

STATE OF LOUISIANA
OFFICE GROUP BENEFITS (OGB)

NOTICE OF INTENT TO CONTRACT (NIC)
FOR
TRICARE SUPPLEMENTAL COVERAGE

ISSUED: June 21, 2004

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SECTION I
BACKGROUND AND SCOPE

A. Purpose

The State of Louisiana through the Office of Group Benefits (OGB) is seeking proposals from any qualified company (Proposer) to provide a TRICARE supplemental coverage that will be offered as an alternative benefit plan for active and retired employees who are eligible for benefits under the TRICARE Military Health System.

Required Mental Health Rider:

The provisions of La.R.S. 22:669 require the OGB to offer, as an option to the plan member, mental health benefits on the same basis as benefits available for any other diagnosis. The optional coverage is paid in full by the plan member. A Proposer is prohibited from offering a Catastrophic Illness Endorsement.

In addition to the fixed monthly cost, fully insured premium rates for the TRICARE Supplemental Coverage, a Proposer must also quote separate fixed monthly cost, fully insured premium rates for an Optional Mental Health Rider.

B. Background

Office of Group Benefits:

The Office of Group Benefits (OGB) is an agency of the State of Louisiana within the Office of the Governor, Division of Administration. OGB is authorized by statute to provide health and accident benefits and life insurance to State employees, retirees and their dependents. Plan participant eligibility includes employees of State agencies, institutions of higher education, local school boards and other boards and commissions that elect to participate in the Program and certain political subdivisions. Eligibility does not include local government entities or municipalities.

OGB provides self-funded health and accident benefit plans for approximately 97,000 employees/retirees (covered contracts) and 183,000 covered lives. The self-funded benefit plans available to plan participants, effective July 1, 2004 are: Preferred Provider Option (PPO), self-administered by OGB; Exclusive Provider Option (EPO)

HMO-like benefit design with out-of-network benefits, administered by United HealthCare in the greater Baton Rouge area and self-administered by OGB in all other areas; and the Managed Care Option (MCO), HMO-like benefit design, no out-of-network benefits, administered by FARA Benefits Services, Inc.

OGB also contracts with HMOs through a competitive negotiation process to offer HMO services to plan participants as an enrollment option. The HMOs currently under contract with the Program are Vantage Health Plan and Ochsner Health Plan. Approximately 29,000 (covered contracts) and 61,000 covered lives are involved and are fully insured with the referenced HMOs. In addition, the Louisiana State University System currently offers its employees a consumer-driven health care pilot program with an additional defined contribution plan option, administered by Definity Health.

Mental health and substance abuse benefits are provided under an insured, managed care program administered by a behavioral health firm. A pharmacy benefits management firm administers prescription benefits. A utilization management firm provides hospital pre-admission certification, concurrent stay review, and case management services. A contract has recently been awarded and disease management services implemented.

Plan participants also have access to discounted dental and vision services for which no benefits are otherwise payable by OGB. Optional dental insurance is available on an employee-pay-all basis.

OGB also administers an IRS qualified cafeteria plan offering optional benefits such as dental, eye care, cancer and catastrophic illness coverage, long term disability, and health care and child care flexible spending accounts.

C. OGB Information Technology

IBM RS/6000 –S80 Main Server with 8 GB of memory and 500 GB of RAID Storage (12 way multiprocessor, (2) 9.1 GB RAID drives = 18 GB). This server houses the agency's claims payment and eligibility system. The server uses the IBM AIX Operating system.

Teleprocessing emulation into the server is performed using a Telnet session with the TCP/IP protocol emulating SCO/ANSI. DBC is the programming language used for Impact. MCSI Impact software provides the eligibility, billing, customer service, provider services, and claims payment features for the agency. Auto Audit software by Ingenix provides an automated method for checking for duplicate or impractical procedures performed by providers.

D. Standard Contract

Any contract resulting from this NIC will include the terms and conditions set forth in Exhibit B. Suggested or requested modifications of the contract terms should be detailed in the Proposal, subject to negotiation upon award of a contract. The impact of such modifications will be considered in the review and evaluation of the proposals. The provisions of this NIC and the successful proposal will be incorporated by reference into the contract. Any additional provisions required by federal or state law or regulations in effect at the time of execution of the contract will be included.

The effective date of the requested TRICARE supplemental coverage is July 1, 2005. The contract will take the form of three (3) one-year renewable agreements beginning July 1, 2005 and running through June 30, 2008. Annual renewals shall be agreed upon in January of each year for the subsequent plan year.

SECTION II

RESPONSES TO THE NIC

A. Technical Proposal Format

Proposers should respond thoroughly, clearly and concisely to all of the points and questions set forth in the NIC. Answers should specifically address current capabilities separately from anticipated capabilities.

1. Submit one (1) original and (5) copies of a completed proposal placing each in a three-ring binder.
2. Use tabs to divide each section and each attachment. The tabs should extend beyond the right margin of the paper so that they can be read from the side and are not buried within the document.
3. Order of presentation (technical proposal):

NOTE: Do not include any information relative to costs in the technical proposal.

Cover letter
Tab 1. Conditions
Tab 2. Questionnaire
Tab 3. Benefit Plan Provisions
Tab 4. Cost Proposal
Tab 5. Signature Page

4. Answer questions **directly**. Where you do not want to provide an answer, indicate not applicable or no response.

Do not answer a question by referring to the answer of a previous question. Restate or recopy the answer under the new question. If however, the question asks you to provide a copy of something, you may indicate where the copy can be found by reference to an attachment or exhibit to the proposal.

You are to state the question, then answer the question. Do not number answers without providing the question.

B. Cost Proposal

Submit original and five (5) numbered copies of the completed Cost Proposal Form included in this NIC in a separate, **sealed** envelope clearly marked, "Cost Proposal – TRICARE Supplemental Coverage" on the outside of such envelope.

C. Ownership, Public Release and Costs of Proposals.

1. All proposals submitted in response to this NIC become the property of the OGB and will not be returned to the Proposers.
2. After award of the Contract, all proposals will be considered public record and will be available for public inspection during regular working hours.
3. Costs of preparation, development and submission of the response to this NIC are entirely the responsibility of the proposer and will not be reimbursed in any manner.

D. Proprietary, Privileged, Confidential Information in Proposals

As a general rule, after award of the Contract, all proposals are consider public record and are available for public inspection and copying pursuant to the Louisiana Public Records Law, La.R.S. 44.1 et.seq. The OGB recognizes that proposals submitted in response to the NIC may contain trade secrets and/or privileged commercial or financial information that the proposer does not want used or disclosed for any purpose other than evaluation of the proposal. The use and disclosure of such data may be restricted, provided the proposer marks the cover sheet of the proposal with the following legend, specifying the pages of the proposal which are to be restricted in accordance with the conditions of the legend:

"Data contained in Pages _____ of the proposal have been submitted in confidence and contain trade secrets and/or privileged or confidential information and such data shall only be disclosed for evaluation purposes, provided that if a contract is awarded to this proposer as a result of or in connection with the submission of this proposal, the OGB shall have the right to use or disclose the data therein to the extent provided in the contract. This restriction does not limit the right of the OGB to use or disclose data obtained from any other source, including the proposer, without restrictions."

Further, to protect such data, each response containing such data shall be specifically identified and marked "CONFIDENTIAL."

You are advised to use such designation only when appropriate and necessary. A blanket designation of an entire proposal as confidential is NOT appropriate. Your fee proposal may not be designated as confidential.

It should be noted, however, that data bearing the aforementioned legend may be subject to release under the provision of the Louisiana Public Records Law. The State of Louisiana assumes no liability for disclosure or use of unmarked data and may use or disclose such data for any purpose. Any resultant contract will become a matter of public record.

The OGB reserves the right to make any proposal, including proprietary information contained therein, available to its primary consultant, personnel of the Office of the Governor, Division of Administration, Office of Contractual Review, or other state agencies or organizations for the purpose of assisting the OGB in its evaluation of any specifically identified proprietary information or privileged business information obtained as a result of their participation.

In addition, you are to provide a redacted version of your proposal omitting those responses (or portions thereof) and attachments that you determine are within the scope of the exception to the Louisiana Public Records Law. In a separate document, please provide the justification for each omission. The Louisiana Office of Group Benefits (OGB) will make the edited proposal available for inspection and/or copying upon the request of any individual pursuant to the Louisiana Public Records Law without notice to you.

E. NIC Amendments

OGB reserves the right to amend the NIC prior to the date of proposal submission. Amendments will be sent to all Companies who originally received copies of the NIC or who have officially requested copies of the NIC.

F. Proposal Withdrawal

Prior to the proposal due date, a submitted proposal may be withdrawn by submitting to OGB a written request for withdrawal which is signed by an authorized individual of the Company.

SECTION III
SCHEDULE OF EVENTS

A. Time Line

Public notice by advertising in the official journal of the state	June 21, 2004
NIC distributed or made available to prospective proposer Posted on OGB Website	June 21, 2004
Deadline for receipt of written questions	July 9, 2004
Mandatory Proposer's Conference	July 20, 2004
Issue answers to written questions	July 20, 2004
Proposals due	August 2, 2004
Follow-up discussions/Interviews	August 16-20, 2004
Probable selection and notification of award	August 30, 2004
Probable Contract Effective Date	January 1, 2005

NOTE: OGB reserves the right to deviate from this schedule.

B. Written Questions on the NIC

Written question regarding the NIC should be received in the office of the Chief Executive Officer of OGB not later than 4:30 p.m. (CDT) on the date indicated in the schedule of events. Written questions should be directed to:

A. Kip Wall
Chief Executive Officer
Louisiana Office of Group Benefits
Mailing Address:
Post Office Box 44036
Baton Rouge, Louisiana 70804
Delivery Address:
5825 Florida Blvd., 2nd Floor
Baton Rouge, LA 70806
Fax Number:
(225) 248-4311

C. Mandatory Proposer Conference

A mandatory proposer conference will be held in the boardroom of the Office of Group Benefits at 5825 Florida Boulevard, Second Floor, in Baton Rouge, Louisiana, beginning at 10:00 a.m. (CDT) on the date indicated in the schedule of events.

OGB staff will be available to discuss the NIC, to provide responses to the written questions submitted in advance, and to respond to follow-up questions for further clarification. The Proposers Conference is an integral part of the NIC process. A representative of your organization must attend. **Proposals submitted by any organization that does not have a representative attend the Proposers Conference will not be considered for award.** Attendance by a subcontractor is permitted but will not be an acceptable substitute for a representative of the primary proposing organization.

D. Proposal Due Date

The original proposal must be signed by an authorized representative of your organization. Please send one (1) original and five (5) copies, which must be received not later than 4:30 p.m. (CDT) on the date indicated in the schedule of events. Submit proposals to:

A. Kip Wall
Chief Executive Officer
Louisiana Office of Group Benefits
Mailing Address:
Post Office Box 44036
Baton Rouge, Louisiana 70804
Delivery Address:
5825 Florida Blvd., 2nd Floor
Baton Rouge, LA 70806

SECTION IV
PROPOSAL EVALUATION

A. Proposal Evaluation

Proposals will be reviewed and evaluated by a Selection Committee. Each proposal will be reviewed to insure that all requirements and criteria set forth in the NIC have been met. Failure to meet all the requirements will result in rejection of the proposal.

After initial review and evaluation, the Selection Committee may invite those firms whose proposals are deemed reasonably susceptible of being selected for award for interviews and discussions at OGB's offices in Baton Rouge, Louisiana, or the Committee may make site visits to the firm's offices and conduct interviews and discussions on site. The interviews and/or site visits will allow the Committee to substantiate and clarify representations contained in the written proposals, evaluate the capabilities of each firm and discuss each firm's understanding of OGB's needs. The results of the interviews and/or site visits, if held, will be incorporated into the final scoring for each firm selected as a finalist.

Following interviews and discussions, if held, scoring will be finalized in accordance with the evaluation criteria below. The proposal receiving the highest total score will be recommended for contract award.

B. Evaluation Criteria

After determining that a proposal satisfies all requirements stated in the Notice of Intent to Contracts, an assessment of the relative benefits and deficiencies of each proposal, including information obtained during the interviews and discussions and/or site visits, if held, shall be made using the following criteria:

1. Conditions	200
2. Questionnaire	200
3. Plan Provisions	300
4. Cost	<u>300</u>
Maximum Points	1,000

C. Cost Evaluation

The Proposer that provides the **lowest contract amount** will be awarded the full points for cost of services.

NOTE: All compensation, costs, and expenses related to providing the services and deliverables requested in this NIC must be included in the proposed total amount.

Evaluation of Cost:

The total contract charge must be quoted on Cost Proposal Form (Tab 4) of this NIC.

The maximum of 300 points shall be given to the proposal with the lowest total cost.

Points for the other proposals will be awarded using the following formula:

$$\frac{(X)}{N} \times 300 = Z$$

Where:

X = lowest computed cost for any proposal

N = actual computed cost awarded to the proposal

Z = awarded points

TAB 1

QUESTIONNAIRE

Provide responses to each request or question (label each response so as to indicate which request or question is being addressed).

If any printed material is enclosed as an exhibit and a part of the response, reference the exhibit's identifying information in the body of the response to a question. Make sure that:

- All exhibits, attachments, or enclosures are numbered;
- The exhibits show cross-references to the printed material;
- The page number where the response is contained is shown on the exhibit.

NOTE: Exhibits, attachments or enclosures without complete references may be disregarded and listed as "no response" in the evaluation.

If the Company is unable to answer a question, please indicate why the Company cannot. If a particular question is not applicable, please so indicate for each question. If the Company is unwilling to disclose particular information asked in a question, please indicate why. Questions outlined in this Section are asked in terms of the proposed implementation for the OGB account. In responding to the questions, please indicate whether or not the Company can and is currently performing in the manner described, to what extent any development activity is required to meet the requirement, or if the Company cannot meet the requirement.

A. COMPANY INFORMATION

1. Where is your company's home office?
2. What is the full name of your company?
3. What is the address of the location from which administrative services are provided?
4. What is the name and address for the company that underwrites the supplemental coverage? What are the company's industry ratings by A.M. Best and Standard & Poor's?
5. Provide the name and qualifications of the individuals who will be directly involved in the daily administration of this contract.
6. Are you licensed in Louisiana? If so, when was the company licensed in Louisiana and what license(s) does it hold?

7. Has your company ever been denied a state license, qualification or certificate of authority? If yes, please describe why.
8. How many Louisiana clients do you currently have?
9. How many State government clients do you currently have?
10. Provide a list of the ten (10) largest organizations for which the Company currently provides the TRICARE Supplemental coverage. Indicate for each of these organizations the number of employees covered, and the date upon which each contract began. Provide the name, address and phone number of a person in each organization who can be contacted as an informed reference.
11. Do you have Liability coverage? If yes, how much coverage do you have and who is the carrier?
12. Is there any current litigation against your company that may adversely affect your performance and obligation to OGB?
13. Provide a description of the Organization, its corporate and organizational structure and ownership of firm.

B. ADMINISTRATION

1. Please describe your marketing and enrollment process.
2. What are your expectations regarding OGB's cooperation for enrollment meetings, materials and time on premises?
3. Please attach copies of material used to solicit enrollment. (Materials do not have to be OGB specific).
4. What ongoing administrative role does OGB have, other than payment of premium and enrolling new employees?
5. List the employee and dependent data elements maintained in the Company's electronic enrollment system.
6. Will the Company's computer system accept daily information transmitted via file transfer protocol (FTP)?
7. How many days are required to update the eligibility/membership records?

8. How often will the Company accept FTP transmitted information of the current membership/eligibility file and match against the Company's eligibility file for discrepancies? Describe or provide a copy of the discrepancy report that will be transmitted to the OGB.
9. Describe the telephone system proposed for customer service. Include the location of the system, monitoring and reporting capabilities, and automated messages provided to callers.
10. Specify the days and hours of normal customer service access.
11. Describe how telephone calls are documented.
12. What has been your enrollee satisfaction rating each year over the last two years?
13. Enclose a copy of your appeals process. How is this procedure communicated to employees?

C. FINANCIAL

1. Provide audited financial statements for the organization for each of the last two (2) fiscal years.
2. Do you currently meet all of the applicable Louisiana state licensing, minimum capitalization, reserving requirements, etc.? If subject to State Department of Insurance examinations, please indicate latest report of examination.
3. Please describe what steps have been taken to protect enrollees in the event of the Company's fiscal insolvency. Provide a description of how you are insured, reinsured or otherwise secured.
4. Specify the key reports recommended for tracking and monitoring this account. Provide an example of each key report. Indicate the reporting cycle of each key report. Explain the purpose of each key report and what it will monitor.
5. Provide a sample billing statement. Will the OGB be allowed to self-bill the monthly premium payment?
6. Are any special banking arrangements required? If so, explain.

D. IMPLEMENTATION

1. Identify the number of people by area of expertise to be assigned to the transition team.
2. Identify by area of expertise the OGB transition team that the Company feels is required. Specify any assumptions made for the OGB staff responsibilities or requirements and the associated time required.
3. Prepare a work plan for completing the transition and implementing the contract as a result of this NIC. The work plan should include an expanded list of tasks and dates.

E. OTHER ISSUES

1. Are there other issues, questions, recommendations, or matters on which you wish to comment or present to the OGB?
2. Why do you feel that your organization is well suited to serve the State of Louisiana employee program?

TAB 2

BENEFIT PLAN PROVISIONS

Explain the coordination of benefits process between the supplemental coverage and TRICARE. What is the member required to do to file a claim?

List the plan's benefit exclusions?

Provide listings of any preferred providers. In the table below, illustrate benefit differentials for network providers.

What is your average claims turnaround time?

What is your claims processing accuracy rate?

What is your claims financial accuracy rate?

Are you willing to establish performance standards and financial guarantees for claims turnaround time, processing accuracy rate, and financial accuracy rate? Explain.

Complete the following table of plan provisions. Enter for each benefit what your Company's TRICARE Supplement covers and what the employee is expected to pay.

BENEFIT	TRICARE STANDARD	TRICARE SUPPLEMENT	EMPLOYEE PAYS
Deductible	\$150 per individual or \$300 maximum for family		
Coinsurance	Member responsible for 25% of allowed charges		
Prescription Drugs (Not subject to deductible & coinsurance)	Copayments for each 30 day supply \$3 Generic \$9 Non-generic No Copayment limit per plan year		
Medical Supplies	Subject to deductible & coinsurance		

<p>Physician Services office visits surgery inpatient care X-ray, lab, radiation therapy</p>	<p>Physician services including office visits, clinic, and lab are subject to deductible & coinsurance. Inpatient DRG allowed amount is covered but subject to coinsurance</p>		
<p>Wellness Benefits Routine examinations Mammograms, prostate exams, electrocardiograms, hearing tests, occult blood test, chest x-ray, thyroid studies, tuberculin tests, blood pressure checks, VDRL tests, etc.</p> <p>Pap Smears</p> <p>Immunizations</p>	<p>Routine examinations are not covered. Mammograms, prostate exams, electrocardiograms, hearing tests, occult blood test, chest x-ray, thyroid studies, tuberculin tests, blood pressure checks, VDRL tests, etc. are subject to deductible and coinsurance.</p> <p>Routine newborn care is paid as part of your maternity care for the first 3 days. After 3 days, the baby begins separate cost sharing as an individual at the normal rate.</p> <p>Pap Smears are subject to coinsurance and deductible. Immunizations are subject to deductible and coinsurance.</p>		
<p>Therapy Services</p>	<p>Therapy services are subject to coinsurance and deductible. Speech therapist services are authorized when prescribed by a physician and are part of treatment for the physical defect, and not part of any educational or occupational deficit.</p>		
<p>Chiropractic Services</p>	<p>The Chiropractic Care Program is available only to active duty service members at designated military treatment facilities (MTFs),</p>		

Outpatient Hospital and Ambulatory Surgical Facility	For outpatient care for most families, there is a yearly deductible of \$150 for one person or \$300 for a family. Member is also responsible for 25% of the TRICARE allowable amount (DRG).		
Emergency Room	Member responsible for deductible and coinsurance on an outpatient basis. If the patient dies before being formally admitted to the hospital, TRICARE begins paying with the first dollar of medical bills, instead of waiting until the family has satisfied the annual outpatient deductible.		
Inpatient Hospital Care Room & Board Other Hospital services-intensive care, cardiac care, x-ray, lab, drugs	Lesser of \$414/day or 25% of billed charges plus 25% of allowed professional fees. Hospital services, if billed on an inpatient level, are covered accordingly. Member is responsible for deductible plus coinsurance for hospital charges billed on an outpatient basis. Semi-private room rate.		
Organ Transplants	TRICARE covers the following organ transplants: cornea, kidney, liver, liver-kidney, heart, lung, heart-lung, small-intestine, combined small intestine-liver, simultaneous pancreas-kidney, and some bone marrow, but there are limits in some circumstances. Enrollees must contact a TRICARE contractor ahead of time for details on organ transplants.		
Durable Medical Equipment, Prosthetic & Orthopedic Appliances	Orthopedic shoes, and arch supports are not covered. An exception would be when it is part of a brace. Deductible and coinsurance		

	applies to all other covered medical equipment.		
Home Care	TRICARE Standard does cover "skilled nursing care" at home. Medical care that only a professional can provide, such as giving certain medications, treatment or therapy, can be cost shared. Because this can be quite complicated, enrollees must check with their BCAC/HBA/TSC before you hire a visiting nurse. Deductible and coinsurance apply.		
Private Duty Nursing	Please see "home care".		
Skilled Nursing Facility	There are certain limits on coverage for private duty nursing, whether in the hospital or at home. TRICARE Standard does not cover private duty nursing to augment the general nursing staff of a hospital, or in hospitals that have intensive-care units or coronary-care units.		
Mental Health/Chemical Dependency <ul style="list-style-type: none"> Inpatient care 23 hour crises evaluation and stabilization partial hospitalization treatment in an intensive outpatient program	TRICARE helps pay for psychotherapy, either in the hospital or on an outpatient basis. If your provider of care believes you need more than five psychotherapy sessions a week in the hospital, or more than two psychotherapy sessions a week as an outpatient, a TRICARE contractor must review the medical necessity for care. If an enrollee needs more than eight outpatient psychotherapy sessions in a fiscal year, approval is required.		
<ul style="list-style-type: none"> treatment in a Plan approved residential treatment center outpatient treatment 	The annual limits for inpatient mental health care covered by TRICARE Standard are as follows: (1) 30 days for patients age 19 or over; (2) 45 days for patients under age 19; (3) 150		

<p>Mental Health and/Chemical Dependency (Continued)</p>	<p>days for inpatient care in residential treatment center (RTCs) which is available only to those under 21-years of age.</p> <p>Treatment for alcoholism or the abuse of other substances is considered mental health treatment by TRICARE Standard and is subject to the same pre-authorization requirements as mental health care.</p>		
<p>Ambulance Services</p>	<p>TRICARE cost shares ambulances if needed for a medical condition that is covered by TRICARE Standard. Ambulance transfers between hospitals are currently cost shared on an inpatient basis. Ambulance service to or from a hospital (for example, between the hospital and your home) is still cost shared on an outpatient basis.</p>		

Cardiac
Rehabilitation

Certain cardiac rehabilitation programs are covered for inpatient or outpatient care. Services and supplies must be provided by TRICARE-authorized hospitals and ordered by physicians as treatment for patients who have experienced any of the following conditions or events during the preceding 12 months:

- Myocardial infarction (heart attack)
- Coronary artery bypass graft
- Coronary angioplasty (surgical reconstruction of coronary blood vessels)
- Heart-Valve surgery
- Heart transplants, including heart-lung transplants
- Percutaneous transluminal coronary angioplasty (use of balloon catheter inserted into a coronary blood vessel to flatten plaque against the artery wall)
- Chronic stable angina (chest pain)-subject to certain limitations
- Outpatient cardiac rehabilitation treatment is limited to 36 sessions per cardiac event, and in some cases, one series of treatments in a calendar year.

TRICARE Standard won't cost share programs designed primarily for lifetime maintenance that are performed at

TAB 3

COST PROPOSAL

Please use the following price schedule for your proposed premium rates for the period of July 1, 2005 through June 30, 2006. Only fully insured group rates shall be accepted.

	<u>TRICARE Supplemental Monthly Premium Rate</u>	<u>Optional Mental Health Monthly Premium Rate</u>
<u>Active</u>		
Single	\$ _____	\$ _____
With Spouse	\$ _____	\$ _____
With Children	\$ _____	\$ _____
With Family	\$ _____	\$ _____
<u>Retired No Medicare & Re-Employed Retiree</u>		
Single	\$ _____	\$ _____
With Spouse	\$ _____	\$ _____
With Children	\$ _____	\$ _____
With Family	\$ _____	\$ _____
<u>Retiree With 1 Medicare</u>		
Single	\$ _____	\$ _____
With Spouse	\$ _____	\$ _____
With Children	\$ _____	\$ _____
With Family	\$ _____	\$ _____
<u>Retiree With 2 Medicare</u>		
Single	\$ _____	\$ _____
With Spouse	\$ _____	\$ _____
With Children	\$ _____	\$ _____
With Family	\$ _____	\$ _____

Maximum percentage increase for 7/1/06 - 6/30/07 _____ %
 Maximum percentage increase for 7/1/07 - 6/30/08 _____ %

Points will be based on the premium rates proposed, including guarantees as to the maximum percentage increases for the second and third year of the Contract.

Do not include the Cost Proposal Form or any information relative to costs in the three ring binder with your technical proposal. Submit the original and five (5) copies in a separate sealed envelope marked "Cost Proposal-TRICARE Supplemental Coverage" on the outside of such envelope.

TAB 4

SIGNATURE PAGE

OFFICE OF GROUP BENEFITS (OGB)

This proposal, together with all attachments and the fee proposal form, is submitted on behalf of:

Proposer: _____

I hereby certify that:

1. This proposal complies with all requirements of the NIC. In the event of any ambiguity or lack of clarity, the response is intended to be in compliance.
2. This proposal was not prepared or developed using assistance or information illegally or unethically obtained.
3. I am solely responsible for this proposal meeting the requirements of the NIC.
4. I am solely responsible for its compliance with all applicable laws and regulations to the preparation, submission and contents of this proposal.
5. All information contained in this proposal is true and accurate.

Date: _____

Authorized Representative

Title

EXHIBIT A

OFFICE OF GROUP BENEFITS (OGB) ENROLLMENT

As of June , 2004

Active Employees

Active Employees **44851**

Active Employees & Family **51908**

Total Active Employees 96759

Retired Employees

Retired Employee - Not Medicare **10401**

Retired Employee - Not Medicare
Dependent - Not Medicare **7322**

Retired Employee - Not Medicare
Dependent - Medicare **1174**

Retired Employee – Medicare **16142**

Retired Employee – Medicare
Dependent - Not Medicare **1842**

Retired Employee – Medicare
Dependent - Medicare **6854**

Total Retired Employees 43735

Total Employees 140494

EXHIBIT B

STANDARD CONTRACT

**STATE OF LOUISIANA
OFFICE OF GROUP BENEFITS (OGB)**

The STATE OF LOUISIANA, DIVISION OF ADMINISTRATION, OFFICE OF GROUP BENEFITS (hereinafter sometimes referred to as the OGB) located at 5825 Florida Blvd., Baton Rouge, LA 70806 and (hereinafter sometimes referred to as "Contractor") do hereby enter into a contract under the following terms and conditions:

1.0 PURPOSE/SCOPE OF SERVICES/DELIVERABLES

Goal:

Objective:

Scope of Services:

Deliverables:

2.0 TERM OF CONTRACT

This contract shall begin _____ and end _____.

This contract is not effective until approved by the Director of the Office of Contractual Review in accordance with La. R.S. 39:1502.

3.0 PAYMENT TERMS

In consideration of the services described in this contract the maximum the OGB will pay Contractor is \$_____.

NOTE: All other payment terms will be completed at contract negotiation.

4.0 STAFF INSURANCE

Contractor shall procure and maintain for the duration of this contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

5.0 TAXES

Contractor hereby agrees that the responsibility for payment of taxes from the funds thus received under this contract and/or legislative appropriation shall be contractor's obligation and identified under Federal Tax Identification Number _____.

6.0 SECURITY

Contractor personnel will always comply with all security regulations in effect at the OGB's premises, and externally for materials belonging to the OGB or to the project. Contractor is responsible for reporting any breach of security to the OGB promptly.

7.0 CONFIDENTIALITY

The parties, their agents, staff members and employees agree to maintain as confidential all individually identifiable information regarding Louisiana Office of Group Benefits plan members, including but not limited to patient records, demographic information and claims history. All information obtained by contractors from the OGB shall be maintained in accordance with state and federal law, specifically including but not limited to the Health Insurance Portability and Accountability Act of 1996, and any regulations promulgated thereunder (collectively, "HIPAA"). To that end, the parties anticipate amending this contract to be in full compliance with all relevant provisions of HIPAA, including but not limited to all provisions relating to Business Associates.

Further, the parties agree that all financial, statistical, personal, technical and other data and information relating to either party's operations which are designated confidential by such party and made available to the other party in carrying out this contract, shall be protected by the receiving party from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the OGB and/or Contractor. Neither party shall be required to keep confidential any data or information which is or becomes publicly available, is already rightfully in the party's possession, is independently developed by the party outside the scope of this contract, or is rightfully obtained from third parties.

8.0 PROJECT MANAGEMENT/MONITORING PLAN

TO BE DETERMINED

9.0 PERFORMANCE MEASURES

TO BE DETERMINED

10.0 TERMINATION FOR CAUSE

OGB may terminate this contract for cause based upon the failure of Contractor to comply with the material terms and/or conditions of the contract; provided that the OGB shall give the Contractor written notice specifying the Contractor's failure. If within thirty (30) days after receipt of such notice, the Contractor shall not have either corrected such failure or, in the case of failure which cannot be corrected in thirty (30) days, begun in good faith to correct said failure and thereafter proceeded diligently to complete such correction, then the OGB may, at its option, place the Contractor in default and this contract shall terminate on the date specified in such notice.

Contractor may exercise any rights available to it under Louisiana law to terminate for cause upon the failure of the OGB to comply with the terms and conditions of this contract; provided that the Contractor shall give the OGB written notice specifying the OGB's failure. Furthermore, the Contractor shall be entitled to suspend any and all services until such time as when the OGB is not in default of its obligations under this contract.

10.1 TERMINATION FOR CONVENIENCE

The OGB may terminate the contract at any time without penalty by giving thirty (30) days written notice to Contractor. Upon any termination of this contract the Contractor shall be entitled to payment for deliverables in progress, to the extent work has been performed satisfactorily.

10.2 REMEDIES FOR DEFAULT

Any claims or controversy arising out of this contract shall be resolved in accordance with the provisions of La R.S. 39:1524 – 1526.

The validity of this contract and any of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be construed pursuant to, and in accordance with, the laws of the State of Louisiana and venue of any action brought under this contract shall be the Nineteenth (19th) Judicial District Court.

11.0 OWNERSHIP OF PRODUCT

All records, reports, documents and other material delivered or transmitted to

Contractor by OGB shall remain the property of OGB, and shall be returned by Contractor to OGB, at Contractor's expense, at termination or expiration of this contract. Contractor may retain one copy of such records, documents or materials for archival purposes and to defend its work product. All records, reports, documents, or other material related to this contract and/or obtained or prepared by Contractor specifically and exclusively for the OGB in connection with the performance of the services contracted for herein shall become the property of the OGB, and shall, upon request, be returned by Contractor to OGB, at Contractor's expense, at termination or expiration of this contract.

12.0 ASSIGNMENT

Contractor shall not assign any interest in this contract and shall not transfer any interest in same (whether by assignment or novation), without prior written consent of the OGB, provided however, that claims for money due or to become due to the Contractor from the OGB may be assigned to a bank, trust company, or other financial institution without such prior written consent. Notice of any such assignment or transfer shall be furnished promptly to the OGB and to the Office of Contractual Review, Division of Administration.

13.0 AUDIT

Contractor grants to the Office of the Legislative Auditor, Inspector General's Office, the Federal Government, and any other duly authorized agency of the State the right to inspect and review all books and records pertaining to services rendered under this contract. Contractor shall comply with federal and/or state laws authorizing an audit of Contractor's operation as a whole, or of specific program activities. Any audit shall be conducted during ordinary business hours and upon reasonable advance notice to the Contractor.

A SAS-70 Type II Audit Report will be required annually which includes assurance about the operating effectiveness of controls as the service organization. This report can be used to reduce the assessed level of control risk below maximum.

14.0 RECORD RETENTION

Contractor agrees to retain all books, records, and other documents relevant to this contract and the funds expended hereunder for at least three years after project completion of contract, or as required by applicable Federal law, whichever is longer.

15.0 AMENDMENTS IN WRITING

Any alteration, variation, modification, or waiver of provisions of this contract shall

be valid only when it has been reduced to writing, duly signed. No amendment shall be valid until it has been executed by all parties and approved by the Director of the Office of Contractual Review, Division of Administration.

16.0 FUND USE

Contractor agrees not to use funds received for services rendered under this contract to urge any elector to vote for or against any candidate or proposition on an election ballot nor shall such funds be used to lobby for or against any proposition or matter having the effect of law being considered by the Louisiana Legislature or any local governing authority. This provision shall not prevent the normal dissemination of factual information relative to a proposition on any election ballot or a proposition or matter having the effect of law being considered by the Louisiana Legislature or any local governing authority.

17.0 NON-DISCRIMINATION

Contractor agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1972, and Contractor agrees to abide by the requirements of the Americans with Disabilities Act of 1990. Contractor agrees not to discriminate in its employment practices, and will render services under this contract without regard to race, color, religion, sex, national origin, veteran status, political affiliation, disabilities, or because of an individual's sexual orientation. Any act of discrimination committed by Contractor, or failure to comply with these obligations when applicable shall be grounds for termination of this contract.

18.0 AVAILABILITY OF FUNDS

The continuation of this contract is contingent upon the appropriation of funds by the legislature to fulfill the requirements of the Contract. If the legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by veto of the Governor or by any means provided in the appropriation act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reductions to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds have not been appropriated. Such termination shall be without penalty or expense to the OGB except for payments which have been earned prior to the termination.

19.0 HEADINGS

Descriptive headings in this contract are for convenience only and shall not affect the Construction or meaning of contractual language.

20.0 ENTIRE AGREEMENT AND ORDER OF PRECEDENCE

This contract (together with the RFP issued thereto by the OGB, the Proposal submitted by the Contractor in response to the OGB's RFP, and any exhibits specifically incorporated herein by reference) constitutes the entire agreement between the parties with respect to the subject matter.

This contract shall, to the extent possible, be constructed to give effect to all provisions contained therein: however, where provisions are in conflict, first priority shall be given to the provisions of the contract, excluding the RFP and the Proposal; second priority shall be given to the provisions of the RFP and amendments thereto; and third priority shall be given to the provisions of the Proposal.

BY SIGNING BELOW, THE PARTIES AGREE TO ALL OF THE TERMS AND CONDITIONS SET FORTH ABOVE.

THUS DONE AND SIGNED ON THE DATE(S) LISTED BELOW:

**STATE OF LOUISIANA
OFFICE OF GROUP BENEFITS**

CONTRACTOR

SIGNATURE _____

SIGNATURE _____

NAME A. Kip Wall

NAME _____

TITLE Chief Executive Officer

TITLE _____