

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT1. CONTRACT ID CODE PAGE OF PAGES
1 412. AMENDMENT/MODIFICATION NO. 0002
3. EFFECTIVE DATE 07/03/2001
4. REQUISITION/PURCHASE REQ. NO.
5. PROJECT NO. (If applicable)
6. ISSUED BY CODE
7. ADMINISTERED BY (If other than Item 6) CODEU.S. Office of Personnel Management
Contracting Division
1900 E Street, NW, RM 1342
Washington, DC 20415-77108. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)
To All Interested Parties
9A. AMENDMENT OF SOLICITATION
OPM-01-RFP-0016
9B. DATED (SEE ITEM 11)
6/20/2001
10A. MODIFICATION OF CONTRACT/ORDER NO.
10B. DATED (SEE ITEM 11)
CODE FACILITY CODE**11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS** The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of offers Is extended, Is not extended.
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:(a) By completing items 8 and 15, and returning 1 copy of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted;
or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment your desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (IF REQUIRED)

**13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**CHECK ONE A. THIS CHANGEORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN TTEM 10A

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, Appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF far 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)
E. IMPORTANT: Contractor is not, is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

The referenced solicitation is hereby amended to note the following changes:

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)
16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
15B. CONTRACTOR/OFFEROR
15c. DATE SIGNED
16B. UNITED STATES OF AMERICA
16C. DATE SIGNED
(Signature of person authorized to sign) (Signature of Contracting Officer)NSN 7540-01-152-8070
Previous edition unusableSTANDARD FORM 30 (REV. 10-83)
Prescribed by GSA FAR (48 CFR) 53.243

**Federal Long Term Care Insurance Program
Questions and Answers
Solicitation OPM-01-RFP-0016
July 3, 2001**

We grouped the questions into the general subject headings from the Table of Contents to the Statement of Work on page C-1 of the RFP. We put general questions and questions that did not obviously fall into any other category into the first section on Background.

These questions and answers include all of the questions we've answered so far, but do not necessarily include all of the questions we've received so far.

I. BACKGROUND

Consortium Questions

Question: What is the Office of Personnel Management preference? To award only one contract (which may include partnerships of more than one insurance company) OR award more than one contract if it satisfies the entire RFP scope of services?

Answer: OPM expects that the successful offer will be a single contract that will involve a number of companies.

Question: Do we need to create a legal entity for a consortium, in order to send in a bid and one person to sign the bid?

Answer: A letter of intent or other indicia that a consortium is contemplated and will be established if the bid is won would be sufficient. However, enough research should also go into the matter that you would be able to identify in the bid response things like place of incorporation, officers, etc.

Question: If OPM received a proposal from a consortium of companies, what would be considered the ideal number of companies involved in servicing this national contract?

Answer: A consortium was referenced in the Long Term Care Security Act because the Act's authors' were advised that no single company could handle such a large account and saw advantages in the prospect of spreading risk and taking advantage of the strongest aspects of a number of companies. We have no preconceptions as to what the "right" number is, only that whatever arrangement is proposed must be able to handle the volume of business we are dealing with across all topics (underwriting, marketing, claims, and so forth). Moreover, a consortium is but one of the possible business configurations that a number of companies could assume. Just as we have no preconceived preference as to the number of companies, we have no preference as to how they configure themselves.

Rating Factors

Question: What are the “established evaluation criteria”? “Technical factors” will be more important than cost factors in the source selection?

Question: What are the evaluation criteria including the process and scoring requirements for potential bidders?

Answer: The evaluation factors are presented in Section M of the RFP. We have no additional information to communicate about the process. We will first review the bids for their ability to meet our technical criteria and only then review them for price (premiums) which is sometimes also referred to as “cost” in government contracting.

Question: In section M you have provided the criteria for evaluation. Would you be willing to share the weights assigned to each of these criteria?

Question: OPM has indicated that technical factors will be significantly more important than cost factors in the award decision, and has listed the relative importance of various technical factors. Is there a scoring tool with specific weights you plan to use, and if so, could this be shared?

Answer: We have not assigned numerical weights at this time and may not do so. However, we do intend to develop a scoring sheet for use by the technical expert panel, though this will not be released.

Pre-Emption And State Insurance Laws

Question: Is OPM required to comply with insurance requirements set by state insurance commissioners?

Answer: Section 9005 of Public Law 106-265 pre-empts state insurance regulations. It grants OPM the authority to regulate, provide consumer protections, and other requirements as are necessary either via regulations promulgated by OPM or by including rules in the final contract language with the Contractor who is awarded the contract.

Question: Please provide OPM’s thoughts on whether the FLTCIP will be subject to state advertising requirements. Specifically, will the marketing/communications materials need to be filed and approved by those states that today require this for other LTCI products/programs.

Answer: OPM does not believe that any FLTCIP materials need to be filed in, or approved by, any state.

Subcontracting

Question: Does the RFP contain any references to subcontracting plans?

Answer: See pages I-4 through I-8 deal with use of small and disadvantaged firms.

Question: Is there a set aside for including minority business enterprise (MBE) or disadvantaged business enterprise (DBE) participation? If so, what is the percentage?.

Answer: There is no MBE/DBE set aside.

Other Bidding Issues

Question: Will a listing of potential offerors be posted or distributed?

Answer: See Attachment 1.

Question: Is there a mechanism for requesting additional clarification subsequent to the bidders conference on July 9th?

Answer: At this time OPM has not decided whether to entertain questions beyond the bidders' conference.

Question: L-7: L.14.2 states the proposal shall conform to specific content and organization instructions in Sections L10.2.1 through L.10.2.5. Those sections do not exist. Are you referring to L.14.2.1 through L.14.3?

Answer: Yes, L.14.2.1 through L.14.2.4 (which was added in Amendment 1)

II. PLAN DESIGN

Eligible Population

Question: Of the estimated 4 million federal employees eligible for this program, how many of them are believed to be “actively-at-work” at any given time and how many would not be eligible to apply due to some type of on-leave status (i.e., paid sick leave, vacation, etc.?) What source of information will be available to us to identify employees “at work” versus those “on leave” at any point in time?

Answer: We estimate that five percent of the civilian workforce might be ineligible at a point in time but this will be heavily influenced by vacation and flu seasonality..

Question: Would OPM consider expanding the definition of the extended eligible population to include all former spouses of employees/annuitants with a qualifying court order and all siblings of employees and annuitants, rather than limiting the expanded eligibility only to “unmarried” individuals within these groups. There are administrative complexities and equity issues with excluding married persons from this list. While unmarried persons lack the informal support of a spouse, this situation could change. Also, married persons may lack informal supports due to the health status or age of their spouse. We see no reason to limit the eligibility only to unmarried individuals.

Answer: Our desire is to afford coverage to those in the “Federal Family” and those who are relatives of that family and will have an impact on the federal employee; i.e. detract from productivity due to stress, distraction or absence from work. While a person could have a brother or sister who loses their spouse to death, divorce or disability, this might be too attenuated a situation for us to reach. We view married couples as an economic unit. We do not believe it would be prudent to offer coverage to a married former spouse (with the qualifying court order) and not to his/her current husband/wife. And yet that current husband/wife has no relationship to nor affinity with our employee/annuitant. So we believe it is better to limit the coverage to only the unmarried individuals in these categories. The self-certification envisioned in the RFP eliminates most administrative complexities.

Question: Does OPM have any information the extent to which spouses of active employees may also be federal employees? We find in other public programs that there are “dual eligibles” and that it is important to identify for the eligible the most favorable status with respect to underwriting.

Answer: OPM wishes that individuals receive underwriting for the best category in which they fit. And, indeed, there are a number of federal employees that have spouses also in military or civilian employment. Our assumption is that since each person will fill out an application of their own and the application will be very clear that if you are an employee, you should check that box regardless of whether you qualify in any other category, this dual eligibility is not going to be a problem.

Question: Does OPM know what percentage of the eligible population is non-English speaking? Is any one group predominant?

Answer: Our understanding is that the federal workforce pretty much mirrors language background that is typical in the general population, with Spanish being by far the most likely second (or even first in some cases) language. In some agencies, however, there will be special concentrations of language. For example, Voice of America, CIA, Congressional Research Service, and others that employ people with foreign language skills will have languages representative of ALL nationalities. Other agencies, for example, the Interior Department, will have concentrations special to their mission. (Interior is responsible for the US territories and Indian issues.) And this does not even address the overseas issues where we have both employees, as well as retirees, and their spouses (who might be residents of those countries). As we get further along, the Implementation Coordinators may be able to supply demographic and language information. We regard this, and many other granular concerns, as an implementation issue rather than an award/evaluation issue.

Question: Please specifically define those “qualified relatives” of enrolled employees who would be able to access the services of a care coordinator under the plan even if they are not enrolled. Are these the same as the relatives included in the eligible participant’s list?

Answer: OPM envisions that qualified relatives of enrolled employees would be able to access the services of a care coordinator under the plan, even if they are not enrolled. The objective is to eliminate distractions and absences from work that reduce productivity, one that is not present with respect to retirees. However, as with all aspects of the RFP, the Contractor may propose alternatives.

Question: Please clarify the definition of “informal caregivers” on page C-10. What does “qualified to provide custodial care” mean? Since there is a separate benefit for family care, is it reasonable to assume that an “informal caregiver” does not include family members?

Answer: Yes, an informal caregiver could well be a neighbor or friend that the insured has come to rely on for services of this nature. Remember that this coverage assumes a plan of care and use of care coordinator.

Question: Please define “reasonable costs” in the description of the family caregiving benefit on page C-10. Given that the plan reimburses for actual costs, how should family care be covered – out of pocket costs incurred or the value of the services if provided by a different covered provider?

Answer: OPM does not wish to replicate the intricacies of major medical insurance with its “reasonable and customary” debate. Our intent is that we will pay actual expenses but that these should be reasonable, e.g. below those associated with licensed caregivers.

Question: Can the inflation adjustments under the future purchase option be based on a fixed percentage increase (say 5%) compounded annually, or must the adjustments be based upon some inflation index?

Answer: FPO could be based on the same index as used in the compound benefit. And this could be 5% for both. However, one of the advantages of the FPO quite frankly is the ability to actually track inflation and not be too high or too low over the long course

of time a person might hold the policy. The Contractor should propose what it believes makes the most sense.

Question: On page C-13, it is stated that 7% of the Federal workforce have self-reported disabilities. Does this statistic include Postal and military employees? Data shared with interested parties at the OPM meeting in December of 2000 indicate that 10% (not 7%) of the Federal civilian workforce is disabled. Please clarify.

Answer: The 7 % figure is federal civilian only and does not include military or postal. The 10 % figure was an initial estimate before actuarial review.

Question: You state that providers must be licensed or certified. However, homemakers seldom meet that requirement. Do you intend that homemaker services must be provided by a licensed agency or that homemaker services can be provided by a licensed person such as a home health aide? Is an individual sent from a registry who is not licensed an acceptable provider?

Answer: As with all responses, the bidder is free to make suggestions as to what makes the most sense. Certainly we do not envision licensing as a threshold criteria for receipt of payment. However, we could also see where issues might arise where the insurer wants to confirm that care was legitimate -- or even actually provided. Then licensing might provide some security. . However, as far as homemakers are concerned, likely we would not need licensing nor require that they could only be supplied by a home health agency. Recall the role of the care coordinator and use of plan of care envisioned in the RFP.

Question: Which provisions of the 2000 NAIC Model Act and Regulations must be followed above and beyond those that are required per HIPAA based on the 1993 Model?

Answer: The NAIC added three provisions between 1993 and 2000. One was a version of rate stabilization that was replaced by the newer test (eliminating loss ratios in effect and going with certification that the rate is adequate even under “moderately adverse” conditions). We will require the carriers to follow the new NAIC rules and the guidance being developed by the NAIC in conjunction with the American Academy of Actuaries.

The second provision was mandatory nonforfeiture which was replaced by contingent nonforfeiture. We believe contingent nonforfeiture (along with a downgrade opportunity) is critical so will require the carriers adhere to NAIC standards here too.

The third provision was the third party notice, where a carrier has to identify and contact a designated individual in cases where a policy lapses due to non-payment of premium. If it turns out the lapse was due to Alzheimer’s or other cognitive impairment, then of course this is the very purpose of having bought long term care insurance.

We also note that there may be other changes going forward. For example, the NAIC is now reviewing language that would clarify that Third Party Administrators may continue to perform their functions without having to be licensed (which is not typically needed, given that they do not have underwriting functions). To the extent the OPM carriers are

exempt from state law, such a change to the NAIC model might not be directly relevant, but it shows our interest in keeping current with the best practices in the states.

Question: Our interpretation of HIPAA requirements is that, in the event of a transfer of the group policy to another Contractor, insured must be given the right to retain their current coverage or accept the transfer. On page C-11 the RFP states that enrollees will transfer to the new Contractor if FLTCIP changes Contractors. How is this consistent with requirements for a Tax Qualified plan?

Answer: Bidders should assume that OPM is correct in its interpretation of HIPAA. However, we will certainly have input from Treasury as we go forward with the actual contract language. If it turns out that individuals must be given such a right then they will have that opportunity. However, we believe it is important that the individuals move with the Program to any new carrier.

Question: The RFP does not ask for a nonforfeiture option in the plan design. In order to be competitive with the individual market, is OPM anticipating offering nonforfeiture as a “behind the curtain” feature?

Answer: The bidders should feel free to suggest this. While we envision contingent nonforfeiture as all that is needed for most individuals, there may be enough consumer and other information before the general public so that it could be prudent to have a true nonforfeiture provision available if requested. However, given that this is an offering sponsored (and endorsed) by the Government, the manner in which “behind the curtain” features are treated is somewhat problematic in view of the fact that relatively simple and straightforward plan presentations tend to be more successful.

Question: Define what OPM means by “informal care?” Can the Contractor consider non-trained informal caregivers like friends or neighbors within the framework of “family” care, and define “informal caregivers” to include independent and/or non-licensed providers qualified by training and experience to provide LTC.

Answer: As always, the bidder is free to define this the way that makes the most sense. But at its broadest, the idea is indeed that friends and neighbors may be helping out. Unless the person is already living in the house with the insured, then anyone is a candidate for being defined as an “informal caregiver” if they are providing reimbursed care. We would not necessarily think of trained providers who are not licensed as informal caregivers, but there is no reason a neighbor who is a nurse could not qualify. The carriers’ system should set up the overall reimbursement system to accommodate the need to pay for such caregiver assistance but do so as they think best. The objective is reimbursement of cost effective care that meets the enrollee’s needs and preferences which is why the RFP’s plan design places heavy emphasis on the role of the care coordinator and plans of care.

Question: With respect to family care, page C-10 says this is covered when the enrollee uses care coordination, but it also specifies that benefits can be limited to reasonable costs. Does this mean that the 100% home care benefit payment amount typically associated with using care coordination would not apply to the family care benefit?

Answer: The limiting factor here is a plan of care drawn up by a care coordinator and reasonable costs, e.g. costs below those associated for care provided by “formal” caregivers.

Question: What provisions of the NAIC 2000 model is OPM referring to on page C-10? All provisions or only those regarding the nature and type of coverage?

Answer: For purposes of covered services the NAIC 2000 model is the same as the 1993 model. We do not see any changes between the two dates on these issues.

Question: Why does OPM stipulate that premium waiver begins immediately after benefit eligibility is certified? Experience shows that many people are certified for benefits but never submit a claim. This type of premium waiver would add significantly to premium costs and administrative complexity, including the need for more frequent re-assessments, which could be invasive to insureds.

Answer: Our idea was that premium waiver was one method we could use to get the insured into the “system,” meaning they contacted us and began to utilize care coordination and make other arrangements that might be better than what they would come up with on their own. We have no interest in unduly adding to the premium cost and complexity but would want carriers to propose methodologies that would produce outcomes as good for those that do file claims and need care services to begin, such as waiver caps or minimum required expense levels.

Question: Page C-9 outlines the FPO as offered every other year as long as the enrollee has not passed on 3 prior options and is not on premium waiver. Will OPM consider other approaches to the FPO if they are more favorable to the insureds than this approach? Should these alternatives separately as “innovations” on the base plan design and pricing?

Answer: Bidders should indeed use the innovations option for ideas such as this. While we do not specifically always request the bidders calculate the change in premium costs (higher or lower), if it is easy to do so, then knowing the impact in general of any benefit innovation is of interest to us. If we elect to pursue any innovations all carriers in the competitive range will be asked for pricing and other data in the context of best and final offers.

Question: What approach to the FPO offer amounts does OPM want bidders to include in the base pricing? Should we use 5% compound from the prior offer amount, from the last offer amount taken for each insured, or should a CPI-type index be used?

Answer: The FPO should be priced as a flat amount. OPM will evaluate the difference between that and the 5% compounded premium.

Question: How does OPM intend that contractors verify eligibility for an adult foster child? Many foster children, as adults, do not maintain contact with foster parents so verifying eligibility seems difficult.

Answer: As with all other categories of qualified relatives, we are assuming that self-certification will be sufficient given full underwriting of qualified relatives, unless the Contractor specifies otherwise in its bid. However, we do anticipate including the

definition of foster child in the application. We are not talking about children placed in foster homes by the state, but who are still wards of the state. We are talking about children raised to adulthood by the “foster” parent who provided all the care and financial support to the “child” until adulthood.

Question: Are the three prior [future purchase] options cumulative over the insured’s lifetime, rather than the last three consecutive ones?

Question: Is the right to switch to automatic inflation at the time of each future purchase option a guaranteed issue one, or may we require proof of good health?

Question: On page C-9, Contractors must give enrollees in FPO the right to switch to automatic compound inflation, with premium based on attained age, at each offer. Clarify that this coverage increase, if desired by the enrollee, will be subject to underwriting and will not be required if the enrollee is on claim or during the elimination period at the time of the FPO offer?

Question: 1) (Pg C-9)RFP states that enrollees choosing future purchase option have “right to switch to automatic compound inflation at each future purchase option offering.” Say an enrollee with an issue age of 40 buys a \$100 policy and buys another \$10 of benefit 2 years after initial purchase. Does the enrollee have the option of buying the additional \$10 of benefit with automatic compound inflation? Or does the enrollee have the option of converting their entire \$100 of benefit to automatic compound inflation if they pay a 42 year old’s compound inflation premium?

Answer: The enrollee has the option of switching, without additional underwriting, the \$100 future purchase option to \$100 of automatic compound inflation coverage at the age for 42 year olds provided that three FPO opportunities had not been declined during the enrollee’s lifetime. This option will not be available to those in a claim or premium waiver status.

Question: 2) (Pg C-11; Portability #2) RFP implies that coverage shall continue at the same rates that apply to similarly covered persons who have not separated from employment. However, will modal premium loads still be allowed? For example, if an enrollee chooses to pay premiums quarterly instead of semi-annually, a small expense load will be justified for the additional administration involved.

Answer: The Contractor can propose whatever it wishes in this regard. Modal premiums might be appropriate for direct pay versus debit or payroll deduction.

Question: What does OPM mean when it talks about paying a different home care benefit level when someone “uses care coordination.”? Beyond the HIPAA-requirements for a LHCP to do an assessment and prepare a plan of care, what additional services and requirements does OPM envision as defining “using care coordination?” What does it mean specifically to “use care coordination” or to not use care coordination? How are these concepts operationalized in OPM’s view?

Question: 3). (Pg C-10; Covered Services #7) The term “use” vs. “approved” appears several times throughout the RFP with respect to care coordination. Is “using care coordination” the same as “approved by a care coordinator?” The concern is that an enrollee can “use” care coordination by contacting the care coordinator although the care coordinator does not “approve” family caregiving.

Question: What role is OPM expecting the care coordinator to perform in each of these coverage choices?

Question: Is the care coordinator in a position to limit benefits? If so, please provide details.

Answer: – The role of the care coordinator is to assess the need for care and to draw up a plan of care that meets the enrollee’s needs and preferences. In a number of instances, e.g. care by family members and informal care, will only be reimbursed if it is within the plan of care. In others, reimbursement rates, 50% vs 100% of the maximum weekly benefit, will be dependent on use of the care coordinator. In still others, e.g. nursing home, use of the care coordinator has no impact on coverage or payment levels.

The care coordinator’s primary role should not be viewed as limiting access to benefits but as arranging for care. The care coordinator is an enrollee advocate and not a managed care gatekeeper or an agent of the insurance company. However, there may be instances where benefits are limited because the enrollee insists on a plan of care that is imprudent.

Question: Does OPM have VA long term care facilities? If so, is OPM expecting carriers to reimburse the insured for long term care services provided in veterans’ facilities?

Answer – OPM does not have VA facilities. The Department of Veterans Affairs controls the VA facilities. OPM believes strongly that OPM should not have to pay the Department of Veterans Affairs for care that individuals are entitled to in a VA facility and will write regulations to this effect.

Question: [In question 7 on page C-11], Is OPM referring to Americans living abroad or to foreign nationals? If it is the intent of OPM for FLTCIP to cover both, please specify the number of individuals in each category, in which countries they reside, and whether they reside on military bases, in U.S. embassies or other.

Answer: – OPM is only interested in covering individuals who are employed by the US government (civilian or uniformed services) or retired from the government (civilian or uniformed services), or their qualified relatives. If they happen to be foreigners (i.e., not US citizens or nationals) then they still may be eligible for coverage. Instead of concentrating on their citizenship, the carrier should instead be setting up systems to accommodate individuals abroad and focus on any limitations that have to be created or acknowledged due to the foreign location and the carriers’ inability to provide coverage. Note: OPM considers coverage in the US territories to be critical.

Question: The enrollment numbers specified in the RFP indicate enrollment may be between 500,000 and 1,000,000 lives. Can any further details be shared regarding the assumptions surrounding these figures.

Answer: OPM knew that contractors would want some working estimate and therefore chose the 500,000 to 1,000,000 range. There is no real basis for this estimate and we have no more detailed information at this time although we are in the process of reviewing the experience of others and will develop (but not disclose) estimates for benchmarking purposes.

Question: Would OPM consider including domestic partners under the definition of an eligible spouse.

Answer: This has not been determined. If there are insurance issues which are different for domestic partners than for legally defined spouses, the contractor should raise them in the context of underwriting requirements for spouses.

Question: Should premiums be based on the insured's age as of effective date, or does OPM use some other date for determining age under other benefits?

Answer: OPM has assumed premiums based on age at application, but as with all aspects of the RFP, contractors may make a case for an alternative approach.

Question: Will OPM consider offering a Facilities Only Plan?

Answer: OPM will consider any approach that would strengthen the FLTCIP while keeping the marketing and rollout straightforward and effective.

Question: What is the home care benefit for an insured that may reside in an area that does not have a care coordination program in place. Presently, the 100% home care benefit is conditional upon use of a designated care coordination program.

Answer: We welcome comments on this issue. Indeed, there would have to be an accommodation so individuals are not disadvantaged (for example, it might well be that the home care benefit would not be conditioned on use of care coordination in areas where it is not available).

III. CONTRACTOR INFORMATION

Question: Please provide clarification [of number 3 on page C-14]. If a consortium of insurers is submitting a bid, does this provision apply to the relationship between insurers in the consortium, or only to the consortium's subcontractors/vendors?

Answer: – To assure the broadest and most open competition, OPM feels carriers should not prohibit any party (whether it be another insurance company or a subcontractor) from making any other arrangements with any other party.

Question: In the case where insurance carriers have come together and formed a consortium, is OPM looking for each participating company's current practices regarding certain processes, or is it OPM's intention that the questions be answered based on how the consortium will be handling this program. For example questions regarding carrier's care management.

Answer: Where a company has a specific role, e.g. care management, questions about practices should be answered from the perspective of that role.

Question: Please clarify whether the intention of the provision mentioned on Page C14 Question 3 pertains to vendors or to both vendors and insurance carriers who have joined to form consortiums.

Answer: Where the RFP asks for data about a company's strengths, practices, experience, etc. and a company or vendor or whatever is being proposed with a specific role or responsibility, the question should be answered from the perspective of that role or responsibility.

Question: In the event that consortia are formed consisting of more than one insurance carrier, and these carriers provide OPM with proprietary information, how will OPM treat this proprietary and confidential information under the Freedom of Information Act?

Answer: – If carriers designate any information as proprietary, OPM will not release it. However, this result cannot be guaranteed since a FOIA request must be defended and it is likely that specious requests for confidentiality would not prevail. However, core proprietary data should have no such problem given both the government's interest in securing this information for purposes of selecting the best carrier and the carriers' interests in preserving trade secrecy.

Question: If a consortium has presented a bid, should each participating carrier complete form SF33, or should the form be revised by the bidder to accommodate multiple carriers?

Question: The legal entity that is proposing to administer the FLTCIP does not yet formally exist although the companies have agreed to come together in the manner described in the response to the FLTCIP RFP. Who can complete the SF-33, make certifications, etc.?

Answer: OPM expects to contract with a single legal entity. That entity completes the SF33, the companies or vendors that comprise the legal entity or have subcontracts or agreements with it do not. The person/entity designed as the promoter or agent of the

entity to be formed can execute the SF-33 and other documents on behalf of the entity. The entity must legally exist at the time OPM contracts with it.

Question: We assume that this provision [in number 4 on page C-17] is intended to cover OPM's expenditures for general program implementations and administrations. Please indicate the assumptions to be used in the pricing to cover the cost of a national education program on LTC that will precede or concur with the marketing campaigns. Please be specific as to the dollars that should be spent.

Answer: – Any national campaign will be at the carriers' design and expense. OPM intends that the carrier identify how it wishes to proceed and fund the effort. This involves both the part that is more traditionally done by the carrier ("marketing") and the part that is done by the employer ("education"). Appendix C discusses the avenues that we have available at no cost to the Contractor (e.g., the Contractor does not have to pay to issue a Benefits Administration Letter to the agencies and will not have to pay for the first satellite broadcast). Thus, the dollar value of the campaign is the amount you wish to set. The figures we gave (\$2 million for the first year and \$1 million per year thereafter) are for other expenses, including the salary of the small OPM staff, actuarial review of premiums, etc.

Question: In order not to double count expenses for implementation and administrative activities, please clarify what OPM is assuming will be the nature and focus of their activities which comprise the \$2 million for FY 2001 and \$1 million thereafter for administrating the program (e.g. interface with agencies and/or eligibles directly)? These expense amounts are noted on page C-17.

Answer: OPM is endeavoring to be responsive to the need to develop an education (information) strategy. This will be done in close coordination with the Contractor. Since the law does not permit OPM to bear these expenses (either because the carrier pays for them or they are advanced from the life insurance fund which is then reimbursed), the Contractor will do so. It is our estimate that the Contractor is reimbursing OPM for staff and consultant costs for FY 2001 (including monies spent in FY 2000) but that there will be less consultant and more "outreach" and oversight activities thereafter. We do not envision the possibility of duplicate administrative costs.

Question: Please explain the Contractor's right to terminate or revise rates at the expiration of a contract term, in the event that the Contractor and OPM are unable to agree upon renewal rates.

Answer: If OPM and the Contractor could not agree on premium rates at contract renewal, OPM would recompute the contract.

IV. FINANCIAL

Question: How does OPM plan to realize its objective of achieving a premium that is 15 to 20% below comparable long term care insurance individual policies?

Question: On page C-17, the Contractor is required to certify that they have priced to “moderately adverse” conditions. Although this requirement is consistent with the 2000 NAIC Model Regulation, very few LTC policies currently being marketed in the private sector have been priced under this actuarial standard. Will this fact temper OPM’s expectation that FLTCIP premiums be 15-20% below those in the private individual LTC insurance market? (See page C-33, Premium Rates Requirement 1) If not, why not? How does OPM define “moderately adverse”?

Question: (Pg C-17) How does OPM reconcile the desire to have rates 15-20% below the average single industry rates in the individual market, yet they expect premiums to be priced to “moderately adverse” conditions? It is questionable whether most products in the individual market have been priced to “moderately adverse” conditions.

Answer: It is our belief that many group carriers already in effect price to the new NAIC standard. For example, any group policy that has increased benefits over the years is, in effect, a policy that was priced moderately to begin with. Thus, while bidders may not have used the precise tools found in the new NAIC model, their actuarial assumptions were those of a company that intended to set a rate that would be stable over time. As to the specifics of “moderately adverse,” the carrier should look to the guidelines being developed by the NAIC and the American Academy of Actuaries. While it may be true that individual products have not been priced to this standard they also have had to load in agent compensation and higher marketing costs than we expect. However, if carriers are concerned about how we wish to compare group and individual they are certainly free to explain how rates will rise in the future for individual products now that the NAIC no longer allows them to under-price. We expect our size and economies of scale, the absence of Commissions, your efficiencies and low profit margins, to produce our premium objective. We have not tempered our expectations.

Question: In Section C, Premium Rates, the first requirement is that program premiums be “15-20% below comparable premiums in the individual market for single, standard risks.” How will OPM evaluate the competitiveness of bidders’ rates relative to the individual market? Will “outliers” be excluded? Which individual LTC carriers will be included in the analysis? Which policy forms? Do proposed rates need to meet this requirement at all issue ages and plan designs, or will it be sufficient for composite rates (assuming a reasonable distribution of business by issue age and plan design) to meet this standard? Can bidders present market analyses of their own to illustrate the competitiveness of the proposed premiums with the marketplace, as long as all assumptions and methods are clearly defined?

Answer: We will use a variety of sources, including a mix of existing business as well as consultant models, to review the rates submitted. We can see that rates might vary so that some ages or designs will “look” better than others, so composite answers will be fine (which is not to say that you should not provide unaggregated answers where we ask for

them). Supplemental materials about rates and competitiveness supplied by the Contractor are acceptable.

Question: (Pg C-18, #4) How is the amortization of issue and marketing expenses coordinated with the Experience Fund, if at all?

Answer: The Experience Fund is run on a cash flow basis. Amortization of issue and start up costs is necessary for stable, long term premium setting.

Question: (Pg C-22, etc.) Much of the morbidity data requested will be extremely proprietary in nature. Will OPM and their contracted reviewers will be willing to sign a confidentiality agreement and certify that no other competitors (insurance company, consulting firm, TPA, etc.) have access to the data requested in the RFP?

Answer: OPM will maintain the confidentiality of information that is identified to be confidential. Feel free to propose the use of a confidentiality agreement and we will decide whether to sign it. OPM will be using outside experts to provide technical support but will request them to execute reasonable agreements.

Question: (Pg C-33, Table 7) Table 7 appears to exclude investment income as well as changes in reserve balances. Is this because any investment income earned on reserves is expected to be offset by changes in reserve balances on a present value basis? If this is true, what other income is to be included in "Total Income Used in Pricing"?

Answer: The amended instructions for Table 7 address this question.

Question: (pg C-36,37; Experience Fund) The Experience Fund is calculated using the lesser of actual or expected expenses. This naturally increases the value of the fund and hurts the existing carrier. What is the rationale behind this?

Answer: This maintains an incentive to keep costs reasonable and to make realistic assumptions.

Question: (pg C-37,38; Experience Fund and Contract Termination) The Experience Fund appears to be a modified version of a retrospective gross premium reserve which is to be transferred upon contract termination. However, in the Contract Termination section, the RFP states that "Contractor must transfer all reserves and assets to the new Contractor." Which is transferred, the experience fund or the reserves? In addition, does the Contractor receive any considerations from the new Contractor for this transfer of reserves?

Answer: The reference to "all reserves and assets" means the Experience Fund. The Contractor does not receive any considerations from the new Contractor for this transfer but the RFP contemplates the possibility of termination fees.

Question: (pg C-40, Table 9) Does Table 9 only apply to the calculation of profit for the Experience Fund as well as monitoring purposes? If there are other purposes, please define them. Please provide examples, both favorable and unfavorable to the carrier, of what happens to profit as detailed in Table 9 in the experience fund calculation. Who receives or benefits from the portion of profit the carrier may put at risk, the new carrier at termination, OPM or the federal employees and other insureds?

Answer: Table 9 is intended as the contractor's primary source of profit, but see also H(b)(5), p. C-40. A favorable outcome would be getting 100% of what is proposed. A less favorable outcome would be forfeiting 30%, an unfavorable outcome would be forfeiting 100%. Forfeited monies accumulated in the Experience Fund and transfer to a new carrier.

Question: (pg K-6, Section K.9, (a)(1)) Where can the accounting statement requirements last issued annually by OPM be found?

Answer: The requirements differ by benefit program. We haven't set any requirements for the FLTCIP yet and will work with the Contractor after contract award before issuing any requirements.

Question: Who controls OPM's admin. expenses that the contractor must reimburse?

Answer: OPM is solely responsible for OPM expenses but they are subject to the normal Federal budget process -- the request must be reviewed and approved by the Office of Management and Budget and enacted by Congress. Note that the RFP states you should assume \$2 million for the first year and \$1 million for each year after that, to include all OPM expenses related to the FLTCIP.

Question: Will there be local taxes, fees and guarantee association assessments?

Answer: We assume that this will be a function of your state of domicile. However footnote "d" instructs you to include them in the Premium Taxes entry for Table 1, page C-19.

Question: Who keeps the insureds that are on claim at the time of contract transfer?

Question: In the portability section on page C-11, please clarify if it is expected that enrollees who are on claim will also transfer to any successor carrier.

Answer: If the contract moves then all insured members move to the new carrier. However, we are thinking that it might be disruptive to move someone to a new carrier if they are in claims status. Rather than disrupt that relationship with the old carrier we think the insured would be asked their preference at that time. Given that this will be a small number of people and the person is in claims we think this cost of this could be easily assessed and the exiting carrier easily recompensed by the incoming carrier for the expense. (can combine with similar question on this topic)

Question: "Guarantee a rate of return to the FLTCIP"? What does this mean? Why should FLTCIP get any "return"?

Answer: In this instance, "return" means the amount the carrier thinks it will earn on investment or interest income, it is not what flows to the Program.

Question: Is reinsurance allowed and can it be changed over time during the 7-year period?

Answer: Reinsurance arrangements are definitely encouraged. We like the notion that this would remain stable over the period of the contract but if it is necessary to change reinsurers, this is acceptable.

Question: What are the “agreed upon termination fees” ?

Answer: During the “best and final” negotiations between OPM and the Contractors to finalize the contract, we will jointly agree on what fees, if any, may or may not be imposed and other matters related to termination, should that occur.

Question: To what extent can you change New Business rates or selection criteria? How frequently?

Question: Will the Federal Government (OPM) honor the rate increase “Formula” put into the bid? What process will be in place to allow changes in Underwriting and rating of New Business if the experience shows it’s necessary?

Answer: While a formula may be proposed as a means of initiating discussions about a rate increase, OPM will review and analyze the total FLTCIP environment before agreeing that increases or more stringent underwriting is necessary. In the absence of a formula, the Contractor could approach OPM at any time it believed it could demonstrate that experience warranted a review of rates or other matters.

Question: Where is the protection that this LTC program won’t be discontinued for new issues and the original company left with the program? Then a “new” LTC program is legislated which is more attractive than the old and all the good risks from the old pool move over leaving only unhealthy risks?

Answer: There are no guarantees. If you are not comfortable with this, then please do not submit a bid. It is unlikely we would abandon our former employees to an old pool. The most likely scenario if things go bad is that we close the program completely and rethink the whole exercise. If we did this, then we could see a new block of business forming in the future with a new contract – and perhaps a new carrier. We would ultimately try to move the old block into the new block, but in a fashion that did not disrupt it. Given our size it might be possible to do so where with most other groups it would be unlikely we could even contemplate this. Of course, all this is extremely unlikely with the right carriers winning the bid.

Question: Can it be set up that the Federal Government always holds the assets in a Gov’t trust, to avoid the market adjustment if the program is removed after 7 years. This would allow for a better matching of assets to liabilities.

Answer: The law did not set up the Program this way. The Government cannot hold the investments.

Question: Can the FLTCIP fund be charged interest by the carrier during deficit periods?

Answer: Start up costs are to be amortized for premium setting purposes and repaid as cash is available from the Experience Fund.

Question: Can the expense approach be changed to being reviewed on a cumulative basis over the 7 year term of the contract, rather than year by year?

Answer: OPM will take cognizance of the Contractor’s cumulative performance and past profit awards when conducting its annual reviews. Contractors are free to propose alternative approaches to profit determinations.

Question: Table 1 page C-19: Explain footnote “e” and more information is requested.

Answer: Footnote “e” requests the cost of underwriting and maintenance during a policy holder’s second year. Most of these costs will have been incurred in the first year.

Question: Table 9 page C-40 would best require different weights according to the duration of the contract. Is this anticipated?

Answer: We do not understand this comment but you are free to make any proposal you think is appropriate.

Question: What are the rights of the carrier to terminate the contract?

Answer: The Contractor is free to walk away from the contract after any 7 year contract term.

Question: Please explain whether clause 52.271-9, OPTION TO EXTEND THE TERM OF THE CONTRACT permits OPM to extend a contract period beyond 7 years, and how that impacts rate changes.

Answer: – OPM intends to issue contracts in 7 year periods (except for the first period which might be shorter). This language merely means that we have to give the Contractor notice before extending to a second, third, etc., 7 year term.

Question: Clarification on the term of the contract. The authorizing legislation states that the term of the master contract shall be for 7 years. You have indicated an anticipated term of 10/1/01-9/30/08. Based on the assumption that all plan documents will be finalized in December 2001, we believe that the earliest date coverage under the FLTCIP will be effective is early 2002. Would the term of the contract be 7 years from that date (into 2009), rather than from 10/1/01?

Question: “The anticipated base period for this contract is October 1, 2001, through September 30, 2008. Each option period shall consist of a 7-year term. There is no limit to the number of options the Government may exercise.” This is not our understanding of OPM’s intent. We have been under the impression that there will be one lead-in year, followed by seven full plan years ending in 2009 rather than 2008. Please confirm.

Answer: The Government must have a contract in place before it can authorize a contractor to incur reimbursable expenses. Thus the term of the contract must begin before the term of policies offered under the contract. We will need to agree on some form of truncation in the first term to place the FLTCIP on a fiscal year basis.

Question: Please clarify whether the bidder should assume separate reimbursement to OPM for expenditures for an educational program, aside from the costs that the bidder is assuming in their marketing/education program.

Answer: OPM’s total reimbursable expenses should be assumed at \$2 million for FY 2001 and \$1 million thereafter. OPM will not undertake an independent educational program. It will work with its contractor.

Question: Please provide additional clarification to Question 4 on Page C17 regarding reasonable expenses in year one and subsequent years. What expenses would fall into the reasonable expense category for those years.

Answer: While OPM would never incur any unreasonable cost, Congress chose to provide guidance in this area in the LTC Security Act. The cited costs (\$2 million in FY 2001 and \$1 million thereafter) are more than reasonable.

Question: Who keeps the insureds that are on claim at the time of contract transfer?

Question: If the FLTCIP switches carrier and enrollees transfer to the new contractor, will OPM institute the requirements stated in the NAIC LTC Model Reg: (1) require the succeeding carrier to offer coverage to all persons covered under the policy on the date of termination, (2) require the new carrier to have no preexisting condition exclusions, (3) require the new carrier to not vary premiums based on disability status, claim experience, or use of LTC services. Will the new coverage (1) provide benefits identical to or substantially equivalent or in excess of the terminating coverage and (2) use premiums calculated based on the ages at inception of coverage under the terminating coverage? Is the intent to give enrollees not in claim an option to remain with the existing carrier? Enrollees in claim will remain with the existing carrier?

Answer: Yes to all questions, except enrollees not in claim status will not have the option of staying with the existing carrier and the status of those in claim status would be determined as part of the transfer. But they would probably be transferred to the new carrier, especially if continuity of their care coordinator could be maintained.

Question: Page C-18, requirement B.a.4. Confirm that underwriting costs should also be amortized over the average lifetime of initial enrollees.

Answer: Underwriting costs are an "issue" cost subject to amortization.

Question: Page C-26 and C-27, table 5D and 5E: confirm that ultimate incidence rates should be provided in these tables.

Answer: The rates requested in Tables 5 D and E are ultimate incidence rates.

Question: Page C-36: E.a.2. What is the intention regarding the calculation of cumulative "taxes paid" which are to be deducted from the Experience Fund?

Answer: The Experience Fund is maintained on a cash basis, so expense items are deducted on a cumulative basis.

Question: Page C-37 F.a.2. Confirm that references to providing estimates, final calculation, and transfer "of reserves and assets" means the Experience Fund (with appropriate adjustments) and not the statutory reserves.

Answer: All such references in Section F, Contract Termination, are to the Experience Fund.

Question: Page C-40 Table 9: Please clarify the intent of the following statement in regards to the Actual vs. Expected Enrollment Experience "adjusted for actual demographics"?

Answer: Claims experience is affected by enrollment demographics. Adjusting for actual demographics increases the probability that the contractor's performance will be judged successful in the area of claims experience.

Question: In comparing OPM premiums to the individual market, how will OPM adjust for the fact that the underwriting approval/rejection rates between the OPM program and the typical individual policy are dramatically different? These underwriting differences have an important impact on premiums.

Answer: OPM will use a pricing model that will take into account approval/rejection rates. It is our intention to compare premiums on an equal basis, however we believe that there is good reason to think that any "loss" we face in the fact that our underwriting for employees is lighter will be counterbalanced by efficiencies in size and elimination of agent commissions.

Question: How will the competitiveness and validity of the contractor's proposed rates be evaluated? While OPM has specified a standardized plan design and underwriting strategy for pricing, many other assumptions may vary. How will OPM evaluate differences across bidders regarding lapse, interest and expense assumptions, and other variables like assumptions regarding age/gender mix, plan selection?

Answer: OPM will use the Contractor's own assumptions as inputs into the pricing model and determine whether the proposed premium and assumptions are realistic. Our models incorporate standard actuarial values for these other assumptions to the extent they are not specified by the bidder.

Question: The RFP requires that the financial and accounting aspects of the program be handled separately from the insurer's other LTC business, though the exact mechanics are not clear. Is it the position of OPM that the group policy will enjoy preferences that are not available to the insurer's other policyholders? For example, in the event of an insurer's insolvency, all policyholders are treated the same, but are provided a statutory preference over the insurers creditors. However there is no super preference for any policyholder. What preferences if any does OPM want?

Answer: The financial and accounting aspects must be separately identifiable, not necessarily separate from the insurer's other LTC business. Note that the RFP states that FLTCIP assets are not available for satisfying obligations arising from the Contractor's other lines of business.

Question: For long term care insurance, an insurer's profitability can vary significantly by policy/certificate duration due to the impact of statutory and GAAP reserve requirements, acquisition expenses, and insurer required capital considerations. Can the proposed profit as a percentage of premiums given in Table 9 vary by OPM contract year or by individual certificate duration?

Answer: Yes, by fiscal year.

Question: On page C-18, issue and marketing expenses are expected to be amortized over the average lifetime of initial employees and provision will be made for unamortized initial expenses in any fund transfers to a successor carrier. To the extent that re-

enrollment marketing and issue expenses will be incurred throughout the contract period, will issue and marketing expenses incurred after the initial enrollment receive the same treatment?

Answer: Yes. Our preference is that initial expenses be incurred by the carrier rather than OPM on the theory that the carrier can amortize over a longer period than we can (since we have to re-pay the Life Fund within the first year). But we also assume that ongoing expenses will all be the carriers' and that, again, amortizing over a longer period is prevailing practice.

Question: On page C-20, Question #4: Expenses may be significantly higher per enrollee than expected due to lower than anticipated enrollment. If this should occur, will the Contractor be able to reflect it in the premiums?

Answer: If this occurs, OPM expects that the insurer will work with OPM to decide whether the premiums need to be adjusted or whether there is another avenue to explore (perhaps holding another open season with more and improved marketing). We are expecting that the premiums will be set for life, although we understand that this cannot be guaranteed with certainty. Another alternative is that premiums for new enrollees would perhaps have to rise more than otherwise contemplated but existing premiums remain stable.

Question: Page C-33, Question #18: Is the "loss ratio" reference in the first sentence of this question the ratio of claims incurred to lifetime premiums?

Answer: Delete Question 18. It pertained to an earlier version of Table 7 and should not be answered.

Question: Page C-36, Statutory Reserves, and Requirement 1: Will the use of offshore reinsurance to relieve statutory surplus strain be permitted? If yes, would the use of this reinsurance have an adverse impact on the evaluation of a proposal?

Answer: Yes, they are permitted and, no, they will not have any negative impact on the evaluation of proposals.

Question: Experience Fund Maintenance: Do FLTCIP assets actually need to be segregated from the assets of other clients, or can they be part of an insurer's general account, but accounted for separately? Inclusion in the general account may allow for greater investment flexibility and potentially higher rates of investment return.

Answer: FLTCIP assets do not need to be segregated from the assets of other clients. They need only be accounted for separately in a manner that can be easily audited.

Question: Experience Fund Maintenance: Can the "net income" credited to the fund be net of an investment rate "spread" (i.e., profit to the investment manager) as well as investment expenses? Do the "taxes paid" that are deducted from the fund include Federal income taxes?

Answer: Yes, it can be net of a "spread", as long as that spread is clearly identified. "Taxes paid" do not include Federal income taxes that the Contractor pays on its profit.

Question: Contract Termination: Section F.a.1. Requires that the Experience Fund (with adjustments) be transferred to the new Contractor. However, in Section F.a.2., references are made to “reserves and assets” being transferred to the new Contractor. Are “reserves and assets” the same as the Experience Fund?

Answer: Yes.

Question: Profit: Is the proposed profit disclosed in Table 9 on a before or after tax basis?

Answer: Before tax, the same as in Table 7.

Question: Profit: Table 9 indicates that no profit would be available if premiums are not sufficient to cover claims and expenses. As the FLTCIP business matures, it becomes likely that premiums in a given year may not be adequate to cover claims and expenses paid during that year. Additional funds to cover these claims/expenses are drawn from the accumulated plan assets/reserves and the investment earnings on those assets/reserves. This is fully anticipated when the contractor prices the plan. Why is the contractor’s annual profit eliminated when this occurs?

Answer: The Table is referring to aggregate premiums, not premiums collected in any given year.

Question: Profit: Please clarify the “Considerations” column of Table 9. For example, would success in meeting enrollment goals result in a reduction or increase to the annual profit? Conversely what would failure to meet enrollment goals result in? How will these goals be established?

Answer: Success in meeting enrollment goals would result in movement toward the profit requested . Failure would result in a decrease. The Contractor and OPM will jointly negotiate these goals.

Question: Is the “Return on Investment” the investment return on plan assets/reserves or the contractor’s internal return on investment in the FLTCIP plan?

Answer: The return on plan assets/reserves.

Question: How will “responsiveness to OPM” be measured? This seems to be a very subjective factor that may be difficult to measure objectively.

Answer: OPM will work with the Contractor to negotiate some objective measures for this category. However, some of this category will, by definition, not be objectively measurable. OPM will certainly exercise due diligence and fairness in this category.

Question: Experience under Group LTC plans can be volatile, especially with respect to claims, unfavorable variances in one year can be followed by favorable variances in the next year. It appears that the formula proposed in Table 9 would penalize the contractor for adverse plan experience in any given year, but would not allow the contractor to recoup past losses if future experience is more favorable than anticipated. Is this what OPM intends? Would the formula in Table 9 allow for increases to the proposed profit if plan experience is favorable?

Answer: OPM's annual evaluations will be cognizent of the Contractor's performance in prior years. We hope our relationship will be a long term one.

V. UNDERWRITING

Employees/Annuitants/Spouses

Question: The more traditional definition of “actively at work” for purposes of issuing coverage on either a GI or MGI basis is “the employee is at his or her usual place of employment on the day they apply for coverage and on the coverage effective date, or if they are on vacation or sick, disability or sabbatical leave, on his or her first regularly scheduled day of work after that date.” Do you object to this additional language?

Answer: In addition to addressing our question on this, feel free to propose whatever additional language you believe makes the most sense.

Question: Under the short form approach to underwriting employees, is there any objection to excluding the mentally retarded from standard coverage?

Answer: Yes, unless there is a strong insurance case to be made.

Question: OPM mentions the consideration of short-form underwriting for annuitants? Can we consider a different short form than the one outlined in the RFP for spouses of actives?

Answer: While we are tempted to say “sure,” the problem is that we would, in practice, want as few different underwriting forms as possible. In a perfect world, in fact, there would only be one form for everyone. If you introduce multiple forms you should explain in the marketing section how you will keep them straight and how you will deal with individuals who complete the wrong form, especially less stringent forms that are accepted by mistake. Remember that the RFP contemplates self-certification of group status.

Question: On page C-43, it says, “spouses will be asked for some additional information as a substitute for not being actively at work for the government.” Does OPM have any limits on what these additional questions can or cannot be?

Answer: The questions should obviously pertain to establishing why the spouse is not actively at work. In the abstract if you view “actively at work” as a surrogate health question then the substitute questions should be health questions. However, if you can simply ask the name and phone number of their employer, this might suffice to show they are every bit as “actively at work” as their spouse. As to where we would draw the line, our preference would be that there not be so many questions that it goes much beyond short form underwriting. The degree of underwriting being performed for active employees would also be a factor.

Question: Please provide clarification surrounding the underwriting requirements related to employees and spouses for the unlimited benefit option. Is it OPM’s intent to allow more comprehensive underwriting for this option.

Answer: Additional underwriting may be proposed for the unlimited benefit option for employees and spouses. Given additional underwriting, our preference would be for identical spousal underwriting.

Underwriting Practices

Question: What does OPM mean by the phrase on page C-43...”you must maintain underwriting standards during that period with no shortcuts”? As long as underwriting standards are consistently applied across all applicants by eligibility class, can the contractor have more “streamlined” underwriting methods and techniques for the initial enrollment and develop alternative, but consistently applied underwriting protocols in subsequent enrollment periods, if justified?

Answer: Our point was that we did not want people to pass underwriting that should not, simply because of the capacity problem (i.e., too many people passing through the underwriting process at one time, so they’re approved just to get them out of the system). This comment was not related to whether you could have different and better processes.

Question: The RFP specifies that the bidders underwriting manual must be provided. This manual, and the pricing information in the financial section, is proprietary information. Will this information be kept confidential?

Answer: Yes, OPM will keep any information confidential that is identified as needing such confidential treatment. Be sure to label your material appropriately.

Question: Field underwriting manuals are typically used with individual products. If a group carrier is responding to this requirement, what is OPM’s intent?

Question: Page C44, Question 2 asks for a Field Underwriting Manual to be furnished. This material is more relevant to the retail market than to the group market. Please clarify what OPM is specifically interested in seeing.

Answer: OPM believed the field manual would be more concise but still indicative of the contractor’s underwriting philosophy. If this is not the case, the actual manual the contractor proposes to use may be furnished.

Design Issues

Question: Please clarify your requirement that enrollees be given the right to switch to automatic compound inflation option at each future purchase option offer. Will underwriting be allowed when enrollees elect to switch to automatic compound inflation during a future purchase option offer.

Answer: Enrollees who have not declined inflation adjustments on three occasions and are not on waiver of premium will have the right to purchase automatic compound coverage (without additional underwriting) each time a periodic inflation adjustment is made.

Question: The MGI question outlined on p C-43 differs from the MGI question proposed previously in the OPM proposed plan design. Specifically the question about use of LTC services within the past 12 months has been removed. What is the reason for this change?

Answer: Corrected in Amendment 1.

Question: We are assuming that all applicants requesting an unlimited lifetime maximum benefit will undergo full underwriting. Please confirm.

Answer: – Employees (and perhaps spouses) who are otherwise entitled to lesser underwriting and who wish lifetime coverage may need to undergo greater underwriting than for the 3 or 5 year policy. However, it need not be full underwriting, though the Carrier can certainly suggest this.

Other

Question: What is OPM's preference regarding the trade-off between underwriting acceptance rates and premium costs? What is the underwriting acceptance level for active employees and their spouses that OPM feels is appropriate to support the desired 15%-17% below market price benchmark that has previously been cited? Would OPM rather see broader acceptance rates or lower premiums? Is there any outer limit for a decline rate that is acceptable to OPM, regardless of the premium savings?

Answer: Our objective is 15% to 20%. The most important point is that we must have a successful initial offering. Having a strong program for providing non-standard offers of insurance (or services) to declined employees will help in this regard. However, there likely is a point where OPM would not feel comfortable with too high a decline rate and that number is lower for actively-at-work individuals than retirees. This is a judgement call that we will be in a better position to make after seeing a number of actual proposals.

Question: On page C-43, OPM requires bidders to be able to underwrite eligibles living outside the U.S. Some underwriting protocols are more difficult to administer (e.g., face to face assessment). Can bidders propose alternatives to address these constraints or must the same underwriting protocols and criteria apply?

Answer: We are interested in consistent determinations more than uniform protocols. Exceptions can be made for persons residing abroad and in other instances where justified. Propose what you think will work best and explain why.

VI. REPORTING REQUIREMENTS

We didn't receive any questions about reporting requirements.

VII. ADMINISTRATION AND SYSTEMS

Question: On page C-47, contractors are required to provide for payroll and retirement plan deduction and automatic debit. Does OPM anticipate that some agencies/employers will not make payroll or retirement plan deductions available to the program from the outset? If so, can contractors propose methods for including direct bill as an option for those employees/retirees that do not have sufficient funds to allow automatic debit or who do not feel comfortable with that approach?

Answer: Some (but very few) agencies might not have computer systems that can accommodate additional payroll deductions, or might not have it in time for open enrollment. Our fall-back plan then was use of an automatic debit (on the theory that this was administratively simpler for the carriers). We contemplated direct bill as an option only when payroll deduction and automatic debit were both not viable but asked on page C-47 question 2(a) for your reaction to this. Propose what is in the best interest of a successful FLTCIP in terms of cost and market penetration.

Question: Will OPM allow contractors to automatically default an insured to direct bill if premiums cannot be obtained from payroll/retirement plan deduction or automatic debit? Such an option is an important consumer safeguard to ensure that coverage does not lapse due to non-payment, which is not the insured's fault.

Answer: Yes, OPM assumes that there will be a "default" mechanism to prevent lapses. Our assumption was that the default from payroll deduct was to a debit, but if it is easier to go to direct bill then you should specify this in your bid.

Question: How many payroll systems (centers) will we need to update? What is OPM's best estimate at this point in time and will OPM continue to explore this issue? Are there employer units with multiple sites that don't aggregate payroll into one system/center?

Answer: There are approximately 175 payroll offices. We continue to meet with our ad hoc payroll advisory group and will bring the Contractor into these discussions after contract award. Yes, there are agencies that have sub-units that don't aggregate into one system/center.

Question: Does OPM anticipate that all payroll systems will want to and be able to support payroll deduction from day one or will each system be making an individual decision whether and when to participate in payroll deduction?

Answer: We believe that all agencies want to provide the best possible customer service, and that will include offering payroll deduction for long term care insurance premiums. However, some systems are old and may not be able to support an additional deduction. We will certainly let the Contractor know about these situations when/if they arise.

Question: What payroll systems are being utilized – Peoplesoft, Mainframe Legacy, etc...? How much diversity across agencies is there regarding the payroll systems being utilized? Is this something OPM currently knows or is currently exploring?

Answer: Federal agencies probably use all of the payroll systems that are available, including Peoplesoft and Legacy. We have never polled agencies to find out exactly what systems they use.

Question: Will we need to provide each payroll system with an update or can we pass one update to OPM to separate?

Answer: You cannot pass one update to OPM to separate. We are not serving in a clearinghouse mode for this program. You will have to communicate with each individual payroll system.

Question: What are the payroll frequencies? How much diversity is there across agencies with respect to payroll frequencies?

Answer: Biweekly, weekly, monthly, and semi-monthly. There is much diversity, but the majority is biweekly.

Question: Are all employees at one payroll center on the same frequency? How often can/does payroll frequency change?

Answer: Each payroll center may have more than one payroll frequency, depending on the type of employee serviced by that center. The payroll frequency does not change for a given employee unless that employee moves to a new position that has a different payroll frequency.

Question: How are employment status changes typically communicated for purposes of supporting payroll deduction?

Answer: Contractors will not know about employment status changes per se. They will know if the agency deducted premiums for a particular employee or could not deduct premiums. The reason is irrelevant. If the Contractor doesn't receive payroll-deducted premium for a particular employee, it must immediately invoke the exception processing, which we contemplate as automatic debit.

Question: Is there any inconsistency in the application or maintenance of employee ID numbers that may affect the payroll deduction process?

Answer: For purposes of payroll deduction, contractors should identify employees by their first, middle and last names and social security numbers.

Question: Do any of the payroll systems use Salary Allotment as a method for paying benefits? If so, will there be an opportunity to work with the payroll center to create an alternative method?

Answer: Agencies do allow salary allotments, but we are not contemplating using those allotments for the FLTCIP program, except for the very few agencies that only make "deductions" by way of allotments.

Question: Are any payroll systems supported by a TPA – (i.e. Benefit system = Hewitt, Towers Perrin, Payroll systems = ADP)?

Answer: Yes, some payroll systems may use a third party administrator. But the use of such TPAs should be transparent to the Contractor.

Question: If so, what is the processing performed by each TPA and how does the interface with payroll work?

Answer: The use of TPAs should be transparent to the Contractor.

Question: How will agencies/payroll systems notify us of employees moving from one payroll system to another so that we can support continuation of payroll deduction when that occurs?

Answer: The only notification you will receive is the absence of payroll deductions. When you contact the enrollee to initiate the exception processing, the enrollee can tell you that he/she moved agencies.

Question: Do employees retain payroll deductions while on short-term leave of absence, or do these cease and then resume upon return? If they cease, how does the payroll center inform us about the start and end of the leave of absence?

Answer: It depends on the purpose of the leave of absence and whether it is with pay or without. If you do not receive payroll deductions for a particular enrollee, you will have to initiate the exception processing. In most cases, we are anticipating that the payroll systems will automatically begin withholding premiums when the pay again becomes sufficient. The Contractor will have to refund to the enrollee any duplicate payments. If any agency doesn't automatically resume payroll deductions when the pay again becomes sufficient, the enrollee can request the Contractor to request that the deductions be resumed. Otherwise the automatic debit or direct bill would remain in effect.

Compliance/Preemption

Question: We are interested in the plan's ability to deviate from standard Coordination of Benefits approaches. Can we assume that this Federal plan will be exempt from the various state regulatory requirements that may otherwise affect claims administration, beyond just the COB issue?

Answer: For purposes of responding to this RFP, the bidders should assume they are exempt from state COB provisions. It is our intent to issue regulations to clarify these issues

Question: In OPM's opinion, are state filing requirements (e.g., informational and advertising filings) pre-empted? If so, does OPM believe the program will still be "tax qualified" under HIPAA? Additional state filings will have a pricing and cost impact. Some states may raise questions regarding advertising, thereby interfering with OPM's authority.

Question: What research and legal opinions do OPM have regarding requirements for the FLTCIP to be tax-qualified? Will OPM share with bidders the information it has obtained regarding these requirements? (e.g., delivery of OOC, offer inflation, offer nonforfeiture, delivery of shoppers' guide, etc.).

Answer: Our view is that all state filing requirements are pre-empted, specifically meaning that instead of the states doing so, we (OPM) will handle rates, forms, and advertisement review. We do not believe HIPAA compliance is threatened by our handling these matters even though there is language in HIPAA dealing with these issues. We will work with Treasury on this to assure our Tax Qualified status. We have discussed an “informational filing” with the NAIC as a means of providing information the states might appreciate (or alternatively we could post public data on the web for consumers and the states).

As to the other questions which are outlined we believe we are the policyholder and the individual insured would be a certificate holder. Under HIPAA we will get from the carrier an offer of compound inflation and nonforfeiture which we will reject or amend to match what we intend to offer. The Shopper’s Guide is similarly something that we believe is not necessary in the form developed by the NAIC. We have our own mandates in law as to what we have to do to educate our buying public and it is our intent that educational material be presented to prospective purchasers, but it will be our materials and not the Guide.

Question: Please confirm that state benefit dispute requirements are preempted.

Answer: State dispute provisions are over-ridden by the LTC Security Act which contains specific language on reviews of benefits disputes in addition to broad pre-emptive provisions.

Question: What are the other delivery systems contemplated with the phrase, “and so forth” in C-47 (A4)?

Answer: OPM did not want to limit the options of the carriers as to how they handled enrollment. It is our assumption that most systems will be automated (Internet and IVR), however, there may be other systems, automated or otherwise, that the carrier believes will be cost effective. It is up to the carrier to suggest and design these.

Question: Will OPM please define “tour of duty”?

Question: Pages C-43 A5. Clarification is needed on your definition of Actively at Work. Please define what constitutes a “tour of duty”.

Answer – That is the scheduled number of hours that a person works, according to their official work schedule. For instance, a tour of duty of 32 hours is a part-time tour of duty. A tour of duty of 40 hours per week is a full-time tour of duty. An employee’s tour of duty is defined on the paperwork set up when the person was hired, or amended thereafter.

VIII. CUSTOMER SERVICE

Question: Will OPM require that pre-enrollment customer service staff hold an insurance agent's license? Can bidders propose alternative credentialing or quality assurance protocols?

Answer: No agent licenses will be required. If the bidder wishes to use agent licensing as its way of determining the person is trained, that is acceptable.

Question: Does OPM have standards in place for other benefit programs that it would like to see used in this program? What service level is the eligible population currently accustomed to (e.g., speed of answer and abandonment rate)?

Answer: As stated in the RFP, we are interested in first class customer service and we are asking our contractor to propose standards and appropriate benchmarks. We expect bidders to strive for a high standard of performance, and not concentrate on what minimum level of performance might be acceptable.

Question: What is the extent of IVR usage/enrollment on other OPM-sponsored benefits?

Answer: We require our annuitants to make health benefits open season changes via the telephone or website. Approximately 85% of the annuitants making health benefits open season changes do so by telephone. But only 15% of annuitants use our IVR system for other changes to their annuities, such as tax withholdings, allotments, and address changes. Most civilian agencies participate in Employee Express, which allows IVR enrollment for our health benefits program.

Question: What are the current telephone (live agent) service hours for other OPM-sponsored benefits?

Answer: Our toll-free Retirement Information Office phone number for annuitants is manned by live agents from 7:30 a.m. until 7:45 p.m. Eastern time. It is available 24/7 for pre-recorded information and IVR transactions. Many of our large health benefits carriers provide 24/7 customer service access, and many others provide extended weekday and/or weekend hours. Our life insurance contractor's toll-free number for claim information is manned from 8:00 a.m. – 4:30 p.m. Eastern time, although we recognize that is not necessarily sufficient hours and are looking at whether we need to extend those hours. It is available 24/7 for pre-recorded information but not currently for leaving phone messages.

IX. CLAIMS ADMINISTRATION

Question: Does care coordination for non-enrolled qualified relatives need to be offered through an insurance contract?

Question: Is it OPM's intent that care coordination services be provided to non insured relatives of enrolled employees through the alternative product and charged to the non employee relative?

Answer: OPM does not envision that an insurance contract would be required for service or discount arrangements. Instead we envision the Program making the care coordinator available at cost (i.e., the cost to deliver the services fully passed on to the non-insured, but with recognition that this cost is well below what the person would have paid for on his or her own). This may or may not be what is being proposed as part of the non-standard policies to be offered to employees who are declined coverage.

Question: Is the coordination of benefits to include Group or Individual major medical?

Answer: Coordination of benefits includes all other insurance products, group or individual, public or private. We see major medical plans like our FEHB Program as being primary coverage and paying overlapping claims first, before the long-term care insurance benefit pays.

Question: What authority will a third party have upon review of claims adjudication?

Answer: Third party review is binding on the contractor but only in the context of the contract with OPM. The third party cannot order payment for the provision of a non-covered service. The decision is limited to the specific case and is not necessarily a precedent in any other case.

X. EDUCATION, MARKETING AND ENROLLMENT

Question: What is the earliest possible effective date for the master policy? While we understand that the open enrollment process must offer some applicants to be enrolled with effective dates beginning on October 1, 2002, is an earlier policy effective date permissible?

Question: We infer this request [in question 4 on page C-57] as meaning that OPM would like to make FLTCIP coverage available to persons interested in enrolling early, as opposed to simply ensuring a guaranteed right of coverage or a premium based on a certain issue age. Please confirm that OPM is seeking to have people actually covered prior to October 1, 2002. If possible, please indicate the earliest possible effective date of such coverage.

Answer: –Yes, OPM desires coverage to be available as soon as possible after all rate, benefit, and underwriting issues have been resolved and we are asking the Contractor for the earliest date, e.g. XX months after closure on rates. We understand that the Contractor’s infrastructure will not be as strong as when the program is officially rolled out.

Question: Enrollment period that will begin in 2002, and may extend in to 2003, “why not longer”? We expect enrollment throughout the full 7 years.

Answer: That phrase is referring to the first open enrollment period when employees and spouses will have underwriting other than full. That enrollment period will indeed have a set closing date. After that, the program is still “open”, but only with full underwriting unless OPM and its Contractor elect to hold another open season with reduced underwriting.

Question: Is OPM contemplating that premium payments would not begin until all of the education and marketing activities are complete? Or is OPM assuming that an on-going receipt of premiums as people elect to enroll will occur?

Answer: The RFP specifically requests Contractors to state how quickly the Contractor is prepared to begin issuing certificates (policies) irrespective of education and marketing initiatives. Please read item 4b on page C-58 of the RFP.

Question: It is our expectation that marketing, educational and enrollment expenses will be assumed within our pricing model. However, certain FAR regulations appear to prohibit marketing as an allowable expense. Can we assume standard industry practice of including marketing expenses in the rates?

Answer: For bidding purposes you indeed should consider all education and marketing expenses as part of your bid. Our law requires the life insurance fund to be reimbursed fully for all expenses and perhaps contrary to customary practice, this will include advertising and marketing expenses approved by OPM.

Question: What is the status of OPM’s efforts to identify LTC Implementation Coordinators?

Answer: We currently have received the names of approximately 55 Implementation Coordinators, including names from most of the larger departments and agencies.

Question: On page C-76, the RFP says that OPM will share names, addresses and phone numbers of Implementation Coordinators with the successful contractor. Will OPM also provide similar information about the Federal Benefits Officers and Payroll Officers mentioned here?

Answer: Yes, OPM can do so. Any offices and contacts that are viewed as necessary to the winning bidder will be available to the extent OPM make them available.

Question: The proposed plan design offers the participant a number of options at time of enrollment. It is clear that OPM would like a simplified marketing approach. Please clarify OPM's thoughts on how prominent all of the plan options and rates should be in the marketing materials.

Answer: OPM is looking for proposals that specifically address this point. OPM has been advised that simplified approaches tend to be more effective.

Question: What is OPM's experience with the bulk distribution of marketing material to agencies/departments and how does this vary by military vs. civilian vs. postal? Does it vary with regard to the type and nature of information being distributed? What are agencies required to do with information they receive in bulk distribution? What do they typically do? How aggressively is OPM prepared to encourage agencies/departments to facilitate the distribution of FLTCIP educational and marketing material?

Answer: We do not have any experience with bulk distribution to the military. We have extensive experience with bulk distributions to civilian agencies and cooperation is excellent, however do not assume precise timing or allow significant advance timing. Typically, they receive flyers or packets in one or more central locations and then distribute these out to branches and divisions and other units within the workforce, down to the building level and then into the central mail rooms. In some cases, fewer than 100 percent of the total employee population is supplied. For example, only 25% of FEHB literature is sent to each location since most employees are not interested in switching plans and smaller quantities are ample, and probably most importantly, the information is available on the OPM website. Of note, by union contract, the United States Postal Service (USPS) mails information to employees' homes, rather than delivering it to the worksite. However, the Contractor need only ship the bulk information to the USPS main shipping centers. The USPS will mail it to its employees (and cover that cost).

Question: Are there any costs associated with the actual desk drop distribution process aside from the shipping of materials to each location (i.e. do we pay for handling at each site.)?

Answer: You would not pay for the desk drop. Agencies will absorb any costs of distributing the materials from their normal shipping points.

Question: How are materials distributed to people who are eligible overseas?

Answer: Drops to employees (military or civilian) include those living overseas. The Contractor will be mailing directly to all retirees, including those living overseas. Qualified relatives will have to identify themselves to the Contractor.

Question: Will OPM require that individuals conducting enrollment education meetings hold an insurance agent's license? Can bidders propose alternative credentialing or quality assurance protocols?

Answer: Agent licensing is NOT a requirement for site presentations. The purpose of using agents is that they already have knowledge of long term care insurance. Other assurances that the person is responsible and knowledgeable are acceptable to OPM.

Question: Are there any prohibitions in our soliciting individual agencies and asking them if we can create our own email and mail file by soliciting the individual agencies?

Answer: We intend to work closely with our Contractor to develop the most effective rollout strategy. We will be heavily involved but there will be no prohibitions about direct solicitation per se.

Question: Are there any limitations on the ability to segment the population for purposes of marketing communications?

Answer: OPM believes each individual should get a mailing/drop on the program but beyond that is interested in the carriers' views as to the best mechanism to get information to the right people. Thus, targeted mailings to limited populations that have been pre-screened (segmented) are allowed. We do not foresee limitations in this, but it may occur to us as we talk these matters over with the carriers. For example, there may be a difference of opinion on how many solicitations a person can get.

Question: Specifically, what will OPM be doing in terms of PR and marketing communications to generate the anticipated initial demand?

Answer: It is up to the carriers to tell us what they expect OPM to do in terms of education. The education and marketing campaigns are part of one exercise and the winner will determine what that is. OPM will exercise its best efforts to carry out these plans, though we also reserve the right to suggest limitations where appropriate to protect the government and its employees from excessive enthusiasm of the insurers.

Question: Is there a process in place for working with the public affairs offices of the uniformed services? How do we get access to the unit/commander and functional areas? Is there a list of publications and can we get media kits of the advertising publications available?

Answer: We will make our agencies offices, including the public affairs offices, aware of our needs and will have some ability to suggest they cooperate with you. We will work with the Contractor and the military to provide access. There is no joint list of publications, but we will work with the Contractor and the Department of Defense to identify potential avenues for advertising and marketing.

Question: Does OPM have and can they provide a listing of relevant websites accessed by federal employees and retirees to learn about benefits, services, etc. which may be useful as communication vehicles as mentioned in Appendix C.

Answer: Most if not all agencies have their own websites and/or Intranet sites. The Contractor can propose sending information to agencies via the Benefits Administration Letter (BAL) system, and asking agencies to post it on their sites. The main OPM websites for employees/annuitants to learn about benefits are the health benefits website (www.opm.gov/insure/health), the life insurance website (www.opm.gov/insure/life), the long term care insurance website (www.opm.gov/insure/ltc) and the retirement website (www.opm.gov/insure/retire)

Question: Page C-75. Please provide additional information regarding the Family Support Centers.

Answer: Military service family centers serve as the focal point for information and referral and coordination of family support systems programs and activities. There are centers at each military installation with a population of 500 or more personnel. For more information on family support centers, please visit www.mfrc.calib.com.

Question: Does OPM know what percent of employees receive a hard copy payroll statement? If they do receive one, may contractors negotiate at the agency level to use this as a communication vehicle?

Answer: We do not view this as an effective means for delivering information. Many agencies that are currently providing hard copy payroll statements to employees are making the switch to paperless payroll (including OPM). Employees who still get hard copy statements do not necessarily read them.

Question: How successful does OPM consider the satellite broadcasts as a way to promote benefits/programs? How specifically have they been used in the past and what evidence of efficacy does OPM have?

Answer: OPM has reason to believe that satellite broadcasts have been and can be successful. We estimate that our broadcasts are received by anywhere from 100-200 sites, with audiences as large as 20,000 employees worldwide. The broadcasts have more lasting appeal as tapes – we mail videotapes of the broadcasts to each agency, and they can order additional tapes for field sites. We've used them to promote open enrollments for life insurance, thrift savings plan updates, etc.

Question: How are employees and retirees notified of satellite broadcasts using the Federal HR Forum? Where do employees/retirees typically access the satellite broadcasts – from home or at work? Are their opportunities for time off from work during the workday to view satellite broadcasts at a central workplace location?

Answer: Employees are informed of these broadcasts by flyers in their mail, by email and/or at central locations in their building. The employees typically are given time off to attend such broadcasts (and “cafeteria” meetings as well). Employees also have access to the broadcasts when they are available as tapes and shown in their agencies at various other times. Retirees can visit agencies to view the broadcasts and/or tapes or may be able to view them at home if local cable channels show the broadcasts.

Question: What is the typical format for the satellite broadcasts? Time-length limitations? Live or pre-recorded video tape?

Answer: There is no typical format, however, a mix of live and tape usually works best. We've produced short broadcasts to as long as several hours. We have lots of flexibility here.

Question: Can OPM provide sample copies of some of the publications available to federal employees, as noted on page C-79? Where can we obtain information about the process of getting material included in these publications?

Answer: OPM can make available copies of publications such as Federal Times and others, however, it is probably just as easy for the bidders to do so on their own. None of these avenues are official to the government and OPM has no control in this area. We have good relationships with the media that is concerned with Federal HR issues and will use them to the benefit of our Contractor.

Question: Please provide more information on the Retirement Life magazine. Specifically can articles and advertisements be placed in this magazine? Can samples be provided?

Answer: Retirement Life is a publication of the National Association of Retired Federal Employees (NARFE) with a circulation of about 450,000. It takes ads and NARFE has been very cooperative in working with us on matters of mutual interest. We do not possess copies of the publication and see no purpose to be served in asking NARFE for them at this time. We will introduce our contractor to NARFE officials after contract award.

Question: What information will be provided for the different target populations (actively at work, annuitants, etc), address (home & work), telephone (home & work), email?

Answer: We will provide annuitants' home addresses. Communications to employees will be through agency distribution points until such time as they provide an address or phone number to the Contractor. See also Appendix C in the RFP, starting on page C-79.

Question: What other information besides name and address is available on the federal annuitant mailing list (e.g., date of birth or pension income)? In what format will that information be provided to the contractors?

Answer: Annuitant information is protected by the Privacy Act but contains information such as sex, marital status, age, amount of annuity, etc. OPM will make data that it determines its Contractor needs to know or will perform necessary mailing sorts. DoD and other retirement systems will make their own determinations.

Question: Does the employee zip code file (of Thrift Savings Plan participants) include just Federal civilian employees, or do military employees also participate?

Answer: The employee zip code file includes only civilian employees.

Question: Please provide a listing of countries where employees and annuitants reside and the number in each country. If the file sent on June 27th answers this question please advise.

Answer: The zip code file available from Mr. Andre Adams at adadams@opm.gov contains distributions by zip code, including foreign zip codes. See Appendix D of the RFP.

Question: What foreign languages must be supported?

Answer: Spanish for sure. But you may find in some places that you will have to have fluency in other languages. This may be a matter where you hire local support that is fluent if doing outreach via cafeteria meetings. For telephone support you may have to assess where the interest is coming and respond accordingly.

Question: For Federal “active at work” will there be mandatory meeting time, at the worksite, on Government time?

Answer: Most agencies will provide time away from the office to attend meetings of this sort (on location). They are not mandatory, however.

Question: Will government facilities be available to conduct educational seminars for retired and relatives at no charge?

Answer: For the most part we do believe we can get facilities without charge. We may also be able to get congressional district offices and other locations (public libraries, for example) without charge. However, we are less certain of this for military locations than for civilian ones and we are less certain for retiree meetings than for actively-at-work events.

Question: What should bidders assume with regard to the turn-around time on OPM’s review of literature, materials, forms and presentations as outlined on page C-55?

Answer: OPM will have a very expedited turn around time. This is not clearance such as you might get from an insurance department. Our intent is to review for consistency and appropriateness, and not add delay. You may wish to state your views as to what amounts to an appropriate review time.

Question: Based on the preemption, does OPM believe that the current regulatory material (i.e. Shopper’s Guides and Outlines of Coverage), need to be provided at the time of solicitation.

Answer: No, although OPM will work with its contractor to develop materials that meet the intent behind these publications.

Question: Please confirm that the OPM logo can be used, if desired, on material submitted in a bidder’s proposal.

Answer: OPM’s logo may be used in proposals to the FLTCIP RFP.

Question: What is OPM’s position on the use of commissioned individuals in the enrollment process. That is, paying enrollers only if premiums are generated?

Answer: - OPM has some hesitancy with paying individuals solely based on performance related to the generation of business. Part of the reason for this is that we are counting on elimination of agent compensation for part of our premium discount. The other is the problems that may occur in the sales process where we could not monitor what is going on (such as intense sales pressure). We only want people who should be buying this product to buy it. Clearly some individuals should not purchase this product. So while we would not want to preclude any arrangement, we think carriers interested in using compensated agents in this fashion had best be prepared to show how this will be done, how control will be maintained, and the impact on premiums. This includes the related issue if the agents are not captive agents, in showing how there will not be a conflict of interest between our product and others they may sell.

Question: What is the estimate of additional individuals, should the program be extended to cover “other relatives”?

Answer: At this time, we are not contemplating adding any other additional groups beyond the ones we identified in the RFP on page C-6.