



PROCUREMENT SERVICES

ADDENDUM TO CONTRACT DOCUMENTS

ADDENDUM NO.: 1

SOLICITATION NAME: ITN No. **N207375ES – Benefits Consulting and Actuarial Services**

DATE OF ISSUE: May 29, 2020

The following information shall be included in the ITN documents and is hereby made part of the contract documents in the form of clarification, addition, deletion or revision to the contract specifications.

NOTE: The School District of Lee County Office has staff in offices. If you decide to turn your proposal in *prior* to June 9, 2020, the location to drop off the proposals are at the Finance Window in the rear of the building. The window has a large "F" above the window. Please see Exhibit 1 (in this Addendum) – Lee County Public Education Center Map for your reference. We also recommend you use the different couriers' services to send your proposal, our Mail Room is currently working and receiving packages in our central offices as well.

Proposers' questions/issues and District answers (District answers are italicized and bold):

Q1. What firm currently provides these services and for how long?

A1. *Aon Hewitt is the awarded vendor of the current contract for Benefits Consulting and Actuarial Services, this contract was awarded for a four base year period, beginning October 12, 2012 with two renewal options of two-year period.*

Q2. What are the annual premium totals for Dental, Critical Illness, Accident and Cancer programs?

A2. *Dental - \$6,453,154.12; Critical Illness - \$352,074.71; Accident - \$324,056.66; Cancer - \$875,718.72*

Q3. Are there any other lines of coverage or insurance that include commissions or are there any additional fees to the current provider of these services?

A3. *No.*

Q4. Is there an enrollment firm being used to enroll the Voluntary insurance coverages or is it being done directly by the plan participants online?

A4. *The District uses its own HCM Data System through Peoplesoft Self Service Module.*



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- Q5. Can we get a copy of the most recent full GASB 75 actuarial valuation report?
- A5. Please see Exhibit 2- GASB 75.**
- Q6. Can we get enrollment by plan and by coverage tier?
- A6. Please see Exhibit 3 - Open Enrollment effective 04.01.2020.**
- Q7. Can we get a list of medical and pharmacy plan design changes over the past 2 or 3 years?
- A7. Please see Exhibit 4 – Medical Plan Comparison Sheet 04.01.2018, Exhibit 5 – Medical Plan Comparison Sheet 04.01.2019 and Exhibit 6 – Medical Plan Comparison Sheet 04.01.2020.**
- Q8. Regarding the premiums for retirees and consequently the GASB 75 actuarial valuation, Pre-65 retirees appear to be charged by the School Board the total premium rate for the plan they are enrolled in. When setting premium rates for medical/pharmacy benefits, are active and retiree claims and enrollment experience taken into account (implying rates for retirees are not calculated separately, even if not being used)?
- 1) It appears that the actual premium deducted from a Pre-65 retiree's pension check is the premium rate for the plan the retiree is enrolled in less a premium credit equal to \$5 per month for each year of FRS Service earned through their retirement date (not to exceed 30 years or \$150 per month).
 - a. Who pays the \$5 per month for credited service, the School Board or Florida Retirement System (FRS)?
 - i. If the Retirement System is responsible for the premium subsidy:
 1. How is the School Board reimbursed by FRS for healthcare premiums deducted from their pension check (including the premium offsets)?
 2. Please confirm that the full premium amount (without the premium offset for FRS service is being reflected in the GASB 75 valuation).
 3. If retirees are no longer receiving a pension check, or the amount of their pension check is less than their healthcare premium, does the amount the School Board bills retirees directly include the premium credit for FRS service? If so, do these premium credits get paid back to FRS?
 - ii. If the School Board is responsible for the premium reduction credit:
 1. Is the premium reduction offset being reflected as an explicit employer subsidy by the School Board for GASB 75 purposes?
 2. How does FRS reimburse the School Board for the reductions in pension checks sent to retirees by FRS? Are these amounts net of the premium offsets?
 3. If retirees are no longer receiving a pension check, or the amount of their pension check is less than their healthcare premium, does the amount the School Board bills retirees directly include the premium credit for FRS service?
 4. Since it is possible that service with FRS is greater than service with the School Board, please confirm the School Board is on the hook for premium offsets



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attributable to service credits earned with another FRS employer which is not the School Board?

- a. If so, is service for School Board employees who have service with other FRS entities captured and included as an additional liability for future retirees in the GASB 75 actuarial valuation?
 - b. If not, is the School Board reimbursed for premiums credits attributable to non-School Board service?
5. Is there an annual (or more frequent) reconciliation between the two entities (FRS and the School Board) for these premium offsets?

A8. Retiree Health Insurance Subsidy is paid by FRS and paid directly to the retiree. Retiree benefit premiums (i.e. Medical, dental, vision) are deducted from retiree FRS pension checks. Then, FRS provides the total benefits premium deductions to the District via check where it is disbursed to the corresponding benefits. If the pension check is less the premium required or the Retiree is enrolled in the FRS Investment Retirement Program, the District invoices those retirees monthly.

When setting rates, all enrollees (active & retirees) and claims are considered.

Q9. What is the average age of the active members versus the average age of retirees enrolled in the medical plans?

A9. The approximate average age of active employees is 47; average age of retirees is 63.

Q10. What is the philosophy around retiree healthcare benefits? Has there be any consideration to perform a retiree welfare plan design study?

A10. The District is required to offer retiree coverage per Florida Statute 112.0801. Additionally, retirees are less than 4% of total plan enrollment.

Q11. Who is the current Broker of Record and are they being paid a fee to advise on your Medical Plan and Stop Loss insurance or do they receive commission?

A11. The current Broker of Record is Aon and the current remuneration is commissions. The District does not currently carry Stop Loss Insurance.

Q12. Who is your Stop Loss insurance with and at what level?

A12. The District does not currently carry Stop Loss Insurance.

Q13. Do you utilize an enrollment website for communicating and enrolling your employee benefits? If so, do you own it or is it provided by your Broker/Consultant?

A13. The District uses its own HCM Data System through Peoplesoft Self Service Module.



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Q14. Why is the School District of Lee County putting this work out to bid via an ITN process?

A14. *The current contract is expiring this year.*

Q15. Who is the current consultant?

A15. *Refer to question 1.*

Q16. How long has the current consultant been providing this service?

A16. *Refer to question 1.*

Q17. Is the incumbent consultant permitted to respond to the ITN?

A17. *Yes.*

Q18. Does the current consultant provide the same scope of services that is expected from the new consultant? If not, what was added/changed?

A18. *Yes.*

Q19. Has the District had any performance issues with the current carriers/vendors?

A19. *No.*

Q20. Traditionally, has the attendance of the consultant been requested during the open enrollment period?

A20. *No.*

Q21. Can the District provide a copy of the deliverables produced in the last fiscal year for this service?

A.21 *Monthly reports on the status of the health plan as compared to approved budget amount, annual valuation of the District's health plan, completion and filing of the District's 112.08 report, valuation and recommendation of health plan design alternatives, benchmarking data, renewal negotiations for all lines of employee insurance, attendance at monthly Insurance Task Force (ITF) meetings, Medicare seminar for employees and retirees, etc.*

Q22. What are Lee County School District's current wellness program goals, and would the District be open to reconsidering those goals to better align with their health benefit program goals?

A22. *The District's wellness program is designed to target risk factors identified through annual health screenings and aggregate data.*

Q23. Please confirm if the District is willing to accept the Auto Liability based on Auto limits on any one accident or loss?



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- A23. *Automobile liability limits are issued as a Combined Single Limit for any one accident or loss.***
- Q24. Please confirm if the District is willing to accept that our professional liability limits are for each wrongful act/annual aggregate.
- A24. *Professional Liability limits are issued with each occurrence (or wrongful act) and Annual Aggregate limit. These limits are typically different.***
- Q25. With regards to WOS we would request that the waiver of the insurer's subrogation rights with WC, EL, GL and AI be removed or if not, will the District allow mutual waivers under the other party's policies?
- A25. *The District does not require a waiver of subrogation.***
- Q26. Please confirm if the District would allow the Awardee to advise that a cancelled, or non-renewed policy would be replaced with no coverage gap and a current COI would be provided and not provide a cancellation notice, since coverage will be replaced with no gap.
- A26. *It is not unusual for an insurance company to cancel and rewrite coverage. So long as an active certificate is on file, we can agree to this.***
- Q27. We can only agree to name the District as an additional insured on the Commercial General Liability Policy and we provide this via a Certificate of Insurance, not an endorsement. Will this be acceptable to the District?
- A27. *We require the certificate of insurance names the School Board of Lee County as both additional insured and certificate holder.***
- Q28. Indemnification: Please confirm if the District is willing to accept the indemnification be limited to losses and damages as a result of our negligence and covered under the terms of our general liability policy; any wrongful acts solely in rendering or failing to render professional services and covered under our professional liability policy; or, any claim alleging a security failure, privacy event or wrongful act and covered under our cyber liability policy (misappropriation of trade secret or, infringement of patent are exclusions in our cyber policy).
- A28. *We normally would only allow our indemnification language in a contract.***
- Q29. Indemnification: Is the District willing to allow a cap or limitation of \$1 million on the liability and indemnification? If no, is there a larger cap or limitation that the District would be willing to allow? If yes, please provide the amount.
- A29. *The District will accept General Liability limits of \$1,000,000 each occurrence/\$2,000,000 annual aggregate.***



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- Q30. Our Company must be allowed to retain documents necessary for archival purposes and any confidential information stored as a result of backup email systems, which would be deemed infeasible to return. Will this be acceptable to the District?
- A30. We need more information before we can answer this.**
- Q31. What involvement does the Current Consultant play in the District's wellness program that is in place? What programs/services are being offered through the wellness program? Who and how much is currently funding the wellness program?
- A31. The District's wellness program is designed to target risk factors identified through annual health screenings and aggregate data. The funding for the wellness program is through District funds and through medical TPA funds and services.**
- Q32. Can you provide the current consulting agreement and annual compensation of the incumbent broker? As this is a commissions-based account, please provide the annual premium for each line of coverage, including any overrides and supplemental commissions within each line of coverage.
- A32. See Question #2.**
- Q33. Are the current Voluntary Products (Cancer, Critical Illness, Accident plans on a group platform or an individual platform? If these are on an individual platform, will the members be required to move from the current consultant?
- A33. They are all group policies offered by Allstate.**
- Q34. Regarding Section 15, do we have to offer a prompt payment discount?
- A34. No, you do not have to offer a prompt payment discount.**
- Q35. Regarding Sections 26 and 27 of the ITN, will either of the Bid Bond or Performance Bond be required as part of this ITN? If yes, please explain and list the amount of the Bond.
- A35. The General Terms and Conditions are standard for all solicitations. This type of service does not require bonds.**
- Q36. Regarding Section 44 of the ITN, can you define how the liquidated damages would be applied and is it capped?
- A36. The General Terms and Conditions are standard for all solicitations. This type of service does not require liquidated damages.**
- Q37. Regarding Section 45 of the ITN, will the District consider any other payment and processing method other than the MasterCard ePayable services? If yes, please explain what other process for payment is acceptable.



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- A37. Payment is in the form of a check.**
- Q38. ITN Due Date: Would the District consider extending the closing date?
- A38. No.**
- Q39. Due to COVID-19 does the District still require hard copies, or is electronic only acceptable? Are wet signatures required or are electronic signatures acceptable to the District?
- A39. The District requires the submittals as instructed in page 17 of the ITN Packet: "Include one (1) original, manually signed proposal, six (6) copies, and an electronic PDF version on a flash drive identical to the original. An electronic copy, on flash drive, of the completed Attachment A in Microsoft Word Format shall be submitted with the proposal. Electronic signatures are acceptable.**
- Q40. Given the current COVID-19 circumstances, our Company does not have access to its office for production of a bound paper proposal. Will the District accept an electronic submission?
- A40. Please refer to question 39. The District does not require a "bound" paper proposal, a notebook would be acceptable.**
- Q41. What is the reason for the ITN? Did the incumbent decline to renew? Or was the renewal not awarded? If not awarded, why?
- A41. Please refer to question 14.**
- Q42. What would you consider to be a successful partnership for the district?
- A42. A partner who understands the District's insurance and wellness programs, who brings forward new ideas, who assists the District with implementing new programs, who performs the needed brokerage, consultant, and actuarial work of the District and understands the requirements and constraints of Florida public entities and unionized workforces.**
- Q43. What is the technology platform used to manage benefits for the district?
- A43. The District uses its own HCM Data System Peoplesoft with Benefits Administration and Self-Service modules.**
- Q44. Has the district implemented any cost containment strategies?
- A44. Plans are reviewed annually by the Insurance and Benefits Department and the Insurance Task Force (ITF). The District has implemented multiple cost containment strategies over the years in an effort to meet budgetary constraints. These include introduction of new plans and plan types (HDHP with HSA), elimination of plans, changes to prescription formularies, changes to deductibles and co-insurance, etc. In addition, the District's Wellness Program is designed to address the high cost risk factors present in our population with the goal of creating a healthier workforce.**



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Q45. When is the last time the district benchmarked it's benefits to compare against industry peers?

A45. Reviewed annually and more often if necessary.

Q46. It's mentioned that we would be coordinating with other district service providers, who would those be?

A46. The insurance carriers that provide services to the District. The District's service providers currently include: Aetna, Avesis, MetLife, Securian (Minnesota Life), Connect Your Care, and Allstate.

Q47. Have you considered alternate funding arrangements such as captives in the past?

A47. To date, alternate funding has not been explored.

Q48. How is absence management being administered? In-house? outsourced?

A48. Absence Management is administered in-House by the District's Payroll department.

Florida State Sunshine Law states proposal openings must be open to the public. Due to the COVID-19 pandemic, the Lee County Public Education Center is temporarily closed to the public. Procurement will proceed with a live virtual video conference for this proposal opening. Details are as follows:

June 9, 2020

2:00 PM Eastern Time

Join Zoom Meeting

<https://zoom.us/j/5486533962?pwd=NnN4MmR6MjllRzd2ZXp2WnlMjBzUT09>

Meeting ID: 548 653 3962

Password: 8U3Jdm

In addition, the public can also view opening in person through the following process:

- **A line will form outside the LCPEC with six feet of separation between each person.**
- **Line will be escorted to large room to view Zoom meeting on video screen with six feet of separation between each person while in room.**

There are no other changes at this time. Please acknowledge this addendum via Attachment D, Addenda Acknowledgement Form, in your submittal.

Thank you for your interest in The School District of Lee County.

Edith Stiller

Procurement Agent



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EXHIBIT 1
LEE COUNTY PUBLIC EDUCATION CENTER MAP

