

Proposal Number: 270-20250303ACT

Vendor: \_\_\_\_\_

Date: March 12, 2025

RFP Number: 270-20250303ACT

RFP Description: Actuarial/Analytical and Health Benefits Consulting Services

Addendum Number: 1

Using Agency: The North Carolina State Health Plan for Teachers and State Employees

Purchaser: Sharon L. Smith

Opening Date / Time: April 2, 2025 @ 10:00 AM ET

**INSTRUCTIONS:**

1. This Addendum is issued in response to questions submitted.
2. In response to Vendor Question 21, RFP Section 2.7 "PROPOSAL CONTENTS" is amended to include the submission of Attachment B: Instructions to Vendors, and Attachment C: General Terms and Conditions, and is restated in its entirety as 2.7 "First Amended and Restated Proposal Contents" and is attached to this Addendum 1.
3. In response to Vendor Questions 22-26, Minimum Requirement #5 in RFP Section 5.1 "Minimum Requirements" is amended to correct the Secondary Health Benefits Consultant requirements. RFP Section 5.1 "Minimum Requirements" is restated in its entirety as 5.1 "First Amended and Restated Minimum Requirements" and is attached to this Addendum 1.
4. Return one properly executed copy of this Addendum Number 1 with your Technical Proposal. Failure to sign and return this Addendum Number 1 may result in the rejection of your proposal.

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**Execute Addendum Number 1. RFP Number 270-20250303ACT:**

Vendor: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Name and Title (Print): \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

| No. | Reference | Vendor Question  | Answer   |
|-----|-----------|--|--|
| 1.  | General   | Commencement of fees<br><br>Please advise whether or not fees commence when implementation starts on June 1, 2025. | There are no hourly fees applicable to the implementation period.  |
| 2.  | General   | What have been the total fees collected from the actuarial firm over the last three years?                         | Documents containing this information may be available through a public records request. Requests for public records sent in writing to the Office of State Treasurer's Public Record Request Coordinator at <a href="mailto:publicrecords@nctreasurer.com">publicrecords@nctreasurer.com</a> will be evaluated and fulfilled as appropriate by staff.   |
| 3.  | General   | What are the current fees/hourly rates? Can you send the number of hours for the last 3 years?                     | Below are the amounts expended by the Plan for Calendar Years 2022, 2023, and 2024, for Actuarial & Analytical Services (Analytics) and Health Benefits Consulting Services (Consulting).<br><br><u>Calendar Year 2022</u><br><br>Analytics: \$638,000<br>Consulting: \$223,000<br><br><u>Calendar Year 2023</u><br><br>Analytics: \$637,000<br>Consulting: \$462,000<br><br><u>Calendar Year 2024</u><br><br>Analytics: \$1,032,000<br>Consulting: \$357,000<br><br>The Plan cannot provide the hourly rates, or the number of hours spent by the incumbent actuary at this time. |
| 4.  | General   | What have been the total fees under the current contract by year?  | See Response to Question 3 above regarding the total fees for Calendar Years 2022, 2023, and 2024. The Plan cannot provide the total fees longer than 3 years at this time.  |
| 5.  | General   | Please provide the percentage of services by labor category for the incumbent contract.                            | Documents containing this information may be available through a public records request. Requests for public records sent in writing to the Office of State Treasurer's Public Record Request Coordinator at <a href="mailto:publicrecords@nctreasurer.com">publicrecords@nctreasurer.com</a> will   |

| No. | Reference | Vendor Question   | Answer   |
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|     |           |   | be evaluated and fulfilled as appropriate by staff.  |
| 6.  | General   | Are there any service concerns and/or limitations with the current actuary?   | Documents containing this information may be available through a public records request. Requests for public records sent in writing to the Office of State Treasurer's Public Record Request Coordinator at <a href="mailto:publicrecords@nctreasurer.com">publicrecords@nctreasurer.com</a> will be evaluated and fulfilled as appropriate by staff.   |
| 7.  | General   | What special projects or out of scope services have been billed over the last two years, in addition to the fixed fees?               | Special projects worked on over the past two years include Litigation Assistance, TPA RFP assistance, Medicare Advantage RFP assistance, Plan Comparison Report, GLP-1 Cost Analysis, OPEB Blended Discount Rate calculation, Employer Withdrawal calculation, TPA Narrow Network review, PBM Formulary Analysis, Prior Authorization Report, Medicare Advantage Rate Renewal verification, and Vendor Risk Score audit. |
| 8.  | General   | Do the "other public entities" have separate rates from the state employee plans?   | The awarded Contract will be with the State Health Plan only. The State Health Plan serves many, but not all, employing units in North Carolina. All contribution rates paid by covered members can be found on <a href="http://www.shpnc.org">www.shpnc.org</a> .   |
| 9.  | General   | Who is the incumbent consultant/actuary and how long have they been in place?   | <p>"The Segal Company (Eastern States), Inc." ("Segal") is the incumbent.</p> <p>The incumbent has been providing Health Benefits Consulting Services to the Plan since October 5, 2010, through present.</p> <p>The incumbent has been providing Actuarial and Analytical Services to the Plan since April 1, 2012, through present.</p>  |
| 10. | General   | Please provide a schedule of upcoming RFPs for the 3 year contract period   | The Plan will discuss the RFPs upon which Vendor will be asked to consult during the implementation period.  |
| 11. | General   | Please provide a copy of the contract for the requested service with your current consultant including the contracted fees and rates. | Documents containing this information may be available through a public records request. Requests for public records sent in writing to the Office of State Treasurer's Public Record  |

| No. | Reference               | Vendor Question   | Answer  |
|-----|-------------------------|---|---|
|     |                         |   | Request Coordinator at <a href="mailto:publicrecords@nctreasurer.com">publicrecords@nctreasurer.com</a> will be evaluated and fulfilled as appropriate by staff.  |
| 12. | General                 | Please provide a copy of the incumbent contract for the services in the RFP.  | Documents containing this information may be available through a public records request. Requests for public records sent in writing to the Office of State Treasurer's Public Record Request Coordinator at <a href="mailto:publicrecords@nctreasurer.com">publicrecords@nctreasurer.com</a> will be evaluated and fulfilled as appropriate by staff.  |
| 13. | General                 | Please provide most recent copies of the following: <ol style="list-style-type: none"> <li>1. Annual actuarial valuation report</li> <li>2. GASB 74/75 accounting disclosures</li> <li>3. Funding policy</li> <li>4. Any special studies conducted over the last 2 years</li> </ol> | Documents containing this information may be available through a public records request. Requests for public records sent in writing to the Office of State Treasurer's Public Record Request Coordinator at <a href="mailto:publicrecords@nctreasurer.com">publicrecords@nctreasurer.com</a> will be evaluated and fulfilled as appropriate by staff. Additionally, some of these materials can be found on the Plan's website, <a href="http://www.shpnc.org">www.shpnc.org</a> on the Board of Trustees Meeting Materials page or the Committee on Actuarial Valuation's website: <a href="http://www.osbm.nc.gov/stewardship-services/committee-actuarial-valuation-retired-employees-health-benefits-opeb">www.osbm.nc.gov/stewardship-services/committee-actuarial-valuation-retired-employees-health-benefits-opeb</a> . |
| 14. | General                 | What are the primary reasons these services are being marketed? Are there concerns with the current advisor? Is this a required exercise as the contract term and extensions have expired? Something else?  | The Plan is conducting this RFP as part of its regular process of procuring services under a new contract when the term of a prior contract has expired. The current Contract is set to expire December 31, 2025.   |
| 15. | General                 | Please describe your procurement and negotiation process. What tasks does the State own vs. the consultant?   | The Plan has its own dedicated procurement staff that manage the procurement and negotiation process. For some procurements, the Vendor will be asked to assist in evaluating and scoring a portion of the procurement.   |
| 16. | RFP Section 1.1; Page 7 | Can we receive the current contract(s)?   | Documents containing this information may be available through a public records request. Requests for public records sent in writing to the Office of State Treasurer's Public Record Request Coordinator at <a href="mailto:publicrecords@nctreasurer.com">publicrecords@nctreasurer.com</a> will be evaluated and fulfilled as appropriate by staff.  |

| No. | Reference                        | Vendor Question  | Answer  |
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| 17. | RFP Section 1.1;<br>Page 7       | Can the current contract be shared? <ul style="list-style-type: none"> <li>What is the ending date of the current contract?</li> <li>What is the annual spend under the current contract for each of the last three years?</li> </ul>  | Documents containing the current contract may be available through a public records request. Requests for public records sent in writing to the Office of State Treasurer's Public Record Request Coordinator at <a href="mailto:publicrecords@nctreasurer.com">publicrecords@nctreasurer.com</a> will be evaluated and fulfilled as appropriate by staff.<br><br>The current contract is set to expire on December 31, 2025.<br><br>See the response to question 3 above regarding the annual spend. |
| 18. | Section 2.5<br>Questions; Page 8 | Given the breadth of the Scope of Services included in the RFP, and the relatively short time to respond after the questions are released (15 working days), would the State consider extending the Deadline for Submission by two weeks?  | The Plan will not be able to extend the timeline for submission of responses.   |
| 19. | 2.6 Proposal<br>Submission       | We will have a number of sample reports and attachments that are over 50 pages when put together. The RFP indicates that it is permitted to be submitted electronically vs. a physical copy of these supporting documents. Our question is whether that should be submitted on an additional flash drive, so a 4th one, with 1 & 2 being the unredacted electronic copies and 3 being the redacted copy. As an alternative, could we simply include the attachment in our electronic copies on flash drives 1,2 & 3 and not have separate 4th drive? | Yes, Vendors can include sample reports and attachments that are over 50 pages on Flash Drives One, Two, and Three. A fourth flash drive is not required.   |
| 20. | 2.6 Proposal<br>Submission       | Please confirm that flash drives 1,2 & 3 should include both the technical and cost on each flash drive, meaning they would not be in separate packages like the physical copy transmittals.   | Correct. Flash Drives One and Two must include the entire Technical and Cost Proposals, including any proprietary information. Flash Drive Three must contain the redacted Technical and Cost Proposals, if required for confidentiality.   |
| 21. | 2.7 Proposal<br>Contents         | Please confirm that Attachment B: Instructions to Vendors and Attachment C: General Terms and Conditions do not need to be included in our response.   | The Plan has modified RFP Section 2.7 Proposal Contents to require Vendors to return entire copies of Attachment B: Instructions to Vendors and Attachment C: General Terms and   |

| No. | Reference  | Vendor Question  | Answer  |
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|     |  |  | Conditions. See item 2 on the first page of this Addendum.  |
| 22. | 5.1 Minimum Requirements                           | I believe there is a typo under number 5 – Secondary Health Benefit Consultant. Subsection (a) list the requirement for this consultant to be a Fellow of the Society of Actuaries. They look to be similar to the lead actuary minimums.  | Section 5.1 Minimum Requirement #5 has been updated to account for this issue.  |
| 23. | 5.1 Minimum Requirements<br>Items 3 and 5          | Is it a requirement for the Lead Health Consultant be an actuary (FSA)? It doesn't state this in item 3 on page 24 but does mention it in item 5 on page 25.   | Section 5.1 Minimum Requirement #5 has been updated to account for this issue.  |
| 24. | 5.1 Minimum Requirements<br>Item 5                 | Is it a requirement for the Secondary Health Consultant be have 5 years of experience working with public or private sector plans with greater than 50,000 covered lives OR 5 years of experience working with a public sector plan with greater than 100,000 covered lives?   | Section 5.1 Minimum Requirement #5 has been updated to account for this issue.  |
| 25. | Section 5.1 Minimum Requirements, Item 5a; Page 25 | It lists "Senior Health Benefit Consultant" is a Fellow of the Society of Actuaries", where the remainder of this role refers to Secondary Health Benefits Consultant. The FSA requirement seems counter to the rest of the requirements and more in line with the Actuary role. Was this requirement intended to be made for the Secondary Health Benefits Consultant position? | Section 5.1 Minimum Requirement #5 has been updated to account for this issue.  |
| 26. | Section 5.1, Row 5                                 | Please confirm if the Secondary Health Benefit Consultant is required to have experience with 50,000 covered lives as in the first sentence or 100,000 covered lives as in section c.  | Section 5.1 Minimum Requirement #5 has been updated to account for this issue.  |
| 27. | Section 5.1, Row 6                                 | Is it permissible to outsource the Lead Clinical Consultant role to a subcontractor?   | The Lead Clinical Consultant role shall not be outsourced to a subcontractor.   |
| 28. | Section 5.1.                                       | Can you describe why you are releasing the RFP now?  | The Plan is conducting this RFP as part of its regular process of procuring services under a new contract when the term of a prior contract has |

| No. | Reference   | Vendor Question   | Answer   |
|-----|---|---|--|
|     |   |   | expired. The current Contract is set to expire December 31, 2025.  |
| 29. | Section 5.4.1, pages 30-33                        | For this section is there any particular area where the plan is seeking a new or improved service that it is not currently receiving from the incumbent? Any direction as to the importance or a prioritization of individual service areas would allow us to provide a more appropriate and specific response.     | The Plan is conducting this RFP as part of its regular process of procuring services under a new contract when the term of a prior contract has expired. The current Contract is set to expire December 31, 2025. Each service area included in the RFP is important to the Plan and requires a fulsome response.                                      |
| 30. | Section 5.4.1.1.                                  | What data warehouse is used today? Do you receive standard reporting from the data warehouse or is it mainly used for ad hoc analyses? If no data warehouse is used, would all the analytics data be sourced internally or from the carrier partners?   | The State Health Plan has an internal data warehouse. Data and supplemental reports from other vendors (TPA, PBM, etc.) will be available monthly.   |
| 31. | Section 5.4.1.1.                                  | Would it be possible to receive deliverables from prior presentations related to cost projections?  | Documents containing this information may be available through a public records request. Requests for public records sent in writing to the Office of State Treasurer's Public Record Request Coordinator at <a href="mailto:publicrecords@nctreasurer.com">publicrecords@nctreasurer.com</a> will be evaluated and fulfilled as appropriate by staff. |
| 32. | Section 5.4.2, pages 34- 40                       | For this section is there any particular area where the plan is seeking a new or improved service that it is not currently receiving from the incumbent? Any direction as to the importance or a prioritization of the individual service areas would allow us to provide a more appropriate and specific response. | The Plan is conducting this RFP as part of its regular process of procuring services under a new contract when the term of a prior contract has expired. The current Contract is set to expire December 31, 2025.<br><br>Each service area included in the RFP is important to the Plan and requires a fulsome response.                               |
| 33. | Section 5.4.3.2.                                  | Would it be acceptable to carve out the OPEB GASB valuation work from the scope?  | No, while the OPEB Committee may select the Retirement Division actuary, it has been the preference of the Committee to have the State Health Plan actuary perform this work.  |
| 34. | Section 5.4.3.3.                                  | How long ago was CVS installed as the PBM? How often does the state perform Rx market pricing checks?   | As a result of the Plan's Request for Proposals #270-20210521PBMS – Pharmacy Benefit Manager Services, the Plan awarded the contract for PBM services to CaremarkPCS Health LLC was on January 5, 2022, The Plan conducts a market check annually.   |
| 35. | 5.4.3.6 Retrospective Analysis and Reviews, Pg 40 | How often are projections calculated?   | The tasks in 5.4.3.6 are typically done annually, though there may be additional requests.   |

| No. | Reference      | Vendor Question  | Answer   |
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| 36. | Section 5.5.1. | What does the approval cycle look like to get plan changes implemented – can it be done within a 12-month time period, or does it typically take longer? | Plan changes are typically adopted in March – May of the previous year by the Board of Trustees. The discussions leading up to the Board decisions can start up to 9 months prior.   |
| 37. | Section 5.5.1. | Has the HDHP plan gained any further membership since 2023? <1% seems surprising given the difference in contributions.                                  | The HDHP plan is only offered to a limited set of employees per General Statute 135-48.40(e).  |
| 38. | Section 5.5.1. | Do you find that the custom formulary with multiple tiers of drugs is confusing for members?   | The Plan has maintained a custom formulary with multiple tiers of drugs for several years. The PBM Services vendor as well as staff on the Plan's Customer Experience team are available to help members who require assistance understanding the formulary.   |
| 39. | Section 5.5.1. | How long have you had group MA with Humana? Are you willing to share what the rate increase was for 2025?  | As a result of the Plan's Request for Proposals #270-20191015MAPDS, the Plan awarded the contract for Medicare Advantage and Prescription Drug Services to Humana Inc. on March 5, 2020. The 2025 Base Plan rate is \$33.01 PMPM, and the Enhanced plan is \$96.16 PMPM.                               |
| 40. | Section 5.5.1. | When was the last time the state performed a medical or pharmacy claims audit?   | The Plan has other vendors whose contracts require them to perform regular medical and pharmacy claims audits.   |
| 41. | Section 5.5.1. | When was the Clear Pricing Project put into effect? Who designed the criteria for provider inclusion, the State, Aetna, or was it co-developed?          | The Clear Pricing Project was designed by the Plan, with input from the relevant vendors, and went into effect on January 1, 2020.   |
| 42. | Section 5.5.1. | When was the Joint Replacement Program put into effect? Who designed the criteria for provider inclusion, the State, Aetna, or was it co-developed?      | The Joint Replacement Program was designed by the TPA (at the time BCBSNC), with input from the Plan, and went into effect on January 1, 2020.   |
| 43. | Section 5.5.1. | We see GLP-1s on the covered drug list...but only as preventive. Can you describe your strategy as it relates to these expensive medications?            | GLP-1s are currently covered for diabetes, but, by a vote of the Plan's Board of Trustees, are excluded when prescribed for the purpose of weight loss. The Plan is seeking funding from the General Assembly to cover the cost of GLP-1s prior to seeking reinstatement of this benefit by the Board. |
| 44. | Section 5.5.1. | Have you seen much excitement about the salary-banded premiums idea from initial survey respondents?   | The Plan has worked with relevant stakeholders as it develops premiums for 2026.   |



| No. | Reference   | Vendor Question  | Answer  |
|-----|---|--|---|
| 45. | Section 5.5.1.  | How often do you perform benefit surveys of the membership?  | The Plan has a dedicated Customer Experience team who interfaces with the Plan's members regularly.   |
| 46. | Section 5.5.1.  | Can you describe the benefits philosophy around not putting in a rate increase for 7 years for your active, full-time members? Was this out of a concern for affordability or was historical trend favorable enough to allow that in many years? Also, do you feel members have come to expect no increases?   | Materials relevant to this request can be found on the Plan's website, <a href="http://www.shpnc.org">www.shpnc.org</a> on the "Board of Trustees Meeting Materials" page.  |
| 47. | Section 5.5.1.  | Do you have specific guiding principles outlined for the health plan that are influential in establishing future strategies and addressing challenges?   | The Plan is guided by its mission, which is to improve the health and health care of North Carolina teachers, state employees, retirees, and their dependents, in a financially stable manner, thereby serving as a model for the people of North Carolina for improving their health and well-being.   |
| 48. | Section 5.6.3.  | How often are nights and/or weekends realistically needed for performance of the services?   | The Vendor's workload with other clients may determine how much time is to be needed outside of regular business hours. On occasion, there have been necessary quick turnarounds on requests, but this is not a regular expectation. Vendors are expected to be available at night and/or on weekends during certain circumstances, one of which is when the General Assembly requests fiscal notes as part of the legislative process. |
| 49. | RFP Section 5.6.3;<br>Page 45                               | Section states that the Vendor:<br>1) Be available to the Plan between the hours of 8:00 a.m. – 5:00 p.m. ET, Monday through Friday on State Business Days; and<br>2) Be available, at night and/or on weekends at the request of the Executive Administrator during certain circumstances to ensure legislative and other deadlines are met.<br>Can we assume the definition of "available" mean be available to be reached by phone and/or video call? | Yes. When relevant, the Plan's expectation is that the Vendor be available via phone call, video or virtual conference, or email.   |
| 50. | RFP Section 6.10, Deliverables, Performance Guarantees, and | Would the Plan please confirm that it is electing to leave open this specific provision of the Contract for later negotiation as per Section 2.3 of the RFP?   | The Plan is not leaving these provisions open to negotiation.   |

| No. | Reference   | Vendor Question  | Answer  |
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|     | Reduction in Fees,<br>Page 47   |  |   |
| 51. | Attachment B:<br>Instructions to<br>Vendors   | As we are an incumbent for retiree plan consulting and have a contract in place may we utilize this contract agreement for future services?  | No. The Plan will award a new contract to a Vendor as a result of this procurement process.   |
| 52. | Attachment C,<br>North Carolina<br>General Terms &<br>Conditions, Section<br>2 – Default and<br>Termination, Page<br>61 | <p>In (a), would the Plan consider modifying the remedy for procurement of substitute services to provide that we may be found liable for such costs, since a party's damages should be based on the facts and circumstances and determined by dispute resolution processes?</p> <p>In (b), would the Plan consider providing a notice and cure period after which, if not cured, such termination for cause would be effective?</p> <p>Alternatively, would the Plan please confirm that it is electing to leave open this specific provision of the Contract for later negotiation as per Section 2.3 of the RFP?</p>  | No. Minimum Requirement #11 requires the Vendor to confirm it agrees to Attachment C: General Terms and Conditions without exception. |
| 53. | Attachment C,<br>North Carolina<br>General Terms and<br>Conditions, New<br>Section – Liability of<br>the Parties        | <p>Prior to contract execution, would the Plan be willing to negotiate a mutual, aggregate limitation of liability for each party (other than for damages arising from a party's recklessness or intentional misconduct and any other damages for which a limit is specifically not allowed by Plan law)? We would propose the use of the following example. However, in the event the Plan does not agree with our example, would the Plan please confirm that it is electing to leave open this specific provision of the Contract for later negotiation as per Section 2.3 of the RFP?</p> <p>"Vendor's aggregate liability for damages, claims, losses or liability of any kind arising under or related</p> | No. Minimum Requirement #11 requires the Vendor to confirm it agrees to Attachment C: General Terms and Conditions without exception. |

| No. | Reference  | Vendor Question  | Answer  |
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|     |  | to this Contract or an applicable Statement of Work ("SOW") shall be limited to two times the value of the SOW. The foregoing limitation of liability shall not apply to claims for injury to persons or damage to tangible personal property, gross negligence or willful or wanton conduct. This limitation of liability does not apply to contributions among joint tortfeasors under N.C.G.S. 1B-1 et seq., the receipt of court costs or attorney's fees that might be awarded by a court in addition to damages after litigation based on the Contract."   |   |
| 54. | Attachment C, North Carolina General Terms and Conditions, New Section – Disclaimer of Damages     | <p>Would the Plan be willing to include a mutual disclaimer of consequential and punitive damages in the resulting Contract? We would propose the use of the following example. However, in the event the Plan does not agree with our example, would the Plan please confirm that it is electing to leave open this specific provision of the Contract for later negotiation as per Section 2.3 of the RFP?</p> <p>"In no event shall a party be liable to the other party for any consequential or punitive loss, damage, or expense, relating to or in connection with this Contract or any Statement of work."</p> | No. Minimum Requirement #11 requires the Vendor to confirm it agrees to Attachment C: General Terms and Conditions without exception. |
| 55. | Attachment C, North Carolina General Terms and Conditions, Section 14 – Insurance, Page 65         | Would the Plan consider certain clarifying modifications to the insurance requirements to make such insurance requirements consistent with our industry-standard coverage? Alternatively, if the Plan wishes to discuss specific language, would the Plan please confirm that it is electing to leave open this specific provision of the Contract for later negotiation as per Section 2.3 of the RFP?  | No. Minimum Requirement #11 requires the Vendor to confirm it agrees to Attachment C: General Terms and Conditions without exception. |
| 56. | Attachment C, North Carolina General Terms and Conditions, Section 15 – General Indemnity, Page 66 | Can the indemnity be modified to be for third party claims for bodily injury, including death, or damages to real or tangible personal property to the extent directly and proximately caused by Contractor's negligence or intentional misconduct in its  | No. Minimum Requirement #11 requires the Vendor to confirm it agrees to Attachment C: General Terms and Conditions without exception. |

| No. | Reference | Vendor Question  | Answer |
|-----|-----------|--|--------|
|     |           | <p>performance of the services? We would propose the use of the following example. However, in the event the Plan does not agree with our example, would the Plan please confirm that it is electing to leave open this specific provision of the Contract for later negotiation as per Section 2.3 of the RFP?</p> <p>“(a) The Vendor shall indemnify, defend and hold and save the State, its officers, agents, and employees, harmless from (i) liability of any kind, including all claims and losses, <u>in each case</u> accruing or resulting to any other person, firm, or corporation furnishing or supplying work, Services, materials, or supplies in connection with the performance of the Contract as a subcontractor or vendor of Vendor, and also from (ii) any and all claims and losses accruing or resulting to any person, firm, or corporation that may <u>suffer personal injury or whose/which real or tangible property is</u> <del>be injured or</del> damaged by the Vendor in the performance of the Contract, <u>in each of cases (i) and (ii)</u> that are attributable to the negligence or intentionally tortious acts of the Vendor, provided that the Vendor is notified in writing within 30 days from the date that the State has knowledge of such claims.”</p> <p><del>“(d) As part of this provision for General indemnity, if federal funds are involved in this procurement, the Vendor warrants that it will comply with all relevant and applicable federal requirements and laws applicable to Vendor in its performance of the Services, and will indemnify, defend and hold and save the State harmless from any claims or losses resulting to the State from the Vendor’s noncompliance with such federal requirements or law in the performance of this Contract. The representations and warranties in the preceding two sentences shall survive the termination or expiration of the Contract.”</del></p> |        |

| No. | Reference   | Vendor Question   | Answer  |
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| 57. | Attachment C, North Carolina General Terms and Conditions, Section 18 – Care of Plan Data and Property, Page 66 | Would the Plan agree to clarify that the Vendor is responsible for the loss or damage to the State's real or tangible property and, as to Data, the cost to restore the State's most recent backup? Alternatively, would the Plan please confirm that it is electing to leave open this specific provision of the Contract for later negotiation as per Section 2.3 of the RFP? | No. Minimum Requirement #11 requires the Vendor to confirm it agrees to Attachment C: General Terms and Conditions without exception.   |
| 58. | Attachment C: General Terms and Conditions  | We require a reasonable limitation of liability as to direct damages and a full disclaimer of indirect or related damages in all its services contracts. Would proposing same prevent our proposal from being considered?   | Minimum Requirement #11 requires the Vendor to confirm it agrees to Attachment C: General Terms and Conditions without exception. As stated in Section 5.1, Vendors must meet all Minimum Requirements to be evaluated for possible contract award. |
| 59. | Attachment C: General Terms and Conditions  | Can the State of North Carolina agree to limit all indemnification to third-party claims?   | No. Vendors must agree to Attachment C: General Terms and Conditions as presented in this RFP.  |
| 60. | Attachment C: General Terms and Conditions  | We respectfully requests that our existing agreement also apply to the services contemplated by this RFP (instead of entering into a new agreement for services such as the proposed Attachment C: General Terms and Conditions included with the RFP). Is this acceptable?   | No. Vendors must agree to Attachment C: General Terms and Conditions as presented in this RFP.  |
| 61. | Attachment C: General Terms and Conditions, Pg 65   | Our firm requires a limit of liability in our contracts, is there any ability to negotiate this term?   | No. Minimum Requirement #11 requires the Vendor to confirm it agrees to Attachment C: General Terms and Conditions without exception.   |
| 62. | Attachment I, Business Associate Agreement, Page 78   | Would the Plan please confirm that it is electing to leave open this specific Attachment of the Contract for later negotiation as per Section 2.3 of the RFP?   | No. Minimum requirement #17 requires the Vendor to complete, sign, and submit Attachment I: Business Associate Agreement (BAA).   |

## 2.7 FIRST AMENDED AND RESTATED PROPOSAL CONTENTS

The Vendors shall populate all attachments of this RFP that require the Vendor to provide information and include an authorized signature where requested. Failure to provide all required items, or the Vendor's submission of incomplete items, may result in the Plan rejecting the Vendor's proposal, in the Plan's sole discretion.

Vendor Proposal responses shall:

- a) Match the order of the RFP;
- b) Include the RFP section and requirement or specification numbers;
- c) Include a Table of Contents;
- d) Include tabs indexing each section;
- e) Be submitted in multiple three (3) ring binders no larger than three (3) inches each; and
- f) Include at a minimum the following information: RFP number, RFP title, Proposal title, and the submitting Vendor's name on the front and side of each binder.

Vendor RFP responses shall include the following items and attachments, which shall be arranged in the following order:

- a) Completed and signed version of Attachment G: Proposal Submission Information;
- b) Completed and signed version of all EXECUTION PAGES, along with the **body of the RFP** and signed receipt pages of any addenda released in conjunction with this RFP, if required to be returned. The document must be signed and dated by an official authorized to bind the company. Proposals submitted without the signed and dated Execution Page will not be considered;
- c) Minimum Requirements Response, Section 5.1;
- d) Technical Requirements Response, Sections 5.3, 5.4, 5.5, and 5.6;
- e) Completed version of Attachment A: Cost Proposal;
- f) Entire copy of Attachment B: Instructions to Vendors
- g) Entire copy of Attachment C: General Terms and Conditions
- h) Completed version of Attachment D: Customer Reference Form;
- i) Completed version of Attachment E: Location of Workers Utilized By Vendor;
- j) Completed and signed version of Attachment F: Certification of Financial Condition;
- k) Completed and signed version of Attachment H: HIPAA Questionnaire. Vendors must respond to all questions and request for documentation in the HIPAA Compliance Questionnaire;
- l) Completed and signed two (2) originals of Attachment I: Business Associate Agreement; and
- M) Completed version of Attachment J: Administrators for the Contract, HIPAA Compliance Officer, and Information Security Officer.

## 5.1 FIRST AMENDED AND RESTATED MINIMUM REQUIREMENTS

This procurement is open to qualifying companies that satisfy the Minimum Requirements described in this section. The Vendors must meet all Minimum Requirements for Technical Proposals to be evaluated for possible Contract award. The Plan reserves the right to reject Proposals deemed incomplete or non-compliant with these Minimum Requirements.

If a Vendor is unclear about a requirement or specification or believes a change to a requirement would allow for the Plan to receive a better Proposal, the Vendor is urged and cautioned to submit these items in the form of a question during the question-and-answer period in accordance with Section 2.5 Proposal Questions.

The Vendors shall duplicate the Minimum Requirements Table below and provide the RFP section number and page number reference to the location within the Vendor's Proposal where the minimum requirement has been satisfied. **DO NOT** provide responses to Minimum Requirements within the Minimum Requirements Table.

The Vendors shall respond to all questions and confirmation/certification/description requests that are described herein in their Minimum Requirements response using the same RFP numbering sequence. The Vendors are cautioned to provide sufficient detail for the Plan to validate their responses.

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|   | <b>First Amended and Restated Minimum Requirements</b>   | <b>RFP Section Numbers and Page Numbers in Vendor's Response</b> |
|---|--|--|
| 1 | <p>The Vendor shall confirm each of the following:</p> <p>a) The Vendor has been in existence for at least seven (7) years; and</p> <p>b) The Vendor is a professional actuarial services firm with a minimum of five (5) years of prior experience performing responsibilities substantially the same as the services listed under Sections 5.4. and 5.5 for public sector entities offering health benefits through insured and self-insured Products and covering one hundred thousand (100,000) or more lives.</p>   |  |
| 2 | <p>The Vendor shall confirm each of the following:</p> <p>a) Lead Actuary is a Fellow of the Society of Actuaries ("FSA");</p> <p>b) Lead Actuary has a minimum of seven (7) years of experience performing responsibilities substantially the same as the services listed under Section 5.4;</p> <p>c) Lead Actuary, during the seven (7) years, has a minimum of five (5) years' experience performing services for at least one (1) large public sector plan that covers one hundred thousand (100,000) or more lives, where the majority of covered lives are enrolled in self-insured health plans; and</p> <p>d) Lead Actuary is readily available to begin work on the Plan's actuarial needs as requested by the Plan.</p> |  |
| 3 | <p>The Vendor shall confirm and describe each of the following:</p> <p>a) Lead Health Benefits Consultant has a minimum of seven (7) years of health benefits consulting experience for private sector or public sector plans covering one hundred thousand (100,000) or more lives; and</p> <p>b) Lead Health Benefits Consultant has a minimum of three (3) years of additional direct industry experience, such as with an insurance company or healthcare provider.</p>  |  |



|   | <b>First Amended and Restated Minimum Requirements Continued</b>  | <b>RFP Section Numbers and Page Numbers in Vendor's Response</b> |
|---|---|--|
| 4 | <p>The Vendor shall confirm each of the following:</p> <ul style="list-style-type: none"> <li>a) Secondary Actuary is an Associate of the Society of Actuaries (ASA) or an FSA;</li> <li>b) Secondary Actuary has a minimum of five (5) years of experience performing responsibilities substantially the same as the Services listed under Section 5.4;</li> <li>c) Secondary Actuary, during the five (5) years, has a minimum of three (3) years' experience performing service for at least one (1) large public sector plan that covers one hundred thousand (100,000) or more lives, where the majority of covered lives are enrolled in self-insured health plans; and</li> <li>d) Secondary Actuary is readily available to begin work on the Plan's actuarial needs as requested by the Plan.</li> </ul> |  |
| 5 | <p>The Vendor shall confirm and describe the following:</p> <ul style="list-style-type: none"> <li>a) Secondary Health Benefit Consultant has a minimum of five (5) years of experience performing responsibilities substantially the same as the Services listed under Section 5.5 Health Benefits Consulting Tasks/Deliverables of this RFP;</li> <li>b) Secondary Health Benefit Consultant, during the five (5) years, has performed consulting services for at least one (1) public or private sector health plan that covers fifty thousand (50,000) or more lives, where the majority of covered lives are enrolled in self-insured health plans; and</li> <li>c) Secondary Health Benefit Consultant is readily available to respond to the Plan's health benefit consulting needs.</li> </ul>            |  |
| 6 | <p>The Vendor shall confirm and describe the following:</p> <ul style="list-style-type: none"> <li>a) Lead Clinical Consultant has a minimum of three (3) years of clinical experience in a health care setting and at least five (5) years of healthcare consulting experience; and</li> <li>b) Lead Clinical Consultant is an R.N., M.D., R.P.H., P.A., or D.O.</li> </ul>  |  |
| 7 | <p>The Vendor shall confirm and describe the following:</p> <p>Supporting Subject Matter Experts ("SME") and Consultants have at least five (5) years of demonstrated experience in a clinical health care setting and health care benefits consulting, combined.</p>   |  |
| 8 | <p>The Vendor shall confirm that it agrees to comply with the Actuarial Code of Professional Conduct and applicable Actuarial Standards of Practice as set by the Actuarial Standards Board without exception.</p>  |  |

|   | <b>First Amended and Restated Minimum Requirements Continued</b>   | <b>RFP Section Numbers and Page Numbers in Vendor's Response</b> |
|---|--|--|
| 9 | <p>a) The Vendor shall certify without exception the sufficiency of its security standards, tools, technologies, and procedures in providing Services under this Contract.</p> <p>b) All Vendor and/or third-party Data Centers, Business Applications or Systems used under this Contract for the purpose of collecting, storing, processing, transmitting, or exchanging Plan Data shall have, and maintain, valid, favorable third-party security certifications or assessment reports on all related security controls that are consistent with, and can be cross-walked to, the data classification level and security controls appropriate for moderate information system(s) per the National Institute of Standards and Technology ("NIST") SP 800-53 Rev. 5 or the most recent revision. To satisfy this requirement, such reports must have been issued within twelve (12) months prior to the anticipated Contract award date or be supplemented by bridge letters covering no more than three months subsequent to the report expiration date. The Vendor shall provide a crosswalk document along with full unredacted copies of the third-party security certification or assessment reports, and any necessary bridge letters. The Vendor shall also identify which specific Data Centers, Business Applications or Systems are covered by the third-party opinions or attestations will be used to provide the Services under this Contract. Opinion letters or security certification attestation letters will not be submitted in lieu of full report(s).</p> <p>c) The Vendor hereby agrees that the Plan has the right to independently evaluate, audit, and verify such requirements as part of its evaluation and during the life of the Contract, including requesting the performance of a penetration test with satisfactory results. The Plan will verify any such third-party security opinions or attestations yearly during the life of the Contract, and the Vendor will be required to provide an updated report or bridge letter verifying that there have been no material changes in the controls reported since the issuance of the last report. Bridge letters will only be accepted for three months after the report expiration date to satisfy this requirement.</p> <p>d) The Vendor shall agree that the Plan has the right to, based upon its evaluation, require that the Vendor maintain cyber breach liability insurance coverage in an amount specified by the Plan and/or commit to obtaining a favorable third-party opinion or attestation within a time period specified by the Plan as a condition of Contract award. The Vendor shall provide documentation of the amount of cyber breach liability insurance that it currently carries for all Vendor and/or third-party Data Centers and systems used to provide the Services under this Contract that will contain Plan Data. If the Vendor is currently undergoing a third-party NIST SP 800-53 Rev. 5 (or most recent revision) compliant security assessment of such Data Centers or systems, the Vendor shall provide proof of purchase or a copy of its contract with the third party retained to perform the audit and the expected date for completion.</p> <p>e) The Plan understands that security assessment reports and security information provided to the Plan for the purpose of this Contract may contain confidential information and/or trade secrets. Refer to Section V, Paragraph 24 of Attachment B: Instructions to the Vendors for information regarding the treatment of Confidential Information.</p> |  |

|    | <b>First Amended and Restated Minimum Requirements Continued</b>  | <b>RFP Section Numbers and Page Numbers in Vendor's Response</b> |
|----|---|--|
| 10 | The Vendor shall confirm it agrees to Attachment B: Instructions to Vendors without exception.  |  |
| 11 | The Vendor shall confirm it agrees to Attachment C: General Terms and Conditions without exception.   |  |
| 12 | The Vendor shall complete and submit Attachment D: Customer Reference Template.   |  |
| 13 | The Vendor shall complete and submit, without exception, Attachment E: Location of Workers Utilized by Vendor.  |  |
| 14 | The Vendor shall be financially stable; and complete, sign and submit without exception, Attachment F: Certification of Financial Condition.  |  |
| 15 | The Vendor shall complete, sign and submit Attachment G: Proposal Submission Information form.  |  |
| 16 | The Vendor shall be HIPAA compliant; and shall complete, sign, and submit Attachment H: HIPAA Questionnaire and supply copies of the Vendor's HIPAA privacy and security policies. If the Vendor maintains that any information contained in the HIPAA privacy and security policies is proprietary or otherwise confidential, the Vendor may Redact these portions in <b>BLACK</b> and in accordance with the instructions in Section V, Paragraph 24 of Attachment B: Instructions to the Vendors and supply the un-Redacted portions for review. |  |
| 17 | The Vendor shall complete, sign, and submit Attachment I: Business Associate Agreement (BAA).   |  |
| 18 | The Vendor shall complete and submit Attachment J: Administrators for the Contract, HIPAA Compliance Officer, and Information Security Officer.   |  |
| 19 | The Vendor shall submit two (2) completed and signed originals of Execution Page.   |  |