

	State of South Carolina Request for Proposal Amendment 1	Solicitation Number: Date Issued: Procurement Officer: Phone: E-Mail Address:	PEBA0042015 07/20/2015 Georgia Gillens, CPPO, CPPB (803) 734-0010 GGillens@peba.sc.gov
---	---	---	--

DESCRIPTION: **Provide Claims Administration Services for the Self-Funded State Dental Plan, and Accompanying Insurance for the State's Voluntary Supplemental Dental Product, Dental Plus**

USING GOVERNMENTAL UNIT: **S.C. Public Employee Benefit Authority (PEBA)**

The Term "Offer" Means Your "Bid" or "Proposal". Unless submitted on-line, your offer must be submitted in a sealed package. Solicitation Number & Opening Date must appear on package exterior. See "Submitting Your Offer" provision.

SUBMIT YOUR OFFER by the appropriate date and time below and following the instructions on Page 3.

SUBMIT OFFER BY (Opening Date/Time): **08/10/2015 2:30 PM E.S.T.** (See "Deadline For Submission Of Offer" provision)

QUESTIONS MUST BE RECEIVED BY: **07/06/2015 2:00 PM** (See "Questions From Offerors" provision)

NUMBER OF COPIES TO BE SUBMITTED: See Page 3. If no redacted copy is being provided, initial here _____

CONFERENCE TYPE: Mandatory meeting held previously DATE & TIME: 07/08/2015 10:00 AM	LOCATION: SC Public Employee Benefit Authority— 202 Arbor Lake Drive Columbia SC 29223
--	---

(As appropriate, see "Conferences - Pre-Bid/Proposal" & "Site Visit" provisions)

AWARD & AMENDMENTS	Award will be posted on 08/24/2015 . The award, this solicitation, any amendments, and any related notices will be posted at the following web address: http://www.procurement.sc.gov
-------------------------------	--

Unless submitted on-line, you must submit a signed copy of this form with Your Offer. By submitting a bid or proposal, You agree to be bound by the terms of the Solicitation. You agree to hold Your Offer open for a minimum of thirty (30) calendar days after the Opening Date. (See "Signing Your Offer" and "Electronic Signature" provisions.)

NAME OF OFFEROR <small>(full legal name of business submitting the offer)</small>	Any award issued will be issued to, and the contract will be formed with, the entity identified as the Offeror. The entity named as the Offeror must be a single and distinct legal entity. Do not use the name of a branch office or a division of a larger entity if the branch or division is not a separate legal entity, i.e., a separate corporation, partnership, sole proprietorship, etc.	
AUTHORIZED SIGNATURE <small>(Person must be authorized to submit binding offer to contract on behalf of Offeror.)</small>	TAXPAYER IDENTIFICATION NO. <small>(See "Taxpayer Identification Number" provision)</small>	
TITLE <small>(business title of person signing above)</small>	STATE VENDOR NO. <small>(Register to Obtain S.C. Vendor No. at www.procurement.sc.gov)</small>	
PRINTED NAME <small>(printed name of person signing above)</small>	DATE SIGNED	STATE OF INCORPORATION <small>(If you are a corporation, identify the state of incorporation.)</small>

OFFEROR'S TYPE OF ENTITY: (Check one) (See "Signing Your Offer" provision.)

Sole Proprietorship Partnership Other _____

Corporate entity (not tax-exempt) Corporation (tax-exempt) Government entity (federal, state, or local)

PAGE TWO

(Return Page Two with Your Offer)

<p>HOME OFFICE ADDRESS (Address for offeror's home office / principal place of business)</p> 	<p>NOTICE ADDRESS (Address to which all procurement and contract related notices should be sent.) (See "Notice" clause)</p> <p align="right">Area Code - _____</p> <p align="center">Number - Extension Facsimile</p> <p align="right">E- _____</p> <p>mail Address</p>
---	--

<p>PAYMENT ADDRESS (Address to which payments will be sent.) (See "Payment" clause)</p> <p>____ Payment Address same as Home Office Address</p> <p>____ Payment Address same as Notice Address (check only one)</p>	<p>ORDER ADDRESS (Address to which purchase orders will be sent) (See "Purchase Orders and "Contract Documents" clauses)</p> <p>____ Order Address same as Home Office Address</p> <p>____ Order Address same as Notice Address (check only one)</p>
---	--

ACKNOWLEDGMENT OF AMENDMENTS
 Offerors acknowledges receipt of amendments by indicating amendment number and its date of issue. (See "Amendments to Solicitation" Provision)

Amendment No.	Amendment Issue Date	Amendment No.	Amendment Issue Date	Amendment No.	Amendment Issue Date	Amendment No.	Amendment Issue Date

<p>DISCOUNT FOR PROMPT PAYMENT (See "Discount for Prompt Payment" clause)</p>	<p>10 Calendar Days (%)</p>	<p>20 Calendar Days (%)</p>	<p>30 Calendar Days (%)</p>	<p>_____ Calendar Days (%)</p>
---	-----------------------------	-----------------------------	-----------------------------	--------------------------------

PREFERENCES - A NOTICE TO VENDORS (SEP. 2009): On June 16, 2009, the South Carolina General Assembly rewrote the law governing preferences available to in-state vendors, vendors using in-state subcontractors, and vendors selling in-state or US end products. This law appears in Section 11-35-1524 of the South Carolina Code of Laws. A summary of the new preferences is available at www.procurement.sc.gov/preferences. ***ALL THE PREFERENCES MUST BE CLAIMED AND ARE APPLIED BY LINE ITEM, REGARDLESS OF WHETHER AWARD IS MADE BY ITEM OR LOT. VENDORS ARE CAUTIONED TO CAREFULLY REVIEW THE STATUTE BEFORE CLAIMING ANY PREFERENCES. THE REQUIREMENTS TO QUALIFY HAVE CHANGED. IF YOU REQUEST A PREFERENCE, YOU ARE CERTIFYING THAT YOUR OFFER QUALIFIES FOR THE PREFERENCE YOU'VE CLAIMED. IMPROPERLY REQUESTING A PREFERENCE CAN HAVE SERIOUS CONSEQUENCES.*** [11-35-1524(E)(4)&(6)] **PREFERENCES DO NOT APPLY.**

PREFERENCES - ADDRESS AND PHONE OF IN-STATE OFFICE: Please provide the address and phone number for your in-state office in the space provided below. An in-state office is necessary to claim either the Resident Vendor Preference (11-35-1524(C)(1)(i)&(ii)) or the Resident Contractor Preference (11-35-1524(C)(1)(iii)). Accordingly, you must provide this information to qualify for the preference. An in-state office is not required, but can be beneficial, if you are claiming the Resident Subcontractor Preference (11-35-1524(D)). **PREFERENCES DO NOT APPLY.**

____ In-State Office Address same as Home Office Address

____ In-State Office Address same as Notice Address **(check only one)**

NUMBER OF COPIES

Offerors will need to follow these instructions carefully when responding to the solicitation.

1. The original solicitation response should be submitted to PEBA and is the official response. All bidders must attach all documents, including additional requested documents to their.

Please submit the following number of copies:

- a. One (1) original marked "original" and five (5) identical paper copies of your Technical Proposal. Please number your copies Copy 1 of 2, 2 of 2, etc.
- b. One (1) CD labeled "original" containing your original Technical Proposal.
- c. Five (5) labeled CDs containing a copy of the Offeror's Technical Proposal Response (in MS Word, MS Excel and/or PDF format where appropriate). Please number your copies Copy 1 of 2, 2 of 2, etc.
- d. One (1) original marked "original" and two (2) paper copies of your Financial Proposal. Please number your copies Copy 1 of 2, 2 of 2, etc.
- e. One (1) CD labeled "original" containing your original Financial Proposal
- f. Two (2) labeled CDs containing a copy of the Offeror's Financial Proposal Response. Please number your copies Copy 1 of 2, 2 of 2, etc.
- g. One (1) CD labeled "original redacted" containing a redacted version of your original Technical Proposal.
- h. One (1) CD labeled "original redacted" containing a redacted version of your original Financial Proposal.

DO NOT PASSWORD PROTECT YOUR CD'S.

All copies requested must be delivered no later than the date and time specified on the cover page of the solicitation to the following address:

S.C. Public Employee Benefit Authority
Attention: **Georgia Gillens, CPPO, CPPB**
Attention: PEBA0042015
S.C. Public Employee Benefit Authority
202 Arbor Lake Drive
Columbia, SC 29223

End of Page 3

IMPORTANT NOTICE

**AMENDMENT #1
INVITATION FOR BID – PEBA0042015**

Provide Claims Administration Services for the Self-Funded State Dental Plan, and Accompanying Insurance for the State's Voluntary Supplemental Dental Product, Dental Plus

New Opening Date: August 10, 2015 2:30 PM E.S.T.

New Posting Date: August 24, 2015

Page 27, Section D.2- Please explain "Dental Plus Schedule of s".

This item should read, Dental Plus Schedule of maximum allowable charges.

Page 28, E. Customer Service Item 4 replace with the following:

4. The Contractor shall provide callers with a survey instrument at the end of each call to gauge customer satisfaction (wait time, courtesy of staff, knowledge of product, willingness to assist, problem resolved/question answered) with the contractor's call center. Satisfaction survey results shall be submitted to PEBA within fifteen (15) days of the end of each quarter with a minimum 95% overall satisfaction rate with key components identified. An assessment of \$5,000 per quarter shall be levied against the Contractor for each quarter the Contractor fails to obtain a 95% overall satisfaction rate as liquidated damages for Contractor's failure to meet this performance standard. The survey instrument shall be subject to review and approval by PEBA.

Page 60, replace clause entitled Pricing Data – Audit Inspection (JAN 2006) with the following:

PRICING DATA -- AUDIT -- INSPECTION

[Clause Included Pursuant to Section 11-35-1830, - 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. Subcontractors are held to the same standard of audit inspection as described in this clause. (f) Nothing in this clause limits any other rights of the state.

[07-7B185-1]

Page 61, Term of Contract

Term of contract is four years.

All other terms and conditions remain unchanged.

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

1. Please provide paid claims experience by month and plan for the Base plan and the Dental Plus plan from March-2011 to present.

A: See file entitled Dental and Dental Plus Claims Experience and Claim County by Month 2011 – May 2015. All financials related to Dental Plus will be displayed as submitted charges.

2. Please provide a copy of the Dental Rates exhibit for 2012, 2013, and 2014.

A: See file titled Dental Rates.

3. Please add a tab to the enrollment history file to also include 2011 subscribers by month.

A: See file entitled State Dental and Dental Plus Enrollment by Month by tier.

4. Please provide enrollment history by month from 2011 to present showing members (subscribers plus dependents).

A: See file entitled State Dental and Dental Plus Insured Lives by Enrollment by Month (2011-May 2015)

5. Please identify any plan design (benefit) changes that have taken place with the Base plan or Dental Plus plan from 2011 to 2015.

A: Coverage for implants was added in 2012.

6. As has been implemented with many other states and their employee dental plans, will the State be willing to consider offering a multi-carrier environment so that employees have the choice to choose from a few different carriers resulting in increased employee choice, affordability, and satisfaction?

A: No. Propose on plan as presented.

7. Is the State's current dental contract with BCBSSC in any way tied to other benefits such as medical?

A: No.

8. Please provide examples of the currently used 80th percentile charges for the Dental Plus plan by completing the attached table:

	Columbia, SC (292)	Charleston, SC (294)	Greenville, SC (296)
D0120			
D1110			
D2392			
D7140			
D2740			

A: This information is proprietary and confidential to the current contractor.

9. What data source does the State currently use for the 80th percentile charges (e.g. FAIR Health, own company data)?

A: This information is proprietary and confidential to the current contractor.

10. How often has the State updated the 80th percentile charges over the 2011-2015 period?

A: This information is proprietary and confidential to the current contractor.

11. RFP Document, page 10, second paragraph – Indicates that were \$127.6M in paid claims for 2014 for the Dental Plus plan. However, the Dental Plus Volume by Procedure has the same figure labeled as “charges,” implying billed charges. Does the \$127.6M figure represent billed charges or paid claims?

A: \$127.6M represents billed charges.

12. For the requested chart showing the top 20 procedure codes and the Dental Plus Maximum Allowable Charge, please provide the Maximum Allowable Charge used by the current vendor for the Dental Plus plan for those 20 procedure codes.

A: This information is proprietary and confidential to the current contractor.

13. Please explain why PPO networks are not allowed to be used with the Dental Plus option, as these types of networks would provide significantly more savings than the current network arrangement resulting in substantial cost savings to the South Carolinians enrolled in this plan.

A: Potential Offerors may propose based on its proprietary network. Use the 80th percentile to reimburse for non-network provider.

14. Please identify which carriers submitted proposals in the prior bid in 2011.

A: Questions to be answered as part of this procurement are limited to explanation or interpretation of the solicitation, drawings, specifications, etc. This information is available pursuant to the South Carolina Freedom of Information Act. However, for the convenience of all prospective Offerors, proposals were received from the following carriers in the previous procurement: Continental American Insurance Company, Delta Dental, Metropolitan Life Insurance Company, and Blue Cross Blue Shield of South Carolina.

15. Bottom of Page 61 lists the term of the contract as three years but elsewhere the term is listed as four years. Please clarify.

A: The term of contract is four years.

16. Please elaborate on requirement 3 on page 42 of the RFP document. Specifically, would the following arrangement be permissible to meet the combined three requirements: a carrier meets requirements 1 and 2 but is not rated by any of the independent rating services so cannot by itself meet requirement 3. That carrier then partners with a fronting carrier, who is rated in the top five categories by an independent rating service, and so the fronting carrier would underwrite the risk but then cede 100% of it back to the main carrier. However, the fronting carrier does not meet requirements 1 or 2 by itself.

A: No.

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

17. GENERAL COMMENT / ORDER OF PRECEDENCE

We agree to the Order of Precedence set forth on page 45 of the RFP (“Contract Documents and Order of Precedence”), but wish to clarify the degree to which the South Carolina Department of Insurance regulates the Plan or its underwriter in its administration of the Plan.

A: For questions about insurance regulations, please contact the South Carolina Department of Insurance.

18. DATA USE

Under Section VII of the RFP, “Terms and Conditions – B. Special,” the RFP specifies that “at no time during the term of the contract or otherwise, shall any employee of the Contractor use any data, name, address or other information received by the Contractor or Subcontractor pursuant to this contract for any purpose other than performance of the contract.” Please confirm that this limitation on data use does not prohibit Contractor from using customer data for its proper management and administration and/or for data aggregation purposes as envisioned under HIPAA.

A: This limitation on data use does not prohibit Contractor from using customer data for its proper management of the contract and administration of the contract and/or for data aggregation purposes related to performance of the contract.

19. INDEMNIFICATION

We agree to the various indemnification provisions in the RFP, with the exceptions noted below, please advise if PEBA can accept these revisions.

A: No, PEBA will not accept these proposed revisions.

20. INDEMNIFICATION – THIRD PARTY CLAIMS (NOV 2011)

~~Notwithstanding any limitation in this agreement, and to~~ To the fullest extent permitted by law, Contractor shall defend and hold harmless Indemnitees for and against any and all suits or claims of any character (and all related damages, settlement payments, attorneys' fees, costs, expenses, losses or liabilities) by a third party which are attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property arising out of or in connection with the good or services acquired hereunder, to the extent such suits or claims were caused in whole or in part by any negligent or willful act or omission of contractor, its subcontractors, their employees, workmen, servants, agents, or anyone directly or indirectly employed by them or anyone for whose acts any of them may be liable, regardless of ~~whether or not caused in part by an Indemnitee, and~~ whether or not such claims are made by a third party or an Indemnitee; provided however, if an Indemnitee's negligent act or omission is subsequently determined to be the sole proximate cause of a suit or claim, the Indemnitee shall not be entitled to indemnification hereunder; and further provided that Contractor shall bear no responsibility for any action (or failure to act) taken by an Indemnitee or at the direction of an Indemnitee. Contractor shall be given timely written notice of any suit or claim. Contractor's obligations hereunder are in no way limited by any protection afforded under workers' compensation acts, disability benefits acts, or other employee benefit acts. This clause shall not negate, abridge, or reduce any other rights or obligations of indemnity which would otherwise exist. The obligations of this paragraph shall survive termination, cancelation, or expiration of the parties' agreement. This provision shall be construed fairly and reasonably, neither strongly for nor against either party, and without regard to any clause regarding insurance. As used in this clause, "Indemnitees" means the State of South Carolina, its instrumentalities, agencies, departments, boards, political subdivisions and all their respective officers, agents and employees. [07-7B100-2]

A: No, PEBA will not accept these proposed revisions.

21. INDEMNIFICATION - THIRD PARTY CLAIMS – DISCLOSURE OF INFORMATION (OCT 2014)

(a) ~~Without limitation,~~ Contractor shall defend and hold harmless Indemnitees from and against any and all suits, claims, investigations, or fines (hereinafter "action") of any character (and all related damages, settlement payments, attorneys' fees, costs, expenses, losses or liabilities) by a third party which arise out of or in connection with a disclosure of government information (as defined in the clause titled Information Security) caused in whole or in part by any act or omission of contractor, its subcontractors at any tier, their employees, workmen, servants, agents, or anyone directly or indirectly employed by them or anyone for whose acts any of them may be liable, regardless of ~~whether or not caused in part by an Indemnitee, and~~ whether or not such action is brought by a third party or an Indemnitee, but only if the act or omission constituted a failure to perform some obligation imposed by the contract or the law.

(b) Indemnitee must notify contractor in writing within a reasonable period of time after Indemnitee first receives written notice of any action. Indemnitee's failure to provide or delay in providing such notice will relieve contractor of its obligations under this clause only if and to the extent that such delay or failure materially prejudices contractor's ability to defend such action. Indemnitee must reasonably cooperate with contractor's defense of such actions (such cooperation does not require and is without waiver of an Indemnitee's attorney/client, work product, or other privilege) and, subject to Title 1, Chapter 7 of the South Carolina Code of Laws, allow contractor sole control of the defense, so long as the defense is diligently and capably prosecuted. Indemnitee may participate in contractor's defense of any action at its own expense. Contractor may not, without Indemnitee's prior written consent, settle, compromise, or consent to the entry of any judgment in any such commenced or threatened action unless such settlement, compromise or consent (i) includes an unconditional release of Indemnitee from all liability related to such commenced or threatened action, and (ii) is solely monetary in nature and does not include a statement as to, or an admission of fault, culpability or failure to act by or on behalf of, an Indemnitee or otherwise adversely affect an Indemnitee. Indemnitee's consent is necessary for any settlement that requires Indemnitee to part with any right or make any payment or subjects Indemnitee to any injunction.

(c) ~~Notwithstanding any other provision, contractor's obligations pursuant to this clause are without any limitation whatsoever.~~ Contractor's obligations under this clause shall survive the termination, cancellation, rejection, or expiration of the contract. This provision shall be construed fairly and reasonably, neither strongly for nor against either party, and without

regard to any clause regarding insurance.

(d) "Indemnitee" means the State of South Carolina, its instrumentalities, agencies, departments, boards, political subdivisions and all their respective officers, agents and employees. [07-7B102-1]

A: No, PEBA will not accept these proposed revisions.

22. INTELLECTUAL PROPERTY INFRINGEMENT (JAN 2006)

(a) ~~Without limitation and notwithstanding any provision in this agreement,~~ Contractor shall, upon receipt of notification, defend and indemnify the State, its instrumentalities, agencies, departments, boards, political subdivisions and all their respective officers, agents and employees against all actions, proceedings or claims of any nature (and all damages, settlement payments, attorneys' fees (including inside counsel), costs, expenses, losses or liabilities attributable thereto) by any third party asserting or involving an IP right related to an acquired item. State shall allow Contractor to defend such claim so long as the defense is diligently and capably prosecuted. State shall allow Contractor to settle such claim so long as (i) all settlement payments are made by Contractor, and (ii) the settlement imposes no non-monetary obligation upon State. State shall reasonably cooperate with Contractor's defense of such claim.

(b) In the event an injunction or order shall be obtained against State's use of any acquired item, or if in Contractor's opinion, the acquired item is likely to become the subject of a claim of infringement or violation of an IP right, Contractor shall, without in any way limiting the foregoing, and at its expense, either: (1) procure for State the right to continue to use, or have used, the acquired item, or (2) replace or modify the acquired item so that it becomes non-infringing but only if the modification or replacement does not adversely affect the specifications for the acquired item or its use by State. If neither (1) nor (2), above, is practical, State may require that Contractor remove the acquired item from State, refund to State any charges paid by State therefor, and take all steps necessary to have State released from any further liability. (c) Contractor's obligations under this paragraph do not apply to a claim to the extent (i) that the claim is caused by Contractor's compliance with specifications furnished by the State unless Contractor knew its compliance with the State's specifications would infringe an IP right, or (ii) that the claim is caused by Contractor's compliance with specifications furnished by the State if the State knowingly relied on a third party's IP right to develop the specifications provided to Contractor and failed to identify such product to Contractor, or (iii) the State has modified any acquired item or used any acquired item or IP right contrary to Contractor's specifications or other than as provided in this Agreement. (d) As used in this paragraph, these terms are defined as follows: "IP right(s)" means a patent, copyright, trademark, trade secret, or any other proprietary right. "Acquired item(s)" means the rights, goods, or services furnished under this agreement. "Specification(s)" means a detailed, exact statement of particulars such as a statement prescribing materials, dimensions, and quality of work. (e) Contractor's obligations under this clause shall survive the termination, cancellation, rejection, or expiration of this Agreement. [07-7B105-1]

A: No, PEBA will not accept these proposed revisions.

23. OWNERSHIP OF MATERIAL

We agree to the Ownership of Material provision set forth in Section VII of the RFP, "Terms and Conditions – B. Special," page 59, provided that the following edits are acceptable to PEBA:

All data, material and documentation shared by the State with the Contractor, or generated by the Contractor or State ~~pursuant to~~ specifically and uniquely for this contract, shall belong exclusively to the State solely to the extent they do not include any pre-existing, independently created or third party data, material or documentation (the "Deliverables"). All Deliverables 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 Deliverables except to carry out contracted work, and will not transfer such Deliverables to any other party not involved in the performance of this Contract, and will return all Deliverables to the State upon completion of the work hereunder.

All reports, bulletins, pamphlets, summaries, similar materials, lists of employees, retirees, or any other program, product, list, or other usable and useful information (including anything generally regarded as a "made for hire" product) included as Deliverables 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.~~

A: No, PEBA will not accept these proposed revisions.

24. SUBCONTRACTS

Like most insurance carriers, we have multiple subcontractor contracts and it is impractical to amend individual contracts to include client specific language (see, e.g., RFP page 60, Pricing Data – Audit – Inspection, "You shall include the above text of this clause in all of your subcontracts."). We take full legal responsibility for the acts of our subcontractors and will ensure that they comply with the requirements of the PEBA contract. Please confirm that this is acceptable to PEBA.

A: No, PEBA will not accept these proposed revisions.

25. INFORMATION AND PRIVACY

We can meet the majority of the items noted below with respect to information and privacy. After a thorough review, we have provided the following strikethroughs and comments relative to the State's request for insurance coverage with respect to these matters. We believe our current insurance coverage terms are consistent with industry standards amongst insurance carriers based on our brokers input for the type of coverage being procured in this RFP. We request that PEBA consent to the revisions we have made.

A: No, PEBA will not accept these proposed revisions.

26. CONTRACTOR'S LIABILITY INSURANCE – INFORMATION SECURITY AND PRIVACY (FEB 2015)

[ASK QUESTIONS NOW: For products providing the coverages required by this clause, the insurance market is evolving. Our research indicates that the requirements stated herein reflect commercially-available insurance products. Any offeror having concerns with any specific requirements of this clause should communicate those concerns to the procurement officer well in advance of opening.]

(a) Without limiting any other obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of no less than A: VII, and maintain for the duration of the contract, a policy or policies of insurance against claims which may arise from or in connection with the performance of the work and the results of that work by the contractor, his agents, representatives, employees, subcontractors or any other entity for which the contractor is legally responsible.

(b) Coverage must include claims for:

(i) information security risks, including without limitation, failure to prevent unauthorized access to, tampering with or unauthorized use of a computer system; introduction of malicious codes, computer viruses, worms, logic bombs, etc., into data or systems; or **theft, damage**, unauthorized disclosure, **destruction**, or corruption of information in whatever form;

COMMENT: theft, damage and destruction are only covered provided they are emanating from the failure of the technology services.

(ii) privacy risks, including (A) failure to properly handle, manage, store, destroy, or otherwise control non-public personally identifiable information in any format; (B) loss or disclosure of confidential information; and (C) any form of invasion, infringement or interference with rights of privacy, including breach of security/privacy laws or regulations;

~~(iii) contractual liability for the contractor's obligations described in the clauses titled "Indemnification – Third Party Claims"~~

~~—Disclosure Of Information” and “Information Use And Disclosure;” and~~

COMMENT: This is not industry standards, we cannot meet this requirement.

(iv) errors, omissions, or negligent acts in the performance, by the contractor or by any entity for which the contractor is legally responsible, of professional services included in the work.

~~(c) If the work includes content for internet web sites or any publications or media advertisements, coverage must also include claims for actual or alleged infringement of intellectual property rights, invasion of privacy, as well as advertising, media and content offenses.~~

COMMENT: Our Media coverage only provides coverage for online media for the perils listed. This agreement states any publications or media advertisements however if this is not online, our policy will not respond for the perils listed.

~~If the work includes software, coverage must also include claims for intellectual property infringement arising out of software and/or content (with the exception of patent infringement and misappropriation of trade secrets)~~

COMMENT: This is not industry standards, we cannot meet this requirement.

(d) Coverage shall have limits no less than five million (\$5,000,000.00) dollars per occurrence and ten million (\$10,000,000.00) dollars aggregate.

(e) If the insurance required by this clause is procured on a form affording “claims-made” coverage, then (i) all limits stated above as “per occurrence” shall be understood to mean “per claim” or “per occurrence,” as is consistent with the terms of the “claims-made” policy; and (ii) such claims-made insurance shall provide for a retroactive date no later than the date the contract is awarded.

(f) All terms of this clause shall survive termination of the contract and shall continue until thirty (30) days past the final completion of the work, including the performance of any warranty work. In addition, contractor shall maintain in force and effect any “claims-made” coverage for a minimum of two (2) years after final completion of all work or services to be provided hereunder. Contractor shall purchase an extended reporting period, or “tail coverage,” if necessary to comply with the latter requirement.

(g) Every applicable Using Governmental Unit, and the officers, officials, employees and volunteers of any of them, must be covered as additional insureds on the policy or policies of insurance required by this clause.

~~(h) For any claims related to this contract, the insurance coverage required by this clause shall be primary insurance as respects the State, every applicable Using Governmental Unit, and the officers, officials, employees and volunteers of any of them. Any insurance or self insurance maintained by the State, every applicable Using Governmental Unit, or the officers, officials, employees and volunteers of any of them, shall be excess of the Contractor's insurance and shall not contribute with it.~~

COMMENT: This is not industry standards, we cannot meet this requirement.

(i) Prior to commencement of the work, the Contractor shall furnish the State with original certificates of insurance for every applicable policy effecting the coverage required by this clause. All certificates are to be received and approved by the Procurement Officer before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor’s obligation to provide them. The State reserves the right to require complete, certified copies of all required insurance policies, including policy declarations and any endorsements required by this section, at any time.

(j) Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor shall notify the State immediately upon receiving any information that any of the coverages required by this clause are or will be changed, cancelled, or replaced.

(k) Contractor hereby grants to the State and every applicable Using Governmental Unit a waiver of any right to subrogation which any insurer of said Contractor may acquire against the State or applicable Using Governmental Unit by virtue of the payment of any loss under such insurance as is required by this clause. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or Using Governmental Unit has received a waiver of subrogation endorsement from the insurer.

(l) Any deductibles or self-insured retentions must be declared to and approved by the State. The State may require the Contractor to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. [07-7B058-1]

A: No, PEBA will not accept these proposed revisions.

27. ELIGIBILITY DETERMINATION AND COMPUTER SUPPORT, ITEM 13

In addition the Benefits Identification Number (BIN), will PEBA also include subscriber’s SSN on the eligibility file?

A: Yes, the SSN is on the eligibility file.

28. CLAIM PROCESSING AND PAYMENT, ITEM 15

1. Can PEBA provide more information on the paid claims history regarding file format layout, field definitions, and delivery method options to determine compatibility?

A: File format: Fixed record is currently received. Delimited text is also acceptable

Field Definitions: Data

Patient ID - Sequential number identifying member. 00 is employee, 01 is spouse (if any), and child(ren) are identified as 02, 03, 04, etc.

Employee SSN - SSN of the employee

Patient SSN - SSN of the patient

Patient Date of Birth - Patient Date of Birth

Claim ID and Sequence Number - Claim identifier and sequential service number. The claim identifier identifies that claim made. The sequence number identifies each service performed

Plan (Dental, Dental Plus) - Identifies the plan

Incurred Date - Date of service

Received Date - Date claim received

Paid Date - Date the claim is processed / adjudicated

Unit of Service - Number of services for the line item

COB Code - indicates any coordination of benefits

Claim Type - original service, negative adjustment, positive adjustment

COB Savings - any coordination of benefits received

Submitted Charge - submitted charge

Covered Charge - amount allowed (plan plus patient liability)

Plan Paid - plan paid

Adjustment Reason - carrier specific codes describing adjustment.

Pay to Provider ID - Provider ID for payment

Provider Name - provider name

Procedure - ADA procedure

Modifier 1 - modifier 1 (if applicable)

Modifier 2 - modifier 2 (if applicable)

Delivery Method options:

SFTP (Push or pull); FTP with PGP, HTTPS

2. Can the file be accepted on the 15th of each month rather than 10th working day?

A: No.

29. FINANCIAL ARRANGEMENT, ITEM 1

1. Can PEBA provide an example of what an offset represents?

A: An offset represents any credit outside of normal business activity.

30. NETWORK

a. Can we get a copy of the network agreement between PEBA and their dentists?

A: See attached network agreement.

- b. Does BC/BS currently offer any discounted network (e.g. PPO Dental Network) to SC enrollees other than the PEBA Dental Plus network (i.e., agreement to accept lesser of normal fee or approximately 80th percentile of Reasonable and Customary). If so, which fee schedule applies if a dentist is contracted to both networks?

A: No.

31. ENROLLMENT AND COMMUNICATION

1. How does PEBA currently communicate the Dental benefit program to employees? Do they have any communication or education challenges they would like to address?

A: PEBA currently communicates the Dental Benefit Program to employees through the Insurance Benefits Guide and the Insurance Advantage Newsletter. See link to the 2015 Insurance Benefits Guide: http://www.eip.sc.gov/ibg/publications/2015_IBG.pdf

2. 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: No.

32. UNDERWRITING

1. Section I. Scope of Solicitation (Page 8) and Attachment 1 Cost Proposal:

We note the following in these sections of the RFP: *Dental Plus Premiums are to be guaranteed for the first two years of the contract (January 2016 – December 2017). Contribution rates for years three and four of the contract (January 2018 – December 2019) may be increased by an amount no greater than the Consumer Price Index (CPI), All Urban Consumers (CPI-U) percentage for “Dental Services” for the most recent 24 month period ending June 30, 2017.*

The CPI-U is a good measure for potential price increases in 2018 and 2019 resulting from inflation trend (i.e., the increased cost in charges in dental services consistent with inflation). That said, the wording referenced above does not account for potential price increases or decreases resulting from utilization trend (i.e., the increase or decrease in number of claims paid because there is an increase or decrease in the number of services performed and claims submitted). There are many different approaches for accounting for utilization trend in the 2018 and 2019 premium rates. One such approach is to set a tolerable loss ratio and to allow corresponding rate increases or rate decreases keyed to the percentage by which the plan experience is better or worse than that set tolerable loss ratio. What approach would PEBA like carriers to use to determine the utilization trend in 2018 and 2019 and how will carriers be allowed to incorporate this into their 2018 and 2019 pricing? Would PEBA accept a tolerable loss ratio approach or would another approach be preferable?

A: No. Should price increases be considered, the referenced CPI will be the standard.

2. Section I. Scope of Solicitation (Page 9):

- a. The Plus Plan charges are coming in based on or around the 80th R&C please confirm we should quote the 80th R&C?

A: Yes.

- b. Is the 80th R&C historically accurate for 2012 through 2015?

A: This information is proprietary and confidential to the current contractor.

- c. Does the current administrator calculate annually the risk for the claims under the Dental Plus Plan and can they provide data on a monthly basis from January 2012 through May 2015 associated with that risk?

A: This information is proprietary and confidential to the current contractor.

d. **The current contractor reported claims of \$127M, shown as “claims charged” in the Claims by Class Report Excel file, but what are the actual claims paid In and Out of Network on a monthly basis for January 2012 through May 2015?**

A: This information is proprietary and confidential to the current contractor.

3. **Scope of Work, C. Claims Processing and Payment (Page 25):**

a. **Can you provide the historical at risk amounts on an annual basis generated by the difference between the Allowed Amounts by procedure for Dental Plus and the State’s liability under the State Dental Plan?**

A: This information is proprietary and confidential to the current contractor.

b. **Same section 3. (Page 25): Have the amounts by procedure code changed from 2013 through 2015 for the State Dental Plan Schedule of Dental Procedures and Allowed Amounts?**

A: See attachment entitled 2013-2014 State Dental Fee Schedule and 2015 State Dental Fee Schedule.

c. **Same section 8. (Page 26): Covered person appealing contractor’s decision to PEBA; approximately how many appeals for disputed claims are processed on an annual basis and how many appear before the South Carolina Administrative Law Court?**

A: Approximately 4 dental appeals were heard in 2011, none in 2012, none in 2013, and one in 2014. So far in 2015, no dental appeals have been heard. Of these appeals, none have been appealed to the South Carolina Administrative Law Court.

4. **State and Dental Plus Class Report (Excel File): These files have claims charged; please provide claims paid In and Out-of-Network by State/Plus Plan and the percentage paid In-Network.**

A: This information is proprietary and confidential to the current contractor.

5. **Dental State and Plus Volume by procedure (Excel file):**

a. **Can claims paid be added to these files?**

A: Yes for State Dental. See attachment entitled State Dental by Payment 2014. PEBA cannot provide data on a paid basis for Dental Plus because it is a fully-insured product and that information is proprietary and confidential.

b. **Why are the claims by procedure code higher than the claims by class for State (\$208M versus \$192M) and Plus (\$127M versus \$117M)?**

A: The difference is tied directly to when the data was pulled.

6. **Dental Plus Enrollment by Month and Tier (Excel File):**

a. **Please confirm what rate the child only tier pays for the Plus Plan?**

A: See file entitled Dental and Dental Plus Rates.

b. **Subscribers are consistent from year to year except on the Plus Plan from 2013 to 2014 where there was an 11% increase; please explain the increase in lives.**

A: 2013 was an enrollment year.

7. Subscriber and Dependent Enrollment by Zip Code (Excel file):

a. There are international zip codes in this file; where are these individuals located and are they retirees?

A: Predominantly retiree, but some active.

b. Approximately how many actives versus retirees are currently enrolled?

A: See file entitled State Dental and Dental Plus Enrollment by Subscriber Type.

8. Approximately how many individuals are on Cobra? The Cobra rates are 2% higher than the active/retiree rates on the Plus Plan; should this be reflected in the cost proposal?

A: See file entitled State Dental and Dental Plus Enrollment by Subscriber Type. Do not include COBRA rates in your cost proposal.

9. Are 2012 dental rates for the Plus Plan the same as 2013?

A: No. See attachment titled Dental Rates.

10. Are premiums paid by month available for the Plus Plan from January 2012 through May 2015?

A: No. See file titled Dental Rates.

11. Are claim counts or EOB's available for the State and Plus Plans by month from January 2012 through May 2015?

A: See file titled Dental Plus Claims Experience and Claim count by Month.

12. What is the current and historical percent of claims paid In-Network for the Plus Plan?

A: This information is proprietary and confidential as claims payment information for the fully insured Dental Plus plan is proprietary and confidential.

13. Please confirm there have been no plan design changes from 2012 through 2015. A 2012 plan design booklet was not available on the State or BCBS website.

A: See answer to Question 5 under Vendor A.

14. Please provide full insurance certificates for the State and Plus Dental Plans. We are interested in understanding all of the plan provisions, limitations, and exclusions to finalize our pricing models.

A: See Dental Plan Document.

33. Is the Dental Plus Network today the PEBA Proprietary Network Plus a BC/BS PPO?

A: No.

34. E4, Would PEBA consider an aggregate PG of 95% in a plan year. Monthly is not statistically significant. 95%/month is not achievable.

A: No. However, PEBA will agree to assess this Performance Guarantee quarterly.

35. The PEBA Network has a panel of providers who contract with PEBA and agree to accept a fee schedule that is equal to the 80th percentile of Usual/Customary/Reasonable (UCR) charges as determined by the PEBA dental carrier. These carriers agree to accept this fee schedule as payment in full and not balance bill PEBA plan participants.

- a. **Is this one schedule for the entire state or are there variations by part of the state? For example, dental UCR values differ across SC and it would not be unusual to have several tables that relate to zip codes in the state.**
A: The current Dental Plus fee schedule is proprietary and confidential, but it is permissible to have 80th percentile regional variations in the values.
- b. **Does the carrier determine this table of payments to the PEBA providers annually and then present them to PEBA for its approval?**
A: PEBA does work with the current vendor in establishing the State Dental Plan fee schedule on an annual basis. The Dental Plus fee schedule is proprietary and confidential. .
- c. **PEBA administers this proprietary network. Other than advising PEBA as to the 80th percentile UCR schedule, what else is the carrier expected to do?**
A: The vendor is expected to manage the network to include provider recruitment and participation in the network and communicate network participation to the members.
- d. **Confirm that a carrier can also offer its own network, in addition to the PEBA network, as long as the negotiated reimbursement levels are at or below the PEBA network level and the carrier's providers also agree not to balance bill the PEBA plan participant for services covered by the Buy up Plan.**
A: In the Dental Plan, an Offeror may propose its proprietary network. However, out-of-network providers must be reimbursed at the 80th percentile of charges.

36. In order to reduce Dental Plus premiums, reduce enrollees out of pocket costs, and increase network access may bidders include their proprietary network in their proposal”

A: Yes. Non-network providers must be paid at the 80th percentile.

37. Please confirm attachment 2 should be completed based upon the bidders proprietary network

A: Completion of Attachment 2 may be based on your proprietary network, however, a proprietary network is not a requirement.

38. Our claims and customer service model is dedicated towards our dental product and dedicated towards our largest of accounts. This model allows for higher levels of customer satisfaction and claims efficiencies while meeting and exceeding PEBA's performance guarantees. We wish to present this model for the PEBA plan if it finds this acceptable.

A: No, propose the plan as presented.

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

39. Could we request copies of the State Dental Plan and Dental Plus Summary Plan Descriptions (SPDs) along with certificates of coverage (COCs)?

A: See the Dental Plan Document.

40. Will you provide the current dental fee schedule for the Dental Plus plan?

A: This information is proprietary and confidential to the current contractor.

41. Could you provide detailed monthly experience, split out according to the State Dental Plan financials and the Dental Plus plan financials, including membership information?

A: See Attachment Titled Dental plus Premium Data. Additionally, membership information has been provided in various forms (i.e. Tier, Monthly, etc.). See attachments.

42. Could we be provided a list of providers currently participating in the Dental Plus network?

A: See attachment entitled Dental Plus Providers.

43. Is there a claims report including the provider name, address and tax id number so we can run a disruption report?

A: This information is proprietary and confidential to the current contractor as it includes claims data for a fully insured product.

44. Will alternative plan designs be considered (i.e., a fully insured state plan with a fully insured buy-up?)

A: No.

45. Are there any current issues or problems (service, claims, pricing) that prompted this bid?

A: No. The State's contract with the current administrator expires December 31, 2015.

46. Regarding UCR percentiles, could it be verified what the preferred measure is? Would the State rather use a UCR schedule determined by the State or the carrier's method (i.e. Fair Health specifications.)

A: UCR should be determined by the Carrier's method. UCR is not determined by PEBA.

47. Regarding networks, would the State like us to only use a closed proprietary network, or may we also utilize our natural network to provide essentially a Passive PPO? We believe this will create additional savings for the members.

A: You may propose a proprietary network or Passive PPO. Non-network must be reimbursed at the 80th percentile.

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

Part I – Scope of Solicitation

48. Page 10 – Please confirm that the “contractor reported claims of \$127,614,549.20” is actually charges and not paid.

A: Confirmed. \$127.6M represents billed charges.

Part III – Scope of Work/Specifications

49. Page 24, Section B.19- Please provide a copy of the Security Questionnaire, we do not see it attached to the RFP.

A: See attachment entitled Security Questionnaire...

50. Page 27, Section D.2- Please explain “Dental Plus Schedule of s”.

A: This sentence should read Dental Plus Schedule of maximum allowable charges.

51. Page 28, Section F – Will PEBA continue to produce the “Insurance Benefits Guide” covering all of the products you offer? If so will the contractor continue to be responsible for providing content for this benefits guide? And will the contractor continue to be required to fund part of this guide or would these costs be included in the fee referenced in Section I, page 32 – Administration Fee?

A: PEBA will continue to produce the Insurance Benefits Guide and the contractor will continue to be responsible for content for this benefits guide. However, the contractor will no longer be required to fund part of this guide.

52. Page 29, Section F.8- Is there a fee required of the Contractor for participation in the annual Benefits Administrators Conference?

A: No, there is no fee required of the Contractor for participation in the annual Benefits Administrators Conference.

53. Page 29, Section F.9 – Please clarify what is prohibited by this requirement. Is the contractor prohibited from soliciting an employer group after they have terminated their contract with PEBA?

A: No, there is no prohibition once an employer group terminates from the State Dental Plan.

Part VII – Terms and Conditions

54. Page 61, Term of Contract- Please explain the timeframe of the initial term of this agreement (3 years, 0 months, 0 days from the effective date) referenced in this paragraph.

A: The contract term should read 4 years.