

Request for Information

Long Term Care Insurance
Employees Benefits Council
State of Oklahoma
Issued: February 10, 2006
Response Deadline: March 3, 2006



INTRODUCTION

The State of Oklahoma Employees Benefits Council (EBC) is issuing this Request for Information (RFI) to obtain information about Long Term Care (LTC) insurance products. This RFI is not an Invitation to Bid (ITB) or a Request for Proposal (RFP) and therefore does not create any obligation between the responding vendor, the Employees Benefits Council, the State of Oklahoma, or its agencies and subdivisions.

SECTION I

Two agencies of the State of Oklahoma are primarily responsible for the delivery of benefits to employees of the State and their dependents: The Employees Benefits Council (EBC) and the Oklahoma State & Education Employees Group Insurance Board (Insurance Board).

Employees Benefits Council

EBC is an agency of the State of Oklahoma established in 1992. EBC's service to active state employees can best be described as the "employer" with respect to the design, development, and offering of flexible benefit plan choices. EBC contracts with insurance companies for benefits plans to be offered to state employees via an RFP process each year. Currently, EBC offers health, dental, vision, life, and disability insurance to approximately 37,000 eligible state employees. In addition, EBC administers the Internal Revenue Code Section 125 Flexible Benefits Program and communicates all employee benefit plan materials offered to active State employees. Employees must purchase at least health, dental, life, and disability insurance each year.

EBC's governing body is comprised of five (5) members. The members of the Council are Bryce Fair, Chairman, Bill Goodwin, Susan Reed, Oscar B. Jackson, Jr., and Denver Talley. The Council's Executive Director is Mitch Parsons.

Information about EBC can be found on the Internet at www.ebc.state.ok.us.

Oklahoma State and Education Employees Group Insurance Board (Insurance Board)

The Insurance Board is a state agency established by law. The Insurance Board's role is best described as the organization that administers the State's self-insured insurance plans. The Insurance Board operates like an insurance company, designing benefit products, paying claims, and maintaining reserves. The Insurance Board is also responsible for the administration of health and dental insurance benefit choices for (1) participating former

Medicare eligible State employees and their eligible dependents, (2) participating former non-Medicare eligible State employees and their eligible dependents, (3) active and participating former education employees and their eligible dependents, and (4) active and participating former employees of other State and local governmental agencies and their eligible dependents. The Insurance Board offers health, dental, life and disability insurance products under the name HealthChoice. HealthChoice's medical insurance plan is a Preferred Provider Organization arrangement with a statewide provider network.

Information about OSEEGIB can be found on the Internet at www.sib.state.ok.us.

Benefit Plans Offered to State Employees

State employees are required to purchase four (4) core benefits: Medical, Dental, Life Insurance, and Disability Insurance. For Plan Year 2006, state employees have the following medical plan choices:

1. HealthChoice PPO (Self Insured; Administered by the Insurance Board)
2. CommunityCare HMO (Fully Insured)
3. Aetna HMO (Fully Insured)
4. PacifiCare HMO (Fully Insured)
5. GlobalHealth HMO (Fully Insured)

State employees can also choose from four (4) different dental plans for Plan Year 2006:

1. HealthChoice Dental (Self Insured; Administration by the Insurance Board)
2. Assurant Benefits Insurance (Fully Insured)
3. Delta Dental (Fully Insured)
4. CIGNA Dental (Fully Insured)

Disability and Life insurance are also required to be purchased and are provided by the Insurance Board on a self-insured basis. The State also provides vision, dependent life insurance, and flexible spending accounts (health and dependent care) to State employees on a voluntary basis. A Long Term Care product has never been, and is not currently, offered to State employees.

Employer Contribution

The State of Oklahoma contributes to the cost of the core flexible benefit plan premiums. This contribution is known as the "benefit allowance" and is currently defined by statute as:

"The greater of Two Hundred Sixty-two Dollars and nineteen cents (\$262.19) per month or an amount equal to the sum of the average monthly premiums of all high option health insurance plans, the average monthly premiums of the dental plans, the monthly premium of the disability plan, and the monthly premium of the basic life insurance plan offered to state employees plus one of the additional amount as follows for participants who elect to include one or more dependents:

- a. For a spouse, seventy-five percent (75%) of the average price of all high option benefits plans available for coverage of a spouse,

- b. For one child, seventy-five percent (75%) of the average price of all high option benefits plans available for coverage of one child,
- c. For two or more children, seventy-five percent (75%) of the average price of all high option benefits plans available for coverage of two or more children,
- d. For a spouse and one child, seventy-five percent (75%) of the average price of all high option benefits plans available for coverage of a spouse and one child, or
- e. For a spouse and two or more children, seventy-five percent (75%) of the average price of all high option benefits plans available for coverage of a spouse and two or more children.” 74 O.S. § 1370

This benefit allowance is offered to active state employees. For Plan Year 2006, the monthly benefit allowance for these employees is as follows: Employee Only, \$433.55; Employee Plus One Child, \$626.01; Employee Plus Children, \$694.39; Employee Plus Spouse, \$837.34; Employee Plus Spouse and Child, \$1,029.80; Employee Plus Spouse and Children, \$1,098.18. Education and local government benefit allowances vary from organization to organization. Former employees receiving retirement benefits are provided \$105.00 per month towards the cost of their health insurance premium.

Currently, the State intends for the Long Term Care product to be a voluntary-paid benefit, meaning the employer contribution is not designed to pay for the Long Term Care benefit premium.

Retirement Benefits

The Oklahoma Public Employees Retirement System (OPERS) administers retirement plans for several different types of state and local government employees. OPERS administers both a defined benefit retirement plan and defined contribution retirement plans.

The defined benefit plan for state employees is qualified under Section 401(a) of the Internal Revenue Code. OPERS provides its members with a lifetime retirement benefit when the member meets certain eligibility requirements. Employees are required to participate in the defined benefit plan. Employees participate in OPERS by contributing a certain portion of their salary each month. The employer also contributes. The employee’s benefits are determined by a formula which includes the member’s salary and the number of years of credited service. The employee and employer paid contributions are invested by OPERS, under the direction of the Board of Trustees, to provide benefits to present and future members. The table at the right shows the amounts of monthly retirement benefits paid by the defined benefit plan to retirees as of June 30, 2005.

Defined Benefit Plan Benefits At June 30, 2005	
Amount of Monthly Retirement Benefit	Number of Retirees
\$1 - \$1,000	13,501
\$1,001 - \$2,000	7,249
\$2,001 - \$3,000	2,280
\$3,001 - \$4,000	500
\$4,001 - \$5,000	112
Over \$5,000	37
	23,679

State employees also are eligible to participate in a defined contribution retirement plan, known as SoonerSave. Participation in SoonerSave is voluntary. The plan is based on Internal Revenue Code 457(b) and allows eligible state employees to supplement retirement benefits by investing

pre-tax dollars through voluntary salary deferral. Currently, the State of Oklahoma contributes the equivalent of \$25 a month to the plan if the state employee contributes at least \$25 a month. A Comprehensive Annual Financial Report for each fiscal year is available for those who wish to know detailed financial information about the Oklahoma Public Employees Retirement System's defined benefit plan.

Information about OPERS can be found on the Internet at www.opers.state.ok.us.

Demographics

Attached as Appendix A is a document containing demographic information of the insured population of active State employees. Please note that for 2006, the average age of a state employee is 46.1 years old. The average salary of a state employee is \$34,793.00 annually with (26%) of State employees earning over \$40,000 annually. Fifty-seven percent (57%) of the insured workforce is female.

SECTION II

Request for Information Objectives

EBC is considering the procurement of a voluntary Long Term Care (LTC) insurance product to be offered to active state employees and their dependents in addition to the medical, dental, life, disability, vision, and flexible spending account benefit plans. The same voluntary LTC insurance product could also be made available to the population of the Insurance Board.

Accordingly, EBC is seeking information from qualified vendors about voluntary LTC products through this RFI. Vendors who are interested in providing voluntary LTC product information to EBC must provide a response to EBC by 4:45 p.m., Central Time, Friday, March 3, 2006.

The RFI response, should provide the following information at a minimum:

1. Describe in detail the voluntary LTC product that you feel would best fit the State of Oklahoma employee population. Include plan design features such as eligibility requirements, benefit payment amounts, benefit periods, and exclusions/limitations. Please also identify the types of services the benefit pays for (e.g. home health, nursing homes, etc.)
2. Disclose whether or not your product is licensed in Oklahoma. If licensed, provide evidence of licensure. If not licensed, provide a description of the steps your organization is taking to be licensed in Oklahoma.
3. Describe the minimum requirements for offering your product. For example, disclose group size minimums, age requirements, and/or salary requirements.
4. Describe the minimum data and payroll deduction requirements needed for the product.
5. Disclose whether individual or group coverage is available and the advantages and disadvantages of either coverage.

6. Disclose whether or not your LTC plan offers guaranteed issue without medical underwriting. Identify the medical conditions which will prevent employees from being covered.
7. Do your underwriting requirements exclude or limit coverage to any class of employees such as public safety employees? If so, describe these limitations in detail.
8. Disclose whether and under what conditions your coverage is portable when the participant terminates employment or retires. Provide a detailed description of your portability features.
9. For group coverage, describe in detail your reserve transfer provisions should the group contract be terminated. Fully disclose any situations where reserves are not transferable or penalties apply.
10. Describe how your organization will help EBC communicate/educate our employees about this product. Also indicate your preferred enrollment approach (e.g. online, paper, telephone, etc.).
11. Can your Long Term Care plan can be purchased without a broker or paid commissions agent?
12. Provide a list of clients currently offering your LTC products. Describe your large public sector plan experience.
13. Provide your financial ratings.
14. Please also address the following items in your response:
 - a. Daily Rate Options
 - b. Lifetime Maximum Options
 - c. Alternative Settings Options
 - d. Reserve Transfer Requirements
 - e. Inflation Protection Options
 - f. Family Consulting and/or Care Management Options

In addition to the minimum information requested above, EBC encourages your organization to provide additional material that you feel will be helpful.

Vendors are strictly prohibited from providing or discussing the costs of their products (administrative fees, premium rates, etc.) at anytime during the RFI process. If EBC solicits a proposal for a Long Term Care product, cost information will be requested at a later time.

SECTION III

Vendors wishing to respond to EBC's Long Term Care RFI must submit an original response to the following address no later than 4:45 p.m., Central Time, Friday, March 3, 2006:

Long Term Care RFI Response
c/o Rosalie Garten
Employees Benefits Council
200 N. Harvey, Suite 1200
Oklahoma City, OK 73102

A vendor's response must be organized in the following format:

1. Part I. Part I should only include the name of the organization providing the response along with the name, title, address, telephone number and email address of an authorized representative. Please also identify the location of the office which could serve this account.
2. Part II. Part II will only be comprised of the responses to the items listed in Section III of this RFI.
3. Part III. Part III will include any documents or other items the respondent wishes to include which are relevant to its Long Term Care product.

Again the response is due **no later than 4:45 p.m., Central Time, Friday, March 3, 2006**. We encourage respondents to send their response through a method whereby it can track delivery (e.g. FedEx, USPS Certified Mail Return Receipt, etc.).

SECTION IV

EBC is informally and uncompetitively soliciting information through this RFI. This RFI does not constitute or create any obligation on the part of EBC or the State of Oklahoma. A response to this RFI has no legal significance nor does it guarantee an award of a contract.

Bid specifications developed by EBC and/or the State of Oklahoma for health plans, if any, will be based solely upon the needs and requirements of the State of Oklahoma, its political subdivisions, current employees, future employees, and former employees.

All RFI response contents become the property of the State of Oklahoma. A response to this RFI is not a necessary condition to offer a proposal to EBC and/or the Insurance Board for a product or service.

Questions about this RFI can be directed to the following individuals:

Russell D. Nash
Deputy Director, Benefits & Contracts
Administration
Employees Benefits Council
(405) 232-1190 ext. 103
rnash@ebc.state.ok.us

Rosalie Garten
Flexible Benefits Representative
Employees Benefits Council
(405) 232-1190 ext. 122
rgarten@ebc.state.ok.us

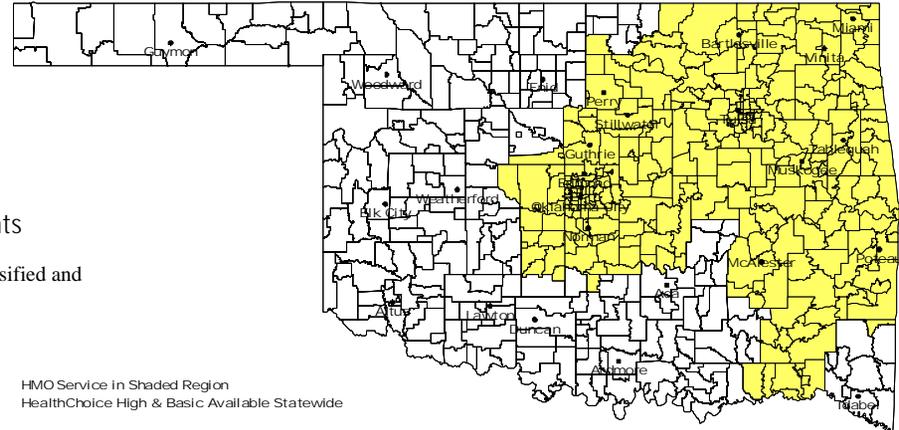
Information about this RFI can also be found on EBC's website at www.ebc.state.ok.us.

Selected Demographic Data

- 2006 Average Age: 46 years
- 2006 Average Salary: \$34,793.00*
- 2006 Gender Distribution: 57% Female; 43% Male
- 2006 Average Health Premium - Employee Only: \$359 per month
- 2006 Average Health Premium - Family: \$1141 per month
- 2006 Coverage Selection: 49% Employee Only; 51% With Dependents

*Taken from data provided by the Office of Personnel Management. Reflects a weighted average of classified and unclassified positions excluding longevity as of December 2005.

Plan Year 2006 Medical Plan Service Area



Plan Year 2006 Benefit Allowance

	<u>Month</u>	<u>Year</u>
Employee Only	\$433.55	\$5,202.60
Plus a Child	\$626.01	\$7,512.12
Plus Children	\$694.39	\$8,332.12
Plus a Spouse	\$837.34	\$10,048.08
Plus a Spouse & a Child	\$1,029.80	\$12,357.60
Plus a Spouse & Children	\$1,098.18	\$13,178.16

Plan Year 2006 Monthly Health Insurance Premiums

	Employee	Employee & Spouse	Employee, Spouse & Child	Employee, Spouse & Children	Employee & One Child	Employee & Children
Aetna Standard	\$ 381.50	\$ 888.85	\$ 1,262.70	\$ 1,262.70	\$ 755.35	\$ 755.35
Aetna Alternative	\$ 344.72	\$ 803.16	\$ 1,140.96	\$ 1,140.96	\$ 682.52	\$ 682.52
CommunityCare Standard	\$ 515.24	\$ 1,049.08	\$ 1,372.62	\$ 1,480.46	\$ 838.78	\$ 946.62
CommunityCare Alternative	\$ 345.02	\$ 686.60	\$ 893.62	\$ 962.62	\$ 552.04	\$ 621.04
GlobalHealth Standard	\$ 327.24	\$ 817.76	\$ 998.04	\$ 1,103.88	\$ 507.52	\$ 613.36
GlobalHealth Alternative	\$ 292.02	\$ 729.78	\$ 890.68	\$ 985.12	\$ 452.92	\$ 547.36
Pacificare Standard	\$ 496.52	\$ 1,206.54	\$ 1,454.80	\$ 1,603.74	\$ 744.78	\$ 893.72
Pacificare Alternative	\$ 305.00	\$ 741.16	\$ 893.66	\$ 985.16	\$ 457.50	\$ 549.00
HealthChoice High	\$ 310.46	\$ 760.68	\$ 917.78	\$ 1,011.08	\$ 467.56	\$ 560.86
HealthChoice Basic	\$ 269.22	\$ 657.40	\$ 792.58	\$ 872.86	\$ 404.40	\$ 484.68
TRICARE Supplement	\$ 59.00	\$ 118.00	\$ 177.00	\$ 218.00	\$ 118.00	\$ 159.00

PY2006 Vendors & Partners

- Aetna Health Inc.
- CommunityCare Managed Healthcare Plans of Oklahoma
- GlobalHealth, Incorporated
- PacifiCare Health Systems
- Oklahoma State & Education Employees Group Insurance Board (OSEGIB-HealthChoice)
- Assurant Benefits Insurance
- Delta Dental of Oklahoma
- CIGNA Dental
- CompBenefits Vision Care
- Primary Vision Care Services
- Spectera Vision
- Superior Vision Services
- Vision Service Plan

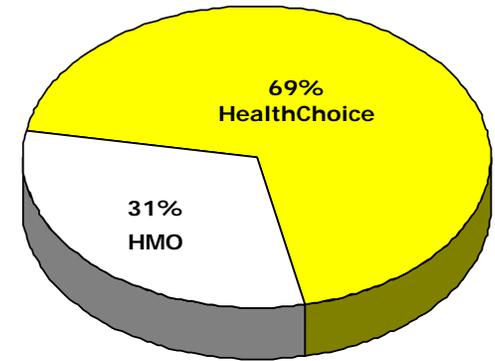
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Enrollment Migration

	2005	2006	Gain/Loss	
HealthChoice High	23,367	22,423	(944)	-4%
HealthChoice Basic	3,035	2,781	(254)	-8%
HealthChoice USA	1	1	0	0%
CommunityCare High (2006 Standard)	2,556	1,257	(1,299)	-51%
CommunityCare Low (2006 Alternative)	5,347	5,606	259	5%
CommunityCare 2005 Alternative	108	-	-	-
GlobalHealth High	1,121	1,297	176	16%
GlobalHealth Low	694	660	(34)	-5%
GlobalHealth Alternative	121	-	-	-
Aetna 2006 Standard		1,085	1,085	-
Aetna 2006 Alternative		147	147	-
PacifiCare 2006 Standard		373	373	-
PacifiCare 2006 Alternative		732	732	-

2006 Health Plan Mix

69% HealthChoice
31% HMO



2006 Coverage Tier Selection	Enrollment	% of Total
Employee Only	17,894	49%
Employee & Spouse	5,831	16%
Employee, Spouse, & Child	2,663	7%
Employee, Spouse, & Children	3,761	10%
Employee & Child	3,523	10%
Employee & Children	2,714	7%

Selected Salary Ranges	Employees
\$10,000 - \$20,000	1,935
\$20,001 - \$30,000	13,605
\$30,001 - \$40,000	11,417
\$40,001 - \$50,001	5,105
Over \$50,001	4,607

Annual Salaries as of December 2005

Selected Historical Data

* Compensation data provided by the Office of Personnel Management. Compensation from 1994 to 1998 is an average based upon certain benchmark classified positions and includes longevity. Compensation from 1999 through 2005 is a weighted average of classified and unclassified positions excluding longevity. Compensation for 2006 is weighted average of classified and unclassified positions excluding longevity as of December 2005.

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Quantity of HMO Carriers	5	8	6	6	5	4	3	2	2	2	4
Employee Count	38,067	38,131	36,613	36,622	37,202	36,556	39,986	36,755	35,074	35,565	36,386
Average Age	N/A	N/A	44.08	44.54	44.46	45.1	45.19	45.59	46.51	46.06	46.10
Ratio of Female Employees	N/A	N/A	54.4%	54.8%	54.4%	55.3%	55.6%	55.7%	55.5%	56%	57%
Ratio of Male Employees	N/A	N/A	45.6%	45.2%	45.6%	44.7%	44.4%	44.3%	44.5%	44%	43%
Average Compensation*	\$24,869	\$24,509	\$26,961	\$27,297	\$27,545	\$29,821	\$30,681	\$30,693	\$32,887	\$32,887	\$34,793
Benefit Allowance - EE	\$187.19	\$187.19	\$224.69	\$262.19	\$262.19	\$262.19	\$272.82	\$319.51	\$371.46	\$407.92	\$433.55
Average Health Premium - EE	\$148.22	\$144.06	\$141.61	\$150.88	\$163.32	\$187.30	\$229.49	\$277.57	\$303.21	\$332.99	\$359.00
Benefit Allowance Health - Family	\$187.19	\$187.19	\$224.69	\$397.46	\$385.68	\$412.54	\$625.95	\$735.15	\$858.74	\$952.71	\$1098.18
Average Premium Health - Family	\$419.62	\$401.5	\$396.28	\$419.77	\$462.03	\$475.93	\$660.16	\$795.96	\$875.36	\$961.20	\$1141.00
Ratio Employee Only	N/A	N/A	58%	59%	57%	57%	56%	54%	52%	51%	49%
Ratio With Dependents	N/A	N/A	41%	41%	43%	43%	44%	46%	48%	49%	51%