

**REQUEST FOR PROPOSAL (RFP) FOR  
GROUP DENTAL SERVICES**

**DEPARTMENT OF ADMINISTRATION  
OFFICE OF GROUP INSURANCE  
Len B. Jordan Building, Room 100  
P.O. Box 83720  
Boise, Idaho 83720-0035**

**October 15, 2012**

Sealed proposals will be received by the State of Idaho Department of Administration, Office of Group Insurance until 3:00 P.M., Mountain Time, November 15, 2012 for furnishing group dental coverage for the employees of the State of Idaho. **Late proposals will not be considered.** The Department of Administration reserves the right to extend the proposal due date. The Department also reserves the right to cancel the RFP and to reject any or all proposals in the best interest of the State.

Proposals will be held confidential until time of award. Proposals will be available for inspection at the Office of Group Insurance after the notice of intent to award has been made.

No potential contractor may withdraw its proposal after the aforementioned receipt deadline.

Any resulting contract is not effective until the appropriate State official has signed the contract. The State is not responsible for reimbursing the provider for any services rendered prior to the appropriate signature by the State official and the arrival of the effective date of the contract. The State of Idaho is not liable for any cost incurred by the potential contractors prior to the execution of a contract.

The Department of Administration reserves the right to contract with more than one provider to provide the insurance coverage which is the subject of this RFP, in order to meet the needs of the State.

**SIGNED:** \_\_\_\_\_

**Teresa Luna, Director  
Department of Administration**

State of Idaho  
Request for Dental Proposals  
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## SECTION 1: GENERAL INFORMATION

### **I. Overview**

It is the purpose of this Request for Proposal to solicit responses from experienced, capable, and innovative insurers who can assist the State in meeting financial objectives and provide high quality dental benefits and service. Idaho Code Section 67-5762 summarizes the State's goals and intentions as follows:

It shall be the director of the department of administration's objective to procure and maintain on behalf of officers and employees the most adequate group coverages reasonably obtainable for the money available for required premiums and prepayments. In the selection of insurers and health care service organizations to provide such coverages, the director shall give consideration to factors, other than lowest apparent premium or prepayment, such as risk retention, reserves, extent to which the insurer or organization will facilitate administration, and to its reputation and record for promptness and fairness in the treatment of claims, as well as to its financial dependability.

The State of Idaho is seeking fully insured proposals for a statewide Dental Plan

The State of Idaho's general objectives in issuing this RFP are to:

- Minimize overall plan costs;
- Achieve effective cash management, with special attention to the economic recognition of timing differences through interest credits or other mechanisms;
- Achieve budgetary stability in funding group dental insurance; and
- Achieve effective and efficient claims management expertise and to assure employee needs and concerns are met.

## II. RFP SUBMITTAL REQUIREMENTS

### A. Response Communication

1. All questions regarding this proposal must be sent via email, no later than Friday, October 26, 2012 to:

Amy Johnson, Administrator  
Office of Group Insurance  
[Amy.Johnson@adm.idaho.gov](mailto:Amy.Johnson@adm.idaho.gov)

2. Answers to all questions will be shared with all bidders via email. Please acknowledge receipt of this RFP to the email address above and provide the email address for responses to questions.
3. The State of Idaho will not meet with any carrier until finalist determinations are made. Proposals must be received no later than 3:00pm, Mountain time, on November 15, 2012. Provide two hard copies and three CD's to the address shown on page 1.
4. Respondents must supply the name of a contact person within your organization who is readily available and who can reply in writing to questions about products and services included in your response.
5. Complete all information requested according to the format specified. Please provide answers to the questions and provide, where appropriate, information which clearly indicates your capability to provide the service, including past similar experience and processes and resources used.
6. Proposals shall be held firm for 250 days, with a July 1, 2013 effective date assumed.

### B. Acceptance of Vendor Proposals

Acceptance of the proposal is contingent upon review of all the proposals and acceptance of final contract terms by the State of Idaho.

1. Proposals must be submitted in a plainly marked, SEALED ENVELOPE. The name of the RFP must be indicated on the outside of the envelope. Provide two hard copies and three CD's to the address shown on page 1.
2. Proposals must include such literature and illustrations as may be required to provide a responsive proposal. Such information must describe and clearly identify all vendors and product suppliers that will be used to provide the fully insured plan's services, products and supplies. Any exceptions as to services or supplies availability must be disclosed. The proposal should demonstrate the potential contractor's business expertise, experience and current working relationships with governmental entities as well as any secondary vendors and/or suppliers contained in the proposal. Any exceptions to or deviations from the requirements of this RFP must be fully disclosed and explained in a cover letter. Any proposal, which, in the opinion of the Department of Administration, does not meet the requirements of this RFP will not be considered.
3. Proposals must include a total price for the services herein specified. The price quoted may not include any state or local taxes, other than premium tax. Two (2) original hardcopies and three (3) copies on CD of the proposal must be submitted. The original hardcopies must contain an original signature binding the potential contractor to its proposal. Attachments may be submitted in hardcopy format. The Department, upon request, will return the copies of the proposals after evaluation and execution of a contract.
4. In the event it becomes necessary to revise any part of the RFP, written addenda will be provided to all entities receiving the original RFP.

5. All potential contractors must provide complete responses to Sections Two (2) through Five (5).

C. The Department of Administration reserves the right to:

1. Request a potential contractor to clarify its proposal or supply additional material or information it deems necessary.
2. Make reasonable and independent inquiry, including inquiry to the potential contractor or third parties, to determine the ability of the potential contractor to satisfy the requirements set forth herein. Such inquiry may include but is not limited to inquiry regarding financial stability and responsibility by way of financial statements, credit ratings, references and past performance. If a potential contractor is requested to provide such information and unreasonably fails to promptly supply any requested information, its proposal may be rejected.
3. Modify or otherwise alter any of the benefits listed herein, after receipt of proposals. In such event, all potential contractors whose proposals fully address the requirements of this RFP will be given an equal opportunity to modify their proposals in those specific areas only.

D. Registration of Corporation; Benefit Compliance

By submitting a proposal, the potential contractor certifies that it is in compliance with the State of Idaho's statutory requirements governing registration of corporations, and/or assumed business names and with the laws applicable to it regulating insurance corporations and benefits in the State of Idaho.

E. Alteration of Proposal

A proposal shall be rejected if it contains any material alteration or erasure, unless before the proposal is submitted, each such alteration and erasure is initialed in ink by the person signing the proposal and a certification is signed by the same and attached to the proposal.

F. Examination of RFP

It is understood that the potential contractor, before submitting its proposal, has made a careful examination of this RFP and the attachments hereto and other information referred to in this RFP, and has fully informed itself concerning the type and character of the service required.

The State will not be responsible for any loss or unanticipated cost that may be suffered by the potential contractor as a result of the potential contractor's failure to acquire full information concerning conditions or information pertaining to this RFP.

G. Accuracy of RFP

The Department of Administration has, in good faith, presented information, which is, to the best of its knowledge, complete and accurate. The Department of Administration cannot guarantee, however, that this information is free of error and will not be held responsible for any loss resulting from an error.

H. Confidential Information

The Idaho Public Records Law, Idaho Code sections 9-337 through 9-348, allows the open inspection and copying of public records which may include any writing containing information relating to the conduct or administration of the public's business prepared, owned, used, or retained by any state or local agency regardless of the physical form or character. Certain information contained in your response to the RFP may be considered a public record. The Public Records Law contains certain exemptions. If you consider any element of your proposal to be exempt from disclosure, please mark upon the pertinent document that it is to be treated as confidential and

provide an explanation for the basis for the claimed exemption. The entire proposal document cannot be marked as "Confidential". The State, to the extent allowed by law, will honor such a request of confidentiality. However, you will be required to defend any claim of disclosure exemption in the event of an administrative or judicial challenge to the State's nondisclosure. Any questions regarding the applicability of the Public Records Law should be presented to your legal counsel for review.

I. Incurring Costs

The Department of Administration will not be liable for proposal preparation costs or any other costs incurred by potential contractors prior to execution of a contract.

J. Rejection of Proposals

The Department of Administration, reserves the right to reject any and all proposals received as a result of this RFP, or to negotiate separately with any source in any manner necessary to serve the best interests of the State of Idaho.

K. Ensuing Contract

The requirements of this RFP and the proposal of the successful contractor shall become contractual obligations in the ensuing contract.

L. Burden of Proof

It shall be the responsibility of the potential contractor to furnish the Department of Administration with sufficient data to determine if the services offered conform to the RFP requirements.

M. Retention Charges

Retention charges must not include any commissions, broker fees, or marketing fees.

N. Subcontractors

If a potential contractor chooses to propose a solution to this RFP, which solution includes subcontractors or some other partnering or cooperation approach, the qualifications and references of all such subcontractors (or partners) must be provided with the potential contractor's response.

O. Premium Payments

The premium payment arrangement is outlined in Section 4, Question II. B. Contractor will certify ability to meet the premium payment arrangement or propose an alternate arrangement that is mutually suitable to the State.

P. Award of Contract

An evaluation team composed of representatives of the State of Idaho will review the submitted proposals. Proposals will be ranked based upon how fully each proposal meets the requirements of this RFP, including cost. If, upon completion of the initial evaluations, the evaluation team determines additional information is needed, potential contractors may be invited to give oral presentations to the evaluation team. The evaluation team will make a recommendation to the Director of the Department of Administration after its evaluation. The Director has final statutory authority to negotiate and enter the contract. A separate contract will be negotiated and signed upon completion of final negotiations.

## SECTION 2: GENERAL TERMS AND CONDITIONS

### **I. General Terms and Conditions**

This proposal includes the following terms and conditions, and encompasses, but is not limited to, parts I. through VII.; and statutes of the State of Idaho, particularly Title 41 and Title 67, Chapter 57, Idaho Code. Please review and confirm your ability to meet all of the following terms and conditions, or advise of any deficiencies or inability to meet the terms and conditions in full.

#### **A. Term of Contract**

The term of the contract shall be from 12:00 a.m., Mountain Time, July 1, 2013 through June 30, of the rate guarantee period. Thereafter, the contract is subject to renewal annually on July 1 by mutual agreement between the parties. Any proposal not meeting this requirement will be rejected..

#### **B. Prime Responsibilities**

The successful contractor will be required to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from this contract, providing reports, meeting with Department of Administration staff and ensuring implementation of all requirements. The successful contractor shall be responsible for fully and efficiently servicing the State's account, which includes, but is not limited to, providing full reports of the status of the State's plan on a quarterly basis, tracking utilization trends and receipt, adjudication and payment of claims.

#### **C. Rate Guarantee**

The rates quoted in any proposal must be guaranteed through June 30, of the rate guarantee period. Any proposal not meeting this requirement will be rejected.

#### **D. Frequency of Rate Change**

Rates quoted cannot be changed except on the policy anniversary of July 1, and a written notice must be given to the Office of Group Insurance at least 120 days in advance of the policy anniversary itemizing and justifying any contemplated rate change.

#### **E. Continuity of Coverage**

To effect a smooth transition of coverage for all current members, the successful contractor must agree that all members currently insured under the plans will be covered on the effective date of the new contract.

In the event that more than one plan option is offered, an open enrollment period will be held during which employees can change plans. Employees electing any new plan will have to complete a new enrollment application.

#### **F. Enrollment**

The State will not require new enrollment applications to be completed. The successful contractor must accept all currently enrolled members.

G. Anti-Discrimination Clause

Acceptance of the contract binds the contractor to anti-discrimination terms and conditions in that no person in the United States shall, on the grounds of race or national origin, color, sex, age, political or religious opinion or affiliation, handicap or for being a disabled or Vietnam era veteran, be denied the benefits of or be subject to discrimination under any program or activity. The contractor also agrees to comply with all applicable Americans with Disabilities Act requirements.

H. State of Idaho Minimum Wage Law

It will be the responsibility of the contractor to fully comply with the Idaho Code regarding the minimum wage law for residents hired in Idaho.

I. News Releases

News releases concerning this RFP or any contract entered into pursuant to this RFP will not be made without the State's approval and then only in coordination with the Department of Administration.

J. Termination

Termination of the contract may be made by the State when the contractor has been notified, in writing, or default or non-compliance and termination can be made within a reasonable time after issuance of such notice. Without limiting any other rights, if the contract is canceled for non-compliance, the contractor will be responsible for any cost incurred by the Department of Administration for placement of a new contract(s). The State, upon termination for non-compliance, reserves the right to take any appropriate legal action it may deem necessary.

K. Official Agent and Employees of the State Not Personally Liable

It is agreed by and between the parties hereto that in no event shall any official, officer, employee or agent of the State of Idaho be in any way personally liable or responsible for any covenant or agreement herein contained whether expressed or implied, nor for any statement, representation or warranty made herein or in any connection with this agreement.

L. Assignments

No contract or order or any interest therein shall be transferred by the contractor to whom such contract or order is given to any other party, without the approval in writing by the Department of Administration. Transfer of a contract without approval shall cause the annulment of the contract so transferred, at the option of the State. All rights of action, however, for any breach of such contract by the contracting parties are reserved to the State. No member of the Legislature or any officer or employee of any branch of the state government shall directly, himself, or by any other person execute, hold or enjoy, in whole or in part, any contract or agreement made or entered into by or on behalf of the State of Idaho, if made by, through or on behalf of the department in which he/she is an officer or Employee; or if made by, through or on behalf of any other department unless the same are made after competitive proposals.

M. Governing Law

The contract shall be construed in accordance with and governed by the laws of the State of Idaho.

N. Contract Relationship

It is distinctly and particularly understood and agreed between the parties that the State of Idaho is in no way associated or otherwise connected with the performance of this contract on the part



of the contractor, nor as to the employment of labor or the incurring of other expenses; that the said contractor is an independent contractor in the performance of each and every part of the contract, and solely and personally liable for all labor and other expenses, except as otherwise stated herein, in connection therewith and for any and all damages in connection with the operation of this contract whether it may be for personal injuries or damages of any other kind.

Contractor shall exonerate, indemnify, and hold the State of Idaho harmless from and against and assume full responsibility for payment of all federal, state and local taxes or contributions imposed or required under unemployment insurance, social security, workers' compensation and income tax laws with respect to the contractor's employees.

O. Insurance and Indemnity

Prior to the commencement of any services provided under the contract and until the contract is terminated, the contractor must maintain in effect all insurance as set forth below; and shall provide the State with a Certificate of Insurance and shall comply with all limits, terms and conditions stipulated therein. The contractor shall require all subcontractors to comply with all requirements of this section. Services under the contract shall not commence until evidence of all required insurance is provided to the State of Idaho's Department of Administration.

The contractor shall indemnify, defend and hold harmless the State of Idaho and its officers, employees and agents from and against any claims, suits, actions, liability, damages, costs, losses, and expenses, including reasonable attorneys' fees, (for purposes of this paragraph, "claims") caused by, arising out of or related to the activities, acts or omissions of contractor, its officers, employees, subcontractors or agents under the contract or caused by, arising out of or relating to contractor's failure to comply with any applicable state, federal, or local law, statute, rule or regulation. Contractor shall have no indemnity or defense obligation for any claims arising out of or related solely to the negligence of the State of Idaho, its officers, employees or agents (excluding contractor as agent). Any payment of benefits made as a result of a claim shall be charged to experience under the State's plan. Any other payment made pursuant to this provision, including, without limitation any punitive damages award, shall be paid by contractor from its own funds.

Contractor shall obtain and maintain insurance at its own expense as required herein for the duration of the agreement, and comply with all limits, terms and conditions stipulated. Policies shall provide, or be endorsed to provide, all required coverage. The contractor shall provide certificates of insurance or certified endorsements as applicable for the insurance required. The contractor shall not commence work under this Agreement until satisfactory evidence of all required insurance is provided to the state.

All insurance, except for Workers Compensation, and Professional Liability/Errors and Omissions shall name the State of Idaho as an additional insured. All insurance shall be with insurers rated A-, VII, or better in the latest Bests Rating Guide, and be in good standing and authorized to transact business in Idaho. The coverage provided by such policies shall be primary. Policies may contain deductibles, but such deductibles shall not be deducted from any damages due the state.

If any of the liability insurance required for this agreement is arranged on a "claims-made" basis, "tail coverage" will be required at the completion or termination of this agreement for a duration of twenty-four (24) months thereafter. Continuous "claims-made" coverage will be acceptable in lieu of "tail-coverage" provided the retroactive date is on or before the effective date of this agreement, or twenty-four-months "prior acts" coverage is provided. Contractor will be responsible for furnishing certification of "tail coverage" or continuous "claims made" coverage.

By requiring insurance herein, the state does not represent that coverage and limits will necessarily be adequate to protect the contractor, and such coverage and limits shall not be deemed as a limitation on the contractor's liability under the indemnities granted to the state.

- P. Contractor shall maintain insurance in amounts not less than the following and comply with all insurance requirements:
1. Workers Compensation Insurance in amounts as required by statute in all states in which the contractor performs work, and Employers' Liability with a limit of \$500,000 Bodily Injury by Accident-each Accident, \$500,000 Bodily Injury by disease-each employee, \$500,000 Bodily Injury by Disease-policy limit.
  2. Commercial General Liability (CGL) with a limit of not less than \$1,000,000 each occurrence, and \$1,000,000 annual aggregate, if defense is outside the limits. If defense is inside the limits, the limit must be \$2,000,000 each occurrence, and \$2,000,000 aggregate. If necessary, a commercial umbrella or excess policy may be used to meet the limits required, providing the CGL is listed on the underlying insurance in the umbrella or excess policy, and the umbrella/excess policy meets the requirements above for acceptable carriers.
  3. Automobile Liability including non-owned, and hired liability with a limit of not less than \$1,000,000 each occurrence, and \$1,000,000 aggregate. If necessary, a commercial umbrella or excess policy may be used to meet the limits required, providing the Auto is listed on the underlying insurance in the umbrella or excess policy, and the umbrella/excess policy meets the requirements above for acceptable carriers.
  4. Professional Liability/Errors & Omissions with a limit of not less than \$1,000,000 each claim, and \$2,000,000 aggregate if defense is outside the limits. If defense is inside the limits, the limit must be \$2,000,000 each claim, and \$4,000,000 aggregate.

The policy must be endorsed such that the insurance afforded therein shall be primary insurance and any insurance or self-insurance carried by the State of Idaho shall be excess and not contributory insurance to that provided by the contractor.

Q. Grace Period

The State will be granted a grace period of sixty (60) days for the payment of each premium.

R. Provisions for Contract Termination

There will be an experience accounting and run-off of reserves in the event of termination of this contract on or off anniversary.

S. Clerical Errors

Clerical errors by the contractor or by the State shall not invalidate insurance otherwise validly in force, nor continue insurance otherwise validly terminated.

T. Underwriting and Actuarial

The contractor must provide all underwriting and actuarial services, including but not limited to projection of costs for each line of coverage, projection of claims costs, projection of savings or increases in cost of potential plan modifications as may be requested, a yearly estimate of the "Incurred But Not Reported" claims liability by line of coverage and advice on plan design, based upon studies of existing benefit costs as determined by management reports and other sources.

U. Plan Materials

The contractor must provide:

1. Written plan documents that will qualify under ERISA and all other applicable legal requirements. Amendments will be expected at no charge as frequently as changes in the law or the change dictates.

2. All forms as may be required under the plan.

V. State and Federal Requirements

The contractor must provide information on legal requirements imposed by state or federal laws for employee benefit plans.

W. Other

The contractor shall suggest any needed contractual, administrative, and financial changes to the State's plan.

X. The Department of Administration Responsibilities

The Department of Administration shall:

1. Request and review any additional actuarial and administrative reports with the contractor.
2. Assist members and agencies with questions concerning benefit structures and plan procedures.
3. Communicate benefit plan, procedures and related information to members and agencies and provide claim filing assistance to members.

## Section 3: Eligibility Provisions

### **I. Eligibility**

Please review the following eligibility provisions under the plan and confirm your ability to administer with no system conflicts.

- A. Employee – An employee is eligible for benefits if they are:
- an officer or employee of a state department, agency, or institution working
  - twenty (20) hours or more per week
  - whose term of employment is expected to exceed five (5) continuous months

Additional information can be found in the individual plan documents or contracts at:  
[http://ogi.idaho.gov/employees/benefits\\_summary\\_and\\_contracts.html](http://ogi.idaho.gov/employees/benefits_summary_and_contracts.html)

- B. Dependent - Eligible Dependents include the following:
- legal spouses
  - dependent children up to their 26th birthdays

Children include:

- natural children
- stepchildren
- adopted children
- children in the process of adoption from the time placed with the employee
- children legally dependent upon the employee or employee's spouse for support where a normal parent-child relationship exists with the expectation that the employee will continue to rear that child to adulthood (please see the Benefits Summary and Plan Contracts at the above link for more detail)

C. Dual Coverage Prohibition

No one may be simultaneously insured under any of the State plans:

1. As a member of more than one insurance class;
2. As an insured individual and an insured dependent; or
3. As more than one insured individual or insured dependent

D. Permitted Coverage Extensions and Duration

Please consult with the Employee Group Insurance Handbook for permitted leaves of absence under the plan. [http://ogi.idaho.gov/employees/pdf/fy13\\_summary\\_of\\_benefits.pdf](http://ogi.idaho.gov/employees/pdf/fy13_summary_of_benefits.pdf).

E. Disenrollment from the plan

Coverage under the various State sponsored benefit plans ends on the earliest of these dates:

- Termination of employment. If active status ends:
  - Before the 15th of a month, coverage will continue through the end of that month; or
  - On or after the 15th of a month, coverage will continue through the end of the following month.
- The member ceases to be eligible (or declines coverage).
- The plan is terminated.

For enrolled dependents, coverage ends when the employee's coverage ends or the end of the month in which they cease to be eligible for the plans—whichever comes first.

SECTION 4: VENDOR QUESTIONNAIRE

The following questionnaire is designed to request specific information regarding your ability to administer a plan of benefits such as this for an employer the size of the State of Idaho.

**I. General Requirements**

A. Please provide the following:

- Name of proposing company
- Address
- Phone number
- Name of individual to contact regarding proposal
- Direct phone number for this individual
- Email for the assigned individual

B. Please list the following information about your company:

- AM Best Rating
- Standard & Poors Rating
- Moody's Rating

*If no ratings are available, please provide the most recent 3 years of financial statements.*

C. List three client references of similar size with whom you do business:

- Company
- Person to Contact
- Title
- Phone Number
- Email
- How long have they been a client?
- Company size and industry

D. List two (2) accounts that have recently terminated or not renewed dental benefits with your company:

- Company
- Person to Contact & Title
- Telephone Number

E. Who will be responsible for servicing the State of Idaho account? Outline their experience, background, training and areas of responsibility. Where will these personnel be located? How often will they be willing to meet with the State of Idaho personnel in Boise?

F. Resources

From time to time, the State of Idaho may require assistance in enrollments or marketing various programs. Would sufficient resources exist within your organization to provide this type of assistance, if required?

F. Communications

The State of Idaho provides plan renewal information and benefit handbooks to employees. The successful contractor will be responsible for certain communications to plan participants. Communications may include, but not be limited to, changes in applicable state and federal laws

affecting benefits and/or notification of termination of coverage. The successful contractor will be responsible to mail these communications directly to members at their homes. Please outline your internal capabilities and expertise to provide these communications. Please indicate whether your retention quote includes any of these services.

The State provides renewal brochures, benefit handbooks and periodic newsletters which are on the State's website. This includes copies of the actual contracts as well. However, if an enrollee requests the carrier provide a copy of the contract, the State would expect the carrier to provide a copy of the contract directly to the enrollee.

#### G. HIPAA Compliance

Please provide an overview of your program to assure compliance with HIPAA. Include in your overview the steps you have taken to assure compliance and how those steps would be applied to the State of Idaho's contract.

#### H. Transition

Discuss in detail the steps you anticipate will be needed to ensure a smooth transition if your proposal is selected. Include a description of any required changes and a timetable for their completion.

How would your firm assist the State of Idaho in the implementation of plan design changes if you are selected? Please describe the flexibility you have in plan designs utilized by the State of Idaho.

#### I. Affordable Care Act Compliance

All provisions required by the Affordable Care Act must be included in benefits and contracts required by the State.

## II. Administrative Requirements & Establishment of the Plan

Professionalism and experience in the execution of this contract are essential. Please confirm your ability to administer the program as outlined below. Any necessary deviations should be outlined in a manner that illustrates impact to the State and its members.

### **The Insurer Will:**

#### A. General Requirements

Many rules and regulations impacting the administration of this contract are enumerated in this RFP and the Group Insurance Handbook (labeled **FY2013 Benefits Summary** found here: [http://ogi.idaho.gov/employees/benefits\\_summary\\_and\\_contracts.html](http://ogi.idaho.gov/employees/benefits_summary_and_contracts.html)) including eligibility rules, definitions, terminations, self-pay regulations and conversion rules. It is imperative that the insurer have the administrative, technical, and professional skills to immediately implement and maintain the plans in accordance with these rules.

#### B. Premium Payments

Payments to the insurer will be made by the Office of Group Insurance twice a month. Premiums are withheld and forwarded to the Office of Group Insurance through the payroll system. There are three main payroll centers: the Office of the State Controller, which produces payroll for the majority of state agencies, Boise State University and Idaho State University.

The majority of the monthly premiums will be transferred to the insurer on the fifteenth of each month for which premium is due, with the remainder to follow on the last working day of the month.

The insurer will receive a deduction register and premium summary for all active employees. (Sample enclosed.) The Controller's Office and the universities also provide premium deduction information via electronic reporting. Those employees self-paying premium will be itemized monthly through a reporting form. (Sample enclosed.)

The insurer will receive a monthly billing report along with the premium summary for political subdivisions participating in the State's plan.

Please confirm your ability to conform with this payment structure.

C. Service

The insurer shall be responsible for fully and efficiently servicing this account, which includes, but is not limited to, processing and filing all enrollment applications; receipt and audit of all premium payments and advising the State of any errors, omissions, overpayments or concerns in a timely manner; providing full reports of the status of the program on a monthly basis. Examples of some, but not all reports which may be required, are outlined in Section VIII.

D. Underwriting & Actuarial Services

All underwriting and actuarial services, to include projection of costs for each line of coverage; projection of claims costs; projection of savings or increases in cost of potential plan modifications as may be requested; a yearly estimate of the "Incurred But Not Reported" claims liability by line of coverage; advice on plan design, based upon studies of existing benefit costs as determined by management reports and other sources; and, review of health statements for late enrollments.

E. The insurer will provide the following, at a minimum:

1. Written plan documents which will qualify under ERISA and all other legislative requirements. Amendments will be expected at no charge as frequently as changes in the law or a plan change dictates.
2. Enrollment forms.
3. Administrative manuals for the Group Insurance Manager with all necessary billing forms, claim forms, etc.
4. Member I.D. cards.
5. A conversion policy which complies with state laws.
6. Information on legal requirements imposed by state or federal governments for employee benefit plans.
7. The full scope of COBRA administration including but not limited to: responses to all inquiries from employees, retirees and dependents, all COBRA communications (initial notice upon enrollment, conversion, and other rights upon termination of coverage) and billing of all applicable monthly premium. [The State recognizes that COBRA is ultimately the responsibility of the employer and will hold the carrier "harmless".](#)

8. Payment of expenses for written and audio visual programs communicating these benefits, benefit changes, and related information to employees; and provide professional expertise in the development and distribution of same.

F. Legal Assistance

1. The insurer shall litigate on behalf of the State and the insurer any suits for subrogation, and defend suits filed against the State or insurer. All legal expenses including awards of attorney fees and punitive damages shall be paid by the insurer out of its retention. Any benefit payments made as a result of court action shall be charged to experience under the plan.
2. How do you provide legislative updates? Provide examples of this material, and indicate how frequently it is distributed. Does the material incorporate specific information on state by state changes?

- G. The insurer shall suggest any needed innovative contractual, administrative, and financial changes to the plan.

**The Office of Group Insurance shall:**

Please confirm your agreement to the State's responsibilities below. If any deviation from the carrier responsibilities above causes additional responsibilities to fall on the State, please outline those in the appropriate section below.

- A. Review all enrollment applications and forward them to the insurer. The majority of employees enroll via the state's online enrollment program and enrollment is transmitted electronically; however, employees of the universities and political subdivisions complete hardcopy forms.
- B. Collect, audit, and process all funds due to the insurer.
- C. Track utilization trends, and the financial status of the program through reports provided by the insurer.
- D. Request and review any additional actuarial and administrative reports with the insurer.
- E. Assist employees, claimants, and agencies with questions concerning benefit structures, and plan procedures.
- F. Communicate benefit plan, procedures and related information to insureds and agencies with assistance of the carrier.
- G. Negotiate contracts, and administer innovative efficient changes in the plans.

**III. Reporting**

At a minimum, the Department of Administration would like the following reports provided at the frequency noted:



Type of Report	Frequency
<ul style="list-style-type: none"> <li>▪ Paid claims, maximum liability, and administrative charges by billing segment or location</li> <li>▪ Enrollment by Tier</li> <li>▪ Premium Collected</li> <li>▪ IBNR</li> <li>▪ Estimated Incurred Claims</li> <li>▪ Aging of Paid Claims</li> </ul>	Monthly and year-to-date
Claims efficiency report <ul style="list-style-type: none"> <li>➤ Turnaround time</li> <li>➤ Claim error report</li> <li>➤ Pended claims report</li> <li>➤ Overpayment log</li> </ul>	Quarterly and year-to-date Quarterly and year-to-date Quarterly and year-to-date Quarterly and year-to-date
Utilization Report	Quarterly and year-to-date

- A. Can these reports be provided?
- B. Are these reports included in the standard package of reports? Is the cost of your standard report package included in the administrative fee? If not, please indicate the cost of your standard reporting package.
- C. What other standard reports are available and with what frequency? Please provide a copy of your standard reports.
- D. Would you have the capability to provide custom ad hoc reports if the reports available were not satisfactory? If so, what charge, if any, would apply to ad hoc reports?
- E. What formats are available for reports (tape, diskette, CD, etc.)?
- F. Can clients access information to produce their own reports online?
- G. For year-end reports, is data available for purposes of comparison? Can you provide a comparison of Department of Administration costs to your total book of business, considering regional cost factors and similar employers?

#### IV. Claim Services

Half of all State employees are located in the Boise area. The State of Idaho feels it is essential that a professionally staffed **service office** be established in Boise.

- A. Dental Claim Processing
  1. Where is your claims department located?
  2. What are the hours of operation?
  3. Please provide the following information on your claims organization:
    - a. What is the organizational structure of your claims processing department?
    - b. How is it staffed?
    - c. Is a dedicated staff or unit available to the Department of Administration account?

- d. How is it integrated with other departments such as medical claims and customer service?
4. What is the average experience level of dental claim processors?
  5. Describe your training program for a claims processing position. Describe any ongoing training and client-specific training provided to claim processors.
  6. Does your fidelity coverage extend to claim processors?
  7. Are contingency plans in place for high claim volume, vacations and/or absences?
  8. How do claim processors screen for fraud?
  9. Describe your procedures pertaining to coordination of benefits.
  10. What type of client specific reference materials is available to claim processors? How is this information stored (e.g., hardcopy or electronic)?
  11. What percentage of claims are auto adjudicated?
- B. Claim Adjustments and Refunds
1. How are adjustments and refunds handled?
  2. What is the collections process?
  3. How are funds credited back to the client?
  4. Describe your Escheat process.
- C. Claim Forms
1. Are claim forms required? If yes, please provide a copy of your standard dental claim form.
- D. Systems
1. Describe a general overview of your claims systems and its capabilities. Provide information on how your organization provides and maintains a fully automated claims adjudication system in compliance with electronic transmission standards and security requirements and all other regulations as required by HIPAA. Also provide information on integration of systems (claims, customer service, utilization review, etc.). How does your system hierarchy work?
  2. Describe any major software or system modifications you have planned.
  3. How much flexibility does your system have? For instance, what is required to change or modify the way the system is programmed to calculate benefits? Do you re-program these changes internally, or is the system subject to purchasing changes from an outside source?
  4. Describe the steps taken to ensure that the client plan provisions match the plan provisions loaded in your claims systems.
  5. Are there any limitations to the number of different plans that can be handled by your system for any given client?
  6. How are dental frequency limits and lifetime maximum benefits tracked?
  7. Describe workflow within your operation once claim is received. Is there a claims registration or other steps prior to claim adjudication?
  8. How long is claim information kept on your system? Is there an archive process?
  9. Flowchart your electronic claims process. What percentage is processed electronically, and what is the audit process?

10. What system edits are in place to avoid costly errors, such as duplicate payments and fraud or abuse?
11. Provide a description of the online (web) capabilities available. What capabilities can you provide to employees? To the client?
12. Describe your disaster control programs and how they would facilitate customer service and claim processing in the event of a regional disaster.

#### E. Quality Controls

1. Describe the internal and external claim audit process and any control measures used to insure efficient, timely, and accurate claim processing? Do you have systems in place to track client-specific control measures?
2. Do you agree to allow Department of Administration's internal auditors perform on-site audits?
3. What are the performance standards for:
  - a. Average Turnaround Time (this is not just benefit payment interval, but working day interval to respond to a claim, either paid or acknowledgement with indication to the employee of additional data required)
  - b. Percentage of all claims paid in 10 days, and percentage of claims paid in 30 days
  - c. Processing accuracy (Procedure error ratio)
  - d. Financial accuracy (Dollar error ratio)
  - e. Eligibility accuracy

Please provide your 2010, 2011, and year-to-date 2012 statistics for these categories.
4. Would you be willing to provide financial guarantees with regard to claims performance standards? If so, what standards and penalties do you propose for those guarantees? Please also outline the measurement process – are the guarantees group specific, book of business, based on what size sampling?
5. Describe the steps taken to ensure that the plan provisions match the provisions in your claims systems.
6. Describe basic steps of eligibility certification when a claim is received. Is your eligibility unit separate from your claim processing area?
7. Usual and Customary (UC) Charges
  - a. What database, vendor and/or methodology is used to determine usual and customary fees for dental services?
  - b. How often is this information updated?
  - c. What percentile of UC does your firm normally pay? Do you have flexibility regarding this percentile?
  - d. If you pay based on contracted amounts with providers, what is the basis for payment of non-participating providers? How is this determined?
8. Communications
  - a. Does your system generate automated letters to the claimants? If so, please provide a variety of sample copies.

- b. Are you able to customize letters by client?
  - c. Does your system set automatic follow-up if no reply is received to inquiries? If so, what is the frequency? At what point is a denial generated if response is not received?
9. Explanation of Benefits
- a. Provide samples of your explanation of benefits showing examples of claim determinations.
  - b. Can dental EOBs be customized for the client?
  - c. Does your system have the capability to provide a combined EOB for more than one family member if claims are processed on the same date?
10. Precertification, Utilization Review, Dental Review Policy, and Appeals
- a. How is dental policy established?
  - b. Describe your internal dental review procedures on claims. For example, describe use of dental consultants, specialists and other specialty vendors.
  - c. Please detail your use of peer review boards and their function, to include types of services reviewed, authority of the review board, and the frequency with which they are used.
  - d. Describe your appeals process, including timelines. Please provide samples of communications.
  - e. Do you provide preauthorization review functions? If so, please describe staffing and program procedures. How is information communicated? Please provide samples of all communications.

**V. Eligibility and ID Cards**

- A. What are your capabilities for receiving eligibility and what is your preferred method of receiving this data? Please provide a file format. How long does it take to update your system?
  - B. Can eligibility information be manually updated/corrected between automated eligibility information transfers?
  - C. Provide a copy of your standard dental ID card. Can the ID card be customized?
  - D. Can information from other healthcare vendors be included on the ID card, and will you allow the medical carrier to include dental information on the medical card?
  - E. How long does it take to produce ID cards after eligibility is received? Is there a fee associated with ID card, or is it included in the general administrative fees?
  - F. If the Department of Administration provides member social security numbers as member ID, do you provide a unique identifier in this situation? Can an internal company employee ID number be provided for use as an identifier rather than the social security number, for all members?
1. Customer Service
- a. Where is your customer service unit located? What are the hours of operation?
  - b. What is the organizational structure of your customer service department?
    - i How is it staffed?
    - ii Is a dedicated staff available to the Department of Administration account?
    - iii How is the department integrated with other departments?

- c. Are toll-free numbers available to participants? If so, are the fees for the lines charged separately to Department of Administration or is it a part of the overall administrative fee?
- d. What is the average experience level of representatives?
- e. Describe your training program for a customer service position. Describe any ongoing training and client-specific training provided.
- f. What quality control measures are used to insure efficient and accurate responses? Do you have systems in place to track client specific control measures?
- g. What are your customer service unit performance standards for the following areas:
  - i. Average time to call pickup
  - ii. Average hold time
  - iii. Call abandonment
  - iv. Accuracy of response to inquiry
  - v. Average response time on call-backs

Please provide your company wide performance rates relating to these standards for the past two calendar years and current year to date.

- h. Would you be willing to provide financial guarantees with regard to customer service performance standards? If so, what standards do you propose for those guarantees? What is the dollar amount of penalties you are proposing relating to these standards?
- i. Are calls voice recorded or manually tracked? If recorded, what type of reporting is available from call records? Can reporting be broken down into categories by reason for the call?
- j. Are contingency plans in place for high call volume, vacations and/or absences? Please describe.
- k. What type of client-specific reference materials is available to representatives? How is this information stored (e.g., hardcopy or electronic)?
- l. Provide a description of the online capabilities available. What capabilities can you provide to employees? To the client?

## **VI. Dental Provider Network**

The Department of Administration is interested in discounts provided through your PPO network.

- A. Do you have a PPO network available? If so, how many unique providers (not locations) are contracted state-wide in your Idaho network? Is the network passive where there are not cost sharing differences between in and out of network but the client receives negotiated PPO rates? List the number of PPO providers on a county by county basis.
- B. Do you have Participating contracts as well as PPO contracts? If so, how many additional providers become available under your Participating network in the State of Idaho? Please list the total unique participating providers on a county by county basis.
- C. List the number of dentists on a county by county basis that have no type of contract with your firm.

- D. What reimbursement level do Participating Providers receive on your PPO contract (i.e., are they reimbursed at the PPO allowable, or are they reimbursed at a higher contracted rate)? If the latter, what is the average cost differential between PPO and Participating reimbursements?
- E. What is the reimbursement method for Non-contracted providers? Are reimbursements sent to the member or directly to the provider with EOB to the member?
- F. If someone seeks services outside the State of Idaho, is there a national network available to provide discounts? If so, how many different fee schedules are used nationally? How many would be used for this group? Are there provider reimbursement variations other than fee schedules? Provide a brief description.
- G. Do you assume all liability relating to selection of contracted providers?
- H. What is your basic methodology regarding contracting for providers in your network?
- I. What was your provider turnover rate in 2010 and in 2011 in the State of Idaho?
- J. How are provider network changes communicated?
- K. Is balance billing allowed above the contracted amount?

Milliman has requested specific information regarding claim discount information. Please respond to these specifics with regard to network discounts. Please see Section IX below.

## **VII. Compliance**

- A. What types of HIPAA controls are in place? Please describe controls and training procedures.
- B. Are you currently downloading data in compliance with HIPAA standards? If not, when do you expect to be in compliance?

## **VIII. Value Added Services**

- A. How does your company view this expectation and what is your approach on sharing the following Information?
  - a. Information on new products, strategies, or consolidation of service whenever possible
  - b. Advice on potential problems that exist due to plan design or administrative services
  - c. Advice on procedural changes in plan administration that would provide a positive impact to the cost of the benefit program

## **IX. Network Savings and Disruption Analysis**

We will provide you with a claim list via our SFTP. For each record, please add the allowed charge based on the claim incurral date and a network match type. The network match type should be PPO, Par, or Non-Par. Please return the electronic file via SFTP. Please send the name and e-mail address of the person sending the file to Milliman dan.simenc@milliman.com so that we can set up an account.

- PPO is for PPO providers.
- Par is for providers who are not in the PPO network but the State of Idaho will still get a contractual discount.
- Non-Par is for providers that are not in the PPO network and there is no discount agreement.

## SECTION 5: FINANCIAL

The State is seeking plan quotations for a fully insured dental plan. Please provide the following information in your proposal.

### **I. Dental Plan**

The State of Idaho currently provides a fully insured dental plan to its employees and dependents. The benefit structure, regulations and procedures for the current dental plan can be found in the Employee Group Insurance Handbook, which can be accessed on the [Department of Administration](#) website. In preparing your quotation for a dental plan, assume maintenance of the existing benefits, current eligibility provisions, covered charges and exclusions as provided in the current dental plan.

- A. How will you resolve differences between the State's current plan and your system to facilitate efficient plan administration?
- B. Explicitly state the actuarial and financial assumptions underlying premium rates, reserves, interest credits and charges

### **II. Premium Rate Quotes**

Quotes should be developed based on the assumption that the existing insurer will assume the claims runout on the current contract. *The proposed rate structure shall provide the same relationships and slope reflected in current rates.*

Express premiums for the following:

- A. Employee Only
- B. Employee and Spouse
- C. Employee and One Child
- D. Employee and Children
- E. Employee, Spouse and One Child
- F. Employee, Spouse and Children
- G. State if there are any conditions on the rate quotations.

III. **Finance Arrangements**

- A. The State’s group insurance coverages are fully insured. The existing contract is experience rated. Surpluses or deficits are transferred on a monthly basis. The State holds a 5% stabilization reserve for these coverages. Incurred But Not Reported (IBNR) reserves are calculated annually by the insurer and interest is paid to the State monthly on these reserves at a rate equal to the 26-week Treasury Bill rate, plus one percent (1%). Would you agree to continue this arrangement? If not, what alternative would you offer?
- B. What credibility for rating purposes would you give to the dental plan?
- C. Please indicate in detail the accounting and actuarial assumptions and methodology that you would employ in the following areas?
  - 1. Definition of “paid claims”.
  - 2. Methods and actuarial basis (interest rates, termination tables, etc.) in determining liabilities and reserves.
    - a. Due and unpaid claims.
    - b. Incurred but not reported claims.
  - 3. Basis of interest credits in experience reporting and the determination of dividends. Your answer should address both the level of interest and the base to which interest rates would be applied (e.g., mean reserves, mean liabilities, actual plan assets).
- D. On the basis of the proposed rates quoted in Section 3.2, please distribute the rate to the following components.

<b>Retention Illustration</b>	<b>7/1/2013-6/30/2014</b>	<b>7/1/2014 –6/30/2015</b>
Expected Paid Claims		
Incurred But Not Reported Claim Reserves		
Retention (Gross - no interest credit applied)		
<u>Retention Components</u>		
Premium Tax		
Claims Administration		
Other Administration and Profit		
Risk and Contingency		
Premium Margin		
Expected Total Premium		
Interest Credits (if any)		
Estimated Net Cost		

The retention is expected to be guaranteed for the first year. Assume the membership distribution provided in the RFP to develop the cost estimates (Appendix C)

State your gross retention charges per employee on a flat dollar amount per year cost basis.



- E. How would the premium rate, the premium margin, and the risk and contingency charge in the retention be affected by the presence of a retro-premium reserve equal to 5% of expected claims where the carrier would be responsible for all incurred claim amounts in excess of 105% of expected claims costs for the contract year?
- F. Would retention levels be expected to change in renewal years? If so, for what reason and by what amounts? Would you guarantee the retention for more than one year? If not, why not. If so, for how many years would you guarantee the retention?
- G. The State would like final accounting under contract termination to take place twelve months after the contract termination date. Describe your practices under the contract termination, including discussion of how the claim runout would be handled, required reserve levels, interest crediting and the timing of experience refunds.

## APPENDIX A

### DENTAL PLAN BENEFITS OUTLINE

The plan is essentially a PPO plan which offers different reimbursement levels depending on whether the member uses the services of a contracting provider or a PPO participating provider. The current dental [plan contract](#), which provides specific plan details is available on the Group Insurance website at [http://ogi.idaho.gov/employees/benefits\\_summary\\_and\\_contracts.html](http://ogi.idaho.gov/employees/benefits_summary_and_contracts.html).

Note that the benefit period on this plan runs the same as the contract period. Accumulations begin each July 1 and run through June 30.

## APPENDIX B

### CURRENT PREMIUM STRUCTURE

#### ACTIVE EMPLOYEE DENTAL PLAN

The State of Idaho currently pays the majority of the dental premium for active employees. Employees pay a premium for dependents enrolled in the plan. Traditionally, the State has chosen to support a portion of the cost of dependent coverage.

The current dental plan provides a six (6) tier rate category structure for active employees: Employee Only, Employee Plus Spouse, Employee Plus Child, Employee Plus 2 or More Children, Employee Plus Spouse Plus 1 Child, and Employee Plus Spouse and Children. Current premium rates are available at [http://ogi.idaho.gov/employees/premium\\_rates.html](http://ogi.idaho.gov/employees/premium_rates.html).

**APPENDIX C**

**FIVE YEAR DENTAL CLAIMS HISTORY**

<b>Contract Year</b>	<b>Total Enrollee Months</b>	<b>Incurred Claims</b>
7/1/2007 - 6/30/2008	234,222	\$10,228,597
7/1/2008 - 6/30/2009	235,893	\$10,592,838
7/1/2009 - 6/30/2010	229,246	\$9,999,137
7/1/2010 - 6/30/2011	211,045	\$9,665,626
7/1/2011 - 6/30/2012 *	213,005	\$9,844,065
<b>Total</b>	<b>1,123,411</b>	<b>\$50,330,263</b>

\* Incurred claims include runout through August 31, 2012.