

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS
GOVERNMENT EMPLOYEES' SERVICE COMMISSION
HEALTH INSURANCE BOARD OF TRUSTEES

RFP #01-2011

REQUEST FOR PROPOSAL

INSURANCE AND ADMINISTRATIVE SERVICES FOR:

- ***LIFE AND AD&D***
- ***MEDICAL BENEFITS & DISEASE MANAGEMENT***
- ***PRESCRIPTION DRUGS***
- ***DENTAL***
- ***EMPLOYEE ASSISTANCE PLAN***
- ***VISION CARE***
- ***LONG TERM DISABILITY***

PREPARED BY:

GESC/HEALTH INSURANCE BOARD OF TRUSTEES

AND

BUCK CONSULTANTS, LLC

FEBRUARY 25, 2011



**GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES
GESC/HEALTH INSURANCE
BOARD OF TRUSTEES
GERS Complex, 3rd Floor
3438 Kronprindsens Gade
St. Thomas, Virgin Islands 00802**

February 25, 2011

To Whom It May Concern:

The United States Virgin Islands Insurance Laws and Related Laws have established the Government Employees Service Commission (GESC) and the Health Insurance Board of Trustees ("Board") as the sole body overseeing the operation of the government employees' health and other benefit plans. Under Related Laws, Title 3 Chapter 25, Section 631 to 639 of the Virgin Islands Code, the Board has the sole authority to request competitive bids.

The Board has retained Buck Consultants, LLC as the sole party authorized to prepare and distribute an RFP, respond to any bidders' questions, analyze the bid responses, help select the finalists, evaluate the finalist presentation to the Board, assist in the final selection, and assist in advising the Governor and the Legislature about the contract(s) recommended by the Board. Buck Consultants acts solely in its capacity as consultant and is paid directly by the Board on a fee-for-service basis. With respect to the work it performs for the Board, Buck Consultants does not participate in commissions from any insurance company agent or broker, nor does it accept any income other than client fees and reimbursement of customary expenses.

Questions pertaining to the RFP should be submitted by March 11, 2011, in writing or email and addressed to:

Mr. Stephen K. Burrows
Director, Health & Welfare Consulting
Buck Consultants
One Pennsylvania Plaza, 29th Floor
New York, NY 10119
Tel: (212) 330-1274 Fax: (212) 330-1252
Email: Stephen.Burrows@BuckConsultants.com

Sincerely,

A handwritten signature in blue ink, appearing to read "John Abramson, Jr.", written in a cursive style.

John Abramson, Jr.
Chairperson, GESC/Health Insurance Board of Trustees

pc: Chief, Group Health Insurance
Government of the U.S. Virgin Islands
Division of Personnel
3438 Kronprindsens Gade
GERS Complex, 3rd Floor
St. Thomas, VI 00802

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Section I – General Information

BACKGROUND AND STATUTORY AUTHORITY

Background

Located in the eastern Caribbean, the three principal islands of the Territory of the U.S. Virgin Islands (St. Thomas, St. Croix and St. John) have a combined population of 125,000. The USVI is an organized, unincorporated territory of the United States and lies outside the U.S. customs zone. The islands' overall governmental structure, established by Congress, provides for extensive self-government including the authority to establish a constitution. Policy relations between the Virgin Islands and the US are under the jurisdiction of the Office of Insular Affairs, US Department of the Interior. The legal system is based on U.S. laws and the currency is the U.S. dollar.

USVI residents are United States citizens but do not vote in presidential elections. The USVI has one non-voting delegate to the United States House of Representatives. All federal income taxes are retained locally but the Territory is eligible for and participates in many nationally funded programs (e.g., Medicare and Social Security, etc.)

Statutory Authority

The Virgin Islands Insurance Laws and Related Laws have established the Government Employees Service Commission (GESC) and the Health Insurance Board of Trustees ("Board") to oversee the operation of the government employees' (including actives, retirees and dependents) health and other benefit plans. The Board is responsible for establishing rules and regulations covering group health care, dental, disability and death benefits as well as employee assistance benefits.

By statute, at least once every five years the Board shall invite proposals from all interested parties and qualified insurers desiring to provide insurance coverage or any part of the insurance coverage (Related Laws -- Title 3 Virgin Islands Code- Chapter 25, Section 631 to 639). The Board has the authority to request competitive bids at any interval it deems appropriate within this period. The most recent previous bidding of the plans was in 2006.

Any proposed contract negotiated by the Board, must be sent to the Governor for his review. If the contract is found to be acceptable, the Governor's staff prepares legislation that incorporates the proposed contract of benefits and administrative services. A designated period (of at least thirty (30) days) is provided for the Legislature of the US Virgin Islands to hold hearings and take testimony on the proposed contract.

PURPOSE OF RFP

The purpose of this RFP is to obtain the most competitive price and administrative support for the benefits and the services desired with an effective date of October 1, 2011.

The Board has three primary objectives in its management of the Group Insurance Program.

QUALITY:

The Board's goal, subject to reasonableness in terms of cost, is to furnish to its employees, retirees and their dependents the highest standard of health insurance coverage available.

STABILITY:

The Board's aim is to provide a program that will ensure reliable and comprehensive care for the employees, retirees and their dependents.

COST CONTAINMENT:

The Board's goal is to contain costs through effective plan design, efficient administration, competitive vendor charges, member education, wellness, care management, early diagnosis and treatment.

The Board is also interested in considering alternative plan designs and new benefits as part of this marketing exercise.

RFP TIMETABLE

This RFP Package contains all the necessary information and data to provide a competitive proposal. In order to assist you in responding in a timely fashion, the following timetable has been established.

Task	Completion Date
Release of RFPs	February 25, 2011
Intent to Propose Statement Date	March 11, 2011
Written (or emailed) Questions Deadline	March 11, 2011
Proposals Due	April 1, 2011
Finalist Selection and Notification	April 22, 2011
Finalist Presentations to the Board	April 29-30, 2011
Vendor Selection by Board	May 13, 2011
Program Effective Date	October 1, 2011

ROLE OF CONSULTANT

The United States Virgin Islands Insurance Laws and Related Laws have established the Government Employees Service Commission (GESC) and the Health Insurance Board of Trustees (“Board”) as the sole body overseeing the operation of the government employees’ health and other benefit plans. Under Related Laws, Title 3 Chapter 25, Section 631 to 639 of the Virgin Islands Code, the Board has the sole authority to request competitive bids.

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Buck Consultants acts solely in its capacity as consultant and is paid directly by the Board on a fee-for-service basis. With respect to the work it performs for the Board, Buck Consultants does not participate in commissions from any insurance company agent or broker, nor does it accept any income other than client fees and reimbursement of customary expenses.

Indication of intent to bid and questions pertaining to this RFP must be submitted by March 11, 2011, in writing or email and addressed to:

Mr. Stephen K. Burrows

Director, Health & Productivity Consulting

Buck Consultants

One Pennsylvania Plaza, 29th Floor

New York, NY 10119

Tel: (212) 330-1274

Fax: (212) 330-1252

Email: Stephen.Burrows@BuckConsultants.com

Section II – Summary of the Current Program

SUMMARY OF PROGRAM PARTICIPANTS

The Group Insurance Program offers a plan of benefits with several options to approximately 10,200 fulltime employees and 6,300 retirees. Coverage is also made available to their dependents. Individuals on approved leave of absence can elect to continue their coverages on a contributory basis. This is a non-ERISA program. COBRA coverage is not provided.

The program comprises three major employer entities and several smaller entities. The major entities are the Government of the V.I. itself plus (i) the University of the Virgin Islands (UVI) (with approximately 500 active employees and 20 retirees) and the Virgin Islands Port Authority (VIPA) (with approximately 300 active employees). In addition, USVI-based non-profit organizations are eligible to join the Government employees' health care plan. Two date, 12 such entities have joined the program with a total of approximately 130 active employees. In total there are approximately 33,000 individuals (i.e., employees, retirees and dependents) eligible for benefits under the program.

The majority of the covered participants live and work in the USVI. However, there are, approximately 1,200 subscribers (mostly retirees) and dependents residing in other parts of the United States and approximately 90 living in Puerto Rico (see census data for details).

PARTICIPATION REQUIREMENTS

The following table summarizes the participation requirements under the program:

	Active Ees		Depts of Actives		Retirees		Depts of Retirees	
	Voluntary?	Contrib?	Voluntary?	Contrib?	Voluntary?	Contrib?	Voluntary?	Contrib?
Basic Life	N	N	-	-	N	N	-	-
Basic AD&D	N	N	-	-	Y	Y	-	-
Supplemental Life	Y	Y	-	-	Y	Y	-	-
Supplemental AD&D	Y	Y	-	-	-	-	-	-
Dependent Life	-	-	Y	Y	-	-	Y	Y
Dental	N***	Y	Y	Y	Y	Y	Y	Y
Medical/Rx	N**	Y	Y	Y	Y	Y	Y	Y
EAP	N	N	N	N	N	N	N	N
LTD*	Y	Y	-	-	-	-	-	-
Vision	Y	Y	Y	Y	Y	Y	Y	Y

*New benefit

**Medical coverage is compulsory for Active employees (but not their dependents) unless they furnish proof of other coverage

***Medical and Dental benefits are offered only as a package, although Dependent Medical/RX can be taken without Dependent dental

During the annual open enrollment, participants are allowed to enroll in or make changes to most lines of coverage, with some restrictions. Supplemental Life and AD&D amounts may only be increased by \$5,000 each year without evidence of good health. (There is no evidence of good health required for supplemental life insurance when first eligible.) Dependent Life insurance does not require evidence of good health when first eligible but does during annual enrollments. Active employees and retired employees and their dependents may opt in and out of the Medical/Rx and Dental plans without evidence of good health during the annual open enrollments – although in practice this rarely occurs. Medical and Dental coverage is compulsory for Active employees (but not their dependents) unless they furnish proof of other coverage.

PARTICIPANT CONTRIBUTIONS

Participants pay 35% of the cost of Dental and Medical/Rx/EAP insurance. Basic Life insurance for Actives and Retirees and Basic AD&D for Actives is non-contributory. All other life insurance coverage is fully contributory. The EAP plan is offered as part of the Medical/Rx plan. It is anticipated that an LTD benefit (Actives only) would be fully contributory.

PREMIUMS TAXES

This Group Insurance Program is not subject to USVI premium taxes

ELIGIBILITY PROVISIONS

- **Active Employees:** Full time regular, temporary and provisional employees working a minimum of 40 hours per week
- **Dependents of Active Employees:** Spouses, natural, step or adopted children under age 26.

Waiting period: Applications signed on or before the 6th of the month will be effective the 1st of the following month. Applications signed after the 6th of the month will be effective the 1st of the month following the next month.

Termination: Benefits terminate at the end of the month of severance.

Extensions: *Temporary Layoff* – If active service ends due to layoff, insurance will be continued until the end of the month in which the layoff occurred

Leave of Absence – If active service ends due to approved leave of absence, coverage continues as long as agreed upon premium payments are made

Injury or Sickness – If active service ends due to injury or sickness, insurance does not continue.

Conversion: Applicable to Life and Medical benefits within 30 days

CURRENT INSURANCE CARRIERS

Currently, the medical and prescription drug benefits are underwritten by CIGNA (since October 2001). The funding arrangement is insured and participating. The dental benefits are underwritten by CIGNA (since October 2006), under an insured, non-participating arrangement. The Life and AD&D benefits are underwritten by CIGNA (since October 1, 2009), under an insured and non-participating arrangement. Vision Care benefits are underwritten by United Health Care (since October 1, 2006), under an insured, non-participating arrangement. The EAP has been administered by CIGNA since October 2001.

Prior carriers include QCC Insurance Company (dba "Blue Cross and Blue Shield of the USVI") for the medical and dental; MetLife for the Dental and Life/AD&D; Advance PCS for the Rx; and Aetna for the Life and AD&D.

Long Term Disability benefits are not currently offered but are being considered as part of this marketing.

Estimated annual premiums under the program are currently:

Medical/Rx:	\$123,000,000
Dental:	\$4,700,000
Life/AD&D:	\$3,700,000
Vision:	\$400,000
TOTAL:	\$131,800,000

SUMMARY OF CURRENT PLAN DESIGNS

Summary Plan Descriptions (SPDs) for each plan are included in the Appendix to this RFP. In addition, details are provided for proposed plan design changes and new benefits. Below is a summary of the current plan designs that you are being requested to duplicate.

LIFE AND AD&D PLANS

Description of the Current Benefits

Basic Life Insurance for Active Employees: \$10,000*

**except 1 ½ times basic salary for VIPA employees (max benefit \$100,000)*

Basic AD&D Insurance for Active Employees: \$10,000*

**except 1 ½ times basic salary for VIPA employees (max benefit \$100,000)*

Basic Life Insurance for Retirees: \$5,000

Supplemental Life Insurance for Active Employees:

Choice of Plan A or Plan B

Plan A: 1, 2, 3 or 4 times annual salary to a maximum benefit of \$400,000

Plan B: Flat amount of \$5,000 or \$10,000 or \$15,000 or \$25,000 or \$50,000 or \$75,000

Voluntary AD&D Insurance for Active Employees

Same schedule as Supplemental Life (offered only in combination with Supplemental Life)

Supplemental Life Insurance for Retirees

Flat amount of \$5,000 or \$10,000 or \$15,000 or \$20,000 or \$25,000 or \$30,000 or \$50,000 or \$75,000

Supplemental Dependent Life Insurance for Active Employees

Spouse \$5,000 and Each Child \$2,000

Supplemental Dependent Life Insurance for Retirees

Spouse \$5,000 and Each Child \$2,000

Disability provisions:

Basic and Supplemental Life insurance coverage (for Active employees under age 70) is extended without premium payment for 12 months following termination for any reason. (Participants who qualify for a retirement disability under the USVI pension program (i.e., minimum 10 years of service) are eligible to continue their benefits the same as any other retired participant.)

MEDICAL & PRESCRIPTION DRUG PLANS

The current medical plan is an Open Access Plan (OAP) and is offered to all full-time employees, retirees and their dependents. Residents of Puerto Rico were covered under a PPO plan prior to January 1, 2011, but were transitioned to an Indemnity Plan on that date when the incumbent carrier withdrew from the Puerto Rico PPO market. (The Board would prefer to see a network plan reinstated for Puerto Rico residents.) The premium rates for Puerto Rico residents remain the same as for all other plan participants.

The prescription drug plan is a card plan with an out of network alternative and is insured by the Medical carrier. Coverage is contributory with members currently paying 35% of the premium costs. Medical/Rx and dental benefits are offered only as a package, except that Dependent Medical/Rx can be taken without Dependent Dental.

Following is a summary of the current plan design. Refer to the Appendix for complete details.

All Members (except Puerto Rico residents)

		(Effective 10/1/10)
Plan Type		OAP
Lifetime max		Unlimited
Deductible	In-network	\$200/\$600
	Out of network	\$400/\$1,200
OOP Max	In-network	\$3,000/\$6,000
	Out of network	\$7,500/\$15,000
Copays	Office visit PCP/Specialist	\$20/\$30
Coinsurance	In-network	80%
	Out of network	60%* (*up to 150% of Medicare)
Disease Management	CIGNA WellAware® (all program components)	N/A
Rx In-network:		
	Retail	
	Generic	\$10
	Pref'd Brand	\$20
	Brand	50% (min \$40/max \$100)
	Mail Order	
	Generic	\$20
	Pref'd Brand	\$40
	Brand	50% (min \$80/max \$200)
Rx out of network:		50% (Retail only - min \$40 copay for non-preferred brands)
Funding Mechanism		
Funding Mechanism		Insured, Participating
EE contributions	Single	35%
	Family	35%

Puerto Rico Residents (only)

		(Effective 1/1/11)
Plan Type		Indemnity
Lifetime max		Unlimited
Deductible (S/F)		\$200/\$600
OOP Max (S/F)		\$3,000/\$6,000
Coinsurance:	Preventive Care	100%
	Other	80%
Rx:		Same as non-Puerto Rico
Funding Mechanism		
Funding Mechanism		Insured, Participating
EE contributions	Single	35%
	Family	35%

DENTAL PLAN

Dental quotes should mirror the current PPO plan design that is detailed in the attachments. .

Plan Type	PPO	
	In-Network	Out-of-Network
Annual Maximum	\$1,250 (combined)	
LT Ortho Maximum (to age 19)	\$1,000 (combined)	
Deductibles (Single/Family)	\$25/\$100 (combined)	
Deductible on preventive?	No	
Coinsurance		
Preventive	100% (no deductible)	75% (no deductible)
Routine	80%	50%
Major Restorative	50%	40%
Ortho	50%	40%
Retiree Coverage	Same as active	
Funding Mechanism	Insured, non-participating	
Employee Contributions		
Single	35%	
Family	35%	

VISION PLAN

	In-Network	Out-of-Network
Eye Exam (per 12 mos)	100% after \$15 copay	Allowance of \$40
Lenses (per 12 mos)		
Single	100% after \$15 copay	Allowance of \$40
BiFocal	100% after \$15 copay	Allowance of \$60
TriFocal	100% after \$15 copay	Allowance of \$80
Lenticular	100% after \$15 copay	Allowance of \$80
Frames (per 24 mos)	100% after \$15 copay	Allowance of \$45
Contacts (necessary)	100% after \$15 copay	Allowance of \$210
Contacts (elective)		
Standard	100% (up to 6 boxes of disposables)	Allowance of \$150
Non-Standard	Allowance of \$150	
Monthly Rates	Single \$4.70	Family \$12.50

(Note that the current Medical benefit includes coverage for an annual eye examination and members also have access through CIGNA's Healthy Rewards Program to discounts on exams and hardware at Pearle Vision Centers in the USVI.)

ALTERNATE PLAN DESIGNS (CURRENT PROGRAMS)

The Board would like to consider several alternative designs for the current Medical/Rx, Dental and Life Insurance benefit plans and proposed new programs. Bidders are asked to provide a quotation on these alternatives, in addition to duplicating the current benefits. Please refer to the separately attached document "Alternate Plan Designs" for complete details of these alternatives

EMPLOYEE ASSISTANCE PROGRAM

The current EAP plan is described in the Appendix.

The Board is interested in seeing proposals that reflect many of the following plan components:

Clinical Service Components

- Telephone and Internet access
- Assessment and referral
- Face-to-face visits
- Management consultation
- Critical incident stress debriefing
- Substance abuse services

Non-Clinical Service Components

- Dependent care referral services
- Legal services
- Financial services

Employer Services

- Account management
- Communications materials
- In-person training
- Utilization reports
- Information regarding qualifications of personnel
- Internet access

Note: EAP benefits are to be quoted as part of the medical plan. Separate rates are not desired.

ACCESS TO CARE AND MEDICAL NETWORKS IN THE USVI

Historically, V.I. law required insurers to contract with a USVI-based PPO (of which there is only one – “VI Equicare”). In the interest of creating a more competitive market, that requirement was recently changed (V.I. Act 7084). Insurers are now allowed to establish their own provider networks in the Territory. Almost all VI doctors belong to VI Equicare’s network.

WELLNESS

The Board is in the process of establishing a robust Wellness initiative focused on employee Health Risk Assessments (HRAs), biometric screenings and lifestyle incentives. Bidders will be asked to describe their capabilities and experience with respect to Wellness initiatives and to outline their proposed approach for the successful implementation of a Wellness program for the Government of the USVI.

HEALTH CARE REFORM:

The VI Government Employees health care plan qualifies as a “grandfathered” plan under federal Health Care Reform regulations. The plan is not eligible for the ERRP subsidy. The Government of the VI is committed to implementing the Affordable Care Act of 2010 in the Virgin Islands. The Government is currently considering whether to establish an American Health Benefit Exchange, which would include coverage in the individual and small group markets. Bidders are asked to address their interest in providing insurance through such an exchange in the Territory.

COMMUNITY INVOLVEMENT

The Government Employees’ health care plan insures almost one-third of the population of the Territory. It is by far the largest health insurance program in the Virgin Islands and, because of its size and influence, impacts almost all aspects of health care delivered in the USVI. Appropriations to the program are the VI Government’s single largest annual expenditure. The successful bidder for the plan will be expected to partner with the Board and the Government in a variety of community initiatives to improve the quality of life and health care in the Territory. Among the programs under consideration are:

- Wellness
- e-Medicine
- On-site Clinics
- Urgent Care centers
- Promotion of preventive care
- Increasing access to primary care
- Improving access to medical supplies
- Chronic Disease management
- Fitness promotion
- Provider education and support
- Scholarship programs

Bidders are asked to address their proposed approach and commitment to community involvement in the USVI. The Board is also interested in hearing about similar programs the proposer may have been involved with for other clients.

Summary of Funding Arrangements

Life/AD&D

All benefits are currently non-participating. Please quote on this basis.

If available, please also quote on a participating basis for the Basic Active and Basic Retiree life insurance coverages (only) and provide a detailed retention illustration for the first and second years of the program.

Medical/Rx

All benefits are fully insured and participating. Please quote on this basis and provide a detailed retention illustration for the first and second years of the program.

If available, please also quote rates for a minimum premium basis with the Government holding the reserves.

NOTE: The current program incorporates known cross-subsidies in the premium rate tier structure. For example, single employees may be indirectly subsidizing employees who cover dependents; and active employees may be subsidizing retirees. Please prepare your rate quotations for the current plan design on two alternative bases: (1) maintaining the current rate tier relationships and (2) setting new rate tiers that are more self-supporting.

Dental

Benefits are fully insured and non-participating. Please quote on this basis. If available, please also quote on a participating basis and provide a detailed retention illustration for the first and second years of the program.

NOTE: Current dental rates are the same for Active employees and Retirees. Please prepare your rate quotations for the current plan design (1) maintaining the current rate tier relationships and alternatively (2) setting new rate tiers that might be more self-supporting.

EAP

Benefits are fully insured. Rates are to be combined with the Medical.

Vision Care

Benefits are fully insured and non-participating.

Proposed New Benefits

LTD

Benefits are to be fully insured and non-participating.

Section III – Proposal Submission Instructions

Bidders may quote on the entire Group Insurance Program or any part thereof (although EAP benefits are to be combined with Medical). In the event the bidder is unable to quote on the entire program, the bidder may elect to partner with another entity to quote additional coverages. However, any intention to partner with another insurer must be submitted in writing (or email), including detailed information about the proposed partner and the nature of the business partnership, to the Consultant no later than March 11, 2011.

Your proposal should DUPLICATE the current plan designs and funding arrangements as detailed in this RFP, and also address any requested alternatives.

Proposals will be received until 4:00 PM on April 1, 2011, and will not be accepted after that time. Proposals received after the stated date and time will be discarded unopened. Hard copy proposals are required and should be sent as follows:

Two (2) original, completed hard copy responses to this RFP shall be submitted to the Consultant at the following address:

Mr. Stephen K. Burrows
Director, Health & Productivity Consulting
Buck Consultants
One Pennsylvania Plaza, 29th Floor
New York, NY 10119
Tel: (212) 330-1274
Fax: (212) 330-1252

In addition, submit an electronic version of your proposal in **MS Word and Excel format**, via email, to the Consultant at the following address:

stephen.burrows@buckconsultants.com

Six (6) original, completed hard copy responses to this RFP shall be submitted in sealed envelopes marked "GESC -- Group Insurance Program" to the following addressee:

Chief, Group Health Insurance
Government of the U.S. Virgin Islands
Division of Personnel
3438 Kronprindsens Gade
GERS Complex, 3rd Floor
St. Thomas, U.S.V.I. 00802

Letter of Transmittal

A transmittal letter, on the proposer's business stationery, should accompany each proposal. This letter must be signed by an individual authorized to bind the proposer to all statements, including services and prices, contained in the proposal. The letter must contain, but is not limited to, the following information:

1. Name of the vendor's company, date of submission, and subject: "GESG Group Insurance Program"
2. List of the plans on which you are bidding.
3. The vendor's legal status, date and place of organization and/or incorporation, and the states and territories in which it is licensed to do business.
4. Whether the vendor is a parent or subsidiary in a group of companies and, if so, the names of all companies in the group.
5. Whether any agreements are contemplated or in progress between your organization and other parties which may affect the company's ownership, corporate structure or management during the next year?
6. Whether you plan to subcontract any part of your proposed services, and if so an explanation
7. The location of the vendor's corporate headquarters.
8. Description, in narrative form, your company's resources, experience, current lines of business, and premium volume, providing evidence of your company's capacity to service an account with the volume and standards of the Government of the USVI. (You must confirm that your organization is currently operational in order to propose on the USVI Group Insurance Program.)
9. Your company's most recent rating or filing (identify date) from each of the following:

Standard & Poors	Rating	Date
Fitch		
A.M. Best		
Moody's		
Duff & Phelps		

10. The names of your ten largest current clients.
11. Whether you currently provide insurance to employees in the USVI? (If so, provide details of the coverages you insure and the number of employer-customers and covered employees.)
12. Complete annual financial reports or audited financial statements for the most recent available two years.

13. The name, title, address, telephone number, and facsimile number of the person authorized to discuss the vendor's proposal with the Board.
14. The names and résumés of the individual(s) in your company who will be responsible for the Government of the USVI account in the areas of: customer service; finance; actuarial services/underwriting; database/MIS; daily operations; legal/contracts; administration; and any other areas which you deem essential in administering the contract(s). Indicate whether these individuals will be fully dedicated to the Government of the USVI account or the percent of time they will be expected to work on the account.
15. Confirmation that the proposal being submitted by the vendor is in conformance with the specifications, conditions and requirements contained in this RFP, except for deviations fully detailed in a separate section of your proposal entitled "Items of Non Conformance with Specifications" and alternatives offered for the Board's consideration.
16. Acknowledgement of any and all addenda issued with respect to this RFP, listed by date of issue.

Section IV – Bidding Conditions

STATUTORY REQUIREMENTS

The Board faces statutory deadlines to notify the Governor and the V.I. Legislature of any change of insurance companies or insurance plans. Furthermore, in administering the Group Insurance Program, the Board is subject to explicit provisions pertaining to the contract for health insurance as outlined in Title 3, Virgin Islands Code- Chapter 25, Section 631 to 6393 V.I.C. § 633. The pertinent of these provisions are outlined below. Bidders should ensure that their proposals adhere to these requirements. (A copy of the Virgin Islands Code is included with the RFP.)

“The health insurance contractor must at least establish and maintain a:

- Paperless claims system or a claims system that does not require paper forms to be used
- Claims office located in the Virgin Islands*
- Toll-free telephone number so that plan participants can have questions answered concerning covered claims and the cost of services

In addition, each employee who is covered under any such contract or contracts shall receive a certificate setting forth the benefits to which the employee and his dependents are entitled thereunder, to whom such benefits shall be payable, to whom claims should be submitted, and summarizing the provisions of the contract principally affecting the employee and his dependents. Such certificate shall be in lieu of the certificate which the corporation or corporations issuing such contract or contracts would otherwise issue.”

The immediate evaluation of each bidder’s capabilities will be based on its ability to duplicate the current program features, including:

- Current and alternative plan designs
- Fully-Insured funding arrangement for all benefits
- Healthcare provider network both on-island and on the U.S. mainland
- Prescription drug program that includes retail and mail order components and that is insured by the medical carrier
- Electronic eligibility certification program (24/7)
- Claim status inquiry, on-line reporting, web-based technology and email capabilities
- Direct and electronic healthcare claim payment capabilities
- On-island healthcare claims and customer service representatives*

*[*Note: The current healthcare insurer has addressed this requirement by maintaining customer service offices on St Thomas and St Croix]*

The Board is required to obtain prior approval from the Legislature for plan design changes.

Premium rate changes are part of a budgetary process that requires legislative approval prior to the exhaustion of currently appropriated funds, but not necessarily prior to the Board/Governor

accepting and negotiating the contract. Therefore, premium rate changes can be approved by the Governor without Legislative approval. As such, the Board requires that annual renewal proposals by the insurer be presented to the Board no later than June 1st, for an effective date of October 1st.

In addition a year-end accounting is required to be submitted no later than 120 days following the end of the plan year.

Monthly financial, quarterly claim utilization reports and annual computer claim tapes will be required.

It is expected that insurance contracts will be issued in, and subject to the laws of, the United States Virgin Islands.

OTHER CONDITIONS OF BIDDING

Complete Proposals -- Bidders must respond in full to all questions in the Questionnaire and complete all financial forms and submit all other information requested in these specifications.

Conformity with RFP – Any deviations from these specifications and/or any underwriting restrictions must be set forth in detail when the bid is submitted in a separate section of your proposal entitled “*Items of Non Conformance with Specifications*”. If no deviations are specified, we will assume that all items are in strict compliance with our specifications. The successful bidder will be responsible for compliance with these specifications. Alternative proposals recommending new features other than those requested in the RFP will receive consideration providing such new features are clearly explained. The Board reserves the right to disregard any informality and/or irregularity in the proposal when, in its opinion, the best interests of the Government of the USVI will be served by such action. Proposals failing to provide some of the items requested in the RFP shall not be rejected, per se, but any deviations from the scope must be clearly noted. The Board may waive minor irregularities, which do not materially affect the overall program. However "material" deviations from the specifications of the RFP will not be accepted and may result in disqualification of the bid. The determination of what constitutes a "material" deviation rests at the sole discretion of the Board.

Negotiation of Final Contract Terms – Any contract between the Government of the USVI and the successful vendor shall contain negotiated provisions based on the specific requirements of this RFP and the successful vendor's treatment thereof as contained in its proposal, as well as general provisions governing all Government of the USVI contracts. Upon selection, a contract will be negotiated with the successful vendor. The selected proposal, in whole or in part, as well as content from this RFP will be incorporated into and made part of the final contract. If the Board is unable to negotiate a satisfactory contract with the selected vendor, the Board reserves the right to terminate negotiations and select another proposal, issue a new RFP, or take other action consistent with its best interests. The Government of the USVI reserves the right to reject any or all proposals or any portion thereof and to accept the proposal deemed most advantageous. Price shall not be the sole criterion of awarding this contract. By issuing this RFP, the Government of the USVI is not obligated to award a contract.

Withdrawal of Proposals – A proposal may be withdrawn at any time prior to the time specified as the closing time for acceptance of proposals. However, no proposal shall be withdrawn or canceled for a period of one hundred and eighty (180) days after said closing time for acceptance

of proposals nor shall the successful provider withdraw or cancel or modify its proposal, except at the request of the Board after having been notified that said proposal has been accepted by the Board.

Interpretation of Specifications – If any person contemplating submitting a proposal requires clarification of any part of the RFP they may submit to the consultant a written request for an interpretation prior to the established deadline for submission. The Board will not be responsible for questions received after the established date. Any interpretation of the RFP will be made in writing to all prospective bidders. Oral explanations will not be binding.

Acceptance of Proposals – The Board will notify in writing of acceptance of any proposal. Failure to provide any supplementary documentation to comply with the vendor's proposal may be grounds for disqualification.

License Requirement -- An award will not be made to any firm or individual doing business in the Virgin Islands to perform work with the Government of the Virgin Islands until evidence is submitted that the said firm or individual has registered with the Division of Banking and Insurance and has a valid V.I. Business License to do similar business in the Virgin Islands. Bidders must submit hard copy of a valid V.I. business license within ten (10) working days after award.

Required Documents -- (Note: Failure to provide the following certificates within the stated time periods may result in the proposal being deemed as non-responsive and immediately disqualified with no further consideration given for potential awarding of the contract.)

1. **PUBLIC LIABILITY:** The successful bidder will be required to obtain and have in place public liability insurance and other insurance necessary as requested in this RFP. Insurance policies shall name the Government of the USVI as "Additional Insured". The public liability insurance shall have a minimum limit of not less than one hundred thousand (\$100,000) dollars for any one occurrence for death or personal injury and one hundred thousand (\$100,000) dollars for any one occurrence for property damage. Bidders must provide public liability insurance within ten (10) working days after award.
2. **WORKERS' COMPENSATION:** Within ten (10) working days after award of project the successful bidder must submit a copy of their certificate providing that the firm and its agents are covered by Workers' Compensation Employee's Liability.

Requirements for Corporations -- (Note: These will be required prior to award of a contract.)

1. Articles of Incorporation
2. Certificate of Resolution

Claim Operation Visit -- Bidders must agree to permit representatives of the Board and Buck to visit their claims operation prior to the selection of a vendor, as well as afterwards, if needed.

Bid Guarantee -- All proposals or bids must be guaranteed to be firm for an effective date of October 1, 2011.

Premium Rate Guarantee -- Medical/Rx and Dental premium rates should be guaranteed for at least the first twelve months under contract. The Board is also interested in considering a further twelve month extension, possibly subject to a guaranteed maximum premium adjustment. Life/AD&D, Vision Care and LTD premium rates should be guaranteed for at least

the first twenty-four months under contract, although thirty-six months is preferred particularly for the voluntary coverages.

Commissions -- Commissions should not be included in your proposal.

Coverage Guarantee -- The bidder must provide currently insured employees continued coverage on a no-loss, no-gain basis. Any actively at work/hospital confinement requirements must be waived for current insureds. Individuals on disability leave must continue to be covered under the new contracts if covered currently.

Claims Responsibility -- The new vendor will be expected to assume administrative responsibility for all claims incurred on and after the effective date.

Confidentiality -- All information provided is strictly confidential and must not be released to any other organization.

Performance Guarantees -- The Board intends to negotiate claim and account performance standards with finalists. The standards will define and quantify mutually acceptable standards such as claim processing turnaround time, financial and procedural coding accuracy and other account service requirements. These standards will be incorporated into the insurance contracts.

Date of New Contracts -- The new contracts are to be effective and fully operational on October 1, 2011. Plan years will run from October 1 through September 30.

Promotional Materials -- Bidders are asked to refrain from attaching promotional literature or supplemental information unless specifically requested. Finalists will be given an opportunity to supply this type of material in an appropriate forum.

Non-Warranty of Specifications -- Due care and diligence has been exercised in the preparation of this RFP. All information contained herein is believed to be substantially correct. However, the responsibility for verification of all information herein rests solely with the bidders. Neither the Board nor its representatives will be responsible for any error or omission in this RFP.

Compliance with laws, rules and regulations -- Each proposer is responsible for full and complete compliance with all laws, rules and regulations, which may be applicable. No person shall be excluded from participating in, be denied the proceeds of, or be subject to discrimination in the performance of this contract on account of race, creed, color, sex, religion, national origin or disability.

Conflict of interest -- Bidders are required to disclose the name of any elected officials, representatives, or employees of the Government of the Virgin Islands who have a financial interest with the Proposer.

Banking arrangements -- Vendors are required to establish local banking relationship(s) in the USVI to insure benefit checks can be cashed by employees in the Virgin Islands.

REQUIRED PROVISIONS IN THE CONTRACT

The agreement to be executed with the successful bidder must contain explicit provisions reserving the following rights to the Board:

Right to Recovery -- The vendor will be financially responsible for any overpayment due to its own error.

Right to Audit – The Board reserves the right to review and audit, from time to time, all claim files, claim data, related financial accounting and claims systems and procedures to assure that claims are processed in accordance with the plan and examiners are exercising sound claim judgment. Audits may be performed by authorized USVI personnel or outside consultants.

Right to Receive All Claim Data – All claim records and supporting documentation are the property of and will be made available to the Board as needed. The Board has the right to determine which records or facts are needed and the vendor agrees to provide the information within a reasonable time frame and at reasonable cost.

Future Transition -- In the event that the Board subsequently transfers insurance or administration responsibilities to another vendor, the bidder must agree to provide the successor vendor with a claim history tape, prior eligibility data, and any other claim records deemed necessary by the Board. The bidder must agree to make every effort to cooperate with the successor and the Board in order to facilitate the transition.

Rate Changes -- The vendor must provide fee and rate changes in writing with full justification at least 120 days prior to the contract anniversaries.

Notification of Termination -- Minimum requirements for notification of termination of contracts (allowed on or off anniversary):

- 30-day notice if by the Board
- 120-day notice if by vendor

Final accounting and settlement -- To be completed within 24 calendar months of termination

Note:

Representative contract language from the current carrier agreements is included with this RFP. Bidders are expected to agree to these same contract terms, which are standard for insurance agreements entered into by the Health Insurance Board. If you are unable or unwilling to accept any of these contract terms or this language, please detail so fully in the separate section of your proposal entitled "Items of Non Conformance with Specifications" along with alternatives offered for the Board's consideration.

Section V – Overview of Required Services

ADMINISTRATIVE SERVICES

- Claims Administration
- Eligibility/Certification/Inquiry-Capabilities to Electronically Interface with Client's Network
- PC-LAN database.
- Electronic claims capability
- Client inquiry/access to system reporting
- Plan Documents delivered on time
- Enrollment materials and assistance with enrollment meetings
- Agreement to have Claim processing function audited annually by client's claim audit designee.
- Customer Service Representatives Accessibility (800 Phone Number).
- Management Information System and Requested Reports Delivered Timely

UTILIZATION REVIEW/CONTROLS SERVICES

- Individual Case Management
- Pre-certification Notification of Hospital Admissions

HEALTH CARE SERVICES/RESOURCES

- Prenatal Education/Intervention
- Transplant Centers of Excellence
- Home Care
- Employee Assistance Program
- Wellness Program
- Disease Management Program

BASIC ADMINISTRATIVE SERVICES, INSTRUCTIONS AND REQUIREMENTS

It is required that the following minimum services and supplies be provided. Any costs for such services must be included in the cost structure of your proposal.

1. The underwriting carrier must accept the use of a default enrollment of current participants in all plans.
2. The selected carrier must be willing to accept a generic enrollment form for multiple products.
3. A licensed representative of the underwriting carrier must be made available for initial

enrollment meeting purposes, as well as, responding to administrative questions that may arise during the plan year.

4. The cost of all plan administrative services must be included in your proposed rate structure and fee components should be identified.
5. Premiums are to be paid monthly on a self-accounting basis within 30 days of the beginning of the month. However the policy will not be terminated as long as payment is received before an additional 30 days have elapsed.
6. Booklet certificates are to be provided to all plan participants and reprinted as necessary.
7. You are required to include schedules of proposed benefits, which are suitable for employee communication purposes
8. USVI assumes responsibility for establishing, maintaining and communicating to the insurer, as required, eligibility listings and preparing multiple monthly premium statements. Claim reporting is to be set up under multiple separate employer entities. USVI also assumes responsibility for verifying employee eligibility in the event of a claim and, when necessary, assists in claim filing.

REPORTING REQUIREMENTS

The insurer must generate and send the required reports. The Government will not be required to access the reports through the insurer's on-line query process

Life Insurance

- A. Insurer shall provide the Employer with the following standard reports on a quarterly basis:
 - (1) Individual listing of pending death claims;
 - (2) Individual listing of death claims payments;
 - (3) Experience Report (premiums v. claims for the applicable period and cumulative to date illustrated separately by line of coverage);
 - (4) Individual claims for the applicable period and cumulative to date;
and
 - (5) Monthly enrollment totals
- B. Insurer shall on a quarterly basis provide the Employer with utilization reports stated separately by:
 - (1) Coverage type (Basic Life and Accidental Death and Dismemberment, Supplemental Life and Accidental Death and Dismemberment, and Dependent Spouse and Child)*;
 - (2) Covered entities (Government of the Virgin Islands, UVI, the Authority, East End Medical, and FHC); and
 - (3) Coverage class (active employees and retirees)

* Dependent life claims shall not be separated by coverage type (i.e. spouse v. child).

- C. Insurer shall also on a quarterly basis provide the employer with reports on the reserves for incurred but not yet reported claims (this report shall also be provided on an annual basis)

Dental:

- | | |
|---|----------------|
| (a) Detailed individual claims listing | (As requested) |
| (b) Premium Versus Claims reports
(including cumulative to date) | (Monthly) |
| (c) Reports of monthly enrollment totals | (Quarterly) |
| (d) Quality accuracy reports (consolidated only) | (Quarterly) |
| (e) Participant utilization of dental
Benefits in Virgin Islands and
Outside Virgin Islands stated
Separately for each service type
(including insurer "book of
business" norms) | (Quarterly) |
| (g) High payment to providers report | (Annual) |

Each of the above listed reports shall provide information separately by:

1. Status (i.e., Member or Dependent)
2. Class of Participant (i.e., Active or Retiree)
3. Employer Entity (i.e., Government, UVI, the Authority, etc.)

Insurer shall provide an annual computer file with all claims activity for the prior year. This file shall be delivered to the Employer within sixty (60) business days following the close of contract year.

Medical:

Insurer shall provide Employer with the following reports as follows:

- | | | |
|-----|---|----------------|
| (a) | Detail claim register, noting claims paid | (Annual) |
| (b) | Premium earned vs. claims paid report | (Monthly) |
| (c) | Large claims report year-to-date claim | (Monthly) |
| (d) | Financial year end accounting | (Annual) |
| (e) | Benefit payments by provider | (Monthly) |
| (f) | Benefit payments made for services rendered in the Virgin Islands, Puerto Rico and all other areas. | (Monthly) |
| (g) | Quality accuracy reporting | (Quarterly) |
| (h) | Experience and Utilization Analysis Reports | (Quarterly) |
| (i) | Detailed individual claims listing | (As requested) |
| (j) | Quarterly reports of monthly enrollment totals | (Quarterly) |
| (k) | Detailed utilization analysis including by service/treatment type, plus comparisons to "Book of Business" norms | (Annually) |

Each of the above listed reports shall provide information separately by:

1. Status (i.e., Member or Dependent)
2. Class of Participant (i.e., Active or Retiree)
3. Employer Entity (i.e., Government, UVI, the Authority, etc.)

VISION CARE:

Insurer shall provide Employer with the following report on a quarterly basis:

- (a) Group utilization report showing (by month and cumulatively) the number of participating members, premium received, administrative costs, claims costs, number of accessing members and the average claim cost per accessing member.