



**State of Oklahoma
Oklahoma State and Education
Employees Group Insurance Board**

Solicitation

1. Solicitation #: 100444

2. Solicitation Issue Date: September 1, 2012

3. Brief Description of Requirement:

Contract for actuarial consulting services for the Health and Dental Fund and the Life Fund all in accordance with the attached request for proposal

4. Response Due Date¹: 10/07/2011

Time: 10.00 AM CST/CDT

5. Issued By and RETURN SEALED BID TO²:

Agency Name: Oklahoma State and Education Employees Group Insurance Board

- U.S. Postal Delivery: 3545 NW 58th Street, Ste 110, Oklahoma City, OK 73112
- Carrier Delivery:

6. Solicitation Type (type "X" at one below):

- ☐ Invitation to Bid
- ☒ Request for Proposal
- ☐ Request for Quote

7. Shipping Location: 3545 NW 58th Street, Ste 110, Oklahoma City, OK 73112

8. Contracting Officer:

Name: Charles Clifford

Phone: 405-717-8737

Email: cclifford@sib.ok.gov

¹ Amendments to solicitation may change the Response Due Date (read GENERAL PROVISIONS, section 3, "Solicitation Amendments")

² If "U.S. Postal Delivery" differs from "Carrier Delivery", use "Carrier Delivery" for courier or personal deliveries



State of Oklahoma
Oklahoma State and Education
Employees Group Insurance Board

Responding Bidder Information

"Certification for Competitive Bid and Contract" (see page 3) **MUST** be submitted along with the response to the Solicitation.

1. **RE: Solicitation #** 100444

2. **Bidder General Information:**

FEI / SSN : _____ VEN ID: _____

Company Name: _____

3. **Bidder Contact Information:**

Address: _____

City: _____ State: _____ Zip Code: _____

Contact Name: _____

Contact Title: _____

Phone #: _____ FAX#: _____

Email: _____ Website: _____

4. **Oklahoma Sales Tax Permit¹** (type "X" at one below):

☐ YES – Permit #: _____

☐ NO – Exempt pursuant to Oklahoma Laws or Rules

5. **Registration with the Oklahoma Secretary of State** (type "X" at one below):

☐ YES - Filing Number: _____

☐ NO - Prior to the contract award, the successful bidder will be required to register with the Secretary of State or must attach a signed statement that provides specific details supporting the exemption the supplier is claiming (www.sos.ok.gov or 405-521-3911).

6. **Workers' Compensation Insurance Coverage:**

Bidder is required to provide with the bid a certificate of insurance showing proof of compliance with the Oklahoma Workers' Compensation Act (type "X" at one below):

☐ YES – include a certificate of insurance with the bid

☐ NO - attach a signed statement that provides specific details supporting the exemption you are claiming from the Workers' Compensation Act (Note: Pursuant to Attorney General Opinion #07-8, the exemption from 85 O.S. 2001, § 2.6 applies only to employers who are natural persons, such as sole proprietors, and does not apply to employers who are entities created by law, including but not limited to corporations, partnerships and limited liability companies.)²

Authorized Signature

Date

Printed Name

Title

¹ For frequently asked questions concerning Oklahoma Sales Tax Permit, see <http://www.tax.ok.gov/faq/faqbussales.html>

² For frequently asked questions concerning workers' compensation insurance, see [http://www.ok.gov/oid/Consumers/Workers' Compensation Information.html](http://www.ok.gov/oid/Consumers/Workers'_Compensation_Information.html)



**State of Oklahoma
Oklahoma State and Education
Employees Group Insurance Board**

**Certification for Competitive
Bid and/or Contract
(Non-Collusion Certification)**

NOTE: A certification shall be included with any competitive bid and/or contract exceeding \$5,000.00 submitted to the State for goods or services.

Solicitation or Purchase Order #: 100444

Supplier Legal Name: _____

SECTION I [74 O.S. § 85.22]:

A. For purposes of competitive bid,

1. I am the duly authorized agent of the above named bidder submitting the competitive bid herewith, for the purpose of certifying the facts pertaining to the existence of collusion among bidders and between bidders and state officials or employees, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the letting of any contract pursuant to said bid;
2. I am fully aware of the facts and circumstances surrounding the making of the bid to which this statement is attached and have been personally and directly involved in the proceedings leading to the submission of such bid; and
3. Neither the bidder nor anyone subject to the bidder's direction or control has been a party:
 - a. to any collusion among bidders in restraint of freedom of competition by agreement to bid at a fixed price or to refrain from bidding,
 - b. to any collusion with any state official or employee as to quantity, quality or price in the prospective contract, or as to any other terms of such prospective contract, nor
 - c. in any discussions between bidders and any state official concerning exchange of money or other thing of value for special consideration in the letting of a contract.

B. I certify, if awarded the contract, whether competitively bid or not, neither the contractor nor anyone subject to the contractor's direction or control has paid, given or donated or agreed to pay, give or donate to any officer or employee of the State of Oklahoma any money or other thing of value, either directly or indirectly, in procuring this contract herein.

SECTION II [74 O.S. § 85.42]:

For the purpose of a contract for services, the supplier also certifies that no person who has been involved in any manner in the development of this contract while employed by the State of Oklahoma shall be employed by the supplier to fulfill any of the services provided for under said contract.

The undersigned, duly authorized agent for the above named supplier, by signing below acknowledges this certification statement is executed for the purposes of (type "X" at one below):

☐ the competitive bid attached herewith and contract, if awarded to said supplier;

OR

☐ the contract attached herewith, which was not competitively bid and awarded by the agency pursuant to applicable Oklahoma statutes.

Supplier Authorized Signature

Certified This Date

Printed Name

Title

Phone Number

Email

Fax Number

GENERAL PROVISIONS

1. DEFINITIONS

As used herein, the following terms shall have the following meaning unless the context clearly indicates otherwise:

- 1.1. "Acquisition" means items, products, materials, supplies, services and equipment a state agency acquires by purchase, lease purchase, lease with option to purchase, or rental pursuant to the Oklahoma Central Purchasing Act;
- 1.2. "Bid" means an offer in the form of a bid, proposal or quote a bidder submits in response to a solicitation;
- 1.3. "Bidder" means an individual or business entity that submits a bid in response to solicitation;
- 1.4. "Solicitation" means a request or invitation by the State Purchasing Director or a state agency for a supplier to submit a priced offer to sell acquisitions to the state. A solicitation may be an invitation to bid, request for proposal, or a request for quotation; and
- 1.5. "Supplier" means an individual or business entity that sells or desires to sell acquisitions to state agencies.

2. BID SUBMISSION

- 2.1. Submitted bids shall be in strict conformity with the instructions to bidders, and shall be submitted with any other forms completed as required by the solicitation.
- 2.2. Bids shall be submitted to the procuring agency in a single envelope, package, or container and shall be sealed. The name and address of the bidder shall be inserted in the upper left corner of the single envelope, package, or container. SOLICITATION NUMBER AND SOLICITATION RESPONSE DUE DATE AND TIME MUST APPEAR ON THE FACE OF THE SINGLE ENVELOPE, PACKAGE, OR CONTAINER.
- 2.3. The required certification statement, "Certification for Competitive Bid and/or Contract (Non-Collusion Certification)", DCS-FORM-CP-004SA, must be made out in the name of the bidder and must be properly executed by an authorized person, with full knowledge and acceptance of all its provisions.
- 2.4. All bids shall be legibly written or typed. Any corrections to bids shall be initialed. Penciled bids and penciled corrections shall NOT be accepted and will be rejected as non-responsive.
- 2.5. All bids submitted shall be subject to the Oklahoma Central Purchasing Act, Central Purchasing Rules, and other statutory regulations as applicable, these General Provisions, any Special Provisions, solicitation specifications, required certification statement, and all other terms and conditions listed or attached herein—all of which are made part of this solicitation.

3. SOLICITATION AMENDMENTS

- 3.1. If an amendment is issued, then the bidder shall acknowledge receipt of any/all amendment(s) to solicitations by signing and returning the solicitation amendment(s). Amendment acknowledgement(s) may be submitted with the bid or may be forwarded separately. If forwarded separately, amendment acknowledgement(s) must contain the solicitation number and response due date and time on the front of the envelope. The procuring agency must receive the amendment acknowledgement(s) by the response due date and time specified for receipt of bids for the bid to be deemed responsive. Failure to acknowledge solicitation amendments may be grounds for rejection.
- 3.2. No oral statement of any person shall modify or otherwise affect the terms, conditions, or specifications stated in the solicitation. All amendments to the solicitation shall be made in writing by the procuring agency.
- 3.3. It is the Bidder's responsibility to check frequently for any possible amendments that may be issued. The procuring agency is not responsible for a bidder's failure to acquire any amendment documents required to complete a solicitation.

4. BID CHANGE

If the bidder needs to change a bid prior to the solicitation response due date, a new bid shall be submitted to the procuring agency with the following statement "This bid supersedes the bid previously submitted" in a single envelope, package, or container and shall be sealed. The name and address of the bidder shall be inserted in the upper left corner of the single envelope, package, or container. SOLICITATION NUMBER AND SOLICITATION RESPONSE DUE DATE AND TIME MUST APPEAR ON THE FACE OF THE SINGLE ENVELOPE, PACKAGE, OR CONTAINER.

5. CERTIFICATION REGARDING DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS

By submitting a response to this solicitation:

- 5.1. The prospective primary participant and any subcontractor certifies to the best of their knowledge and belief, that they and their principals or participants:
 - 5.1.1. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal, State or local department or agency;
 - 5.1.2. Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or

performing a public (Federal, State or local) contract; or for violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

- 5.1.3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph A.5.1.2. of this certification; and
- 5.1.4. Have not within a three-year period preceding this application/proposal had one or more public (Federal, State or local) contracts terminated for cause or default.

5.2. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to its solicitation response.

6. BID OPENING

Sealed bids shall be opened by the OSEEGIB, Procurement Department located at 3545 NW 58th St, Oklahoma City, OK 6th Floor at the time and date specified in the solicitation as the Response Due Date and Time.

7. BIDS SUBJECT TO PUBLIC DISCLOSURE

Unless otherwise specified in the Oklahoma Open Records Act, Central Purchasing Act, or other applicable law, documents and information a bidder submits as part of or in connection with a bid are public records and subject to disclosure. Bidders claiming any portion of their bid as proprietary or confidential must specifically identify what documents or portions of documents they consider confidential and identify applicable law supporting their claim of confidentiality. The Chief Administrative Officer of the requesting agency shall make the final decision as to whether the documentation or information is confidential.

8. LATE BIDS

Bids received by the procuring agency after the response due date and time shall be deemed non-responsive and shall NOT be considered for any resultant award.

9. LEGAL CONTRACT

- 9.1. Submitted bids are rendered as a legal offer and any bid, when accepted by the procuring agency, shall constitute a contract.
- 9.2. The Contract resulting from this solicitation will consist of the following documents in order of preference: Contract award documents, including but not limited to the Purchase Order, Contract Modifications, required certification statement, affidavit, and change orders; the solicitation including any amendments; and the successful bid to the extent that the bid does not conflict with the requirements of the Contract award documents or solicitation or applicable law. In the event there is a conflict between any of the preceding documents, the Contract award documents prevail over the solicitation, and both the Contract award documents and the solicitation shall prevail over the successful bid.
- 9.3. Any contract(s) awarded pursuant to the solicitation shall be legibly written or typed.

10. PRICING

- 10.1. Bids shall remain firm for a minimum of sixty (60) days from the solicitation closing date.
- 10.2. Bidders guarantee unit prices to be correct.
- 10.3. In accordance with 74 O.S. §85.40, ALL travel expenses to be incurred by the supplier in performance of the Contract shall be included in the total bid price/contract amount.

11. MANUFACTURERS' NAME AND APPROVED EQUIVALENTS

Unless otherwise specified in the solicitation, manufacturers' names, brand names, information and/or catalog numbers listed in a specification are for information and not intended to limit competition. Bidder may offer any brand for which they are an authorized representative, which meets or exceeds the specification for any item(s). However, if bids are based on equivalent products, indicate on the bid form the manufacturer's name and number. Bidder shall submit sketches, descriptive literature, and/or complete specifications with their bid. Reference to literature submitted with a previous bid will not satisfy this provision. The bidder shall also explain in detail the reason(s) why the proposed equivalent will meet the specifications and not be considered an exception thereto. Bids that do not comply with these requirements are subject to rejection.

12. CLARIFICATION OF SOLICITATION

Clarification pertaining to the contents of this solicitation shall be directed in writing to the Contracting Officer specified in the solicitation.

13. REJECTION OF BID

The State reserves the right to reject any bids that do not comply with the requirements and specifications of the solicitation. A bid may be rejected when the bidder imposes terms or conditions that would modify requirements of the solicitation or limit the bidder's liability to the State. Other possible reasons for rejection of bids are listed in OAC 580:15-4-11.

14. AWARD OF CONTRACT

- 14.1. The procuring agency may award the Contract to more than one bidder by awarding the Contract(s) by item or groups of items, or may award the Contract on an ALL OR NONE basis, whichever is deemed by the procuring agency to be in the best interest of the State of Oklahoma.
- 14.2. Contract awards will be made to the lowest and best bidder(s) unless the solicitation specifies that best value criteria is being used.
- 14.3. In order to receive payments from the State of Oklahoma, suppliers who are not registered on the State of Oklahoma Vendor Registration list must complete the "Vendor/Payee Form" (www.ok.gov/OSF/documents/osfvend.pdf). Non-U.S. suppliers who are not registered on the State of Oklahoma Vendor Registration List must complete a W-8BEN (www.irs.gov/pub/irs-pdf/fw8ben.pdf). Failure to do so may delay contract award.

15. CONTRACT MODIFICATION

- 15.1. The Contract is issued under the authority of the procuring agency who signs the Contract. The Contract may be modified only through a written Contract Modification, signed by the procuring agency approving official.
- 15.2. Any change to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the procuring agency in writing, or made unilaterally by the Supplier, is a breach of the Contract. Unless otherwise specified by applicable law or rules, such changes, including unauthorized written Contract Modifications, shall be void and without effect, and the Supplier shall not be entitled to any claim under this Contract based on those changes. No oral statement of any person shall modify or otherwise affect the terms, conditions, or specifications stated in the resultant Contract.

16. DELIVERY, INSPECTION AND ACCEPTANCE

- 16.1. Unless otherwise specified in the solicitation or awarding documents, all deliveries shall be F.O.B. Destination. The bidder(s) awarded the Contract shall prepay all packaging, handling, shipping and delivery charges and firm prices quoted in the bid shall include all such charges. All products and/or services to be delivered pursuant to the Contract shall be subject to final inspection and acceptance by the State at destination. "Destination" shall mean delivered to the receiving dock or other point specified in the purchase order. The State assumes no responsibility for goods until accepted by the State at the receiving point in good condition. Title and risk of loss or damage to all items shall be the responsibility of the supplier until accepted by the receiving agency. The supplier(s) awarded the Contract shall be responsible for filing, processing, and collecting any and all damage claims accruing prior to acceptance.
- 16.2. Supplier(s) awarded the Contract shall be required to deliver products and services as bid on or before the required date. Deviations, substitutions or changes in products and services shall not be made unless expressly authorized in writing by the procuring agency.

17. INVOICING AND PAYMENT

- 17.1. Pursuant to 74 O.S. §85.44(B), invoices will be paid in arrears after products have been delivered or services provided.
- 17.2. Interest on late payments made by the State of Oklahoma is governed by 62 O.S. §34.71 and 62 O.S. §34.72.

18. TAX EXEMPTION

State agency acquisitions are exempt from sales taxes and federal excise taxes. Bidders shall not include these taxes in price quotes.

19. AUDIT AND RECORDS CLAUSE

- 19.1. As used in this clause, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type and regardless of whether such items are in written form, in the form of computer data, or in any other form. In accepting any Contract with the State, the successful bidder(s) agree any pertinent State or Federal agency will have the right to examine and audit all records relevant to execution and performance of the resultant Contract.
- 19.2. The successful bidder(s) awarded the Contract(s) is required to retain records relative to the Contract for the duration of the Contract and for a period of seven (7) years following completion and/or termination of the Contract. If an audit, litigation, or other action involving such records is started before the end of the seven (7) year period, the records are required to be maintained for two (2) years from the date that all issues arising out of the action are resolved, or until the end of the seven (7) year retention period, whichever is later.

20. NON-APPROPRIATION CLAUSE

The terms of any Contract resulting from the solicitation and any Purchase Order issued for multiple years under the Contract are contingent upon sufficient appropriations being made by the Legislature or other appropriate government entity. Notwithstanding any language to the contrary in the solicitation, purchase order, or any other Contract document, the procuring agency may terminate its obligations under the Contract if sufficient appropriations are not made by the Legislature or other appropriate governing entity to pay amounts due for multiple year agreements. The Requesting (procuring) Agency's decisions as to whether sufficient appropriations are available shall be accepted by the supplier and shall be final and binding.

21. CHOICE OF LAW

Any claims, disputes, or litigation relating to the solicitation, or the execution, interpretation, performance, or enforcement of the Contract shall be governed by the laws of the State of Oklahoma.

22. CHOICE OF VENUE

Venue for any action, claim, dispute or litigation relating in any way to the Contract shall be in Oklahoma County, Oklahoma.

23. TERMINATION FOR CAUSE

- 23.1.** The supplier may terminate the Contract for default or other just cause with a 30-day written request and upon written approval from the procuring agency. The State may terminate the Contract for default or any other just cause upon a 30-day written notification to the supplier.
- 23.2.** The State may terminate the Contract immediately, without a 30-day written notice to the supplier, when violations are found to be an impediment to the function of an agency and detrimental to its cause, when conditions preclude the 30-day notice, or when the procuring agency determines that an administrative error occurred prior to Contract performance.
- 23.3.** If the Contract is terminated, the State shall be liable only for payment for products and/or services delivered and accepted.

24. TERMINATION FOR CONVENIENCE

- 24.1.** The State may terminate the Contract, in whole or in part, for convenience if the procuring agency determines that termination is in the State's best interest. The procuring agency shall terminate the Contract by delivering to the supplier a Notice of Termination for Convenience specifying the terms and effective date of Contract termination. The Contract termination date shall be a minimum of 60 days from the date the Notice of Termination for Convenience is issued by the procuring agency.
- 24.2.** If the Contract is terminated, the State shall be liable only for products and/or services delivered and accepted, and for costs and expenses (exclusive of profit) reasonably incurred prior to the date upon which the Notice of Termination for Convenience was received by the supplier.

25. INSURANCE

The successful bidder(s) awarded the Contract shall obtain and retain insurance, including worker's compensation, automobile insurance, medical malpractice, and general liability, as applicable, or as required by State or Federal law, prior to commencement of any work in connection with the Contract. The supplier awarded the Contract shall timely renew the policies to be carried pursuant to this section throughout the term of the Contract and shall provide the procuring agency with evidence of such insurance and renewals.

26. EMPLOYMENT RELATIONSHIP

The Contract does not create an employment relationship. Individuals performing services required by this Contract are not employees of the State of Oklahoma or the procuring agency. The supplier's employees shall not be considered employees of the State of Oklahoma nor of the procuring agency for any purpose, and accordingly shall not be eligible for rights or benefits accruing to state employees.

27. COMPLIANCE WITH THE OKLAHOMA TAXPAYER AND CITIZEN PROTECTION ACT OF 2007

By submitting a bid for services, the bidder certifies that they, and any proposed subcontractors, are in compliance with 25 O.S. §1313 and participate in the Status Verification System. The Status Verification System is defined in 25 O.S. §1312 and includes but is not limited to the free Employment Verification Program (E-Verify) available at www.dhs.gov/E-Verify.

28. COMPLIANCE WITH APPLICABLE LAWS

The products and services supplied under the Contract shall comply with all applicable federal, state and local laws, and the supplier shall maintain all applicable licenses and permit requirements.

29. SPECIAL PROVISIONS

Special Provisions apply with the same force and effect as these General Provisions. However, conflicts or inconsistencies shall be resolved in favor of the Special Provisions.

OKLAHOMA STATE AND EDUCATION

EMPLOYEES

GROUP INSURANCE BOARD

REQUEST FOR PROPOSAL

Actuarial Consulting Services

for the

Health and Dental Fund

and the

Life Fund

September 2011

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Signature Page

A. Special Provisions

A.1 Statement of Purpose

A.1.1 The Oklahoma State and Education Employees Group Insurance Board, hereinafter “OSEEGIB,” requests proposals from qualified Consultants to provide actuarial consulting services for the OSEEGIB Health and Dental Fund and the Life Fund created pursuant to 74 O.S. (2001) § 1312 (1) and (2). This Request for Proposal, hereinafter “RFP,” defines the requirements used to determine a qualified Consultant and describes requested services.

A.1.2 Pursuant to 74 O.S. (2001) § 1320 (C) OSEEGIB intends to competitively bid the contract which is awarded for a one-year (1-year) period effective January 1, 2012, with the two additional one-year (1-year) renewals within the sole discretion of OSEEGIB, for the terms beginning January 1, 2013 and January 1, 2014.

A.2 Objective

A.2.1 OSEEGIB requests proposals from Consultants to perform actuarial services including, but not limited to, reserve calculations, rate adequacy and premium setting, annual valuation and experience reports, data analytics, benefit and plan design consulting, legislative fiscal impacts, analysis and other special projects.

A.3 Identification of OSEEGIB

A.3.1 OSEEGIB was established by, and operates pursuant to, the Oklahoma State and Education Employees Group Insurance Act, 74 O.S. (2011) §1301, et seq., hereinafter “Act”. The Act was established for the benefit of state and education employees, employees of other state governmental entities and quasi-state governmental entities authorized by the Act to participate in the plans offered by OSEEGIB. The insurance plans offered by OSEEGIB are known as the HealthChoice plans. Plan components are described in Paragraph D of this Section. OSEEGIB makes decisions on all policy matters affecting the group insurance plans, including participant benefits, premium rates and the investment of premiums.

A.3.2 Pursuant to legislative authority, OSEEGIB Rules set forth the eligibility, type of participation and benefit guidelines for all participating employers. A copy of the official agency Rules is on file with the Office of the Secretary of State beginning at 360:1-1-1, or the Rules may be found at the Site Map

under the heading “About OSEEGIB” at OSEEGIB's website: www.sib.ok.gov

- A.3.3 Claims are processed by the plan’s current health, dental & life benefit third party administrator (TPA), HP Administrative Services, LLC and Pharmacy Benefit Manager (PBM), Medco Health Solutions, Inc.

A.4 Identification of Membership

- A.4.1 OSEEGIB has enrolled as of July 31, 2011:

In its health fund:

- 76,561 primary members in HealthChoice High Option
- 6,490 primary members in HealthChoice Basic Option
- 91 primary members in HealthChoice USA Option
- 90 total lives in HealthChoice S-Account
- 128,613 total active and pre-Medicare participants
- 29,049 total lives in its Medicare Supplement plans
- 33,648 total Medicare participants
- 103,315 in its Health Choice dental plan.

- A.4.2 For the Life Fund, OSEEGIB enrolled:

- 71,639 primary active members in the basic life benefit plan,
- 15,135 former primary members with life insurance coverage.
- The total volume of coverage in force as of July 31, 2011 is \$4,965,909,000.

- A.4.3 The statistical information contained in this paragraph and throughout this RFP is believed to be accurate and up-to-date; however OSEEGIB does not warrant the information by an express or implied warranty.

A.5 Identification of HealthChoice Plans

- A.5.1 The following is a summary of the plans. Complete handbooks for each plan are available at www.sib.ok.gov under the Site Index – Handbooks.

A.5.1.1 Health Plans

A.5.1.1.1 Active and Pre-Medicare Members

- A.5.1.1.1.1 Currently, HealthChoice offers four plans. The first is the High Option plan which imposes a \$500 annual deductible per individual or \$1,500 family deductible and reimburses allowed charges from network providers at 80%. There is a

physician office visit copayment of \$30 for primary care providers and \$50 for specialty providers. The second is the Basic Option wherein the plan pays the first \$500 in allowed expenses and the member pays the second \$500 in allowed expenses. The next \$10,000 in allowed expenses is split evenly between the member and the plan. The third health plan is HealthChoice USA which is only offered to members who live and work outside Oklahoma and Arkansas for more than 90 consecutive days. These members have the same benefits as the HealthChoice High Option but they access a national network offered by ChoiceCare. The ChoiceCare network has nearly 447,000 providers and 2,900 facilities nationwide. The fourth plan is the S-Account plan to be used exclusively with a Health Savings Account. The S-Account plan has an annual deductible of \$1,500 per individual and \$3,000 family which applies to medical and pharmacy combined. Effective, Plan Year 2012 OSEEGIB will offer alternative plans to its HealthChoice High Option and Basic Plans. The alternative plans include higher deductibles with members who have tobacco users in their coverage.

A.5.1.1.1.2 Members can obtain health care services from network providers or from non-network providers. Network providers have agreed to accept amounts for services that do not exceed a fee schedule. If participants utilize non-network providers, the plan reimburses at 50% of the fee schedule and the participant is fully responsible for any charges that exceed the network schedule of eligible charges. There is no lifetime maximum benefit for medical expenses.

A.5.1.1.2 Medicare Plans:

Prescription drugs are reimbursed on a co-insurance basis. If the cost of the preferred medication is \$100 or less, the member pays the cost of the medication up to a \$30 maximum. If the cost of the preferred medication is over \$100, the member pays 25% of the cost up to a maximum of \$60. If the cost of the non-preferred medication is \$100 or less, the member pays the cost of the medication up to a \$60 maximum. If the cost of the non-preferred medication is great than \$100, the member pays 50% of the cost up to a maximum of \$120. Each participant has a \$2,500 out-of-pocket maximum.

The other difference between the two Medicare plans is the pharmacy benefit. The High Option Medicare plan offers the same pharmacy benefits as the High Option plan for Actives and Pre-Medicare members. The Low Option plan offers a pharmacy benefit similar to Medicare's Part D Standard plan. For 2012, after a \$320 deductible, the member pays 25% of the next \$2,610. In the Coverage Gap area, the member pays the next \$3,727.50. After the Coverage Gap, the plan pays 100%.

Non-Medicare Plans:

Network Benefits - 2012		
	30-Day Retail Benefit	90-Day Retail Maintenance Allowance Network and Medco by Mail
Preferred Generic Medications	Member pays cost of drug up to a max of \$10	Member pays cost of drug up to a max of \$25
Preferred Brand Medications	If cost of drug is under \$60, member pays up to \$15 or cost of drug. Over \$60, member pays 25% up to a \$30 max.	If cost of drug is under \$120, member pays up to \$30 or cost of drug. Over \$120, member pays 25% up to a \$60 max.
Non-Preferred Brand Medications	If cost of drug is under \$60, member pays up to \$30 or cost of drug. Over \$60, member pays 50% up to a \$60 max.	If cost of drug is under \$120, member pays up to \$60 or cost of drug. Over \$120, member pays 50% up to a \$120 max.
Maintenance Drugs - 4th and all subsequent fills	Generics: If cost of drug is under \$20, member pays up to \$10 or cost of drug. Over \$20, member pays 50% of ingredient cost. Preferred brands: If cost of drug is under \$30, member pays up to \$15. Over \$30, member pays 50% of ingredient cost. Non-Preferred brands: If cost of drug is under \$60, member pays up to \$30 or cost of drug. Over \$60, member pays 50% of ingredient cost. NOTE: Member is also responsible for the cost of any dispensing fees.	Applicable copay - see above benefits
NOTE: Member is responsible for the difference in the brand and generic if a brand is purchased when a generic is available. The \$2500 annual Out-Of-Pocket (OOP) is also applicable.		
The extensive retail network remains the same, but the Retail Maintenance Pharmacies will include only those that accepted the mail service discounts.		

Specialty Medication Benefits - 2012		
Specialty Medications	Member pays cost of medications	Preferred Medications - \$60.00; non-Preferred Medications - \$120.00. Members must utilize Accredo Health Group, Medco's specialty pharmacy. Copays are based on 30 day supply.

A.5.1.1.3 Since Calendar Year 2006, OSEEGIB has contracted with the Centers for Medicare and Medicaid Services (CMS) as an Employer Direct Contract Prescription Drug Plan (PDP). As such, OSEEGIB receives a payment from CMS per member per month. OSEEGIB intends to continue its PDP status in future years.

A.5.1.2 Dental Plan

A.5.1.2.1 Dental benefits are based on eligible expenses less deductible and participant co-insurance. Participants in the dental plan can also obtain dental care services from network providers or from non-network providers.

A.5.1.3 Life

A.5.1.3.1 Basic life is \$20,000 of term life available to all active members. Active members may enroll in Supplemental Life up to \$500,000. Supplemental coverage must be purchased in \$20,000 increments and is age-rated. The first \$40,000 of coverage has accidental death and dismemberment clauses.

A.5.1.3.2 Retirees may retain the amount of coverage that they had as an active employee. All coverage is available in \$5,000 increments.

A.5.1.3.3 Three types of dependent life are available to active employees with basic life. The first type offers \$6,000 of coverage on spouse, \$3,000 on each child and \$1,000 on children under six (6) months old. The second type offers \$10,000 of coverage on spouse, \$5,000 on each child and \$1,000 on children under six (6) months old. The third type offers \$20,000 of coverage on spouse, \$10,000 on each child and \$1,000 on children under six (6) months old.

A.5.1.3.4 Dependents of retirees may retain amounts in \$500 increments up to the coverage of dependent life at employee's retirement.

A.6 Rate and Class Categories

A.6.1 OSEEGIB sets premium rates each year for each type of coverage. Premium rates adopted by OSEEGIB are intended to be adequate in the aggregate to fund the anticipated benefits, administrative expenses and necessary reserves. Currently, OSEEGIB adopts separate premium rates for active employees, former employees who are not Medicare-eligible (Pre-Medicare), and former employees who are Medicare-eligible. The premium rates for active employees and Pre-Medicare members are blended and have the same rate. For each benefits coverage category, there are separate rate classes for:

- primary;
- spouse;
- one child; and
- more than one child.

A.6.1.1 OSEEGIB reserves the right to adopt new rate and class categories in response to changes in statutes or OSEEGIB policy.

The Consultant must affirm its understanding of all OSEEGIB contractual provisions (A.7 – A.23) and agree to comply with those provisions for the duration of the contract.

A.7 Acceptance of Offer

A.7.1 The submission of a proposal shall constitute a binding offer. The proposal shall remain in effect for six (6) months after submission. OSEEGIB shall have the option of accepting the proposal at any time within that six (6) month period. If the proposal is accepted more than six (6) months after submission, OSEEGIB and the Consultant will agree to adjust the time lines up to six (6) months. The Consultant is advised that its proposal may be accepted any time within that six (6) month period, even if OSEEGIB accepted another Consultant's proposal and subsequently that contract was terminated.

A.7.2 By submitting a proposal, the Consultant agrees not to make any claims for, or have any right to, damages because of any misunderstanding or misrepresentation of the specifications or because of any misinformation or lack of information.

A.7.3 If a Consultant fails to notify OSEEGIB of an error, ambiguity, conflict, discrepancy, omission or other error in the RFP known to the Consultant, or an error that reasonably should have been known by the Consultant, the Consultant shall submit a proposal at its own risk; and, if awarded the

contract, the Consultant shall not be entitled to additional compensation, relief or time by reason of the error or its later correction.

A.8 System Requirements

A.8.1 The Consultant shall define all specific system requirements, if needed.

A.9 Interface Requirements

A.9.1 The Consultant shall define all interface requirements (i.e., interface with other vendors and/or OSEEGIB) if needed. Most of the actuarial data supplied to the Consultant by OSEEGIB is via a secure FTP data transmission in a Microsoft Access database or Excel spreadsheet. Detailed claim data is transmitted on a monthly basis in a fixed length, fixed width text file.

A.10 Contractual Term

A.10.1 The Contract is effective January 1, 2012 through December 31, 2012 with two (2) one-year (1-year) renewals at the option of OSEEGIB, effective January 1, 2013 and expiring December 31, 2014. OSEEGIB intends to renew the Contract for the additional two (2) years subject to the terms and conditions of the Contract, unless OSEEGIB determines in its sole discretion, that re-bidding Contract services is in OSEEGIB members' best interest.

A.11 Termination

A.11.1 The Consultant shall give OSEEGIB at least ninety (90) days' notice prior to cancellation. The Consultant shall also provide ninety (90) days' notice prior to non-renewal. Said notice shall state the grounds for such cancellation or non-renewal.

A.11.2 OSEEGIB may terminate this contract for cause upon giving the Consultant thirty (30) days notice. Termination for cause is defined as the failure of the Consultant to maintain the quality of its services provided for by this contract to the satisfaction of OSEEGIB. OSEEGIB may terminate this Contract without cause upon giving the Consultant ninety (90) days written notice.

A.11.3 Following the effective date of termination, this contract shall be of no further force and effect, except that each party shall remain liable for any obligations or liabilities arising from activities carried on by it hereunder prior to the effective date of termination of this contract.

- A.11.4 The Consultant and OSEEGIB shall agree that each party reserves the right to terminate this contract if funds are not available, to support the continuation of this benefit program.

A.12 Appropriated Funds

- A.12.1 The parties understand and agree that none of the sums to be paid under this agreement are appropriated funds. Should there be a revenue shortfall, OSEEGIB will not seek appropriations and will not use appropriated funds to pay for this obligation. The most recent audited financial statement of OSEEGIB is posted on OSEEGIB's website: www.sib.ok.gov Go to About OSEEGIB.

A.13 Records

- A.13.1 The Consultant shall maintain full and adequate records relating to the services it is performing under this agreement and shall allow OSEEGIB to review and copy such records upon request. The Consultant shall provide adequate safeguards for all books and records. The Consultant shall reveal to OSEEGIB the specifics of its safeguarding program.

A.14 Ownership of Data

- A.14.1 The Consultant shall recognize that all data generated during the performance of this contract by OSEEGIB or the Consultant is proprietary and confidential to OSEEGIB and shall not be used by the Consultant for purposes not recognized by this RFP. The Consultant shall recognize OSEEGIB's exclusive ownership of all data and information and shall not reveal or sell any portion of such to any third party or otherwise use for its own financial gain.
- A.14.2 OSEEGIB shall have local access to all data whether stored at the local office or any other site. Upon request of OSEEGIB, the Consultant shall deliver forthwith to OSEEGIB specifications, plans, charts, photographs and exhibits which were prepared, developed or kept in connection with, or as part of this project. All other material and records of whatsoever nature prepared, developed, or kept in connection with, or as part of this contract's work products shall likewise be available to OSEEGIB at its request.
- A.14.3 Prior to the expiration or upon the earlier termination of this Contract, all work products shall become the property of OSEEGIB. This paragraph does not apply to any records or documents pertaining to the operation of Consultant's business unless such records or documents affect the performance of this contract. The Consultant may retain copies of those records or documents that it considers necessary for proof of performance.

Upon request, the Consultant shall provide OSEEGIB with data in the form of hard copy or computer storage media.

A.15 Contract Defined

A.15.1 This RFP, together with the response, exhibits and any written clarification provided by OSEEGIB and/or requested by OSEEGIB and provided by the Consultant, contain the entire contract between OSEEGIB and the Consultant relating to the rights granted and the obligations assumed by the parties.

A.15.2 Any prior contracts, promises, negotiations, or representations, either oral or written, relating to the subject matter of this RFP and the response thereto, not expressly set forth therein, are of no force or effect.

A.16 Hold Harmless

A.16.1 The Consultant shall be responsible for the work, direction, and compensation of Consultant employees, agents and subcontractors. Neither OSEEGIB nor the State of Oklahoma shall be liable, directly or indirectly, for the work and direction of Consultant's employees, agents or subcontractors. The Consultant agrees to indemnify and hold harmless OSEEGIB, its employees and agents, and the State of Oklahoma from damages, loss, or liability to persons or property arising from claims of any kind, including, but not limited to compensation by Consultant employees, agents, and subcontractors of the Consultant against the Consultant; negligent or willful acts of the Consultant its employees or agents in performance of this Contract; acts, omissions or liabilities of the Consultant acting in any capacity that relate to the Contract; and damages, costs, fines or penalties arising from HIPAA violations committed by Consultant employees, agents or subcontractors. The State of Oklahoma does not waive compromise, concede, surrender, or relinquish any rights, privileges, immunities, or remedies that the State of Oklahoma and its employees possess under State or Federal law.

A.17 Designation of Personnel

A.17.1 OSEEGIB may designate its personnel to administer any of the terms or conditions of this contract referenced herein, and any and all duties or acts required of OSEEGIB.

A.18 Severability

A.18.1 The terms and provisions of this contract shall be deemed to be severable one from the other, and any determination at law or in a court of equity that one term or provision is unenforceable, shall have no effect on the remaining

terms and provisions of this contract, or any one of them, in accordance with the intent and purposes of the parties hereto.

A.19 Notice

A.19.1 Any notice required to be given, pursuant to the terms and provisions of the Contract, shall be in writing and (1) mailed by the United States Postal Service (USPS), postage prepaid, certified mail, return receipt requested; or, (2) delivered by an overnight delivery company with written delivery confirmation; or, (3) hand delivered with written delivery confirmation. Notice to OSEEGIB shall be to the attention of Lynne Bajema, Deputy Administrator, 3545 N.W. 58th, Suite 1000, Oklahoma City, Oklahoma 73112.

A.20 Supremacy of State Statutes

A.20.1 This contract is subject to all applicable Federal Regulations and Oklahoma State Statutes, OSEEGIB Rules and Administrative Directives. Any provision of this contract which is not in conformity with existing or future legislation shall be considered amended to comply with such legislation. Any interpretation or disputes with respect to contract provisions shall be resolved in accordance with the laws of the State of Oklahoma. Jurisdiction and venue for any litigation between OSEEGIB and the Consultant shall occur in either a State or Federal court in Oklahoma County, Oklahoma.

A.21 Force Majeure

A.21.1 Neither party shall be liable for any delay or failure of performance under this contract due to an act of God, or due to war mobilization, insurrection, rebellion, civil commotion, riot, act of extremist or public enemy, sabotage, explosion, fire, flood, or storm.

A.22 Assignments

A.22.1 This contract may not be assigned in whole or part without written explanations and OSEEGIB approval.

A.23 Subcontractors

A.23.1 The Consultant shall identify each subcontractor performing services on behalf of the Consultant to comply with the RFP and Contract provisions. The Consultant shall certify that each subcontractor complies with the minimum requirements of this RFP. The Consultant shall provide said certification for future subcontractors when a subcontractor is engaged to perform services for OSEEGIB on behalf of the contracted Consultant.

B. Minimum Requirements

The Consultant shall comply with all requirements in this section and provide appropriate documentation in its response to each Minimum Requirement. Consultant's compliance with the requirements in this section shall be determined according to the sole unrestricted discretion of OSEEGIB. The Consultant must state in its response exactly how it will comply, providing detailed information and state affirmatively its understanding of the requirement and its agreement to comply with that requirement for the duration of the contract. Proposals failing to meet Minimum Requirements will not be evaluated further.

B.1 Experience

- B.1.1 The Consultant shall designate the specific individuals to be assigned to OSEEGIB's account, list the anticipated job duties and provide representations of the individuals' specific experience and clientele in the health, dental and life insurance industries, with demographics and experience similar to OSEEGIB, specifically designating any self-funded clients.

B.2 References

- B.2.1 The Consultant shall provide the names of at least three (3) non-affiliated clients, including addresses, e-mail addresses, telephone numbers, facsimile numbers and the type of services provided by the Consultant to clientele with similar demographics and services similar to those requested by this RFP.

B.3 Conflict of Interest

- B.3.1 The Consultant shall disclose any apparent or potential conflict of interest or affirm that it has none. The Consultant shall have no interest, direct or indirect, that could be perceived to conflict in any manner or degree with the performance of services required under this RFP. The Consultant shall not engage in any conduct that violates or induces others to violate provisions in the Oklahoma Statutes regarding the conduct of public employees. This includes, but is not limited to the Anti-Kickback Act of 1974 at 74 O.S. (2001) §3401, et seq. and the Conflict of Interest provision in the Oklahoma Central Purchasing Act at 74 O.S. (2001) §85.3.

B.4 Lawsuits and Litigation

- B.4.1 The Consultant must disclose any prior litigation, violations of administrative rules and hearings, threatened or impending, involving itself and the State of Oklahoma or any political subdivisions, and/or any state officer and/or any

state employee acting in the capacity of a state employee, and any settlements, compromises (if confidential, a statement of that fact) or Judgments of Record resulting from the foregoing described litigation or administrative proceedings for the past five years or affirm there are none. A statement from the Consultant that no pending litigation will materially affect the ability to perform services will not suffice. OSEEGIB requires disclosure of (citation and brief summary) the lawsuits or any litigation between the Consultant and the State of Oklahoma.

- B.4.2 The Consultant shall list and disclose contract cancellations or negligent causes of action that arose from work performed that is the same or similar to work identified in the Scope of Services in this RFP that was initiated by persons or entities other than the Consultant and resulted in a settlement with or judgment against the Consultant in any jurisdiction in the United States in an amount of One Hundred Thousand Dollars (\$100,000.00) or more within the previous five (5) years, or affirm there are none.

B.5 Federal Exclusion List

- B.5.1 The Consultant agrees that it does not currently, nor during the term of this Contract will it, contract with or employ individuals or entities that are excluded by the Department of Health and Human Services, Office of the Inspector General or included on the Excluded Parties List System maintained by the General Services Administration.

B.6 Fraud, Waste and Abuse

- B.6.1 The Consultant acknowledges the terms of OSEEGIB's Compliance Program. The OSEEGIB's Compliance Program can be viewed at www.sib.ok.gov Go to Site Map, then Fraud Waste and Abuse Program, then Compliance Program.

B.7 Confidentiality and HIPAA Requirements

- B.7.1 Although OSEEGIB is subject to the Oklahoma Open Records Act, 51 O.S. (2001) § 24A.1, OSEEGIB maintains documents and information that are considered confidential by law, 74 O.S. (2001) § 1322. In connection with this Contract, the Consultant will have access to information that is considered confidential, and the Consultant warrants and represents that such confidential information shall not be sold, assigned, conveyed, provided, released, disseminated or otherwise disclosed by the Consultant, its employees, officers, directors, subsidiaries, affiliates, agents, representatives, assigns, subcontractors, independent contractors, successors, or any other persons or entities without OSEEGIB's express written permission. The Consultant shall instruct its agents, representatives, subcontractors and/or

independent contractors that they shall not use or disclose such confidential information to any other person or entity without the express written permission of OSEEGIB, except as absolutely necessary for Consultant to render services under this Contract or as required by law. The Consultant warrants and represents that it has a tested and proven system in effect to protect all confidential information as defined herein.

The Consultant shall ensure confidentiality and must provide policies and guideline addressing confidentiality of OSEEGIB information as part of its response to this RFP. All OSEEGIB members' Protected Health Information (PHI) concerning this RFP and OSEEGIB is the sole property of the State of Oklahoma and shall remain confidential. It shall not be used by the Consultant nor transmitted to others for any reason whatsoever, except as shall be required to administer and implement the Scope of Services, and then only with prior written approval from OSEEGIB. A list of individuals with OSEEGIB who are capable of granting this approval shall be supplied to the successful vendor. OSEEGIB shall maintain confidentiality of OSEEGIB members' PHI information to the extent required by law.

- B.7.2 The Consultant shall comply with applicable Oklahoma and federal confidentiality and security of information laws concerning an OSEEGIB's Member's information, including, but not limited to, laws pertaining to OSEEGIB health plan members' medical information. The Consultant shall disclose its HIPAA Compliance Officer. The Consultant shall agree to execute a HIPAA Business Associate Agreement with OSEEGIB.
- B.7.3 The Consultant, as a "Business Associate," agrees to the following 'Business Associate Agreement' between OSEEGIB and the Consultant as defined by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) statutes and regulations.
- B.7.4 Definitions
 - B.7.4.1 "Business Associate" shall have the meaning given to Business Associate under the Privacy Rule, including, but not limited to, 45 CFR§ 160.103.
 - B.7.4.2 "Contract" shall mean the definition of Contract as defined in Section B.12.
 - B.7.4.3 "Data Aggregation" shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR § 164.501.

- B.7.4.4 “Designated Record Set” shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR § 64.501.
- B.7.4.5 “Health Care Operations” shall have the meaning given to such term under the Privacy Rule including, but not limited to, 45 CFR § 164.501.
- B.7.4.6 “HIPAA” means Health Insurance Portability and Accountability Act of 1996.
- B.7.4.7 “HITECH” means the Health Information Technology for Economic and Clinical Health Act
- B.7.4.8 “Individual” shall have the same meaning as the term “individual” as used in 45 CFR § 164.501 and shall include a person who qualifies as a “personal representative” in accordance with 45 CFR § 164.502(g), and shall also mean the person or “individual” who is the subject of information that constitutes PHI, and has the same meaning as the term “individual” as used in 45 CFR § 160.103
- B.7.4.9 “OSEEGIB” shall have the meaning given to the term ‘Covered Entity’ under the Privacy Rule including, but not limited to, 45 CFR § 160.103 for purposes of this Business Associate Agreement only and to the extent required by law.
- B.7.4.10 “Privacy and Security Rule” shall mean the HIPAA Regulations codified at 45 CFR Parts 160 through 164.
- B.7.4.11 “Protected Health Information” or “PHI” means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 CFR § 160.103 [45 CFR §§160.103]
- B.7.4.12 “Protected Information” shall mean PHI provided by OSEEGIB to or created or received by the Consultant on OSEEGIB’s behalf.
- B.7.4.13 “Required by Law” shall have the same meaning as the term “required by law” in 45 CFR §164.103

B.7.4.14 “Security Incident” shall have the same meaning as “security incident” in 45 CFR §164.304.

B.7.5 Obligations of the Consultant

B.7.5.1 Permitted Uses. The Consultant shall not use Protected Information except for the purpose of performing the Consultant’s obligations under the Contract and as permitted under the Contract. Further, the Consultant shall not use Protected Information in any manner that would constitute a violation of the Privacy Rule if so used by OSEEGIB, except that the Consultant may use Protected Information (i) for the proper management and administration of the Consultant, (ii) to carry out the legal responsibilities of the Consultant, or (iii) for Data Aggregation purposes for the Health Care Operations of OSEEGIB, and also as permitted in Section (3) of this Business Associate Agreement [45 CFR §§ 164.504(e)]

B.7.5.2 Permitted Disclosures. The Consultant shall not disclose Protected Information in any manner that would constitute a violation of the Privacy Rule if disclosed by OSEEGIB, except that the Consultant may disclose Protected Information (i) in a manner permitted pursuant to the Contract (ii) for the proper management and administration of the Consultant, (iii) as required by law, or (iv) for Data Aggregation purposes for the Health Care Operations of OSEEGIB and as permitted in the Business Associate Agreement. Unless agreed otherwise herein, to the extent that the Consultant discloses Protected Information to a third party, the Consultant must obtain, prior to making any such disclosure, (i) reasonable assurance from such third party that such Protected Information will be held confidential and secure and only disclosed as required by law or for the purposes for which it was disclosed to such third party, and (ii) an agreement from such third party to notify the Consultant of any breaches of confidentiality or security of the Protected Information, to the extent it has obtained knowledge of such breach. [45 CFR §§ 164.504(e)]

B.7.5.3 Appropriate Safeguards. The Consultant shall use appropriate safeguards and train its workforce according to Consultant procedures as necessary to prevent the use or disclosure of Protected Information; and ensure the integrity and availability of electronic protected information that the Consultant creates, receives, maintains or transmits. The Consultant shall implement administrative, technical and physical safeguards that are reasonable and appropriate to the size and complexity of the Consultant’s operations and the nature and scope of its activities. [45 CFR § 164.504(e)] [45 CFR § 164.306(a)]

- B.7.5.4 Consultant's Agents. The Consultant shall ensure that any agents, including subcontractors to whom it provides Protected Information, agree to the same restrictions and conditions that apply to the Consultant with respect to such PHI. [45 CFR § 164.504(e)(2)(ii)(D)] The Consultant shall maintain sanctions against agents and subcontractors that violate such restrictions and conditions and shall mitigate the effects of any such violation. [45 CFR § 164.530(e)(1) and 164.530(f)]
- B.7.5.5 Access to Protected Information. The Consultant shall make Protected Information, maintained in a Designated Record Set by the Consultant or its agents or subcontractors, available to OSEEGIB for inspection and copying within ten (10) days of a request by OSEEGIB to enable OSEEGIB to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.524. [45 CFR § 164.504(e)(2)(ii)(E)]
- B.7.5.6 Amendment of PHI. Within ten (10) days of receipt of a request from OSEEGIB for an amendment of Protected Information in a Designated Record Set or other record about an individual, the Consultant or its agents or subcontractors shall make such Protected Information, within its possession, available to OSEEGIB for amendment and incorporate any such amendment to enable OSEEGIB to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 CFR § 164.526. If any individual requests an amendment of Protected Information directly from the Consultant or its agents or subcontractors, the Consultant must notify OSEEGIB in writing within five (5) days of the request. Any denial of amendment of Protected Information maintained by the Consultant or its agents or subcontractors shall be the responsibility of OSEEGIB. [45 CFR § 164.504(e)(2)(ii)(F)]
- B.7.5.7 Accounting Rights. The Consultant agrees to implement a process to prepare an accounting of a member's Protected Information that is collected and maintained by the Consultant and its agents or subcontractors, subject to the exceptions, if any, to enable OSEEGIB to respond to a request for an accounting of disclosures. At a minimum, such information shall include: (i) the date of disclosure; (ii) the name of the entity or person who received Protected Information and, if known, the address of the entity or person; (iii) a brief description of Protected Information disclosed; and (iv) a brief statement of purpose of the disclosure that reasonable informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure. The Consultant and its agents or subcontractors shall make the accounting available to OSEEGIB,

within a reasonable time or the time allowed by the applicable Privacy Rule, to enable OSEEGIB to fulfill its obligations under the Privacy Rule, as amended., In the event that the request for an accounting is delivered directly to the Consultant or its agents or subcontractors, the Consultant shall process the request according to the current Privacy Rule (s) as amended, and forward a copy to OSEEGIB.

- B.7.5.8 Governmental Access to Records. The Consultant shall make its internal practices, books and records relating to the use and disclosure of Protected Information available to the Secretary of the U.S. Department of Health and Human Services (the “Secretary”) for purposes of determining OSEEGIB’s compliance with the Privacy Rule. [45 CFR § 164.504(e)(2)(ii)(H)] The Consultant agrees to notify OSEEGIB with the date it provides access to OSEEGIB Protected Information to the Secretary and a general description of any OSEEGIB Protected Information it provides to the Secretary.
- B.7.5.9 Minimum Necessary. The Consultant and its agents or subcontractors shall only request, use and disclose the minimum amount of Protected Information necessary to accomplish the purpose of the request, use or disclosure. [45 CFR § 164.514(d)(3)]
- B.7.5.10 Data Ownership. The Consultant acknowledges that the Consultant has no ownership rights with respect to the Protected Information.
- B.7.5.11 Retention of Protected Information. The Consultant and its subcontractors or agents shall transmit the Protected Information described in the Contract to OSEEGIB on a scheduled basis according to Contract terms. The Consultant shall maintain all Protected Information that has not been previously transmitted to OSEEGIB for a period of six (6) years after the date it was created or the last effective date, whichever is later or transmit it to OSEEGIB for receipt and storage. [See 45 CFR §§ 164.530 (j)(1)(2)]
- B.7.5.12 Notification of Breach. During the term of this RFP, Consultant agrees to notify OSEEGIB within three (3) days of discovery of any use or disclosure of PHI not authorized by this agreement or the terms of the Contract, of which the Consultant becomes aware. Within thirty (30) days after the date discovered, Consultant agrees to report to OSEEGIB the following: the nature of the non-permitted use or disclosure; the OSEEGIB PHI used or disclosed; who made the non-permitted or violating use or received the non-permitted or violating disclosure; what corrective actions

Consultant has taken or will take to prevent further non-permitted or violating uses or disclosures; and what Consultant did or will do to mitigate any deleterious effect of the non-permitted or violating use or disclosure. The Consultant shall also notify OSEEGIB of a finding or stipulation that the Consultant has violated any standard or requirement of the HIPAA Regulations or other security or privacy laws arising from any administrative or civil proceeding in which the Consultant has been joined. The Consultant agrees that OSEEGIB and the Consultant will investigate an actual breach; however, the Consultant will coordinate with OSEEGIB to control the investigation or any notification procedures related to the incident. Consultant agrees and acknowledges CMS Guidance and special notifications to HHS and the CMS/OSEEGIB Account Representative in the event of a security or privacy breach of Medicare beneficiaries' protected health information.

With regard to implementation of the HIPAA Security Rule, 45

CFR Part 164, Subpart C, Oklahoma Statute 74 O.S. § 3113.1 and the occurrence of a Security Incident, Consultant agrees to report to OSEEGIB any successful (i) unauthorized access, use, disclosure, modification, or destruction of OSEEGIB electronic PHI or (ii) interference with Consultant system operations that contain OSEEGIB member information of which Consultant becomes aware. Consultant will make such report to the OSEEGIB HIPAA Security Officer immediately after Consultant learns of any successful Security Incidents. To avoid unnecessary burden on either party, Consultant will only be required to report, upon OSEEGIB's request, attempted, but unsuccessful unauthorized access, use, disclosure, modification, or destruction Consultant electronic PHI or interference with system operations in Consultant information systems that involve OSEEGIB electronic PHI of which Consultant becomes aware, provided that OSEEGIB's request shall be made no more often than is reasonable based upon the relevant facts, circumstances and industry practices.

B.7.5.13 Audits, Inspection and Enforcement. Upon request, the Consultant agrees that OSEEGIB or its designee, may conduct a reasonable inspection of Consultant facilities, systems, books, records, policies and procedures relating to the use or disclosure of Protected Information pursuant to the Contract for the purpose of determining whether the Consultant has complied with HIPAA; provided, however, that (i) the Consultant and OSEEGIB shall mutually agree in advance upon the scope, timing and location of such an inspection, (ii) OSEEGIB shall protect the confidentiality of all confidential and proprietary information of the Consultant to

which OSEEGIB has access during the course of such inspection; and (iii) OSEEGIB shall execute a nondisclosure agreement, upon terms mutually agreed upon by the parties, if requested by the Consultant. The fact that OSEEGIB inspects, or fails to inspect, or has the right to inspect, the Consultant's facilities, systems, books records, policies and procedures does not relieve the Consultant of its responsibility to comply with these terms of the Contract between Consultant and OSEEGIB. OSEEGIB's failure to detect deficiencies or failure to notify the Consultant or require the Consultant's remediation of any unsatisfactory practices does not constitute acceptance of such practices or a waiver of OSEEGIB's enforcement rights under the Contract between Consultant and OSEEGIB.

B.7.6 Special Uses and Disclosures

- B.7.6.1 Consultant may create, receive, use, or disclose PHI related to OSEEGIB Plan participants only in a manner that is consistent with the terms of the Contract and the Privacy Rule, and only in connection with providing the services to OSEEGIB that are related to the administration of prescription drug benefits and/or identified in the Contract. Consultant may de-identify OSEEGIB PHI, provided Consultant complies with 45 CFR §164.514(b); does not violate the Privacy Rule if done by OSEEGIB; and the Consultant provides written assurances to OSEEGIB regarding use and disclosure of the de-identified data.
- B.7.6.2 Consultant may, consistent with the Privacy Rule, use or disclose PHI that a Business Associate receives in its capacity as manager of prescription drug benefits and in its capacity as a Business Associate to OSEEGIB if such use relates to the proper management and administration of the Business Associate or to carry out legal responsibilities of the Business Associate under the RFP. "Legal responsibilities" of the Business Associate used herein shall mean responsibilities imposed by law or regulation, but (unless otherwise expressly permitted by OSEEGIB) shall not mean obligations the Consultant may have assumed pursuant to contracts, agreements, or understandings other than the terms of the Contract.
- B.7.6.3 Consultant may engage in "data aggregation services" related to OSEEGIB in a manner permitted by the Privacy Rule at 45 CFR § 164.504(e)(2)(i)(B) and that complies with the terms of the Contract. "Data aggregation services" as used herein shall mean the combining of PHI by Consultant with PHI received by the Consultant in its capacity as a Business Associate of another

covered entity, to permit analysis of data that relates to the health care operations of OSEEGIB or another covered entity.

B.7.6.4 Consultant may use PHI to report violations of law to appropriate federal and state authorities, consistent with 45 CFR § 164.502.

B.7.6.5 Any right of the Consultant to create, use, or disclose PHI pursuant to this Agreement shall not include the right to ‘de-identify’ or aggregate PHI, except as provided for in this Business Associate Agreement or as expressly permitted by OSEEGIB or the Privacy Rule, provided that such use or disclosure would not violate the Privacy Rule if done by OSEEGIB.

B.7.7 Obligations of OSEEGIB

B.7.7.1 OSEEGIB shall be responsible for using appropriate safeguards to maintain and ensure the confidentiality, privacy and security of PHI transmitted to the Consultant pursuant to this RFP, in accordance with the standards and requirements of the Privacy and Security Rules, until such PHI is received by the Consultant.

B.7.7.2 OSEEGIB shall notify Consultant of any limitation(s) in its notice of privacy practices of OSEEGIB in accordance with 45 CFR § 164.520, to the extent that such limitations may affect Consultant use or disclosure of PHI, and shall also notify Consultant of any material change in privacy practices and procedures of OSEEGIB.

B.7.7.3 OSEEGIB shall notify Consultant of any changes in, or revocation of, permission by an Individual to use or disclose PHI to the extent such changes may affect Consultant use and disclosure of PHI.

B.7.7.4 OSEEGIB shall notify Consultant of any restrictions in the use or disclosure of PHI that OSEEGIB has agreed to in accordance with 45 CFR § 164.522, to the extent such restriction may affect Consultant use or disclosure of PHI. Prior to agreeing to any restriction, OSEEGIB will consult with Consultant regarding whether the proposed restriction will affect its functions, activities, or services under the Contract.

B.7.7.5 If OSEEGIB or Consultant receives a request from an Individual for confidential communication of PHI by alternative means or at alternative locations in accordance with 45 CFR 164.522(b), both OSEEGIB and Consultant will accommodate the request to the extent feasible

- B.7.7.6 OSEEGIB shall not request Consultant to use or disclose PHI in any manner that would not be permissible under the Privacy Rule if such use or disclosure were made by OSEEGIB.

B.7.8 Termination

- B.7.8.1 Material Breach. A breach by the Consultant of any material provision of the terms of the Business Associate Agreement Section of the Contract may constitute a material breach of the Contract and provide grounds for immediate termination of the Contract by OSEEGIB pursuant to Termination Section of the Contract. [45 CFR § 164.504(e)(2)(iii)]

- B.7.8.2 Reasonable Steps to Cure Breach. If OSEEGIB knows of a pattern of activity or practice of the Consultant that constitutes a material breach or violation of the Consultant's obligations under the provisions of the terms of the Business Associate Agreement Section, OSEEGIB shall provide Consultant with an opportunity to cure the breach and end the violation. If Consultant does not cure the breach with ninety (90) days after OSEEGIB notifies Consultant of the opportunity to cure, then, within the sole discretion of OSEEGIB, OSEEGIB shall take reasonable steps to cure such breach or end such violation, as applicable. If OSEEGIB's efforts to cure such breach or end such violation are unsuccessful, OSEEGIB shall either (i) terminate the Contract, if feasible or (ii) if termination of this the Contract is not feasible, OSEEGIB shall report the Consultant's breach or violation to the Secretary of the Department of Health and Human Services. [45 CFR § 164.504(e)(1)(ii)]

- B.7.8.3 Compliance with the HITECH Act

Sections 164.308 (administrative safeguards), 164.310 (physical safeguards), 164.312 (technical safeguards), and 164.316 (policies and procedures and documentation requirements) of title 45, Code of Federal Regulations the Security Rule, shall apply to a Business Associate in the same manner that such sections apply to a Covered Entity. The additional requirements of Title XXXXIII of the "Health Information Technology for Economic and Clinical Health Act" or the "HITECH Act" contained in Public Law 111-005 that relate to security and that are made applicable with respect to covered entities shall also be applicable to a Business Associate and shall be and by this reference hereby are incorporated into this Business Associate Agreement.

Business Associate may use and disclose Protected Health Information that a Business Associates obtains or creates only if such use or disclosure, respectively, is in compliance with each applicable requirement of Section 164.504(e) of Title 45, Code of Federal Regulations, the Privacy Rule, relating to business associate contracts. The additional requirements of Subtitle D of the "Health Information Technology for Economic and Clinical Health Act" or the "HITECH Act" contained in Public Law 111-005 that relate to privacy and that are made applicable with respect to covered entities shall also be applicable to Business Associate and shall be and by this reference hereby are incorporated into the Business Associate Agreement. Business Associate agrees that HIPAA and HITECH civil and criminal penalties for data security and privacy violations apply to Business Associate when acting on behalf of OSEEGIB to the extent the penalties apply to OSEEGIB.

- B.7.8.4 Effect of Termination. Upon termination of the terms of the Business Associate Agreement for any reason, the Consultant shall return all OSEEGIB Protected Information to OSEEGIB that the Consultant or its agents or subcontractors still maintain in any form.

B.8 No Commissions

- B.8.1 The Consultant agrees to and shall perform all services described in this RFP and the final OSEEGIB/State of Oklahoma contract, strictly according to a fee-for-services basis; that absolutely no commissions or finder's fees shall be paid to anyone or any organization resulting from the State of Oklahoma's award of a contract pursuant to this RFP, either arising from an agreement to pay a commission or finder's fee prior to or during the term of this contract; and, to provide a statement as part of its response to this RFP, and prior to each contract renewal, that absolutely no commissions or finder's fees have been paid or are to be paid to any subcontractor, broker, agent or other individual, organization or entity.

B.9 Statement of Compliance

- B.9.1 Certain conditions may preclude the Consultant's strict compliance with a term specified in this RFP. The Consultant may describe its method of compliance to accomplish the requirements of the specific term and OSEEGIB reserves its unrestricted discretion to determine, whether an alternative method offered by the Consultant is acceptable to OSEEGIB.
- B.9.2 Any alternative method or exceptions or additions to terms, conditions or other requirements in any part of the RFP must be clearly described in both the appropriate section of the solicitation and listed as an attachment to the Statement of Compliance and shall be made a part of this RFP. Otherwise, OSEEGIB shall consider that all items offered are in strict compliance with the RFP and the Consultant shall be responsible for compliance. OSEEGIB shall specify at the time of the awarding of the contract what, if any, optional, alternative methods are accepted.
- B.9.3 Notwithstanding anything to the contrary, OSEEGIB maintains the unrestricted discretion to make any decision as to suitability, competency, ability to perform, conflicts of interest or the appearance thereof, responsiveness of the Consultant's proposal, acceptability of such proposal, or other decisions concerning qualifications.

Each Consultant shall be required to submit a response to this Request for Proposal as it is written. Any Consultant who wishes to propose exceptions or alternatives to any term, condition, or requirement of this RFP must specify the exception and/or alternative and submit a response for each deviation. If a Statement of Compliance is not returned to OSEEGIB with the Consultant's original bid, the response may be excluded from further consideration. If a Statement of Compliance is submitted with deviations, OSEEGIB will consider such exceptions and/or alternatives in the evaluation process or such exception and/or alternative may constitute grounds for rejection of the proposal.

☐ The solicitation submitted to OSEEGIB is in strict compliance with this RFP, and if selected as a Consultant, the Consultant will be responsible for meeting all requirements of this RFP.

☐ The solicitation submitted to OSEEGIB contains deviations from the specifications of this RFP. The deviations are attached.

Name: _____ Company: _____
Signature: _____ Address: _____
Title: _____
Phone: _____ Fax: _____

C. Solicitation Specifications

C.1 Scope of Services

The Consultant shall comply with all requirements in this section. A Consultant's response to an OSEEGIB requirement that deviates from the stated requirements will be considered; however, OSEEGIB according to its sole unrestricted discretion will determine whether the deviation is or is not in the best interest of the Plan, and will score it accordingly. A response that does not strictly comply with the RFP shall be listed by the Consultant in the Statement of Compliance that is in this RFP. OSEEGIB presently offers its plan based on a calendar year. OSEEGIB anticipates legislation changing the plan year to a fiscal year. This change would impact the timing of the Trend and Experience Reviews and the Annual Rate Adequacy reporting. The change would also cause two Rate Adequacy reports in one year.

C.2 Work Component One

C.2.1 Monthly Services

For the health, pharmacy and dental plan, the Consultant shall within four (4) working days after the data becomes available to the Consultant:

- C.2.1.1 Review monthly claims data and evaluate actuarial assumptions.
- C.2.1.2 Determine the preliminary monthly liability for unpaid claims and claims incurred but not reported.
- C.2.1.3 Calculate for the reporting period reserve requirements using OSEEGIB's actuarial assumptions and plan experience for health, pharmacy and dental plan considering benefit revisions. The calculations shall be reported by benefit (health, pharmacy, dental), by plan (High Option, Basic, USA, S-Account), and by insured category (Active, Pre-Medicare, Medicare). The calculations shall also be reported by type of service such as inpatient, outpatient, other facility, and professional for only Actives and Pre-Medicare combined. Additionally, based upon two (2) additional months of paid claim data, the Consultant shall determine the final monthly liability for unpaid claims and claims incurred but not reported.
- C.2.1.4 Provide an estimated trend factor.
- C.2.1.5 Provide documentation of reserve calculation and actuarial assumptions. Develop and use an approved form of written report to communicate to OSEEGIB the results of the financial analysis that documents the approach, findings and recommendations.

C.2.2 Quarterly Services

For the life fund, the Consultant shall within four (4) working days after the data is available to the Consultant:

- C.2.2.1 Review quarterly claims data and evaluate actuarial assumptions.
- C.2.2.2 Determine the quarterly liability for unpaid claims and claims incurred but not reported.
- C.2.2.3 Calculate reserve requirements for the reporting period using actuarial assumptions and plan experience for the life plan considering benefit revisions.
- C.2.2.4 Provide documentation of reserve calculation and actuarial assumptions.
- C.2.2.5 Develop and use an approved form of written report to communicate to OSEEGIB the results of the financial analysis that documents the approach, findings and recommendations.

C.2.3 Annual Health and Dental Fund Valuation Report

- C.2.3.1 Within six (6) business days of April 1st, the Consultant shall provide a Health and Dental Fund Valuation Report. The Report shall contain the final year-end liability for unpaid claims and claims incurred but not reported for the health, pharmacy, dental, and life plans, based upon claim runoff through March 31st.
- C.2.3.2 The Consultant shall calculate Risk Based Capital based upon the National Association of Insurance Commissioners Managed Care Organizations Risk-Based Capital Formula. The Consultant shall review and evaluate OSEEGIB's asset risk factor for each category of assets.
- C.2.3.3 The Consultant shall also calculate and report in the Valuation Report the projected premium deficiency in accordance with Governmental Accounting Standard Board Statement 30.

C.2.4 Annual Life Fund Valuation Report

- C.2.4.1 Within six (6) business days of April 1st, the Consultant shall provide a Life Fund Valuation Report. The Report shall contain the final year-end liability for unpaid claims and claims incurred but not

reported for the life fund, based upon claim runoff through March 31st.

C.2.4.2 The Consultant shall review and evaluate OSEEGIB's Risk Based Capital for the Life Fund.

C.2.4.3 The Consultant shall also calculate and report in the Valuation Report the projected premium deficiency in accordance with Governmental Accounting Standard Board Statement 30.

C.2.5 Annual Budget

C.2.5.1 The Consultant shall prepare by the 15th of April a monthly budget by type of service based upon monthly seasonality factors and the current rate adequacy, using claims runoff through March 31st and updated for the March 31st census.

C.2.6 Trend and Experience Review

C.2.6.1 The Consultant shall present at the June Board meeting a summary of the recent trends, cost drivers and possible effects on the upcoming rates. This presentation shall be at the December Board meeting if OSEEGIB changes its Plan Year to a Fiscal Year.

C.2.7 Annual Rate Adequacy

C.2.7.1 It is statutorily required that OSEEGIB set premiums by the 3rd Friday in August for Actives and Pre-Medicare members for the upcoming plan year and the fourth Friday in September for Medicare members. Although the Medicare rates are statutorily required to be set in September, due to the Center of Medicare and Medicaid (CMS) open enrollment requirements, the Medicare rates must be set in August. Rates shall be divisible by two (2) for each separate rate class within each rate category for each type of coverage. The date of this requirement may be impacted by future legislation.

C.2.7.2 The Consultant shall annually provide OSEEGIB with a Rate Adequacy Report. The first Rate Adequacy Report required by this RFP shall be for the plan year beginning January 1, 2013.

C.2.7.3 The Consultant shall prepare the Rate Adequacy exhibits while taking the following into consideration during the calculation of the rates:

- C.2.7.3.1 Experience Report;
- C.2.7.3.2 Plan design changes;
- C.2.7.3.3 New and proposed legislation;
- C.2.7.3.4 Amortization and subsidization policies; and
- C.2.7.3.5 Input from members of OSEEGIB's Board, OSEEGIB's administrative staff, the Legislature, and or the Governor.
- C.2.7.4 The Consultant shall confer with OSEEGIB's administrative staff to determine the assumptions to be used and preparing comments in writing as to the validity and appropriateness of those assumptions.
- C.2.7.5 If requested, the Consultant shall attend a rate study planning meeting with members of OSEEGIB's Board, OSEEGIB's administrative staff, representatives of the Legislature and or the Governor.
- C.2.7.6 The Consultant shall provide OSEEGIB's administrative staff the Rate Adequacy exhibits, detailed calculations and discussion of the findings prior to the required deadlines.
- C.2.7.7 The preliminary Rate Adequacy exhibits for Actives and Pre-Medicare members shall be provided at least ten (10) days prior to OSEEGIB's July Board meeting. The date of this requirement may be impacted by future legislation.
- C.2.7.8 The Consultant shall present the preliminary Rate Adequacy exhibits for Actives and Pre-Medicare members to OSEEGIB and its Board's Committees at the July Board meeting. The date of this requirement may be impacted by future legislation.
- C.2.7.9 The Consultant shall revise the Rate Adequacy exhibits for Actives and Pre-Medicare members for different assumptions promulgated by members of OSEEGIB's Board and/or representatives of the Legislature and the Governor. All revised rate adequacy exhibits prepared at the request of the Legislature or the Governor shall contemporaneously be delivered to OSEEGIB's Administrator.
- C.2.7.10 The Consultant shall present the final Rate Adequacy exhibits for Actives and Pre-Medicare members to OSEEGIB's Board and its Board's Committees at the August Board meeting. The date of this requirement may be impacted by future legislation.

- C.2.7.11 The preliminary Rate Adequacy exhibits for Medicare members shall be provided at least ten days prior to OSEEGIB's July Board meeting. The preliminary Medicare Rate Adequacy will not include the CMS Part D subsidy since this amount is not available until August. The date of this requirement may be impacted by future legislation.
- C.2.7.12 The Consultant shall present the preliminary Rate Adequacy exhibits for Medicare members to OSEEGIB and its Board's Committees at the July Board meeting. The date of this requirement may be impacted by future legislation.
- C.2.7.13 The Consultant shall revise the Rate Adequacy exhibits for Medicare members for different assumptions promulgated by members of OSEEGIB's Board and/or representatives of the Legislature and the Governor. All revised rate adequacy exhibits prepared at the request of the Legislature or the Governor shall contemporaneously be delivered to OSEEGIB's Administrator.
- C.2.7.14 The final Rate Adequacy exhibits for Medicare members shall be provided at least ten days prior to the August Board meeting. The CMS subsidy amount shall be included in the final Rate Adequacy exhibits as soon as the amount is released from CMS. The date of this requirement may be impacted by future legislation.
- C.2.7.15 The Consultant shall present the final Rate Adequacy exhibits for Actives and Pre-Medicare members to OSEEGIB's Board and its Board's Committees at the August Board meeting.
- C.2.7.16 The Consultant shall provide a written final Rate Adequacy Report within thirty days prior to OSEEGIB's adoption of all the rates.

C.2.8 General Services

- C.2.8.1 Upon request, the Consultant shall provide a report of the fiscal impact of:
 - C.2.8.1.1 Proposed Rules revisions;
 - C.2.8.1.2 Recommended plan design changes and the cost to benefit comparison of each change;
 - C.2.8.1.3 Enacted or proposed State or Federally mandated benefits;

- C.2.8.1.4 Entities joining or leaving HealthChoice and other major demographic changes; and
- C.2.8.1.5 Plan design alternatives as requested by OSEEGIB, OSEEGIB's administrative staff, Employees Benefit Council (EBC), Governor's staff, Legislative staff, Oklahoma Public Employees Retirement System (OPERS), Teachers Retirement System (TRS) and other interested parties.
- C.2.8.2 The Consultant must provide a written response to the fiscal impact of proposed legislation. The Oklahoma Legislature meets from February through May each year. Past experience has indicated an average of fifteen legislative bills requiring cost impact analysis. The requesting legislator usually requires a written response within three working days.
- C.2.8.3 The Consultant must be available to attend OSEEGIB's monthly committee meetings and public meetings and be available to meet with members of OSEEGIB's Board and/or legislators at other times, as needed. Some committee meetings are held the Thursday late afternoon prior to the Friday Board meeting. Past experience has indicated that the Consultant has been requested to attend one other meeting to brief legislators during the legislative session.
- C.2.8.4 The Consultant must be available to attend other meetings with OSEEGIB's administrative staff, OSEEGIB's Advisory Council, EBC, Governor's staff, Legislative staff, Oklahoma Public Employees Retirement System, Teachers Retirement System, and other interested parties, as needed.
- C.2.8.5 The Consultant must, upon request, provide and discuss with OSEEGIB's administrative staff detailed actuarial spreadsheets, calculations, assumptions utilized and other detailed material sufficient to support the Claim Reserve Liabilities, Risk-Based Capital, Premium Deficiencies, the Experience Report, the Rate Adequacy Report, and the other reporting requirements of this RFP.
- C.2.8.6 The Consultant must be available to respond to OSEEGIB's administrative staff's general requests for information. General requests for information are limited in scope and duration and do not constitute special projects.

C.3 Work Component Two – Data Analytics

C.3.1 OSEEGIB maintains a detailed claims database in SQL. The Consultant shall have remote access to this database. In addition, monthly detailed claim data is transmitted to the Consultant via a fixed-length, fixed-width text file

C.3.1.1 The Consultant, in consultation with OSEEGIB's administrative staff, shall develop management reports for non-Medicare members summarizing plan utilization, financial trends, cost drivers, chronic conditions, and clinical outcomes compared to normative data. Summary data shall be provided on a monthly basis and a full report shall be provided on a quarterly basis. The Consultant and OSEEGIB shall determine a mutually acceptable deadline for all reports. The Consultant shall orally present its findings to the Board's Committees and an Executive Summary shall be presented at the Board meeting on a quarterly basis.

C.3.1.2 The Consultant shall be familiar with various reimbursement methodologies, including Medicare, and shall provide cost/impact analysis of any proposed reimbursement methodology changes.

C.4 Work Component Three – Special Projects

C.4.1 The Consultant must be available to perform special projects relating only to the Health and Dental Fund and the Life Fund that are presently undefined, but which may be requested by OSEEGIB and/or the Legislature. Special projects shall be clearly defined and estimated costs shall be approved in writing by OSEEGIB's administrative staff prior to the commencement of the work. OSEEGIB typically funds Fifty Thousand (\$50,000) per calendar year for Special Projects.

D. Evaluation

The following procedure will be used in evaluating all proposal responses:

D.1 Compliance with Minimum Requirements

D.1.1 All proposals will be evaluated for compliance with Minimum Requirements. Proposals clearly failing to meet minimum requirements or proposals needing substantial clarification to determine compliance will be eliminated from future consideration or evaluation. Consultants whose proposals need minor clarification of one or more issues will be allowed to clarify those points. Only proposals meeting all Minimum Requirements will be evaluated further.

D.2 Experience and Quality of Proposed Services

D.2.1 All proposals will be evaluated considering the experience of the firm and the experience of the individuals dedicated to the OSEEGIB account. All proposals will be evaluated based on the quality of the consultant's responses to the Questionnaire.

D.3 Compliance with Contractual Provisions

D.3.1 All proposals will be evaluated for compliance with 74 O.S. § 85.5 J(5) and 85.9D.A

D.3.2 Firms that contend it lacks flexibility because of its corporate policy on a particular negotiation item will face a significant disadvantage and may not be considered.

D.4 Price

D.4.1 Prices will be evaluated and only those proposals that are competitively priced providing the best value to the State of Oklahoma will be evaluated for quality of services offered.

D.5 Historical Information

D.5.1 OSEEGIB reserves the right to consider historical information and facts, whether gained from the Consultant's proposal, question and answer conferences, references, or any other source in the evaluation process.

D.6 Consultant's Responsibility to Submit Information

- D.6.1 The Consultant is cautioned that it is the Consultant's sole responsibility to submit information pertinent to the evaluation and that OSEEGIB is under no obligation to solicit such information if it is not included with the RFP. Failure to submit such information may cause an adverse impact on the evaluation of the Consultant's proposal.

E. RFP Instructions

E.1 Issuing Office

The RFP is issued by the Oklahoma State and Education Employees Group Insurance Board. All proposals must be submitted in accordance with the policies, procedures, requirements, and dates set forth below:

- E.1.1 All consultants are invited to submit questions regarding the RFP by September 16, 2011 sent via email to cclifford@sib.ok.gov.
- E.1.2 All Consultants interested in receiving responses to the questions submitted by potential Consultants submitting proposals in response to this RFP shall provide OSEEGIB with a Notice of Intent sent via email to cclifford@sib.ok.gov.

No late proposal will be accepted. One original and five (5) copies, and one electronic copy on CD in a searchable PDF format allowing full text searches of the vendor's response language, including exhibits when possible must be submitted **by 10:00 a.m., Friday, October 7, 2011** to:

Charles Clifford, Director of Purchasing
Oklahoma State and Education Employees
Group Insurance Board
3545 N.W. 58th Street, Suite 600
Oklahoma City, Oklahoma 73112

Charles Clifford is OSEEGIB's designated sole contact for this procurement.

E.2 Proposal Format

- E.2.1 Proposals shall be prepared in the format described below. Failure to comply with the specified format may lead to a proposal being declared non-responsive. OSEEGIB is especially concerned that the format of the proposal sequentially responds to the requested services, minimum requirements and other questions that may be addressed within the RFP. The Consultant should restate the service, requirement, or question and

then state its response. The Consultant shall assign consecutive page numbers in its response. Appendices should be similarly sequential. Any other information thought to be relevant, but not applicable to the prescribed format, should be provided as appendices to the proposal. If a consultant supplied a publication to respond to a requirement, the response should include references to the publication and page number. Proposals without this reference will be considered to have no reference materials included. PROPOSALS WHICH DO NOT ADDRESS ALL REQUIREMENT OF THE RFP, MAY BE CONSIDERED NON-RESPONSIVE AND MAY BE ELIMINATED.

- E.2.2 OSEEGIB will not evaluate responses to this solicitation designated as confidential. Responses marked “Confidential” will be destroyed or returned to the Consultant.
- E.2.3 A copy of the RFP is available on OSEEGIB's website at: www.sib.ok.gov Go to Site Map, OSEEGIB ITB/RFP.
- E.2.4 The proposal shall be configured to arrive at the designated office in one physical container. Fax or electronic submissions are not acceptable.

E.3 Restrictions on Communication with OSEEGIB Staff

- E.3.1 From the issue date of this RFP until a contract is awarded, Consultants are not allowed to discuss this RFP with any OSEEGIB member, employee or any Consultant to OSEEGIB other than the sole contact OSEEGIB designates. This restriction shall not prohibit discussions needed by current Consultants to perform their jobs. Any violation of this restriction will result in disqualification.

E.4 Information from One Bidder Concerning another Prohibited

- E.4.1 Consultants are advised that OSEEGIB is not interested in, nor will it consider, allegations of lack of qualification or of impropriety made or initiated by any Consultant concerning another Consultant at any point during the bid process. Inclusion of such information in the RFP response or communication of such information to any state officials, state staff or its contractors after proposal submission shall be grounds for disqualification. This clause in no way limits the right to file a protest or appeal under the laws or rules governing the State of Oklahoma.

E.5 Revisions to the RFP and/or Responses

- E.5.1 OSEEGIB may at any time hereafter supplement the RFP, the proposal and the resulting contract for purposes of enumerating, defining, and clarifying services, duties and functions, but not to add new services, duties or functions unless approved by OSEEGIB.
- E.5.2 During the evaluation period, Consultants may be requested to present supplemental information clarifying its proposal. This supplemental information must be submitted in writing and will be included as a formal part of the Consultant's proposal. Unsolicited supplemental information will not be considered by OSEEGIB for evaluation purposes.

E.6 Proposal Withdrawal

- E.6.1 Before the proposal due date, a submitted proposal may be withdrawn through a written request signed by the consultant to OSEEGIB's sole contact.

E.7 Proposals Are OSEEGIB Property

- E.7.1 Submitted proposals may be reviewed and evaluated by any person, other than one associated with a competing bidder, designated by OSEEGIB. OSEEGIB reserves the right to use any and all ideas presented in any response to the RFP. Selection or rejection of a proposal does not affect this right.

E.8 Incurred Expenses

- E.8.1 OSEEGIB will not be responsible for any costs a proposing Consultant may incur in preparing and submitting a proposal, in making an oral presentation, in providing a demonstration, or in performing any other related activities.

E.9 Notification of Award

- E.9.1 Notification will be made to the successful bidder by issuance of a purchase order. Public information releases pertaining to this project shall not be made without prior written approval by OSEEGIB and then only in conjunction with OSEEGIB.

F. Checklist

OSEEGIB reserves the right to alter these dates, issue amendments to this RFP, cancels, or re-issue this RFP at any time for any reason. The Consultant must agree to make any of its facilities available to OSEEGIB if it is determined that an on-site visit would be beneficial and utilized as part of the final evaluation process.

- | | | |
|-----|--|-------------------------------------|
| F.1 | OSEEGIB Releases RFP | Thursday, September 1, 2011 |
| F.2 | Notice of Intent to Submit a Proposal &
Deadline for Receipt of Questions | Thursday, September 16, 2011 |
| F.3 | OSEEGIB responds to questions | Friday, September 23, 2011 |
| F.4 | Responses Due | 10:00 a.m., Friday, October 7, 2011 |
| F.5 | Finalists Interviews | October/November 2011 |
| F.6 | OSEEGIB Recommends Contract | Friday, November 18, 2011 |
| F.7 | Contract Effective Date | January 1, 2012 |

G. Questionnaire

The questions contained herein must be answered. The Consultant's response shall be incorporated as part of the contract and therefore shall be obligated to perform in all manners described. These answers will formulate an important part of the evaluation of this RFP. However, if a specific question has been answered to the Consultant's satisfaction in any of the corresponding preceding sections of the response, the Consultant may reference that answer by page number and paragraph without the need for re-answering it in this questionnaire.

G.1 Credentials and Experience:

- G.1.1 How long have the individuals assigned to OSEEGIB's account been employed by the Consultant?
- G.1.2 What professional designations have the individuals assigned to OSEEGIB's account obtained?
- G.1.3 Do the individuals assigned to OSEEGIB's account have specific experience with self-funded clients with plans and demographics similar to OSEEGIB's? If so, please provide references for evaluation purposes.
- G.1.4 Do the individuals assigned to OSEEGIB's account have specific experience analyzing proposed benefit design changes for the fiscal impact?
- G.1.5 Do the individuals assigned to OSEEGIB's account have specific experience working with state legislators or members of Congress?
- G.1.6 Provide references for two clients for whom the Consultant provides rate adequacy services, one client for whom the Consultant provides data analytical services, and one client for whom the Consultant provides claim reserve liability determination.
- G.1.7 Provide a detailed list of all clients in the State of Oklahoma for whom you provide actuarial rate setting consulting services.

G.2 Overall Consulting:

- G.2.1 Briefly discuss the Consultant's actuarial assumptions and approach to determining liabilities for policy and contract claim reserves.
- G.2.2 Briefly discuss the Consultant's experience in calculating Risk-Based Capital requirements.
- G.2.3 Provide a narrative of experience and capability in developing management and financial reports for clients summarizing plan utilization, financial trends, and monitoring capabilities. Describe the types of reports you can provide.

- G.2.4 Provide a detailed list of the types of studies that can be performed with your actuarial model.
- G.2.5 Describe the actuarial or benefits consulting services the Consultant offers outside of the services requested in this RFP.
- G.2.6 Describe any databases or resources that the Consultant may maintain of its client's information to help analyze regional or national data.

H. Pricing

- H.1 Based on the data included in this RFP, there will be no adjustments permitted to quoted fees after the proposal submission deadline. The Consultant must offer and guarantee the offer for the initial term of this contract and each of the two (2) one-year (1-year) possible renewal years.
- H.2 OSEEGIB cannot reimburse the Consultant for any type of expenses. ALL ANTICIPATED EXPENSES, INCLUDING TRAVEL, SHALL BE INCLUDED IN THE HOURLY RATE.
- H.3 The quoted fee for shall be offered as a maximum annual fee, billable at an hourly rate for each level of expertise of personnel providing the services. All expenses shall be included in the hourly rate. In order to evaluate the proposal, please provide the following for each of the personnel that will be assigned to OSEEGIB's account with a different billing rate:
 - H.3.1 Staff member assigned to OSEEGIB's account,
 - H.3.2 Staff position (i.e., Partner, Principal, Senior Actuary, etc),
 - H.3.3 Estimated hours,
 - H.3.4 Rate per hour (ranges are not acceptable),
 - H.3.5 Total cost for each staff position, and
 - H.3.6 Total cost.

Staff Member	Position	Year 1			Year 2			Year 3		
		Hours	Rate	Cost	Hours	Rate	Cost	Hours	Rate	Cost

H.4 Work Component Three - Special Projects

H.4.1 Since the scope of Work Component Three (Special Projects) is unknown at this time, the Consultants hourly rates Submitted above shall be used for Special Projects. Prior to the commencement of a special project, the Consultant must submit a proposal letter with a maximum fee for the special project. The special project must be approved by OSEEGIB prior to the commencement of the work.

SIGNATURE PAGE

When signed by both parties below, this constitutes agreement and acceptance of all terms and conditions contained in the Contract to be effective January 1, 2012.

- 1) The original of this signed document will remain on file in the offices of the Oklahoma State and Education Employees Group Insurance Board, and a copy will be returned to the Consultant.
- 2) By signing, both parties agree that this document shall become a part of the contract.

Done this _____ day of _____, 2011.

FOR OSEEGIB

(Please print or type)

Signature:

Frank Wilson, Administrator
Oklahoma State and Education
Employees Group Insurance Board
3545 N.W. 58th, Suite 1000
Oklahoma City, Oklahoma 73112
(405) 717-8828