



North Dakota
Public Employees Retirement System
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REQUEST FOR PROPOSAL

FOR

North Dakota Public Employees Retirement System

Uniform Group Insurance

January 2004

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- | | | |
|------------------------------------|----------------------------------|-----------------------------------|
| • FlexComp Program | • Retirement Programs | • Retiree Health Insurance Credit |
| • Employee Health & Life Insurance | - Public Employees | • Deferred Compensation Program |
| • Dental/Vision Program | - Highway Patrol | • Long Term Care Program |
| | - National Guard/Law Enforcement | |
| | - Judges | |
| | - Prior Service | |
| | - Job Services | |

REQUEST FOR PROPOSAL

SECTION I – INTRODUCTION

This Request for Proposal (RFP) is issued for actuarial and consulting assistance for a twenty-seven month period (April 1, 2004 through June 30, 2006). In addition, the Board intends that the successful bidder will have the opportunity to renew its contract for two subsequent two-year periods if an acceptable agreement can be reached between the contractor and the Board.

The Board is seeking two fixed fee bids from each firm responding to this RFP. The first fixed fee bid relates to the health insurance plan. Every six years PERS issues a Request for Proposal soliciting responses to provide services on a fully insured basis and on a self insured basis from interested vendors. The next RFP will be issued this summer.

The second fixed fee bid relates to the group life insurance plan which is also bid every six years. The RFP for this product will be issued this fall.

The Board is also seeking assistance for the following services on a fee for services basis: 1) general technical and consulting services relating to operations of the uniform group insurance program; 2) technical and actuarial evaluations of proposed legislation; and 3) review of the proposed premium renewal for the dental plan.

Following is a sequence of major activities.

April 1, 2004 Begin work on Health RFP. Proposed legislation relating to the health plan is referred to consultant to do a technical and actuarial review with a report prepared for the Legislative Employee Benefits Committee by July of 2004. The consultant and PERS will meet at the PERS office to discuss the upcoming work schedule.

April 26, 2004 Submit health RFP to PERS staff

May 19, 2004 Submit health RFP to PERS Board for approval. Consultant should be available either by teleconference or video conference to review and answer questions for the Board

June 1, 2004 Issue health RFP. Began work on Life RFP

July 15, 2004 Health proposals due.

August 12, 2004 Submit to PERS staff draft analysis of proposals and recommendations.

August 26, 2004 Review health proposal analysis and recommendations with PERS Board. Also review Life RFP with PERS Board. The consultant should plan to attend this meeting. NDPERS Board selects health carrier.

September, 2004 Issue life RFP. Meet with PERS to follow-up on any issues relating to health RFP from the August meeting and conduct interviews if necessary. PERS selects health insurance carrier. Submit final cost numbers to the Office of Management and Budget.

November, 2004 Life proposals due.

December, 2004 Review analysis of life bids and recommendations with PERS board. The consultant should be available either by teleconference or video conference.

January, 2005 North Dakota Legislative session begins. Follow-up with PERS Board on any issues from the December meeting, conduct interviews if necessary. PERS Board selects life carrier .

SECTION II - BACKGROUND

A. The Agency:

The North Dakota Public Employees Retirement System is responsible for the administration of the State's retirement, health, life, dental, deferred compensation, flex comp, retiree health insurance credit, long term care and EAP programs. This proposal is for assistance in the health, life and dental program areas.

PERS is managed by a Board comprised of seven members:

- 1-Chairman appointed by the Governor
- 1-Member appointed by the Attorney General
- 1-Member elected by retirees
- 3-Members elected by active employees
- 1-State Health Officer

PERS is a separate agency created under North Dakota state statute and, while subject to state budgetary controls and procedures as are all state agencies, is not a state agency subject to direct executive control.

B. Group Health, Life, Dental and Insurance:

1. Group Health:

The Uniform Group Health Insurance Plan is a fully insured plan with BCBSND. All state employees are eligible to be covered under the plan, including the professional staff at colleges and universities. Political subdivisions may participate in the health plan at their option. Estimated premiums for this biennium (2003-2005) will be approximately \$231,000,000, and the number of contracts under the plan is estimated to be 23,000.

2. Group Life:

The Uniform Group Life Insurance Plan is a fully insured plan underwritten by ING/ReliaStar, out of Minneapolis, MN. All state employees are covered under the plan, including the professional staff at colleges and universities. Political subdivisions may participate in the life plan at their option. Premiums collected for the past fiscal year totaled approximately \$2,500,000.

The Uniform Group Health and Life Insurance programs are under chapter 54-52.1 of the North Dakota Century Code (NDCC).

3. Dental:

The Uniform Group Dental Plan is fully insured by ING/ReliaStar. As of June 30, 2003 there were 2,464 active contracts and 1,050 retired contracts. All premiums are paid by the employee. Premiums collected for the past fiscal year were approximately \$1,926,228.

SECTION III. SCOPE OF SERVICES

This Section outlines the scope of services.

A. Consulting Services:

The consultant will be required to assist in the following areas relating to consulting services on a fee-for-service basis. Prior to initiating any efforts under this area, work must be authorized by the Executive Director on a not-to-exceed basis. Any work efforts the consultant completes or initiates that have not been authorized will not be reimbursed.

1. General Consulting Services. The consultant will be expected to serve on an ongoing basis in an advisory and review capacity to the PERS Board, Executive Director and PERS staff. In this capacity, the consultant will be expected to attend meetings and present findings and recommendations as required. The PERS Board meets on a monthly basis.

The consultant must be able to provide the following:

- The actuarial and administrative implications of particular interpretations of the health, life and dental insurance statutes and administrative rules.
- The effect of existing and proposed state and federal laws that affect, or may affect, the health, life and dental insurance programs at PERS.
- General assistance to PERS, as requested, regarding the ongoing administration of the group health, life and dental programs, including the review of premiums and the development of procedures and forms.

- Technical assistance relating to COBRA administration.
- Technical assistance relating to plan design, PBM's, disease management programs; wellness programs, provider negotiations and plan documents.
- Legal Assistance

2. Dental Renewal Efforts: The consultant will be required to review the proposed renewal rate for the group dental plan for each year. The proposed renewal rate will be provided by the carrier in August of each year. The consultant shall provide in writing their conclusion and recommendation to the PERS Board at its September board meeting.

B. Bid Solicitation and Evaluation for the Health, and Life Programs:

The consultant will be expected to take a lead role in developing and issuing RFPs, and analyzing any proposals for the group health and life insurance program.

Two fixed fee bids are requested:

- < The first is for bid solicitation and evaluation for the health program.
- < The second is for bid solicitation and evaluation for the life programs.

This is a major and significant task for PERS as the proper placement of these programs is critical. If PERS decides to carve-out a portion of its health benefits, it may be necessary to modify the approach anticipated here. If such change is necessary, PERS will renegotiate the terms of the RFP with the successful consultant.

The consultant must provide the following for the health and life programs:

1. Sections 54-52.1-04 and 54-52.1-04.2 NDCC requires that the PERS Board solicit bids for the group health and life insurance programs. The consultant must prepare draft bid proposals for both programs pursuant to the schedule outlined previously. The consultant will be also be responsible for developing a list of firms to be solicited. This list will be supplemented by requests PERS has received and those additional requests that come in as a result of a notice appearing in local newspapers in North Dakota. Since both a continuation of a fully insured arrangement and a self-insured arrangement are to be considered for the health plan, the bid proposal for this area will need to solicit sufficient information in order for the Board to make a proper decision.
2. The Board and staff will review the health and life draft RFP's pursuant to the schedule outlined previously.
3. The consultant shall review all bids within the timeframes previously outlined for the health and life plans. The analysis shall include the following:
 - Confirm that all bidders meet the minimum requirements and eliminate any non-qualified bidders.
 - Evaluate the financial implications of each bid (quantitative factors). For the health plan this would include a premium projection by the consultant for the 2005 to 2007 biennium that would be used to evaluate the reasonableness of the proposals.
 - Section 54-52.1-04 of NDCC requires the Board to give consideration to the following:

- i. The economy to be effected
- ii. The ease of administration
- iii. The adequacy of the coverages
- iv. The financial position of the carrier, with special emphasis as to its solvency
- v. The reputation of the carrier and such other information as is available tending to show past experience with the carrier in matters of claim settlement, underwriting and services.

The consultant shall prepare findings relating to each of these areas for each bid.

- Review the technical aspects of each proposal (qualitative factors).
 - Review the health proposal in terms of self-insured versus fully insured and prepare an analysis of the cost of each method. The consultant shall prepare a recommendation to the board as to which method and proposal, or combination of proposals, represents the best value to the State of North Dakota, including a breakeven analysis.
 - Present findings to the Board for the health and life plans pursuant to the schedule previously outlined.
4. The consultant shall assist in developing contracts with the successful bidder.

C. Proposed Legislation:

The consultant will be required to assist in the following areas relating to proposed legislation on a fee-for-service basis. Prior to initiating any efforts under this area, work must be authorized by the Executive Director on a not-to-exceed basis. Any work efforts the consultant completes or initiates that have not been authorized will not be reimbursed.

The efforts under this task area include:

- Give consultation on, and perform certain work in, pricing proposed legislation or plan benefit modifications.
- Assist in the preparation and review of proposed changes to the governing laws.
- Pricing or general review work on legislation or plan benefit modifications shall specifically address each issue and give the basis for each finding. The consultant shall furnish its review in writing and, for pricing efforts, show the assumptions, pricing base, actuarial implications on total program, cost and alternatives, if appropriate.

SECTION IV - INFORMATION REQUESTS

The proposal must contain in a separate section your organization's response to the following requested information. Please respond by restating the request, with the response following.

A. General Background:

1. Provide a brief description of the size, structure and services provided by your organization.
2. Provide your understanding of the services PERS is requesting.
3. Describe your organization's approach to actuarial consulting for medical, dental and life insurance programs.
4. Indicate your organization's depth of experience in each of the following areas:
 - < Benefit Design (health, life and dental)
 - < Retiree Health Insurance
 - < Preparation of Plan Documents
 - < Preparation of Member Booklets
 - < Provider Contract Negotiations
 - < PPO Formulation and Development
 - < Actuarial Analysis and Reporting
 - < Preparation of Contracts, Bid Specifications and RFPs
 - < COBRA Administration and Interpretation
 - < Legal Issues
 - < Disease Management Programs
 - < Wellness Programs
 - < RX Carve out Programs
 - < Legal Assistance

5. Detail your understanding of the renewal work effort and the timeframes for its accomplishment.
6. Provide a listing of public and private sector clients for whom your organization provides group medical, life and dental insurance program consulting and actuarial services. References should identify the appropriate contact person(s), addresses and telephone numbers. Specifically discuss your responsibilities in similar projects with other public or private clients. Discuss your understanding of the difference between a public bid process versus a private bid process.
7. Describe the method used by your firm to project expected claims. Also, provide specific details of how your firm decides the appropriate medical trend; what factors are considered; (i.e., historical claims trends, cost shifting, leveraging, intensity, etc.) and how these factors are weighted or allocated in the final decision. Please discuss how this relates to the PERS renewal.
8. To what extent does your organization provide timely information and insight into current or pending federal legislation, and other national events or trends?
9. Describe your organization's experience and availability regarding legislative hearings and testimony.
10. Explain how your organization develops premium rates for health insurance plans.
11. What new cost containment programs does your organization foresee being implemented in the next 2-3 years?
12. Provide the resumes of key personnel in your firm who will be providing the services. Also specifically identify their assignment as it relates to the efforts requested in the RFP.
13. Provide a flow chart depicting major work efforts and timeframes for beginning and completing tasks.

SECTION V - FEES/HOURS

Your proposal for fees for the consulting and actuarial services requested must be made on a fixed-fee basis for those services discussed in Section III.B. All services discussed in Sections III.A & C are to be provided on a fee for service basis. Expenses for travel, lodging, meals and other out-of-pocket expenses will be paid on an incurred basis if the Executive Director of PERS has given prior approval for each individual to incur such expenses. PERS is under no obligation to reimburse the consultant if no approval was given.

List the rates per hour for services, based upon the various job classifications assigned for the proposed legislation. Please identify and discuss which classifications will be primarily used to provide services under the fee for services requirements.

The PERS Board will make payments for services on a quarterly basis.

THE COST PROPOSAL SHALL BE UNDER SEPARATE COVER AND NOT PART OF THE RESPONSES TO THE OTHER INFORMATION REQUESTS.

COST PROPOSAL

FIXED FEE #1:
(Health Bid solicitation and evaluation)

FIXED FEE #2:
(Life bid solicitation and evaluation)

HOURLY RATE:

Classifications:

Rate:

SECTION VI - SUBMISSION OF PROPOSAL

- A. Proposals should be prepared in a straightforward manner to satisfy the requirements of this RFP. Emphasis should be on completeness and clarity of content. Costs for developing proposals are entirely the responsibility of the proposer and shall not be chargeable to PERS.
- B. Section VII - Offer, must be signed by a partner or principal of the firm and included with your proposal.
- C. Address or deliver the RFP to:

Mr. Sparb Collins
Executive Director
North Dakota Public Employees Retirement System
400 E. Broadway, Suite 505
PO Box 1657
Bismarck, ND 58501
(701) 328-3900

Questions concerning the RFP shall be directed, in writing, to the above individual by January 29th, 2004. Responses will be posted on the PERS web site (www.state.nd.us/ndpers) by February 6th 2004 under "Request for Proposals". If you would like a copy emailed to you please notify us at dcurfman@state.nd.us.

- D. Ten (10) copies of the proposal must be received at the above listed location by **5:00 p.m. on February 23, 2000**. The package the proposal is delivered in must be plainly marked "PROPOSAL TO PROVIDE CONSULTING AND ACTUARIAL SERVICES".

A proposal shall be considered late and will be rejected if received at any time after the exact time specified for return of proposals.

- E. The policy of the PERS Board is to solicit proposals with a bona fide intent to award a contract. This policy will not affect the right of the PERS or TFFR Boards to reject any or all proposals.

- F. The PERS Board may request that representatives of your organization appear before them for interviewing purposes. Travel expenses and related costs will be the responsibility of the organization being interviewed.

- G. The PERS Board will award the contract for services no later than April 1, 2004.

- H. In evaluating the proposals, price will not be the sole factor. The Board may consider any factors it deems necessary and proper, including but not limited to, price; quality of service; response to this request; experience; staffing and general reputation.

- I. The failure to meet all procurement policy requirements shall not automatically invalidate a proposal or procurement. The final decision rests with the Board.

- J. The consultant must sign and submit the offer in Section VII, which will constitute the contract between PERS and the consultant if your proposal is accepted.

SECTION VII - OFFER

AGREEMENT FOR SERVICES

This proposal is our, the Consultant's, offer to provide services to the North Dakota Public Employees Retirement System (PERS), the client. If PERS accepts this offer by signing, the RFP requirements, this offer, and the proposal shall constitute the consulting services agreement.

In addition, we the Consultant, and PERS, agree to the following:

- 1) **SCOPE OF SERVICES:** We agree to provide the accepted services as specified in the proposal and the RFP. The terms and conditions of the RFP are hereby incorporated as part of the contract.
- 2) **TERM:** This agreement shall commence on April 1, 2004 and end on June 30, 2006.
- 3) **FEES:** PERS shall pay all reasonable charges billed by the Consultant for work performed and PERS shall pay such invoice amount within sixty (60) days following receipt of invoice.
- 4) **BILLING:** Consultant shall bill PERS quarterly for the work performed and PERS shall pay such invoice amount within sixty (60) days following receipt of invoice.
- 5) **TERMINATION:** Either party may terminate this agreement with respect to tasks yet to be performed with thirty (30) days written notice mailed to the other party. PERS shall pay Consultant for all approved work performed and expenses incurred to date of termination.

- 6) **EMPLOYMENT STATUS:** The Consultant acknowledges that any services performed in connection with the Consultant's duties and obligations, as created and provided for in this agreement, are performed in the capacity of an independent contractor. At no time during the performing of services, as required by this contract, will the Consultant be considered an employee of the State of North Dakota.

- 7) **SUBCONTRACTS:** Consultant shall not enter into any subcontracts for any of the work or services to be performed under this agreement without obtaining prior written approval from PERS.

- 8) **ACCESS TO RECORDS:** The Public Employees Retirement Board, Office of the Attorney General of the State of North Dakota, and their duly authorized representatives shall have access to the books, documents, papers, and records of the Consultant that are directly pertinent to the specific duties and obligations to be performed pursuant to this agreement for the purpose of making audit, examination, excerpts, and transcripts. All confidential information provided to the Consultant must be held in confidence and may not be released to the public or used for any other purpose except as provided in the agreement (see NDCC 54-52.3-05).

- 9) **OWNERSHIP OF WORK PRODUCT:** All work products of the Consultant, including but not limited to, documents, drawings, estimates and actuarial calculations, which are provided to PERS under this agreement are the exclusive property of PERS.

- 10) **APPLICABLE LAW:** This agreement shall be governed by and construed in accordance with the laws of the State of North Dakota.

- 11) **MERGER CLAUSE:** This agreement constitutes the entire Agreement between the parties. No waiver, consent, modification or change of terms of this Agreement shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instances and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this agreement.
- 12) **INDEMNITY:** Consultant shall comply with all applicable federal, state and local laws, rules and ordinances at all times in the performance of this agreement, and conduct its activities so as not to endanger any person or property. Consultant agrees to indemnify and save and hold harmless PERS, its officers and employees from any and all claims of any nature, including claims of employees or agents of Consultant, resulting from or arising out of, the activities of the Consultant or its agents, officers or employees under this agreement.

IN WITNESS WHEREOF, the Consultant and PERS have executed this agreement as of the date first written above.

**NORTH DAKOTA
PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

CONSULTANT

(Name of Firm)

By: _____

By: _____

WITNESS:

WITNESS:
