



MARTIN O'MALLEY  
Governor

ANTHONY BROWN  
Lieutenant Governor

T. ELOISE FOSTER  
Secretary

DAVID C. ROMANS  
Deputy Secretary

**Q & A #3 to  
Request for Proposals (RFP)  
Group Term Life and Personal Accident and  
Dismemberment (PA&D) Insurance  
PROJECT NO. F10B8200006**

**November 14, 2007**

Ladies and Gentlemen:

The numerical sequencing begins at question # 97; questions up to #96 were answered in Q&A #2. The following questions, for the above referenced RFP, were received by e-mail and are answered and posted for all Offerors:

97. **Question:** First and foremost, we have received this RFP from multiple sources and we are trying to determine the best course of action. However, according to page 5 of the RFP, it's stated that multiple or alternate proposals will not be accepted. So our main question is whether or not we are allowed to submit a proposal through multiple sources or must we select one source to submit a proposal?

**Answer:** Each Offeror submitting a proposal should submit its single best proposal to address the requirements as articulated in the RFP. Also, please see the response to Question #95.

98. **Question:** Rate history for at least the past three years with effective dates of any changes.

**Answer:** Please see response to Question #6.

99. **Question:** Describe any plan changes in the past 3-5 years, their effective dates, and any rate changes relating thereto.

**Answer:** There have been no plan changes. Please see response to Questions #6 and #74.

100. **Question:** Please separately identify paid and incurred claims for each experience period.

**Answer:** Please see the response to Question #13

101. **Question:** Please provide a paid death claim listing.

~Effective Resource Management~

45 Calvert Street • Annapolis, MD 21401-1907

Tel: (410) 260-7041 • Fax: (410) 974-2585 • Toll Free: 1 (800) 705-3493 • TTY Users: call via Maryland Relay

<http://www.dbm.maryland.gov>

**Answer:** Please see the response to Question #26.

102. **Question:** Please advise if the current carrier is actually holding waiver of premium reserves and keeps that liability after contract termination.

**Answer:** Yes to both.

103. **Question:** If the carrier does establish reserves for known and approved waiver of premium claims, please provide a listing of open waiver claims including gender, date of birth, date of disability, face amount, current reserve, and diagnosis, if available.

**Answer:** Please see the response to Question #56

104. **Question:** Please confirm that this contract is non-participating and that it is not refund-eligible.

**Answer:** That is correct on both counts.

105. **Question:** Please provide a copy of the current policy. Otherwise, please provide a certificate or SPD.

**Answer:** Please see the response to Question #16.

106. **Question:** Please describe the types and numbers of employees covered. For example, police, firemen, teachers, school administrators, university staff, hospital staff, etc.?

**Answer:** Please see the response to Questions #54 and #82.

107. **Question:** Although my business unit is named [Company X], we are one of many business units that comprise [Company Y], which in turn is part of [Company Yx], which then is part of [Company Yy]. Since [Company Y] is one of the largest insurance companies in the world, we then own and have access to many statutory carriers, such as [Company Z], the actual paper that the insurance would be written on if we were awarded the contract. With all of this being said, the one thing that I heard mentioned during the pre-proposal meeting Wednesday was being consistent with the responses involving entities. Any suggestions on how we should reference ourselves in our proposal? This decision really dictates a lot of our responses and we can not proceed until we know which entity or entities to reference ourselves as.

**Answer:** Please review the RFP, Section 1.27 carefully regarding Offeror Responsibilities. The State's reason for the requirement is that it needs to know that the entity submitting a proposal, the entity whose financial reports are submitted, the entity that submits the affidavits (bid/proposal, contract, living wage, MBE) and the entity that will do the work is in fact the same entity. Otherwise, the State would not know who is really going to do the work, who to evaluate, who it should look at to determine if the Offeror is "responsible" as defined by COMAR Title 21 or who to hold responsible for performance. The second paragraph of the RFP, Section 1.27 tells you what to do if subsidiaries are part of the equation and the role of the parent in guaranteeing

performance of the subsidiary. The best way to keep straight on this point is to have a responsible entity do it all. Failing that, include performance and financial guarantees from the parent.

108. **Question:** We plan on bidding on both the Life and the PAD. To confirm, do you want to see two separate technical submittals and two separate financial submittals? I'm sure the technical submittal will have mostly the same responses given that most answers will be applicable for both products. Same question for the transmittal letter.

**Answer:** Yes, except as noted in the RFP, Section 4.4.1 for an Offeror submitting for both service categories.

109. **Question:** It appears that the State is looking for a 24/7 customer service line. Is it the expectation that the phone be manned by an individual 24/7 or is it acceptable to have the ability to leave a question after hours and have someone return the call in the morning? How is it handled today?

**Answer:** Yes, we currently have a 24/7 customer service line dedicated to the state. It is manned by a live person during business hours. Telephone calls received after hours or on weekends/holidays are accommodated by a voice mail system. All messages received after business hours or on weekends/holidays are returned the next business morning. This clarification is in Amendment 2 to the RFP.

110. **Question:** On page 14, RFP, Section 3.2.9, it says that no exclusions are permitted. Does this mean that no one can be excluded from the guaranteed issue amounts of 50K/25K but we could use medical underwriting to exclude insureds from larger coverage amounts or does it mean that medical underwriting can only be used to classify insureds into tiers, but that all insureds are eligible for the maximum coverage amount?

**Answer:** The former is correct. All members must receive coverage on the terms of the Contract for the guaranteed issue amount; no medical underwriting or rejection based on medical status is permitted for coverage up to the guaranteed issue amount. For example, group term life coverage in the amount of up to \$50,000 for an employee must be issued. The Contractor may use medical underwriting to exclude insureds from coverage amounts in excess of the guaranteed issue amounts.

111. **Question:** We are having difficulty reconciling the experience exhibits on page 13 with the detail in Attachment E-1 on page 60. For the group life experience, page 13 implies there are about 54,000 covered lives. I assume that this covers employee/retirees as well as spouses and children. Based on the average monthly volume, average face amount is around 90K. This makes sense given that the maximum amount of available insurance is 300K. On page 60, the number of employees is 53,000 and there are an additional 35,000 spouses and children (about 88,000 total covered lives). The average face amount for employees is \$576K, more than the maximum allowable face amount of 300K. I am not clear as to how the covered lives and face amounts fit with each other. Likewise, the insured lives on the AD plan on page 13 seem quite high. Any insight to this?

**Answer:** You are correct that there are inconsistencies. Please see the responses to Questions #22, 27, 28, 29 and 55 as well as Amendment #2.

### **Encrypted Demographic File**

112. **Question:** Page 9 of the RFP says that detail is available for 75,000 actives and similar data is available for retirees. Page 12 also says there are 75,000 active employees and 40,000 retirees. This file only has about 45,000 records. Is there more that we should be receiving?

**Answer:** No. Please see the answer to Question #9 and RFP Amendment 2.

113. **Question:** What do the last three columns represent (Actual Percent, Position Status, EEO Job Family)?

**Answer:** Disregard Actual Percent and Position Status; they are internal codes. EEO Job Family refers to the EEO code the positions fall into.

114. **Question:** Does this file include only active employees, or does it also include retirees, spouses and children? If it includes everyone, can they be easily identified as spouse, retiree, or child?

**Answer:** The file includes only eligible, full-time, active employees. See the response to Question #9 and RFP Amendment 2.

### **Basic Life: Census and Volume Info**

115. **Question:** Please provide enrolled or summary census data which, at a minimum, provides volume information by gender in five year age bands for members (actives and retirees) and spouses.

**Answer:** This information is provided in Attachment E-1, pages 60-61.

116. **Question:** Is it possible to obtain a separation of active and retired lives and volumes for members and dependents?

**Answer:** No.

117. **Question:** The historical volume data provided on pg 13 of the RFP shows 53,964, covered lives and a volume of \$4,874M for the most recent period. I am assuming the lives represent members only and the volume is active, retiree and dependent combined. Please confirm.

**Answer:** That is correct.

118. **Question:** The rate forms show an insured EE and Ret count of 53,319 which is consistent with the RFP grid, but a per \$10,000 volume of 3,072,010.

**Answer:** Please see the response to Question #27 and Amendment #2.

119. **Question:** Please confirm that the EE volume shown on Attachment E-1 rate forms is actually reported on a per \$1,000 basis.

**Answer:** Confirmed. Please see the response to Question #27.

120. **Question:** As with the EE, please confirm that the Spouse and Child volumes displayed in Attachment E-1 are on a per \$1,000 basis and not the “per \$5,000”, which is reported.

**Answer:** Confirmed. Please see the response to Questions #28 and 29.

### **Experience Data**

121. **Question:** Please provide premium and paid claim data, separated by employee, retiree and dependent if possible, for each period beginning 1/1/03.

**Answer:** The requested information is not available.

122. **Question:** Please provide an itemized claim listing for employees, retirees and dependents if possible.

**Answer:** The requested information is not available.

123. **Question:** Please provide a listing of open and closed waiver claims with approval date and face amount for waivers incurred within the experience period.

**Answer:** Please see the response to Question #56.

124. **Question:** The rate exhibits provided on the State's benefit website show a rate decrease of approximately 10% effective 7/1/07. Please confirm that this was the only rate change within the experience period.

**Answer:** Confirmed.

125. **Question:** Please provide actual conversion charges for the plan within the experience period.

**Answer:**

1/1/03 – 12/31/03	1/1/04 – 12/31/04	1/1/05 – 12/31/05	1/1/06 – 1/31/07
\$0	\$1,000	\$2,400	\$10,265

126. **Question:** What are the plan provisions and administrative requirements?

**Answer:** Please refer to the SPDs. See Q&A #1, Attachments 7 and 8.

127. **Question:** Please provide a Life certificate, or at a minimum, specific plan language regarding portability, conversion, confinement wording, LOA provisions, etc.

**Answer:** Please see the response to Question #16.

128. **Question:** Please confirm that there have been no changes to the stated plan design within the experience period.

**Answer:** Confirmed.

129. **Question:** It appears from the group's benefit handbook that the age reductions provided in the RFP apply to retired employees and associated dependent coverage only. Please confirm.

**Answer:** You are correct; age reduction does not apply to active employees but only to retirees and dependents of retirees.

130. **Question:** Please confirm that the current carrier requires evidence of insurability for child amounts in excess of \$25,000.

**Answer:** Evidence of insurability for dependent children is required for coverage amounts in excess of \$25,000, in the same manner as it is for spouse coverage.

131. **Question:** Is it the practice of the current carrier to charge for any required medical exams for new hire/dependent amounts in excess of the guarantee issue level? For late entrants?

**Answer:** No, that cost is the liability of the carrier in all cases.

132. **Question:** Does the payment of “a proportionate amount of Open Enrollment materials printing and mailing costs which are split equally among Program Contracts” as referenced in section 3.5.7 of the RFP, include the costs for the Marketing Brochures referenced in section 3.5.3?

**Answer:** No, this refers to the costs incurred by the State to print and mail the Open Enrollment materials developed by the State and sent to its employees and retirees. It does not include costs incurred by the individual contractors for the materials they develop and print. These costs must be built into the rate(s) presented by the Offeror. The State's costs are split evenly among all health plan contractors after Open Enrollment has ended. Typically, a cost of approximately \$16,000 is paid by each Contractor. Amendment #2 adds language to explain the cost sharing.

133. **Question:** Please confirm that the pricing for paper certificates and direct mailing to participating plan members should be included in the quoted rates.

**Answer:** Pricing for paper certificates and direct mailings cannot be charged independently. The premium rates proposed must be fully loaded and are the only compensation that the Contractor will receive under the Contract awarded pursuant to this RFP; whatever your costs are should be recovered via your proposed rates. See the RFP, Section 1.19.

134. **Question:** Will the State require an initial solicitation of beneficiary designations for current participants, or will this information be available from the current carrier?

**Answer:** The State requires an initial solicitation of beneficiary designations.

135. **Question:** Is the State required to market coverage at the conclusion of the five year contract period?

**Answer:** Yes.

## **AD&D**

136. **Question:** What is the census data including OADD elections?

**Answer:** Do you mean EEO codes? There is nothing labeled "OADD" in the census file. If you mean EEO codes, they simply refer to EEO job classification codes which can be obtained from the Department of Labor website if your human resources department does not have the information.

137. **Question:** What is the employee only and employee and family rate history?

**Answer:** Please see the response to Question #6.

138. **Question:** Copy of current contract or SPD

**Answer:** Please see the responses to Question #8 for the Contract and Question #16 for the SPD.

139. **Question:** Description (make; model; N-number; and number of crew and passenger seats) of policyholder owned/leased aircrafts.

**Answer:** Please see the response to Question #67. N-number and passenger seats not included; however, necessary basic information about the types of aircraft, usage and people are in the response.

140. **Question:** Copy of proposal in Word format?

**Answer:** Please see the response to Question #37.

141. **Question:** Can an MBE be submitted with more than one primary contractor? For example if I was interested in applying would I be able to have my business submitted with Company A and Company B?

**Answer:** Yes. The State does not prohibit an MBE from agreeing to work with and be proposed as an MBE subcontractor for more than one Offeror. Offerors are not prohibited from requiring a non-compete agreement from a subcontractor, including an MBE subcontractor. Offerors should be mindful of their obligations in connection with the MBE participation goal. See COMAR 21.11.03.

142. **Question:** When payment is remitted, will the State provide insured detail for reconciliation purposes or will we receive only bulk payment with no detail?

**Answer:** Contractors have the opportunity to reconcile detail by coming into the EBD office and examining the system files. Contractors also receive the detailed deduction report from Central Payroll illustrating the actual deduction taken per employee.

Date Issued: November 14, 2007

By: Joseph Gatto  
<signed>  
Procurement Officer