



**ADDENDUM
REQUEST FOR PROPOSAL
SHORT TERM DISABILITY AND LONG TERM DISABILITY INSURANCE
CITY OF AUSTIN, TEXAS**

RFP: JRD0306

Addendum No: 2

Date of Addendum: April 13, 2015

This addendum is to incorporate the following changes to the above-referenced solicitation.

1.0 Questions and Answers.

Q1: Can you provide the current Short Term Disability (STD) and Longer Term Disability (LTD) rates?

A1: The current STD rates are \$0.12 per \$100. The LTD rates can be found in Exhibit A.

Q2: Have the rates been the same over the last five years?

A2: The rates have been the same for the period 2011-2015 with the current carrier. 2010 LTD rates with the previous carrier were different.

Q3: Can you provide the endorsements for the current policy?

A3: Any endorsements are listed on the certificates provide in Exhibit B for LTD and Exhibit C for STD.

Q4: Can you provide an example of how the STD was calculated?

A4: See Exhibit F.

Q5: Does the City have a requested weekly maximum for the Alternate plan, or is it at our discretion?

A5: The maximum amount offered is left open for the potential contractor to propose to the City.

Q6: Can you provide a detailed list of all claims that includes date of birth, date of disability, net claims, gross benefit, Social Security offset amount, and individual reserves from Hartford for both STD and LTD?

A6: See additional claims reports. Not all requested information is available.

Q7: For LTD, can the City confirm that the plan is considered ERISA compliant?

A7: The plan is not subject to ERISA, however past contracts have been ERISA compliant with claims processing.

Q8: The RFP mentions Non-Duplication offset method/70% (Definitions section 2.4.4 of the 0500 – Scope of Work). This benefit is not shown in the LTD booklet. Can you please confirm if the LTD benefit is 60% direct offset?

A8: Offset for other income is detailed in the LTD certificate. If other income offset is 60% or greater carrier will pay monthly minimum of 10% or \$100 whichever is greater.



Q9: The RFP mentions that the City will determine who is considered a late entrant. What criteria are used to determine this and will the city allow the carrier to define the rule?

A9: Eligibility criteria are defined in 2015 Employee Benefits Guide. See page 3 for Changing Coverage and Qualifying Life Events.

Q10: For LTD, can you please provide lives, premium, volume and claims history, preferably on a month by month basis?

A10: See Exhibit E-2.

Q11: The City has requested backdoor integration, is the City open to a less expensive integration method for LTD?

A11: At this time, the City is not interested in a less expensive integration method. However, you may suggest an alternative in the proposal for the City to consider.

Q12: Can you please confirm employees participate in Social Security and this income is an offset for LTD coverage?

A12: Yes all employees except firefighters participate in Social Security. LTD benefits are offset by Social Security benefits.

Q13: Is it full family integrated for Social Security?

A13: Yes.

Q14: Do any employees participate in STRS/PERS and can this be an offset for disability coverage?

A14: The City requires that full-time employees participate in one of three separate retirement systems see page 57 of the 2015 Employee Benefits Guide.

Q15: Please provide any plan changes with Hartford?

A15: There has not been any plan changes with Hartford.

Q16: There are two rate grid exhibits provided (attachments 1 and 2) which appear to be the same. Can you please clarify the numbers?

A16: Attachment 0610-A is the current plan design. Attachment 0610-B is an alternate plan design. Note the revision to Attachment 0610-B.

Q17: RFP mentions a flash drive submission. Please confirm if it would be acceptable for the electronic response to be submitted on CD?

A17: A CD is acceptable to provide an electronic copy of the solicitation.



Q18: For the STD, Are there currently any employees that we would be covering that are in this category and are they listed on the census? For example the City Mayor, Members of Council and other such type of employees who have waived their salaries. What is the benefit for these employees and how is their benefit determined?

A18: We would expect to pay STD based on the planned salary for the individual as it would be paid if the individual received the salary from the City.

Q19: For the STD, can you please provide a detailed claims listing; monthly lives, premium, open/closed, and claims history, preferably since inception with HIG?

A19: Detailed claims information is not available. Additional claims information is provided in addendum.

Q20: For the STD, can you please provide lives and volume history?

A20: See enclosed Exhibit G.

Q21: It is unusual to see the benefit period being 60 days. STD benefits are typically reflected in weeks. Please confirm this reflects the equivalent of 12 weeks? (i.e. 60 days divided by a 5 day work week = 12 weeks.)

A21: We are asking for a 60 day benefits period.

Q22: In reference to the 0500 – Scope of Work, Section 2.3 – how do the Parental Leave (maximum 240 hours) and Leave Banks interact with STD? How do we determine the offset for parental leave and/or “leave blank” to trigger payment for the minimum disability benefit?

A22: City employees can only receive the minimum STD payment if they elect to use the Parental Leave or Leave Bank options.

Q23: Please provide a detailed description of how your current carrier calculates hours missed/paid when Disability is generally paid in terms of days/weeks?

A23: For STD benefits if an employee's elimination period ends on a Monday the current carrier will calculate their weekly benefit from Tuesday thru Monday. For LTD benefits the carrier will begin the monthly benefits after the elimination period and pay to the end of the month and then set up regular calendar month payments while meeting disability requirements.

Q24. Local business presence points is it points or a percentage?

A24. The percentage is used for subcontractors. If proposing company has an office located with the City corporate limits, they will receive 10 points.

Q25. Can provide timeline?

A25. The Purchasing and Human Resources Department anticipate recommending a contractor to City Council August 6. Vendors not being recommended will be notified by the Purchasing Office two weeks prior to the council meeting.



Q26. Should rates for extension options include a percentage of actual rates?

A26. Rate sheet should include the percentage increase maximum.

Q27. Do all three City of Austin retirement systems include disability retirement benefits?

A27. Yes. For additional information go to membership guides on the retirement websites listed on page 57 of 2015 Employee Benefits Guide.

Q28. Commissions – confirm the required commissions level, is it net?

A28. Any commissions are paid by the insurance company the City of Austin does not pay commissions nor do we require insurance companies to utilize brokers.

Q29. Is there any additional disability offset such as a State Disability Pension, etc.

A29. Please refer to the certificates regarding offsets.

2.0 Added Exhibit E2 – Claims History.

3.0 Added Exhibit F – Disability Calculation Example.

4.0 Added Exhibit G – Lives and Volume History.

5.0 ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

BY THE SIGNATURES affixed below, this Addendum is hereby incorporated into and made a part of the above-referenced Invitation for Bid.

APPROVED BY:

Jonathan Dalchau, Senior Buyer
Purchasing Office

4/13/2015
Date

ACKNOWLEDGED BY:

Vendor Name

Authorized Signature

Date

RETURN A COPY OF THIS ADDENDUM
to the Purchasing Office, City of Austin, Texas with your bid.
Failure to do so may constitute grounds for rejection of your bid.

