

THE UNIVERSITY OF TEXAS SYSTEM  
REQUEST FOR PROPOSALS  
FOR FULLY INSURED  
SHORT TERM DISABILITY INSURANCE  
AND  
LONG TERM DISABILITY INSURANCE



to be effective  
September 1, 2015

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# 1.0 INTRODUCTION AND OVERVIEW

## 1.1 DESCRIPTION OF THE UNIVERSITY OF TEXAS SYSTEM

The Texas Constitution of 1876 provided that “the Legislature shall, as soon as practical, establish, organize and provide for maintenance, support and direction of a university of the first class, to be located by vote of the people of this State, and styled ‘The University of Texas.’” In 1881, the 17th Texas Legislature passed an act to establish The University of Texas. Later that year, voters determined that the Main System was to be located in Austin and the Medical School was to be located in Galveston.

Today, The University of Texas System (System) includes nine (9) academic institutions in Arlington, Austin, Brownsville, Dallas, Edinburg (Pan American), El Paso, Odessa (Permian Basin), San Antonio and Tyler, plus six (6) health institutions in Dallas, Galveston, Houston (2), San Antonio and Tyler. In addition, the main System Administration office is located in Austin; however, many of the operations of System Administration are decentralized and therefore located in numerous areas of Texas as well as in Washington, D.C. Many of the UT institutions have their own payroll systems.

Effective September 1, 2015, the University of Texas at Austin will open a new medical school, to be located in Austin. In addition, System will add a new institution to be known as The University of Texas at Rio Grande Valley, which will include both an academic department and a medical school. At a future date, UT Pan American and UT Brownsville will close and will be replaced by UTRGV. At the time of this RFP, System estimates these anticipated organizational changes will result in a slight net increase of less than 2,000 new System employees.

The System has approximately 89,000 employees who are eligible for STD and LTD insurance coverage. The System has almost 23,000 benefits-eligible retired employees; however, retired employees are not eligible for STD or LTD insurance even if they return to work in an otherwise benefits eligible position.

Although the majority of employees of The University of Texas Medical Branch (UTMB) are in the Galveston area, UTMB also has employees in the central and eastern parts of Texas who are involved with providing medical care to prisoners at State prisons located in those areas. The University of Texas at Austin also has staff members at a marine biology center in Port Aransas and at an astronomical observatory in Fort Davis. A small number of employees from various institutions also either reside or work outside of Texas.

The following table shows the name, location and the approximate number of benefits-eligible employees associated with each institution in the System as of September 2014:

The University of Texas System September 2014		
Location	Institutions	Benefits-Eligible Employees
Austin	The University of Texas at Austin	17,117
	The University of Texas System Administration	669
Brownsville	The University of Texas at Brownsville	704
Dallas	The University of Texas at Arlington	3,154
	The University of Texas at Dallas	2,980
	The University of Texas Southwestern Medical Center at Dallas	12,852
Edinburg	The University of Texas – Pan American	1,918
El Paso	The University of Texas at El Paso	2,289
Galveston	The University of Texas Medical Branch at Galveston	11,151
Houston	The University of Texas Health Science Center at Houston	6,378
	The University of Texas M.D. Anderson Cancer Center	19,572
Odessa	The University of Texas of the Permian Basin	398
San Antonio	The University of Texas at San Antonio	3,341
	The University of Texas Health Science Center at San Antonio	5,147
Tyler	The University of Texas at Tyler	833
	The University of Texas Health Science Center at Tyler	1,037
<b>TOTAL</b>		<b>89,540</b>

## 1.2 OBJECTIVES OF THIS REQUEST FOR PROPOSAL (RFP)

Section 1601.054 of the Texas Insurance Code requires the System to submit for competitive bidding at least once every six years for each of its group insurance plan arrangements. As described in this Request for Proposal (RFP), the System is soliciting proposals from qualified and appropriately licensed vendors to offer the following plans approved by the Texas Department of Insurance:

- a) a fully-insured Short Term Disability (STD) plan and a fully insured Long Term Disability (LTD) plan.

The contracts for the Disability plans will be for the three-year period beginning September 1, 2015 through August 31, 2018, with the opportunity at System's sole option to renew for an additional three year period, subject to terms and conditions acceptable to the System.

All qualified vendors, including the current contracting vendor, are invited to submit a proposal. It is the System's intention to select one vendor to administer both the STD and LTD plans and to begin implementation planning by **March 1, 2015**.

All vendors must submit a proposal to the System for both the fully insured STD plan as described in Appendix A-1 and the LTD plan Appendix A-2 of this RFP.

The vendor proposal must demonstrate a commitment to work closely with the System to ensure a seamless transition for the current STD and LTD plan participants, in the event the current plan provider is not selected for the new contract period.

Responding vendors should present their proposals for the Disability plans, as described in Section 13 of this RFP.

## 1.3 CURRENT SYSTEM ENROLLMENT

Summaries of current plan enrollment are provided to illustrate the number of potential plan participants eligible for the UT System STD and LTD plans. These plan statistics including current enrollment, demographic data, and plan utilization data are available in Appendix C of this RFP.

### **ENROLLMENT SUMMARY OF ALL CURRENT SYSTEM BENEFIT PLANS**

The System currently has about 113,000 employees and retired employees plus approximately 106,000 dependents participating in its Uniform Group Insurance Program (known as UT Benefits). In addition, there are approximately 1,000 COBRA participants continuing coverage in various health plans within the program. The System offers a self-funded preferred provider (PPO) health plan (UT SELECT) for all eligible program participants. Approximately 109,000 employees, retired employees, and COBRA subscribers along with more than 81,000 dependents were covered by UT SELECT during August 2014. UT SELECT medical benefits are currently administered by Blue Cross and Blue Shield of Texas, and prescription benefits are currently administered by Express Scripts. The System's "Living Well" program, currently administered by Provant Health Solutions, is a

comprehensive health and wellness initiative available to all UT SELECT participants and is integrated with both the medical and prescription plans and some voluntary plans.

The System also currently offers the following optional coverages as part of the UT System uniform group employee insurance program: two self-funded dental PPO plans (UT SELECT Dental) currently administered by Delta Dental, a dental health maintenance organization currently offered by Delta Dental, voluntary group term life and accidental death and dismemberment insurance coverage currently issued by Dearborn National, dependent group term life and accidental death and dismemberment coverage currently issued by Dearborn National, two vision care plans currently issued by Superior Vision, medical and dependent care flexible spending accounts currently administered by PayFlex, long term care insurance currently issued by CNA, and **short and long term disability coverage currently issued by Dearborn National**. Participation in these optional coverages is voluntary, and generally the premiums are paid solely by the participating employees and retired employees.

The System's Office of Employee Benefits (OEB), located in Austin, Texas, has oversight over all fully insured and self-funded benefit plans provided by the System through its uniform group insurance program. A primary objective of the UT Benefits Program is to maximize the benefits and services that eligible System employees, retired employees and their covered dependents receive for each dollar spent on insurance benefits. The duties of OEB are described elsewhere in this RFP.

## **SUMMARY OF CURRENT DISABILITY PLANS**

The current fully insured STD plan has an enrollment in the UT System group insurance program of approximately 29,000 employees. The current fully insured LTD plan has an enrollment in the UT System group insurance program of approximately 38,000 employees.

In addition, the six UT health institutions provide a separate LTD plan for certain faculty employees. The current enrollment in this non-UT System LTD plan is approximately 5,300 employees. Currently, these individuals are not eligible to be enrolled in the UT System LTD plan if they are enrolled in the non-UT System LTD plan (See Section 6.9.5 of this RFP for more information).

## **1.4 SUMMARY OF SERVICES TO BE PROVIDED**

The STD plan currently offered to eligible System employees is described in Appendix A-1 of this RFP. The LTD plan currently offered to eligible System employees is described in Appendix A-2 of this RFP. Interested vendors must submit a Schedule of Benefits equivalent to each of the current plans with accompanying premium rate proposals that are at a minimum comparable to current plan benefits. Responding vendors should submit only one premium rate for each proposed Schedule of Benefits submitted (see Section 13 of this RFP).

System does not guarantee that any of the submitted proposals will be accepted.

## **2.0 GENERAL INFORMATION AND REQUIREMENTS**

### **2.1 CONFLICT OF INTEREST**

No member of the System Board of Regents or System employees (including the Chancellor, Executive Vice Chancellor for Business Affairs, Assistant Vice Chancellor for Employee Benefits and Services, and Office of Employee Benefits management) may have any direct interest in the awarding of the Contract or any indirect conflict of interest involving the vendor, including but not limited to any financial interest.

### **2.2 NON-RESPONSIVE PROPOSALS**

The System will not accept for consideration any proposal that does not comply with the criteria set forth herein. Failure to address any of the RFP requirements may result in rejection of a proposal.

### **2.3 REPRESENTATIONS BINDING**

Representations made within the proposal will be binding on the vendor. The System will not be bound to act by any other previous communication of any type or non-conforming proposals submitted by a vendor.

### **2.4 NONDISCRIMINATORY PRACTICE**

A vendor shall not discriminate against eligible System employees by excluding, seeking to exclude, or otherwise imposing restrictions on services or benefits on the basis of gender, race, national origin, religion, age, sexual orientation, veteran status, disability, or pregnancy.

### **2.5 BINDING ARBITRATION CLAUSE EXCLUSION**

Each proposal must specify that the vendor will not impose a binding arbitration requirement upon a plan participant. Any proposal containing a requirement that plan participants must agree to engage in binding arbitration will not be accepted by the System.

### **2.6 MODIFICATION PROHIBITED**

No proposal may be changed, amended, or modified after submission to the System except to correct an inadvertent error.

### **2.7 EXEMPTION FROM STATE TAXES**

Coverages provided by the System are exempt from state premium and maintenance taxes.

## 2.8 VENDOR INITIATED CHANGES

The vendor must notify the System in writing prior to making any significant changes in operating policies or business practices, including material changes to its network agreements, key personnel on the designated System Account Team, or in any other aspect of the vendor's operations that could affect the STD or LTD plan. The System reserves the exclusive right to determine if such potential changes may be applied to the System, and if so, when they shall be applied.

## 2.9 MEMBER IDENTIFICATION AND CONFIDENTIALITY OF SSNS

The primary reference ID used to identify plan subscribers and their dependents (collectively referred to herein as "participants") is a unique 8-character alphanumeric Benefits ID (BID) that is issued by the System and used across all benefit plans offered by the System, including the System STD and LTD plans. The vendor must be able to identify a participant and/or the participant's coverage using the BID. The BID shall be the preferred identifier for any telephone communication, unencrypted electronic communication, and in printed reports when referencing specific participants.

Vendors must be able to comply with all federal and Texas state legislation, as well as System policy, applicable to the protection and use of Social Security numbers, including limitations placed on the use of Social Security numbers on ID cards and plan documents by Section 35.58 of the Texas Business and Commerce Code, CONFIDENTIALITY OF SOCIAL SECURITY NUMBER. The vendor must be able to coordinate with the System to fully comply with all applicable laws and System Policies relating to the security, protection and use of plan participants' Social Security numbers. All sensitive System data, including Social Security numbers, must be encrypted when transmitted over the internet.

## 2.10 COMPLIANCE WITH LEGAL REQUIREMENTS AND FUTURE CHANGES

All proposals must comply with all currently applicable laws and regulations including, but not limited to, the following:

- 1) State and federal laws and regulations; and
- 2) Rules promulgated by the Texas Department of Insurance.

The requirements of applicable laws and regulations, as well as future program appropriations made by the Texas Legislature, are subject to change and such changes may affect overall plan design and/or administrative responsibilities. The System requires a good faith effort on the part of the vendor to comply with any additional responsibilities imposed by changes in state or federal laws or regulations, or by future court or administrative rulings, without requiring mid-year premium rate increases.

Vendors must agree to collaborate with the System to effect necessary changes and to execute any agreements that may be required as a result. Should a mandated change materially affect the vendor's obligations under the Contract, the System reserves the right to negotiate with the vendor regarding

any premium rate adjustment that may be appropriate under the circumstances, as provided in the Contract.

## 2.11 SYSTEM'S HISTORICALLY UNDERUTILIZED BUSINESS (HUB) PROGRAM

The System is committed to providing full and equal opportunity for all businesses to provide goods and services needed in support of the System's missions. The System's Historically Underutilized Business (HUB) Program formalizes the System's commitment to carry out this effort. The HUB program ensures compliance with state HUB laws and serves to educate both the university and business communities about the benefits of using HUB vendors. In all contracts entered into for professional services, contracting services, and/or commodities with an expected value of \$100,000 or more, the purchase solicitation must indicate whether the System has determined that subcontracting opportunities are probable in connection with the contract. If so, a HUB Subcontracting Plan is a required element of the vendor response to this RFP.

### 2.11.1 SUBCONTRACTING OPPORTUNITIES DETERMINATION

System has reviewed this RFP in accordance with Title 34, Texas Administrative Code, Section 20.13 (a), and has determined that subcontracting opportunities are probable under this RFP. As identified by the System Office of HUB Development, the HUB Goal for this RFP is 24.6% percent.

For specific questions regarding the HSP, please submit questions through the RFP website and questions will be directed to the UT System Office of HUB Development.

### 2.11.2 HUB SUBCONTRACTING PLAN (HSP) REQUIRED FOR CONSIDERATION

A HUB Subcontracting Plan ("HSP") is required as part of vendor's proposal. The HSP will be developed and administered in accordance with System's Policy on Utilization of Historically Underutilized Businesses (attached as Appendix G of this RFP) and incorporated for all purposes. The RFP No. for this HSP is 720-2014-UTDIS.

**Each vendor must complete and return an HSP in accordance with the terms and conditions of this RFP for each proposal submitted, including System's Policy on Utilization of Historically Underutilized Businesses. Vendors that fail to do so will have their proposals considered non-responsive to this RFP in accordance with Section 2161.252, Texas Government Code.**

The Contractor will not be permitted to change its HSP unless: (1) the Contractor completes a newly modified version of the HSP in accordance with the terms of System's Policy on Utilization of Historically Underutilized Businesses that sets forth all changes requested by the Contractor, (2) the Contractor provides System with such a modified version of the HSP, (3) System approves the modified HSP in writing, and (4) all agreements or contractual arrangements resulting from this RFP are amended in writing by System and the Contractor to conform to the modified HSP.

### **2.11.3 GOOD FAITH EFFORT REQUIRED**

All agencies of the State of Texas are required to make a good faith effort to assist historically underutilized businesses (each a “HUB”) in receiving contract awards. The goal of the HUB program is to promote full and equal business opportunity for all businesses in contracting with state agencies. Pursuant to the HUB program, if under the terms of any agreement or contractual arrangement resulting from this RFP the Contractor subcontracts any of the services to be provided, then the Contractor must make a good faith effort to utilize HUBs certified by the Procurement and Support Services Division of the Texas Comptroller of Public Accounts. Proposals that fail to comply with the requirements contained in this section will constitute a material failure to comply with advertised specifications and will be rejected by System as non-responsive.

Additionally, compliance with good faith effort guidelines is a condition precedent to awarding any agreement or contractual arrangement resulting from this RFP. Proposing vendor acknowledges that, if selected by System, its obligation to make a good faith effort to utilize HUBs when subcontracting any of the Program will continue throughout the term of all agreements and contractual arrangements resulting from this RFP. Furthermore, any subcontracting of the Program by the vendor is subject to review by System to ensure compliance with the HUB program.

### **2.11.4 MANDATORY REQUIREMENTS FOR HSP SUBMISSION**

For each proposal, the vendor must submit to the System three (3) original copies of the HSP along with, but packaged separately from, each complete proposal. The three (3) originals of the HSP must be submitted under separate cover in a clearly marked envelope (the “HSP Envelope”) that is attached to the outside of the box containing the other proposal materials submitted by the vendor or must otherwise be provided contemporaneously with the other proposal materials. The top outside surface of the HSP Envelope when attached to the exterior of the packaging for the vendor’s other proposal materials must clearly show:

- 1) the RFP title (as noted on the cover page) and the Submittal Deadline, both marked in the lower left hand corner of the front of the envelope,
- 2) the name and return address of the proposing vendor, and,
- 3) the phrase “HUB Subcontracting Plan.”

It is the vendor’s sole responsibility to ensure that the HSP arrives concurrently with the other proposal materials as specified above. System will open a vendor’s HSP Envelope prior to opening the proposal submitted by the vendor, in order to ensure that the vendor has submitted the number of completed and signed originals of the vendor’s HUB Subcontracting Plan (“HSP”) that are required.

A vendor’s failure to submit the required number of completed and signed originals of the HSP will result in rejection of the proposal as non-responsive due to material failure to comply with

advertised specifications; without exception, any such proposal will be returned to the vendor unopened.

**Note:** The requirements regarding submission of the HSP outlined above are separate from and do not affect a vendor's obligation to provide the specified number of copies of the complete proposal as specified elsewhere within this RFP.

## **2.12 USE OF SUBCONTRACTORS**

Any planned or proposed use of subcontractors by the vendor must be clearly disclosed and documented in the submitted proposal and agreed to by the System. The vendor shall be completely responsible for all services performed and for the fulfillment of its obligations under the Contract, even if such services are delegated to a subcontractor. Any proposal to utilize subcontracting must be addressed in the vendor's Subcontracting HUB Plan, as described in a separate section.

## **2.13 TERM OF ACCEPTANCE**

It is the intent of the System, at this time, to enter into a three-year contract for administration of the fully insured STD and LTD plans beginning September 1, 2015. At the System's option, this Contract may be renewed for an additional three-year period beginning September 1, 2018, subject to terms and conditions acceptable to the System.

## **2.14 RESERVATION OF RIGHTS**

### **ADDITIONAL INFORMATION FROM RESPONDING VENDORS**

System reserves the right to request additional documentation and responding vendor agrees to provide the information requested.

#### **2.14.1 VALIDATION OF PROPOSAL MATERIALS**

The System reserves the right to audit/validate all materials and responses submitted with the vendor's proposal.

#### **2.14.2 REJECTION OF PROPOSALS**

The System retains the right to reject any and/or all proposals submitted and/or to call for new proposals.

#### **2.14.3 VENDOR NEGOTIATIONS**

The System reserves the right to enter into discussions and negotiations with one or more vendors selected at its discretion to determine the best and final terms. The System is not under obligation to hold these discussions or negotiations with each vendor that submits a proposal.

#### **2.14.4 REVISION OF PROVISIONS**

The System specifically reserves the right to revise any or all RFP or Contract provisions set forth at any time prior to the System's execution of a Contract.

#### **2.14.5 EXECUTION OF CONTRACT**

The System is under no legal obligation to execute a Contract on the basis of this RFP or upon receipt of a proposal.

### **2.15 REFERENCES**

Each vendor must provide a list of current major customers for each type of proposed plan, as requested in this RFP. These customers may be contacted by the System to provide information regarding the vendor's overall record of service in providing the program for their employees.

The provision of references by the vendor shall constitute verification that the System has the vendor's permission to contact these organizations and obtain any required information without obtaining further permission from the vendor.

### **2.16 MATERIALS**

A copy of materials to be used by the vendor in administering the STD and LTD plan benefits must be provided as requested in the section of this RFP dealing with communications requirements. The System retains the right to review and approve all such materials prior to distribution. The vendor is required to submit proposed marketing and other informational materials in the specified format and according to deadlines set by the System. The cost for preparation of such materials for the term of the Contract should be accounted for in the proposed premium rates quoted by the responding vendor.

### **2.17 NO COMPENSATION FOR EXPENSES**

Vendors shall submit proposals at their own expense. No compensation will be provided to vendors for expenses incurred for proposal preparation or demonstrations, unless otherwise expressly stated in writing by the System.

### **2.18 RETENTION OF PROPOSALS**

Proposals and all materials submitted in response to this RFP become the sole property of the System and will not be returned to the vendors. During the evaluation process, the System shall make reasonable efforts as allowed by law to maintain proposals in confidence, and shall release proposals only to personnel involved with the evaluation of the proposals and implementation of the Contract unless otherwise required by law. Further information dealing with the confidential status and potential disclosure of proposal contents is addressed below in a separate section.

## 2.19 CONFIDENTIAL STATUS AND DISCLOSURE OF PROPOSAL CONTENTS

As a state institution of higher education, the System is subject to the Texas Public Information Act (“the Act”), Chapter 552 of the Texas Government Code, and has no authority to enter into a confidentiality agreement in contravention of the Act. In response to any public information requests under the Act that are submitted during the RFP process, the System shall deem and argue to the State Attorney General that during the bidding process all proposals submitted in response to the RFP are confidential under the Act. However, once the RFP process has concluded, this exception will no longer apply.

Vendors should be aware that the Texas Attorney General may determine that full or partial disclosure is required for information deemed to be confidential or proprietary by a vendor. It is the sole obligation of a vendor to advocate for the confidential or proprietary nature of any information provided in or along with its proposal. The System shall not advocate for the confidentiality of the vendor’s material to the Texas Attorney General or to any other person or entity. Upon receipt of any public information request involving a submitted proposal after the conclusion of the RFP process, the System shall, pursuant to the Act, make a good faith effort to notify the vendor of the request.

For any such request, the vendor will be responsible for submitting written justification to the State Attorney General detailing why particular information should be withheld, such as the exception applicable to certain commercial information. In order to ensure its ability to claim exemption from the release of information contained in a submitted proposal, a vendor should clearly designate within its proposal and accompanying materials any information that it believes to be exempt from disclosure and provide legal justification for each instance.

Additionally, vendors should be aware that, pursuant to the Act, upon request from a member of the Legislature and where needed for legislative purposes, the System may be required to release a vendor’s entire proposal, including information designated by the vendor to be confidential or proprietary. By submitting a proposal, a vendor acknowledges its understanding and agreement that System shall have no liability to the vendor or to any other person or entity for any disclosure of information made in accordance with the Act.

This section applies regardless of whether a contract is awarded as the result of this RFP.

## 2.20 NEWS RELEASES

Written approval by the System will be required prior to the issuance of any news release or other public communication regarding any Contract awarded to a vendor.

## 2.21 USE OF SYSTEM INFORMATION FOR SOLICITATION IS PROHIBITED

The vendor must explicitly agree never to use any information received from any source about System employees for any marketing purpose or to solicit business of any other type. This agreement extends

to all forms of discussions, advertisement, distribution, or other marketing by the vendor (or a parent or subsidiary) for coverage, products, or materials other than those explicitly relating to the vendor's participation in the System STD and LTD plans, including the provision of such items to lists of System employees obtained from other vendors contracting with System. This prohibition is also applicable to any use of the vendor's System-specific website. This prohibition continues subsequent to termination of the Contract.

## 2.22 AGENT OF RECORD

The System will not designate an Agent of Record or any other such company employee or commissioned representative to act on behalf of either the System or the vendor. Requests for the System to provide such designation shall be rejected. Vendors are specifically instructed to submit proposals directly to the System as specified herein in separate sections detailing HUB Subcontracting Plan submission requirements and overall proposal submission requirements. Proposals submitted through a third party agent will not be accepted.

## 2.23 DEFINITIONS

For purposes of this RFP and any responses provided, the terms "employee", "dependent", "optional coverage", "retired employee", and "The University of Texas System ("System")", shall have the same meaning as set forth in Chapter 1601 of the Texas Insurance Code. A copy of the Chapter 1601 is included as Appendix D of this RFP. System reserves the right to define any other terms used in this RFP

## 2.24 RESPONSES, ORDERING OF CONTENTS, DEVIATIONS

Proposals must concisely describe the vendor's ability to meet the requirements of the RFP. Emphasis should be on providing complete, clear responses that demonstrate an understanding of the requirements and of the System's needs. The content of all responses submitted must be ordered to correspond with the specifications as they appear in this RFP.

Unless a deviation is specifically noted in a response, it will be assumed that the vendor agrees to meet all specifications exactly as set forth in this RFP. Proposals containing deviations, items not called for herein, or irregularities of any kind are subject to disqualification at the System's option.

Information about proposed unique or value-added benefits and programs that would enhance or supplement the current benefit offering specified within this RFP are welcome when presented in conjunction with confirmation that the vendor agrees to the requirements as presented in this RFP.

**Important: Responding vendors must 'Acknowledge and Confirm' each enumerated section of this RFP and/or clearly state any deviations to the specific section(s). Your RFP responses will be incorporated into the Contract.**

## 2.25 CERTIFICATION

By completing and submitting the signed Signature Page included in Section 14.0 of this RFP with the original copy of vendor's complete proposal as specified, an authorized vendor officer certifies that the proposal complies with the RFP specifications and that the appropriate vendor staff have reviewed and confirmed their applicable sections based on their expertise.

## 2.26 SUBMISSION OF PROPOSALS

Only proposals submitted in compliance with the following requirements will be accepted by System:

- 1) This RFP is available on the System's RFP website in both PDF and Word format. Vendors must use the Word version of the RFP to complete and include the following items with your submission:
  - a) Proposed premium rates; and
  - b) The signature page, verifying the vendor's ability to meet all requirements.
- 3) One (1) original proposal signed with blue ink and clearly marked "Original", and ten (10) identical copies of the proposal must be received by the System **on or before 12:00 Noon Central Time on Wednesday, January 21, 2015**. The original and copies of the proposal should be addressed to:

**Laura C. Chambers, Director  
Office of Employee Benefits  
The University of Texas System  
210 West 6th Street, Room B.140E  
Austin, Texas 78701**
- 4) Vendors must submit three (3) complete electronic versions of the proposal on separate discs or USB drives, using either Microsoft Office or PDF format for all included documents. The discs or drives must be clearly labeled with the vendor name and the title of this RFP. All materials included in the printed binders *must* be included with the electronic versions, including exhibits and the separate HUB Subcontracting Plan submission.
- 5) All materials, other than the HUB Subcontracting Plan ("HSP"), must be submitted in sealed envelope(s), box(es), or container(s). **A separate HSP for both the STD plan and the LTD plan is required and must be affixed to the outside of the main proposal packaging so that it arrives along with the other proposal materials, but is separately accessible. Proposals without a correctly completed HSP will be returned, unopened.** Proposal packaging must clearly indicate the submittal deadline, the vendor's name, and the vendor's return address on the exterior.
- 6) Proposals must be valid for one hundred twenty (120) days following the proposal receipt date.

- 7) The proposed premium rate(s) must be firm and guaranteed for at least three (3) years beginning September 1, 2015 through August 31, 2018.
- 8) A Table of Contents with sufficient detail (including page numbers) to facilitate easy reference to all sections of the proposal, as well as to separate attachments, must be included. Any supplemental items not requested in the RFP should be clearly identified as such in the Table of Contents and must be provided in a separate section(s) of the proposal from required items.
- 9) Under no circumstances will proposals received after the submission deadline be considered. Properly marked late proposals will be returned unopened at the vendor's expense. Unmarked late proposals will be held at the System Office of Employee Benefits for 30 days and then discarded.
- 10) Proposals transmitted electronically, or by any means other than as specified in this section, will not be considered.

## 2.27 ADDENDA TO RFP, INQUIRIES REGARDING SPECIFICATIONS

Questions and comments regarding the RFP should be submitted as soon as possible and must be sent via email using the link on System's RFP website (<http://utdirect.utexas.edu/rfp/>) that has been established for this purpose.

Any response to an inquiry that alters an interpretation of, or requires a change to, this RFP will be posted as addenda on the RFP website. All vendors will be responsible for regularly checking this website for RFP addenda and other announcements. All addenda issued by the System prior to receipt of a proposal shall be considered part of the RFP. All vendors are required to acknowledge all of the addenda issued on the space provided on the Signature Page of this proposal.

To ensure that all replies can be provided to all prospective vendors prior to the deadline for submission of proposals, any questions received after **5:00 p.m. Central Time on Wednesday, December 17, 2014** will not be considered or responded to by the System.

## 2.28 TELECONFERENCE FOR INTERESTED VENDORS

To provide representatives of interested vendors an opportunity to pose questions regarding the specifications and selection process, a teleconference for prospective respondents is scheduled to be held on **Friday, December 12, 2014 from 10:00 – 11:00 a.m., Central Time**. If you are interested in participating in this event, please register online at <http://utdirect.utexas.edu/rfp>.

Questions and comments should be submitted via the RFP website as described above and should be sent as much in advance of the teleconference as possible to allow time for the System to gather information as needed and to prepare complete responses prior to the teleconference. Following the teleconference, any remaining questions and comments must also be submitted via the RFP website.

Details regarding the teleconference will be provided in advance to those vendors that register to participate.

## 2.30 FINALIST INTERVIEW

Following the System's initial review of the RFP Proposals, if a vendor is selected as a finalist in the vendor selection process, the System may, at its sole option, request that personnel from the vendor, at the vendor's expense, attend a meeting at a System-designated location to clarify responses and to answer questions regarding the vendor's Proposal. If the System deems necessary, a site visit to the vendor may be conducted during the RFP review period at the System's expense.

### 3.0 IMPLEMENTATION TIMELINE

The dates below apply to key milestones during the implementation phase for the STD and LTD plans. Vendors will be required to meet the deadline listed below for submission of proposals. The vendor will be required to meet all deadlines as shown throughout the implementation process.

Post RFP Notice on Texas Marketplace Site	11/03/2014
Request for Proposal (RFP) Issued	11/25/2014
Prospective Vendor Teleconference	12/12/2014 at 10:00am CT
Last date to submit written questions to the System	12/17/2014 at 5:00pm CT
Vendor Proposals Due to the System	01/21/2015 by Noon CT
Vendor implementation team designated and tasks assigned	03/02/2015
First planning meeting between the System and vendor	03/18/2015
Drafts of Annual Enrollment materials due to the System	04/06/2015
Contracts Finalized and Signed	05/01/2015
Drafts of new employee communication materials to the System	05/04/2015
System-specific vendor website available for testing	05/28/2015
Testing of automated transmission of claims data processing system and electronic Fee Billing Invoice	06/01/2015
Setup of eligibility FTP procedures and authorizations	06/19/2015
Benefits & Human Resource Conference(BHRC) in Austin, TX	06/22-25/2015
Distribution deadline of Annual Enrollment materials to institutions	06/25/2015
System-specific vendor website ready for use	06/25/2015
Begin testing transmission of test eligibility data	07/10/2015
Annual Enrollment Period (vendor reps attend employee and retiree meetings/fairs and vendor customer service is available to receive calls and assist UT members)	07/15-31/2015
New Employee materials due to the Institution Benefit Offices	08/03/2015
Begin Testing of Electronic Fee Billing Invoice	08/03/2015
Testing of eligibility error dataset transmission from vendor	08/08/2015
The first date for enrollment data to be transferred to the vendor	08/11/2015
Banking arrangements completed	09/01/2015
Plan Year 2015-2016 begins (Effective date of coverage)	09/01/2015
Production of automated transmission of claims data processing system and electronic Fee Billing Invoice	10/11/2015

## 4.0 THE CONTRACT AND OTHER LEGAL REQUIREMENTS

The Contract shall be in the format specified by the System. The Contract will incorporate this RFP, the vendor's proposal thereto, and any other information the responding vendor may be required to provide. Until a Contract has been executed and signed, the RFP and the vendor proposal will be binding. A Sample Contract is included as Appendix F of this RFP. Vendor responses containing proposed changes to the Sample Contract will not be considered.

**Important:** The vendor should not attempt to modify or sign the Sample Contract. The actual Contract will be prepared by the System Office of General Counsel and signed by the vendor prior to September 1, 2015.

### 4.1 INTRODUCTION

No Contract will be executed until the System has accepted a vendor's proposal and has notified the vendor of its approval. The Contract will be for a three-year term beginning on September 1, 2015 and will extend through August 31, 2018, to be renewed at the System's option for an additional three-year period unless terminated as provided herein or in the Contract. If the current vendor submits a proposal and is not selected, the current vendor shall continue to perform in good faith all obligations under its existing contract with the System.

The System and the contracting vendor shall agree and acknowledge, as applicable, that the benefits and coverage to be provided under the Contract will be provided from September 1, 2015 through August 31, 2018. However, the System and the contracting vendor shall also agree and acknowledge that there are duties and obligations specified by the RFP to be performed prior to September 1, 2015 and following August 31, 2018, and the Contract will specify that the parties agree to perform all such duties and obligations, and that all applicable damage provisions shall be in effect as to these duties and obligations.

The Contract shall comprise the complete and exclusive statement of each agreement between the System and the contracting vendor and supersede all prior or contemporaneous agreements, negotiations, course of prior dealings, and oral representations relating to the subject matter hereof.

The System has specific contracting requirements that cannot be waived or altered. All vendors should carefully review the Sample Contract included in Appendix F to this RFP, including but not limited to the provisions on Indemnification, Auditing, and the EIR Warranty. The vendor should include in their written submission all alternate requirements, terms, or conditions they wish to have considered. However, the vendor should not assume that an opportunity exists to add such matters through the contract negotiation as a part of the RFP process. Unacceptable terms and conditions added by the vendor may result in the rejection of the vendor's proposal, despite other factors to be evaluated. In addition, the vendor should not strike-through or otherwise alter anything in the Sample Contract.

Submission of an altered Sample Contract as part of a response may result in rejection of the vendor's proposal, despite other factors to be evaluated.

In the event that a contracting vendor fails or refuses to perform any of its duties or obligations as provided by the Contract, the System, without limiting any other rights or remedies it may have by law, equity or under contract, will have the right to terminate the Contract immediately. Notwithstanding such termination, certain obligations of the vendor shall survive the termination of the Contract.

At any time during the term of a Contract and for a period of four (4) years thereafter, the System or a duly authorized audit representative of the System, or the State of Texas, at its expense and at reasonable times, reserves the right to audit the contracting vendor's records and books relevant to all services provided under the Contract. In the event such an audit reveals any errors/overpayments by the System, the contracting vendor will be required to refund the full amount of such overpayments within thirty (30) days of such audit findings, or the System may, at its option, reserve the right to deduct such amounts from any payments due the vendor.

The contracting vendor must agree not to publicize the Contract or disclose, confirm or deny any details thereof to third parties or use any photographs or video recordings of the System's employees or use the System's name in connection with any sales promotion or publicity event without the prior express written approval of the System.

Duties assigned to the vendor under the Contract may not be assigned or delegated to a third party.

## 4.2 FAILURE TO COMPLY

Failure to comply with the procedures required by the RFP or any other applicable guidelines shall be cause for immediate suspension or cancellation of the Contract. A suspended or canceled vendor that provides coverage or services will not be permitted to accept new enrollees, but must continue to provide coverage for those employees whose effective date was prior to the date of suspension or cancellation. Any suspension will remain in effect until System is satisfied that circumstances resulting in suspension have been corrected. Upon the loss of the contracting vendor of any licensure or certification required by Texas law to provide a service required under the Contract, or the filing of a petition for bankruptcy, or upon judgment of bankruptcy or insolvency by or against the contracting vendor, the System may terminate the Contract for cause without notice.

## 4.3 NOT AN ERISA PLAN

As a governmental entity, the System is not subject to the provisions of the Employee Retirement and Income Security Act (ERISA).

#### **4.4 COMPLIANCE WITH TEXAS DEPARTMENT OF INSURANCE RULES**

Pursuant to Chapter 1601 of the Texas Insurance Code (Code), System is exempt from many of the provisions of the Code and regulations promulgated by the Texas Department of Insurance (TDI). However, nothing in any agreement between the System and a contracting vendor shall be construed to require or permit any action that is prohibited by, or in conflict with, an applicable provision of the Code or an applicable TDI rule or regulation.

#### **4.5 VENDOR ID NUMBERS**

A vendor must obtain a Vendor Identification Number issued by the Comptroller of Public Accounts of the State of Texas. The vendor will be required to complete and submit a Payee Identification Form in order to receive payment.

#### **4.6 AUTHORIZED SIGNATURES**

The Chief Executive Officer, General Counsel, or an authorized officer of the responding vendor must sign the Contract. The proposal must state the name and office of the individual who will sign the Contract on behalf of the vendor and include documentation verifying that the individual has the authority to do so.

#### **4.7 RELATIONSHIP OF PROPOSAL TO CONTRACT**

Any contract resulting from the selection of a vendor by the System shall incorporate by reference the applicable portions of the Policy to be issued by the vendor to System, the RFP including Appendices, the vendor's response thereto, and any other information the vendor may be required to provide.

## 5.0 FINANCIAL REQUIREMENTS

### 5.1 FINANCIAL ARRANGEMENT

The insurance contracts are to be underwritten in compliance with the following requirements:

#### 5.1.1 Fully Insured

The coverage requested by this RFP is to be provided under a fully-insured contract. The vendor will have full liability for all claims incurred during the period of the Contract including (a) future payments to be made in connection with claims that have been approved at the time of termination of the Contract and (b) payments related to those claims incurred prior to termination of the Contract but not submitted and/or approved until after termination of the Contract. The liability of the System and the Participants will be strictly limited to the premiums collected under the Contract. The vendor will be at risk for any liability in excess thereof. Neither the System nor the Participants will have any contingent or retroactive liability. The contract is to be written on a participating basis with surplus, if any, accruing to the System.

#### 5.1.2 Experience Rated

The Contract is to be fully experience rated and subject to a retention agreement under which retention for vendor expenses, risk charges, and profit will be limited to contractual amounts submitted in response to these specifications. The STD and LTD plans are to be realistically rated, but will be combined in the determination of surplus and deficits.

### 5.2 VENDOR FINANCIAL STRENGTH

To be eligible for consideration, the vendor must have a **net worth of at least \$100 million**, as demonstrated by an audited financial statement as of the close of the vendor's most recent fiscal year. To affirm financial capability, the vendor must submit all documentation as requested in the related interrogatories included in this RFP.

### 5.3 PREMIUM RATES

The proposed monthly premiums for STD and LTD coverages are to be broken into two components:

#### 5.3.1 Claims

This portion of the premium is intended to provide for the payment of claims and accumulation of reserves. It should be sufficient to meet all liabilities incurred during the period of the Contract. Any insufficiency will be the responsibility of the vendor. Any deficit existing upon termination of the contract shall not be recoverable by the vendor.

### 5.3.2 Retention

This portion of the premium is intended to provide for vendor expenses, risk charges and profit margins. It should be adequate to cover all expenses incurred during the period of the contract and during any runoff period following termination of the contract, for all services associated with the coverages, including, but not limited to:

- a) Communication
- b) Claim processing and adjudication
- c) General administration
- d) Underwriting of individual applications for coverage
- e) Actuarial, legal and other technical assistance
- f) Reporting

Section 1601.009, Chapter 1601 of the Texas Insurance Code, exempts the System from taxes on premiums. The retention portion of the premium should not include any provision for premium taxes.

Any surplus balance remaining in the current vendor's contingency reserve fund at the end of the current contract period is not available to be carried forward to a new vendor for the new contract period beginning September 1, 2015.

## 5.4 PREMIUM RATE GUARANTEES AND ADJUSTMENTS

In rating the proposed plan, it is required that the rates contained in this proposal be guaranteed for the 36-month period from September 1, 2015 through August 31, 2018. Any future renewal rate adjustments are subject to approval of the System in accordance with information contained in these specifications.

## 5.5 DETERMINATION OF RENEWAL RATES

The vendor will be required to conduct good faith discussions with the System prior to February 1, 2018, to determine rates for the three-year period from September 1, 2018 through August 31, 2021. If there is no agreement reached by March 1, 2018, the System reserves the right to submit the STD and LTD plans to competitive bidding.

The renewal rating procedure to be used in the determination of premium rates for years following the original 36-month guarantee period is to be clearly detailed in the proposal. The System reserves the right to cancel the Contract at the end of any contract year beyond the first three-year term, if, in its judgment, such action would be in the best interests of the System. In developing renewal rates, the STD and LTD plans may include the anticipated level of incurred claims, a reasonable provision for retention and a reasonable profit margin. The vendor will not be allowed to include a deficit recovery provision in its renewal rates. Any deficit existing upon the termination of the Contract will not be recoverable.

In order to obtain the System's approval of the renewal rates, the vendor shall be required to provide full documentation of the renewal rate determination and shall demonstrate to the satisfaction of the System the appropriateness of the renewal rates.

## 5.6 PREMIUM PAYMENT

The premiums for STD and LTD insurance coverage are not eligible for the state Premium Sharing. Therefore, the enrolled System employee is responsible for the full premium payment for STD and LTD plan coverage which is paid through payroll deduction on an after-tax basis only.

Each month, the total premium for each disability plan will be determined by multiplying the volume at September 1<sup>st</sup> for each type of coverage by the rates applicable to that coverage. The System will collect the premiums paid by the employees and will remit the premium to the vendor within 90 days of the due date of that premium along with a dataset detailing the remittance by subscriber and disability plan.

## 5.7 PAYMENT OF CLAIMS

The vendor shall process, administer and pay all STD and LTD claims incurred during the term of the Contract, including administration and payments required following termination of the Contract in connection with claims incurred prior to termination of the Contract.

General requirements for claims processing include the following:

5.7.1 Using System's enrollment records, the vendor shall create and maintain participation records to be used for the processing of claims and other administrative functions for the STD and LTD plans. System's enrollment records, however, shall control in the event of a conflict. The vendor is responsible for ensuring that necessary Evidence of Insurability (EOI) forms have been approved prior to loading eligibility and processing claims.

5.7.2 The vendor shall review claims for eligibility. Any ineligible claims inadvertently paid by the vendor shall be recaptured by the vendor and returned to the plan to fund future claims payments by the vendor on behalf of System.

## 5.8 ANNUAL EXPERIENCE ACCOUNTING

Within ninety (90) days after the end of each contract year, the vendor must provide the System with an accounting of the System disability plans' financial experience under the Contract, as required by Section 1601.060, Chapter 1601 of the Texas Insurance Code.

The accounting shall include the premiums accrued during the year, the claims incurred for the year, the vendor's expenses and allowance for profit, the reserves established for the year and any resulting surplus or deficit. Separate reports are to be provided for the STD and LTD plans.

The vendor shall provide the System with such other experience data and accounting information as the System shall reasonably request.

Any surplus existing as of the end of a given contract year shall be held by the vendor as a special contingency reserve in accordance with Chapter 1601.061 of the Texas Insurance Code and shall be available to pay claims in a subsequent contract year. Any deficit existing as of the end of the contract year will be carried forward for possible recovery from future years' surplus.

The vendor will credit interest on all positive cash flow generated under the disability coverages, including special contingency reserves and claim reserves.

## 5.9 SETTLEMENT ON TERMINATION OF THE CONTRACT

In the event of termination of the Contract, the System and the vendor will adhere to the procedure contained in this section with respect to financial settlement of the Contract.

5.9.1 The vendor will complete the annual experience accounting as required in Section 5.8 above. Within 90 days of the termination date, the vendor will refund to the System the balance of the special contingency reserve (established in accordance with Section 5.8 above) which exists as of the termination date, together with interest thereon. The System will not be liable for any deficit which exists as of the termination date, although any such deficit may be considered in the determination of the refund described in (2), below.

5.9.2 Within 90 days, following the end of a 27-month runoff period commencing on the termination date, the vendor will refund to the System the excess, if any, of (a) claim reserves established as of the termination date, together with interest thereon, over (b) the sum of (i) claim payments made during the runoff period, together with interest thereon, (ii) any deficit determined as of the termination date, together with interest thereon, and (iii) the present value of claims which have been approved and are open at the end of the runoff period. Such present value will be established on a mutually agreeable basis determined through good faith negotiation. In no event will the System be liable for any deficit that exists at the end of the runoff period.

## 5.10 ACTUARIAL/FINANCIAL CONTACT

Responding vendors must provide the name, mailing address, e-mail address, telephone number, and fax number of the actuarial/financial personnel responsible for the preparation of the STD and LTD plan vendor's rates. The named person should be capable of responding to inquiries concerning the rates and must cooperate with requests for information made by the System or its consulting actuaries.

## 5.11 FIDUCIARY LIABILITY

It is the intent of the System that the vendor assume, pursuant to the Contract, fiduciary duties and liability for all of its actions associated with the performance of its duties under the Contract.

## 6.0 BENEFITS AND PROGRAM REQUIREMENTS

### 6.1 INTRODUCTION

The System currently offers a fully insured STD plan and a fully insured LTD plan to eligible employees, as authorized by Chapter 1601 of the Texas Insurance Code. Therefore, the System requires that the vendor be able to effectively administer a benefit design and overall program for each plan which meets or exceeds the requirements presented in this RFP.

The STD and LTD insurance must be tax-qualified disability-based group plans, and all premiums paid must qualify as deductions under IRS Code Sections 213 and 7702B. Premiums are paid on a post tax basis.

### 6.2 THE BENEFIT (OR PLAN) YEAR

The System's benefits are administered using a Plan Year that begins on September 1st and ends the following August 31st. This time period corresponds with the fiscal year of the System and the State of Texas.

### 6.3 PLAN PARTICIPATION

Chapter 1601 of the Texas Insurance Code, a copy of which is attached as Appendix D to this RFP, establishes eligibility criteria and enrollment requirements for UT Benefits including the STD and LTD plans.

#### 6.3.1 ELIGIBILITY

Section 1601.101 of the Texas Insurance Code states that an employee who is expected to work at least 20 hours per week and to continue in the employment (is expected to work) for a term of at least four and one-half months, or is appointed for at least 50% of a standard full-time appointment, is eligible for benefits.

#### 6.3.2 BASIC COVERAGE

Basic group insurance coverage provided by the System must be comparable to the coverage commonly provided in private industry and at other institutions of higher education.

The basic package for benefits-eligible employees includes employee-only medical coverage (including prescription coverage), \$20,000 basic Group Term Life (GTL), and \$20,000 basic Accidental Death and Dismemberment (AD&D) coverage.

**Important:** Basic coverage does not include STD or LTD coverage.

### **6.3.3 PREMIUM SHARING**

On a biennial basis, the Texas Legislature determines the amount of premium sharing available for employees, retired employees and any eligible dependents. Premium sharing is intended to fund the total cost of the basic package (which includes medical coverage plus group term life of \$20,000 and accidental death and dismemberment of \$20,000) for full-time employees and half the cost for part-time employees. The State Appropriations Act also provides for funding of the total cost of the basic package for retired employees. A percentage of the medical plan cost for covered dependents of participating active and retired employees is also paid through premium sharing.

Newly benefits-eligible employees may enroll in the STD plan and/or LTD plan during their first 31 days of eligibility. The state premium sharing is not available for the Disability plans; therefore, employees are responsible for full payment of STD and LTD premiums. Benefits-eligible employees become eligible to pay premium for optional coverage on the first day on which they perform services for System.

### **6.3.4 ENROLLMENT**

In addition to the specifics detailed in Chapter 1601, Texas Insurance Code, the enrollment process is governed by System's policies. Annual Enrollment for all insurance plans is held during the month of July (typically July 15 - 31). During the initial Annual Enrollment period (July 2015) in which the STD and LTD plans will be offered by the selected vendor, any eligible System employee may enroll for STD and or LTD plan coverage through a guaranteed issue offering, and the enrollment will be effective September 1, 2015. Subsequent Annual Enrollment periods will require that Evidence of Insurability (EOI) be completed and approved prior to coverage becoming effective.

An employee may elect the STD and/or LTD plan without EOI during their initial period of eligibility and following a qualified change in status event during the plan year.

The first date that enrollment data for the 2015-2016 Plan Year is expected to be transferred to the vendor administering the STD and LTD plans will be August 11, 2015. Technical and data exchange requirements related to eligibility and enrollment are detailed in a separate section of this RFP.

## **6.4 CONTINUITY OF COVERAGE**

System must ensure that plan participants do not lose coverage solely because of a change in vendors. All provisions and exclusions met under the current plan must be credited under any new plan.

No covered person will experience any change in benefits as simply a result of execution of a new contract for administration of the plan. The vendor must be able to accept data pertaining to plan provisions and to provide full and complete continuity of coverage without regard to the execution of a

new contract in accordance herewith. Therefore, an employee enrolled in either STD and/or LTD plan coverage as of August 31, 2015 will continue enrollment at the same level of coverage under the new Contract effective September 1, 2015, unless the employee elects to cancel the coverage during 2015 Annual Enrollment.

## 6.5 BENEFIT DESIGN FOR SHORT TERM DISABILITY

The current summary of benefits for the STD plan is located in Appendix A-1.

In response to this RFP, organizations should submit rates strictly in accordance with the Summary of STD Benefits described in Appendix A-1. No deviations from these required benefits will be allowed. The System will select the plan and notify the selected vendor with the intention of beginning implementation planning by March 2015.

A complete description of the current STD plan and the STD guide can be found online at: [http://www.utsystem.edu/offices/employee-benefits/forms-and-publications#Short-TermDisability\(STD\)](http://www.utsystem.edu/offices/employee-benefits/forms-and-publications#Short-TermDisability(STD))

## 6.6 BENEFIT DESIGN FOR LONG TERM DISABILITY

The required summary of benefits for the current LTD plan is located in Appendix A-2. In response to this RFP, organizations should submit rates strictly in accordance with the Summary of Long Term Disability Benefits described in Appendix A-2. No deviations from these required benefits will be allowed. The System will select the plan and notify the selected vendor with the intention of beginning implementation planning by March 2015.

A complete description of the current LTD plan and the LTD guide can be found online at [http://www.utsystem.edu/offices/employee-benefits/forms-and-publications#Long-TermDisability\(LTD\)](http://www.utsystem.edu/offices/employee-benefits/forms-and-publications#Long-TermDisability(LTD)) .

## 6.7 WELLNESS BENEFITS

The System is committed to including wellness benefits within the System STD and LTD plans to assist System and the institutions with the creation and ongoing enhancement of campus wellness programs. The System seeks to understand what a responding vendor could provide in terms of wellness services and, in particular, to assess a responding vendor's willingness to collaborate directly with the third party administrators of the System health plan. Of primary importance is collaboration with the UT SELECT medical plan, currently administered by Blue Cross Blue Shield of Texas, in regards to medical issues that may be identified through member access to other benefit plans. Ultimately, it is the System's goal to collaborate with the System's Office of Risk Management to assist in coordination of work related risks, plan utilization and returning the employee to work. For example, the possibility of referring and transferring members directly to UT SELECT customer service representatives as a wellness initiative is

preferable to merely advising members to contact their medical insurance carrier. Additionally, the initiation of a large volume of claims from a particular institution or occupation may warrant a collaborative effort between the Office of Risk Management, OEB and the contracted vendor to assist with mitigating future risks.

Additionally, each institution offers Employee Assistance Programs (EAP) which offer counseling on numerous topics. If in the event the disability vendor provides information to services available at System and within the overall benefits program, reference to the EAP programs either telephonically or through the customized System website is requested.

## 6.8 APPEALS PROCEDURE

The responding vendor's appeals procedure must be in compliance with all applicable statutes and regulations including, but not limited to, the rules and regulations of the Texas Department of Insurance. Any selected responding vendor must have all levels of appeals required by law and include information in its proposal describing the appeals process.

## 6.9 OTHER FACTORS

There are a number of factors that should be taken into consideration when preparing a response to this RFP, including:

6.9.1 System employees have either twelve-month or nine-month appointments. However, regardless of the term of appointment, the monthly salary for the purpose of calculating Disability benefits is determined by dividing annual compensation (including base salary plus longevity and hazardous duty pay) by 12 months.

6.9.2 Some employees may accumulate large amounts of sick leave, sometimes in excess of one year. In addition, employees may be eligible for additional sick leave from sick leave pools. Sick leave pools are created when terminating employees donate their sick leave hours to the pool. Employees meeting certain criteria, as defined by each institution, may apply to the sick leave pool administrator and request use of available sick leave pool hours. The maximum number of sick leave pool hours that can be awarded is 720 hours for full-time employees (pro-rated for part-time employees). The sick leave pool is managed by each institution and hours are awarded based on the catastrophic nature of a person's condition.

All sick leave balances must be exhausted before STD and/or LTD benefits are payable. Accumulated vacation leave does not need to be exhausted before STD and/or LTD benefits are payable.

6.9.3 Some employees, such as faculty members, may take extended leaves of absence at which time they may have full benefits from another source. In such cases, employees may put their System coverage in abeyance (i.e. freeze benefit elections). During the abeyance period, the employee is not eligible for STD or LTD and will not pay premium. Upon

return to the System, such employees are immediately eligible to resume coverage without providing Evidence of Insurability.

- 6.9.4 There are two main retirement plans available to System employees: the Teachers Retirement System (TRS), and the Optional Retirement Program. All employees are eligible upon employment to join the Teachers Retirement System (TRS). Employees who participate in the TRS plan are eligible to apply for early retirement if they become disabled.
- 6.9.5 Currently, approximately 5,300 System faculty who participate in the Medical Practice Plan are offered a separate LTD plan by their employing institution. If an employee enrolled in this separate plan changes positions or becomes ineligible for this plan, they will be offered the System's LTD plan. To facilitate a seamless transition, it is required that these physicians not be required to provide EOI to enroll in the System LTD plan since gaining eligibility under the System's plan will begin their initial period of eligibility. A separate STD plan is not available to these individuals, therefore; they are eligible to enroll in the STD plan as described in this RFP.
- 6.9.6 The System does not have a single payroll system. There are currently multiple different payroll systems. Premiums are sent by the institutions based upon the deductions taken from the subscribers on those payroll systems. Eligibility data will be provided routinely by the System which will coincide with the same data used to calculate the payment of premium. The vendor may need to interface with the institutions regarding eligibility or coordination for the payment of a claim.
- 6.9.7 Employees enrolled under the current policy will receive credit toward the satisfaction of the pre-existing condition time periods required in the new policy for the time they were covered under the prior policy.
- 6.9.8 Each January the vendor must provide W-2 statements to all UT employees who received STD and/or LTD benefits in the prior calendar year, regardless of whether the benefits were taxable or non-taxable.
- 6.9.9 Institutions send via eligibility dataset the expected September 1 compensation for employees enrolled in a disability program. The compensation for these employees typically does not change throughout the fiscal year, but may if changes in salary or employment status change. The benefit is payable based upon the higher of the salary on the September 1 before the disability or the salary on the date immediately preceding the date of disability.
- 6.9.10 Certain revenue generating physicians who participate in the OEB disability policy earn compensation based on the revenue the institution expects them to generate. For administration of the disability program, institutions with this type of compensation will report the expected annual compensation based on the base salary and the expected salary based on the revenue and compensation contract for that particular employee. This type of salary structure affects a minimal number of physicians.

## 7.0 OPERATIONAL REQUIREMENTS

The vendor shall administer the Disability plans in a manner consistent with all applicable laws and regulations, as well as with the requirements set forth in this RFP by the System. The vendor shall provide all services associated with the administration of the plan, including, but not limited to the items specified in the following sections. The vendor may recover the cost of the requirements described in this section only by making provision for such expenses in the proposed premium rates.

### 7.1 GENERAL REQUIREMENTS

- 1) The vendor shall provide general administrative support as required in the operation of the fully insured STD and LTD plans.
- 2) The vendor shall provide legal and technical assistance as it relates to the operation and administration of the fully insured STD and LTD plans.
- 3) The vendor shall provide appropriate materials and staffing for Annual Enrollment meetings and fairs.

### 7.2 IMPLEMENTATION AND ACCOUNT TEAMS

If selected, the vendor must notify the System in writing of the names and roles of all members of its complete Implementation Team by no later than **March 2, 2015**. In addition, the vendor will be required to establish an Account Management Team that is acceptable to System and agree to make staffing adjustments to this team as required by System throughout the contract period. The vendor must ensure that the Account Management Team is established no later than **April 1, 2015** and that this team will be available to assist System as required every Monday through Friday from 8:00 a.m. until 5:00 p.m. Central Time (excluding national holidays).

The vendor's Implementation and Account Management Teams must each include a designated information technology contact with the technical knowledge and expertise to efficiently and effectively collaborate with System's information technology team regarding data transmission, data integrity, and timely processing of data. The designated information technology contact should be appropriately positioned within the vendor's organization to allow for direct management of and possible changes to all technical issues related to the contract.

### 7.3 CUSTOMER AND ACCOUNT SERVICE

- 1) The vendor's Account Management Team must provide a minimum of two face-to-face meetings with the System per year to review the utilization and performance of the STD and LTD plans, including recommendations and updates regarding ongoing operational activities. The System may also require quarterly operational meetings (in-person or via telephone conference), as needed.

- 2) The vendor's customer service unit should be staffed and trained adequately to handle the plan's specific benefit questions, claims administration, resolution of complaints, and program or claim clarification. The vendor's customer service hours must include, at a minimum, Monday through Friday from 8:00 a.m. to 5:00 p.m. Central Time.
- 3) The vendor shall designate vendor customer service representatives as contacts for System staff. The vendor warrants and represents that it will adequately train additional team members as needed to support the System's requirements. The vendor must accept verbal verification of a System participant's coverage by an authorized representative of the System or verify the participant's coverage through an online system and subsequently update coverage in the vendor's system prior to receipt of the System's weekly/monthly enrollment information.
- 4) The vendor shall dedicate additional staff members, as needed, to update System related records and accounts and to provide additional help for the vendor client service team during and following the System Annual Enrollment period including the 2015 Annual Enrollment period, which is prior to the September 1, 2015 contract effective date.
- 5) Customer Service call centers must be located within the United States, preferably within the state of Texas. The establishment of toll free lines (telephone and facsimile) is required and customer service staffing levels must be adequate at a minimum to maintain the following performance standards:
  - a) Average abandonment rate of 5% or less; and,
  - b) Average time to answer of 30 seconds or less.

## 7.4 CLAIMS PROCESSING AND ADMINISTRATION

- 1) The vendor shall process and administer all required UT Benefits STD and LTD plan claims (if applicable to the plan type) incurred on or after September 1, 2015 and throughout the term of the Contract. General requirements for claims processing include the following:
  - a) Using System enrollment records, the vendor shall create and maintain enrollment records for all participants to be relied on for the processing of claims and other administrative functions for the UT Benefits STD and LTD plans. The vendor is responsible for ensuring those enrolled have passed EOI, if required based on time of enrollment. In the event of a conflict between enrollment data stored at System and information on file with the vendor, the System's information shall be considered authoritative;
  - b) The vendor shall review claims for eligibility based on covered dates of services. Any ineligible claims that are inadvertently paid by the vendor shall be the sole responsibility of the vendor to recapture;

- c) The vendor shall process claims submitted directly by System STD and LTD plan participants. Each direct claim payment must include an Explanation of Benefits (EOB) for all applicable claims. The vendor must submit all claim forms and sample EOBs as an attachment to the Proposal for the System's review and approval;
  - d) The vendor shall investigate unusual or extraordinary charges to determine all relevant circumstances and report to the System its findings. In the event the vendor issues excess payments or payments for ineligible claims or participants, it will assume 100% liability for incorrect payments which result from policy or system errors attributable to the vendor in whole or in part.
  - e) System STD plan claims filed by UT participants should be processed within ten (10) calendar days of submission to the vendor unless additional information and/or investigation is required.
  - f) System LTD plan claims filed by UT participants should be processed within fifteen (15) calendar days of submission to the vendor unless additional information and/or investigation is required.
- 2) The vendor shall maintain a complete and accurate claims reporting system and provide for the retention, maintenance, and storage of all payment records with provision for appropriate reporting to the System. The vendor shall maintain all such records throughout the term of the Contract and for at least three (3) years following the end of the Contract, and shall make such records accessible and available to the System for inspection and audit upon the System's request. In the event the vendor is scheduled to destroy payment records, the vendor must contact the System for approval prior to the destruction of the payment records. If the System approves destruction, verification of the destroyed records shall be required at the System's direction.

## 7.5 COST CONTAINMENT INITIATIVES

The vendor shall maintain effective automated systems to detect fraud and misuse of the program, overpayments, wrongful or incorrect payments, unusual or extraordinary charges, verification of enrollment, and unnecessary STD or LTD treatment. The vendor shall also conduct thorough, diligent, and timely investigations with regard to fraudulent or suspicious claims and report quarterly all such claims to the System. The vendor must include a written description of its comprehensive fraud detection plan with its response.

The vendor understands that System may develop further policies in connection with the detection and prevention of fraud or abuse of the STD and LTD plans. The vendor shall comply with all applicable laws regulations and shall also comply with all System policies, and the vendor is encouraged to develop additional safeguards as allowed by law.

## **7.6 REPORTING AND INFORMATION SHARING**

Routine vendor reporting, including utilization and cost data, is required to support the System's ability to proactively monitor trends and to identify/address variances on targeted vendor performance guarantees and customer service standards. The timelines and formats for required reports shall be specified by the System. Additionally, the System may request customized reports on an ad hoc basis. Such reports must be provided in a timely manner at no additional cost to the System.

### **7.6.1 PERFORMANCE MONITORING**

Some report formats shall include a column indicating a performance standard for the item being reported, which shall be utilized by the System as a benchmark to monitor compliance and to analyze the reported statistics. See the Administrative Performance Report template included in Appendix E of this RFP for examples of this type of reporting.

### **7.6.2 DISABILITY PLAN STATISTICS**

The vendor shall accumulate operations statistics and develop reports for the System STD and LTD plans, as is typically done in the normal course of business, on a semi-annual basis. The vendor shall provide copies of such reports upon request by the System along with results of any audits conducted in connection with the reports.

### **7.6.3 CONSULTING ACTUARY**

The System retains an independent consulting actuary on insurance matters. The consulting actuary assists and advises System staff on benefit plan design, proposal review, and premium rate analysis. System staff or the consulting actuary may, from time to time, request that the vendor provide additional information specific to the STD and LTD plans. The vendor must cooperate with and act in good faith in working with the consulting actuary and must be prepared to respond to these requests promptly.

## 8.0 TECHNICAL AND DATA EXCHANGE AND SECURITY REQUIREMENTS

Each institution of the System self-administers its eligibility. The System's sixteen (16) institutions do not use the same payroll system. System institutions transmit eligibility data to the System, and the System in turn transmits the appropriate data to the plan vendor.

Datasets are transmitted by institutions directly to the System as often as desired. Institutions can also make real-time updates to the System eligibility database and can transmit either a full replacement file or a partial replacement file as needed. Some institutions update their payroll files only shortly before payroll is processed; therefore, they transmit eligibility data to System only twice per month. However, other institutions update their data more often.

Due to the nature of the processes involved, there can often be a delay between the effective date of coverage and notification of eligibility to the vendor. To accommodate the variation in institutional eligibility administration and payroll systems and minimize delays and errors, the System has developed standardized methods for receiving and transmitting information between System, institutions, and vendors.

### 8.1 SECURE FILE TRANSFER PROTOCOL (SFTP) OVER THE INTERNET

System's security requirements mandate that SFTP be used to access all System servers.

A vendor's ability to use SFTP over the Internet and to work with HIPAA-compliant ANSI X12 transaction sets will be important considerations in the System's evaluation of the proposals.

### 8.2 WEB AUTHENTICATION VIA SECURITY ASSERTION MARKUP LANGUAGE (SAML)

Security Assertion Markup Language (SAML) is an XML-based framework that forms the basis for the method of single sign-on user authentication that System strongly prefers be used for a vendor's System-specific website. An alternative method of user authentication must also be provided for those participants who cannot or who choose not to authenticate via single sign-on, including many retired employees. Responses that indicate a vendor's willingness and ability to implement SAML-based authentication (v2.0) will be strongly preferred over those that do not.

When implementing SAML-based authentication for a vendor's System-specific website, each of the 16 System institutions will act as an Identity Provider (IdP) and determine whether the user has authenticated properly using local credentials. If the user authenticates correctly, System will redirect the user's browser and pass a SAML assertion to the vendor site in question. The vendor site will accept the SAML assertion in order to grant access.

The vendor must either agree to use System's SAML Discovery Service or to host an alternative solution for IdP discovery on the vendor's System-specific website and subsequently accept the IdP's assertion that identifies the individual using the Benefits Identification (BID) number, which is included as an attribute in the SAML assertion. Each participant has a unique BID, and BIDs will be regularly communicated to the vendor via eligibility dataset.

Only user authentication will be handled via SAML. Authorization to access specific information, such as limiting the ability to view member-specific data to only the authenticated member, will still need to be handled by the vendor website.

It is System's strong preference that the vendor be capable of immediate implementation of SAML-based authentication (v2.0) at the start of the Contract period or that the vendor anticipates being able to implement within six months of the start of the Contract period. A vendor who is currently unable to implement SAML-based authentication (v2.0) should provide a statement of its ability to support authentication via proxy and should note in its response whether it anticipates being able to implement SAML-based authentication (v2.0) and, if so, when it anticipates being ready to do so.

## 8.3 ELIGIBILITY DATA

### 8.3.1 SYSTEM'S ELIGIBILITY DATABASE

Each institution's eligibility data is transmitted to the System and used to update an eligibility database maintained by the System. This database provides the information for System to generate eligibility (enrollment) datasets specific to the UT STD and LTD plans. The database maintained by the System is directly updated by enrollees during the Annual Enrollment period using the System's *My UT Benefits* online enrollment application. During the July 2014 Annual Enrollment, approximately 48% of all employees made election changes, and approximately 99% of those were made using the *My UT Benefits* online system on the Web. This enrollment process provides the advantage of having most new enrollment data available several weeks prior to September 1, the beginning of each new plan year.

### 8.3.2 ELIGIBILITY DATASET EXCHANGE

Currently, a partial replacement eligibility file is being transmitted by the System to the current Disability vendor three (3) times per week for each plan. Each month the System sends the vendor a full eligibility file. The files are available to the vendor by 6:00 a.m. Central Time on the designated days of transmission.

The vendor will be required to receive and process at least three replacement eligibility (enrollment) datasets per week. The vendor may receive either full or partial eligibility datasets each week. A partial replacement dataset includes only records for individuals who are new or who have had a change in coverage since the last dataset was generated. If the vendor elects to receive

partial datasets weekly, then once per month, a full replacement dataset that includes all current participants will be sent to the vendor. Each year during the second half of August and the majority of September, larger than normal datasets can be expected due to updates related to Annual Enrollment and the start of the new plan year.

It is System's expectation that the vendor will immediately process eligibility datasets and that updated information will be loaded into the vendor's information system within 24 hours of receipt under normal circumstances. Within twenty-four hours, the vendor must positively confirm via email the receipt, processing, and successful load (or failure to load) of each eligibility dataset. Further, in the event that an eligibility dataset fails to load, the vendor should provide an explanation for the failure to load either within or as immediate follow-up to the initial notification. The vendor must work directly with System as needed to ensure that any dataset load issues are resolved as quickly as possible and updates are loaded to the vendor's information system.

The required format for eligibility data being transferred to and from the System is the HIPAA-compliant "Benefit Enrollment and Maintenance Transaction Set (ASC X12N 834)" format. Responses must confirm that the vendor agrees to use the ASC X12N 834 format or, if unable to comply with the requirement, should include a rationale to use another applicable ANSI X12 transaction set.

### **8.3.3 RETROACTIVE ELIGIBILITY ADJUSTMENTS**

The System requires contracting vendors to allow a retroactive window for eligibility changes to be made up to 90 days after the end of the coverage period affected. The adjustments that must be allowed include activation of eligibility, termination of eligibility, and other variations that may occur as a result of participant status changes. The System retroactively adjusts the payment of premium to ensure agreement with updated eligibility information.

## **8.4 REQUIREMENTS TO FACILITATE EMERGENCY UPDATES**

On occasion, System institutions may need to make emergency updates to the coverage of their plan participants. Emergency updates are updates to eligibility coverages on the vendor's eligibility system made through a means other than the eligibility dataset. The System has implemented a "controlled emergency update email process" through which an institution Benefits or Human Resources representative can submit an emergency update request when needed.

The institutions are required to update the System eligibility database prior to sending an emergency update request to the plan vendor. The eligibility system verifies the coverage prior to sending an emergency update email which is always sent from a single, controlled email account.

Social Security numbers will never be transmitted on emergency update email messages. The vendor will either need to be able to add a new member to their eligibility system prior to receiving the Social

Security number or be able to connect to a secured System website to retrieve complete update information. The link to the secure website will be included in all emergency update email messages.

The emergency update system can be configured to send the email update request to designated vendor staff members for handling. The email can be formatted to include the vendor's preferences for coding, and its structure does include some free-form text. The vendor may choose up to five (5) email addresses to receive emergency update emails. Confirmation of a completed update to the vendor's database is required within four (4) business hours of receipt of an emergency update email.

Preference will be given to responses indicating the willingness and ability to accept and process emergency updates via email as specified above. However, if a vendor is unable to receive and process emergency update emails, the vendor may, as a less preferred option, provide an SSO-access-controlled software interface through which the System can directly update the vendor's eligibility database. The preferred method for this option is an Internet interface accessible via a Web browser such as Firefox, Microsoft Internet Explorer, Google Chrome, or Apple Safari.

## 8.5 DATA FORMAT FOR PREMIUM PAYMENTS

The System will produce a "self-bill" by the fourteenth (14th) day of the month for the premium due for the prior month (billing month). Self-bills currently are created in a System-specific premium billing dataset format; however, for the purpose of this contract, self-bills may be generated in either an administrative fee billing format or in the HIPAA-compliant "Payroll Deducted and Other Group Premium Payment for Insurance Products Transaction Set (ASC X12N 820)" format.

The dataset will be transmitted via SFTP over the Internet to a secure FTP server. Upon placement of the dataset on the server, an automated email will be sent to the appropriate vendor contacts with notification of the dataset transmission and self-billing total. Each self-bill will reflect remittance detail for the current month along with any necessary adjustments for the prior three months.

Based on an eligibility snapshot taken from the System eligibility database on the first Sunday of each month, the System will prepare a report detailing the premium remittance as support for the monthly payment of the premium. The report will reference specific plan participants, their BIDs, affected coverage periods, and the amounts being remitted for each.

## 8.6 AD HOC REQUESTS AND ISSUE RESOLUTION

The vendor shall provide the System with priority positioning for delivery of ad hoc system service requests and issue resolutions. Through the designation of an appropriate technical contact as required for the Implementation and Account Management Teams, the vendor shall ensure that all System information systems requests and issues are given priority positioning and thoroughly analyzed to ensure speedy resolution. The vendor shall provide competent, focused attention to each information system request or issue presented by System.

It is the expectation that the vendor will make every effort to deliver a resolution within 30 days from receipt of the System's written notification of a request or issue related to the vendor's information systems. The System will be responsible for supplying detailed information reasonably necessary for the vendor to complete the requested services. If a 30-day resolution is not reasonable for a particular issue, the vendor must provide System with an implementation plan and timeline for resolution within five (5) days from receipt of notification.

An example of a requirement falling under this provision would include, but would not be limited to:

Modifications to benefits or eligibility processing requirements must be reviewed, responded to, and approved by the vendor within fifteen (15) days of such request by System. If the vendor requires adjustments prior to granting approval, the vendor shall immediately notify the System and set up weekly update meetings to be held until the System agrees that the modifications will meet the System's operating requirements. Once requested modifications have been mutually agreed upon, the vendor shall complete the eligibility or benefits project, including required testing within forty-five (45) days of System's approval.

## **8.7 EVIDENCE OF INSURABILITY (EOI) DATA TRANSMISSION**

The System's required method of EOI status transmission is in dataset form, using the OEB Evidence of Insurability Dataset Layout. The dataset will be transmitted by the use of Secured File Transfer Protocol (FTP) method of transferring data on at least a weekly basis. The dataset will be uploaded to the OEB eligibility system and transmitted to System institutions. Individual EOI information should be transmitted for five months following the receipt of the EOI application by the vendor. During those five months, the dataset will contain cumulative information of all EOI updates with references to the full coverage amount (including family status changes) that the applicant will have if the EOI application is approved. At the end of the five-month period, the pending EOI application will be closed with a "closed" status and transmitted for one additional month as closed. Following one month as closed, the applicant's EOI information should be purged from the dataset by the vendor. All closed applications become ineligible for additional benefits through the System or vendor until the next annual enrollment period, unless the applicant experiences a qualified change in status. This closure will be communicated to the applicant by the vendor. The communication should inform the member that a new EOI application would need to be submitted for the next annual enrollment period. A cumulative transmission of all change in status EOI applications will be sent continuously on a weekly basis throughout the plan year. See Section 10.6 for more information about EOI requirements.

## **8.8 SYSTEM DATA SECURITY REQUIREMENTS**

For the purpose of this RFP, System data is defined as any and all information maintained, created or received by or on behalf of System.

Responding vendors must maintain a robust security program capable of protecting the integrity, confidentiality, appropriate accessibility, and security of System. Questions included in Section 12 of this RFP are designed to elicit specific information about the vendor's security program and must be thoroughly and accurately completed.

## 9.0 COMMUNICATION REQUIREMENTS

The vendor will be required to communicate information regarding the UT STD and LTD plan design approved by System. All plan communications should be designed to educate both potential enrollees and current participants and must be approved by System prior to dissemination. Communications regarding the UT STD and LTD plans must be clear and concise, using terminology familiar to participants as specified by System.

The vendor will be required to develop STD and LTD plan communications for written, electronic, and verbal dissemination to accommodate the varying needs of potential participants. However, System prefers that electronic communication be used whenever reasonably possible. Printed materials must always be made available electronically. Communication materials must meet ADA requirements for accessibility.

The vendor may recover the costs of the services described in this section only by making provision for such costs in the calculation of the proposed premium rates.

### 9.1 GENERAL INFORMATION

Communication materials to be developed by the vendor may include, but are not limited to:

- 1) Participant brochures and information for inclusion in benefits books and newsletters;
- 2) A customized, System-specific STD and LTD plan website;
- 3) Presentations to UT institution Benefits Staff and participants;
- 4) Scripted responses to be used by customer service representatives;
- 5) Advertising materials in association with System Disability enrollment;
- 6) Claim forms;
- 7) News releases, including contract signing announcement;
- 8) Participant welcome packet; and
- 9) Token giveaways for enrollment fairs and events.

Communication materials designed for STD and LTD plan participants cannot, and the vendor represents and warrants that it shall not, advertise or promote coverage, products, or materials, other than those relating to the vendor's administration of the STD and LTD plans.

### 9.2 SAMPLE COMMUNICATION MATERIALS REQUIRED

Electronic draft copies of proposed Plan Year 2015–2016 printed materials, plan participants' handbook, and advertising (newspaper ads, radio scripts, television ads, etc.) must be submitted as part of the proposal. Respondents to this RFP should also submit samples of other communication materials with

their proposal, including consumer targeted educational materials (in both print and electronic format) and the format of the customized System-specific website.

**Important: All materials relating to the plan must be approved by the System prior to distribution to institution employees and retirees.**

### **9.3 ANNUAL ENROLLMENT**

Annual Enrollment information must be promptly provided to all benefits-eligible employees and retirees. The requirements listed below apply to all Annual Enrollment materials, including information for benefits guides.

#### **9.3.1 CUSTOMER SERVICE INFORMATION**

All items must include the customer service phone number, hours of operation, a description of the process for filing claims (if applicable), the appeal process for claim denials, and the vendor's website address.

#### **9.3.2 DESCRIPTION OF BENEFITS**

The vendor must provide a Schedule of Benefits that contains the benefits that are at least as good as those set forth in Appendix A-1 and A-2 to this RFP. The summary shall include any additions, limitations and exclusions approved by the System.

#### **9.3.3 DUE DATES FOR ENROLLMENT MATERIALS**

All educational and enrollment materials used for both Annual Enrollment and new employees must be distributed to all System institution benefit offices no later than June 25 of each plan year.

#### **9.3.4 VENDOR ATTENDANCE AT ANNUAL ENROLLMENT MEETINGS**

The contracting vendor is required to attend key scheduled Annual Enrollment meetings at each System institution when requested by the institution Benefits Office at the vendor's own expense. Vendor participation at Annual Enrollment meetings will help educate employees about the STD and LTD plans. If the contracting vendor is unable to attend all Annual Enrollment meetings being offered at a particular System institution, the institution will have the discretion to designate a particular meeting or meetings as high-priority and request vendor attendance specifically for the designated priority meeting(s).

**Note:** Based on prior Annual Enrollment experience, the Disability plan vendor is generally requested to attend approximately 30 Annual Enrollment events each year.

### 9.3.5 CUSTOMER SERVICE DURING ANNUAL ENROLLMENT

The vendor's dedicated Customer Service Team will be required to assist in answering questions regarding the STD and LTD plans each year during the System Annual Enrollment period, including during the July 2015 Annual Enrollment period. Education by the vendor Customer Service Team must be provided to all current and potential STD and/or LTD plan participants. Customer service should be made available via phone, email, in writing, or in person.

## 9.4 UT SYSTEM-SPECIFIC WEB SITE

The vendor must establish a customized, System-specific website with the primary goal of allowing participants to easily access plan information regarding customer service toll-free numbers, claims, and plan contacts for the STD and LTD plans. The website must meet all requirements as detailed in this section.

The vendor's System-specific website must be available to the System for testing no later than **May 28, 2015**. The final System-approved website for Plan Year 2016 must be made available by **June 25, 2015**, and must include the System-approved enrollment materials. The System must approve new website additions or redesigns at least four weeks prior to any scheduled launch date. The vendor must update the website as often as needed with System-specific content (e.g., news) when requested by the System. The System's requests should be implemented within two weeks from the request date, or within a reasonable time as agreed by the System, depending on the complexity of the update requested.

### 9.4.1 CONTENT SPECIFICATIONS

The System-specific website should be kept regularly updated with timely, relevant information for the STD and LTD plans. All content for the System-specific website must be approved by the System before it is released. The site must include:

- 1) A link to the STD and LTD plan brochures and summaries, as approved by the System;
- 2) Customer service information, including phone numbers, mail and claim addresses, hours of operation, and guidelines for the complaint and appeals process;
- 3) Electronic forms or email addresses for customer complaints and questions. Responses to email complaints should have no more than a 48-hour turnaround time. A tracking system for complaints submitted online, similar to the tracking of telephone complaints, must be in place with the ability to provide data and details to the System upon request;
- 4) All necessary vendor forms (e.g. claims forms) for participants. If forms are made available in PDF format, an easily identifiable link must be provided to download Adobe Acrobat Reader to enable participant viewing and printing;

- 5) System’s branding and a System–specific welcome message must be included to clearly indicate the site is specific to UT System and the UT Disability plan and must be compliant with the UT Benefits brand and visual guidelines;
- 6) A link to the System’s UT Benefits website; and
- 7) If the vendor provides a Web page on which a participant may view specific individual information, the site must utilize secured protocol (https://) and require authentication. The site may not use the participant’s social security number, in whole or part, as either the user identification or the password. The Benefits ID may be used as the user identification. Authentication via Single Sign–On is strongly preferred over requiring a unique user identification and password specific to the site. See the section of this RFP entitled “Technical and Data Requirements” for additional details.

#### **9.4.2 TECHNICAL SPECIFICATIONS**

The System–specific website must be accessible to as many participants as possible. Therefore, the following specifications must be met:

- 1) All website content must be clearly visible and functional in Internet Explorer, Safari, Google Chrome and Firefox browsers, and compatible with PCs, Apple Mac and mobile devices (smartphones and tablets);
- 2) Entering a Social Security number should not be required at any time to access information on the website;
- 3) The log–on page must not allow the browser to store the information entered in the cache. The auto–complete feature must be turned off for every form;
- 4) The font and text must be legible and easy to read; and
- 5) All forms and Adobe Portable Document Format (PDF) files must be accessible. Refer to the W3C accessibility standards for PDFs:

<http://www.w3.org/TR/WCAG20-TECHS/pdf.html>.

#### **9.5 ELECTRONIC AND INFORMATION RESOURCES (EIR) WARRANTY**

System is required to acquire all EIRs in compliance with the legal requirements governing access to such EIRs by individuals with disabilities (“EIR Accessibility Requirements”). The EIR Accessibility Requirements applicable to the University are set forth in Chapter 2054, Subchapter M of the *Texas Government Code*, Title 1, Section 206.70 of the *Texas Administrative Code*, and Title 1, Chapter 213, Subchapter C of the *Texas Administrative Code*. In order for System to ensure that the EIRs offered by each Proposer responding to this RFP are in compliance with the EIR Accessibility Requirements, Proposer must include all of the following in its proposal:

**COMPLIANCE WITH THIS STATUTE AND THESE RULES IS NOT OPTIONAL AND THEIR APPLICABILITY CANNOT BE WAIVED.**

- 1) The vendor must warrant that the website complies with the requirements set forth in Title 1, Rules §§ 206, 213.30 and 213.36 of the *Texas Administrative Code* (as authorized by Chapter 2054, Subchapter M of the *Texas Government Code*). The proposal must provide that to the extent vendor becomes aware that the website does not satisfy the EIR Category Warranty, vendor will, at no cost to System, perform all necessary remediation to make the website satisfy the EIR Category Warranty.
- 2) Vendor is required to submit a completed Electronic and Information Technology (EIR) Accessibility Checklist (included as Appendix H to this RFP) along with proposals. Proposals or bids without a completed checklist will be disqualified.
- 3) Vendor must provide a written explanation for each of its responses to the requirements in the Checklist with respect to the website:
  - a) If Proposer determines that the website *complies* with an applicable accessibility requirement in the Checklist, Proposer's written response to that requirement must identify how Proposer made such a determination (merely responding with "Complies" or similar non-explanatory language is *not acceptable*).
  - b) If the vendor determines that the website *does not or will not comply* with an applicable accessibility requirement in the Checklist, Proposer's written response to that requirement must identify the cause of such non-compliance and the *specific* efforts and costs that Proposer would need to assume in order to remedy such non-compliance (merely stating "Does not comply" or similar non-explanatory language is *not acceptable*).
  - c) If Proposer determines that an accessibility requirement in the Checklist *is not applicable* to the website, then Proposer's written response to that requirement must identify the reason for such inapplicability (merely stating "N/A" or similar non-explanatory language is *not acceptable*).
- 4) All vendor Proposals must:
  - a) Agree to authorize UT System to engage in product accessibility conformance testing prior to and after completion of purchase.
  - b) Provide the name and contact information of the individual responsible for addressing accessibility questions and issues about the product.

Describe the vendor's capacity to respond to and resolve any complaint regarding accessibility of products or services provided pursuant to this RFP.

## 9.6 PROHIBITIONS; NOTICE OF INQUIRIES FROM THIRD PARTIES

As the insurer for the STD and LTD plans, the vendor may receive numerous inquiries from interested third parties relating to the STD and/or LTD plans and their program administration. The vendor is strictly prohibited from disseminating any information about coverage, products, or materials on the

vendor's website other than those explicitly relating to the vendor's plan offered or service provided to System participants, including the System-specific Disability plan website.

The vendor must forward all inquiries from interested third parties relating to the Disability plans and program administration to the System Office of Employee Benefits.

## 9.7 DISSEMINATION OF COMMUNICATION MATERIALS

Communication materials may be considered "published" when a final electronic copy is delivered to the System or is accessible on the vendor's website. Materials that contain protected health information or other confidential information such as a participant's Benefits ID number must be mailed in an envelope or packaging designed to secure confidential information from casual viewers.

## 9.8 PLAN BOOKLETS

Separate plan booklets, approved by the Texas Department of Insurance, must be provided for the System's STD and LTD plans for each plan year. If corrections or amendments are made to a plan booklet during a plan year, the revisions will be announced via e-mail and by Web announcement. The updated plan booklets will also be posted on the website. Each plan booklet must include the Summary of Benefits as approved by the System. The plan booklets shall include any additions, limitations and exclusions, and a description of the appeals process. The plan booklets should include a description of current eligibility requirements, as set forth in Chapter 1601 of the Texas Insurance Code.

The vendor is responsible for providing a draft of the plan booklets to the System each year. Final drafts of required plan booklets must be submitted by the vendor to the System for review by **May 4, 2015**. The vendor must follow any Texas Department of Insurance requirements for the issuance and distribution of plan booklets.

## 9.9 TRAINING OF SYSTEM AND INSTITUTION STAFF

The vendor must provide training to System staff and institution HR and Benefits staff regarding the STD and LTD plans. Centralized training for institution HR and Benefits staff occurs on an annual basis during the Benefits and Human Resources Conference (BHRC) hosted in Austin by OEB. The 2015 BHRC is scheduled to be held from **Monday, June 22, through Thursday, June 25, 2015**. In addition, specific training for institution HR and Benefits staff may be required at other times during the year based on changes to operations and the needs of the System.

## 10.0 PERFORMANCE STANDARDS AND PENALTIES

The vendor must comply with the System requirements listed below and report the specified information to the System on a quarterly basis in an Administrative Performance Report. See the included templates for the required reporting formats for both the STD plan and the LTD plan Administrative Performance Reports (Appendix E to this RFP).

The vendor selected to administer the System STD and LTD plans must agree to pay the financial penalties as shown in this section if the associated performance standards are not met. Additionally, the vendor should be aware that compliance with these requirements will be a key consideration during any future contract renegotiations.

### 10.1 ADMINISTRATIVE REPORT TIMELINESS

**System Requirement:** Each Administrative Performance Report is due no later than the last day of the month that immediately follows the end of the System plan year quarter or by the first business day following the last day of the month, if it falls on a weekend or holiday.

**Financial Penalty:** A penalty of \$4,000 may be assessed for each quarter in which the vendor fails to submit the Administrative Performance Report by the required due date.

### 10.2 ANNUAL ENROLLMENT MATERIALS

**System Requirement:** The vendor must meet all due date requirements as specified in this RFP for materials related to Annual Enrollment.

**Financial Penalty:** A penalty of \$4,000 may be assessed for each violation of the due date requirements for: (1) preparation of the System-specific website; and (2) distribution of plan materials.

### 10.3 COMPLAINTS

**System Requirement:** The average time to resolve System participants' complaints should not exceed 30 calendar days, with at least 90% resolved in 15 days. The vendor must report the total number of complaints received from System participants (via mail or email), the average length of time to resolve complaints, and the percentage resolved within 15 days of receipt. System-specific data is required.

**Financial Penalty:** A penalty of \$4,000 may be assessed for each quarter in which the average time to resolve complaints received from System participants exceeds 30 days or when fewer than 90% are resolved within 15 days.

### 10.4 CUSTOMER SERVICE CALL HANDLING

**System Requirement:** When contacting the toll-free Disability plan customer service number, the average time a caller waits before speaking to a vendor customer service representative should be 30

seconds or less. The average abandonment rate should not exceed 5%. System-specific data is strongly preferred; however, if System-specific data is not available due to technical limitations, these two customer service statistics for the complete book of business may be reported instead.

Financial Penalty: A penalty of \$4,000 may be assessed for each quarter in which the ASA exceeds 30 seconds and \$4,000 for each quarter in which the ABR exceeds 5%.

## 10.5 CALL CENTER AND WEBSITE OUTAGES

System Requirement: Outages of customer service access points, including telephone and IVR services at the Customer Service call center as well as with the System-specific website, should be kept to a minimum. If an outage does occur (or is expected to occur), the vendor must report the outage to System as soon as possible and service should generally be restored within one (1) hour of the outage, dependent upon specific circumstances.

Financial Penalty: A penalty of \$1,000 may be assessed for each outage longer than one (1) hour but less than eight (8) hours. If an outage is greater than 8 hours but less than 24 hours, a penalty of \$2,000 may be assessed. If an outage lasts longer than 24 hours, a penalty of \$4,000 per 24-hour period may be assessed for each occurrence, up to a maximum penalty of \$12,000 for each quarter. OEB may waive this penalty based on extenuating circumstances, including down time due to unusually severe weather, a natural disaster, or an act of terrorism.

## 10.6 EOI APPLICATION PROCESSING

Under the current plan, previously eligible and late entering active employees are required to provide satisfactory EOI in order to enroll in STD and/or LTD coverage, except following a qualifying status change during the plan year. This is applied to those who have declined coverage at initial eligibility. There is a one-time exception for the 2015 Annual Enrollment period only as described in Section 6.3.4 of this RFP.

The vendor shall provide the underwriting support and appropriate staff, including qualified and duly licensed medical doctors in good standing with the state of Texas, to service the EOI function.

System Requirement: Once complete medical information is received, the vendor should average processing EOI applications for System participants as follows:

- a) 85% of EOI applications to be processed within fifteen (15) days of receipt.
- b) 98% of EOI applications to be processed within thirty (30) days of receipt.
- c) The average processing time should be less than fifteen (15) days.

The vendor must report the status of EOI applications, weekly via SFTP (secure FTP), to OEB using the dataset layout format named OEB EVIDENCE OF INSURABILITY DATASET LAYOUT found in Appendix B.

The vendor should provide OEB with an “unlocked” PDF copy of their EOI form. OEB will use this form to create online EOI application screens where UT System employees can provide complete medical history in response to the vendor’s EOI form questions. This form must be capable of capturing an electronic

signature by the applicant. This data will also populate a PDF version of the vendor's EOI form for the applicant to print for their records. The data captured will be put into a dataset and transmitted, via SFTP, to the vendor. The vendor must agree to receive these EOI application form datasets, which will be created nightly by OEB during the annual enrollment period from July 1 through August 15. The dataset layout for the EOI applications, called OEB EVIDENCE OF INSURABILITY APPLICATION FORM DATASET LAYOUT, can be found in Appendix B.

**Quarterly Report:** The vendor must report the total number of EOI applications received, approved, denied, closed, and pending by System participants; plus the average time (in days) to process the applications, and the percentage processed within 15 and 30 days respectively.

**Financial Penalty:** A penalty of \$5,000 may be assessed for each quarter and for each timeliness standard regarding EOI processing that the vendor fails to meet.

## 10.7 CLAIMS PROCESSING

**System Requirement:** Once complete medical information is received, the vendor should average processing System participants' claims as follows:

- a) 85% of STD and LTD claims to be processed within fifteen (15) days of receipt.
- b) 98% of STD and LTD claims to be processed within thirty (30) days of receipt.
- c) The average processing time should be less than fifteen (15) days.

**Quarterly Report:** The vendor must report its total number of System claims received from System participants, the total dollar amounts paid and denied, the average processing time (in days) for these claims, and the percentage processed within 15 days and 30 days, respectively, from date of receipt.

**Financial Penalty:** A penalty of \$5,000 may be assessed for each quarter and for each timeliness standard regarding claims processing that the vendor fails to meet.

## 10.8 APPEALS

**System Requirement:** The vendor's appeals procedure must be in compliance with all applicable statutes and regulations including, but not limited to, the rules and regulations of the Texas Department of Insurance. The vendor must have all levels of appeals required by law. The vendor must provide performance in total number of appeals received, upheld and denied plus the average time (in days) to reach a decision, as well as the percentage processed in compliance with TDI standards.

**Financial Penalty:** A penalty of \$4,000 may be assessed for each quarter in which the average time to resolve complaints received from System participants exceeds the TDI standards.

## 10.9 ELIGIBILITY DATASET PROCESSING

**System Requirement:** Maintenance eligibility datasets received from the System by 11:00 a.m. (central) on any business day will be processed within 24 hours of receipt and System notified of the status once processed. If problems with a dataset or with the vendor's information system prevent processing of any file within 24 hours of receipt, the vendor shall immediately notify System of the issue and begin resolving the issue(s).

Financial Penalty: A penalty of \$4,000 may be assessed for each successfully transmitted dataset not processed by the vendor within the specified time frame or failure to notify System of a transmitted dataset's status within the specified time frame, up to a maximum penalty of \$20,000 per Contract Year.

## 10.10 EMERGENCY UPDATE PROCESSING

System Requirement: Valid emergency update requests from System institution staff must be processed and confirmation sent to the submitter within four (4) hours of receipt when received by 1:00 p.m. (central) on a business day. Requests received after 1:00 p.m. (central) on a business day or anytime on a non-business day must be processed no later than noon (central) on the following business day.

Financial Penalty: A penalty of \$1,000 may be assessed for each occurrence in which a valid update request was not processed and confirmation sent within the required time frame.

## **11.0 PROPOSAL EVALUATION**

Proposals submitted in response to this RFP will be evaluated on the basis of criteria described below. The criteria, which should not be assumed to be listed in order of importance, are intended to provide the basis for an objective evaluation of each proposal.

The evaluation process will focus on the selection of a vendor who, in the judgment of the System, demonstrates the ability to consistently and effectively partner with System to provide the best administration of the fully insured STD and LTD plans during the contract period for the amount of premium paid.

### **11.1 VENDOR LICENSURE**

To be considered for selection, vendors must have a certificate of authority in good standing from the Texas Department of Insurance to provide the proposed plan that has been filed and approved by TDI.

### **11.2 COMPLIANCE WITH AND ADHERENCE TO THE RFP**

Proposals containing deviations are strongly discouraged. If included, deviations must be specifically identified and described in detail to be considered. While a proposal with minor deviations from the RFP specifications will not be disqualified, preference will be given to prospective vendors whose proposals contain the fewest and least significant deviations from the requirements presented herein. Information about proposed unique or value-added benefits and programs that would enhance or supplement the current benefit offering specified within this RFP are welcome when presented in conjunction with confirmation that the vendor agrees to the requirements as presented in this RFP.

The System will interpret all responses to be indicating agreement with the specifications contained herein except in cases where deviations are specifically noted and described as required. Deviations will not be included in the final contract unless expressly accepted and agreed to by the System in writing and accepted by the System. In all cases, this RFP, the vendor's RFP response, and the contract terms shall be binding.

### **11.3 IMPLEMENTATION TIMELINE AND CRITICAL DEADLINES**

The vendor's ability to meet the required dates for critical implementation tasks as specified in the section of this RFP entitled "Implementation Timeline," will be an important consideration in the evaluation of vendor proposals.

## 11.4 THE CONTRACT

All proposals must include an affirmation of the vendor's willingness to accept the provisions set forth in the System's Sample Contract, included as Appendix F to this RFP. Proposals indicating that a vendor is unwilling to sign a contract in the format prescribed by System and containing the essential terms set forth in the Sample Contract, without deviations, will not be considered.

## 11.5 FINANCIAL STRENGTH

The System has specified a minimum net worth of \$100 million that is applicable for consideration as a prospective vendor under this RFP. A net worth substantially in excess of the minimum will not be considered to indicate a superior proposal. However, a net worth below the specified minimum will result in disqualification of the proposal.

## 11.6 ADMINISTRATIVE CAPABILITY

Vendors will be evaluated on the basis of their demonstrated ability to provide high-quality services to the System in the management and administration of the STD and LTD plans. All aspects of the services described herein are considered important to this evaluation, including customer service, claims processing, Evidence of Insurability (EOI) application processing, data processing, and reporting capabilities.

## 11.7 OPERATIONAL EXPERIENCE

Demonstrated experience with administering and managing STD and LTD plans and on behalf of large employers (with more than 10,000 members), and particularly experience with large public employer plans, will be an important consideration in the overall proposal evaluation process.

## 11.8 ACCOUNT MANAGEMENT TEAM

A vendor's commitment to a strong and consistent Account Management Team will be an important consideration in the evaluation process.

The System considers the account service relationship to be a critical link in developing and maintaining a strong partnership dedicated towards the achievement of plan objectives. Vendors must be prepared to provide the System with account service that is at the highest levels in the industry and that is fully consistent with the System's expectations. The vendor and the System will mutually define the criteria to be used for measurement and evaluation of account service performance.

## 11.9 DATA MANAGEMENT

The vendor's ability to consistently and accurately provide data transmission and processing, as specified in this RFP, will be an important consideration in the selection process. Some of the key factors to be evaluated include:

- 1) A management information system that will support the database maintenance and management reporting requirements specified herein;
- 2) The vendor's ability to accept eligibility datasets as specified herein, to update eligibility records in a timely manner, and to promptly notify System upon the success or failure of the attempt to load each eligibility dataset received;
- 3) The vendor's ability to accept emergency eligibility updates via email and confirm processing of requested changes within the timeframes specified herein; and
- 4) The availability of a secure website through which System staff can view enrollment status for participants and make updates if necessary.

## 11.10 CUSTOMER SERVICE

Evaluation of the vendor's ability and willingness to provide customer service according to the standards specified in this RFP will include consideration of the vendor's:

- 1) Customer service and data reporting capabilities;
- 2) Ability to provide general administrative services;
- 3) Willingness to commit to specified service and quality performance levels;
- 4) Willingness to provide communications materials and personnel for attendance at the annual Benefits and Human Resources Conference for HR and Benefits Office staff from all System institutions (usually held in Austin for 2-3 days during June of each year) and for attendance at Annual Enrollment meetings for employees and retirees (generally approximately 25 - 30 meetings beginning in late June and continuing through the entire month of July) held at locations throughout the state;
- 5) Ability to meet the Electronic Information and Resources (EIR) Warranty requirements described in the "Communications Requirements" section of this RFP.
- 6) Ability to develop and maintain a System-specific website.

## 11.11 PREMIUM RATES AND ADMINISTRATIVE COST

The System expects to receive proposals from several qualified vendors, all of which can provide high-quality, cost-effective service. Although cost is a key consideration, the System is not required to select the proposal with the lowest premium rates. A distinguishing factor will be the organization's proposed premium rate schedule and the percentage of the premium designated for administrative costs.

## 11.12 SECURITY OF SYSTEM DATA

System will require the selected vendor to demonstrate its ability to safeguard the security of System data collected and/or maintained by the vendor on behalf of System in compliance with System's own privacy and security requirements.

## 11.13 OTHER FACTORS

- 1) Based on responses provided, other factors will be considered during the evaluation process, including the following:
  - a) The vendor's overall financial stability;
  - b) An organizational structure and a delivery mechanism that have demonstrated the ability to deliver high-quality, cost-effective management and administration of the Disability plans; and
  - c) Information obtained from the vendor's list of references.
- 2) System reserves the right to request that representatives from vendors determined to be finalists meet with System representatives (at a location to be determined by System) to clarify responses and answer questions related to this RFP. System may also choose to conduct site visits with selected finalists. System will utilize information gained during any such meetings and site visits with selected finalists during the evaluation process.
- 3) The System reserves the right to reject any and/or all proposals and/or call for new proposals if the System deems it to be in the best interests of the disability plans and its participants. The System also reserves the right to reject any proposal submitted that does not fully comply with the RFP's instructions and criteria. The System is under no legal requirement to execute a Contract on the basis of this notice or upon issuance of the RFP or receipt of a Proposal.

## 12.0 INTERROGATORIES

The vendor must provide responses to all of the items in this section. Responses must be detailed enough to satisfactorily explain the vendor's position on each particular issue. It is the vendor's responsibility to respond to each item in such a way that the System has a full and complete understanding of the vendor's intent. It is important that the vendor carefully defines any key words or phrases used in this section. Each response must be preceded by the question to which the response pertains. Indicate clearly if each answer is in response to the STD plan or the LTD plan or both plans.

### DEVIATIONS FROM THE RFP

- 1) Identify any provision in your response that does not conform to the standards described in the RFP. For each deviation, provide the specific location in the response and a detailed explanation as to how the provision differs from the RFP standards and why. Deviations, which are strongly discouraged, must be specifically identified in order to be considered. The System will interpret your proposal to match the specifications of this document except for deviations specifically noted and described in response to this item. If the System enters into a contract with your organization, deviations shall not become a part of the final Contract unless expressly agreed to by the System in writing and accepted by the System.

### ORGANIZATIONAL INFORMATION

Please provide the following details:

- 2) The vendor's full legal name, address, telephone number, and the URL for the corporate website.
- 3) The name, title, mailing address, telephone number, fax number, and email address for the following individuals:
  - a) The vendor's contact person for this RFP;
  - b) The person authorized to execute any contract(s) that may be awarded;
  - c) The person who will serve as the vendor's legal counsel;
  - d) The actuarial/financial expert(s) responsible for preparation of items in this response, who must be available to respond to inquiries made by System or its consulting actuary and provide any requested information concerning such items.
- 4) If applicable, a description of the parent company of the vendor as well as any subsidiaries and/or affiliates, including whether each is publicly or privately owned.

- 5) Type of incorporation (for-profit, not-for-profit, or nonprofit); publicly or privately owned.
- 6) State of incorporation.
- 7) Date(s) that STD and/or LTD services were first provided in the state of Texas by the vendor.
- 8) A copy of the vendor's current certificate of authority, issued by the Texas Department of Insurance, to provide the type of STD and LTD services described in the proposal in the state of Texas.
- 9) Is the vendor required to maintain any other license(s)? If so, please describe and confirm the validity of any required license(s).
- 10) Provide a copy of the vendor's current State of Texas Vendor ID number (14-digit number).
- 11) Copies of recent ratings and reports regarding the vendor issued by independent rating organizations or similar entities (e.g., Best's, Moody's, Standard & Poor's, etc.).
- 12) A copy of the vendor's most recent audited financial statement.

## FINANCIAL INTERESTS AND REQUIREMENTS

- 13) Provide the names and addresses of all parties who would receive compensation as a result of the vendor's selection under this RFP, including, but not limited to, consulting fees, finder's fees, and service fees.
- 14) State the name and address of any sponsoring, parent, or other entity that provides financial support to the vendor. Include an indication of the type of support (i.e., guarantees, letters of credit, etc.) provided as well as the maximum limits of additional financial support from other entities. If applicable, provide a copy of the sponsoring organization's most current audited financial statement.
- 15) Is the vendor presently actively considering or subject to any mergers with and/or acquisitions of or by other organizations? If so, provide specifics. Affirm that the vendor agrees to notify the System immediately upon reaching any form of binding agreement in connection with any merger, acquisition or reorganization of the vendor's management.
- 16) Please disclose any contractual relationships with affiliates that could present a conflict of interest with the vendor's role as insurer of the STD and LTD plans.
- 17) Identify by name and address all persons or entities that hold a 20% or greater ownership interest in the vendor.
- 18) Does the vendor agree to submit and receive all payments made to and from System through ACH or other electronic fund transfer methods? Confirm that the vendor will provide written notice to System at least 30 days in advance of the effective date of any changes to the banking information associated with electronic fund transfers to and from System.

- 19) Does the vendor agree to assume responsibility for the escheatment process in accordance with Texas law for any payments disbursed on behalf of the STD and LTD plans?

## REFERENCES

- 20) List as references five major employers for whom you provide fully insured STD plan services and five major employers for whom you provide fully insured LTD plan services for their employees. The System is particularly interested in employers located in Texas and in public entities, but is also interested in seeing references outside of Texas as well. For each employer, include:
  - a) The name and telephone number of a representative of the employer who is familiar with the services you provide;
  - b) The nature of your relationship with the employer, i.e., insurer, administrator, reinsurer, manager of provider network; and,
  - c) The number of employees and dependents for whom STD and LTD services are provided.

**Note: Your response to this request officially authorizes the System to contact these employers to discuss the services that you have provided for their employees and authorizes the employers to provide such information to the System.**

## LEGAL AND REGULATORY HISTORY

- 21) Describe any litigation, regulatory proceedings, and/or investigations completed, pending or threatened against the vendor and/or any of its related affiliates, officers, directors, and any person or subcontractor performing any part of the services being requested in connection with the Contract during the past five (5) years. Identify the full style of each suit, proceeding or investigation, including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution, if any.
- 22) Describe any investigations, proceedings, or disciplinary actions by any state regulatory agency against the vendor and/or any of its related affiliates, officers, directors and any person or subcontractor performing any part of the services being requested in connection with the Contract during the past five (5) years. Identify the full style of each suit, proceeding or investigation including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution, if any.
- 23) State whether the vendor's network has been reviewed by external agencies or industry organizations and provide any resulting reports.
- 24) System is authorized to offer fully funded insurance coverage only if the policy or evidence of coverage, as applicable, has been approved by the Texas Department of Insurance (TDI).

Please confirm that TDI has or will approve the proposed coverage prior to the contracting period.

## HUB POLICY COMPLIANCE

- 25) Confirm that three original versions of the HUB Subcontracting Plan (HSP), based on details included within this RFP and requirements included in Appendix G to this RFP, have been completed and submitted with this proposal. **Important: The vendor must include separate subcontracting plans for each proposal submitted – one HSP for the STD plan and one HSP for the LTD plan.**
- 26) Provide the name, mailing address, telephone number, fax number, and email address of the person with the vendor who can answer questions from System regarding the submitted HUB documents.
- 27) Indicate whether the Texas General Services Commission certifies the organization as a Historically Underutilized Business (HUB) and provide any information about past participation in a HUB program. See Appendix G of this RFP.
- 28) Indicate whether any of the services to be provided to the System will be subcontracted by the vendor.

## CONFIRMATION AND ACKNOWLEDGEMENTS

- 29) Confirm that the vendor understands, has the ability to, and will comply with all of the requirements included within each of the following sections of this RFP:
  - a) General Requirements (Section 2.0);
  - b) Implementation Timeline (Section 3.0);
  - c) Contract and Other Legal Requirements (Section 4.0);
  - d) Financial Requirements (Section 5.0);
  - e) Benefits and Program Requirements (Section 6.0)
  - f) Operational Requirements (Section 7.0);
  - g) Technical and Data Exchange Requirements (Section 8.0);
  - h) Communication Requirements, including the Electronic Resources Warranty (Section 9.0);  
and,
  - i) Performance Standards and Penalties (Section 10.0)

## GENERAL ADMINISTRATION

- 30) Are all administrative services performed internally? If the vendor contracts with a management company for some or all of its administrative services, please specify the name of the company, the services provided and the method of reimbursement. Be aware that this would require compliance with the HUB requirements in this RFP.
- 31) Where is the primary administrative facility located?
- 32) Provide the names and titles of the vendor's administrative support staff that will administer the STD and LTD plans, including the total number of full-time equivalent employees and which employees are located in Texas. What is the turnover rate among this staff for the past two (2) years? Describe the vendor's ability to provide a support staff dedicated to the administration of the System account.
- 33) Confirm that the System will be given a specific contact person responsible for administering the System-specific website. State where this contact person is located and their typical hours of availability.
- 34) What are the vendor's contingency plans and procedures for providing back-up service in the event of strike, natural disaster, backlog, or other event that might interrupt, delay, or disrupt service? Provide a copy of the vendor's disaster recovery plan and/or business resumption plan, including results of the vendor's most recent test of the plan.

## BENEFITS ADMINISTRATION

- 35) How long has the vendor been providing fully insured STD and LTD plan services?
- 36) Provide the vendor's total commercial enrollment as of December 1, 2013, and December 1, 2014. Provide a statement of the vendor's capacity to enroll new participants and the likelihood of any future limitations on enrollment.
- 37) Confirm that the vendor has the ability to administer the benefits specified in Appendix A-1 (Short Term Disability) and Appendix A-2 (Long Term Disability) to this RFP.
- 38) Explain your previous experience in providing STD and LTD benefits, as applicable, to groups of 10,000 or more.
- 39) Indicate the percentage of covered individuals filing claims during the last year?
- 40) Explain the process followed when Evidence of Insurability (EOI) is required. What is the average decision time on an EOI form? What factors determine the need for a medical report? If a medical report is required, does your organization decide which medical professional completes the form? If so, who pays for the medical report and what is the average cost? How is approval or declination reported to the individual applicant?

- 41) Describe the services you will generally provide in compliance with this RFP, as well as the specific services you will render in connection with the installation of the plan, education of benefit staffs, printing of booklets, forms, etc.
- 42) Describe all plan limitations, exclusions, and pre-existing condition clauses included in your organization's proposal.
- 43) Confirm that your organization understands a limited number of employees, mostly physicians, are enrolled in a separate Medical Practice Plan LTD benefit as described in Section 6 of this RFP, and that in the event of loss of this coverage, your organization will treat this group of employees as newly eligible in regards to EOI requirements for the System's LTD plan.
- 44) Does your plan coordinate with other forms of disability programs? If yes, please describe.
- 45) The System's abeyance policy permits faculty and staff to hold coverage in abeyance (freeze coverage) prior to a leave or sabbatical commencing. Upon return to active employment, the staff or faculty member is eligible to pick up coverage without Evidence of Insurability. Is your company willing to accept the System's abeyance provision?
- 46) Describe the vendor's waiver of premium process and how the vendor coordinates with the Life carrier when the member is receiving LTD benefits.
- 47) Provide your definition of:
  - a. Occupation Qualifier
  - b. Earnings Qualifier
  - c. Satisfaction of Elimination Period
  - d. Pre-existing Condition
  - e. How STD and LTD benefits are calculated
  - f. Earnings
  - g. Deductible Sources of Income
  - h. Non-deductible sources of income
  - i. Work Incentive Benefit
  - j. Actively at Work Provision
  - k. Maximum Period Payable
  - l. Disability reoccurrence
  - m. Time limit for filing a claim
  - n. Acceptable Proof of Disability

## WELLNESS BENEFITS

- 48) Describe key changes made to any aspect of the vendor's wellness programs during the past year as well as any changes planned over the next year or two.
- 49) Describe the vendor's view of the role of the employer and the investment necessary in partnering with OEB and other System plan administrators to maximize participation in wellness initiatives and beneficial outcomes.

## ACCOUNT AND IMPLEMENTATION TEAMS

- 50) Where would the primary person responsible for account and client management associated with System's contract be located? Will any Account Management Team members be located in Texas? If so, where in Texas?
- 51) Confirm that the System will be notified of any change in the dedicated Account Management Team. Describe the efforts the vendor makes to discourage turnover of Account Management Team personnel responsible for oversight of major group accounts.
- 52) Briefly outline the vendor's account management philosophy. Please include information about how the team members are compensated by the vendor.
- 53) Describe the overall organization, location, and structure of the account service team that will provide ongoing program support for the STD and LTD plans. Please provide a résumé for each team member, including current professional responsibilities and length of employment with the vendor.
- 54) How many other contracting customer organizations is the assigned account manager currently servicing and how many total members are represented by those organizations?
- 55) What is the vendor's account manager/executive turnover rate for the last twenty-four (24) months?
- 56) Provide a list of individuals who will comprise the vendor's implementation team along with a résumé and complete contact information for each team member. Identify the individuals who will be primarily responsible for handling details related to each of the following categories:
  - a) Customer service;
  - b) Communication materials;
  - c) EOI processing;
  - d) Claims processing;
  - e) Grievance processing;
  - f) Financial functions, including payments and reconciliation; and
  - g) Information systems and technology, including specifically benefits programming, claims processing, and eligibility data processing.

## CUSTOMER SERVICE

- 57) Describe the vendor's customer service unit, including the manner in which it is accessed, days and hours of call center operation, and the location of the customer service call center(s) that will provide service to STD and LTD plan participants.
- 58) Are any major changes currently planned or anticipated for the customer service organization or facilities (e.g., moving to a different location, reorganizing or merging units)? If so, please describe.
- 59) Will the vendor provide a separate toll-free telephone number for System participants and potential participants?
- 60) How many telephone lines and support staff will be dedicated to customer service and claims processing for the STD and LTD plans?
- 61) Indicate the average number of telephone calls received by the vendor customer service unit over the past six (6) months on a weekly basis.
- 62) How are after-hours calls to customer service handled?
- 63) Does the vendor's customer service system support TTY, also known as TDD (Telecommunications Device for the Deaf) technologies?
- 64) How does the vendor's customer service system support Spanish-speaking participants? What other languages can the vendor's customer service system support?
- 65) How will the customer service unit be staffed? What is the turnover rate for vendor's non-management call center staff?
- 66) Briefly describe the training that each employee or representative receives to provide customer service. Include the length of time it takes to advance from training to a qualified Customer Service Representative (CSR).
- 67) How does the vendor ensure that its CSRs are providing timely and accurate information?
- 68) How does the vendor monitor first-call resolution and member inquiries that do not get resolved?
- 69) Does the vendor's customer service inquiry system allow CSRs to enter information and provide the ability for CSRs to review previous notes to better assist members?
- 70) Can CSRs view historical call and claims information online to assist participants?
- 71) Does the vendor record all phone calls and notify all parties that their conversations are being electronically recorded and stored? If not, how many calls are recorded, and what criteria are used in their selection?

- 72) Describe how the vendor handles written inquiries. Are they always responded to in writing? How will correspondence (including complaints) received by the System from participants be handled by the vendor?
- 73) What is the vendor’s current standard for response time with respect to questions requiring written communication?
- 74) Describe the vendor’s problem resolution policies.
- 75) Describe the vendor’s procedures for handling and escalation of customer service complaints.
- 76) Confirm that the vendor’s proposal contains no provision for “binding arbitration” in a complaint procedure and that no such provision shall be utilized with regard to System STD and LTD plan participants.
- 77) Describe the customer complaint tracking system that the vendor utilizes. How long has this system been in place?
- 78) Describe any changes that are planned or scheduled within the next 36 months for the vendor’s computer systems, including Customer Support changes, and provide timelines for when the changes will be implemented to the existing computer system.

## CLAIMS ADMINISTRATION

- 79) Provide a sample of the vendor’s STD and LTD plan claim forms. Also, provide sample copies of any additional forms that a System enrollee must complete.
- 80) Confirm that System will have a specific high-level contact for issues regarding STD and LTD plan claims administration and indicate where this contact will be located.
- 81) Provide a detailed description of the vendor’s procedures for processing STD and LTD claims including the average time to pay a participant. How long has each system been operational? Describe if STD and LTD claims may be filed telephonically, online or by paper form. If telephonic, are the calls handled by nurse professionals? If online, describe the process.
- 82) Explain the process used by the vendor for obtaining medical records if required. If records are needed, state who is responsible for the cost of the records.
- 83) For the claims office that would be processing claims for System participants, please provide the following statistics for all claims paid by the vendor for the most current 12-month period available:

	<b>Company Standard</b>	<b>Actual</b>
<b>Claims payment accuracy rate</b>		
<b>Claims processing accuracy rate</b>		
<b>Financial accuracy rate</b>		
<b>Average turnaround time</b>		

- 84) How does your claims processing system interact with enrollment information?
- 85) How long will claims records specific to the STD and LTD plans be maintained?
- 86) Does your organization have the ability to match the System enrollment against EOI/underwriting files to determine if the person 1) entered the program during their initial period of eligibility (first 31 days of benefits eligible employment), or 2) through an EOI approval? If no, describe how your organization handles a claim from an employee who has been covered and has paid premium and then presents a claim? Does the length of time covered and number of premium payments play a part in the decision to approve or decline the claim?
- 87) Describe the nature and extent of claims processing quality assurance review procedures, including review work performed to ensure that data is accurate and complete. Is the quality review conducted on a prospective or retrospective basis? What is the frequency of such reviews?
- 88) Will you have a dedicated team to process claims for System STD and LTD plan participants?
- 89) Can a claims processor or customer service representative view historical claims information online? Can a participant view their claims online? Can OEB have access to an online claims information system in the event we need to review claims or request reports?
- 90) Do you have a process to facilitate the notification of the contracted life insurance carrier to assist with the facilitation and to expedite the life insurance premium waiver provision, if applicable? If so, please describe.

## COST CONTAINMENT

- 91) Provide a detailed description of the procedures and systems that the vendor uses to prevent, deter, detect and investigate fraud or related issues, and explain how such processes shall be utilized in connection with the System's STD and LTD plans.
- 92) Discuss how the vendor would communicate with the participant, physician, or other vendor once a fraud or abuse issue has been identified. How will the information be reported to the System?
- 93) Discuss the vendor's policies and procedures for addressing situations in which STD and LTD benefits have been utilized after a participant's benefits have ended (e.g., due to a delay with updating participant data or similar issue).
- 94) Describe the vendor's experience in providing cost-containment enhancements to current and former clients.

## QUALITY ASSURANCE

- 95) Describe the vendor's quality assurance (QA) program. Please provide the name of the designated senior executive responsible for the program as well as a copy of the vendor's current QA policies and procedures.
- 96) Describe the vendor's processes for monitoring the adequacy of customer service and claims service. How often are surveys specific to these functions conducted? Please provide a copy of the most recent results.
- 97) Does the vendor currently perform overall participant satisfaction surveys? If so, does an outside organization perform the surveys? Please provide a copy of the latest survey and its results, including the percentage of participants who indicated that they were "satisfied" or "very satisfied" with the overall program.
- 98) Describe the vendor's processes for monitoring the appropriateness of STD and LTD services, including underutilization and overutilization.

## INFORMATION SECURITY

- 99) Provide a detailed description of the vendor's information technology security program that would be applicable to System data collected and/or maintained by the vendor. Include, at a minimum, the following details:
  - a) Does the vendor have an information security plan in place, supported by security policies and procedures, to ensure the protection of information and information resources? If so, provide an outline of the plan and note how often it is updated. If not, describe what alternative methodology the vendor uses to ensure the protection of information and information resources.
  - b) Describe the procedures and tools used for monitoring the integrity and availability of the information systems interacting with the service proposed, detecting security incidents, and ensuring timely remediation.
  - c) Describe the physical access controls used to limit access to the vendor's data center and network components.
  - d) What procedures and best practices does the vendor follow to harden all information systems that would interact with the service proposed, including any systems that would hold, process, or from which System data might be accessed?
  - e) If the vendor were selected, would the vendor agree to a vulnerability scan by System of all information systems that would interact with the service proposed including any systems

that would hold, process, or from which System data might be accessed? If the vendor objects to a vulnerability scan, describe in detail the reasons for objection.

- f) Does the vendor have a data backup and recovery plan, supported by policies and procedures, in place for the hosted environment? If so, provide an outline of the plan and note how often it is updated. If not, describe what alternative methodology the vendor uses to ensure the restoration and availability of System data.
- g) Does the vendor encrypt data backups? If so, describe the methods used to encrypt backup data. If not, what alternative safeguards will the vendor use to protect System data backups against unauthorized access?
- h) Does the vendor encrypt data in transit and at rest? If so, describe how that security is provided. If not, what alternative methods are used to safeguard data in transit and at rest?
- i) What technical security measures does the vendor propose to detect and prevent unintentional (accidental) and intentional corruption or loss of System data?
- j) What safeguards does the vendor have in place to segregate System and other customers' data to prevent accidental or unauthorized access to System data?
- k) What safeguards does the vendor have in place to prevent the unauthorized use, reuse, distribution, transmission, manipulation, copying, modification, access, or disclosure of System data?
- l) What administrative safeguards and best practices does the vendor employ with respect to staff members (vendor and third-party) who would have access to the environment hosting all information systems that would interact with the service proposed, including any information systems that would hold, process, or from which System data may be accessed, to ensure that System data and resources will not be accessed or used in an unauthorized manner.
- m) Describe the procedures and methodology in place to detect information security breaches and notify customers in a manner that meets the requirements of Texas breach notification laws.
- n) Describe the procedures the vendor has in place to isolate or disable all information systems that would interact with the service proposed, including systems that would hold, process, or from which Institution data might be accessed, when a security breach is identified?

- o) Describe the safeguards in place to ensure that all information systems that would interact with the service proposed, including any systems that would hold, process, or from which System data might be accessed, reside within the United States.
- p) What additional administrative, technical, and physical security controls does the vendor have in place or plan to put in place?

## DATA EXCHANGE AND PROCESSING

- 100) Confirm that the vendor can accept and properly manage eligibility and other key STD and LTD plan data using the dataset layouts as described in this RFP, including the Benefit Enrollment and Maintenance Transaction Set (ASC X12N 834).
- 101) Confirm that the vendor has the capability to accept enrollment data via SFTP on a real-time basis.
- 102) Confirm that the vendor has the ability to comply with the user-authentication requirements for the System-specific Disability plan website as described in this RFP, including the use of SAML-based authentication (v2.0).
- 103) Describe the vendor's ability to provide automated notification upon receipt of eligibility data as well as automated, timely notifications confirming either successful load or failure to load for each eligibility dataset received from System.
- 104) Explain how the vendor plans to ensure that it meets all requirements regarding protecting the confidentiality of Social Security numbers as outlined in this RFP, including the requirements of Section 35.58 of the Texas Business and Commerce Code, CONFIDENTIALITY OF SOCIAL SECURITY NUMBER.
- 105) Describe the vendor's experience with automated enrollment systems, including any specific automated systems that the organization has worked with.
- 106) Explain how data is entered into the vendor's eligibility system. Provide a data flow diagram of the process to receive, audit, and load eligibility datasets, including an indication of whether the diagram refers to a current or proposed system. If documenting a proposed system, the anticipated implementation date should be included.
- 107) What is the location of the computer system that maintains and hosts the vendor's eligibility system and data? Is a third-party application used for entering data into the vendor's eligibility system or was proprietary software developed in-house?
- 108) Upon receipt of eligibility datasets from System, can the vendor's eligibility system produce a detailed error report indicating which records have been accepted for loading and which have been rejected? Will such reports be provided following each eligibility transmission?

- 109) Discuss the staffing and capabilities of the vendor's team that would be responsible for managing information systems and data for the STD and LTD plans.
- 110) How soon after receiving eligibility data from the System would updates be reflected in the vendor's eligibility system?
- 111) Describe the vendor's process for implementing changes to the benefit plan design. How much advance notice is required for a change to be made in the vendor's information system?
- 112) What quality assurance processes are integrated into the vendor's information systems to ensure accurate programming of the initial benefit plan design and to improve the accuracy of programming related to plan design changes during the contract period?
- 113) Confirm the vendor's ability to accept emergency updates to Disability plan eligibility, as specified in this RFP. Additionally, please describe the vendor's ability to provide a website allowing designated System staff to view eligibility and make emergency eligibility updates directly in the vendor's database when necessary.

## COMMUNICATIONS

- 114) Explain in detail the services that will be available at no additional cost to System regarding communications and participation of the vendor's personnel at employee/retiree meetings during Annual Enrollment periods.
- 115) Confirm that the vendor will provide personnel to attend the annual Benefits and Human Resources Conference and the employee/retiree meetings and fairs during Annual Enrollment on a statewide basis? Would the vendor be willing to provide personnel for meetings held outside of regular business hours in order to accommodate System institutions that have 24-hour facilities? How many meetings will the vendor attend?
- 116) Confirm that the vendor will assist the System in developing necessary materials for disseminating Annual Enrollment information to employees during the System Annual Enrollment period.
- 117) Confirm that the vendor will provide the System with a preview of all communications designed to notify participants of features or issues regarding the STD and LTD plans prior to disseminating any communications directly to participants.
- 118) Confirm that the vendor understands and will comply with the required technical specifications for the System-specific website as specified in this RFP and that the Electronic and Information Resources (EIR) Accessibility Checklist, included in Appendix H to this RFP, has been completed and included with this response.
- 119) Confirm that the vendor will comply with the requirement to provide to System a monthly dataset that includes details as specified in this RFP.

- 120) Confirm the vendor's ability to conform to the Web Accessibility Initiative at [www.w3.org/WAI](http://www.w3.org/WAI) to ensure that website content can be read by the majority of viewers, and to meet the requirements of the Americans with Disabilities Act.

## PERFORMANCE STANDARDS AND REPORTING

- 121) Describe the vendor's current reporting capability. Provide samples of utilization and administrative performance reports currently available to contracting plans. How often are reports prepared? Describe the method that the vendor would use to determine the cost of any special reports that might be requested by System.
- 122) Confirm that the vendor is able to provide all of the detailed information required in the quarterly Administrative Performance Report template, included in Appendix E to this RFP. Please provide copies of sample administrative performance reports meeting the requirements.
- 123) If the vendor is unable to provide all of the information requested in the Administrative Performance Requirements Report template included as Appendix E to this RFP, please describe in detail the information that cannot be provided and explain why it cannot be provided.
- 124) Describe any unique reporting capabilities that differentiate the vendor from its competitors.
- 125) Confirm that the vendor can provide normative data against which the System can benchmark its plan.
- 126) Confirm that the vendor understands that the failure to meet specific performance standards may result in the assessment of associated performance penalties, as described in Section 10 of this RFP.
- 127) Confirm that the vendor has the capability to provide W-2 statements each January to all UT employees who received STD and/or LTD benefits in the prior calendar year, as described in Section 6.9 of this RFP.

## PREMIUM RATES FOR THE STD AND LTD PLANS

- 128) Confirm that the vendor's proposed premium rates are guaranteed for a minimum of three years, beginning September 1, 2015 through August 31, 2018.
- 129) State whether the vendor will guarantee the proposed premium rates for a period longer than the initial three-year period.
- 130) State whether the vendor will offer any guarantee of maximum increases for future years. If so, state these guarantees.
- 131) Confirm that the vendor's proposed rates include all required services as specified in this RFP, and that the required services will have no extra fees.
- 132) Confirm that the vendor's proposed rates do not include a provision for state taxes.

- 133) Confirm that the vendor understands all STD and LTD premiums are paid by the UT enrollee on a post-tax basis; therefore, all benefits paid by the vendor will not be subject to federal income tax.
- 134) Confirm that the vendor does not have minimum participation requirements for the premium rates quoted in Section 13 of this RFP.
- 135) Describe any services contained in your proposal that will not be covered by the premium rates quoted in your response. Does your organization have special start-up fees?
- 136) Confirm that within 90 days after the end of each contract year, the vendor will provide the System with the accounting required as described in Section 5.8 of this RFP.
- 137) The System requires 210 days advance notice before the end of each plan year of any increase in the premium rates for the next plan year. Confirm that the vendor agrees to this requirement.
- 138) As described in this RFP, the System will remit payment of the premiums to the vendor within 90 days from the beginning of the coverage period. Confirm that the vendor understands and agrees to this provision.

## 13.0 PRICE PROPOSAL FORMAT

### 13.1 GENERAL INFORMATION

#### 13.1.1 ENROLLMENT

The enrollment assumptions shown in Appendix C of this RFP will be utilized by the System in comparing and analyzing the proposed premium rates. While these enrollment assumptions are the System's best estimate of Plan Year 2015–2016 enrollment and will be utilized to facilitate proposal analysis, the vendor must recognize that a variety of factors will influence actual enrollment. These factors include, but are not limited to, increases in employee salary, changes in other payroll deduction amounts, etc.

**Important:** The System will not guarantee a minimum participation for the STD and LTD plans. Therefore, the vendor cannot require a minimum enrollment for either of the Disability plans at the proposed rates during the initial enrollment period in July 2015 or at any subsequent time during the period of this Contract.

#### 13.1.2 PREMIUM TAXES

In accordance with the Texas Insurance Code, no premium, maintenance or administrative services taxes will be levied on the vendor selected to underwrite and administer the coverages described herein. Therefore, the proposed premium rates should not include provision for premium and maintenance taxes or fees.

#### 13.1.3 PREMIUM RATE GUARANTEES AND ADJUSTMENTS

In rating the group STD and LTD plans, it is required that the proposed premium rates contained in the vendor's response be guaranteed for a three-year period commencing on September 1, 2015 through August 31, 2018. The vendor may also guarantee the proposed rates for a period longer than the initial three-year period and/or propose a maximum increase in rates for the second three-year period beginning September 1, 2018.

#### 13.1.4 NO LOSS/NO GAIN

The vendor must certify that no person currently covered by the System plan will experience a loss of benefits or a loss of coverage as a result of a change of vendor. A current UT employee must be able to maintain STD and LTD coverage(s) in effect as of August 31, 2015 during the 2015–2016 plan year without being required to fulfill any evidence of insurability, active service, or preexisting condition requirements.

### **13.1.5 LEGISLATIVE OR REGULATORY MANDATES**

If, subsequent to the submission of a response prepared in accordance with these specifications, federal or state legislation or regulations are enacted or interpreted in a manner which materially impacts the coverages which are the subject of this RFP, the System shall enter into good faith negotiations with the vendor selected to administer the program to arrive at mutually agreeable adjustments to the premium rates submitted in response to these specifications so as to appropriately reflect the anticipated impact of such legislation.

### **13.1.6 PREMIUM RATE PROPOSAL**

The vendor must complete and sign the following Premium Rate Proposal Response form. The proposed monthly premium rates must be submitted with two (2) digits to the right of the decimal point rounded to the nearest \$0.01.

# 13.2 PREMIUM RATE PROPOSAL RESPONSE

\_\_\_\_\_  
(Name of Organization)

Enter the monthly rate guaranteed for the 36 month period from September 1, 2015 through August 31, 2018 for the Short Term Disability and Long Term Disability plans. The same premium rates must be offered in all areas.

Indicate the dollar amount of the portion of the premium rate for Claims and for Retention. The premium rates should not include any premium taxes.

## I. Short Term Disability (14 Day Elimination)

- A. Claims \$ \_\_\_\_\_
- B. Retention \$ \_\_\_\_\_
- C. STD Monthly Premium Rate (A+B) \$ \_\_\_\_\_

The STD Monthly Premium Rate above is guaranteed for \_\_\_\_\_ Fiscal Years.

List and explain any other types of fees:

List and explain any rate guarantees for future periods:

## II. Long Term Disability (90 Day Elimination)

- A. Claims \$ \_\_\_\_\_
- B. Retention \$ \_\_\_\_\_
- C. LTD Monthly Premium Rate (A+B) \$ \_\_\_\_\_

The LTD Monthly Premium Rate above is guaranteed for \_\_\_\_\_ Fiscal Years.

List and explain any other types of fees:

List and explain any rate guarantees for future periods:

\_\_\_\_\_  
Signature of Authorized Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Authorized Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Name of Organization

# 14.0 SIGNATURE PAGE FOR FULLY INSURED SHORT TERM DISABILITY AND LONG TERM DISABILITY PROPOSAL

In accordance with the attached proposal(s), \_\_\_\_\_

(Print Name of Organization)

hereby agrees, if selected by The University of Texas System, to enter into negotiations for a Contract to provide fully insured plans for Short Term Disability and Long Term Disability for at least the three year period beginning September 1, 2015. I have read the RFP from which this page is taken and verify that the above named organization can meet the requirements outlined.

The Number of Addenda to this RFP reviewed is \_\_\_\_\_

.....

The Primary Contact Person regarding this proposal is:

Name \_\_\_\_\_

Title \_\_\_\_\_

Mailing Address \_\_\_\_\_

Telephone # \_\_\_\_\_ Fax # \_\_\_\_\_

Email Address \_\_\_\_\_

.....

Printed Name of Individual Signing this Form \_\_\_\_\_

Title \_\_\_\_\_

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

I hereby certify that I have the authority to bind the above named organization.

\_\_\_\_\_  
Signature of Individual Signing this Form

\_\_\_\_\_  
Date

## 15.0 APPENDICES

APPENDIX A: CURRENT SCHEDULE OF BENEFITS:

- A1: STD Certificate
- A2: STD Highlights
- A3: LTD Certificate
- A4: LTD Highlights

APPENDIX B: DATASET REQUIREMENTS

APPENDIX C: PLAN ENROLLMENT AND EXPERIENCE DATA:

- C1 – C5: Plan Enrollment Data
- C6: STD Experience Data
- C7: LTD Experience Data

APPENDIX D: CHAPTER 1601, TEXAS INSURANCE CODE

APPENDIX E: ADMINISTRATIVE PERFORMANCE REPORT TEMPLATE

APPENDIX F: SAMPLE CONTRACT

APPENDIX G: HISTORICALLY UNDERUTILIZED BUSINESS (HUB) PROGRAM

APPENDIX H: ELECTRONIC AND INFORMATION RESOURCES (EIR) ACCESSIBILITY  
REQUIREMENTS