCESSING

69. Describe in detail the claims processing facilities and procedures you will use if you are selected to administer the System GTL and AD&D plans. This response should include the following:

a. Where will your organization process claims? What are your hours of operation?

b. Describe the size and composition of the staff that you will assign to the processing of System GTL and AD&D claims.

- c. Describe your hiring and training practices with respect to claims examiners, processors and data entry operators.
- d. Describe the claims processing system that you would utilize in processing claims. How long has this system been operational?
- e. If applicable, are GTL or AD&D claims filed telephonically or by paper? If telephonic, describe the experience of the staff handling these calls.
- f. Describe any other aspect of the claims processing that you believe would be beneficial in the review of this proposal.

70. For the claims office that would be processing claims for System participants, please provide the following statistics for all claims processed and paid by your organization during the most recent 12-month period:

	Company Standard	Actual
Claims Payment Accuracy		
Claims Processing Accuracy		
Financial Accuracy		
Average Turnaround Time		

- 71. Describe your organization’s process regarding the evidence of insurability applications for underwriting, tracking and notification of approval or denial to the applicant. In addition, describe the process for notifying the System and its respective locations of evidence of insurability application results.
- 72. Confirm your organization’s ability to provide the System with a process for evidence of insurability application review that will guarantee efficiency and accountability for applications that are submitted. Once confirmed, please explain what this process will be.
- 73. Confirm that the System will be provided with a specific contact regarding evidence of insurability applications. State where this contact person will be located.
- 74. How do your claims processing system interact with enrollment information?
- 75. Does your organization have the ability to match the System enrollment against EOI/underwriting files to determine if the person 1) entered the program during their initial period of eligibility (first 31 days of benefits eligible employment), or 2) through an EOI approval? If no, describe how your organization handles a claim from an employee who has been covered and has paid premium and then presents a claim? Does the length of time covered and number of premium payments play a part in the decision to approve or decline the claim?
- 76. Describe the nature and extent of claims processing quality assurance review procedures, including review work performed to ensure that data is accurate and complete. Is the quality review conducted on a prospective or retrospective basis? What is the frequency of such reviews?
- 77. Will you have a dedicated team to process claims for System GTL and AD&D plan participants? If so, describe their location, number and experience of dedicated staff.

78. Can a claims processor or customer service representative view historical claims information and beneficiary designation information online? Can a participant view their claims and designated beneficiary or beneficiaries online? Can OEB have access to an online claims and beneficiary designation information system in the event we need to review claims or request reports? Can a participant change their beneficiary designation online?
79. Confirm that your proposal has no provision for "binding arbitration" in a complaint procedure and that no such provision shall be utilized with regard to System employees.
80. Describe your organization's GTL, AD&D and waiver of premium claims filing process.
81. Explain the process for obtaining medical records required to pay a claim. If records are needed, state who is responsible for the cost of the records.
82. Provide the average time involved in approving or denying a GTL, AD&D and waiver of premium claim.
83. After a GTL or AD&D claim has been approved for payment of benefits, state the time period in which your organization will release payment of funds.
84. Describe the payment of fund options available for the beneficiary of GTL and AD&D claims, once your organization has notified them a claim will be eligible for payment. State the time period in which these payment options will be made available to the beneficiary.
85. With regard to GTL and AD&D claims, state the time period in which a beneficiary must submit a claim following the death of the participant.
86. With regard to GTL and AD&D claims, state how long claim records will be maintained.
87. After a waiver of premium claim has been approved, state when a waiver of premium becomes effective following an approval by your claims department.
88. With regard to waiver of premium claims, describe any programs designed to assist a disabled employee to return to work.
89. Do you have a process to expedite the life insurance premium waiver? If so, please describe.

## CLAIMS APPEAL PROCEDURES

90. Provide a detailed description of the grievance and appeals process for benefits provided by your organization.

## DATA SECURITY REQUIREMENTS

91. Describe your organization's data security system and processes including breach notification.
92. Confirm that the vendor will contract to maintain all System data collected from or on behalf of System at least as securely as your organization's own data.
93. Confirm that the vendor can comply with all of the data security requirements listed in the Sample Contract.

## DATA PROCESSING REQUIREMENTS

94. Confirm that your organization has the ability to provide the required dataset layouts as described in this RFP.
95. Confirm that your organization has the capability to accept enrollment data via SFTP on a real time basis.
96. Confirm that your organization has the ability to comply with the web user access requirements as described in Section 6.2.6 of this RFP.
97. Describe the vendor's experience with automated enrollment systems. What automated systems have been used?
  
98. Explain how data is entered into your eligibility system. Provide a data flow diagram of the process to receive, audit, and load eligibility datasets including indication of whether the diagram refers to a current or proposed system. If proposed, the proposed implementation date should be included.
99. Where is the computer that maintains your eligibility system? Do you use a third-party application for entering data into your eligibility system or software developed in-house?
100. Can your system produce an error report that indicates records which have been accepted and those that have been rejected? Will you provide such reports following each eligibility transmission?
101. Discuss the staffing and capabilities of your information systems team that would be responsible for managing data for the proposed plan.
102. How soon after receiving eligibility data from the System would any updates be reflected in your eligibility system?
103. What quality assurance processes are provided in the vendor's system to ensure accurate programming of benefits?
104. Describe the vendor's process for implementing plan design benefit changes. How much advance notice is required for a change to be placed in the system? What quality assurance measures are provided to improve accuracy of programming?

## PREMIUM RATES

105. Confirm that the rates submitted in your organization's proposal are guaranteed for a minimum of three years, beginning September 1, 2010 through August 31, 2013.

106. Will your organization offer any guarantee of maximum increases for future years? If so, what are the guarantees?
107. Are there any minimum participation requirements for the rates quoted in your proposal?
108. Describe any services contained in your organization's proposal that will not be covered by the premium rates quoted by your organization. Does your organization have special start-up fees?
109. Provide your organization's conversion of coverage options and the associated rates for an individual whose coverage ends or decreases due to loss of eligibility.

## REPORTING REQUIREMENTS

110. Describe your reporting capability. Provide current samples of utilization and administrative performance reports available. How often are these reports prepared? Describe the method that you would use to determine the cost of any special reports that the System might request.
111. Confirm that you are able to provide the quarterly Administrative Performance Requirements Report as specified in Appendix G.
112. If your organization is unable to provide the information requested in the Administrative Performance Requirements Report, please describe in detail any information that cannot be provided and explain why it cannot be provided.
113. Describe your organization's procedures for conducting fraud detection. Provide a copy of your organization's comprehensive fraud procedures with your response to this RFP. If none, describe the steps you are taking to provide your comprehensive plan to prevent fraud and abuse, as required by the sample contract.
114. Provide copies of sample reports (e.g., quarterly, semi-annual and/or annual utilization reports) you would provide System during the contract period.

## MISCELLANEOUS

115. Indicate the interest rate or the basis for determining the interest rate that will be used for annual accounting purposes for the GTL coverage(s).
116. Describe any litigation, regulatory proceedings and/or investigations completed, pending or threatened directed against your organization and/or any person or subcontractor performing any part of the services in connection with the Contract within the past five (5) years. Identify the full style of each suit, proceeding or investigation including county and state, regulatory body and/or federal district and provide a brief summary of the matters in dispute, current status and resolution if any.
117. Describe any investigations, proceedings or disciplinary actions by any state regulatory agency against your organization and/or any of its related affiliates, officers, directors and any person or subcontractor performing any part of the services in connection with the Contract during the past five (5) years. Identify the full style of each suit, proceeding or investigation including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution, if any.

118. The System is interested in your organization's experience in working with clients to improve the cost efficiency of their GTL and AD&D benefits programs. Describe your experience in providing cost containment enhancements to former and current clients.

119. Provide the System with a sample GTL and AD&D Claim form, Evidence of Insurability (EOI) application, Waiver of Premium application, Beneficiary Designation form, and Conversion application. In addition, please provide a copy of any additional forms necessary to complete a transaction involving any additional benefit or definition being proposed.

## 12.0 PROPOSAL RESPONSE FORMAT

This section includes the formats a vendor must use in presenting the proposed monthly premium rates for each plan of coverage.

### 12.1 GENERAL INFORMATION

#### 12.1.1 Enrollment

The enrollment assumptions shown in Appendix C will be utilized by the System in comparing and analyzing the proposed premium rates. While these enrollment assumptions are the System's best estimate of plan year 2010–2011 enrollment and will be utilized to facilitate proposal analysis, the vendor must recognize that a variety of factors will influence actual enrollment. These factors include, but are not limited to, increases in employee salary, changes in other payroll deduction amounts, etc. In addition, the System will not guarantee a minimum participation rate for these plans.

#### 12.1.2 Premium Taxes

In accordance with the Texas Insurance Code, no premium, maintenance or administrative service taxes will be levied on the vendor selected to underwrite and administer the coverages described herein.

#### 12.1.3 Premium Rate Guarantees and Adjustments

In rating the proposed program, it is required that the rates contained in your response be guaranteed for a three-year period commencing on September 1, 2010 through August 31, 2013.

#### 12.1.4 Responses Required for All Plans

To be eligible for consideration, a vendor must submit a proposal for both the GTL and AD&D plans. A response that excludes one of the coverages will not be considered.

#### 12.1.5 No Loss/No Gain

The vendor must certify that no person currently covered by the System plan will experience a loss of benefits or a loss of coverage as a result of a change of vendor. An employee or retired employee must be able to maintain all coverage(s) in effect as of August 31, 2010 during the 2010–2011 plan year without being required to fulfill any evidence of insurability, active service, or preexisting condition requirements.

#### 12.1.6 Legislative Mandate

If, subsequent to the submission of a response prepared in accordance with these specifications, Federal or State legislation or regulation is enacted or interpreted in a manner which materially impacts the coverages which are the subject of this RFP, the System shall enter into good faith negotiations with the vendor selected to underwrite and administer the program to arrive at mutually agreeable adjustments to the rates

submitted in response to these specifications so as to appropriately reflect the anticipated impact of such legislation.

#### 12.1.7 Premium Rate Format

All proposed monthly premium rates in the charts in Sections 12.3 and 12.4 of this RFP must be submitted with three (3) digits to the right of the decimal point.

#### 12.1.8 Special Contingency Reserve

It is the System's intent that no special contingency reserve will transfer to the new contract. Each vendor's proposal should assume that the reserve has a balance of \$0 effective September 1, 2010.

(Rate Proposal begins on the next page.)

## 12.2 PROPOSED MONTHLY PREMIUM RATES FOR CURRENT BENEFITS DESCRIBED IN APPENDIX A-1 AND A-2

### 12.2.1 Basic Group Term Life Premium Rates For Active Employees and Retired Employees

<b>BASIC GROUP TERM LIFE</b> effective September 1, 2010 through August 31, 2013 Active Employee: \$10,000 Basic GTL Retired Employee: \$3,000 Basic GTL			
Category	Claims	Vendor Retention	Proposed Monthly Rate (to 3 decimal places)
Active Employee			
Retired Employee			

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title of Signer

Continued on next page

12.2.2      Voluntary Group Term Life Rates  
 For  
 Active Employees and Retired Employees

<b>VOLUNTARY GROUP TERM LIFE*</b> effective September 1, 2010 through August 31, 2013 Active Employee: 1 to 6 times annual earnings to maximum of \$1.5 million Retired Employee: \$7,000; \$10,000; or \$50,000			
Employee Age	Claims**	Vendor Retention	Total Proposed Monthly Rate Per \$1,000 of Coverage (to 3 decimal places)
15-19			
20-24			
25-29			
30-34			
35-39			
40-44			
45-49			
50-54			
55-59			
60-64			
65-69			
70-74			
75-79			
80-84			
85-90			
90 & Over			

\*The claims rate will serve as the pooling charge applicable to coverage amounts in excess of \$750,000 per individual.

\_\_\_\_\_  
 Company Name

\_\_\_\_\_  
 Authorized Signature

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Title of Signer

(Continued on next page)

12.2.3 Voluntary Group Term Life Rates  
for Spouse of Active Employee

<b>SPOUSE VOLUNTARY GROUP TERM LIFE</b> effective September 1, 2010 through August 31, 2013 Spouse of Employee: Coverage Equal to Either \$15,000 or \$40,000			
Employee Age	Claims	Vendor Retention	Total Proposed Monthly Rate Per \$1,000 of Coverage (to 3 decimal places)
15-19			
20-24			
25-29			
30-34			
35-39			
40-44			
45-49			
50-54			
55-59			
60-64			
65-69			
70-74			
75-79			
80-84			
85-90			
90 & Over			

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title of Signer

(Continued on next page)

12.2.4 Voluntary Group Term Life Dependent Rider  
for Spouse and Dependent Children  
of  
Active Employee

<p><b>DEPENDENT RIDER</b></p> <p><b>effective September 1, 2010 through August 31, 2013</b></p> <p><b>For Spouse and Dependent Children of Active Employee</b></p> <p><b>Spouse Coverage: \$10,000</b> <b>Each Dependent Child Coverage: \$10,000</b></p>		
<b>Claims</b>	<b>Vendor Retention</b>	<b>Total Proposed Monthly Rate (to 3 decimal places)</b>

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title of Signer

(Continued on next page)

12.2.5

**AD&D Monthly Premium Rates  
For  
Active Employees and Their Dependents**

<b>AD&amp;D Monthly Premium Rates</b> effective September 1, 2010 through August 31, 2013	
	<b>Total Proposed Monthly Rate Per \$1,000 of Coverage (to 3 decimal places)</b>
<b>Basic and Voluntary AD&amp;D</b>	
<b>Spouse and Dependent Child(ren) AD&amp;D</b>	

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title of Signer

## 12.3 PROPOSED ALTERNATIVE BASIC GROUP TERM LIFE PREMIUM RATES FOR ACTIVE EMPLOYEES AND RETIRED EMPLOYEES

<b>BASIC GROUP TERM LIFE</b> effective September 1, 2010 through August 31, 2013			
Category	Claims	Vendor Retention	Total Proposed Monthly Rate (to 3 decimal places)
Active Employee (per \$10,000 of coverage)			
Retired Employee (per \$3,000 of coverage)			

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title of Signer

Continued on next page

## 12.4 PROPOSED POTENTIAL NEW DEPENDENT RIDER FOR SPOUSE OF RETIRED EMPLOYEE

<p><b>DEPENDENT RIDER</b></p> <p><b>effective September 1, 2010 through August 31, 2013</b></p> <p><b>For Spouse of Retired Employee</b></p> <p><b>Spouse Coverage: \$3,000</b></p>		
<b>Claims</b>	<b>Vendor Retention</b>	<b>Total Proposed Monthly Rate (to 3 decimal places)</b>

\*EOI is required for enrollment. Exception: EOI is not required if when an Employee retires, the Retired Employee may reduce the spouse Voluntary GTL coverage to \$3,000 if at least that amount of coverage was in effect on the day immediately prior to the effective date of retirement.

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title of Signer

# 13.0 SIGNATURE PAGE

In accordance with our attached proposal(s), \_\_\_\_\_  
(Print Name of Organization)

hereby agrees, if selected by The University of Texas System, to enter into negotiations for a contract to provide fully insured plans for Group Term Life and Accidental Death and Dismemberment insurance coverage for at least the three-year period beginning September 1, 2010. I have read the RFP from which this page is taken and verify that the above named organization can meet the requirements outlined.

Printed Name of Individual Signing this Form:

\_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

The primary contact person regarding this proposal is:

\_\_\_\_\_

Title: \_\_\_\_\_

Mailing Address \_\_\_\_\_

Telephone # \_\_\_\_\_ Fax # \_\_\_\_\_

The Number of Addenda reviewed is \_\_\_\_\_.

I hereby certify that I have the authority to bind the above named company.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title