

Attachment Twenty (20) Questions and Answers

The following questions were submitted in writing by Vendor A. (Answers follow.)

1. Page 48, (as an example): “With respect to subcontractor requirements, can the State confirm that these apply only to subcontractors that are engaged solely to work on the State’s Life and AD&D business?”

A: Yes. This only applies to subcontractors actively engaged in work related to this IFB.

2. Page 49 to 50: “Can the State confirm that, with respect to the insurance being provided, the insurance contract filed with the State’s Insurance Department would govern?”

A: No, the clause “Contract Documents and Order of Precedence” stands as written.

3. Page 58: “Does the State agree that, consistent with its approach on previous Life procurements, a Business Associate Agreement would not be required, since HIPAA applies only to health-related coverages (e.g., dental, medical) and is not applicable to the coverages being requested?”

A: Upon further consideration, we recognize that a Business Associate Agreement is not required for this contract.

4. Page 61: “Does the State agree that Vendor A can retain copies of records as required by its applicable law?”

A: Page 61, **INFORMATION USE AND DISCLOSURE (FEB 2015)** “(b) Legal mandates. Contractor shall be permitted to use, disclose, or retain government information to the limited extent necessary to comply with any requirement imposed on Contractor by law.”

5. Pages 50 and 51: Please provide a current monthly invoice that includes lives, volume, rates, and premium by line of coverage.

A: No invoices are remitted under this contract. PEBA determines eligibility for basic life. Retirees are billed directly.

6. Page 69: Please provide an updated census file that includes unique identifier, date of birth, date of hire, gender, zip code, state of residence, active/retiree status, marital status, annual salary, and benefit amount for each line of coverage.

A: A signed Non-Disclosure Agreement is required for access to this information. See Attachment 18.

7. Page 69: Please provide 2015 and 2016 rates for each line of coverage.

A: See Attachments 10 and 11.

8. Page 69: Please update Attachment 17 to include average lives and average volume for each experience period.

A: See Attachments 21 – 23.

9. Page 69: Please provide a report of monthly paid premium, lives, and volume for each line of coverage.

A: See Attachment 24.

10. Page 69: Please provide a detailed paid claims listing that includes date of birth, gender, date of death, date reported, date paid, coverage, and benefit amount.

A: See Attachments 21 – 23.

11. Page 69: Do the enrollment statistics provided in Attachment 16 “Optional Life Enrollment” contain both Active and Retiree data? If so, please split this data out between Actives and Retirees.

A: Attachment 16 only contains active data.

12. Page 68: Will the State allow for a separate rate table applicable only to the Retiree Optional Life plan?

A: No.

13. Pages 41 to 42: What channels does PEBA typically use to communicate benefits information with employees (email, portal, print, etc.)? Are there any communications or benefit education challenges the State would like to address?

A: PEBA provides information to active employees through the following channels: through the employer, typically by email; email to employees for whom we have email addresses; and through our website.

14. Pages 41 to 42: How does PEBA handle enrollment – online, telephonic, or paper? Will employees have the opportunity to enroll in these benefits at the same time and on the same platform as Medical?

A: Online and paper. Yes.

15. Pages 41 to 42: Would PEBA be agreeable to consider offering a standalone, focused enrollment and communication campaign for Life Insurance?

A: Communications and marketing plans will be developed in collaboration with the contractor in accordance with the Communications and Training sections of the IFB. However, PEBA is amenable to working with the successful contractor on targeted communications campaigns.

16. Pages 41 and 42: Would PEBA be agreeable to the carrier providing ongoing communication to employees experiencing life events (newly hired, newly eligible, retirement, newly married, new parent, etc.)?

A: Per Communications and Training paragraph 8, the vendor shall “not conduct any mass paper or electronic mailings to insureds or eligible employees or contact benefits administrators or other State group benefits personnel without the prior express permission of PEBA.” Also, Communications and marketing plans will be developed in collaboration with the contractor in accordance with the Communications and Training sections of the IFB.

17. Page 41: Please define the services that Securian is performing on the retiree population:

a) Do they currently serve as the recordkeeper?

A: Yes.

b) Do they direct bill retirees?

A: Yes.

c) Do retirees come directly to them for servicing of their certificates, including any conversions with the age reductions?

A: Yes. Retirees deal directly with the contractor.

d) Please provide a copy of Securian's renewal.

A: The contract is still in the initial term.

18. Page 45: Specific to the Service Provider Security Assessment Questionnaire, does the State agree that, consistent with its approach on previous procurements for Disability and Dental insurance, a Security Assessment Questionnaire would not be required if the bidding carrier provided a copy of their SSAE-16 Type 2 report?

A: PEBA understands that some of the information in the SSAE-16 Type 2 report is redundant with the information requested in the security questionnaire, however potential offerors are still required to complete the Security Assessment Questionnaire. In addition, the successful contractor will be required to complete the security questionnaire on an annual basis.

19. Pages 1, 3 and 68: On pages 1 and 3, the RFP instructions state that One (1) paper original marked "original" and one (1) electronic .PDF copy should be submitted with our proposal. However, on page 68, the instructions indicate that Price/Cost Proposal is to be submitted under separate sealed cover. With that said, can the State please clarify if the technical proposal should be separated from the Cost Proposal, which would imply that one original hard copy of the technical proposal and one original cost proposal should be submitted along with the electronic copies?

A: Page 68, delete requirement for Price/Cost Proposal to be submitted under separate sealed cover. This is a bid and your offer should include pricing in the original response.

The following questions were submitted in writing by Vendor B. (Answers follow.)

General

1. Can you please provide the RFP in Microsoft Word format for response?

A: No. To protect the integrity of our contract documents, it is not our practice to provide the bid documents in Word.

2. The RFP notes a Suicide exclusion, can you please confirm if this exclusion is part of your Basic Life program?

A: For Basic Life, the suicide exclusion applies to the AD&D portion of the benefit only. There is no exclusion for the Basic Life benefit.

3. Can you please confirm if you are looking for the Carrier to provide full record-keeping services for your Retirees? Do you currently use a TPA to manage beneficiary designation today?

A: Yes. The current contractor manages beneficiary designation.

4. Can you please clarify the request for a website that is accessible without entering a password – is the State looking for a Single Sign On feature from their website to our website platform?

A: No. PEBA is not seeking a Single Sign On feature from its website to the contractor's website. The contractor must provide a website with basic program information that is accessible to someone who is not enrolled in the program. The goal is to provide enough information without sign-on so someone who is not enrolled in the program has enough information available to decide if he is interested in the program.

5. **Can you please confirm the funding arrangement for each line of coverage**
- **Non-Participating or Participating**
 - **If Participating, please provide in detail how the contract is administered, and the retention that is used**

A: See Attachment 24.

6. **Does the Tobacco Use Premium apply to the Life coverages, if so how is this factored into the rates?**

A: No. The Tobacco Use Premium (surcharge) does not apply to life coverage.

7. **What extra services does PEBA perform that supports the requested \$350,000 annual administration fee?**

A: The \$350,000 is to cover administrative services provided by PEBA, such as communications, enrollment, billing, collection of premiums and payment of premiums.

Billing

8. **Can you please provide a current billing statement the provides (by line of coverage) :**
- **Number of EE's(separated by Active and Retirees)**
 - **Volume (separated by Active and Retiree)**
 - **Rate(separated by Active and Retiree)**
 - **Premium (separated by Active and Retiree)**

A: See Attachment 24.

9. **Do retirees pay the same rates as the Active EE's for Optional coverage, if no please provide the rates?**

A: Yes.

Census

10. **Can you please provide a complete census for all 205,030 EE's / Retiree's on Basic Life plan?**

A: See Attachment 17 for Census information.

11. What was the impact of the 2015 open enrollment?

- **How many new enrollees were added**
- **What was the average age of the new enrollee**
- **What was the male % of the new enrollee population**
- **How much volume and premium were added**

A: October 2015 open enrollment was not a guaranteed issue so there was not a high percentage of change.

Plan Design

12. Please confirm that there is no waiver of premium provision in either the Basic or Optional plan?

A: Correct, there is no coverage without premium payment.

13. Have there been any plan changes in the last 5 years, if so what were they?

A: No.

14. Experience

Life/ADD

- For the last **5 year period**, please provide an individual claims list for each line of coverage, broken out by Active and Retiree that provides:
 - DOD
 - Date paid
 - Amount paid
- For the last **5 year period** (by line of coverage) please provide the following on **an annual basis**
 - Active Lives in Basic life and Optional Life
 - Retiree Lives in Basic Life and Optional Life
 - Active Premium in Basic Life and Optional Life
 - Retiree Premium in Basic and Optional Life
 - Claims for Active EE's for Basic/ADD and Optional Life/ADD
 - Claims for Retirees for Basic/ADD and Optional Life/ADD

A: See Attachments 21-23.

Enrollment

15. Do you currently use a TPA or software vendor for you benefits enrollment and eligibility? If so, can the name of the vendor be released?

A: No. All enrollment is done by the individual through our online enrollment system or through the employer. Some employers use a third party to assist with enrollment.

16. Is your upcoming Annual Enrollment going to be an active (all employees must take action and accept/decline benefits) or passive (only employees that need to make a change need to take action) enrollment?

- **If passive – what % of your employees usually make a change during their Enrollment period?**

A: Passive. Enrollment is done by the individual through our online enrollment system or through the employer. Some employers use a third party to assist with enrollment. Since the coming enrollment will be a guaranteed issue, we expect to see a high percentage of activity.

17. How do you educate and communicate to your employees about benefits and benefit changes? Please be specific.

- **In person (benefit fairs, group meetings, other)**
- **Paper (benefit guide, posters, postcards, other)**
- **Electronic strategy (email, webinars, text, social media, other)**
- **Are any decision support tools used? If so, please describe.**

A: In person, paper, and electronically. No decision support tools are used.

18. During your previous annual enrollment was it:

- **Open – where all employees were able to elect coverage up to the GI?**
- **Modified – where all employees were able to elect one increment without EOI?**
- **Traditional Underwriting – where all employees submitted EOI?**

A: For Fall 2016 enrollment, traditional underwriting was required for any new enrollees and any increase in value.

19. When was the last true “open enrollment”?

A: October 2014 for January 2015 effective date.

20. Please describe how your employees enroll in their benefits? Please be specific.

- **In person (individual meetings, group meetings, or outsourced – If outsourced – who is the vendor?)**
- **Paper (personalized enrollment forms, generic enrollment forms provided by carriers, other)**
- **Self-Service enrollment platform (name of platform used and is SSO integrated into platform)**
- **Call-center (HR assisted or outsourced? If outsourced – who is the vendor?)**

A: All enrollment is done by the individual through our online enrollment system or through the employer. Some employers use a third party to assist with enrollment.

21. Are you interested in supplementing your current enrollment process with a carrier sponsored enrollment platform and/or call center enrollment strategy?

A: No.

The following questions were submitted in writing by Vendor C. (Answers follow.)

1. Under the Billing and Collection of Premiums section on page 44, paragraph one, \$350,000 is required as an administration fee. In addition, is there a charge to carriers for their share of printing of communication materials or is this now included in the administration fee?

A: No. See Section titled “Communications and Training” for contractor printing responsibilities.

2. In regards to the Communications and Training section on page 42, paragraph five, please describe what types of materials could be mailed to participants, i.e. new hire booklets, open enrollment materials. In addition, describe the paperless delivery option process. Will email addresses be provided on a file?

A: The materials are described in item 1 on Page 41, and items 2 and 5 on Page 42, all of which indicate that materials for active employees may be distributed electronically through a benefits administrator unless the information is related to the employee’s coverage and includes PHI or PII. The paperless delivery process is described in item 2 on Page 42. PEBA will distribute items electronically to benefits administrators. PEBA will not provide contractor with email addresses. Contractor should have employee email addresses for individuals who sign up for online access or services and provide an address as part of that process, especially when the employee requests a paperless delivery option.

3. **Within Attachment 15, Active and Retiree Census, please provide full date of birth for employees, spouses and retirees (census currently only provides year of birth.)**

A: Attachment 15 (updated) is available upon signing the Non-Disclosure Agreement.

The following questions were submitted in writing by Vendor D. (answers follow.)

SCOPE OF WORK/SPECIFICATIONS

Claims Processing and Payment (page 23)

1. The Contractor shall coordinate and submit to PEBA for its approval all standard forms and documentation requirements that the Contractor requires claimants to submit when requesting the payment of all basic life and accidental death and dismemberment insurance benefits provided under this contract. The Contractor shall not make any changes in its documents, requirements, or procedures regarding the basic life and accidental death and dismemberment insurance provided pursuant to this contract without notifying PEBA at least thirty (30) days in advance of any proposed change and receiving the approval of PEBA.

Will PEBA agree to permit endorsements/amendments to policies and forms based on changes and requirements as set forth in applicable laws and regulations, including any specified effective date for a change in law or regulation set?

A: The language stands as written.

Optional Life Insurance Program

Schedule of Benefits (pages 28 – 30)

2. The below comments are regarding the current policy language that we have identified as not matching entirely our current filed language in South Carolina. If selected as your Life Insurance carrier, we will work with you and the South Carolina Department of Insurance to gain approval of policy language modifications to meet your needs in the following areas:

a) Seat Belt and Air Bag Rider

- Seat Belt and Air Bag Benefits: to allow payment for a Loss for which an AD&D Insurance Benefit is payable, rather than payment only for loss of life

b) Child Care Benefit

- Child Care Benefit: to allow payment of a \$1,000 alternative benefit in the event there is no child eligible to receive the benefit
- c) Child Education Benefit
 - Higher Education Benefit: to allow payment of a \$1,000 alternative benefit in the event there is no child eligible to receive the benefit
 - Felonious Assault Benefit
- Benefit Amount - The lesser of (1) 1 times your Annual Earnings; or (2) \$25,000; or (3) the amount of the AD&D Insurance Benefit otherwise payable for the Loss.

We will pay a Felonious Assault Benefit if both of the following requirements are met:

1. You suffer a Loss for which an AD&D Insurance Benefit is payable.
2. The Loss is the result of an act of physical violence against you that is punishable by law and is evidenced by a police report.

We will put forth the best effort to gain Department of Insurance approval for the above and any other mutually agreed upon provisions to meet your plan design needs. If we are unable to gain the needed approval, our group policy will be limited to the available language available in State of South Carolina.

A: Understood. However, the benefit shall be administered according to the contract language.

SCOPE OF WORK/SPECIFICATIONS - OTHER

Communications and Training (page 41)

3. **Furnish communication information on the basic, optional and dependent life insurance programs offered by the Contractor to subscribers and benefits administrators. Provide communication information between the Contractor and subscribers, benefits administrators and PEBA that describes the features, operation and any changes in the basic, optional and dependent life insurance programs and increases awareness of the programs and changes. Communications with PEBA, subscribers and benefits administrators will be undertaken to ensure that electronic data transfer, fax, telephone and hard copy transfer of information are accurate, secure and efficient, as determined by PEBA.**

Will PEBA agree to allow the selected carrier to have final authority over the decision whether any marketing or other materials describing group life insurance coverages satisfy applicable laws and regulations?

A: No. However, PEBA will work collaboratively with the successful contractor.

VII. TERMS AND CONDITIONS -- A. GENERAL

4. CONTRACT DOCUMENTS and ORDER OF PRECEDENCE (FEB 2015)

(a) Any contract resulting from this solicitation shall consist of the following documents: (1) a Record of Negotiations, if any, executed by you and the Procurement Officer, (2) the solicitation, as amended, (3) documentation of clarifications [11-35-1520(8)] or discussions [11-35-1530(6)] of an offer, if applicable, (4) your offer, (5) any statement reflecting the state's final acceptance (a/k/a "award"), and (6) purchase orders. These documents shall be read to be consistent and complimentary. Any conflict among these documents shall be resolved by giving priority to these documents in the order listed above.

(b) The terms and conditions of documents (1) through (5) above shall apply notwithstanding any additional or different terms and conditions in any other document, including without limitation, (i) a purchase order or other instrument submitted by the State, (ii) any invoice or other document submitted by Contractor, or (iii) any privacy policy, terms of use, or end user agreement. Except as otherwise allowed herein, the terms and conditions of all such documents shall be void and of no effect.

(c) No contract, license, or other agreement containing contractual terms and conditions will be signed by any Using Governmental Unit. Any document signed or otherwise agreed to by persons other than the Procurement Officer shall be void and of no effect. [07-7A015-2]

Will PEBA agree that the terms and conditions of the selected carrier's group insurance policy shall govern eligibility for insurance and benefits and the Carrier's right to modify, re-rate and terminate the group insurance policy?

A: No.

5. DISPUTES (JAN 2006)

(1) Choice-of-Forum. All disputes, claims, or controversies relating to the Agreement shall be resolved exclusively by the appropriate Chief Procurement Officer in accordance with Title 11, Chapter 35, Article 16 of the South Carolina Code of Laws, or in the absence of jurisdiction, only in the Court of Common Pleas for, or a federal court located in, Richland County, State of South Carolina. Contractor agrees that any act by the Government regarding the Agreement is not a waiver of either the Government's sovereign immunity or the Government's immunity under the Eleventh Amendment of the United States Constitution. As used in this paragraph, the term "Agreement" means any transaction or agreement arising out of, relating to, or contemplated by the solicitation.

(2) Service of Process. Contractor consents that any papers, notices, or process necessary or proper for the initiation or continuation of any disputes, claims, or controversies relating to the Agreement;

for any court action in connection therewith; or for the entry of judgment on any award made, may be served on Contractor by certified mail (return receipt requested) addressed to Contractor at the address provided as the Notice Address on Page Two or by personal service or by any other manner that is permitted by law, in or outside South Carolina. Notice by certified mail is deemed duly given upon deposit in the United States mail. [07-7A025-1]

Will PEBA agree that the choice of forum language does not apply to disputes related to claims decisions under the group insurance policy?

A: This clause applies to disputes between PEBA and the Contractor. It stands as written.

Will PEBA agree to a Carrier's requirements that all legal formalities be followed with respect to service of process related to any court action, entry of judgment or award?

A: This clause applies to disputes between PEBA and the Contractor. It stands as written.

6. NO INDEMNITY OR DEFENSE (FEB 2015)

Any term or condition is void to the extent it requires the State to indemnify, defend, or pay attorney's fees to anyone for any reason. [07-7A045-2]

To the extent that the selected Carrier's filed and approved group insurance policy contains language requiring the State to provide indemnity to the Carrier under certain circumstances, is PEBA able accept an administrative agreement by the Carrier to not enforce the language while it seeks approval to remove the language from the policy?

A: No. The State is prohibited from indemnifying a private party.

7. BANKRUPTCY – GOVERNMENT INFORMATION (FEB 2015)

(a) All government information (as defined in the clause herein entitled “Information Security - Definitions”) shall belong exclusively to the State, and Contractor has no legal or equitable interest in, or claim to, such information. Contractor acknowledges and agrees that in the event Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, government information in its possession and/or under its control will not be considered property of its bankruptcy estate.

(b) Contractor agrees to notify the State within forty-eight (48) hours of any determination that it makes to file for bankruptcy protection, and Contractor further agrees to turn over to the State, before such filing, all government information that is in Contractor’s possession in a format that can be readily utilized by the State.

(c) In order to protect the integrity and availability of government information, Contractor shall take reasonable measures to evaluate and monitor the financial circumstances of any subcontractor that will process, store, transmit or access government information. [07-7B007-1]

Will PEBA agree that all records, documents, etc. created in the ordinary course of business including, but not limited to, sales, marketing, claims and underwriting files are the exclusive property of the selected Carrier?

A: The clause stands as written. Please refer to the definition of “government information” in the “Information Security – Definitions” clause, which determines what information belongs exclusively to the State, and the clause titled “Ownership of Material.”

8. CHANGES (JAN 2006)

(1) Contract Modification. By a written order, at any time, and without notice to any surety, the Procurement Officer may, subject to all appropriate adjustments, make changes within the general scope of this contract in any one or more of the following:

Will PEBA agree that any modifications to the group insurance policy will be requested and enacted in accordance with the group insurance policy and the Carrier’s normal underwriting practices?

A: Any change orders or modifications will be handled in accordance with the contract.

(a) drawings, designs, or specifications, if the supplies to be furnished are to be specially manufactured for the [State] in accordance therewith;

(b) method of shipment or packing; (c) place of delivery;

(d) description of services to be performed;

(e) time of performance (i.e., hours of the day, days of the week, etc.); or,

(f) place of performance of the services. Subparagraphs (a) to (c) apply only if supplies are furnished under this contract. Subparagraphs (d) to (f) apply only if services are performed under this contract.

(2) Adjustments of Price or Time for Performance. If any such change increases or decreases the contractor's cost of, or the time required for, performance of any part of the work under this contract, whether or not changed by the order, an adjustment shall be made in the contract price, the delivery schedule, or both, and the contract modified in writing accordingly. Any adjustment in contract price made pursuant to this clause shall be determined in accordance with the Price Adjustment Clause of this contract. Failure of the parties to agree to an adjustment shall not excuse the contractor from proceeding with the contract as changed, provided that the State promptly and duly make such provisional adjustments in payment or time for performance as may be reasonable. By proceeding with the work, the contractor shall not be deemed to have prejudiced any claim for additional compensation, or an extension of time for completion.

(3) Time Period for Claim. Within 30 days after receipt of a written contract modification under Paragraph (1) of this clause, unless such period is extended by the Procurement Officer in writing, the contractor shall file notice of intent to assert a claim for an adjustment. Later notification shall not bar the contractor's claim unless the State is prejudiced by the delay in notification.

(4) Claim Barred After Final Payment. No claim by the contractor for an adjustment hereunder shall be allowed if notice is not given prior to final payment under this contract. [07-7B025-1]

Will PEBA agree that all changes to the group insurance policy are subject to the terms and conditions of the selected Carrier's group insurance policy and normal underwriting practices?

A: Any change orders or modifications will be handled in accordance with the contract.

9. CHANGE ORDERS

The procedure for change orders shall be as follows: Offerors have a duty to inform PEBA of any possible item that may affect cost in the Request for Proposal issued by PEBA. The failure to do so will result in the Contractor being responsible for any additional costs during the term of the contract due to the failure to inspect and advise. Additionally, under the applicable contract interpretation provisions, the Contractor agrees to defer to the reasonable interpretation of PEBA regarding PEBA's requirements. Also, if a requirement is presently known but not effective until some time during the contract, it should be reflected in the proposal price. If there is a new and necessary requirement, not reasonably within the scope of the specifications, and not known prior to the date the notice of the intent to award is issued, then a change order request may be submitted to PEBA. The change order should be submitted with a proposed price, and supported by sufficient detail for PEBA to evaluate the fairness of the price which shall include a comparison to the Contractor's original price proposal and a proposed implementation schedule. The Contractor bears the burden of establishing

Will PEBA agree that all changes to the group insurance policy are subject to the terms and conditions of the selected Carrier's group insurance policy and normal underwriting practices?

A: Any change orders or modifications will be handled in accordance with the contract.

10. CONTRACT INTERPRETATION

In the event there are any disagreements between the parties with regards to the application of this contract or the requirements of PEBA arising from any interpretation of the Request for Proposal, this contract, or otherwise, Contractor agrees to defer to the reasonable interpretations of PEBA as from time to time may be made by PEBA. This provision applies to all matters including those arising from disputes concerning whether Contractor is required to provide some service or item including scope of work issues and whether particular items or services were included in the scope of work agreed to by the parties in this contract or otherwise. In summary, if both parties have a reasonable interpretation regarding application of the contract, Contractor agrees to defer to PEBA's interpretation.

The above requirements shall apply to any change orders, contract modifications, or other deviations to this agreement. Failure to receive the prior written and express approval of PEBA prior to implementing any changes to the requirements provided for hereunder, for which requests for extra or additional compensation are thereafter submitted by the Contractor to PEBA, shall impose no liability for payment upon PEBA and may be rejected by PEBA without recourse.

Will the State agree to work with the selected Carrier in good faith to resolve any disputes or differences in the interpretation of the contract?

A: Yes. PEBA will always strive to reach an amicable resolution with the contractor. However, in the event that we cannot reach an amicable resolution, the remedies provided in the “Dispute” clause will govern. The “Contract Interpretation” clause remains in force and is not abrogated by any discussions or negotiations.

11. CONTRACT MODIFICATION

PEBA may at any time, by written order, and unilaterally, make changes within the general scope of this contract in any one or more of the following:

- (a) Description of services to be performed;
- (b) Time of performance (i.e. hours of the day, days of the week, etc.); (c) Place of performance of the services; and
- (d) Term of Contract.

Will PEBA agree that all requested changes to the group insurance policy will be governed by the terms and conditions of the selected Carrier’s group insurance policy and the Carrier’s normal underwriting practices?

A: No. See clause entitled “Contract Documents and Order of Precedence.”

12. HIPAA COMPLIANCE/CONFIDENTIALITY

The Contractor shall keep confidential all information and material which has or will come into its possession or knowledge in connection with the performance of services under this contract; and will not release, use or disclose any such information without prior written consent of PEBA. In addition, the Contractor shall comply with all State and federal laws and regulations concerning the confidentiality of medical records, including, but not limited to, the Privacy Act of 1974, the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended, and any federal regulations concerning the confidentiality of alcohol and drug abuse patient records. Furthermore, the Contractor shall adhere to the provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), as amended, and sign PEBA's Standard Business Associate Agreement (Attachment 6), prior to award of the contract, which has been constructed in accordance with the requirements of the HIPAA Privacy and Security Rules and the requirements of the HITECH Act.

Given that HIPAA does not apply to the group insurance products under this RFP, would PEBA consider entering into an appropriate confidentiality agreement that otherwise addresses protection of confidential information?

A: Upon further consideration, we recognize that a Business Associate Agreement is not required for this contract.

13. OWNERSHIP OF MATERIAL

Except to the extent that they incorporate Contractor's proprietary software, know-how, techniques, methodologies and report formats (collectively, "Contractor's Proprietary Information"), all data, material and documentation shared by the State with the Contractor, or generated by the Contractor or State pursuant to this contract, shall belong exclusively to the State once paid for by the State. To the extent Contractor's Proprietary Information is incorporated into such Deliverables, the State shall have a perpetual, nonexclusive, worldwide, royalty-free license to use, copy, and modify Contractor's Proprietary Information as part of the Deliverables internally and for their intended purpose. All data and other records entered into any database of the State or supplied to (and maintained by) the Contractor for and/or by the State are, and shall remain, the sole property of the State. Contractor shall not, without the State's written consent, copy or use such records except to carry out contracted work, and will not transfer such records to any other party not involved in the performance of this Contract, and will return all records to the State upon completion of the work hereunder. Notwithstanding anything herein to the contrary, the State acknowledges and agrees that Contractor may retain an archival copy of the State's Confidential Information in accordance with Contractor's disaster recovery and document retention policies, subject to Contractor's continued compliance with its confidentiality obligations herein.

All reports, bulletins, pamphlets, summaries, similar materials, lists of employees, retirees, or any other program, product, list, or other usable and useful information shall become and remain the sole property of the State, including, but not limited to, all copyright protections and ownership and shall be released at no extra costs to the State at the termination of this contract.

Copyright or any other intellectual property right or ownership (copyright) of any preexisting items (items not specifically produced herein and which are in existence prior to the start of this contract) shall remain with the Contractor so long as the Contractor lists them not later than the start date of this contract. Failure of the Contractor to list any such materials in which the Contractor asserts a copyright will be interpreted to mean that the Contractor asserts no such ownership interests in any materials. Any materials in which Contractor copyrighted contents are included, and subject to designation by the Contractor and agreement by the State, will bear the following notice: "Certain portions reprinted under license from, the copyright owner.

Will PEBA and the State agree that all proprietary business records created in the ordinary course of business including, but not limited to sales, underwriting and claim files remains the property of the selected Carrier?

A: The language in the contract to include the clause above will govern.

Will PEBA and the State agree that the Carrier's obligation to provide copies of records be subject to applicable law and the selected Carrier's confidentiality policies?

A: The language in the contract will govern.

Will PEBA agree that any intellectual property and associated ownership rights that the selected now holds or develops in the future shall remain the property of the selected Carrier?

A: The language in the contract will govern.

14. PRICING DATA -- AUDIT -- INSPECTION (JAN 2006)

[Clause Included Pursuant to Section 11-35-1730, - 2210, & -2220] (a) Cost or Pricing Data. Upon Procurement Officer's request, you shall submit cost or pricing data, as defined by 48 C.F.R. Section 2.101 (2004), prior to either (1) any award to contractor pursuant to 11-35-1530 or 11-35-1560, if the total contract price exceeds \$500,000, or (2) execution of a change order or contract modification with contractor which exceeds \$100,000. Your price, including profit or fee, shall be adjusted to exclude any significant sums by which the state finds that such price was increased because you furnished cost or pricing data that was inaccurate, incomplete, or not current as of the date agreed upon between parties. (b) Records Retention. You shall maintain your records for three years from the date of final payment, or longer if requested by the chief Procurement Officer. The state may audit your records at reasonable times and places. As used in this subparagraph (b), the term "records" means any books or records that relate to cost or pricing data submitted pursuant to this clause. In addition to the obligation stated in this subparagraph (b), you shall retain all records and allow any audits provided for by 11-35-2220(2). (c) Inspection. At reasonable times, the state may inspect any part of your place of business which is related to performance of the work. (d) Instructions Certification. When you submit data pursuant to subparagraph (a), you shall (1) do so in accordance with the instructions appearing in Table 15-2 of 48 C.F.R. Section 15.408 (2004) (adapted as necessary for the state context), and (2) submit a Certificate of Current Cost or Pricing Data, as prescribed by 48 CFR Section

15.406-2(a) (adapted as necessary for the state context). (e) Subcontracts. You shall include the above text of this clause in all of your subcontracts. (f) Nothing in this clause limits any other rights of the state.

[07-7B175-1]

Will PEBA agree that any audits by PEBA or a selected third party auditor shall be subject to reasonable negotiation between PEBA and the selected Carrier, including an agreement that no competitor of the selected Carrier shall be an acceptable third party auditor?

A: In the event of an audit, PEBA will retain a qualified auditor for this line of business.

Will PEBA agree that the selected Carrier's obligation to retain records is only subject to applicable law and the Carrier's records retention policies based on applicable law?

A: No. The contract language stands as written.

Will PEBA agree that the selected Carrier is only required to extend this provision to subcontractors that the Carrier retains to provide service solely to PEBA?

A: The contract language stands as written.

15. PRIVACY -- WEB SERVICES

You agree that any information acquired by you about individuals or businesses that is available to you as a result of your performance of this contract shall not be retained beyond the end of the term of the contract without the express written consent of the government. Such information shall never be sold, traded, or released to another entity, including affiliates, and shall not be used for any purpose other than performing this contract. Upon request, contractor shall provide written confirmation of compliance with this clause.

Will PEBA agree that the selected Carrier can retains all such records necessary to ensures its compliance with applicable law and its records retention policies?

A: Yes, to comply with the law.

16. RECORDS RETENTION & RIGHT TO AUDIT

PEBA shall have the right to audit, or have audited, the books and records of the Contractor as they pertain to this contract both independent of and pursuant to S.C. Code §11-35-2220 and other applicable provisions. Such books and records shall be maintained for a period of three (3) years from the date of final payment under the contract, or longer if requested by the Procurement Officer. PEBA, or its authorized representatives, shall have full access to observe and evaluate the performance hereunder with respect to the coverages, claims, reimbursements, profits, reserves, and all other matters pertaining to the performance and experience of this Plan as provided by the Contractor. PEBA may conduct, or have conducted, audits of specific requirements, of this contract as determined necessary by PEBA.

Pertaining to all audits, Contractor shall make available access to its computer files containing history of contract performance and all other documents related to the audit. Additionally, any software used by the Contractor shall be made available for auditing purposes at no cost to PEBA. All such audits, inspections and evaluations shall be performed in such a manner that will not unreasonably delay work.

In the event of any dispute between the parties, the Contractor will preserve all documents and records pertaining to this contract or the Contractor's performance under it, and shall not destroy any such documents, records or materials.

Will PEBA agree that the selected Carrier can retains all such records necessary to ensures its compliance with applicable law and its records retention policies?

A: The awarded vendor may retain documents as necessary to comply with applicable law, with written notice to PEBA.

17. ATTACHMENT NUMBER SIX (6)

Business Associate Agreement

Will PEBA agree to enter into a different form of confidentiality agreement in light of the fact that HIPAA is legally inapplicable to the group life insurance coverages sought under this RFP?

A: Upon further consideration, we recognize that a Business Associate Agreement is not required for this contract.

18. ATTACHMENT NUMBER SE[VE]NTEEN (17)

1. Is it possible to receive plan experience for all the life and AD&D coverages for 2014?

A: See Attachment 21.

2. Is it possible to receive the average number of lives for each year for each coverage?

A: See Attachments 22-23.

19. General Question(s)

Was there an open enrollment in 2015? If yes, what were the parameters?

A: See Attachment 19.