

Attachment 9 – Questions and Answers

The following questions were submitted in writing by Vendor B. (Answers follow.)

1. Please explain why there are employees on census file that have SLTD, but not BLTD? Approximately 10K or so on census.

A: These 10k or so are employees that are not enrolled in a PEBA sponsored health plan and elected to enroll in SLTD.

2. Does the gross benefit on the SLTD Offset report include or exclude the Basic LTD benefit.

A: The gross benefit is the gross SLTD benefit before any deductible income, including BLTD benefits.

For Example – Claim VX1318 (SLTD), VX1317 (BLTD) – Incurred 1/4/2015, Base Gross Benefit is \$800, Offset ID listed (Not identified on Offset key provided), offset amount is \$939. Corresponding SLTD claim has Gross of \$1458.69, BO (BLTD) offset of \$463.59 and another offset (SD/Social Security – Disability) for \$939.

▪ **Based on above claim scenario – does the \$1458.69 includes the BLTD Gross Benefit of \$800?**

A: No. Each claim is set up and administered separately.

▪ **In this claim example, what is the final net monthly benefit paid?**

A: The final Net BLTD benefit is \$463.59 and the final Net SLTD benefit is \$100. Here are additional details regarding these two claim calculations.

BLTD Claim 00VX1317

- Maximum Gross LTD benefit is \$800
- Any deductible income is offset from 62.5% of PDE, which in this case is \$1,402.59
- The Net benefit is $\$1,402.59 - \$939 = \$463.59$

SLTD Claim 00VX1318

- \$1,458.69 gross LTD benefit
- BO Offset of \$463.59
- SD offset of \$939
- The Net benefit is $\$1458.69 - \$463.59 - \$939 = \56.10 so this defaults to the minimum benefit, which is \$100.

- **Why is the BLTD offset only \$463.59? (BO Offset to the SLTD claim)**

A: The BLTD offset is only \$463.59 because that is the Net benefit being issued on the BLTD plan.

- 3. What does Claim Type OP vs LT mean? Is this the delineation of ASO vs FI claim?**

A: OP claims are the fully insured SLTD claims. Yes, this is the delineation of ASO vs FI claim.

- 4. With respect to the response to question 62, we are interpreting this to mean that these apply to all entities with whom the Contractor contracts/subcontracts that provide services directly to PEBA under this contract.**

A: Yes.

- 5. With respect the responses to questions 55 and 56, regarding to Part 7.4 of the RFP,**
 - **For the basic LTD, does PEBA acknowledge that there will be an ASA and, if so, where would the ASA fit in terms of the order of precedence?**

A: If the ASA is provided as part of the proposal, then it will be considered as part of the Contract, per the Order of Precedence clause. If there is a conflict between the terms of the ASA and the terms of the RFP, however, the offer may be deemed non-responsive. It is the responsibility of the Offeror to ensure that its offeror is fully compliant with the RFP.

- **For the supplemental LTD, How does PEBA propose the Group Contract, which is filed with the state of South Carolina, would be viewed in the RFP process and the order of precedence? Because the Group Contract is filed with the state, the Contractor must abide by its terms and conditions.**

A: PEBA recognizes the Contractor will need to comply with state law, but the Contract (as indicated in the Order of Precedence clause) controls as to the relationship and responsibilities between PEBA and the Contractor. Any conflict with the terms and requirements of the RFP may result in a determination of non-responsiveness, but any conflict between the RFP and state law should have been raised as part of the Q&A.

- 6. With respect to the response to Question 65, regarding Part 7.33(b) of the RFP, Is it PEBA's stance that it would require the Contractor to compensate it for acquiring a new carrier even if PEBA terminates without cause?**

A: No.

7. With respect to the response to Questions 59, 67 and 69, for the basic LTD, as we read Parts 3.H.d., 7.36 and 7.37, they would make the service provider liable for plan benefits under certain circumstances, including (i) if the Contractor was not negligent; and (ii) even where PEBA was negligent. Is that PEBA's intent? To provide an example, if a plan participant sues the Contractor and PEBA regarding a claim determination, that was made timely and appropriately in accordance with plan benefits, the Contractor would be responsible for the cost of defending the litigation, and paying any plan benefits, legal fees and court costs awarded to the claimant, despite the fact that the basic LTD plan is self-funded. Under a self-funded plan, the employer assumes the financial risk for providing benefits to its employees. Therefore, we would like to clarify PEBA's intent.

A: This scenario would not occur because the BLTD Plan provides the sole process and remedy for participant appeals on claim decisions.