



State of Delaware
Office of Management & Budget
Statewide Benefits Office

STATE EMPLOYEE BENEFITS COMMITTEE

Request for Proposal for the State of Delaware's Supplemental Insurance Program: Group Accident, Cancer, and Critical Illness

October 2, 2014

Addendum #1

OMB14003 – SuppIns

500 W. Loockerman Street, Suite 320 • Dover, DE 19904
Phone (800) 489-8933 Fax (302) 739-8339 www.ben.omb.delaware.gov

1. Minimum Requirement #34: *Please confirm that commission percentages, brokerage or contingent fees are not payable to any agent or broker.* This item is deleted.

2. Minimum Requirement #35:

*Appendix D provides a plan that represents the minimum plan design for each coverage that will be offered to employees on a Guaranteed Issue basis. If you are unable to match the minimum plan design, your quote must provide for coverage that is higher than the minimum. **Bidders must also submit at least one alternate plan design for evaluation by the SEBC for each coverage.** Bidders are encouraged to submit multiple plan designs so the SEBC can choose the coverage levels.*

The SEBC encourages vendors to submit multiple plan designs. These plan designs should include any restrictions or terms; for an example, whether or not Evidence of Insurability is required and when. Please clearly label and organize the information. The concept of “individual” or “group” plans as defined by the supplemental insurance industry are not relevant, either in the terms of the RFP or in the plan designs as presented by the vendor.

3. All other terms in the RFP are required and will not be rescinded or revised. The State’s response to the exceptions on Appendix J, attached, provide additional information. These terms include the requirements addressed in Appendix J:
- a. One contract with the State with individual certificates of insurance issued to the participants.
 - b. Pensioners are not eligible.
 - c. Enrollment is permissible only once per year during Open Enrollment for an effective July 1 date, excepting for new hires as described in the RFP.
 - d. Only one bid will be accepted per vendor.

APPENDIX J

RFP TERMS AND CONDITIONS EXCEPTION TRACKING CHART
--

Responses must include all exceptions to the specifications, terms or conditions in the *Scope of Services* and *Terms and Conditions* section – not the *Minimum Requirements* and *Questionnaire* sections. If the vendor is submitting their response without exceptions, please state so below.

By checking this box, the vendor acknowledges that they take no exceptions to the specifications, terms or conditions found in the *Scope of Services* and *Terms and Conditions* section.

	Page and ? #s	(Copied) Term	Detailed Exception from Vendor	Proposed Alternative by Vendor, if different
1.	Page 5, middle of the page and Page 13, #2.	Respondents should issue a complete, integrated bid that identifies account representation to service the entire award. The State is not seeking separate bids from individual insurance agents for the same insurance company. This account representative should be the only authorized representative to act on behalf of the respondent. Local franchises and providers must adhere to the master contract terms and conditions and service the account through the identified representative.	The reason we are submitting two proposals is for one proposal to match the requested RFP #OMB14003 specifications and a second proposal to match the requirements of law # HB336. There has been speculation that the RFP will be amended to utilize "non-contracted Individual" type products, which was negotiated between with the 147th General Assembly and the Department of OMB so we are submitting the second proposal in the event of that happening.	Summary of the alternative proposed by Respondent: One proposal must be submitted for the group plan and a second proposal for the individual plan. (See the State's response below #2.)

	Page and ? #s	(Copied) Term	Detailed Exception from Vendor	Proposed Alternative by Vendor, if different
2.	Attachment 5, Page 2, Paragraph §5287 (a)	The type of offered insurance shall be supplemental individual health insurance that is guaranteed renewable.	The reason we are submitting two proposals is for one proposal to match the requested RFP #OMB14003 specifications and a second proposal to match the requirements of law # HB336. There has been speculation that the RFP will be amended to utilize "non-contracted Individual" type products, which was negotiated between with the 147th General Assembly and the Department of OMB so we are submitting the second proposal in the event of that happening.	Summary of the alternative proposed by Respondent: HB#336 allows for a “non-contracted individual” type product.

Response: The only reference to “individual” in HB 336 is in §5287 (a) as follows: The type of offered insurance shall be supplemental individual health insurance that is guaranteed renewable. The contract resulting from this RFP is with the State, not an individual participant. The participant would receive a certificate of insurance, similar to any other type of insurance such as life insurance. Per Delaware Code, Title 29, §9602, *State Employee Benefits Committee*, only the SEBC has the authority to offer and administer employee benefits. Per Delaware Code, Title 29, Chapter 69, *State Procurement*, and specifically, § 6908 *Section powers and duties*, all procurements of professional services, which include benefit administration, must follow mandated procurement processes. Therefore, the SEBC issues the Request for Proposal for benefit programs to employees as a group and not an individual contract per participant.

The RFP asks for at least one additional plan design, Page 5, and Minimum Requirement #31 on Page 26. Whether or not those plan designs are considered group or individual is a business decision by the offering vendor. A vendor should submit one complete, integrated bid that includes multiple plan designs that the vendor proposes. The SEBC understands that

commissions are built into individual plan offerings. However, “Representation Regarding Contingent Fees”, Page 20, #18, stands.

	Page and ? #s	(Copied) Term	Detailed Exception from Vendor	Proposed Alternative by Vendor, if different
3.	Page 14, “Contract/ Rate Guarantee Periods” and “Term”	The term of the contract will be for three (3) years beginning July 1, 2015. The State will have the option to renew the contract annually following the initial three year term.	The RFP is centered around a 3 year Group Master contract with Certificates of Coverage issued to the participants.	Statement of the alternative proposed by Respondent: Supplemental individual health insurance consists of individual policies on a non-contractual basis.

Response: The contract resulting from this RFP is with the State, not with each individual participant. The participant would receive a certificate of insurance, similar to any other type of insurance such as life insurance. Per Delaware Code, Title 29, §9602, *State Employee Benefits Committee*, only the SEBC has the authority to offer and administer employee benefits. Per Delaware Code, Title 29, Chapter 69, *State Procurement*, and specifically, § 6908 *Section powers and duties*, all procurements of professional services, which include benefit administration, must follow mandated procurement processes. Therefore, the SEBC issues the Request for Proposal for benefit programs to employees as a group and not an individual contract per participant.

	Page and ? #s	(Copied) Term	Detailed Exception from Vendor	Proposed Alternative by Vendor, if different
4.	Attachment 5, Page 1, Paragraph §5284, Definitions	“Employee” shall mean an eligible employee as defined in § 5501 (e) and § 5201 (c) of this title who elects to participate in the supplemental insurance program as specified in § 5287 of this title.	There is a discrepancy on who is eligible to participate.	Statement of the alternative proposed by Respondent: The law includes pensioners, however, the RFP does not.

Response: HB 336 does not include pensioners. “Employee” is defined in HB 336, § 5284, *Definitions*, by referencing Title 29, Sections 5501 (e) and 5201 (c) which states that an employee “is employed on a full-time or annual basis or on a regular part-time basis”. The RFP will not be revised or re-issued to include pensioners as eligible participants.

	Page and ? #s	(Copied) Term	Detailed Exception from Vendor	Proposed Alternative by Vendor, if different
5.	<p>Mini- mum Require- ment #34, Page 26</p> <p>Page 20, #18, “Repres- entation Regard- ing Contin- gent Fees”</p>	<p>Please confirm that commission percentages, brokerage or contingent fees are not payable to any agent or broker.</p> <p>By submission of a proposal, the proposing firm represents that it has not retained any person or agency to solicit or secure a contract for the services described herein upon an agreement or understanding for a commission or a percentage, brokerage, or contingent fee. The SEBC will not pay any brokerage fees for securing or executing any of the services outlined in this RFP. Therefore, all proposed fees must be net of commissions and percentage, contingent, brokerage, service, or finder’s fees.</p>	<p>Based upon utilizing individual rates as the law states, and representing \$0 cost to the State, brokers and agents must be compensated via earned commission. This represents the norm for the supplemental benefits industry. Therefore item #34 on page 26 of the RFP must be eliminated.</p>	<p>Statement of the alternative proposed by Respondent: Historically, this protocol is intended to ensure lowest possible cost for the State when sharing insurance premiums for the employees (i.e., Major medical, or car insurance). However, given the \$0 factor to the State, this item must be eliminated.</p>

Response: Because a vendor may offer a plan design that is considered an individual plan design by the supplemental insurance industry, a vendor’s business model may include a commission built into the premium rate. The SEBC will rescind this requirement. However, “Representation Regarding Contingent Fees”, Page 20, #18, stands.