

**SUPPLEMENT B
DEPARTMENT OF BUDGET AND MANAGEMENT
ACTION AGENDA**

SERVICES CONTRACT

ITEM: 1-S **Agency Contact:** Anne Timmons
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DEPARTMENT/PROGRAM: Budget and Management (DBM)
Employee Benefits Division (EBD)
Maryland State Employees' and Retirees'
Benefits Program

CONTRACT ID: F10B1400014;
Group Long Term Care Insurance
ADPICS NO: F10B1400014

CONTRACT DESCRIPTION: Provide voluntary, group long-term care insurance benefits to Maryland State Employees, Retirees and eligible family members. The recommended Contractor will provide a tax-qualified group plan that has been approved/certified by the State of Maryland Insurance Administration.

AWARD: The Prudential Insurance Company of America
Livingston, NJ

TERM: 7/1/2012 - 6/30/2017

AMOUNT: \$9,000,000 Est. Value (5 Years)

PROCUREMENT METHOD: Competitive Sealed Proposals

BIDS OR PROPOSALS: Only One Acceptable Offer Received

MBE PARTICIPATION: 2% (See Requesting Agency Remarks below)

PERFORMANCE SECURITY: None

INCUMBENT: Same

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ITEM: 1-S (Cont.)

REQUESTING AGENCY REMARKS: A notice of the availability of the Request for Proposals (RFP) was advertised on *eMarylandMarketplace.com* and the DBM website. Copies of the solicitation notice were emailed directly to 18 prospective vendors, 9 of which are Maryland firms and 11 are MBEs. A copy was also sent to the Governor's Office of Minority Affairs.

Two proposals were received in response to the RFP. One of the Offerors was disqualified for failing to demonstrate that it was licensed by the Maryland Insurance Administration (MIA) to sell Group Long Term Care insurance in the State of Maryland and was so notified. Its financial proposal was returned unopened.

The remaining Offeror's proposal was determined to be reasonably susceptible of being selected for award. In addition, the Offeror was determined to be responsible and its financial offer was considered fair and reasonable. It was also determined that other potential Offerors had a reasonable opportunity to respond to the solicitation. Therefore, award is recommended to The Prudential Insurance Company of America (Prudential), the incumbent.

The group long-term care insurance benefits include: coverage for nursing home care, home health care services, adult day care, homemaker services, home health aide services, respite care for family care givers, hospice care, assisted living facilities, and Alzheimer's facilities. Premiums will be based upon age (18 - 85) at time of issue, daily rate reimbursement levels (\$85, \$100, \$150 and \$200), options for inflation protection, and a cash value (non-forfeiture) option.

Existing State Prudential participants have the option of continuing with their existing rates or upgrading to the new plan and rates proposed by Prudential as optional pricing. All new State Prudential participants will be offered plans based upon the new pricing structure. Premiums will be paid solely by employees and retirees; there is no State subsidy provided. The Contractor will conduct a statewide education program to educate employees about the benefits of obtaining group long-term care insurance coverage and will also reach out to each existing enrollees to review program options and assist the enrollees in plan selection.

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ITEM: 1-S (Cont.)

There will be no cost to the State for this contract since this coverage for participants is voluntary and premiums are 100% participant paid. The insurance plan summary for the benefits booklet, all materials to be used at over 100 benefit fairs that will be held around the State during the open enrollment period, and any other advertising materials related to the plan must be approved by DBM’s Employee Benefits personnel prior to publishing or implementation. Consequently, the selected vendor must start its contract implementation/outreach efforts immediately upon contract award in order to meet the open enrollment time frames.

The actual premium amount received by the Contractor will be a function of the number of participant employees/retirees and eligible family members who enroll in this coverage, their ages, as well as the benefit levels that are chosen. It is estimated that the value of this contract to the Contractor will be approximately \$9,000,000 over its five year operational term based upon a model of 1,221 existing insured participants with the optional pricing plans.

An MBE subcontracting goal of 2% of all central payroll deducted premiums is included in this contract.

FUND SOURCE: 100% Reimbursable

APPROP. CODE: F10A02.02

RESIDENT BUSINESS: No

MD TAX CLEARANCE: 11-2897-0011

Board of Public Works Action - The above referenced Item was:

APPROVED DISAPPROVED DEFERRED WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION