

	State of South Carolina Request for Proposal Amendment 1	Solicitation Number: PEBA0032015
		Date Issued: 05/05/2015
		Procurement Officer: Georgia Gillens, CPPO, CPPB
		Phone: (803) 734-0010
		E-Mail Address: GGillens@peba.sc.gov

DESCRIPTION: **Basic and Supplemental Long Term Disability Insurance**

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): **05/21/2015 3:30 PM E.S.T.** (See "Deadline For Submission Of Offer" provision)

QUESTIONS MUST BE RECEIVED BY: **04/13/2015 4:00 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 Pre-proposal DATE & TIME: 04/16/2015 2:00 PM <small>(As appropriate, see "Conferences - Pre-Bid/Proposal" & "Site Visit" provisions)</small>	LOCATION: SC PEBA 202 Arbor Lake Drive Columbia SC 29223
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AWARD & AMENDMENTS	Award will be posted on 06/12/2015 . The award, this solicitation, any amendments, and any related notices will be posted at the following web address: http://www.procurement.sc.gov
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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>		
TITLE <small>(business title of person signing above)</small>		TAXPAYER IDENTIFICATION NO. <small>(See "Taxpayer Identification Number" provision)</small>
PRINTED NAME <small>(printed name of person signing above)</small>		STATE VENDOR NO. <small>(Register to Obtain S.C. Vendor No. at www.procurement.sc.gov)</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) <small>(See "Signing Your Offer" provision.)</small> <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Other		

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

PAGE TWO

(Return Page Two with Your Offer)

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

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

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

DISCOUNT FOR PROMPT PAYMENT (See "Discount for Prompt Payment" clause)	10 Calendar Days (%)	20 Calendar Days (%)	30 Calendar Days (%)	_____ Calendar Days (%)
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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)**

SOLICITATION PEBA0032015 has been amended as follows:

The solicitation has been amended as follows:

New Opening Date: May 21, 2015 at 3:30 P.M. E.S.T.

New Posting Date: June 12, 2015

Page 10, Replace the Schedule of Key Events with the following:

SCHEDULE OF KEY EVENTS
All dates subject to change

1.	Distribution of Solicitation Document	04/03/2015
2.	Questions on the Request For Proposal	04/13/2015
3.	(a) Mandatory Pre-Proposal Conference; and (b) Final Deadline for Submission of All Questions	04/16/2015
4.	State's Written Responses to Questions (tentative)	05/05/2015
5.	Submission and Opening of Proposals (3:30 p.m.)	05/21/2015
6.	Intent to Award Posting Date (tentative)	06/12/2015
7.	Intent to Award Becomes Official (tentative)	06/23/2015
8.	Security Due	8/3/2015
9.	Contract Performance	9/1/2015

Delete the following paragraph:

Page 22 of the Scope of Work, Communications and Customer Service Section, Item F. "The Contractor shall pay a proportionate share of the total cost, as determined by PEBA at its sole discretion and without recourse, of producing or updating training materials and other related multi-media approaches utilized by PEBA for training and distance education."

Replace Page 25 of the Scope of Work, Financial Arrangements Section, Responsibility for BLTD Benefits, Item D with the following:

- d. The Contractor shall provide PEBA a monthly Aging Accounts Receivable Report for claims overpayments. If the contractor has an overpayment of benefits for any reason, the Contractor is responsible for reimbursing PEBA.

All other Terms and Conditions remain unchanged.

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

1. Regarding the Claims Processing section of the RFP, item D: In light of the change in the SCRS program to a Social Security Qualified definition of disability effective 1/1/14, as well as changes to the service credit requirements and benefit calculations for both that and the PORS program, would it be possible to obtain 5 years of claim experience from the SCRS and PORS programs to see how the changes in their administration are likely to affect the administration of the BLTD and SLTD claims and claim experience?

A: No. Please see the link below for the CAFR and Actuarial Evaluations.
<http://www.retirement.sc.gov/financial/default.htm>

2. Please provide the rate history of the plan over the last five years as well as any plan design changes.

A: See attached rate history chart. There have been no material plan design changes.

3. In the Claims Processing section of the RFP, item F., would the new vendor have to take over administration of existing BLTD claims on September 1, 2015? If so, approximately how many claims would that entail?

A: Yes. The new vendor will have to take over administration of existing BLTD claims on September 1, 2015. Based on current data there are approximately 40,000 BLTD claims total. Of those claims there are just over 1,200 that are currently active or have current activity (pending a decision, in appeal or have an active overpayment).

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

4. Can the State clarify the solicitation number. On the Cover Page the solicitation number is listed as: PEBA0032015, however, further in the RFP on Page 3, the solicitation number is recorded as: PEBA0012015.

A: The correct solicitation number is PEBA0032015.

5. **Claims Processing section; subsection B (page 21) – This section references an online enrollment system. Please confirm if State of South Carolina employees elect Disability benefits on an online platform and if these benefits are on-ballot along with the Medical benefits during the annual enrollment period?**

A: Confirmed.

6. **On Page 22 of the Scope of Work Communications and Customer Service Section, Subsection F, the State requests vendors to pay a “proportionate share of the total cost” of the production or updating of training materials and other related multi-media pieces. Can the State provide past expenses assessed by the State and/or an estimate of expenses vendors are expected to contribute?**

A: Please strike this paragraph.

7. **Communication and Customer Service section; subsection D (page 22) – How does the State of South Carolina currently communicate the Disability benefit programs to employees? Do they have any communication or education challenges they would like to address?**

A: The State communicates through publications such as The Insurance Advantage and The Insurance Benefits Guide. The successful Offeror occasionally communicates directly with employees as authorized by PEBA on a case by case basis.

8. **Communication and Customer Service section (page 22) – Would the State of South Carolina be agreeable to Vendor B providing ongoing communication to employees experiencing life events (newly hired, newly eligible, retirement, newly married, new parent, etc.)?**

A: See answer to Question 7 above.

9. **On Page 25, under the Financial Arrangements and Responsibility for BLTD Benefits headings, subsection d, can the State provide additional information on the process or offer procedural detail regarding indemnification for overpayments?**

A: The vendor is not required to pursue overpayment from an employee, but the State must be made whole in the event of an overpayment.

10. **On Page 27, regarding the Service Provider Security Assessment Questionnaire provision, would the State confirm that an acceptable third option would be to provide a SSAE-16 Type 2 SOC 1 report from an independent auditor?**

A: Yes, that would be acceptable. However, please note in your submission that you are providing a SSAE-16 Type 2 SOC 1 report.

11. Specific to Page 55, Security for Performance, Damages provision, as was done with last year's Life Insurance bid, Solicitation #5400008083, would the State be willing to reduce the amount of the Security for Performance, Damages provision to \$50,000?"

A: No.

12. Can the State confirm if there is a public record of determinations (including detail, outcome and/or disposition) beyond PEBA's administrators' determination or courts?

A: Appeals decisions issued by the SC Administrative Law Court after adverse decision by the PEBA Appeals Committee are public record as well as any appeals thereafter to the South Carolina Court of Appeals or Supreme Court.

Excel File "621144 627284 LTD Claim Lists 9 2010 thru 3 2015" and "621144 6272847 clmrun by exp period"

13. Does the earned premium in the "Experience" tab take any rate actions into account?

A: No, the earned premiums are not adjusted for rate actions. However, we also caution that claims are also not adjusted to reflect the recent changes in the administration of PEBA retirement benefits.

14. Is it possible to add a net benefit, gross benefit, status (active, closed, etc.), offset amounts and offset type to these files?

A: The report already contains information on the status (if there is no Term Date and benefits have been paid the claim is active) gross benefit amounts (Benefit info in column K). Please see the attached offset reports that are available by claim number.

15. Please clarify if the Incurred date is the date of disability?

A: Yes. The incurred date is the date of disability.

16. What is the difference between the Reserve EOP and the Reserve BOP?

A: The reserve at the end of the reporting period vs. the reserve at the beginning of the reporting period.

17. Please clarify if the "Paid This Period" is when the report was run and the "Paid This Claim" reflects the date of disability.

A: Paid this period is the amount paid during the reporting period (see report header for dates) and the amount paid this claim is the total amount paid from the date benefits became payable to the end date in the reporting period.

18. Is the "benefit" column net or gross?

A: Gross.

19. Why are there negative amounts under the “Paid This Period” and “Paid This Claim.”

A: There is an overpayment on the claim.

20. Why are there individuals with an amount in the “Paid This Period” column if the term date is not within the experience period?

A: Benefits were issued during the current reporting period for a previous time period. Likely a late filed claim or an appeal.

21. Please clarify if the Basic claim listing includes those listed under the supplemental plan?

A: There is potential for a person on the Basic claim listing to also have a Supplemental claim, so the same person could appear on both reports.

22. Under Cause Code what do the numbers represent?

A: These codes are for internal use only.

23. The totals for the five experience periods do not add up to the totals in the claim list files. Please explain why there would be a difference?

A: One is on a cash basis and one is on incurred. The claim list file is on a cash basis and our experience exhibit is on an incurred basis.

Excel File “627284 Basic LTD Claims”

24. Please clarify if the overpayments in this file represent only Social Security amounts or other offset amounts as well? Is it possible to indicate which are approved for Social Security?

A: The file includes any offset type. Please see the attached offset report that is available by claim number.

25. In the “Value of Code” description the “S” description is missing. Please clarify what “S” stands for in the codes.

A: The Status Code column represents the status of the claim, not the overpayment. S is suspended.

26. Please explain the difference between the “Recovered” and “Nonrecoverable;” are/were these claims in a bankruptcy status?

A: Recovered means the overpayment was recovered and Nonrecoverable means we have exhausted collection efforts and do not feel we will be able to recover the overpayment.

27. Please provide offset amounts for the Active tab.

A: A separate report with offset information is provided by claim number.

28. Please explain the difference between the “Status Code” column and the “DIS O/P Withld Option2” column?

A: The Status Code column represents the status of the claim and the DIS O/P Withld Option 2 represents the status of the overpayment recovery.

General Questions

29. Is historical premium paid, lives, and volume available on a monthly basis for the experience periods provided in the Excel files?

A: The report already contains information on the status (if there is no Term Date and benefits have been paid the claim is active) gross benefit amounts (Benefit info in column K). See below for premiums paid.

2010												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
BLTD												
Premiums Paid	\$573,509	\$573,693	\$573,961	\$573,671	\$573,735	\$570,209	\$559,229	\$552,666	\$555,877	\$564,924	\$565,550	\$564,814
Enrollment	177,224	177,202	177,264	177,184	177,601	176,656	173,420	172,085	172,558	173,774	174,217	174,520
SLTD												
Premiums Paid	\$664,464	\$662,800	\$662,575	\$660,822	\$663,593	\$659,208	\$642,542	\$634,592	\$492,629	\$493,279	\$491,551	\$492,682
Enrollment	89,977	89,940	90,013	90,017	90,531	90,210	89,551	89,299	90,002	89,361	89,593	89,814

2011												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
BLTD												
Premiums Paid	\$564,605	\$563,053	\$564,476	\$562,547	\$560,931	\$557,939	\$556,121	\$550,485	\$552,185	\$566,031	\$568,662	\$566,160
Enrollment	175,334	174,818	174,788	174,544	174,185	173,322	171,759	171,191	171,830	173,642	174,608	174,900
SLTD												
Premiums Paid	\$543,972	\$541,391	\$542,407	\$540,143	\$538,884	\$535,783	\$525,970	\$523,927	\$522,611	\$529,552	\$528,510	\$526,914
Enrollment	94,710	94,502	94,554	94,431	94,319	93,920	92,972	92,789	93,305	94,303	94,863	95,101

2012												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
BLTD												
Premiums Paid	\$565,892	\$564,443	\$566,018	\$565,748	\$565,213	\$562,183	\$552,765	\$550,098	\$553,177	\$572,970	\$572,165	\$569,628
Enrollment	174,760	174,792	175,022	175,118	175,073	174,368	171,580	171,061	171,741	174,716	175,651	175,954
SLTD												
Premiums Paid	\$558,442	\$554,485	\$554,416	\$552,340	\$551,510	\$549,070	\$536,545	\$532,943	\$534,040	\$542,836	\$528,887	\$536,209
Enrollment	94,292	94,271	94,545	94,547	94,573	94,308	93,015	92,796	93,402	95,030	95,527	95,710

2013												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
BLTD												
Premiums Paid	\$567,280	\$564,672	\$566,427	\$566,218	\$565,023	\$563,474	\$553,695	\$549,448	\$554,094	\$574,519	\$571,637	\$570,629
Enrollment	175,059	174,845	175,073	175,075	175,003	174,716	171,868	170,940	171,790	174,874	175,720	176,097
SLTD												
Premiums Paid	\$578,328	\$574,350	\$571,525	\$576,906	\$568,502	\$570,243	\$556,349	\$544,263	\$552,374	\$565,908	\$560,434	\$558,498
Enrollment	95,209	95,093	95,240	95,271	95,190	95,035	93,650	93,199	93,928	95,873	96,463	96,689

2014												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
BLTD												
Premiums Paid	\$579,220	\$579,301	\$579,635	\$580,473	\$579,716	\$578,009	\$569,724	\$566,752	\$570,687	\$588,874	\$586,745	\$584,797
Enrollment	178,978	179,035	179,219	179,375	179,408	179,023	176,367	175,829	176,768	179,588	180,374	180,743
SLTD												
Premiums Paid	\$756,263	\$753,754	\$753,335	\$43,201	\$751,377	\$748,851	\$732,273	\$727,845	\$729,632	\$742,490	\$738,962	\$736,338
Enrollment	97,078	97,133	97,309	97,430	97,520	97,416	96,044	95,895	96,763	98,545	99,050	99,307

30. Have there been any plan design changes for either plan over the life of the contract?

A: Yes, but there have not been any material changes in the last 5 years.

31. Please provide the current rates and fees along with any historical changes for the life of the contract.

A: Attached is the rate history.

State of South Carolina Rate History Table

Long Term Disability- Policy # 621144

Please note, this Long Term Disability Policies rates are on a percent of insured earnings basis

	9/1/2005-8/31/2010		9/1/2010-12/31/2013		1/1/2014-8/31/2014	
	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
All Members enrolled in Plan 1	30 and Under	0.065%	30 and Under	0.050%	30 and Under	0.063%
	31 - 40	0.089%	31 - 40	0.069%	31 - 40	0.088%
	41 - 50	0.179%	41 - 50	0.138%	41 - 50	0.175%
	51 - 60	0.360%	51 - 60	0.277%	51 - 60	0.352%
	61 - 65	0.433%	61 - 65	0.333%	61 - 65	0.423%
	66 and older	0.528%	66 and older	0.407%	66 and older	0.517%
All Members enrolled in Plan 2	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
	30 and Under	0.050%	30 and Under	0.039%	30 and Under	0.050%
	31 - 40	0.069%	31 - 40	0.053%	31 - 40	0.067%
	41 - 50	0.137%	41 - 50	0.105%	41 - 50	0.133%
	51 - 60	0.277%	51 - 60	0.213%	51 - 60	0.270%
	61 - 65	0.333%	61 - 65	0.256%	61 - 65	0.325%
66 and older	0.406%	66 and older	0.313%	66 and older	0.397%	

LTD Self Insured ASO- Policy # 627284

Please note, this Long Term Disability ASO Policies rates are on a per member basis

	9/1/2005-8/31/2010	9/1/2010-12/31/2013	1/1/2014-8/31/2014
All Members enrolled	0.49	0.48	0.52

Key Code for Offset Reports (Attachments 4 and 5 – posted on the web separately)

Offset Code	Offset Type
SD	Social Security Disability
SC	Social Security Dependents
SR	Social Security Retirement
P1	SCRS or PORS Disability
PD	SCRS or PORS Disability
PL	SCRS or PORS Lump Sum Distribution
PS	SCRS or PORS Service Retirement
WP	Worker's Comp Permanent
WT	Worker's Comp Temporary
RO	Rehab Offset
AA	BLTD is being offset from the SLTD
EE	Basic & Estimated Supplemental Offsets
BO	BLTD Offset

Status Code	Status
A	Actual Offset
E	Estimated Offset Amount Not Deducting
S	Estimated Offset Amount Deducting