## ATTACHMENT A

SOLICITATION NO. 0900000511

This Solicitation is a Contract Document and is a request for proposal in connection with the Contract awarded by the Office of Management and Enterprise Services as more particularly described below. Any defined term used herein but not defined herein shall have the meaning ascribed in the General Terms or other Contract Document.

PURPOSE

The Contract is awarded on behalf of Employees Group Insurance Division for a qualified third-party administrator to provide claims administration, customer service, reporting and other professional services for its disability insurance plan.

EGID understands a TPA’s desire to have clients adhere to the TPA’s standard business practices and is open to modifying the existing business operation procedures to achieve maximum efficiency in accordance with industry best practices.

# cONTRACT TERM AND RENEWAL OPTIONS

The awarded Contract binds the Supplier as of the date of award to provide services for Plan Year 2023 (January 1, 2023 through December 31, 2023). By mutual consent of the parties hereto, it is intended that there shall be up to four (4) options to renew, subject to the terms and conditions set forth herein, each for duration of one (1) Plan Year.

# ExhIbit listing

## Exhibit 1 – Business Associates Agreement

## Exhibit 2 – Treasury Issue File Record Layout

## Exhibit 3 – Disability Reimbursement Agreement

## Exhibit 4 – Disability Export

## Exhibit 5 – Disability Paid Claims History 2020

## Exhibit 6 – EGID Disability TPA Required Reporting List 2023

## Exhibit 7 – Disability Report Samples

## Exhibit 8 – Actuarial Valuation of EGID Disability Plan

## Exhibit 9 – Pricing

# introduction

## Identification of EGID

### EGID was established by, and operates pursuant to, the Oklahoma Employees Insurance and Benefits Act, 74 0.S. § 1301, et seq. The State Employees Disability Program Act, 74 O.S. § 1331, et. seq. was established for the benefit of state employees and employees of other specified state governmental entities and quasi-state governmental entities. EGID makes decisions on all policy matters affecting the plan, including member benefits, premium rates and the investment of premiums. Refer to [www.omes.ok.gov](http://www.omes.ok.gov) (Click Services and select HealthChoice. Select Handbooks and then select the Disability Handbook) for more information about the current disability plan.

### Pursuant to legislative authority, EGID Rules set forth the eligibility, type of participation and benefits 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 Oklahoma Administrative Code Title 260:55, or the Rules may be found at www.omes.ok.gov (Click Services and select Employees Group Insurance Division. Select About Employees Group Insurance Division and then select Administrative Rules).

## Identification of the Plan

### The Plan is self-funded and provides partial income replacement for an employee who incurs a medically disabling condition that will keep him/her off work for at least thirty (30) days. The medically disabling condition may or may not be work related.

### The Plan is an employer-paid plan and consists of short-term and long-term benefits. It is subject to offsets, such as Workers' Compensation, Retirement, Social Security, and Sick Leave, etc.

### Currently, the benefits are paid at 60% of salary up to a $2,500.00 monthly maximum for short-term and 60% of salary up to a $3,000.00 monthly maximum for long-term.

### Disability Plan recipients must file for social security benefits within six (6) months of onset of the disability.

### EGID is not pursuing additional services such as those related to absence management as part of the Disability Plan or solicitation.

## Identification of Membership

### Disability (short and long-term) benefits are available to all active state employees and to those active county or city employees whose employer chooses to participate in the program.

### For informational purposes, the number of eligible members was 34,986 as of December 2020. The average number of monthly short-term claimants was 42 and the average number of monthly long-term claimants was 386 for 2020.

## Identification of Paid Claims History

* + 1. The paid claims history for 2020 is identified in Exhibit 5.

# scope of services

## Eligibility

EGID currently uses and manages the V3 application for its eligibility and premium accounting system, which was developed by ViTech Systems Group, Inc. This system is currently operating in a Windows server environment utilizing an Oracle database. EGID will transition to a new system V3locity, also developed by ViTech Systems Group, Inc., in May 2023 and will work with the contracted Disability TPA in 2022 in preparation of this change. EGID administers member eligibility in a multi-employer environment.

## Claims Administration

### EGID expects the TPA to provide services for its members to receive prompt and accurate claims administration, while containing costs by being innovative and providing efficient cost-effective resources and technology. It is expected that the TPA will have a pro-active approach for claims administration and reputation in the marketplace focusing on quality service and industry best practices. The TPA shall maintain a system of controls that secures plan members protected health information.

### The TPA shall administrate claims utilizing normal processing procedures for a partial income replacement plan unless EGID has provided written instructions to the contrary. In no instance shall the TPA be obligated to follow other than written instructions regarding processing of claims administration.

## Claims Submission and Processing

### Prior to payment of benefits, the TPA shall review all new disability claims for completeness of documentation, including the signed Exhibit 3 Disability Reimbursement Agreement, calculation of benefit, and the existence of offsetting benefits. The Reimbursement Agreement is the employee's agreement to reimburse the plan for any money overpaid. EGID prefers a monthly payment cycle. Currently, benefits are paid on or before the 15th of the month.

### Each month, the TPA shall issue and provide via mail or electronically at its own expense an EOB acceptable to EGID that accurately reflects any offsets deducted and explains EGID’s plan of benefits. The TPA shall reproduce EOBs upon request.

### The TPA shall obtain IMEs or FCEs to document the presence of disability or lack thereof as needed for determining eligibility for benefits. These Independent Medical Examinations and/or Functional Capacity Examinations require pre-approval by EGID, and such services are paid for on a pass-through basis by EGID.

### The TPA shall perform reviews (evaluation and in-depth assessment) on new disability claims for eligibility and determine cost effectiveness (of rehab program compared to claimant’s length and amount of disability benefits) for referring claimants to a vocational rehabilitation program with job placement assistance upon approval of EGID. The TPA shall perform an initial rehabilitation review for all eligible recipients of the disability program by the sixth (6th) month of disability. The TPA shall re-evaluate claimants as necessary and at regular intervals as appropriate. EGID requires pre-approval for vocational rehabilitation services and such services are paid for as a pass-through by EGID.

### The TPA shall actively pursue Social Security benefits on behalf of all long-term claimants no later than the seventh (7th) month of disability. The TPA may utilize a subcontractor for assisting claimants in obtaining social security disability benefits. Expenses for SSDI assistance services are reimbursed as pass-through. The TPA shall not upcharge EGID for the SSDI Assistance fees and will provide any applicable subcontract agreements as part of this bid. As an alternative, employees have the option to file for SSDI on their own / hire an attorney at their own expense.

### The TPA shall conduct systematic monthly checks/searches from the WCC, to verify if any benefits were awarded to any claimants/members. The TPA may send letters with medical releases to the WCC and the WCC typically responds accordingly. If a response is not received by the WCC, the TPA visits the WCC in person to obtain the information.

### The TPA shall conduct systematic monthly checks with the Retirement Systems to verify if benefits have been awarded to the member. Monthly reports are available from the Retirement system.

### The TPA shall conduct investigative services with prior approval by and at the expense of EGID (via pass-through payment), for appropriate claimants when needed to document the validity of a claim. Historically this service is rarely utilized/needed.

### The TPA shall monitor disability recipients by conducting personal home visits by a licensed nurse, as needed to determine the presence or lack of continued disability. Reassessment will be at regular intervals or as agreed upon by EGID.

### The TPA shall have access to a medical doctor who is Board-certified for consulting purposes. The TPA’s medical consultant shall review questionable claims and provide recommendations in accordance with EGID’s guidelines; review and provide recommendations for appeals, contested cases and litigation; and confer with EGID. All final decisions shall be made by EGID.

### The TPA shall monitor short-term and long-term disability claims by obtaining monthly APRs with the members’ health care providers to verify continued disability. Monthly APRs are required unless EGID agrees in writing to a different interval.

### The TPA shall request in writing any required information needed for claims administration. All members shall be notified of all requested information from the provider. The TPA shall send a second request for any outstanding information within thirty (30) calendar days from the original request. If the requested information is not received the TPA shall close the claim within sixty (60) calendar days. The member shall be notified of the closed claim. The TPA shall review any request from the provider, member, or EGID regarding a claim that was denied in part or in whole. Written correspondence shall be sent to the member and/or provider within ten (10) calendar days from the request, explaining the disposition of this review.

### For disabled members who remain active employees, the TPA shall contact the member’s employer monthly to obtain the member’s employment/leave usage and status. Typically, when an employee initially files for short-term disability, they are not terminated from their employment and are placed on sick, annual or shared leave for a period of time. Each case is unique.

### The TPA shall require a signed W-4 from the member, which shall be utilized to calculate the appropriate federal, state and FICA tax withholdings. The TPA will withhold taxes as appropriate and prepare check or EFT payments for remittance of withholdings to the appropriate taxing authorities. The TPA shall adjust withheld amounts, as necessary, due to member reimbursements from overpayments, to comply with Internal Revenue Service regulations.

### The TPA shall comply with requirements for sick pay as defined by EGID in accordance with the Department of the Treasury Internal Revenue Service Circular E, Employer’s Tax Guide.

### The TPA shall have a case management system and staff that assists in managing the disability recipients.

### The TPA shall notify and advise claimants as appropriate to other benefit programs available to the disabled member, such as: Social Security, Workers’ Compensation, Retirement and the Department of Rehabilitation Services.

### The TPA shall notify EGID of all changes of addresses indicated on forms and/or correspondence from plan participants.

### **Overpayment recovery.** The TPA shall be responsible for all activities associated with the recovery of overpayments resulting from other benefits that are recognized offsets to the plan. All cash repayments of retroactive awards shall be made payable to EGID. **The TPA shall be responsible for overpayments made that are a direct result of the TPA’s error.** EGID shall deduct from the TPA’s monthly administrative fee any outstanding overpayment as a direct result of the TPA’s error not collected within six (6) months of identification of the error. The TPA shall post all incoming checks, money orders, offsets or other payments on a daily basis. The TPA shall endorse checks and money orders with the appropriate stamp and deliver them to EGID on a daily basis.

### The TPA shall notify EGID of all unresolved payment errors to members within thirty (30) calendar days after the first identification of any such errors.

### When a payment is for more than the correct amount, the TPA will, within fourteen (14) calendar days of discovery of the payment error, generate a letter asking for reimbursement of the overpayment as agreed to in the required Reimbursement Agreement. Benefits shall be reduced to recover any outstanding overpayment until the overpayment is reimbursed. If no benefits are available to the member and the member does not reimburse the overpayment, a second letter must be automatically sent in thirty (30) days. Collection efforts will continue as directed by EGID. EGID’s current method of recouping overpayments is through tax warrant intercepts via the Oklahoma Tax Commission or through HealthChoice Life Insurance proceeds.

### The TPA shall set up and timely maintain at all times an account receivable system that shall track all member payment errors, the amount of the error, the date of identification of the error, amounts withheld against the amounts due to the members and any other information requested by EGID.

### If it has been determined that any payment has been made to a member that is less than the correct amount, the TPA shall, in the next payment cycle, make appropriate adjustments and initiate correct payment. All adjustments must balance the financial record of the plan with that of the claims history file. Under Oklahoma statute, this program has the right to intercept Oklahoma State tax refunds in order to recover overpayments. The TPA shall assist EGID in intercepting such tax refunds and will provide the necessary information in a format acceptable to the Oklahoma Tax Commission.

### The TPA agrees that the benefit determination shall be at the sole discretion of EGID and that no additional charges will be assessed to EGID for administrative services because of changes in the disability plan benefits.

### The TPA shall be responsible for all costs related to claims investigation, travel expenses, and appeal / approval processes. External surveillance for extraordinary claims has been historically very rare and requires pre-approval by EGID. If approved, the services are paid as a pass-through by EGID.

### **Eligibility Data.** The TPA must demonstrate the ability to interface effectively electronically and operationally with EGID’s eligibility system. The TPA shall receive the eligibility data in the file formats provided in Exhibit 4 Disability Export. If modifications are necessary to EGID’s current export process, the TPA shall load and test files in a mutually agreed upon process that meets EGID’s requirements. The transfer of eligibility data shall include all ACTIVE members as of the date of the export. ACTIVE is defined as Members whose Enrollment Termination date is greater than the “As of Date” or blank. The TPA must receive and process an initial eligibility load and provide a timely and detailed error reporting in an electronic batch form to EGID. Going forward, the TPA has two options: 1) EGID will send weekly eligibility exports and the TPA will process and maintain an accurate representation of EGID member data on its system providing timely and detailed error reporting in an electronic batch form to EGID for each export received; or 2) The TPA may utilize EGID’s Web Eligibility Application as an alternative to the weekly exports. The Web Eligibility Application system allows users to view real-time eligibility, address and benefit information for all members covered under the EGID Disability Plan.

### **Eligibility Errors.** If the TPA chooses to receive weekly eligibility exports, the TPA must provide EGID an electronic report that identifies detailed eligibility information of records that have errors and the reason(s) for any rejections if the TPA does not manually resolve the rejections.

## Customer Service

### **Call Center.** The TPA shall maintain a toll-free Customer Service Call center. Toll-free numbers shall be provided for EGID. Customer service representatives shall staff the TPA’s call center at a minimum, from 8:00 A.M. to 5:00 P.M. Central Time Zone Monday through Friday with the exception of State of Oklahoma holidays. A list of current State of Oklahoma holidays can be found at: https://oklahoma.gov/omes/pages/2021-official-state-holidays.html. The TPA shall adequately staff for any holidays it observes that are not legal holidays of the State of Oklahoma.

### **Training.** The TPA shall provide training to and monitor the performance of staff.

### **Special Services.** The TPA shall provide service to non-English speaking, hearing impaired and visually impaired members.

### **Member Communication.** EGID requires review and approval of all printed materials sent to plan participants. The TPA shall direct member inquiries about plans offered to EGID’s website.

## Specific Data Requirements

### **Encryption.** The TPA shall use PGP as its standard encryption application and encrypted files shall be sent over SFTP. EGID policy dictates that all files at rest must be encrypted. Email communications shall be sent over TLS connections.

### **Disaster Recovery**. The TPA shall have a disaster recovery plan. The TPA shall have policies and procedures in place to control, limit or prevent the transportation and storage of client data on laptop computers, compact disks, flash memory devices or any other portable member device.

#### **Down Time.** The TPA shall inform EGID immediately via email upon notification of down time for any systems that are utilized and affect EGID business. The TPA shall inform EGID prior to scheduled system downtime by the TPA for maintenance.

#### **Disposal of Media.** The TPA shall comply with the State of Oklahoma’s policy for disposal of storage media by specific destruction methods (Section 6 of Attachment D).

## Quality Assurance

### **Internal Quality Assurance.** The TPA shall determine that its internal controls and its systems adjudication processes are sufficient to achieve quality results. Individuals that possess significant experience and expertise in claims auditing shall staff the internal quality assurance program and shall be independent of the utilization management, claims processing and customer service functions.

#### TPA shall conduct audits for financial, documentation and statistical accuracy.

### **Outside Auditors**. EGID contracts with an independent audit firm to conduct an annual audit of the financial statements of EGID. To facilitate these audits, the TPA shall promptly provide detail or summary claims data and requested supporting documentation. The TPA shall allow reasonable access to the TPA’s personnel. The results of the audit findings may require the TPA’s quality assurance program to review additional claims. The TPA shall respond in writing within fifteen (15) calendar days of receipt of the audit data requests providing complete details as specified.

## General Administration

### Payments to Providers/Members

Pursuant to 62 O.S. 2010, Section 34.64 H, all payments disbursed from the State Treasury shall be conveyed solely through an electronic payment mechanism. It is preferred that the TPA issue EFT, warrants or drafts as reimbursement drawn upon a designated account of EGID. All payments shall be drawn pursuant to the requirements of the State Treasurer of Oklahoma. These payments are payable through the Federal Reserve System. EFT issue records are to be dated three (3) banking days in advance of issue according to the valid payment day calendar from State Treasury.

### Reporting of Payments

The TPA shall electronically transfer files the same day checks are released for EGID as follows:

#### Check Register in excel that lists paid claims with check numbers with a grand total.

#### Issue File for the State Treasurer – Refer to Exhibit 2.

### Withholding of Tax Forms 941, W-2 and 1099

#### These tax forms are due on a quarterly and annual basis. Form 941 is filed on a quarterly basis. Forms W-2 and 1099 are completed and mailed on an annual basis. Electronic reporting files for W-2 and 1099 forms are required by the State of Oklahoma Tax Commission (OTC), the Social Security Administration (SSA) and the Internal Revenue Service (IRS). All forms and files are required to be mailed and filed on a timely basis as per OTC, SSA and IRS guidelines.

#### The TPA must produce this file timely and successfully submit to the SSA. TPA will correct any errors found initially or subsequently in this file. A copy of the file is to be provided to EGID for review. Refer to Attachment C Section U for instructions and specifications for the SSA W-2 file and the filing requirements.

#### The TPA will be responsible for accurate and timely production of initial, corrected or replacement W-2 and 1099 forms for claimants and beneficiaries of deceased claimants. TPA will provide EGID a copy of the data/file used to produce forms W-2 and 1099 in an Excel format for review. TPA will prepare and file quarterly Form 941. TPA will provide a copy of Form 941 for EGID review with supporting detail of each line item. TPA will prepare and file necessary reports or electronic files for reporting of 1099 information to the IRS and/or State of Oklahoma Tax Commission as required by law. TPA will provide copies of 1099 reports and files to EGID for review.

#### State employees are not subject to FUTA tax. The TPA will be responsible for producing and mailing any paper checks. Funding of all payments is the responsibility of EGID.

### Attendance at Meetings

The TPA may be asked to provide representation at periodic meetings or functions as requested by EGID. This may include quarterly Board meetings, Special meetings and Committee meetings at EGID. The Board meeting dates are set a year in advance. The meeting dates and current agendas are posted to the EGID website at: www.omes.ok.gov (Click Services and select Employees Group Insurance Division. Select About Employees Group Insurance Division and then select Oklahoma Employees Insurance and Benefits Board). Special meeting requests shall be provided in writing to the TPA at least one week prior to the meeting date. There have been no requests for the TPA to attend any meeting in person for over five years and no future requests are anticipated at this time. However, if such a request is made, travel will not be compensated by EGID.

* + 1. Appeals and Litigation
       1. At the request of EGID, the TPA shall attend in person all required, scheduled Grievance Hearings. The TPA is responsible for all costs incurred for travel related to Hearings.
       2. The TPA shall provide all research, documentation and witnesses requested by EGID for grievance hearings and litigation arising from disability claims.

### Workflow and Web Eligibility Applications

EGID’s Workflow application allows EGID and the TPA to track members’ issues from identification through resolution. The TPA will also utilize EGID’s Web Eligibility Application to resolve member eligibility issues. EGID’s Web Eligibility application allows the TPA to view members’ real time eligibility to ensure eligibility is accurate and up to date in TPA’s system. There is no software purchase required by the TPA for this process. Both applications are accessible remotely using a Microsoft Internet Explorer compatible browser and a connection to the Internet. Suppliers must log in to both applications every sixty (60) days.

### Technical Contact

The TPA shall provide a dedicated primary and secondary contact for EGID. The technical contact must be reasonably available to assist with any modifications necessary to EGID’s import and export process at any time during the life of the contract.

### Major Conversion

The TPA shall not undertake a major conversion for, or related to, the system used to deliver services to EGID without specific written notice to and approval from EGID no less than six (6) months prior to use in production. Notice of minor program changes, fixes, modifications and enhancements that may impact EGID must be provided to EGID no less than thirty (30) days prior to use in production and only upon EGID approval.

### Significant Event

The TPA shall notify EGID, unless prohibited by securities law, of any current or prospective “significant event” on an ongoing basis. As used in this provision, a “significant event” is any occurrence or anticipated occurrence which might reasonably be expected to have a material effect upon the TPA’s ability to meet its obligations including, but not limited to, any of the following:

#### Disposal of major assets.

#### Any major computer software conversion, enhancement or modification to the operating systems, security systems, and application software, used in the performance of this contract.

#### Termination or modification of any contract or subcontract if such termination or modification may have a material effect on the TPA’s obligations under this contract.

#### The TPA’s insolvency or the imposition of, or notice of the intent to impose, a receivership, conservatorship or special regulatory monitoring or any bankruptcy proceedings, voluntary or involuntary, or reorganization proceedings.

#### The withdrawal of, or notice of the intent to withdraw, any license required under state or federal law.

#### Default on a loan or other financial obligations.

#### Impairment of the security offered as a performance guarantee.

#### Strikes, slow-downs or substantial impairment of the TPA’s facilities or of other facilities used by the TPA in the performance of this contract.

#### Changes in background information about the TPA or its subcontractor(s).

#### Reduction or changes in key personnel and any fluctuation of claims examiners, customer service representatives or claims adjusters.

#### Known or anticipated merger or acquisition.

#### Known, planned or anticipated stock sales.

#### Any reorganization.

#### Any litigation filed by a member against the TPA.

#### Any sale or corporate merger.

#### Any name changes.

### Account Representatives

### A strong, positive and professional working relationship is critical to the success of this contract and disability TPA services provided. If there are any issues or concerns, EGID may request a new TPA account representative and/or contact within the organization. The TPA will then be required to thoroughly review such a request and find an acceptable solution to EGID.

## Implementation

### Business Plan

Within thirty (30) days of the award of this contract, the TPA shall provide separate and detailed business plans containing time-commitments for each objective and task, specific to EGID’s current status. The business plan shall include identification of all steps that the TPA considers necessary to commence claims administration at a date agreed upon between EGID and the awarded TPA. The business plan shall include, but is not limited to:

#### Transfer of all open and active disability claimants

#### Eligibility

#### Ongoing training for all areas to include EGID

#### Coordinating with EGID and other contractors for requirements of this RFP

#### Establishing communications and satisfactory interface with EGID and its other contractors

#### Providing all hardware, software and telecommunications equipment required to administer claims

#### Expanding the TPA business where necessary to administer the contract

#### Initial and ongoing training of benefits to all TPA staff.

### Implementation Manager

An Implementation Manager in the TPA organization will be assigned the responsibility for assuring the timeliness and success of any EGID implementation/conversion.

## Reporting Requirements

### The statistical information contained in Exhibits and throughout this document is believed to be accurate for the date specified but is not intended as, and must not be considered, an express or implied warranty by EGID.

#### The TPA shall deliver all reports listed below via SFTP and in the format, frequency, and timeframe in Exhibit 6 Disability TPA Required Reporting List. Exhibit 7 Disability Report Samples is provided as a sample of the reporting criteria.

##### Pending claims

##### JCH Claims history

##### YTD JCH Claims history

##### CVA – Claim Void Audit Trail

##### Management Memo / Report

##### Social Security Assistance Report

##### Closed Claims Report

##### Board Report

##### Customs Disability Payroll (disbensum)

##### Overpayment / Retroactivity Payment Recovery

##### Customer Service (Telephone Performance Report)

##### TPA Invoices

##### Overpayment / Retroactivity Payment Recovery

##### CJ Check Register

##### JDP

##### Manual CJ (aka Manual Check Register)

##### Insurance Premium

##### EBD Insurance Premium

##### Social Security Assistance Invoice

##### Executive Summary, Financial Documentation Accuracy, Rehab & Home Visit Summaries, STD Benefit Paid, Packets Requested & Completed

##### SSD Approved Medicare List

##### SSD Pending List

##### LTD-SS Chart

##### Post Payment Audits

##### Financial Documentation Accuracy Report

##### Cost Savings Report

##### Annual W-2 File

##### Annual SSA File

##### Tax Warrant Report

#### The TPA shall develop ad hoc reports as needed by EGID. Once an ad hoc report is developed and implemented, it shall be categorized as a standard report and performance standards shall apply.