# Department of Budget and Finance

RELEASE DATE: April 1, 2014

# REQUEST FOR PROPOSALS
# No. RFP-14-006

## SEALED OFFERS
## FOR
# Life Insurance Benefits

## STATE OF HAWAII
## DEPARTMENT OF BUDGET AND FINANCE
## HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)

WILL BE RECEIVED UP TO 12:00 NOON (HST) ON

MAY 5, 2014

IN THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND, CITY FINANCIAL TOWER, 201 MERCHANT STREET, SUITE 1520, HONOLULU, HAWAII 96813. DIRECT QUESTIONS RELATING TO THIS SOLICITATION TO SANDRA YAHIRO, TELEPHONE (808) 586-7390, FACSIMILE (808) 586-2320 OR E-MAIL AT EUTFADMIN@HAWAII.GOV.

Sandra Yahiro
Procurement Officer

**Re: Request for Proposal 14-006 – Life Insurance Benefits**

**Proposal Due Date: May 5, 2014, 12:00 Noon, Hawaii Standard Time**

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) is issuing this Request for Proposal (RFP), for its active and retiree life insurance benefits.

This RFP has been divided into Sections which outline the items that are to be included in your submission (refer to Table of Contents). Census and claims information will be E-mailed upon receipt of a completed and signed Intent to Bid Form (Attachment 2) and signed Confidentiality Agreement (Attachment 3) that are included in this RFP.

Separate contracts will be issued for Active and Retiree Plans, and may be awarded to different offerors.

Each proposal must anticipate that the OFFEROR will provide those services outlined in this RFP without exception unless said exception is specifically identified in the proposal in Attachment 5, *Exceptions*. Any deviations from the specifications shall be clearly noted in Attachment 5, *Exceptions* and may disqualify the proposal from consideration as not responsive.

Respond to **all** questions in this RFP. **DO NOT ALTER THE QUESTIONS.** Misnumbered, incomplete, or unanswered questions may disqualify your proposal as not responsive.

The Fee Proposal Form(s) included in the RFP must be used for all cost and rate information. Information provided in any other format will not be accepted. Footnotes to the form(s) may be used to provide supplemental explanations, if necessary.

**All proposals must be submitted without any commissions included. No commissions, over-ride payments, finder's fees, or ancillary payments are to be made to any party on behalf of a contract issued to your company to provide these benefits. Violation of this requirement will invalidate your proposal or contract with the EUTF.**

This RFP is the property of the EUTF. It is used by those companies, organizations, and individuals to whom copies have been sent solely for the purpose of preparing quotations for the plans described herein. Also, note Section 164.514(g) of HIPAA privacy rules states that the issuer or HMO may not use or disclose the individually identifiable health information for any other purpose, except as may be required by law.

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# NOTICE TO OFFERORS

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) seeks qualified OFFERORs to provide **Life Insurance Benefits**.

Sealed proposals for this project, RFP 14-006 will be received at:

Hawaii Employer-Union Health Benefits Trust Fund
City Financial Tower
201 Merchant Street, Suite 1520
Honolulu, HI 96813

Proposals will be accepted up to 12:00 Noon Hawaii Standard Time (HST), May 5, 2014. Proposals received after this time will NOT be accepted. The Request for Proposals (RFP) may be examined at or obtained from the office listed above. The RFP is also available online at www.spo.hawaii.gov in Acrobat Reader format and at www.eutf.hawaii.gov in Acrobat Reader and Microsoft Word format.

Legal Ad Date – April 1, 2014

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# ADMINISTRATIVE OVERVIEW

## 1.1 BACKGROUND

This Request for Proposals (RFP) is issued by the Hawaii Employer-Union Health Benefits Trust Fund (EUTF), an agency of the State of Hawaii (State). The EUTF was established by Act 88, 2001 Session Laws of Hawaii. Act 88 was partially codified as Chapter 87A, Hawaii Revised Statutes (HRS). Under HRS Chapter 87A, the EUTF is authorized to design, provide, and administer health and other benefit plans for State and county employees, and retirees, and their dependents (aka "employee-beneficiaries" and "dependent beneficiaries"). The benefit plans include medical, prescription drug, vision, dental, chiropractic, and life insurance. The EUTF currently provides benefit plans to over 111,000 subscribers which include employees and retirees. When dependents are included, the participant count is approximately 189,000. The EUTF's fiscal year is July 1 through June 30. Active employees' plan year is July 1 to June 30. Retirees' plan year is January 1 to December 31.

The EUTF is administered by a board of ten Trustees (Board), who are appointed by the Governor. Five Trustees represent the employee-beneficiaries, one of whom represents retirees. These five Trustees are selected by the Governor from a list of candidates provided by exclusive employee representative organizations. The remaining five Trustees represent the public employers. The Board's responsibilities include determining the nature and scope of benefit plans, negotiating and entering into contracts to provide such plans, establishing eligibility and management policies, and overseeing all EUTF activities. The Board has adopted rules to implement the administration and purposes of the EUTF, see Exhibit B, *Administrative Rules*.

The EUTF's day-to-day operations are administered by an administrator appointed by the Board (Administrator). The Administrator is assisted in managing the EUTF by an Assistant Administrator, a Financial Management Officer, a Member Services Branch Manager, and an Information Systems Analyst. The EUTF is organized under three branches: Financial Services, Information Systems, and Member Services. The Member Services Branch Manager oversees the Member Services Branch and is supported by employees assigned customer service duties such as answering phone calls and e-mails from members and handling all processing for active employees and retirees. The Financial Management Officer is supported by accountants and account clerks who reconcile employee accounts, collect employer/employee contributions for health benefits, and process all payments. The Information Systems Analyst is supported by IT specialists and provides internal IT support services, HIPAA security responsibilities, and coordinates additional support services provided by Department of Accounting and General Services/Information and Communication Services Division.

The current Annual Report for the EUTF can be found on-line at *eutf.hawaii.gov*.

A description of the current benefits is provided in Section V (evidence of coverage documents are provided in Exhibit D).

## 1.2 PURPOSE

The EUTF is soliciting proposals from qualified OFFERORs to provide life insurance benefits to the EUTF's active employees, non-Medicare retirees, Medicare retirees and eligible dependents. EUTF seeks to maintain the current level of benefits and produce the most competitively priced plans with as little disruption to participants as possible. OFFERORs shall indemnify the EUTF insomuch that they will exactly duplicate the

benefits currently offered by the EUTF if they assume the plans from a previous carrier and hold the participants in a no loss, no gain position.

## 1.3 TERMS AND ACRONYMS USED THROUGHOUT THE SOLICITATION

| | | |
|---|---|---|
| BAFO | = | Best and Final Offer |
| CPO | = | Chief Procurement Officer |
| EUTF | = | Hawaii Employer-Union Health Benefits Trust Fund |
| GC | = | General Conditions, issued by the Department of the Attorney General |
| GET | = | General Excise Tax |
| HAR | = | Hawaii Administrative Rules |
| HRS | = | Hawaii Revised Statutes |
| Offeror | = | Any individual, partnership, firm, corporation, joint venture, or representative or agent submitting an offer in response to this solicitation |
| Procurement Officer | = | The contracting officer for the State of Hawaii, EUTF |
| RFP | = | Request for Proposal |
| State | = | State of Hawaii, including its departments, agencies, and political subdivisions |
| Employee Beneficiaries | = | An employee or retired employee of the state or counties that is eligible to enroll in the health plans offered by EUTF |

## 1.4 CONTRACT PERIOD

The active employee plans are on a fiscal year term of July through June and the retiree plans are on a calendar year term. The term of any contracts resulting from this RFP, subject to approval by the State, shall be as follows: (All contract periods referenced throughout this RFP will be for these effective dates including proposal sheets.)

a. Active Employee Plans:

   i. First Contract Period – July 1, 2015 – June 30, 2016

   ii. Optional Second Contract Period - July 1, 2016 - June 30, 2017

iii. Optional Third Contract Period - July 1, 2017 - June 30, 2018

iv. Optional Fourth Contract Period - July 1, 2018 - June 30, 2019

b. Retiree Plans (Non-Medicare and Medicare):

i. First Contract Period – January 1, 2015 – December 31, 2015

ii. Optional Second Contract Period - January 1, 2016 – December 31, 2016

iii. Optional Third Contract Period - January 1, 2017 - December 31, 2017

iv. Optional Fourth Contract Period - January 1, 2018 - December 31, 2018

## 1.5 AUTHORITY

This RFP is issued under the provisions of Chapters 87A and 103D, Hawaii Revised Statutes (HRS), and the implementing Administrative Rules. All prospective OFFERORs are charged with presumptive knowledge of all requirements of the cited authorities. Submission of a proposal by any prospective OFFEROR shall constitute a representation of such knowledge on the part of such prospective OFFEROR.

## 1.6 CONTRACT ADMINISTRATOR

This RFP is issued by the EUTF. The individual listed below is the contract administrator and the procurement officer for this procurement.

Ms. Sandra Yahiro
Hawaii Employer-Union Health Benefits Trust Fund
City Financial Tower
201 Merchant Street, Suite 1520
Honolulu, HI 96813

## 1.7 RFP SCHEDULE AND SIGNIFIGANT DATES

Proposals must be received by May 5, 2014, 12:00 noon, Hawaii Standard Time (HST). Late proposals will be rejected and not considered. The table below represents the schedule that will be followed. All times indicated are based on Hawaii Standard Time (HST). EUTF reserves the right to change any date(s) as deemed necessary and in the best interest of the State of Hawaii.

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|---|---|
| Release of Request for Proposals | ***April 1, 2014*** |
| Pre-proposal Conference | ***April 8, 2014*** |
| Due date to submit Intent to Bid Form and Signed Confidentiality Agreement | ***April 11, 2014*** |
| Due date to submit written questions | ***April 11, 2014*** |
| State's response to written questions distributed | ***April 21, 2014*** |
| Proposals Due (date/time) | ***May 5, 2014***<br>***12:00 Noon, HST*** |

| | |
|---|---|
| Priority-listed Offeror Interviews (if required) | ***June 3, 2014*** |
| Best and Final Offers Due (if required) | ***June 9, 2014*** |
| Estimated date for notice of award | ***June 26, 2014*** |

## 1.8 PRE-PROPOSAL CONFERENCE

The purpose of the pre-proposal conference is to provide OFFERORs an opportunity to be briefed on this procurement and to ask any questions with respect to this RFP. All OFFERORs are invited to attend the pre-proposal conference. Attendance at the pre-proposal conference is NOT a requirement to submit a proposal and shall be at the OFFERORs expense.

A pre-proposal conference will be held as follows:

Date: April 8, 2014
Time: 2:15 PM, HST until 2:45 PM
Location: EUTF Conference Room
Hawaii Employer-Union Health Benefits Trust Fund
City Financial Tower
201 Merchant Street, Suite 1520
Honolulu, HI 96813

## 1.9 COMMUNICATIONS WITH THE EUTF

OFFERORs and prospective OFFERORs (including agents of OFFERORs and potential OFFERORs) shall not contact any member of the EUTF Board or any member of the EUTF staff or the EUTF's benefits consultant (Segal) except as specified in this RFP. An exception to this rule applies to companies who currently do business with the EUTF; provided that any contact made by any such company should be related to that business, and should not relate to this RFP.

All questions regarding the RFP document shall be submitted in writing to the authorized contact person noted below in Section 1.10, *Issuing Office and Contact Person*. To facilitate a meaningful response, written questions shall reference the page, paragraph, and line or sentence to which the question relates. Such inquires must contain identification of the OFFEROR, its email address, telephone and fax numbers, and the RFP number. Questions will be accepted until the due date to submit questions specified in Section 1.7 *RFP Schedule and Significant Dates*. No telephone calls will be accepted.

The State will respond to questions through addenda/amendments by the date specified in Section 1.7 *RFP Schedule and Significant Dates*. The EUTF is not responsible for delays or non-receipt of such responses or any communications by the OFFERORs.

## 1.10 ISSUING OFFICE AND CONTACT PERSON

This RFP is issued by EUTF and is available online at the State Procurement Office website (spo.hawaii.gov), the EUTF website (eutf.hawaii.gov) and at the issuing office noted below. The issuing office is:

Hawaii Employer-Union Health Benefits Trust Fund
201 Merchant Street, Suite 1520

Honolulu, HI 96813

The individual listed below is the sole point of contact from the date of release of this RFP until the selection of the winning contractor. Questions will be accepted only if submitted in writing and received on or before the day and time specified in Section 1.7, *RFP Schedule and Significant Dates*.

Ms. Sandra Yahiro
State of Hawaii
Hawaii Employer-Union Health Benefits Trust Fund
201 Merchant Street, Suite 1520
Honolulu, HI 96813
Telephone: (808) 586-7390
Fax: (808) 586-2320
Email: eutfadmin@hawaii.gov

**1.11 SUBMISSION OF PROPOSALS**

OFFERORs must carefully examine this RFP, all amendments issued via addendum, all required contract forms, and other documents, laws and rules, as necessary, before submitting a proposal. The submission of a proposal shall be considered to be a warranty and representation that the OFFEROR has made a careful examination and understands the work and the requirements of this RFP.

Each qualified OFFEROR may submit only one (1) proposal. **Proposals for alternate benefit plans will not be accepted.**

**OFFERORs shall submit all of the following**:

- One (1) signed master proposal. The master proposal must be single sided, unbound, and clearly marked, "Master."
- Ten (10) hard copies of the proposal. Each copy shall be marked, "Copy __ of 10." Copies may be bound and double sided.
- Twelve (12) electronic copies (on 12 CDs) of the proposal. Electronic copies of the proposals shall be submitted in Word format for the completed proposal sheets and Word format for the questions with answers.
- One (1) signed hard copy which redacts any propriety and confidential, trade secret information in the form of marked out pages (blanked out) of the master proposal for submission to the public under any request compliant with the public information disclosure laws of the State.

The OFFEROR's proposal, including **all** of its required submission types as noted above, must be received by EUTF no later than the closing date and time specified for the receipt of proposals as shown in Section 1.7, *RFP Schedule and Significant Dates*. Any proposal received after the closing date and time in as specified in Section 1.7, *RFP Schedule and Significant Dates* will be rejected. No faxed or e-mailed proposals will be considered or accepted. Hand written proposals will be rejected. Please note that EUTF is the sole official receiving entity for submission of the proposals.

Proposals shall be mailed or hand delivered by ***May 5, 2014, 12:00 Noon, HST*** to:

Ms. Sandra Yahiro
State of Hawaii

Hawaii Employer-Union Health Benefits Trust Fund
201 Merchant Street, Suite 1520
Honolulu, HI 96813

If proposal is to be hand delivered, the outside envelope shall be marked, "hand delivered, proposal due May 5, 2014, 12:00 Noon, HST."

The outside cover of the package containing the proposal shall be marked:
State of Hawaii
Hawaii Employer-Union Health Benefits Trust Fund
Proposal submitted in Response to:
RFP 14-006, Life Insurance Benefits

In addition to the proposals submitted to EUTF, OFFEROR shall submit, as a courtesy, two signed hard copies of the proposal to SEGAL to be received no later than May 5, 2014, 12:00 Noon ,HST to the attention of:

Mr. Thomas M. Morrison, Jr.
The Segal Company
330 North Brand Boulevard, Suite 1100
Glendale, CA 91203

**1.12 RECEIPT, OPENING AND RECORDING OF PROPOSALS**

Proposals will be time stamped upon receipt and held in a secure place by the procurement officer until the established due date. Proposals will not be opened publicly, but in the presence of two State officials on or after the proposal submission deadline specified in Section 1.7, *RFP Schedule and Significant Dates* or as amended.

The register of proposals and the proposals of the OFFEROR(s) shall be open to public inspection upon posting of award pursuant to Section 103D-701, HRS.

**1.13 MODIFICATION PRIOR TO DEADLINE OR WITHDRAWAL OF OFFERS**

An OFFEROR may withdraw or modify a proposal prior to the final submission date. No withdrawals or re-submissions will be allowed after the final submission date. Proposals may be modified or withdrawn, prior to the deadline for submission of proposals, by the following:

- **Modifications** – a written notice accompanying the actual modification received by the Procurement Officer; or a written notice accompanying the actual modification by email to eutfadmin@hawaii.gov, provided that the OFFEROR submits the written notice accompanying the actual modification within two working days of the Procurement Officer's receipt of the electronic notification.

- **Withdrawal** – a written notice received by the Procurement Officer; or a notice by email to eutfadmin@hawaii.gov.

**1.14 DISCUSSION AND PRESENTATIONS**

Discussions may be conducted with PRIORITY-LISTED OFFERORS, i.e., OFFERORs who submit proposals determined to be reasonably susceptible of being selected for award. Such OFFERORs may be invited to make presentations to the Evaluation Committee to clarify their proposals, to promote understanding of the EUTF's requirements and the OFFEROR's proposal, and to facilitate arriving at a contract that will provide the best value to the State. Whether such discussions and presentations will be held will be at the discretion of the Evaluation Committee. OFFEROR shall bear all responsibility for any and all costs related to making the presentations.

## 1.15 BEST AND FINAL OFFER

If the State determines a best and final offer (BAFO) is necessary, it shall request one from the OFFEROR. Any BAFO must be received by the Issuing Office no later than the date and time specified in Section 1.7, *RFP Schedule and Significant Dates*, or as may be amended by RFP addendum. If a BAFO is not requested by EUTF, or if requested and not submitted by an OFFEROR, the previous submittal will be construed as its best and final offer. After BAFOs are received, final evaluations will be conducted for an award. All proposals become the property of EUTF.

## 1.16 PREPARATION OF PROPOSAL AND COSTS

The proposal shall be formatted in accordance with the requirements specified in this RFP.

Expenses for the development and submission of proposals and other responses to the RFP are the sole responsibility of the OFFEROR submitting the proposal or other response, whether or not any award results from this RFP. Travel and expenses to and from the State of Hawaii are also the sole responsibility of the OFFEROR submitting a proposal or otherwise responding to this RFP.

## 1.17 DISQUALIFICATIONS OF PROPOSALS

The EUTF reserves the right to consider as acceptable only those proposals submitted in compliance with all requirements set forth or referenced in this RFP and which demonstrate an understanding of the scope of work. Any proposal offering any other set of terms and conditions, or terms and conditions contradictory to those included in this RFP, may be disqualified without further notice. All proposals must meet the minimum qualifications as established in this RFP for consideration.

Grounds for disqualification include:

- Proof of collusion among OFFERORs, in which case all proposals and OFFERORs involved in the collusive action will be rejected, and any participant to such collusion will be barred from future bidding until reinstated as a qualified OFFEROR.
- OFFEROR's lack of responsibility and cooperation as shown by past work or services rendered.
- OFFEROR being in arrears on existing contract(s) with the State or having defaulted on previous contract(s).
- Delivery of the proposal after the time specified in Section 1.7, *RFP Schedule and Significant Dates*.
- OFFEROR's failure to pay, or satisfactorily settle, all bills overdue for labor and materials on former contracts with the State at the time of issuance of the RFP.
- The proposal is unsigned.

- The proposal does not comply with applicable laws, or contains provisions contrary to applicable law.
- The proposal is conditional, incomplete, or irregular in such a way as to make the proposal ambiguous as to its meaning.
- The proposal has provisions reserving the right to accept or reject award, or to enter into agreement contract pursuant to an award, or provisions contrary to those required in the RFP.
- OFFEROR's lack of sufficient experience to perform the work contemplated.
- OFFEROR's conflicts of interest or lack of independence in judgment.
- Hand written proposals will be rejected.

**1.18 RFP AMENDMENTS AND ADDENDUM**

The EUTF reserves the right to amend this RFP at any time, prior to the closing date for best and final offers.

**1.19 CANCELLATION OF REQUEST FOR PROPOSALS/REJECTIONS OF PROPOSALS**

This RFP may be cancelled and any or all proposals may be rejected in whole or in part, when it is determined to be in the best interests of the State or for any other reason permitted by Chapter 103D, Hawaii Revised Statutes, and its implementing Administrative Rules.

**1.20 UNCERTAINTIES BEYOND THE CONTROL OF THE EUTF**

The EUTF recognizes that circumstances beyond the control of the EUTF may arise that may significantly affect the ability of the contractor to provide the services described in this RFP or as proposed by the contractor. Accordingly, the EUTF reserves the right to modify the contract resulting from this RFP to address such circumstances within the scope of the RFP.

**1.21 PROPOSAL BONDS; PERFORMANCE AND/OR PAYMENT BONDS**

No proposal bond is required to be submitted with the proposal, and no performance or payment bond will be required for the contract awarded pursuant to this RFP.

**1.22 EVALUATION OF PROPOSALS**

An evaluation committee of at least three (3) qualified State employees selected by the Procurement Officer shall evaluate proposals. The evaluation will be based solely on the evaluation criteria set out in Section III of this RFP.

Prior to holding any discussion, a priority list shall be generated consisting of OFFERORs determined to be acceptable or potentially acceptable. However, proposals may be accepted without such discussions.

If numerous acceptable and potentially acceptable proposals are submitted, the evaluation committee may limit the priority list to the three highest ranked, responsible OFFERORs. The priority listed OFFERORs may be afforded the opportunity to submit Best and Final Offers (BAFO). If a BAFO is requested, final evaluations will be conducted after BAFOs are received. If Best and Final Offers are requested and are not submitted, the previous submittals will be construed as the Best and Final Offer.

## 1.23 AWARD OF CONTRACT

Award will be made to the responsible OFFEROR whose proposal is determined to be the most advantageous to the State based on the evaluation criteria set forth in the RFP. If award is made, the successful OFFEROR will be required to enter into a formal written contract with the State and shall be required to sign a business associate agreement (BAA). The RFP, the OFFEROR's accepted proposal, and the executed contract will comprise the contract. A copy of the contract form and applicable general conditions can be found in Exhibit C. A copy of the business associate agreement can be found in Exhibit F. The RFP and the successful proposal will be incorporated in the resulting contract by reference; to the extent that they conflict, the terms of the RFP shall govern, unless otherwise agreed upon by EUTF in the contract.

## 1.24 CONTRACT EXECUTION

Successful OFFEROR receiving award shall enter into a formal written contract in the form as in Exhibit C, *Contract Form and General Conditions*. In submitting the proposal, the OFFEROR will be deemed to have agreed to each provision set forth in Exhibit C, *Contract Form and General Conditions* unless the OFFEROR specifically identifies the provision to which objection is made and submits alternative language. The EUTF shall have no obligation to accept terms and conditions that vary from those set forth in Exhibit C, *Contract Form and General Conditions*, the contract awarded pursuant to this RFP and any amendments thereto.

Upon selection and award of the contract(s), EUTF will send the formal contract(s) and BAA to the successful OFFEROR for signature. The contract and BAA shall be signed by the successful OFFEROR and returned with any required documents, within 7 calendar days after receipt by the OFFEROR or within such time as EUTF may allow. Failure to keep this deadline may result in a cancellation of the award and contract. EUTF reserves the right to cancel any contract, and request new proposals or negotiate with remaining OFFERORs, if EUTF is not satisfied with the awarded contractor's performance.

No work is to be undertaken by the Contractor prior to the effective date of contract. The State of Hawaii is not liable for any work, contract costs, expenses, loss of profits, or any damages whatsoever incurred by the Contractor prior to the official starting date. No contract shall be considered binding upon the EUTF until the contract has been fully and properly executed by all parties thereto.

If an option to extend the contract is mutually agreed upon, the Contractor shall be required to execute a supplement to the contract for the additional extension period.

## 1.25 REQUIREMENTS FOR DOING BUSINESS IN THE STATE OF HAWAII

OFFERORs are advised that in order to be awarded a contract under this solicitation, the OFFEROR will be required to be compliant with the following chapters of the Hawaii Revised Statutes (HRS) pursuant to HRS §103D-310(c) upon award of a contract:

1. CHAPTER 237, GENERAL EXCISE TAX LAW;
2. CHAPTER 383, HAWAII EMPLOYMENT SECURITY LAW;
3. CHAPTER 386, WORKER'S COMPENSATION LAW;
4. CHAPTER 392, TEMPORARY DISABILITY INSURANCE;
5. CHAPTER 393, PREPAID HEALTH CARE ACT; AND
6. §103D-310(c), Certificate of Good Standing (COGS) for entities doing business in the State.

If the OFFEROR is not compliant with the above HRS chapters at the time of award, the OFFEROR will not receive the award. To demonstrate compliance, OFFERORs are encouraged to subscribe to Hawaii Compliance Express (HCE). OFFERORs who do not participate in HCE may submit paper compliance certificates to the EUTF.

The HCE is an electronic system that allows vendors/contractors/service providers doing business with the State to quickly and easily demonstrate compliance with applicable laws. It is an online system that replaces the necessity of obtaining paper compliance certificates from the Department of Taxation, Federal Internal Revenue Service; Department of Labor and Industrial Relations, and Department of Commerce and Consumer Affairs.

OFFERORs who are interested in registering in HCE should do so prior to submitting an offer at https://vendors.ehawaii.gov. The annual registration fee is currently $12.00 and the Certificate of Vendor Compliance is accepted for the execution of contract and final payment.

### 1.26 PUBLIC EXAMINATION OF PROPOSALS

Except for confidential portions, the proposals shall be made available for public inspection upon posting of award pursuant to Section 103D-701, HRS.

If a person is denied access to a State procurement record, the person may appeal the denial to the state office of information practices in accordance with Section 92F-42(12), HRS.

### 1.27 DEBRIEFING

Pursuant to Section 3-122-60, HAR, a non-selected OFFEROR may request a debriefing to understand the basis for award.

A written request for debriefing shall be made within three (3) working days after the posting of the award of the contract. The Procurement Officer or designee shall hold the debriefing within seven (7) working days to the extent practicable from the receipt date of written request.

Any protest by the requestor following a debriefing, shall be filed within five (5) working days after the date that the debriefing is completed, as specified in Section 103D-303(h), HRS.

### 1.28 PROTEST PROCEDURES

Pursuant to Section 103D-70, HRS and Section 3-126-3 HAR, an actual or prospective OFFEROR who is aggrieved in connection with the solicitation or award of a contract may submit a protest. Any protest shall be submitted in writing to the Procurement Officer at:

Ms. Sandra Yahiro
201 Merchant Street, Suite 1520
Honolulu, HI 96813

A protest shall be submitted in writing within five (5) working days after the aggrieved person knows or should have known of the facts giving rise thereto; provided that a protest based upon the content of the solicitation shall be submitted in writing prior to the date set for receipt of offers. Further provided that a

protest of an award or proposed award shall be submitted within five (5) working days after the posting of award or if requested, within five (5) working days after the PO's debriefing was completed.

The notice of award, if any, resulting from this solicitation shall be posted on the Procurement Awards, Notices and Solicitations (PANS), which is available on the SPO website: http://www.hawaii.gov/spo2/source/.

**1.29 SPECIAL CONDITIONS**

The following Special Conditions will supplement the General Conditions of the Contract Exhibit C.

**1.** Certificate of Authority/License. Prior to the effective date of the contract and during the entire term of the contract, the contractor shall obtain and maintain all certificates of authority, licenses, and other approvals necessary to lawfully provide all benefit plans required under the contract and/or to lawfully provide all services required under the contract. By accepting the award of contract, contractor certifies that: (a) it has all certificates, licenses, and approvals necessary to lawfully provide all benefit plans and/or services required under the contract; and (b) if applicable, that its benefit plans comply with all applicable federal, state, and county laws.

**2.** Compliance with EUTF Laws and Rules. The contractor shall comply with: Chapter 87A, HRS, as the same may be amended from time to time; all rules, including, but not limited to, EUTF's administrative rules, policies, standards, procedures, and directives adopted by the Board; and all policies, standards, procedures, and directives of the Administrator. The contractor shall be bound by the Board's interpretation of Chapter 87A, HRS, and the EUTF's rules, policies, standards, procedures, and directives.

**3.** Records. Consistent with industry standards and practices, the contractor shall maintain reasonable records pertaining to the contractor's provision of all the benefit plans and/or services required under the contract and contractor's performance of the contract including, but not limited to: (a) enrollment and eligibility records; (b) claims records; and (c) financial and accounting records showing all financial transactions pertaining to contractor's provision of benefit plans and/or services, contractor's performance of the contract, and all payments received or due to contractor under or relating to the contract. Unless otherwise agreed by the EUTF, all such records shall be kept and maintained in the State of Hawaii. Except as otherwise required by law, contractor shall maintain all records for at least three (3) years from the date of final payment under the contract. Records which relate to an appeal, litigation, or settlement of claims arising out of the contract shall be retained by contractor for at least three (3) years after the subject appeal, litigation, or claim has been disposed of or otherwise resolved.

**4.** Accounting. Except as otherwise required by law, the contractor's accounting procedures and practices shall conform to generally accepted accounting principles consistently applied and all fees and costs applicable to the contract shall be readily ascertainable from the contractor's records.

**5.** Inspections and Audits. At all times that it is required to maintain records under the contract, contractor shall make such records available at its local office for inspection or audit by authorized representatives of the EUTF, the State Auditor, and/or the State Comptroller. Such inspections and audits may include, but are not limited to: (a) claims audits; (b) audits relating to the performance standards and guarantees required under the contract; (c) audits relating to contractor's performance of the contract and compliance with the contract's terms and conditions; and (d) the contractor's claimed fees, costs, and expenses. To the extent that contractor proposes to use or uses any subcontractors to fulfill its

obligations under the contract, those subcontractors must agree to abide by the record keeping, accounting, and audit requirements of the contract.

**6.** Liquidated Damages. Liquidated damages shall be assessed against contractor in the sum of Ten Thousand and No/100 Dollars ($10,000.00)per calendar day for failure by contractor to provide members the contracted benefit on the effective date of the contract.

**7.** Insurance. At its sole cost and expense, the contractor shall obtain and keep in force throughout the entire term of the contract and any extensions thereof, the following types of insurance, in the minimum amounts specified and in the form hereinafter provided for:

a. A professional liability insurance policy or policies that cover claims resulting from the contractor's negligent acts, errors or omissions, breach of contract, breach of fiduciary or other duty, in providing services under the contract. The policy or policies shall have limits of liability, per occurrence and in the aggregate, in amounts that are reasonably satisfactory to the Board. Initially, the insurance policy must have limits of liability in the amount of at least FIVE MILLION AND NO/100 DOLLARS ($5,000,000), per occurrence and in the aggregate.

b. A fidelity bond, commercial crime policy, or other equivalent insurance that provides insurance coverage or similar protection to the EUTF against forgery, theft, robbery, fraud, dishonest and criminal acts committed by any of the contractor's employees that causes the EUTF to sustain monetary loss. The limits of such bond or policy shall be FIVE MILLION AND NO/100 DOLLARS ($5,000,000) per occurrence and in the aggregate.

c. Commercial general liability insurance coverage against claims for bodily injury and property damage arising out of all operations, activities or contractual liability by the Contractor, its employees and subcontractors during the term of the Contract. This insurance shall include the following coverage and limits specified or required by any applicable law: bodily injury and property damage coverage with a minimum of $1,000,000 per occurrence; personal and advertising injury of $1,000,000 per occurrence; advertising liability insurance of $1,000,000 per occurrence; and with an aggregated limit of $2,000,000. The commercial general liability policy shall be written on an occurrence basis and the policy shall provide legal defense costs and expenses in addition to the limits of liability stated above. The Contractor shall be responsible for payment of any deductible applicable to this policy. Throughout the entire term of the contract, the EUTF, the Board and its trustees shall be named as additional insureds on the commercial general liability insurance policy, and the policy shall contain the following clause: "The State of Hawaii, the Hawaii Employer-Union Health Benefits Trust Fund (EUTF), the EUTF Board of Trustees, and trustees of the EUTF Board are added as additional insureds with respect to operations performed for the State of Hawaii and the EUTF."

d. Automobile liability insurance covering owned, non-owned, leased, and hired vehicles with a minimum of $1,000,000 for bodily injury for each person, $1,000,000 for bodily injury for each accident, and $1,000,000 for property damage for each accident. Throughout the entire term of the contract, the EUTF, the Board and its trustees shall be named as additional insureds on the automobile liability insurance policy, and the policy shall contain the following clause: "The State of Hawaii, the Hawaii Employer-Union Health Benefits Trust Fund (EUTF), the EUTF Board of Trustees, and trustees of the EUTF Board are added as additional insureds with respect to operations performed for the State of Hawaii and the EUTF."

e. Any and all other insurance that is required by applicable law and that is reasonably necessary in order for contractor to perform the work and services required under the contract. The insurance policies shall have limits of liability, per occurrence and in the aggregate, in amounts that are reasonably satisfactory to the Board, as measured by what a reasonably prudent trustee would require of a contractor in similar circumstances.

The adequacy of the coverage afforded by the contractor's insurance shall be subject to review by the Board, from time to time, and if it appears that a reasonably prudent trustee, operating a trust fund similar to that operated by the Board, would require an increase in the limits of liability of such insurance, contractor shall to that extent take all necessary actions to increase such limits.

All the required insurance shall be carried with insurance carriers that have a general policyholder's rating of not less than A and a financial rating of no less than VII in the most current Best's Insurance Reports. If the Best's ratings are changed or discontinued, the parties shall agree to an equivalent method of rating insurance companies.

Throughout the entire term of the contract, the EUTF, the Board and its trustees shall be named as additional insureds on all the insurance policies required hereunder except for the professional liability/errors and omissions policies and the fidelity bond or commercial crime policy. At the commencement of the contract, the contractor shall provide the Board with certificates of insurance showing that it is carrying all the insurance required hereunder. At or prior to the expiration of all insurance policies required hereunder, the contractor shall provide the Board with certificates of insurance showing the renewal or replacement of such insurance policies. The contractor will immediately provide written notice to the EUTF Board should any of the insurance policies evidenced on its Certificate of Insurance form be cancelled, limited in scope, or not renewed upon expiration.

Each insurance policy required by this contract, including a subcontractor's policy, shall be endorsed to provide that it is primary insurance and not contributing or excess over any coverage that the EUTF, Board or State of Hawaii may carry.

The insurance coverage required shall be in full compliance with the Hawaii Insurance Code throughout the entire term of the contract, including supplemental agreements.

Upon contractor's execution of the contract, the contractor agrees to deposit with the State certificate(s) of insurance necessary to satisfy the State that the insurance provisions of this contract have been complied with and to keep such insurance in effect and the certificate(s) therefore on deposit with the State during the entire term of this contract, including those of its subcontractor(s), where appropriate.

Upon request by the State, contractor shall be responsible for furnishing a copy of the policy or policies.

Failure of the contractor to provide and keep in force such insurance shall be regarded as material default under this contract, entitling the State to exercise any or all of the remedies provided in this contract for a default of the contractor.

The procuring of such required insurance shall not be construed to limit contractor's liability hereunder nor to fulfill the indemnification provisions and requirements of this contract. Notwithstanding said policy or policies of insurance, contractor shall be obliged for the full and

total amount of any damage, injury, or loss caused by negligence or neglect connected with this contract.

8. Transition Procedures. At no cost to the EUTF, the contractor shall comply with the following provisions upon receipt of a notice of termination or upon the expiration of the contract:

   (a) As directed by the EUTF, the contractor shall terminate or assign to the EUTF or its designee any outstanding orders or contracts that relate to contractor's performance under the contract.

   (b) The contractor shall transfer title and deliver to the EUTF or its designee any and all completed or partially completed goods, materials, reports, information, data or other work product of the contractor that were made under the contract or as part of the contractor's performance of the contract.

   (c) As directed by the EUTF, the contractor shall destroy and/or deliver to the EUTF or its designee all confidential or proprietary documents, information, and data that contractor has received under the contract and all copies thereof.

   (d) The contractor shall provide to the EUTF or its designee all records, documents, information, and data reasonably necessary to allow the EUTF or its designee to continue to provide and/or administer, without interruption, all health and other benefit plans to EUTF beneficiaries, and to comply with all federal, state, and other legal requirements to which the EUTF is subject. Such records, documents, information, and data shall include, but not be limited to, eligibility information and data, claims experience or history data, and administrative records.

   (e) As directed by the EUTF, the contractor shall handle retroactive enrollments for persons who should have been enrolled prior to the effective date of the termination or expiration, the run-off of all claims incurred prior to the effective date of the termination or expiration, and any other requirements of the contract that apply to the period of time prior to the effective date of the termination or expiration.

   (f) The contractor shall provide the EUTF with a final accounting of claims, premiums, reserves, and retention covering the last unreported period of time up to and including the effective date of termination or expiration, a final monthly operation report, a final plan performance and paid accounting report, and a final quarterly report on financial operations and performance standards.

   (g) With respect to the proposal for self-insured plans, the OFFEROR must include in its fees the cost of payment of all run-out claims after the termination of the contract for a period of no less than 12 months, with a final reconciliation of the self-funded accounts at this 12 month period. No additional fees will be paid and all cost of the run-out claim administration must be included in the monthly fees during the contract period.

# PROPOSAL INSTRUCTIONS

**SPECIFIC INSTRUCTIONS FOR COMPLETING THIS REQUEST FOR PROPOSAL**

## 1. CONTENT OF PROPOSAL:

The OFFEROR shall adhere to all instructions listed in Section 1.11, *Submission of Proposals*, and prepare a written proposal that will fully describe the qualifications and availability of the OFFEROR to provide the services requested and the compensation the OFFEROR proposes in response to this RFP. The proposal shall include, without limitation, the following:

- Cover letter
- Offer Form, OF-1 (Attachment 1)
- Plan Comparison Summary (Section V)
- Fee Proposal Forms (Section VI)
- Offeror Information Sheet (Section VII)
- Completed Questionnaire (Section VIII)
- Required attachments:
    - Confidential Information, Attachment 4
    - Exceptions, Attachment 5
    - Reference Information Questionnaire, Attachment 6
- Compliance certificates (as required in Section 1.25, *Requirements for Doing Business in the State of Hawaii*)
- Documents to demonstrate OFFEROR's financial stability (Section III)
- Any additional attachments/marketing information not required but that you want to present

## 2. COVER LETTER

The RFP response must include a cover letter addressed to the Administrator. The letter, which will be considered an integral part of the Proposal, must contain the following:

- Contact Information – The cover letter shall include the OFFEROR's name, address, telephone/fax numbers, and e-mail address.

- Terms and Conditions of RFP – A statement that the OFFEROR fully understands and will comply with all terms and conditions contained in the RFP. The OFFEROR must include written acknowledgment of receipt of any and all amendments or addenda made to this RFP.

- Legal Entity – A statement indicating that the OFFEROR is an individual, a partnership, a limited liability company, a corporation or other legal entity (as identified). If the OFFEROR is a corporation, a partnership, a limited liability company or other legal entity, include a statement indicating the jurisdiction where the OFFEROR is organized.

- Authorized Signature - The cover letter must contain an original signature, signed in blue ink, by an individual or individuals authorized to legally bind the OFFEROR. If the OFFEROR is a corporation, evidence in the form of a certified copy of a corporate resolution or certified copy of articles of incorporation or bylaws shall be submitted showing the individual's authority to bind the corporation. If the OFFEROR is a partnership, the proposal must be signed by all the

partners, or evidence in the form of a certified copy of the partnership agreement shall be submitted showing the individuals' authority to bind the partnership. Similar evidence must be submitted for an individual signing the proposal letter on behalf of any kind of entity.

- Current Licenses and Registration - A statement that the OFFEROR maintains the current licenses necessary to provide the services required. In addition, an OFFEROR must provide evidence that the OFFEROR is registered to do business in the State of Hawaii prior to commencement of the work. True and accurate copies of the OFFEROR's license(s) and certificates must be provided. See Section 1.25, *Requirements for Doing Business in the State of Hawaii*.

- Subcontracting of Services - A statement by the OFFEROR indicating that that the work described in the RFP will not be subcontracted, except as described in the proposal, or assigned. The extent to which the work will be subcontracted and the qualifications of any subcontractor will be considered in evaluating the OFFEROR's ability to perform the service referred to in the RFP.

- Non-Discrimination - A statement that the OFFEROR does not discriminate in employment or business practices with regard to race, color, religion, age (except as provided by law), sex, sexual orientation, marital status, political affiliation, national origin, disability, or any other characteristic protected by federal, state or local laws.

- EUTF Rights Regarding Contractor's Recommendations - A statement that the OFFEROR understands that the EUTF reserves the right to disapprove contractor recommendations without penalty when they conflict with the policy or fiscal interests of the EUTF, as determined by the EUTF Board.

- Terms and Conditions of Contract - Affirm that the provisions of the sample contract in Exhibit C, *Contract Form and AG General Conditions* are acceptable or state any proposed modifications in Attachment 5, *Exceptions*. The EUTF reserves the right to decline or classify as "unresponsive" any substantive changes, modifications, or revisions to the provisions of the sample contract.

## 3. OFFER FORM, OF-1

Attachment 1, Offer Form, OF-1 is required to be completed using the OFFEROR's exact legal name as registered with the State of Hawaii Department of Commerce and Consumer Affairs, if applicable, in the appropriate space on Offer Form, OF-1. Failure to do so may delay proper execution of the contract.

The OFFEROR's authorized signature on the Offer Form, OF-1 shall be an original signature in blue ink, which shall be required before an award, if any, can be made. The submission of the proposal shall indicate the OFFEROR's intent to be bound.

## 4. CONFIDENTIAL AND PROPRIETARY INFORMATION

The OFFEROR shall list in Attachment 4, *Confidential Information*, those portions of the proposal that contain trade secrets or other proprietary data/information that the OFFEROR wishes to remain confidential. The OFFEROR shall follow the instructions under Section 1.11, *Submission of Proposals*, for submitting a redacted copy of its proposal. The OFFEROR must also include on Attachment 4 a detailed explanation as to why this information is considered confidential, with respect to the

requirements of Chapter 92F, HRS. Any request for public inspection is subject to the requirements of Chapter 92F, HRS. The entire proposal CANNOT be considered confidential. The fee proposal CANNOT be considered confidential. With the indication of sections that are deemed proprietary and confidential, the OFFEROR must include a written explanation of the nature and rational for considering the information as confidential.

## 5. AWARD OR REJECTION

Any award will be made to that OFFEROR whose proposal is deemed to be in the best interest of the EUTF. The EUTF reserves the right to reject any or all proposals. Proposals will not be returned.

## 6. NO COMMISSIONS

No commissions will be paid and none are to be included in any proposal and no designation of "Broker of Record" will be issued to any OFFEROR in order for the OFFEROR to procure a quotation from an insurance company. No override payments, volume bonuses or other indirect payments to agents or producers are allowed.

## 7. INTENT TO BID FORM AND CONFIDENTIALITY AGREEMENT

All OFFERORs must submit a completed signed Intent to Bid Form (Attachment 2), and signed Confidentiality Agreement (Attachment 3) in order to receive the claims data and employees' census. These documents are required for the OFFEROR to receive the census and claims data, but are not required to be eligible to submit a proposal.

## 8. ORAL EXPLANATIONS

The EUTF will not be bound by oral explanations or instructions given during the competitive process or after the award of the contract.

## 9. TIME FOR ACCEPTANCE

The OFFEROR agrees to be bound by its proposal for a contract effective date as stipulated in Section 1.4, *Contract Period*, the EUTF and/or Segal may request clarification of the proposal for the purpose of evaluation. Late proposals will not be accepted.

## 10. ADMINISTRATIVE RULES

The OFFEROR agrees to the administrative rules (Exhibit B) established by the EUTF, and as amended by the EUTF from time to time. Any proposed modifications to the specified administrative rules are unacceptable.

## 11. EXCEPTIONS

Any exceptions to terms, conditions, or other requirements in any part of these specifications must be listed in Attachment 5, *Exceptions*. OFFEROR shall reference the RFP section where the exception is taken, a description of the exception taken, and the proposed alternative, if any. Otherwise, it will be considered that all items offered are in strict compliance with the specifications. Amendments or clarifications shall not affect the remainder of the proposal, but only the portion so amended or clarified. In instances where there is a material difference between a proposal and an eventual contract, the

proposal terms will be binding unless specifically accepted as an exception stipulated in the contract. The State reserves the right to accept or reject any request for exceptions.

## 12. ASSUMPTIONS OR UNDERWRITING PROVISIONS

It is required that all proposals **exclude** any language referring to the right of the OFFEROR to change rates due to changes in expected versus actual enrollment for any period of the term of the contract. Failure to comply with this requirement will be a significant adverse consideration in the proposal evaluation.

## 13. CLAIMS REPRICING

As a condition of the final award of contract and determination of net cost to the EUTF, all PRIORITY-LISTED OFFERORS must agree to provide re-priced claim information as provided by Segal to the PRIORITY-LISTED OFFERORS in the format and including the information requested in the claim re-pricing worksheet if this is requested by the Evaluation Committee.

## 14. HEALTH INSURANCE PORATBILITY AND ACCOUNTABILITY ACT (HIPAA) COMPLIANCE

All OFFEROR systems and services must be in compliance with the HIPAA EDI, Privacy, and Security regulations on the appropriate dates established by the Department of Health & Human Services. A copy of EUTF's standard Business Associate Agreement (BAA) is contained in the Exhibit F to this RFP. The successful OFFEROR shall be required to sign the BAA.

## 15. REFERENCES

Offeror shall list on the Offeror Information Sheet (Section VII) references from the Offeror's client listing that may be contacted by the State as to the Offeror's past and current job performance. Offeror shall provide references for at least three current public sector clients and at least three recently terminated public sector clients. Offeror shall provide names, titles, organizations, telephone numbers, email and postal addresses of all references. The Offeror will be solely responsible for obtaining a fully completed reference information questionnaire (Attachment 6) from each client of the Offeror that is used as a reference on the Offeror Information Sheet and for including them with the Offeror's sealed proposal. To submit the completed reference information questionnaires to the State, the Offeror and its reference shall follow the reference submission instructions exactly as stated in Attachment 6.

## 16. ADHERENCE TO RFP CONDITIONS

Submission of a signed proposal shall be construed as the OFFEROR's strict adherence to this RFP, unless otherwise noted in writing in the required Attachment 5 marked "EXCEPTIONS". Failure to meet any of these conditions may result in disqualification of proposals. This RFP and the OFFEROR's proposal, including all subsequent documents provided during this RFP process, will become part of the contract between the parties.

## 17. REQUESTED PLAN DESIGN AND FUNDING ARRANGEMENTS

Proposed benefit plans are to duplicate the existing benefits provided as outlined in Section V. Please provide quotes for a fully insured, non participating contract. The current Active Life Insurance

Benefit is derived from the contribution of $4.12 per month. The benefit is a result of the contribution and the underlying cost per thousand per month.

# PROPOSAL EVALUATION

1. **INTRODUCTION:** The EUTF seeks the highest quality organization to provide life insurance benefits. Throughout the selection process, the EUTF reserves the right, in its sole discretion:

   **a.** To not award the contract to the lowest cost OFFEROR.
   **b.** To not award the contract at all.

2. **EVALUATION PROCESS**: An Evaluation Committee selected by the Procurement Officer will review and evaluate all proposals submitted by the deadline specified in this RFP. The evaluation process will be conducted in six phases:

   Phase 1 – Evaluation of Mandatory Requirements
   Phase 2 – Establishment of PRIORITY-LISTED OFFERORs
   Phase 3 – Discussions with PRIORITY-LISTED OFFERORs, if any (Optional)
   Phase 4 – Best and Final Offers (Optional)
   Phase 5 – Final Evaluation of Proposal (Optional)
   Phase 6 – Award

3. **EVALUATION CRITERIA AND POINTS:** The evaluation criteria listed below will be used to evaluate and rank OFFERORs' proposals.

| **Criteria** | **Points** |
|---|---|
| Benefit for fixed premium | 60 |
| Adherence to RFP instructions, overall responsiveness, and agreement to perform services requested in RFP | 10 |
| Financial stability (pass/fail) | 20 |
| Experience offering services to similar sized entities | 5 |
| Performance guarantees | 5 |
| Total | 100 |

The EUTF reserves the right to modify the evaluation criteria, or any other part of this RFP, prior to the date fixed for award of the contract.

**Description of Evaluation Criteria:**

- **Benefit for fixed premium:** Amount of benefit from the fixed premium will be given the maximum points.

- **Adherence to RFP instructions, overall responsiveness, and agreement to perform services:** This category reflects the OFFERORs thoroughness of response contained in the proposal submission, adherence to the instructions contained in this Request for Proposal and inclusion of all requested information in its proposal. This category will also be evaluated based upon the responses contained in the proposal with respect to the OFFERORs agreement to perform all of the services required in a manner and to the specifications outlined in this RFP. The OFFERORs thorough explanation of how it will complete the required tasks outlined in the RFP will be evaluated based upon its understanding of the tasks, the demonstrated ability to perform the tasks and agreement to dedicate the necessary resources to perform the tasks.

- **Financial stability**: This category will be evaluated strictly on a pass or fail basis. To receive full points, the OFFEROR must be investment grade. EUTF will consider OFFERORs to be investment grade If the OFFEROR has a rating of BBB or better. If the OFFEROR is not investment grade, the OFFEROR will receive zero points for this category.

- **Experience offering services to similar sized entities:** The analysis of this category will be the result of reviewing completed reference information questionnaires (Attachment 6) submitted by referred entities for which the OFFEROR is providing identical or very similar services. The referred entities shall be those that are comparable in number of enrolled participants, benefit plan comparability, complexity of administration, form of administrative entity (Trusted Board with dedicated Administrative Organization), and geographic dispersion of participant population. The OFFEROR shall be solely responsible for obtaining a fully completed reference information questionnaire (Attachment 6) for each of its listed references on the Offeror Information Sheet. The OFFEROR and its reference shall follow the reference submission instructions as directed in Attachment 6 to obtain and submit the completed reference information questionnaire.

- **Performance Guarantees:** This category will be evaluated upon the agreement of the OFFEROR to be held accountable for each of the category of performance guarantee as stipulated in this RFP and the overall penalty agreed to for each category of performance that is being guaranteed.

**Phase 1 – Evaluation of Mandatory Requirements**

The evaluation of the mandatory requirements shall be on a "pass/no pass" basis. The purpose of this phase is to determine whether an OFFEROR's proposal is sufficiently responsive to the RFP to permit a complete evaluation. Each proposal will be reviewed for responsiveness. Failure to meet the mandatory requirements ("no pass") will be grounds for deeming the proposal non-responsive to the RFP and rejection of the proposal. Only those proposals meeting the following requirements ("pass") of Phase 1 will be considered in Phase 2. The mandatory requirements are as follows:

- Meet all requirements for doing business in the state of Hawaii (Section 1.25 *Requirements for doing business in the State of Hawaii*) To meet this requirement, OFFERORs, shall demonstrate compliance through HCE or by submitting paper certificates to the EUTF.

- Adhere to all proposal submission guidelines (Section III)

- Follow proposal submission timeline

- Financial Stability of the OFFEROR as demonstrated by external rating services or documentation of a similar nature which attests to the OFFEROR's financial stability.

**Phase 2 – Establishment of PRIORITY-LISTED OFFERORs**

All OFFERORs who pass Phase 1, Evaluation of Mandatory Requirements, shall be classified as "acceptable" or "potentially acceptable." If there are more than three "acceptable" or "potentially acceptable" OFFERORs, the Evaluation Committee may evaluate all proposals and establish a priority list of OFFERORs who received the best preliminary evaluations. The order, priority and points to be applied to each evaluation criteria are as listed above.

**Phase 3 – Discussions with PRIORITY-LISTED OFFERORs, if any (Optional)**

In this phase, the Evaluation Committee may conduct interviews with the PRIORITY-LISTED OFFERORs listed in the timeline provided in Section 1.

**Phase 4 – Request of Best and Final Offer (Optional)**

In this phase the PRIORITY-LISTED OFFERORs may be asked to submit a BAFO for the services that are being proposed.

**Phase 5 – Final Evaluation of Proposal (Optional)**

In this phase, the Evaluation Committee will conduct final evaluations of the PRIORITY-LISTED OFFERORs' BAFOs in accordance with the criteria listed above.

**Phase 6 – Award**

The EUTF Board will make the final selection.

# SCOPE OF WORK

## BACKGROUND

The EUTF's objective is to provide life insurance for its active employees and retirees. A key requirement of the EUTF is to maintain the current level of benefits and through this request for proposal process, produce the most competitively priced life insurance plan with as little disruption to participants as possible.

No active employees/retirees or dependents should suffer a loss of benefits by virtue of a change in carriers.

Currently there is one life insurance option offered through Royal State to all actives and retirees in the EUTF and HSTA plans.

## INSTRUCTIONS

This Section sets out specifications for the benefit plans and services that the EUTF is seeking through this RFP. Unless an OFFEROR expressly and specifically makes an exception to or identifies a deviation from these specifications in its proposal, and identifies such exceptions on Attachment 5, *Exceptions*, the OFFEROR's proposal will be deemed to offer to meet and abide by all specifications set forth in this Section. If an OFFEROR proposes an exception to or a deviation from any of the contractual requirements set forth in this RFP, the OFFEROR's proposal must specifically and completely describe and delineate that exception or deviation in Attachment 5, *Exceptions*. Otherwise, the OFFEROR's proposal will be deemed to accept and agree to all the contractual requirements. Please note that the EUTF reserves the right to accept or reject any request for exceptions. The EUTF is under no obligation to agree to any exception or deviation proposed by an OFFEROR, and will take any such exceptions and deviations into account in evaluating the OFFEROR's proposal. Your proposals are to be all inclusive of expenses and charges. The EUTF will not pay an additional amount for any ancilliary charges for any items, including, for example, overhead, travel, telephone, local office expenses, shipping or printing.

1. Basic Services

   Contractor shall provide the benefits and services that are: (1) required under this RFP; (2) proposed by contractor and accepted by the EUTF; and (3) otherwise required under the contract between the contractor and the EUTF.

2. Customer Service Office

   During the entire term of the contract, the contractor shall be required to maintain a walk in customer service office located in the State of Hawaii. Personnel, systems, and equipment at the customer service office shall be reasonably sufficient to provide all the customer services proposed by contractor and required under the contract.

3. Key Personnel

   Within thirty (30) calendar days of the award of contract, the contractor shall notify the EUTF in writing of the names, titles, business addresses, e-mail addresses, telephone numbers, and areas of

responsibility of all of its authorized representatives. The authorized representatives shall be available to answer questions from or hold discussions with the Board or its designee in person, the Administrator, EUTF staff, EUTF's consultants, including, but not limited to, Segal, or the Attorney General's office with respect to contractor's benefits plans, contractor's performance of the contract, or any matter pertaining to the EUTF. The contractor shall give the EUTF at least ten (10) days notice in advance of any change in the authorized representatives.

4. Among the authorized representatives, contractor shall designate a contract liaison officer who shall be responsible to the EUTF for contractor's performance of the contract. The contract liaison officer shall attend in person all meetings as requested by the board, its subcommittees, or its designee, the Administrator, or the EUTF's consultants. OFFEROR must provide responses to EUTF staff phone calls and e-mails within the same business day, or if the call or e-mail is sent after 3:00 PM HST, by the morning of the following business day. Sufficient backup personnel must be in place to assure that this requirement is met on a consistent basis.

5. Eligibility

Eligibility of EUTF employee and retiree beneficiaries and dependent-beneficiaries for enrollment in and coverage by contractor's benefit plans shall be determined under HRS chapter 87A. Contractor shall be bound by the EUTF's determinations regarding eligibility of EUTF employee-beneficiaries and dependent-beneficiaries.

Contractor shall accept enrollment, HIPAA life event changes, and cancellation dates as stated in EUTF transmissions, reports, or files. Contractor shall accept enrollment eligibility dates for Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") coverage in accordance with federal law as determined by the Administrator.

Contractor shall waive all pre-existing conditions provisions and all actively at work and dependent deferment requirements for EUTF employee and retiree beneficiaries and dependent-beneficiaries to be covered on the effective date.

6. Processing Enrollments, Cancellations and Terminations

Weekly, the EUTF will provide a Health Insurance Portability and Accountability Act of 1996 ("HIPAA") compliant electronic data transmission that shows new enrollments, cancellations, terminations, and other changes applicable to contractor's benefits plan(s). Subject to the following, contractor shall process such enrollments, cancellations, terminations, and changes in a timely manner as described below. Contractor shall agree to accept all of the enrollment and enrollment change information provided by the EUTF benefits administration system, in 834 file format, using the codes that are provided in this file, to maintain all eligibility and process transactions. Contractor shall be required to process the transaction file noting member enrollment changes (additions, deletions, changes of address, employment, etc.) and the full file showing all members that are eligible for benefits. A sample of the full file and transaction file in 834 file format is contained in Exhibit G). Contractor agrees to incur all expenses of any modifications that are necessary to its systems in order to process the information provided by EUTF. EUTF will not make any modifications to its current system or file content or structure to

accommodate the contractor. All changes necessary to comply with the requirement of this section shall be made prior to the commencement of this contract.

Within forty-eight (48) hours of the electronic data transmission or transmission of a hard copy enrollment form, a contractor for life insurance benefits shall process all transactions in its life insurance benefits plan(s). In addition, contractor shall process all cancellations and termination of enrollments within forty-eight (48) hours of the electronic data transmission or transmission of a hard copy enrollment form.

Between the dates that the EUTF makes the electronic data transmissions, the EUTF may request the contractor to perform new enrollments or other changes to enrollment, including accepting and processing manual paper forms which may be submitted in order for an enrollment change to be expedited. Contractor shall accept such requests and perform the requested enrollments or other changes in a timely manner. New enrollments and other changes shall be performed no later than forty-eight (48) hours after receipt of the EUTF's request. Contractor shall also be responsible for the administration and maintenance of beneficiary designation forms.

7. Provision of Information/Telephone Access

Contractor shall have a local knowledgeable staff available to answer inquiries from EUTF staff and EUTF employee-beneficiaries and dependent beneficiaries regarding: (1) the benefits provided by contractor; (2) contractor's benefit plans, forms, and procedures; (3) enrollment status; (4) premium costs; (5) claims and claim procedures; and (6) other matters pertaining to the benefit plans provided under the contract. If contractor does not maintain neighbor island offices, contractor shall provide a toll-free telephone line to answer such inquiries. Contractor's walk in office and the toll-free telephone line shall be open from **7:45 AM to 4:30 PM** Hawaii Standard Time, Monday through Friday, except State observed holidays.

At its own cost, contractor shall draft, print, and regularly update written information that describes its benefit plan in detail and a list of its providers. Upon request, the written information and list shall be provided to the EUTF's employee-beneficiaries and dependent-beneficiaries.

8. Open Enrollment

Each year, the EUTF holds at least one open enrollment period for active employees and one period for retired employees. Historically, the active open enrollment period begins in the spring, the retiree open enrollment period is conducted in the fall. The EUTF may also hold special open enrollment periods during other times of the year.

Prior to open enrollment periods, the Administrator solicits summary benefit plan information from all contractors that explains and updates their benefit plan coverages, exclusions, limitations, service locations, networks and mail order providers, HMO health centers, etc. The Administrator then coordinates the publishing and distribution of benefit plan booklets, news bulletins, notices, enrollment applications, and other forms related to the open enrollment. Contractor shall provide all information requested by the Administrator in a timely fashion.

During the open enrollment period, the EUTF holds various informational sessions for employee-beneficiaries and dependent-beneficiaries and retirees throughout the State on most islands. At

its own cost, contractor shall provide staff and written informational materials for such informational sessions.

Contractor shall provide any other assistance as may be reasonably requested by the Administrator in connection with any open enrollment period.

9. Other Enrollment Assistance

From time to time, the EUTF may hold training sessions for its staff and/or other government personnel involved in EUTF operations, e.g., the public employers' departmental personnel officers. In addition, the EUTF holds informational meetings at various places around the State of Hawaii for its employee-beneficiaries and dependent beneficiaries, e.g., periodic pre-retirement and retirement informational meetings for employees, and informational meetings for employees facing a reduction in force. At its own cost, contractor shall provide staff and written informational materials for these training sessions and informational meetings.

Upon request and at no additional cost to the EUTF, contractor shall provide information to the EUTF necessary to update its eligibility and enrollment files, e.g., current addresses of employee-beneficiaries.

10. Reports and Accountings

All reports that the contractor is required to give to the EUTF under the contract shall be in form and substance reasonably satisfactory to the EUTF. Upon reasonable advance notice, the EUTF may require changes in the form of the reports or may request that the reports contain different or additional information.

Contractor shall provide monthly operation reports to the EUTF. The monthly operations reports shall initially be in a letter format and each report shall be due on or before the 10$^{th}$ day of the month following the month that is the subject of the report. The monthly operations reports shall include information including, but not limited to, the following: (1) operational issues pertaining to EUTF members participating in the contractor's plans such as member mailings or network changes; (2) issues raised by or with the contractor and correspondence to or referred to the contractor; (3) publications or press releases relating to the contractor's plans that may be of interest to EUTF members; (4) community activities relating to the contractor that may be of interest to the EUTF members; (5) any legal actions or proceedings involving EUTF members; and (6) any complaints by EUTF members to the contractor or the Insurance Division relating to the contractor's plans or the contractor's administration of EUTF self-insured plans.

Contractor shall provide monthly reports on financial operations in hard copy and electronically. The monthly financial reports shall be due on or before the 10$^{th}$ day of the month following the month that is the subject of the report.

Contractor shall provide quarterly reports on performance standards in hard copy and electronically. The quarterly reports shall be due on or before the 30$^{th}$ day following the end of the quarter that is the subject of the report. Contractor shall also provide quarterly financial reports by bargaining unit.

Contractor shall provide an annual plan performance report with the incurred and paid accounting report within 120 days after each contract year as well as any recommendations to improve the plan design or plan administration. The report shall be provided in hard copy and electronically. There shall be two (2) separate reports, one for actives and one for retirees. The retiree report shall be split between Medicare and non-Medicare retirees.

Upon request, contractor shall provide to the EUTF a report containing information on all claims received and/or processed by contractor during a specified period of time. Such a report shall be provided electronically.

Upon reasonable advance notice, the EUTF may request special reports on matters pertaining to contractor's benefit plans and/or contractor's performance of the contract.

11. Confidential Information

Contractor shall protect all information, records, and data collected in connection with this contract from unauthorized disclosures. The EUTF and contractor shall determine if and when any other party may have authorized access to such information.

Contractor shall guard the confidentiality of participant information. Access to participant information shall be limited by contractor to persons or agencies that require the information in order to perform their duties in accordance with the contract. Any other party shall be granted access to confidential information only after compliance with the requirements of all federal, state, and county laws pertaining to such access, e.g., HIPAA.

Contractor is required to know and understand the confidentiality laws that pertain to its benefit plan and its performance of the contract. This includes knowledge and understanding of laws specific to certain groups (i.e., HRS chapter 577A relating to minor females and pregnancy and family planning services, HRS §325-101 relating to persons with HIV/AIDS, HRS §334-5 relating to persons receiving mental health services, and 42 CFR Part 2 relating to persons receiving substance abuse services).

Nothing in this section shall prohibit the contractor from disclosing information to the EUTF or its designee.

12. Electronic Data Transmissions

Contractor shall have hardware, software, and systems that are capable of picking up or receiving electronic data transmission from the EUTF regarding enrollments, changes to enrollments, premiums, and other matters related to the contract.

Contractor shall accept the EUTF's HIPAA-compliant, weekly electronic data transmissions as the official membership eligibility/enrollment records, subject to adjustments as authorized by the EUTF.

13. Payment to Contractor

Payment to contractor will be done in arrears, after the month is completed. Such payments shall be made by the 15$^{th}$ day of the following month. If the 15$^{th}$ day of the month falls on a weekend or holiday, the payment will be made on the next succeeding weekday that is not a holiday.

For purposes of calculating the amount of premiums or fees due the contractor, the number of employee-beneficiaries enrolled in contractor's plans shall be determined as of a given date of the month, to be selected by the administrator. Retroactive additions and terminations shall be accounted for in future payments.

Contractor shall accept the monthly summary enrollment reports provided by the EUTF as the basis for the amount of premiums due the contractor under the contract. Contractor shall notify the EUTF in writing within ninety (90) calendar days after the end of the report month of any transaction or premium computation discrepancy or other problem in the monthly summary report. The contractor shall provide specific information that is necessary to resolve any noted discrepancy or problem. If the EUTF is not notified in writing within the ninety (90) days, the EUTF reports shall be considered as final and accepted by the contractor.

14. Availability of Funds

The contract shall be enforceable only to the extent that funds are available to the EUTF to make payments to contractor. All payments to contractor are subject to the EUTF's actual and continuing availability of funds. No damages or interest shall accrue against the EUTF, the State, the counties, or any other public employer as a result of the non-availability of funds.

Contractor acknowledges that the funds available to the EUTF come from public employer and employee-beneficiary contributions. With respect to retirees, HRS chapter 87A establishes the amount of the public employer contributions. However, with respect to active employees, the public employer contributions are generally established by collective bargaining between the public employers and public sector unions, and such contributions are subject to appropriation by the legislative bodies of the State and counties. See HRS §§ 87A-32, 89-9(a), 89-9(e), 89-10(b), and 89-11(g). Thus, a significant portion of the EUTF's availability of funds is contingent upon future collective bargaining between the public employers and public sector unions, the terms of any resulting collective bargaining agreements, and future appropriations by the legislative bodies of the State and counties.

The EUTF shall have the following rights should there not be available funding for contractor's contract: (a) to cancel the award of contract; (b) to renegotiate the award of contract to purchase reduced or modified services; (c) to delay the commencement date of the contract; or (d) to terminate part or the entire contract.

**PURPOSE**

The EUTF's objective is to provide life insurance for its active employees and retirees. A key desire of the EUTF is to maintain current level of benefits and through this request for proposal process, produce the most competitive alternatives to the current plans for consideration.

The EUTF is soliciting proposals for actives and retirees commencing as follows:

- **Actives** – July 1, 2015 through June 30, 2016; subsequent optional one year contract extensions at the sole discretion of the EUTF on July 1, 2016, July 1, 2017, and July 1, 2018. Actives will continue to be on a fiscal plan year (July 1 start date).

- **Retirees** – January 1, 2015 through December 31, 2015; subsequent optional one year contract extensions at the sole discretion of the EUTF on January 1, 2016, January 1, 2017, and January 1, 2018. Retirees will continue to be on a calendar plan year.

It is anticipated that separate contracts will be issued for active and retiree plans.

**PREMIUM HISTORY**

**Premium rates are available on the EUTF website: http://eutf.hawaii.gov**

# PLAN COMPARISON SUMMARY

*Please refer to the evidence of coverage in Exhibit D for a full description of benefits.*
*YOU MUST COMPLETE THE FOLLOWING TABLES*

| **Life Insurance Benefit** | | |
|---|---|---|
| | **Current Benefit at $4.12 per month** | **Proposed Benefit at $4.12 per month** |
| **Active** (Class 1) | | |
| Under age 65 | $38,361 | |
| Benefit Reduction - | | |
| 65 – 69 | 65% | |
| 70 – 74 | 45% | |
| 75 – 79 | 30% | |
| 80 or over | 20% | |
| **Retiree** (Class 2) | $2,034 | |
| Benefit Reduction | None | |
| **Repatriation Benefit** | The expenses incurred to transport body to mortuary near primary place of residence equal to 10% of the Life Insurance benefit | |
| **Waiver of Premium** | | |
| **Accelerated Benefit -** | | |
| Active (Class 1) | Yes | |
| Retiree (Class 2) | No | |
| **Limits on Right to Convert if Group Policy terminates or is amended:** | | |
| Minimum time insured | | |
| Maximum conversion amount | | |

| **Life Insurance Benefit** | | |
|---|---|---|
| | **Current Benefit at $4.12 per month** | **Proposed Benefit at $4.12 per month** |
| Minimum conversion amount | | |
| **Leave of Absence Period** | | |
| **Insurance Eligible for Portability:** | | |
| **Participant -** | | |
| Life Insurance | | |
| Minimum | | |
| Maximum | | |
| **Annual earnings based on:** | | |
| **Earnings period for commissions** | | |

# Fee Proposal Form – 1

**ACTIVE – FULLY INSURED NON PARTICIPATING CONTRACT;**
**MONTHLY RATES AT $4.12 PER MONTH**

| **Proposal** | **7/1/2015-6/30/2016** | **7/1/2016-6/30/2017** | **7/1/2017-6/30/2018** | **7/1/2018-6/30/2019** |
|---|---|---|---|---|
| **Group Term Life Insurance** | **Proposed Benefit at $4.12 per month** | **Proposed Benefit at $4.12 per month** | **Proposed Benefit at $4.12 per month** | **Proposed Benefit at $4.12 per month** |
| Active Only (under age 65) | | | | |

Will your rate be discounted if you are awarded both the active and retiree contracts (Y/N)? _____

Note any underwriting restrictions and deviations as an attachment to this exhibit.

_____
**Authorized Signature**

_____
**Title**

_____
**Name of Company**

_____
**Date**

# Fee Proposal Form – 2

**RETIREE – FULLY INSURED NON PARTICIPATING CONTRACT;**
**MONTHLY RATES AT $4.12 PER MONTH**

| **Proposal** | **1/1/2015-12/31/2015** | **1/1/2016-12/31/2016** | **1/1/2017-12/31/2017** | **1/1/2018-12/31/2018** |
|---|---|---|---|---|
| **Group Term Life Insurance** | **Proposed Benefit at $4.12 per month** | **Proposed Benefit at $4.12 per month** | **Proposed Benefit at $4.12 per month** | **Proposed Benefit at $4.12 per month** |
| Retiree Only (Non-Medicare and Medicare) | | | | |

Will your rate be discounted if you are awarded both the active and retiree contracts (Y/N)? _____

Note any underwriting restrictions and deviations as an attachment to this exhibit.

_____
**Authorized Signature**

_____
**Title**

_____
**Name of Company**

_____
**Date**

| **OFFEROR INFORMATION SHEET** | |
|---|---|
| Organization Name | |
| Contact Person's Name | |
| Title | |
| Address | |
| State | |
| Phone Number | |
| E-mail Address | |
| Fax Number | |

**Current Public Sector Client References**

| Name | Contact Name | Phone Number, Email, and Location | Number of Employees Covered | Number of Retirees Covered | Contract Start Date |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |

**Recently Terminated Public Sector Clients**

| Name | Contact Name | Phone Number, Email and Location | Number of Employees Covered | Number of Retirees Covered | Termination Date / Reason |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |

**Authorized Signature**

# Questionnaire Instructions to OFFERORs:

*****DO NOT ALTER THE QUESTIONS OR QUESTION NUMBERING*****

- Please complete all appropriate sections of the questionnaire.
- **Provide answers to the questionnaires in MS WORD format.**
- Provide an answer to each question even if the answer is "not applicable" or "unknown."
- Answer the question as directly as possible.
  - If the questions asks "How many…" provide a number
  - If the question asks, "Do you…" indicate Yes or No followed by any additional brief narrative explanation to clarify.

**IMPORTANT:**

- Be concise in your response. Use bullet points as appropriate. Reconsider how to word any response that exceeds 200 words in length so that the response contains the **most important points** you want displayed. Referring the reader to an exhibit/attachment for further information should be avoided or used on a limited basis. Any response that does not directly address the question, but only contains marketing information will be considered non-responsive.
- OFFEROR will be held accountable for accuracy/validity of all answers.
- Remember, RFP responses will become part of the contract between the winning OFFEROR and the EUTF.
- The submission of your proposal will be deemed a certification that you will comply with all requirements set forth in this RFP. If a multiple option plan is being requested, it will be assumed that all answers apply equally to all options. If this is not the case, separate answers should be provided for each option.

**NOTE: Answers to the questions must be provided in hard copy and MS WORD format on CD**

**DO NOT PDF or otherwise protect the CD**

## MINIMUM REQUIREMENTS

- Complete this form and include it with your response.
- Indicate "**yes**" or "**no**" as to your organization's ability to meet these requirements.
- OFFEROR will be held accountable for accuracy/validity of all answers.

| MINIMUM REQUIREMENTS | YES | NO |
|---|---|---|
| 1. Please confirm that your proposal, and plan design offered is in compliance with all federal and state laws and regulations that pertain to employee benefit programs, relevant state insurance regulations and other related laws. | | |
| 2. If the plan design requested does not comply with any state or federal laws, please indicate which provisions in the proposal specifications are in conflict with specific laws and propose alternatives. | | |
| 3. Benefits guaranteed for a minimum of four (4) years. Benefit guaranteed for duration of contract with extension. | | |
| 4. Agree that no employee or retiree will lose coverage solely due to a change in carrier (No Loss / No Gain). | | |
| 5. For each of the coverages being requested, you **must** agree to remove any and all pre-existing and actively-at-work restrictions or any other provisions that might limit or eliminate benefits to current and future employees and retirees. Please confirm your agreement. | | |
| 6. You **must** guarantee that all insureds, who would have continued to be covered on the plan effective date if there had been no change in carriers, will be covered by your policy on the plan effective date. Please confirm your agreement. | | |
| 7. Confirm that your proposal <u>excludes</u> commissions. | | |
| 8. Please confirm that your proposal does not include any waiver of premium provisions. | | |
| 9. a. Is a reserve set up for pending and unrevealed claims? | | |
| b. What methodology is used to calculate the reserve? | | |
| c. What interest credit is applied to that amount and how is it calculated? | | |
| d. Is the unused portion of this reserve returnable in the event of cancellation of the policy? | | |
| 10. Are there any Special Conditions outlined in Section I that you cannot meet? | | |

If you answered "**No**" to any of the questions above, please provide an explanation below:

| Question No. | Explanation |
|---|---|
| | |
| | |
| | |

| | |
|---|---|

| GENERAL INFORMATION | OFFEROR RESPONSE |
|---|---|
| 1. Complete the following chart regarding your organization's financial ratings: | **RATING** **DATE OF RATING** |
| A.M. Best | |
| Standard & Poor's | |
| Moody's | |
| Other | |
| 2. Are you able to provide monthly reports as indicated in the Scope of Work? | |
| 3. Explain how your Actively-at-Work provision is administered upon takeover for the following: | |
| a. Employee is absent from work on the effective date due to sickness. | |
| b. Employee is absent from work on effective date due to maternity leave. | |
| c. Employee is on short-term disability and the current carrier's elimination period for Waiver of Premium has not been met. | |
| d. List any other takeover limitations and/or restrictions. | |
| 4. Do you agree to grandfather existing life insurance amounts for all currently covered employees and dependents so that evidence of insurability is not required? | |
| 5. Please confirm that your proposal does not include any Waiver of Premium provision? | |
| 6. a. Does your contract include a conversion option? | |
| b. What is your change per thousand to the policyholder for life insurance conversions? | |
| c. What provisions apply to the conversion option if the master contract is terminated? | |
| 7. Indicate any enhanced services (financial planning, EAP, funeral services) included in your proposal. Include marketing materials you feel would further explain these services. | |
| 8. a. Are you able to match the current accelerated death benefit **exactly** for all | |

| GENERAL INFORMATION | OFFEROR RESPONSE |
|---|---|
| plans as listed in each benefit plan? | |
| b. If not, list **all** deviations. References to attached plan designs may be provided in addition to listing deviations, but all deviations **must** be summarized. | |
| 9. Do you include an accelerated death benefit? | |
| 10. Does the accelerated death benefit apply to active employeesonly or also to retirees? | |
| 11. What benefit improvements are you willing to provide for the accelerated death benefit at no additional change to your proposed rates? | |
| 12. a. Please describe the process a beneficiary would go through in order to make a claim. | |
| b. Please provide information on what type of customer service support they would receive. | |
| 13. Indicate services you provide, including online service tools, that would simplify administration for the Client's benefit staff. | |
| 14. Please describe how an employee would contact you (via phone, or web, etc.) for assistance. | |
| 15. a. Please confirm that you will provide a copy of the life benefit. | |
| b. Include a copy of the type of information (i.e., life insurance certificate, confirmation statement) the participant will receive confirming the level of insurance coverage. | |

| LIFE | OFFEROR RESPONSE |
|---|---|
| 1. Verify that all deviations from the requested plan design and coverage are included in Attachment 5, *Exceptions*. | |
| 2. What benefit improvements are you willing to provide for the life benefit? | |
| 3. Do you agree to provide a complete financial accounting report for the group? Please attach a sample of an actual report (naturally, omitting any means of identifying the policyholder). | |
| 4. How will you establish what are to be considered paid claims on the policy anniversary date (e.g., paid and incurred within the policy year, less any pooled amounts)? | |
| 5. Do you agree that upon termination of an insurance contract with your company, your company would remain liable for all pending and unreported claims incurred prior to the termination date? | |
| 6. The plan sponsor requires a contract clause to the effect that, upon contract termination, the cost of any work required by a new administrator to bring records in unsatisfactory condition up to date shall be the obligation of your firm and such expenses shall be reimbursed by your firm. Please confirm your agreement to this requirement. | |
| 7. Do you agree that the plan sponsor has the right to audit the performance of the plan and services provided? Indicate what services, records and access will be made available to the plan sponsor at no additional charge. Also, indicate frequency and notice requirements that are part of the right to audit provision. | |
| 8. Where is the office located that would handle the general servicing of this account? | |

ATTACHMENT 1

OFFER FORM OF-1

Life Insurance Benefits
STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)
RFP-14-006

Procurement Officer
Department of Budget and Finance/EUTF
State of Hawaii
Honolulu, Hawaii 96813

Dear Procurement Officer:

The undersigned has carefully read and understands the terms and conditions specified in the Specifications and Special Provisions attached hereto, and in the General Conditions, by reference made a part hereof and available upon request; and hereby submits the following offer to perform the work specified herein, all in accordance with the true intent and meaning thereof. The undersigned further understands and agrees that by submitting this offer, 1) he/she is declaring his/her offer is not in violation of Chapter 84, Hawaii Revised Statutes, concerning prohibited State contracts, and 2) he/she is certifying that the price(s) submitted was (were) independently arrived at without collusion.

Offeror is:

☐ Sole Proprietor ☐ Partnership ☐ *Corporation ☐ Joint Venture
☐ Other _____
*State of incorporation: _____

Hawaii General Excise Tax License I.D. No. _____

Federal I.D. No. _____

Payment address (other than street address below):_____
City, State, Zip Code:_____

Business address (street address): _____
City, State, Zip Code:_____

Respectfully submitted:

Date: _____

**(x)** _____
Authorized (Original) Signature

Telephone No.: _____

_____
Name and Title (Please Type or Print)

Fax No.: _____

E-mail Address:
_____

**_____
**Exact Legal Name of Company (Offeror)**

******If Offeror is a "dba" or a "division" of a corporation, furnish the exact legal name of the corporation under which the awarded contract will be executed: _____

ATTACHMENT 2

**INTENT TO BID FORM**
**RFP 14-006, Life Insurance Benefits**

Email or fax this form by April 11, 2014 to:

Ms. Sandra Yahiro
Hawaii Employer Health Benefits Trust Fund
Telephone: (808) 586-7390
Fax: (808) 586-2320
Email: eutfadmin@hawaii.gov

Please be advised that we are in receipt of the above-referenced RFP. We also wish to advise that we will be submitting a proposal for the following service:

| | | |
|---|---|---|
| Life Insurance Benefit: Active | ☐ Yes | ☐ No |
| Life Insurance Benefit: Retiree | ☐ Yes | ☐ No |

☐ Signed confidentiality agreement is attached.

**Name of Company:** _____

**Primary Contact Name:** _____

**Primary Contact Phone:** _____

**Primary Contact Email:** _____

**Signature:** _____

ATTACHMENT 3

SEGAL CONFIDENTIALITY AGREEMENT

Confidentiality Agreement
to be used by Entities Responding to RFPs

A signed confidentiality agreement is required before census data will be released. If you request changes to this agreement it will require Segal's review and concurrence that will delay the release of the census information. If your company already has a signed confidentiality agreement with Segal please provide a copy of the agreement along with the Intent to Bid Form (Attachment 2). **A signed Confidentiality Agreement or Intent to Bid Form is not required to submit a proposal.**

ATTACHMENT 3

SEGAL CONFIDENTIALITY AGREEMENT

**Confidentiality Agreement**
**to be used by Entities Responding to RFPs**

This confidentiality agreement is between The Segal Group, Inc., the parent of The Segal Company, on behalf of The Segal Company operating subsidiaries, (hereafter "Segal") and _____, on behalf of itself and all of its subsidiaries and affiliates, (hereafter "OFFEROR") and is executed in connection with various proposals that OFFEROR intends to submit to Segal in response to RFPs issued by Segal on behalf of its "Clients."

In order to prepare a responsive proposal, OFFEROR needs to receive certain Client health plan information and data, including individually identifiable health information pertaining to Client health plan participants and beneficiaries, as well as Segal Proprietary Information consisting of the RFP questionnaire/RFI specifications and any associated financial spreadsheets (collectively "Proprietary Information"). Segal and OFFEROR agree that the term "individually identifiable health information" refers to any health information that is not "de-identified," as defined in 45 C.F.R. Section 164.514(b)(2). Segal agrees to provide the necessary Proprietary Information in connection with this RFP, and OFFEROR agrees as follows:

1. OFFEROR will use this Proprietary Information only for the purpose of preparing OFFEROR's response to Segal's RFP.

2. OFFEROR agrees that only those individuals employed by OFFEROR who have a need to know this information to prepare a proposal and have been made aware of the terms of this Agreement and have agreed to abide by its terms will have access to the Proprietary Information provided by Segal ("OFFEROR's Representatives").

3. Neither OFFEROR nor any of its Representatives will disclose the Proprietary Information to any person or entity outside of OFFEROR, unless such a disclosure is: (a) necessary to prepare a proposal and the recipient first executes a confidentiality agreement with provisions equivalent to this one; or (b) required by law.

4. OFFEROR agrees to use commercially reasonable efforts to maintain the security of the Proprietary Information.

5. OFFEROR will return the Proprietary Information to Segal or destroy it upon completion of the proposal process if such return or destruction is feasible. If OFFEROR determines that return or destruction of some or all of the information is not feasible, OFFEROR agrees to: (a) inform Segal of the specific reason(s) that make return or destruction not feasible; (b) extend the protections of this Agreement to any retained information for as long as OFFEROR retains it; and (c) limit further uses or disclosures to those that make the return or destruction infeasible.

6. OFFEROR will report to Segal any use and/or disclosure of Proprietary Information that is not permitted by this Agreement.

7. OFFEROR shall regard and preserve as confidential all Proprietary Information that has been or may be obtained by OFFEROR in the course of any proposal, whether OFFEROR has such information in OFFEROR's memory, or in writing or in other physical form. OFFEROR shall not, without written authority from Segal, use any Proprietary Information for OFFEROR's benefit or OFFEROR's purposes, either during the proposal process or thereafter.

8. With respect to each RFP and the Proprietary Information disclosed in connection therewith, the obligations of OFFEROR assumed in this Agreement shall continue beyond the completion of the proposal process.

9. OFFEROR shall and does hereby indemnify, defend and hold harmless Segal and Segal's officers, directors, employees and shareholders from and against any and all claims, demands, losses, costs, expenses, obligations,

liabilities, damages, recoveries, and deficiencies, including interest, penalties, and reasonable attorney fees and costs, that Segal may incur or suffer and that result from, or are related to, any breach or failure of OFFEROR and OFFEROR's Representatives to perform any of the representations, warranties and agreements contained in this Agreement that pertain to individually identifiable health information.

10. OFFEROR recognizes that any breach of the covenants contained in this Agreement would irreparably injure Segal. Accordingly, Segal may, in addition to pursuing its other remedies, obtain an injunction from any court having jurisdiction of the matter restraining any further violation and no bond or other security shall be required in connection with such injunction.

11. If any of the provisions herein become invalid or are declared invalid, such determination of invalidity as to the clause(s) shall not affect the other provisions of this Agreement. If any provision of this Agreement should be held invalid or unenforceable, the remaining provisions shall be unaffected by such a holding. If any provision is found inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances.

12. This Agreement shall be binding upon Segal and OFFEROR and their respective successors, assigns, heirs, executors and administrators.

13. This Agreement contains the entire understanding of the parties hereto and supersedes all previous communications, representations, or agreements, oral or written, with respect to the subject matter hereof. No failure to exercise nor any delays in exercising any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy. Neither this Agreement nor any of its provisions may be amended, supplemented, changed, waived or rescinded except by a written instrument signed by the party against whom enforcement thereof is sought. No waiver of any right or remedy hereunder on any one occasion shall extend to any subsequent or other matter.

14. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made on and performed within the State of New York. Any action to enforce this Agreement shall be brought in State of New York, County of New York.

Intending to be legally bound, the Parties have executed this Agreement.

| The Segal Group, Inc. | OFFEROR |
|---|---|
| Signed: _____ | Signed: _____ |
| Print Name: _____ | Print Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

ATTACHMENT 4

CONFIDENTIAL INFORMATION

List all information believed to be confidential and not to be disclosed to the public. Identify the page numbers and sections in the proposal where the information is located.

---

ATTACHMENT 5

EXCEPTIONS

Should Offeror take any exception to the terms, conditions, specifications, or other requirements listed in the RFP, Offeror shall list such exceptions in the space below. Offeror shall reference the RFP section where exception is taken, a description of the exception taken, and the proposed alternative, if any. The State reserves the right to accept or reject any request for exceptions.

---

ATTACHMENT 6

INSTRUCTIONS FOR REFERENCE INFORMATION QUESTIONNAIRE

Offeror shall list on the Offeror Information Sheet (Section VII) at least three current public sector clients and at least three recently terminated public sector client references from the Offeror's client listing. For each reference listed in the Offeror Information Sheet, Offeror shall provide a completed reference information questionnaire to the State.

The references shall be provided to the State in the form of questionnaires that have been fully completed by the individual providing the reference. The State has included the reference check questionnaire to be used, as RFP Attachment 6. **THE OFFEROR MUST USE THIS FORM, OR AN EXACT DUPLICATE THEREOF.**

The Offeror will be solely responsible for obtaining the fully completed reference information questionnaires, and for including them with the Offeror's sealed Proposal. In order to obtain and submit the completed reference check questionnaire, the Offeror shall exactly follow the process detailed below:

1. Offeror makes an exact duplicate (paper or Word electronic document) of the State's form, as it appears in RFP Attachment 6.
2. Offeror sends the copy of the form to the reference it has chosen, along with a new, standard #10 envelope that is capable of being sealed.
3. Offeror directs the individual providing the reference to complete the form in its entirety, sign and date it, and seal it within the provided envelope. The individual may prepare a manual document or complete the exact duplicate Word document and print the completed copy for submission. After sealing the envelope, the individual providing the reference <u>must sign his or her name in ink across the sealed portion of the envelope</u> and return it directly to the Offeror. The Offeror will give the reference check provider a deadline, such that the Offeror will be able to collect all references in time to include them with its sealed Proposal.
4. When the Offeror receives the sealed envelopes from the reference check providers, the Offeror <u>will not</u> open them. Instead, the Offeror will enclose all of the unopened reference check envelopes in an easily identifiable larger envelope, and will include this envelope for submission with the written Proposal. Therefore, when the State opens the box containing the proposals, the State will find a clearly labeled envelope enclosed, which contains all of the sealed reference check envelopes.
5. The State will base its reference check evaluation on the contents of these envelopes. <u>THE STATE WILL NOT ACCEPT LATE REFERENCES OR REFERENCES SUBMITTED THROUGH ANY OTHER CHANNEL OF SUBMISSION OR MEDIUM, WHETHER WRITTEN, ELECTRONIC, VERBAL, OR OTHERWISE.</u>

ATTACHMENT 6

REFERENCE INFORMATION QUESTIONNAIRE

| | |
|---|---|
| OFFEROR'S NAME: | |
| DATES SERVICES RENDERED BY OFFEROR: | FROM TO |
| REFERENCE NAME (CLIENT ORGANIZATION): | |
| NUMBER OF EMPLOYEES COVERED UNDER YOUR PLANS: | |
| NUMBER OF RETIREES COVERED UNDER YOUR PLANS: | |
| INDIVIDUAL RESPONDING TO REQUEST FOR INFORMATION: | |
| INDIVIDUAL'S TITLE: | |
| INDIVIDUAL'S TELEPHONE NUMBER: | |
| DATE REFERENCE QUESTIONNAIRE COMPLETED: | |

1. On a scale of 1-10 (10=outstanding), how would you evaluate OFFEROR on:
    - Accessibility and responsiveness to you as the plan administrator
    - Customer service to your members (including walk-in/telephone customer service)
    - The vendor's computer systems and IT services including online/real time availability of information
    - Accuracy with respect to processing employee eligibility changes and additions
    - Accuracy of claims paid based on eligibility of members
    - How the vendor handles member appeals and requests for review of denied claims
    - Accuracy and timeliness of employee communications
    - The vendor's willingness and ability to customize things that are unique to you and/or your plans
    - Accuracy of budgeted expenses and maintenance of contracted fees
    - The vendor's quality control
    - Employees'/retirees' overall satisfaction with the vendor
    - If your plan has an EGWP wrap feature, the ability of the vendor to handle split families between Medicare and Non Medicare Eligible retirees
    - Mail order fulfillment center and its timeliness and accuracy of filling prescriptions and responding to member questions

2. When the vendor was transitioned to your plan, how would you rate the:
    - Quality of the transition, for example was it relatively error-free?

- Timeliness of the transition?

3. If you were the sole decision-maker, would you re-select this vendor?

4. Is there anything else you can tell us about this vendor as we progress through our procurement process?

EXHIBIT A

CLAIMS EXPERIENCE

Claims data will be supplied upon completion of the Intent to Bid Form (Attachment 2).

EXHIBIT B

ADMINISTRATIVE RULES

# HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

## ADMINISTRATIVE RULES

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## 1.00 GENERAL PROVISIONS

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### 1.01 Purpose

Chapter 87A of the Hawaii Revised Statutes establishes a health trust fund known as the Hawaii Employer-Union Health Benefits Trust Fund. The Fund is to be used to provide eligible state and county employees, retirees, and their dependents with health and other benefit plans at a cost affordable to both the public employers and the public employees. The board is to administer and carry out the purposes of the Fund. These rules are adopted by the board pursuant to Section 87A-26 of the Hawaii Revised Statutes to implement the administration and purposes of the Fund.

### 1.02 Definitions

As used in these rules, unless otherwise indicated by the context, the following terms shall have the following meanings:

"Administrator" means the administrator of the Fund appointed by the board or the duly authorized representative of the administrator.

"Benefit plan" means a health benefit plan, a group life insurance plan that is subject to Section 79 of the Internal Revenue Code, or any other type of benefit plan except for a long-term care benefit plan.

"Board" shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Carrier" shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Child" means an employee's, or where applicable, a domestic partner's legally adopted child, a child placed for adoption, stepchild, foster child, or recognized natural child. Except for a recognized natural child of an employee or as otherwise provided by these rules, a child must live with the employee-beneficiary. A child has been placed for adoption when an adoptive parent has assumed custody of and the obligation to support a child in anticipation of adopting the child. A foster child is a child: (1) who lives with an employee in a regular parent-child relationship; and (2) for whom the employee has become the child's guardian or has been awarded legal and physical custody of the child pursuant to a valid court order.

"Contributions" shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"County" shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Dependent-beneficiary" shall mean the persons described in Rule 3.01 of these rules as being eligible for coverage as dependent-beneficiaries in the health benefit plans offered or sponsored by the Fund.

"Dissolution of domestic partnership" shall occur when: (1) the employee-beneficiary no longer meets the requirements to qualify as a "domestic partner"; (2) one of the partners to the domestic partnership expressly informs the other of the end of their domestic partnership; (3) one of the partners to the domestic partnership takes actions inconsistent with the continued existence of the domestic partnership; or (4) the domestic partnership is otherwise terminated or dissolved.

"Domestic partner" shall mean a person in a spouse-like relationship with an employee-beneficiary who meets the following requirements: (1) the employee-beneficiary and the domestic partner intend to remain in a domestic partnership with each other indefinitely; (2) the employee-

beneficiary and the domestic partner have a common residence and intend to reside together indefinitely; (3) the employee-beneficiary and the domestic partner are and agree to be jointly and severally responsible for each other's basic living expenses incurred in the domestic partnership such as food, shelter and medical care; (4) neither the employee-beneficiary nor the domestic partner are married or a member of another domestic partnership; (5) the employee-beneficiary and the domestic partner are not related by blood in a way that would prevent them from being married to each other in the State of Hawaii; (6) the employee-beneficiary and the domestic partner are both at least 18 years of age and mentally competent to contract; (7) the consent of the employee-beneficiary or the domestic partner to the domestic partnership has not been obtained by force, duress or fraud; and (8) the employee-beneficiary and the domestic partner sign and file with the Fund a declaration of domestic partnership in such form as the board shall from time to time prescribe.

"Employee" shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Employee-beneficiary" shall mean the persons described in Rule 3.01 of these rules as being eligible to enroll as employee-beneficiaries in the health benefit plans offered or sponsored by the Fund.

"Employer" or "public employer" shall have the meaning as set forth in Section 89-2 of the Hawaii Revised Statutes.

"Full-time student" means a student who is enrolled in an accredited school, college, or university for not less than the minimum number of credit hours required by such educational institution to have full-time student status.

"Fund" shall have the same meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Fund benefit plan" means a benefit plan offered or sponsored by the Fund.

"Health benefit plan" shall have the same meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Long-term care benefit plan" shall have the same meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Non-Fund benefit plan" means a benefit plan offered or sponsored by a private employer or an entity other than the Fund.

"Part-time, temporary, and seasonal or casual employee" shall have the same meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Periodic change" shall have the same meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Qualified beneficiary" shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Qualified medical child support order" means any judgment, decree, or order issued by a court of competent jurisdiction that requires the provision of health benefits coverage to a child of a non-custodial parent.

"Retired member" or "retired employee" means a former employee, officer, appointed or elected official of the State or counties who is currently receiving a retirement or pension allowance from a State or county retirement system or an employee who retired prior to 1961.

"State or county retirement system" means the employees' retirement system, the county pension system, or the police, fire, or bandsmen pension system of the State or any county.

"Trustee" shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Trustee group" means the group composed of the five trustees representing public employers or the group composed of the five trustees representing employee-beneficiaries as described in Section 87A-5 of the Hawaii Revised Statutes.

## 1.03 Public Information

To the extent permitted by applicable federal or state law, the public records of the Fund shall be available for inspection at the Fund's office during regular business hours. All requests for inspection of public records shall be in writing and addressed to the administrator or any other person designated by the board to receive such requests. Copies of public records shall be provided upon the payment of the reasonable costs of reproduction and any fees for searching, reviewing and segregating such records. The board shall establish such costs and fees in accordance with applicable federal and state law.

Protected health information about employee-beneficiaries and dependent-beneficiaries are not public records. Employee-beneficiaries, dependent-beneficiaries, and others may have access to such information only in conformance with the Health Insurance Portability and Accountability Act of 1996 and the rules passed under that Act ("HIPAA"), and the Fund's HIPAA Privacy Policies and Procedures.

## 1.04 Computation of Time

Whenever a period of time is stated in these rules as a number of days from or after an event: (a) the period shall be computed in calendar days; (b) the day of the event shall not be included in the calculation; and (c) the last day of the period shall be included in the calculation.

## 1.05 Officers of the Board

(a) The board shall elect a chairperson, vice-chairperson, and secretary-treasurer.

(b) Both the chairperson and vice-chairperson shall be elected from the same trustee group. The secretary-treasurer shall be elected from the other trustee group.

(c) Officer terms shall be for one year beginning July 1, 2002, and shall rotate between the trustee groups annually. The terms of all elected officers shall terminate on June 30 of each succeeding year and such officers shall vacate their offices at that time.

(d) Except as otherwise provided by law or by rules or policies adopted by the board, the duties of the officers shall be as provided in the 10th Edition of *Robert's Rules of Order, Newly Revised.*

(e) The chairperson or vice-chairperson and secretary-treasurer shall coordinate assignments to the administrator and other Fund staff, requests for information, and other matters concerning the administration and operation of the board.

**1.06 Committees of the Board**

(a) Standing committees shall be established by the board to address critical issues in the major functional areas of the Fund:

(1) The Administrative Committee will have combined administrative and finance committee functions;

(2) The Benefits Committee will have benefits, communication, and appeals committee functions.

(b) The board may establish other committees to address matters related to the operation or administration of the Fund or to investigate issues that impact the Fund.

(c) Committees shall operate informally and shall make recommendations to the full board. Meetings of all standing committees will comply with Part I of Chapter 92 of the Hawaii Revised Statutes.

(d) A minimum of four trustees (two trustees from each trustee group) shall be assigned to a committee. The assigned number of trustees may be larger for certain committees provided that an equal number of trustees are assigned from each trustee group.

(e) Attendance of at least one trustee from each trustee group shall be necessary to convene a committee meeting.

(f) Committees may select a chairperson and any other officers as deemed necessary by the board.

(g) Committee chairpersons shall coordinate assignments to the administrator and other Fund staff for their respective committees.

(h) Trustees in attendance shall agree within their working committees on recommendations made to the full board. When there is no agreement by the trustees in attendance, the committee shall present a summary of the disagreement(s) to the full board.

**1.07 Meetings of the Board**

(a) To the extent permitted by applicable federal or state law, the meetings of the board shall be open to the public. Without limiting the foregoing, board meetings shall comply with Part I of Chapter 92 of the Hawaii Revised Statutes, including the provisions therein requiring: (1) written and electronic notice of board meetings at least six calendar days prior to each meeting; and (2) written minutes.

(b) The board shall designate the administrator or some other member of the Fund's staff to be responsible for preparing agendas for future board meetings. Any trustee may place a question or subject on the agenda of a future board meeting by notifying the administrator or other designated staff person by 12:00 noon, seven days prior to the board meeting. All board meeting agendas shall be transmitted to the chairperson for review prior to public notice.

(c) Unless otherwise required by the board or applicable law, the parliamentary procedure to be used by the board in the conduct of its meetings shall be in accordance with the 10th Edition of *Roberts Rules of Order, Newly Revised.*

(d) Voting procedures for board meetings and the criteria for a quorum are established in Section 87A-11 of the Hawaii Revised Statutes. In addition, the following voting procedures shall apply:

(1) After a motion is made and seconded, the presiding officer shall read the motion and open the question to discussion and debate by the trustees. When ready to put the motion to a vote, the presiding officer shall call for the public employer and employee-beneficiary trustee votes to determine whether there are three votes from each trustee group in favor of the motion. If so, the motion shall be recorded as having been approved by one vote from the public employer trustees and one vote from the employee-beneficiary trustees.

(2) For routine or procedural matters, the presiding officer may ask if there is any opposition to a motion after it has been made, and to the extent required, seconded and debated. If no opposition is voiced, the motion shall be recorded as having been unanimously approved by one vote by the public employer trustees and one vote from the employee-beneficiary trustees.

(3) If the voting is not unanimous by each side, the names of the trustees who voted in favor of the motion, voted against the motion, or abstained from voting shall be recorded in the minutes.

(4) In the event of a deadlock in a vote of the board on the same question or resolution at two successive meetings of the board, the board shall vote on whether or not to engage in dispute resolution. If six trustees of the board vote to engage in dispute resolution, the two trustee groups shall enter into mediation to attempt to resolve the question or resolution upon which the board has deadlocked.

The mediation shall be handled by a mediator appointed by the Federal Mediation and Conciliation Service. If the Federal Mediation and Conciliation Service fails or refuses to appoint a mediator within ten days of the date on which the six trustees voted to engage in dispute resolution, the mediation shall be handled by a mediator mutually agreeable to the two trustee groups. If the two trustee groups do not agree on a mediator within twenty days of the date on which the six trustees voted to engage in dispute resolution, either trustee group may petition the Administrative Judge of the First Circuit, Circuit Courts of the State of Hawaii, to appoint a mediator. Upon the appointment of a mediator, the two trustee groups shall in good faith enter into mediation on the question or resolution upon which the board has deadlocked. Nothing in this rule is meant to preclude the board from voting to engage in other forms of alternate dispute resolution to resolve a question or resolution upon which it has deadlocked.

(5) Whenever any statute or other law requires a vote of a majority, two-thirds or other percentage or fraction of the trustees or members to which the board is entitled, the motion or other action shall be approved if it receives two votes in favor of the motion or

action as provided in subsection (d)(1), regardless of the total number of votes in favor of the motion or action.

For example, if a statute or other law requires a two-thirds vote of the members to which the board is entitled, the motion or other action will be approved if three trustees from each trustee group vote in favor of the motion or other action, even if the remaining four trustees vote against the motion or other action.

**1.08 Appearances Before the Board**

(a) All persons shall comply with this rule when appearing before the board. Unless otherwise required by applicable federal or state law, the board shall have the discretion to prescribe additional standards and procedures for all appearances and proceedings before the board. The board may waive or suspend the provisions of this rule with respect to any particular appearance or proceeding before it.

(b) Any person appearing before the board may appear in person, by an officer, partner or regular employee of the party, or be represented by an authorized representative. The board may at any time require any person transacting business with the board in a representative capacity to prove or authenticate the person's authority and qualification to act in such capacity.

(c) The board shall afford all interested persons an opportunity to present oral testimony or submit data, views, or arguments, in writing, on any agenda item.

(1) Persons providing written testimony shall provide thirty copies of their testimony of which twenty copies shall be made available to the public. Twenty copies of materials provided to the board for or during a meeting that are determined to be disclosable shall be made available for distribution to the public.

(2) The board shall hear oral testimony on an agenda item after it has completed discussion of that item. At that time, the presiding officer shall invite members of the public to ask questions or provide comments on the agenda item prior to any action by the board. After the public has had an opportunity to provide input on

the agenda item, the board may discuss the agenda item further and act on the item or move on to the next agenda item.

(3) A person may speak at a board meeting only when recognized to do so by the presiding officer. Comments are limited to three minutes per speaker. Time limitations may be adjusted at the discretion of the presiding officer or at the request of any three trustees. A person may not speak a second time on the same question unless authorized by the presiding officer to do so.

(4) The board may refuse to hear any testimony that is irrelevant, immaterial, or unduly repetitious and may from time to time impose additional conditions as are necessary or desirable for the orderly, efficient, and convenient presentation of oral testimony to the board. The board may request that the person providing oral testimony submit the testimony in writing to the board.

(d) Nothing herein shall require the board to hear or receive any oral testimony or documentary evidence from a person on any matter which is the subject of another proceeding pending before the board.

**1.09 Delegation of Authority**

To the extent permitted by law, the board may delegate authority to act on its behalf in accordance with board policies and standards to a committee of the board, an administrator, a carrier, a third party administrator, or to such other persons and entities as it deems necessary or reasonable for the effective and efficient administration of the Fund and the provisions of Chapter 87A of the Hawaii Revised Statutes; provided, however, that nothing in this rule shall permit the board to delegate its power to adopt, amend or repeal any rules.

**1.10 State Ethics Code**

All trustees and employees of the Fund shall comply with Chapter 84 of the Hawaii Revised Statutes.

**1.11 Controlling Law**

To the extent that federal or state law governs any matter covered by these rules, the Fund and the board shall comply with and follow such federal or state law. To the extent that any matter is not completely governed by federal or state

law, the Fund and the board shall apply these rules to the extent reasonable and practicable.

**1.12 Authority of the Board to Waive Rule Provisions**

Subject to statutory requirements and limitations, the Board may waive an employee-beneficiary's compliance with any provision of the Fund's rules when the Board determines that: (a) good cause exists for such a waiver; (b) strict enforcement of such provision would impose a manifest injustice upon an employee-beneficiary who has substantially complied with the Fund's rules in good faith; and (c) such waiver does not involve any increase in the obligations or liabilities of the Fund beyond that which would have been involved if the employee-beneficiary had fully complied with the Fund's rules. Each waiver by the Board must be in writing and supported by documentation of the pertinent facts and grounds.

**1.13 Responsibilities of Employee-Beneficiaries and Public Employers; Enforcement Actions of the Fund**

(a) Employee-beneficiaries are responsible for:

(1) Providing current and accurate personal information as per Rules 4.06 and 4.07;

(2) Paying the employee's premium contributions in the amount or amounts provided by statute, an applicable bargaining unit agreement, or by the applicable Fund benefit plan;

(3) Paying the employee's premium contributions at the times and in the manner designated by the board; and

(4) Complying with the Fund's rules.

(b) Any public employer whose current or former employees participate in Fund benefit plans is responsible for:

(1) Providing information as requested by the Fund under section 87A-24(9) of the Hawaii Revised Statutes;

(2) Paying the employer's premium contributions in the amount or amounts provided by statute or an applicable bargaining unit

agreement and at the times and in the manner designated by the board;

(3) Assisting the Fund in distributing information to and collecting information from the employee-beneficiaries; and

(4) Complying with the Fund's rules.

(c) The Fund shall have the right and authority to file actions in any court, including but not limited to the courts of the State of Hawaii and the United States of America, to enforce the foregoing obligations and to collect premium contributions. Nothing in this rule is intended to limit or restrict the rights or remedies otherwise available to the Fund.

## 2.00 ADMINISTRATIVE PROCEDURES

2.01 Adoption, Amendment or Repeal of Rules
2.02 Policies, Standards, and Procedures
2.03 Declaratory Rulings
2.04 Administrative Appeals
2.05 Emergency Appeals

### 2.01 Adoption, Amendment or Repeal of Rules

(a) The board may adopt, amend or repeal any rule of the Fund upon a motion of any trustee or upon the petition of an interested person or organization.

(b) In the case of an interested person or organization, the petition shall be in writing and shall be submitted in duplicate to the board. The petition need not be in any particular form but shall contain:

(1) The petitioner's name, address, and telephone number;
(2) A statement of the nature of the petitioner's interest;
(3) A statement of the reasons for the proposed rule, amendment or repeal;
(4) A draft of the proposed rule, amendment or repeal; and
(5) The signature of the petitioner.

The board may reject any petition that does not contain the foregoing information.

(c) The board shall determine whether to deny or proceed with a petition within ninety days. If the petition is denied, the board shall notify the interested person or organization in writing of the denial.

(d) If the board decides to proceed with any proposed rule change, whether by a trustee or interested person or organization, it shall consult with public employers and affected employee organizations with regard to the proposed rule change as follows. First, it shall transmit the proposed rule change to the public employers, exclusive employee organizations, exclusive representatives, retiree organizations, and all other employee organizations registered with the board for consultation prior to adoption. Second, it shall provide the employers, representatives and organizations a

reasonable amount of time for review and comment on the proposed change prior to final action by the board.

(e) After the consultation provided for in subsection (d), the proposed rule change shall be considered for adoption at an open meeting of the board that permits the attendance of interested persons.

(f) All proposed rule changes shall be adopted by the board in accordance with the provisions of section 87A- 26 of the Hawaii Revised Statutes.

(g) New rules, amendments or repeals of rules that are adopted by the board shall be submitted to the governor for approval and filed with the lieutenant governor's office.

(h) Unless some other date is expressly selected by the board, a new rule, amendment of a rule, or repeal of a rule shall be effective the first day after the rule, amendment, or repeal is filed with the lieutenant governor's office.

**2.02 Policies, Standards, and Procedures**

Policies, standards and procedures to be adopted amended or repealed may, at the discretion of the board, be transmitted to public employers and affected employee organizations for consultation purposes. Nothing herein shall require the board to consult with public employers or affected employee organizations concerning the board's adoption, amendment or repeal of policies, standards and procedures or to transmit any such policies, standards or procedures to public employers or affected employee organizations for consultation purposes.

**2.03 Declaratory Rulings**

(a) Any interested person may petition the board for a declaratory ruling as to the applicability of any statutory provision administered by the board or of any rule or order of the Fund.

(b) Every petition shall be in writing and shall be submitted in duplicate to the board. The petition need not be in any particular form but shall contain the following:

(1) The petitioner's name, address, and telephone number;
(2) A designation of the specific statute, rule or order in question;

(3) A statement of the nature of the petitioner's interest, including the reasons for the submittal of the petition;
(4) A complete statement of the relevant and material facts;
(5) A statement of the position or contentions of the petitioner; and
(6) A full discussion of the reasons, including any legal authorities, in support of the petitioner's position or contention.

The board may reject any petition that does not contain the foregoing information.

(c) Petitions to intervene and become a party to a declaratory ruling proceeding may be submitted in writing to the board. Such petitions shall contain the same information as required under subsection (b) and the grounds and reasons on which intervention is sought. The Board may deny intervention where the petition to intervene raises issues not reasonably pertinent to the issues already presented or the petition raises issues that would broaden the issues to be decided. If intervention is granted, the petitioner shall become a party to the proceeding to the degree permitted by the order granting intervention.

(d) The board may dismiss any petition for a declaratory ruling for good cause. Without limiting the generality of good cause, the board may dismiss a petition if:

(1) The question raised is purely speculative or hypothetical;
(2) The petitioner's interest is not of the type or nature that would give the petitioner standing to maintain an action if the petitioner were to seek judicial relief;
(3) The issuance of a declaratory ruling may adversely affect the interests of the employer, the board, any of the trustees, the Fund, or any of the Fund's officers or employees in litigation which is pending or reasonably expected to arise in the future; or
(4) The matter is not within the jurisdiction of the board.

(e) Subject to applicable federal and state law, the board at its discretion shall:

(1) Render a decision on the petition for a declaratory ruling without a hearing; or
(2) Hold a hearing and thereafter render its decision on the petition; or
(3) Refer the petition for consideration or hearing to the administrator, a special or standing committee of the board or any other person or

entity duly designated by the board. After considering the recommendation of the administrator, committee or designated person or entity, the board shall render its decision on the petition.

Where any question of law is involved, the board may seek the assistance of the state attorney general in reviewing the matter. The board may also seek the assistance of other government agencies when necessary or desirable.

Any petitioner who desires a hearing shall submit a written request for a hearing together with the petition for a declaratory ruling. The written request shall set forth in detail the reasons why the matters alleged in the petition, together with supporting affidavits or other written evidence and briefs or memoranda of legal authorities, will not permit the fair and expeditious disposition of the petition and, to the extent that the request for a hearing is dependent upon factual assertions, shall submit affidavits or certificates establishing those facts.

(f) The petition for a declaratory ruling shall either be rejected in accordance with subsection (d) or acted upon by issuance of an order within ninety days. Upon the disposition of the petition, the board shall promptly notify the petitioner.

(g) Orders disposing of petitions for a declaratory ruling will have the same status as other agency orders. An order shall be applicable only to the fact situation alleged in the petition or as set forth in the order. An order shall not be applicable to different fact situations or where additional facts exist that were not considered in the order.

**2.04 Administrative Appeals**

(a) A person aggrieved by one of the following decisions by the Fund may appeal to the board for relief from that decision:

(1) A determination that the person is not an employee-beneficiary, dependent-beneficiary or qualified beneficiary, or that the person is not eligible to enroll in or be covered by a benefit plan offered or sponsored by the Fund;

(2) A determination that the person cannot make a change in enrollment, a change in coverage, or a change in plans;

(3) A cancellation or termination of the person's enrollment in or coverage by a benefit plan, including long term care, offered or sponsored by the Fund; or

(4) A refusal to reinstate the person's enrollment in or coverage by a benefit plan, including long term care, offered or sponsored by the Fund.

(b) The first step in the appeal process is an appeal to the administrator. In order to appeal to the administrator for relief, an aggrieved person must file a written appeal in the Fund's office within thirty days of the date of the decision with respect to which relief is requested. The written appeal shall be filed in duplicate. Unless otherwise provided by applicable federal or state law, neither the administrator nor the board shall be required to hear any appeal that is filed after the thirty-day period has expired. The written appeal need not be in any particular form but should contain the following information:

(1) The aggrieved person's name, address, and telephone number;
(2) A description of the decision with respect to which relief is requested, including the date of the decision;
(3) A statement of the relevant and material facts; and
(4) A statement as to why the aggrieved person is appealing the decision, including the reasons that support the aggrieved person's position or contentions.

(c) If the aggrieved person is dissatisfied with the administrator's action or if no action is taken by the administrator on the aggrieved person's written appeal within ninety days of its being filed in the Fund's office, the second step in the appeal process is for the aggrieved person to file a written appeal to the board. A written appeal to the board must be filed in duplicate in the Fund's office. The written appeal need not be in any particular form but shall contain the following information:

(1) The aggrieved person's name, address and telephone number;
(2) A statement of the nature of the aggrieved person's interest, e.g., employee-beneficiary or dependent-beneficiary;

(3) A description of the decision with respect to which relief is requested, including, the date of the decision;

(4) A complete statement of the relevant and material facts;
(5) A statement of why the aggrieved person is appealing the decision, including a complete statement of the position or contentions of the aggrieved party; and
(6) A full discussion of the reasons, including any legal authorities, in support of the aggrieved party's position or contentions.

Subject to applicable federal and state law, the board may reject any appeal that does not contain the foregoing information.

(d) The board at any time may request the aggrieved person or any other party to the proceeding to submit a statement of additional facts or a memorandum, the purpose of which is to clarify the party's position or a specific factual or legal issue.

(e) The board shall grant or deny the appeal within a reasonable amount of time. The board shall not be required to hold a hearing on any appeal unless otherwise required by applicable federal or state law. If required to hold a hearing, or if it decides to voluntarily hold a hearing on an appeal, subject to applicable federal or state law, the board may set such hearing before the board, a special, or standing committee of the board, a hearings officer, or any other person or entity authorized by the board to hear the matter in question. Nothing in these rules shall require the board to hear or decide any matter that can be lawfully delegated to another person or entity for a hearing and decision.

(f) At any time, an aggrieved person may voluntarily waive his or her rights to the administrative appeal provided by the Rule by submitting such a waiver in writing to the Fund's office. The board may require the aggrieved person to make such a waiver by signing a form prescribed by it.

**2.05 Emergency Appeals**

(a) An employee-beneficiary ("appellant") who is aggrieved by a plan administrator's decision denying or limiting benefits provided under a plan offered by the Fund to the employee-beneficiary or a dependent-beneficiary enrolled by the employee beneficiary may make an emergency

appeal directly to the Board where a delay in following the Fund's normal appeal process could:

(1) Seriously jeopardize the life or health of the employee-beneficiary or dependent-beneficiary;
(2) Seriously jeopardize the employee-beneficiary's or dependent-beneficiary's ability to regain maximum functioning; or
(3) In the opinion of a physician with knowledge of the medical condition of the employee-beneficiary or dependent-beneficiary, subject the employee-beneficiary or dependent-beneficiary to severe pain that cannot be adequately managed without the care or treatment that is the subject of the appeal.

(b) Any appellant desiring to make an emergency appeal under this Rule shall file a written request with the Fund administrator that contains the following information:

(1) The name, address, and telephone number of the appellant;
(2) A description of the decision with respect to which relief is requested;
(3) A statement of the relevant and material facts;
(4) A statement as to why the appellant is appealing the decision, including all arguments and reasons that support the appellant's position or contentions;
(5) A statement as to why the appellant's appeal qualifies as an emergency appeal, i.e., why the appeal meets one or more of the conditions stated in subsection (a) above;
(6) A statement as to exactly what relief the appellant is seeking;
(7) Any documents and records that support the appellant's appeal, including, but not limited to, any opinions from physicians that show that the appeal should be handled as an emergency appeal; and
(8) If the appellant is going to be represented by a third person on the appeal: (i) a signed authorization by the appellant designating the third person to represent him or her on the appeal; or (ii) other documentation establishing the right of the third person to represent the appellant. Such documentation may include letters of guardianship, a power of attorney, or any other document establishing that the third person may represent the appellant. Appropriate representatives may include, but are not limited to, the parent, child, spouse or domestic partner of the appellant.



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Notwithstanding the foregoing, the Fund administrator may waive the foregoing requirements if the Fund administrator finds that the criteria for making an emergency appeal are present and circumstances prevent the appellant from filing a written request for an appeal.

(c) Within two business days of receipt of a request for emergency appeal, the Fund administrator shall determine whether the request for emergency appeal qualifies as an emergency appeal under the criteria stated in this Rule. If the Fund administrator determines that the request for emergency appeal does not qualify as an emergency appeal, the appellant's appeal shall be handled as a normal appeal. Appellant may appeal the Fund administrator's denial of a request for emergency appeal by filing a written request with the Fund Administrator. No particular form is required for such a written request so long as it can be understood that the appellant is seeking to appeal the Fund administrator's decision to the Board.

(d) Upon determining that an appeal qualifies as an emergency appeal or upon receipt of an appeal of the Fund administrator's denial of a request for emergency appeal, the Fund administrator shall take the following actions:

(1) Set a time and date of a hearing when a quorum of the Board can be present. Subject to quorum requirements, the hearing shall be set within five business days of: (i) the date of the Fund administrator's determination that the appeal qualifies as an emergency appeal, or (ii) the date of receipt of an appeal of the Fund administrator's denial of a request for emergency appeal;

(2) Notify the appellant and his or her representative, if any, of the time and date of the hearing;

(3) Notify the plan administrator of the time and date of the hearing, provide the plan administrator with a copy of the written request for an emergency appeal filed by the appellant, and invite the plan administrator to submit a written statement of the plan administrator's position regarding the emergency appeal. If the plan administrator submits such a written statement, a copy shall be provided by the Fund administrator to the appellant;

(4) In the notices to the appellant and plan administrator, the Fund administrator shall request the parties to provide the Fund administrator with copies of any documents, records, written

testimony, or other written evidence that they wish the Board to consider at the hearing. To facilitate the hearing, the Fund administrator may request that the parties stipulate to the admission of all or any of such documents, records, written testimony, or other written evidence; and

(5) Prior to the hearing, the Fund administrator shall provide each member of the Board that will attend the hearing with copies of the written request for an emergency appeal and any written statement of position by the plan administrator.

(e) Unless the appellant expressly requests a public hearing, any hearing under this Rule shall be closed to the public. At the hearing, the following procedures shall apply:

(1) The hearing shall be chaired by the EUTF chair, vice-chair, or secretary-treasurer. If none of these officers is present, the Board shall elect one of their members to chair the hearing;

(2) The chair shall be in charge of regulating the course and conduct of the hearing;

(3) The chair shall make all rulings on the admission, exclusion, or limitation of testimony and evidence. The admissibility of testimony and evidence shall not be governed by the laws of evidence. All relevant oral or documentary evidence shall be admitted if it is the sort of evidence on which reasonable persons are accustomed to rely in the conduct of serious affairs. Irrelevant, immaterial, or unduly repetitious material shall not be admitted into evidence. The chair shall give effect to the privileges recognized by law;

(4) At the outset of the hearing, the chair shall provide a brief overview of the procedures that will apply to the hearing. Following this, the Fund administrator or other representative of the Fund staff shall state the nature and background of the proceeding, including the name of the appellant, the decision being appealed, and the relief being requested;

(5) After the presentation by the Fund administrator or staff, the appellant shall present his or her testimony, evidence, and arguments in support of the appeal. Following the appellant, the plan administrator shall present its testimony, evidence, and argument, if any, in support of the decision being appealed. At any time during the hearing, the Board may ask questions to the appellant, plan administrator, Fund staff, and any witnesses who

testify at the hearing. At the conclusion of the hearing, both the appellant and plan administrator may present final arguments in support of their positions;

(6) At any time during the hearing, the Board may enter executive session to consult counsel regarding any legal issues involved in the appeal; and

(7) Prior to the conclusion of the hearing, the Board shall announce its decision on the appeal to the appellant and plan administrator. The Board shall subsequently issue the Board's decision in writing. A certified copy of the written decision shall be sent by certified mail, return receipt requested, to the appellant and plan administrator within a reasonable time after the hearing.

(f) The Fund administrator may designate one or more EUTF staff members to perform any or all of the Fund administrator's duties under this Rule when the Fund administrator is unavailable or otherwise unable to perform such duties.

## 3.00 ELIGIBLITY FOR ENROLLMENT

3.01 Health Benefits
3.02 Long-Term Care
3.03 Group Life Insurance

### 3.01 Health Benefits

(a) Employee-beneficiaries. The following persons shall be eligible to enroll as employee-beneficiaries in the benefit plans offered or sponsored by the Fund:

(1) An employee;
(2) A retired employee;
(3) The surviving spouse or domestic partner of an employee who is killed in the performance of the employee's duty, provided the surviving spouse or domestic partner does not remarry or enter into a domestic partnership;
(4) The unmarried child of an employee who is killed in the performance of the employee's duty, provided the child is under the age of nineteen and does not have a surviving parent who is eligible to be an employee-beneficiary;
(5) The surviving spouse or domestic partner of a deceased retired employee, provided the surviving spouse or domestic partner does not remarry or enter into a domestic partnership; and
(6) The unmarried child of a deceased retired employee, provided the child is under the age of nineteen and does not have a surviving parent who is eligible to be an employee-beneficiary.

With respect to subsections (3) and (5), a surviving spouse or domestic partner ceases to be an eligible employee-beneficiary once the spouse or domestic partner remarries or enters into a domestic partnership even though the spouse or domestic partner may subsequently become single again as a result of an annulment, divorce, legal separation, dissolution of domestic partnership, or death. A surviving domestic partner shall not cease to be eligible under subsections (3) or (5) because the death of the employee or retired employee prevents him or her from further meeting the requirements of parts (1), (2), (3), (6), and (8) of the definition of "domestic partner" in Rule 1.02. With respect to subsections (4) and (6),

an unmarried child ceases to be eligible as of midnight of the child's nineteenth birthday.

Notwithstanding any other provision in these rules to the contrary, an employee-beneficiary who is eligible to enroll in the Medicare Part B medical insurance plan shall not be eligible for coverage under any benefit plan offered or sponsored by the Fund until the employee-beneficiary enrolls in the Medicare Part B medical insurance plan.

(b) Dependent-beneficiaries. The following persons shall be eligible for coverage as dependent-beneficiaries in the benefit plans offered or sponsored by the Fund:

(1) An employee-beneficiary's spouse or domestic partner;
(2) An employee-beneficiary's or domestic partner's unmarried child, provided the child is either under the age of nineteen or a full-time student and under the age of twenty-four;
(3) An employee-beneficiary's or domestic partner's unmarried child, regardless of age, who is incapable of self-support because of a mental or physical incapacity that existed prior to the child reaching the age of nineteen; and
(4) A child for whom an employee-beneficiary must provide health benefit coverage under the terms of a qualified medical child support order.

With respect to subsection (2), an unmarried child ceases to be eligible as of midnight of the child's nineteenth or twenty-fourth birthday, as applicable. With respect to subsections (2) and (3), the child of a domestic partner ceases to be eligible upon the dissolution of the domestic partnership. In addition, as a condition of eligibility for any child over the age of nineteen, the employee-beneficiary shall provide the Fund with written proof reasonably satisfactory to the Fund of the full-time student status of such child. Such written proof shall be provided at such times and in such form as the Fund may from time to time direct.

Notwithstanding any other provisions in these rules to the contrary, a dependent-beneficiary who is eligible to enroll in the Medicare Part B medical insurance plan shall not be eligible for coverage under any retiree benefit plan offered or sponsored by the Fund until the dependent-beneficiary has enrolled in the Medicare Part B medical insurance plan.

### 3.02 Long-Term Care

The following persons shall be eligible for any long-term care benefit plans offered or sponsored by the Fund, provided that they comply with the age, enrollment, medical underwriting and contribution requirements of such plans:

(1) Employee-beneficiaries and their spouses, parents, and grandparents;
(2) Employee-beneficiaries' in-law parents and grandparents; and
(3) Qualified-beneficiaries who enroll between the ages of twenty and eighty-five.

### 3.03 Group Life Insurance

Employees and retired employees are eligible for any group life insurance plans offered or sponsored by the Fund, provided that they comply with the age, enrollment, underwriting, and contribution requirements of such plans.

## 4.00 ENROLLMENT PROCEDURES

4.01 Application for Enrollment
4.02 Rejection of an Enrollment Application
4.03 Dual or Multiple Enrollment
4.04 Date of Filing
4.05 Failure to File Properly Completed Enrollment Application Within the Prescribed Time; Effect on Coverage Dates
4.06 Notification of Changes in Personal Information
4.07 Verification of Eligibility
4.08 Exceptions to the Timely Filing of an Enrollment Application
4.09 Open and Special Enrollment Periods
4.10 Continuation of Coverage
4.11 Contribution Shortage
4.12 Cancellation of Enrollment; Effective Dates of Cancellation
4.13 Termination of Enrollment; Effective Dates of Termination
4.14 Reinstatement of Enrollment

### 4.01 Application for Enrollment

(a) An employee-beneficiary shall file an enrollment application, in the form prescribed by the board or by the board's policy, to enroll, change or cancel an enrollment in any benefit plan, including long term care, offered or sponsored by the Fund. Unless otherwise provided by the board or by the board's policy, all enrollment applications shall be filed by the employee-beneficiary with: (1) in the case of an employee, the employee's employer; and (2) in all other cases, the Fund. Notwithstanding the foregoing, upon retirement, an employee-beneficiary shall file an enrollment application to enroll or change enrollment in the benefit plans offered or sponsored by the Fund with the entity that pays his or her retirement or pension allowance. Thereafter, the retired employee-beneficiary shall file any and all enrollment applications directly with the Fund.

(b) With due consideration of appropriate federal or state laws, the board shall set the standards and procedures for filing such enrollment applications, including, but not limited to, the form of such enrollment applications, the information required to be provided by the employee-beneficiary on such enrollment applications, and the method for filing such enrollment

applications. Enrollment applications shall include the employee-beneficiary's authorization to the state comptroller or the appropriate county director of finance to assign sufficient compensation to the Fund in payment of all contributions due from such employee-beneficiary for enrollment or coverage in any and all Fund benefit plans.

(c) A representative of an employee-beneficiary may file an enrollment application for the employee-beneficiary if:

(1) The representative has a written authorization signed by the employee-beneficiary that authorizes the representative to file such enrollment applications; or
(2) A valid court order authorizes the representative to file such enrollment applications.

**4.02 Rejection of an Enrollment Application**

(a) Any enrollment application may be rejected if it is incomplete or does not contain all information required to be provided by the employee-beneficiary.

(b) An enrollment application shall be rejected if:

(1) The application seeks to enroll a person who is not eligible to enroll in the benefit plan for which enrollment is requested;
(2) The application is not filed within the time limitations prescribed by these rules;
(3) The application contains an intentional misstatement or misrepresentation of a material fact or contains other information of a fraudulent nature;
(4) The employee-beneficiary owes past due contributions or other amounts to the Fund; or
(5) Acceptance of the application would violate applicable federal or state law or any other provision of these rules.

(c) Notification shall be provided to the employee-beneficiary of the rejection of any enrollment application.

**4.03 Dual or Multiple Enrollment**

(a) No person may be enrolled simultaneously in any benefit plan offered or sponsored by the Fund as both an employee-beneficiary and a dependent-beneficiary, nor may unmarried children be enrolled by more than one employee-beneficiary. The Fund shall cancel such dual coverage enrollments.

(b) Where an employee-beneficiary files more than one enrollment application, the enrollment application bearing the latest filing date shall be the one used by the Fund to process the employee-beneficiary's enrollment, provided the employee-beneficiary is eligible for such enrollment.

**4.04 Date of Filing**

An employee-beneficiary's enrollment application, beneficiary designation, or any other form required to be filed with the Fund shall be deemed to have been filed with the Fund on the date that the following entities, as applicable, actually receive such forms: (1) the employee-beneficiary's employer; (2) the entity that pays the employee-beneficiary's retirement or pension allowance; or (3) the Fund. However, if filed before the time or times prescribed in these rules, an enrollment application, beneficiary designation, or other form shall be deemed to have been filed on the date that the person would have been first eligible to file that document.

**4.05 Failure to File Properly Completed Enrollment Application Within the Prescribed Time; Effect on Coverage Dates**

Except as otherwise provided in these rules or by applicable federal or state law, the following shall apply to all applications to enroll in the benefit plans offered or sponsored by the Fund, to add or delete dependent-beneficiaries, or to change enrollments or coverages:

(a) No enrollment of an employee-beneficiary, addition or deletion of a dependent-beneficiary, or change in an enrollment or coverage shall be effective without the filing of a properly completed enrollment application.

(b) The effective dates of coverage, deletions of coverage, and changes in coverage shall be dependent on the filing of a properly completed

enrollment application within thirty days of the specified event that allows the filing of the application.

(c) An employee-beneficiary who fails to file an enrollment application within the time prescribed by subsection (b) or any otherwise applicable rule shall not be permitted to file that application until the next open or special enrollment period.

**4.06 Notification of Changes in Personal Information**

Each employee-beneficiary shall immediately notify the Fund in writing of any changes in the employee-beneficiary's name or address or marital or domestic partnership status, of the birth or adoption of a child or any other changes in the family status of the employee-beneficiary, and any other material changes in the information previously filed by the employee-beneficiary as part of an enrollment application. Each notice to the Fund shall be submitted through the employee-beneficiary's employer or, if none, shall be submitted directly to the Fund.

**4.07 Verification of Eligibility**

The board may require periodic verification of eligibility for employee-beneficiaries and dependent-beneficiaries enrolled by an employee-beneficiary in Fund benefit plans. The board may set standards and procedures for the required verification. If verification is not provided in accordance with the standards and procedures established by the board, the dependent-beneficiary's enrollment shall be cancelled as set forth in Rule 4.12(d).

**4.08 Exceptions to the Timely Filing of an Enrollment Application**

(a) Rule 4.05 and the times for filing enrollment applications prescribed in these rules shall not apply to the following persons:

(1) Retired members who are currently enrolled in a benefit plan offered or sponsored by the Fund;

(2) The surviving spouse, domestic partner, or any unmarried child under the age of nineteen of a deceased retired member who is eligible as an employee-beneficiary under Rule 3.01(a); and

(3) The surviving spouse, domestic partner, or any unmarried child under the age of nineteen of any employee who is killed in the performance of duty who is eligible as an employee-beneficiary under Rule 3.01(a).

(b) Coverage for the persons covered by subsection (a) shall become effective on the later of:

(1) The date of the event that makes the person eligible for enrollment when a properly completed enrollment application is filed within thirty days of the event; or

(2) The first day of the month following the date the person files a properly completed enrollment application.

(c) Nothing in this rule shall permit an employee-beneficiary or dependent-beneficiary who is eligible to enroll in the Medicare Part B medical insurance plan to be covered under any benefit plan offered or sponsored by the Fund until enrolled in the Medicare Part B medical insurance plan. Further, nothing in this rule is meant to permit the enrollment of any person who is not otherwise eligible for enrollment in the benefit plan offered or sponsored by the Fund.

**4.09 Open and Special Enrollment Periods**

Except as otherwise provided by these rules, an employee-beneficiary may file an enrollment application during an open or special enrollment period to make any one or a combination of specific enrollment changes that have been approved by the board for that open or special enrollment period. The changes that the board may approve include, but are not limited to, changes from non-enrolled to enrolled status, changes between plans, changes in levels of coverage, and cancellations. All changes made shall become effective on the date approved by the board for the open or special enrollment period.

**4.10 Continuation of Coverage**

Subject to applicable federal and state law, coverage under the benefit plans offered or sponsored by the Fund shall continue:

(a) Provided the employee-beneficiary meets the eligibility provisions of Rule 3.01 and pays the employee's premium contribution as provided by

statute, the employer's administrative rules, or an applicable bargaining unit agreement;

(b) While the employee-beneficiary participates in an employee strike authorized by chapter 89, Hawaii Revised Statutes, provided that nothing in this rule shall limit the right or ability of the Fund to collect premium contributions from any public employer or employee-beneficiaries or the remedies available to the Fund to collect such premium contributions.

(c) When an employee terminates employment and is rehired by a public employer within the same pay period or the next consecutive pay period, the employee shall be considered as having transferred employment. The employee shall be treated as if continuously enrolled in the Fund benefit plans in which the employee was enrolled at the time of termination and shall be required to pay the full cost of coverage to the extent that such is not paid by the employee's public employer. The employee shall not be allowed to change between plans unless the employee's current Fund benefit plan is unavailable at the employee's new employment location.

**4.11 Contribution Shortages**

A notice of contribution shortage shall be sent to an employee-beneficiary at his or her last known address if any portion of the employee-beneficiary's required semi-monthly contributions is not paid or is not withheld from the employee-beneficiary's earnings and transmitted to the Fund. The notice shall be sent within thirty days of the date on which the required semi-monthly contribution payment was due. Cancellation of the employee-beneficiary's enrollment due to any contribution shortage shall be as per Rule 4.12(c), and reinstatement of the employee-beneficiary's enrollment after any such cancellation shall be as per Rule 4.14(b).

**4.12 Cancellation of Enrollment; Effective Dates of Cancellation**

(a) Voluntary Cancellation Requested by the Employee-Beneficiary. An employee-beneficiary may voluntarily cancel enrollment in a Fund benefit plan at any time by filing an enrollment application requesting cancellation with the employee-beneficiary's employer or, if none, directly with the Fund. The effective date of cancellation shall be the first day of the pay period following the requested cancellation date or, if no date is specified, the effective date of cancellation shall be the first day of the pay

period after which the Fund receives the employee-beneficiary's request for cancellation.

(b) Cancellation Due to Ineligibility. The enrollment of any ineligible person who was enrolled in error or is ineligible to enroll in or be covered in a benefit plan offered or sponsored by the Fund shall be canceled:

(1) When the person is notified of the error or ineligibility prior to the effective date of the enrollment, the person shall be treated as if the enrollment application was not submitted.

(2) When the person is notified after the effective date of the enrollment, the enrollment shall be canceled on the first day of the second pay period that follows the date of the Fund's notice of cancellation to the ineligible person or employee-beneficiary.

(c) Cancellation Due to Failure to Pay Contribution Shortage. If any portion of an employee-beneficiary's required semi-monthly or monthly contributions is not paid or is not withheld from the employee-beneficiary's earnings and transmitted to the Fund within 30 days of the date of the notice of contribution shortage, the employee-beneficiary's enrollment and all coverages for dependent-beneficiaries under that enrollment shall be cancelled as of the first day following the last period for which full payment of the employee-beneficiary's required semi-monthly or monthly contributions were paid and transmitted to the Fund. However, the enrollment of the employee-beneficiary and his or her dependent-beneficiaries may be reinstated as provided in Rule 4.14(b). Cancellation of an employee-beneficiary's enrollment pursuant to this rule shall not affect the Fund's right to collect any and all contribution shortages from the employee-beneficiary.

(d) Cancellation Due to Failure to Comply with Rules. If an employee-beneficiary materially fails to comply with any of the Fund's rules, the employee-beneficiary's enrollment in all of the benefit plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment may be canceled after notice of such has been provided to the employee-beneficiary. The board may set standards and procedures for providing notice to employee-beneficiaries under this rule. The notice shall at a minimum specify how the employee-beneficiary has failed to comply with the Fund's rules, and a date by which the employee-beneficiary must comply with the Fund's rules in order to avoid

cancellation. The effective date of the cancellation shall be the date set forth in the notice as to when the employee-beneficiary must comply with the Fund's rules in order to avoid cancellation.

**4.13 Termination of Enrollment; Effective Dates of Termination**

(a) Termination Due to Change in Employment Status. An employee-beneficiary's enrollment in all benefit plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment shall be terminated upon the employee-beneficiary's loss of eligibility to participate in such plans due to a change in employment status. The effective date of the termination shall be the first day of the pay period following the effective date of the change in employment status.

(b) Termination Due to Filing of Fraudulent Claims. An employee-beneficiary's enrollment in all of the benefit plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment may be terminated if the employee-beneficiary files fraudulent claims for benefit. A dependent-beneficiary's coverage in all of the benefit plans offered or sponsored by the Fund may be terminated if the dependent-beneficiary files fraudulent claims for coverage and/or benefits. The effective date of the termination shall be the date that the Fund determines that the employee-beneficiary or dependent-beneficiary, as applicable, has filed fraudulent claims.

(c) Notice to the Fund; Recovery of Benefits. If an event occurs that makes a person ineligible for continued enrollment or coverage in the benefit plans offered or sponsored by the Fund, that person or employee-beneficiary shall notify the Fund of the event as soon as reasonably practicable. All such notices shall be in writing and shall be sent to the Fund. The Fund shall be entitled to seek recovery of any benefits that were provided to any person after an event that terminated the person's enrollment or that otherwise made that person ineligible for continued enrollment in or coverage by the benefit plans offered or sponsored by the Fund. In seeking to recover benefits under this rule, the Fund shall have the rights of offset and set-off, including without limitation, the right to recover amounts from and out of any and all future benefits payable to the person whose enrollment was terminated or who otherwise ceased to be eligible for continued enrollment or coverage in the Fund's benefit plans.

**4.14 Reinstatement of Enrollment**

(a) General Rule. Unless another rule of the Fund expressly applies, an employee-beneficiary whose enrollment in any of the Fund's benefit plans has been cancelled or terminated may not apply for reinstatement in those benefit plans. The employee-beneficiary may only apply for a new enrollment during the Fund's next open enrollment period. Any such new enrollment may be conditioned upon the employee-beneficiary meeting all the Fund's rules for eligibility and enrollment, curing any past deficiencies or failures that led to the employee-beneficiary's cancellation or termination, and providing adequate assurance that the employee-beneficiary will not further engage in the conduct that previously led to the employee-beneficiary's cancellation or termination. Nothing in this Rule shall be deemed to require the Fund to re-enroll any employee-beneficiary whose enrollment has been previously cancelled or terminated.

(b) Contribution Shortage Cancellation. If an employee-beneficiary's enrollment in the Fund's benefit plan or plans has been cancelled under Rule 4.12 (c), the employee-beneficiary's enrollment in such benefit plan or plans may be reinstated if the employee-beneficiary makes full payment of all contributions due from the employee-beneficiary by the date specified in the contribution shortage notice provided for in Rule 4.11. The reinstatement shall be made so that the employee-beneficiary and his or her dependent-beneficiaries shall suffer no break in coverage. However, if the employee-beneficiary fails to pay all contribution shortages by the date specified in the contribution shortage notice provided for in Rule 4.11, the employee-beneficiary will suffer a break in coverage and may only apply for a new enrollment at the next open enrollment as per Rule 4.14 (a).

## 5.00 HEALTH AND OTHER BENEFIT PLANS

5.01 Enrollment; Effective Dates of Coverage
5.02 Changes in Enrollment; Effective Dates of Coverage
5.03 Mandatory Change to Medicare Supplemental Plan for Retired Employees
5.04 Cancellation Due to Failure to Enroll in Medicare; Effective Date of Cancellation
5.05 Termination of Enrollment; Effective Dates of Termination
5.06 Reinstatement of Enrollment; Effective Dates of Reinstatement

### 5.01 Enrollment; Effective Dates of Coverage

(a) New Employee. An employee-beneficiary may enroll in the health benefit plans offered or sponsored by the Fund and obtain coverage for eligible dependent-beneficiaries when the employee-beneficiary is first hired as an employee. At the option of the employee-beneficiary, the effective date of coverage shall be one of the following dates: (1) the date the employee beneficiary is first hired; (2) the first day of the first pay period following the date the employee-beneficiary is first hired; or (3) the first day of the second pay period following the date the employee-beneficiary is first hired. The employee-beneficiary shall select the effective date of coverage in an enrollment application filed within thirty (30) days of the date that the employee-beneficiary is first hired. If the employee-beneficiary fails to make a selection, the effective date of coverage shall be the date the employee-beneficiary is first hired.

(b) Newly Eligible Employee. An employee-beneficiary, other than a retired member, may enroll in the health benefit plans offered or sponsored by the Fund and obtain coverage for eligible dependent-beneficiaries when the employee-beneficiary first becomes an employee due to a change in employment status. At the option of the employee-beneficiary, the effective date of coverage shall be one of the following dates: (1) the date the change in employment status occurs; (2) the first day of the first pay period following the date the change in employment status occurs; or (3) the first day of the second pay period following the date the change in employment status occurs. The employee-beneficiary shall select the effective date of coverage in an enrollment application filed within (30) days of the date the change in employment status occurs. If the employee-

beneficiary fails to make a selection, the effective date of coverage shall be the date the change in employment status occurs.

(c) Loss of Coverage in a Benefit Plan Offered by the Fund. An employee-beneficiary may enroll in the health benefit plans offered or sponsored by the Fund and obtain coverage for dependent-beneficiaries when the employee-beneficiary loses coverage under the benefit plans offered or sponsored by the Fund because the employee-beneficiary's covering enrollment was terminated or the employee-beneficiary ceased to be eligible as a dependent-beneficiary. The effective date of coverage shall be the date of the employee-beneficiary's loss of coverage.

(d) Loss of Coverage in a Non-Fund Health Benefit Plan. An employee-beneficiary who is eligible but not enrolled, may enroll in the health benefit plans offered or sponsored by the Fund, and obtain coverage for eligible dependent-beneficiaries, when the employee-beneficiary meets the conditions required for a special enrollment under 26 U.S.C. §9801(f) and the federal regulations enacted under or pursuant to that statute. These conditions are:

(1) At the time that coverage under the Fund's health benefit plans were offered to the employee-beneficiary, the employee-beneficiary was covered by a Non-Fund health benefit plan or a COBRA continuation provision; and
(2) The employee-beneficiary declined coverage under the Fund's health benefit plans because of the employee-beneficiary's coverage under the Non-Fund health benefit plan or a COBRA continuation provision; and
(3) The employee-beneficiary's coverage under the Non-Fund health benefit plan was terminated as a result of loss of eligibility for that coverage (including as a result of legal separation, divorce, death, termination of employment or reduction of hours of employment) or because employer contributions towards such coverage was terminated; or
(4) The employee-beneficiary's coverage under the COBRA continuation provision was exhausted.

The effective date of the coverage under Rule 5.01(d) shall be as follows: If a properly completed enrollment application is filed within thirty (30) days of the date that the employee-beneficiary loses coverage or the date that the employee-beneficiary's COBRA continuation coverage is

exhausted, whichever event is applicable, the effective date of coverage will be the date of that event. If a properly completed enrollment application is filed more than thirty (30) days after the event, the effective date of coverage will be the first day of the pay period after the enrollment application is received.

(e) Enrollment Due to Changes in Marital, Domestic Partnership or Family Status. An employee-beneficiary who has previously declined coverage in the health benefit plans offered or sponsored by the Fund may enroll in the Fund benefit plans when the employee-beneficiary gains a dependent through a change in marital, domestic partnership or family status, e.g., marriage, entry into domestic partnership, birth, adoption, or issuance of a qualified medical child support order. At the option of the employee-beneficiary, the effective date of enrollment shall be:

(1) With respect to a change in marital or domestic partnership status, any of the following: (i) The date the Fund receives proper notification of the change in marital or domestic partnership status, (ii) the first day of the first pay period following the date the Fund receives such notification, or (iii) the first day of the second pay period following the date the Fund receives such notification;

(2) With respect to the birth, adoption, or placement for adoption of a child, any of the following: (i) the date of the child's birth, adoption, or placement for adoption; (ii) the first day of the first pay period following the date of the child's birth, adoption, or placement for adoption; or (iii) the first day of the second pay period following the date of the child's birth, adoption, or placement for adoption; and

(3) With respect to the issuance of a qualified medical child support order, the date specified in the order, or if no date is specified, the date that the order is issued.

The employee-beneficiary shall select the effective date of coverage in an enrollment application filed within thirty (30) days of the date of the event described in Rule 5.01(e)(1)(i) or Rule 5.01(e)(2)(i), as applicable. If the employee-beneficiary fails to make a selection, the effective date of coverage shall be the date of the event described in Rule 5.01(e)(1)(i) or Rule 5.01(e)(2)(i), as applicable.

(f) Enrollment or Changes in Enrollment Upon Retirement. An employee-beneficiary may enroll or change coverages in the health benefit plans

offered or sponsored by the Fund and obtain coverage for eligible dependent-beneficiaries when that person begins to receive a retirement allowance from a state or county retirement system. The effective date of the coverage shall be the employee-beneficiary's date of retirement.

(g) Surviving Spouse, Domestic Partner, or Child of a Deceased Retiree or an Employee Who was Killed in the Performance of Duty. A surviving spouse, domestic partner or unmarried child who is eligible as an employee-beneficiary under Rule 3.01(a) may enroll in the health benefit plans offered or sponsored by the Fund. The effective date of coverage shall be determined under Rule 4.08, the date of the event that permits enrollment being the date that the retiree deceases or the date that the employee is killed in the performance of duty, whichever is applicable.

(h) The public employer's premium contributions and employee-beneficiary's premium contributions, if any, shall begin as of the first day of the pay period during which the employee-beneficiary's effective date of coverage occurs. The contributions shall not be prorated based on when the employee-beneficiary's coverage begins during the pay period. For example, if an employee-beneficiary's effective date of coverage occurs on any date during the first pay period of a month (first half of a month), the public employer and employee-beneficiary shall make contributions as if the employee-beneficiary had been enrolled in the applicable health benefit plans as of the first day of that first pay period. Similarly, if there is a change in contributions due to an employee-beneficiary's change in enrollment or coverage, the change in contributions shall begin as of the first day of the pay period during which the change in enrollment or coverage occurs. For example, if an employee-beneficiary changes enrollment or coverage during any date during the second pay period of a month (second half of a month), the public employer and employee-beneficiary shall make contributions as if the change in enrollment or coverage had occurred as of the first day of that second pay period.

**5.02 Changes in Enrollment; Effective Dates of Coverage**

(a) Additions of Dependents Due to Changes in Marital, Domestic Partnership or Family Status. An employee-beneficiary may change his or her enrollment to add coverage for dependent-beneficiaries in the Fund health benefit plans in which the employee-beneficiary is currently enrolled upon the occurrence of any of the following events: marriage, entry into domestic partnership, birth of a child, adoption of a child, addition of a

foster child, or the issuance of a qualified medical support order. At the option of the employee-beneficiary, the effective date of the change in enrollment shall be:

(1) With respect to the addition of a spouse, foster child, or other dependent-eligible, any of the following dates: (i) the date that the Fund receives proper notification of the addition of the spouse, foster child, or other dependent-eligible, (ii) the first day of the first pay period following the date that the Fund receives such notification, or (iii) the first day of the second pay period following the date that the Fund receives such notification; or

(2) With respect to the birth of a child, any of the following dates: (i) the date of the child's birth, (ii) the first day of the first pay period following the date of the child's birth, or (iii) the first day of the second pay period following the date of the child's birth; or

(3) With respect to the adoption of a child at birth, any of the following dates: (i) the date of the child's birth, provided that the employee-beneficiary provides the Trust Fund with a written certification of intent to adopt the child (in form and content satisfactory to the Fund) and an enrollment application for the child prior to the child's birth or within thirty days thereafter, (ii) the first day of the first pay period following the date of the child's birth, subject to the same conditions set forth above, or (iii) the second day of the second pay period following the date of the child's birth, subject to the same conditions set forth above; or

(4) With respect to the adoption of a child after birth, any of the following dates: (i) the date of the adoption, provided that the employee-beneficiary provides the Fund with satisfactory documents evidencing the adoption and an enrollment application for the child within thirty days of the date of adoption, (ii) the first day of the first pay period following the date of the adoption, subject to the same conditions set forth above, or (iii) the first day of the second pay period following the date of adoption, subject to the same conditions set forth above; or

(5) With respect to a child placed for adoption, any of the following dates: (i) the date that the employee-beneficiary assumes custody of and an obligation to support the child in anticipation of adopting the child , provided that the employee-beneficiary provides the Fund with a written certification of intent to adopt the child (in form and content satisfactory to the Fund) and an enrollment application for the child within thirty days of the date that the

employee-beneficiary assumes custody of and an obligation to support the child, (ii) the first day of the first pay period following the date that the employee-beneficiary assumes custody of and an obligation to support the child in anticipation of adopting the child, subject to the same conditions set forth above, or (iii) the first day of the second pay period following the date that the employee-beneficiary assumes custody of and an obligation to support the child in anticipation of adopting the child, subject to the same conditions set forth above; or

(6) With respect to a qualified medical child support order, the date specified in the order, or if no date is specified, the date that the order is issued.

Notwithstanding Rule 5.02(a) (5), the effective date of coverage for a child placed for adoption may be any other date that is specified: in an applicable court order, by a government agency placing the child, or by a licensed child placing organization placing the child. Except as otherwise required by law or these rules, Rule 4.05 shall apply to changes of enrollment under this Rule and the employee-beneficiary shall select the effective date of coverage in an enrollment application filed within thirty (30) days of the event described in Rule 5.02(a)(1)(i), 5.02(a)(2)(i), 5.02(a)(3)(i), 5.02(a)(4)(i), or 5.02(a)(5)(i), as applicable. If the employee-beneficiary fails to make a selection, the effective date of coverage shall be the date of the event described in Rule 5.02(a)(1)(i), 5.02(a)(2)(i), 5.02(a)(3)(i), 5.02 (a)(4)(i), or 5.02(a)(5)(i), as applicable.

(b) Deletions of Dependents Due to Changes in Marital, Domestic Partner or Family Status. An employee-beneficiary shall change his or her enrollment to terminate coverage of dependent-beneficiaries who cease to be eligible for continued enrollment in the Fund health benefit plans upon the occurrence of any of the following events: divorce or dissolution; annulment; legal separation; dissolution or other act ending domestic partnership; death of a spouse, domestic partner or child; failure to complete the adoption of a child; the end of any required coverage of a child under a qualified medical support order; or a child ceases to be eligible for coverage as a dependent-beneficiary under Rule 3.01(b). The effective date of change in coverage shall be the first day of the first pay period following the occurrence of the event. Employee-beneficiaries and dependent-beneficiaries are required to provide the Fund with written notice of the occurrence of these events as soon as reasonably practicable pursuant to Rule 4.06 and Rule 4.13(c).

(c) Loss of Spouse's or Domestic Partner's Coverage. An employee-beneficiary may change enrollment to add a spouse or domestic partner as a dependent-beneficiary in the Fund health benefit plans in which the employee-beneficiary is currently enrolled when the employee-beneficiary's spouse or domestic partner has lost coverage in any health benefit plan due to an employment termination or other loss of eligibility. The effective date of the change in enrollment shall be the date that the employee-beneficiary's spouse or domestic partner lost coverage in the spouse's or domestic partner's health benefit plan.

(d) Last Child Becomes Ineligible. An employee-beneficiary may change his or her enrollment in the Fund health benefit plans in which the employee-beneficiary is currently enrolled when the last of the employee-beneficiary's children becomes ineligible for coverage as a dependent-beneficiary under the health benefit plans offered or sponsored by the Fund, e.g., when the child marries, becomes nineteen years of age and is not a full-time student, is between nineteen and twenty-four years of age and ceases to be a full-time student, or becomes twenty-four years of age. The effective date of the change in enrollment shall be the date on which the child lost eligibility.

Notwithstanding Rule 4.06, if the employee-beneficiary fails to give the appropriate notice to the Fund within thirty days of the event, the effective date of the change in coverage shall be the date on which notice was received by the Fund.

(e) Changes Between Plans. An employee-beneficiary may change between health benefit plans offered or sponsored by the Fund when:

(1) The employee-beneficiary moves to a residence outside of the geographic areas covered by the employee-beneficiary's present benefit plan. The effective date of the change shall be the date of the employee-beneficiary's relocation.

(2) The employee-beneficiary is enrolled in a supplemental health benefits plan offered or sponsored by the Fund and loses primary coverage in a Non-Fund health benefits plan. The effective date of the change shall be the date that the employee-beneficiary loses coverage in the Non-Fund health benefits plan.

(f) Any change in the public employer's premium contributions and the employee-beneficiary's premium contributions, if any resulting from a change in enrollment or coverage shall begin as of the first day of the pay period in which the effective date of the employee-beneficiary's change in enrollment or coverage occurs. As in Rule 5.01(h), contributions shall not be prorated based on when the employee-beneficiary's change in enrollment or coverage occurs during the pay period.

**5.03 Mandatory Enrollment in Medicare Part B for Retired Employees**

(a) An employee-beneficiary or a dependent-beneficiary shall submit a Notice of Enrollment along with proof of enrollment in the federal Medicare Part B medical insurance plan when the employee-beneficiary or dependent-beneficiary becomes eligible to enroll in the federal Medicare Part B medical insurance plan. Notwithstanding Rule 4.05, the effective date of coverage shall be the later of the following:

(1) The date that the employee-beneficiary or dependent-beneficiary becomes eligible for Medicare provided that proof of enrollment in Medicare Part B is submitted; or
(2) The first day of the month in which the Fund receives the employee-beneficiary or dependent-beneficiary's enrollment application and proof of enrollment in Medicare Part B.

(b) Each public employer shall pay to the Fund a contribution equal to $50 per month, or such other amount as is determined by the board, for voluntary medical insurance coverage under Medicare for retired members of the employees' retirement system, county pension system, or a police, firefighters, or bandsmen pension of the State or a county as set forth in Chapter 88 of the Hawaii Revised Statutes. Out of such contributions, the Fund shall reimburse the premiums paid, exclusive of any and all Medicare penalties, by the following persons for Medicare Part B medical insurance coverage in the amount of $50 per month or such other amount as is determined by the board:

(1) An employee-beneficiary who is a retired employee;
(2) The employee-beneficiary's spouse or domestic partner while the employee-beneficiary is living; and

(3) The employee-beneficiary's spouse or domestic partner after the death of the employee-beneficiary, if the spouse or domestic partner qualifies as an employee-beneficiary under Rule 3.01(a).

Payment of these reimbursements shall be made only for those persons who are enrolled in the Medicare Part B medical insurance plan and pay their Medicare Part B medical insurance premiums to the Social Security Administration.

**5.04 Cancellation Due to Failure to Enroll in Medicare; Effective Date of Cancellation**

(a) If an employee-beneficiary becomes eligible to enroll and fails to enroll in the federal Medicare Part B medical insurance plan, the employee-beneficiary's enrollment in all of the benefit plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment shall be cancelled.

(b) If a dependent-beneficiary becomes eligible to enroll and fails to enroll in the federal Medicare Part B medical insurance plan, the dependent-beneficiary's enrollment in all of the benefit plans offered or sponsored by the Fund shall be cancelled.

(c) The effective date of any cancellation under this rule shall be the date upon which the employee-beneficiary or dependent-beneficiary, as applicable, first became eligible to enroll in the federal Medicare Part B medical insurance plan.

**5.05 Termination of Enrollment; Effective Dates of Termination**

(a) Termination Due to Surviving Spouse's or Domestic Partner's Remarriage or Entry into Domestic Partnership. A surviving spouse's or domestic partner's enrollment in all benefit plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment shall be terminated upon the surviving spouse's or domestic partner's remarriage or entry into a domestic partnership. The effective date of the termination shall be the first day of the pay period following the date of the surviving spouse's or domestic partner's remarriage or entry into a domestic partnership. Notwithstanding the foregoing, the child of a deceased retiree that is eligible to be an employee-beneficiary under Rules 3.01(a)(4) or Rule 3.01(a)(6) may continue his or her coverages by filing an enrollment application under Rule 5.01(g). The effective date of

coverage shall be as provided in Rule 4.08(b), the date of the event making the person eligible for enrollment being the date of termination of coverage due to the surviving spouse's or domestic partner's remarriage or entry into a domestic partnership.

(b) Termination Due to Child's Loss of Eligibility. A child's enrollment in all benefit plans offered or sponsored by the Fund shall be terminated upon the occurrence of any of the following events:

(1) The child marries;
(2) The child enters active military duty;
(3) The child reaches the age of nineteen and is not a full-time student;
(4) The child is between the ages of nineteen and twenty-four and ceases to be a full-time student;
(5) The child, while still a full-time student, reaches the age of twenty-four; or
(6) The employee-beneficiary fails to complete a legal adoption of the child within twelve months of the date that the child is covered by the Fund's benefit plans.

Notwithstanding Rule 5.05 (b) (6), the enrollment of a child placed for adoption shall not be terminated if the employee-beneficiary has custody of and an obligation to support the child under a court order or agreement with a government agency or licensed child placing organization.

With respect to subsections (1) and (2), the loss of eligibility as a dependent-beneficiary is permanent. Unless provided otherwise by these rules or applicable federal or state law, the effective date of the termination shall be the first day of the pay period following the date of the event or, in an event under Rule 5.05 (b) (6), the date stated in a written notice to the employee-beneficiary.

**5.06 Reinstatement of Enrollment; Effective Dates of Reinstatement**

(a) Reinstatement in Employment. If as a result of an order or award from a court, arbitrator or other entity with proper jurisdiction over the matter, an employee-beneficiary is found to have been wrongfully terminated or suspended and is ordered to be reinstated in state or county employment, the employee-beneficiary shall be reinstated in the same Fund benefit plans from which the employee-beneficiary's coverage was terminated. The effective date of the reinstatement shall be the date of termination so

that the employee-beneficiary's coverage is continuous, provided that the employee-beneficiary pays the full cost of such coverage less any contribution paid by the employer on behalf of the employee-beneficiary as provided by statute, the employer's administrative rules, or an applicable bargaining unit agreement.

If the full cost of such coverage is not paid, the employee-beneficiary shall have the option of having the reinstatement effective upon any of the following dates: (i) the employee-beneficiary's return to active duty, (ii) the first day of the first pay period following the employee-beneficiary's return to active duty, or (iii) the first day of the second pay period following the employee-beneficiary's return to active duty. The employee-beneficiary shall select the effective date of coverage in an enrollment application filed within thirty (30) days of the date that the employee-beneficiary returns to active duty If the employee-beneficiary fails to make a selection, the effective date of coverage shall be the date the employee-beneficiary returns to active duty.

(b) Return From an Authorized Leave of Absence. If an employee-beneficiary returns from an authorized leave of absence ("LOA") during which coverage was not provided by a Fund benefit plan, the employee-beneficiary may be reinstated in the same Fund benefit plans from which coverage was cancelled if the employee-beneficiary files a properly completed enrollment application. At the option of the employee-beneficiary, the reinstatement shall be effective upon any of the following dates: (i) the employee-beneficiary's return from the LOA provided the employee-beneficiary files an enrollment application in accordance with Rule 4.05 within thirty (30) days of his or her return from the LOA, (ii) the first day of the first pay period following the employee-beneficiary's return from the LOA, subject to the same conditions set forth above, or (iii) the first day of the second pay period following the employee-beneficiary's return from the LOA, subject to the same conditions set forth above. If the employee-beneficiary fails to timely file an enrollment application, the reinstatement shall be effective on the first day of the first pay period following the employee-beneficiary's proper filing of the enrollment application.

(c) Return From a Leave of Absence Covered by the Family Medical Leave Act (FMLA) Or Uniform Services Employment and Reemployment Rights Act (USERRA). If an employee-beneficiary returns from a leave of absence covered under the FMLA or USERRA and the employee-

beneficiary's enrollment in the Fund benefit plans was canceled during that leave of absence, the employee-beneficiary shall be reinstated in the same Fund benefit plans from which coverage was canceled. At the option of the employee-beneficiary, reinstatement shall be effective upon any of the following dates: (i) the date of the employee-beneficiary's return to work, (ii) the first day of the first pay period following the date of the employee-beneficiary's return to work, or (iii) the first day of the second pay period following the date of the employee-beneficiary's return to work. The employee-beneficiary shall select the effective date of coverage in an enrollment application filed within thirty (30) days of the date that the employee-beneficiary returns to work. If the employee-beneficiary fails to make a selection, the effective date of coverage shall be the date of the employee-beneficiary's return to work.

(d) Enrollment in Medicare by a Retired Employee. If the enrollment of an employee-beneficiary or the coverage of a dependent-beneficiary was terminated due to the employee-beneficiary's or dependent-beneficiary's failure to enroll in the federal Medicare Part B medical insurance plan, upon the employee-beneficiary's or dependent-beneficiary's enrollment in such plan and submission of a proper and complete enrollment application to the Fund, the employee-beneficiary or dependent-beneficiary shall be enrolled in or covered by the Medicare supplemental plan offered by the Fund. The coverage shall be effective on the date specified in Rule 5.03.

(e) The public employer's premium contributions and the employee-beneficiary's premium contributions, if any, shall begin as of the first day of the pay period during which the employee-beneficiary's effective date of coverage occurs. Similarly, if there is a change in contributions due to an employee-beneficiary's change in enrollment or coverage, the change in contributions shall begin as of the first day of the pay period during which the change in enrollment or coverage occurs. As in Rule 5.01(h), contributions shall not be prorated based on when the employee-beneficiary's coverage begins during the pay period or on when an employee-beneficiary's change in enrollment or coverage occurs during the pay period.

The Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees Administrative Rules were adopted during a regular meeting of the Board of Trustees on February 19, 2003, which were amended and approved on

May 19, 2004, August 25, 2004, September 28, 2005, March 22, 2006, September 26, 2007, August 20, 2008, and August 26, 2009. The rules shall take effect on the first day after filing with the Lieutenant Governor's Office.

George Kahoohanohano, Chairperson
Hawaii Employer-Union Health
Benefits Trust Fund

APPROVED

Linda Lingle
Governor
State of Hawaii

Date Filed, Office of the Lieutenant
Governor

'10 JAN 21 P3:10

APPROVED AS TO FORM:

Deputy Attorney General

EXHIBIT C

CONTRACT FORM AND GENERAL CONDITIONS

# GENERAL CONDITIONS

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# GENERAL CONDITIONS

1. Coordination of Services by the STATE. The head of the purchasing agency ("HOPA") (which term includes the designee of the HOPA) shall coordinate the services to be provided by the CONTRACTOR in order to complete the performance required in the Contract. The CONTRACTOR shall maintain communications with HOPA at all stages of the CONTRACTOR'S work, and submit to HOPA for resolution any questions which may arise as to the performance of this Contract. "Purchasing agency" as used in these General Conditions means and includes any governmental body which is authorized under chapter 103D, HRS, or its implementing rules and procedures, or by way of delegation, to enter into contracts for the procurement of goods or services or both.

2. Relationship of Parties: Independent Contractor Status and Responsibilities, Including Tax Responsibilities.

   a. In the performance of services required under this Contract, the CONTRACTOR is an "independent contractor," with the authority and responsibility to control and direct the performance and details of the work and services required under this Contract; however, the STATE shall have a general right to inspect work in progress to determine whether, in the STATE'S opinion, the services are being performed by the CONTRACTOR in compliance with this Contract. Unless otherwise provided by special condition, it is understood that the STATE does not agree to use the CONTRACTOR exclusively, and that the CONTRACTOR is free to contract to provide services to other individuals or entities while under contract with the STATE.

   b. The CONTRACTOR and the CONTRACTOR'S employees and agents are not by reason of this Contract, agents or employees of the State for any purpose, and the CONTRACTOR and the CONTRACTOR'S employees and agents shall not be entitled to claim or receive from the State any vacation, sick leave, retirement, workers' compensation, unemployment insurance, or other benefits provided to state employees.

   c. The CONTRACTOR shall be responsible for the accuracy, completeness, and adequacy of the CONTRACTOR'S performance under this Contract. Furthermore, the CONTRACTOR intentionally, voluntarily, and knowingly assumes the sole and entire liability to the CONTRACTOR'S employees and agents, and to any individual not a party to this Contract, for all loss, damage, or injury caused by the CONTRACTOR, or the CONTRACTOR'S employees or agents in the course of their employment.

   d. The CONTRACTOR shall be responsible for payment of all applicable federal, state, and county taxes and fees which may become due and owing by the CONTRACTOR by reason of this Contract, including but not limited to (i) income taxes, (ii) employment related fees, assessments, and taxes, and (iii) general excise taxes. The CONTRACTOR also is responsible for obtaining all licenses, permits, and certificates that may be required in order to perform this Contract.

   e. The CONTRACTOR shall obtain a general excise tax license from the Department of Taxation, State of Hawaii, in accordance with section 237-9, HRS, and shall comply with all requirements thereof. The CONTRACTOR shall obtain a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of the Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid and submit the same to the STATE prior to commencing any performance under this Contract. The CONTRACTOR shall also be solely responsible for meeting all requirements necessary to obtain the tax clearance certificate required for final payment under sections 103-53 and 103D-328, HRS, and paragraph 17 of these General Conditions.

   f. The CONTRACTOR is responsible for securing all employee-related insurance coverage for the CONTRACTOR and the CONTRACTOR'S employees and agents that is or may be required by law, and for payment of all premiums, costs, and other liabilities associated with securing the insurance coverage.

g. The CONTRACTOR shall obtain a certificate of compliance issued by the Department of Labor and Industrial Relations, State of Hawaii, in accordance with section103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.

h. The CONTRACTOR shall obtain a certificate of good standing issued by the Department of Commerce and Consumer Affairs, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.

i. In lieu of the above certificates from the Department of Taxation, Labor and Industrial Relations, and Commerce and Consumer Affairs, the CONTRACTOR may submit proof of compliance through the State Procurement Office's designated certification process.

3. Personnel Requirements.

a. The CONTRACTOR shall secure, at the CONTRACTOR'S own expense, all personnel required to perform this Contract.

b. The CONTRACTOR shall ensure that the CONTRACTOR'S employees or agents are experienced and fully qualified to engage in the activities and perform the services required under this Contract, and that all applicable licensing and operating requirements imposed or required under federal, state, or county law, and all applicable accreditation and other standards of quality generally accepted in the field of the activities of such employees and agents are complied with and satisfied.

4. Nondiscrimination. No person performing work under this Contract, including any subcontractor, employee, or agent of the CONTRACTOR, shall engage in any discrimination that is prohibited by any applicable federal, state, or county law.

5. Conflicts of Interest. The CONTRACTOR represents that neither the CONTRACTOR, nor any employee or agent of the CONTRACTOR, presently has any interest, and promises that no such interest, direct or indirect, shall be acquired, that would or might conflict in any manner or degree with the CONTRACTOR'S performance under this Contract.

6. Subcontracts and Assignments. The CONTRACTOR shall not assign or subcontract any of the CONTRACTOR'S duties, obligations, or interests under this Contract and no such assignment or subcontract shall be effective unless (i) the CONTRACTOR obtains the prior written consent of the STATE, and (ii) the CONTRACTOR'S assignee or subcontractor submits to the STATE a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR'S assignee or subcontractor have been paid. Additionally, no assignment by the CONTRACTOR of the CONTRACTOR'S right to compensation under this Contract shall be effective unless and until the assignment is approved by the Comptroller of the State of Hawaii, as provided in section 40-58, HRS.

a. Recognition of a successor in interest. When in the best interest of the State, a successor in interest may be recognized in an assignment contract in which the STATE, the CONTRACTOR and the assignee or transferee (hereinafter referred to as the "Assignee") agree that:

(1) The Assignee assumes all of the CONTRACTOR'S obligations;

(2) The CONTRACTOR remains liable for all obligations under this Contract but waives all rights under this Contract as against the STATE; and

(3) The CONTRACTOR shall continue to furnish, and the Assignee shall also furnish, all required bonds.

b. Change of name. When the CONTRACTOR asks to change the name in which it holds this Contract with the STATE, the procurement officer of the purchasing agency (hereinafter referred to as the "Agency procurement officer") shall, upon receipt of a document acceptable or satisfactory to the

Agency procurement officer indicating such change of name (for example, an amendment to the CONTRACTOR'S articles of incorporation), enter into an amendment to this Contract with the CONTRACTOR to effect such a change of name. The amendment to this Contract changing the CONTRACTOR'S name shall specifically indicate that no other terms and conditions of this Contract are thereby changed.

c. Reports. All assignment contracts and amendments to this Contract effecting changes of the CONTRACTOR'S name or novations hereunder shall be reported to the chief procurement officer (CPO) as defined in section 103D-203(a), HRS, within thirty days of the date that the assignment contract or amendment becomes effective.

d. Actions affecting more than one purchasing agency. Notwithstanding the provisions of subparagraphs 6a through 6c herein, when the CONTRACTOR holds contracts with more than one purchasing agency of the State, the assignment contracts and the novation and change of name amendments herein authorized shall be processed only through the CPO's office.

7. Indemnification and Defense. The CONTRACTOR shall defend, indemnify, and hold harmless the State of Hawaii, the contracting agency, and their officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefore, arising out of or resulting from the acts or omissions of the CONTRACTOR or the CONTRACTOR'S employees, officers, agents, or subcontractors under this Contract. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this Contract.

8. Cost of Litigation. In case the STATE shall, without any fault on its part, be made a party to any litigation commenced by or against the CONTRACTOR in connection with this Contract, the CONTRACTOR shall pay all costs and expenses incurred by or imposed on the STATE, including attorneys' fees.

9. Liquidated Damages. When the CONTRACTOR is given notice of delay or nonperformance as specified in paragraph 13 (Termination for Default) and fails to cure in the time specified, it is agreed the CONTRACTOR shall pay to the STATE the amount, if any, set forth in this Contract per calendar day from the date set for cure until either (i) the STATE reasonably obtains similar goods or services, or both, if the CONTRACTOR is terminated for default, or (ii) until the CONTRACTOR provides the goods or services, or both, if the CONTRACTOR is not terminated for default. To the extent that the CONTRACTOR'S delay or nonperformance is excused under paragraph 13d (Excuse for Nonperformance or Delay Performance), liquidated damages shall not be assessable against the CONTRACTOR. The CONTRACTOR remains liable for damages caused other than by delay.

10. STATE'S Right of Offset. The STATE may offset against any monies or other obligations the STATE owes to the CONTRACTOR under this Contract, any amounts owed to the State of Hawaii by the CONTRACTOR under this Contract or any other contracts, or pursuant to any law or other obligation owed to the State of Hawaii by the CONTRACTOR, including, without limitation, the payment of any taxes or levies of any kind or nature. The STATE will notify the CONTRACTOR in writing of any offset and the nature of such offset. For purposes of this paragraph, amounts owed to the State of Hawaii shall not include debts or obligations which have been liquidated, agreed to by the CONTRACTOR, and are covered by an installment payment or other settlement plan approved by the State of Hawaii, provided, however, that the CONTRACTOR shall be entitled to such exclusion only to the extent that the CONTRACTOR is current with, and not delinquent on, any payments or obligations owed to the State of Hawaii under such payment or other settlement plan.

11. Disputes. Disputes shall be resolved in accordance with section 103D-703, HRS, and chapter 3-126, Hawaii Administrative Rules ("HAR"), as the same may be amended from time to time.

12. Suspension of Contract. The STATE reserves the right at any time and for any reason to suspend this Contract for any reasonable period, upon written notice to the CONTRACTOR in accordance with the provisions herein.

a. Order to stop performance. The Agency procurement officer may, by written order to the CONTRACTOR, at any time, and without notice to any surety, require the CONTRACTOR to stop all or any part of the performance called for by this Contract. This order shall be for a specified

period not exceeding sixty (60) days after the order is delivered to the CONTRACTOR, unless the parties agree to any further period. Any such order shall be identified specifically as a stop performance order issued pursuant to this section. Stop performance orders shall include, as appropriate: (1) A clear description of the work to be suspended; (2) Instructions as to the issuance of further orders by the CONTRACTOR for material or services; (3) Guidance as to action to be taken on subcontracts; and (4) Other instructions and suggestions to the CONTRACTOR for minimizing costs. Upon receipt of such an order, the CONTRACTOR shall forthwith comply with its terms and suspend all performance under this Contract at the time stated, provided, however, the CONTRACTOR shall take all reasonable steps to minimize the occurrence of costs allocable to the performance covered by the order during the period of performance stoppage. Before the stop performance order expires, or within any further period to which the parties shall have agreed, the Agency procurement officer shall either:

(1) Cancel the stop performance order; or

(2) Terminate the performance covered by such order as provided in the termination for default provision or the termination for convenience provision of this Contract.

b. Cancellation or expiration of the order. If a stop performance order issued under this section is cancelled at any time during the period specified in the order, or if the period of the order or any extension thereof expires, the CONTRACTOR shall have the right to resume performance. An appropriate adjustment shall be made in the delivery schedule or contract price, or both, and the Contract shall be modified in writing accordingly, if:

(1) The stop performance order results in an increase in the time required for, or in the CONTRACTOR'S cost properly allocable to, the performance of any part of this Contract; and

(2) The CONTRACTOR asserts a claim for such an adjustment within thirty (30) days after the end of the period of performance stoppage; provided that, if the Agency procurement officer decides that the facts justify such action, any such claim asserted may be received and acted upon at any time prior to final payment under this Contract.

c. Termination of stopped performance. If a stop performance order is not cancelled and the performance covered by such order is terminated for default or convenience, the reasonable costs resulting from the stop performance order shall be allowable by adjustment or otherwise.

d. Adjustment of price. Any adjustment in contract price made pursuant to this paragraph shall be determined in accordance with the price adjustment provision of this Contract.

13. Termination for Default.

a. Default. If the CONTRACTOR refuses or fails to perform any of the provisions of this Contract with such diligence as will ensure its completion within the time specified in this Contract, or any extension thereof, otherwise fails to timely satisfy the Contract provisions, or commits any other substantial breach of this Contract, the Agency procurement officer may notify the CONTRACTOR in writing of the delay or non-performance and if not cured in ten (10) days or any longer time specified in writing by the Agency procurement officer, such officer may terminate the CONTRACTOR'S right to proceed with the Contract or such part of the Contract as to which there has been delay or a failure to properly perform. In the event of termination in whole or in part, the Agency procurement officer may procure similar goods or services in a manner and upon the terms deemed appropriate by the Agency procurement officer. The CONTRACTOR shall continue performance of the Contract to the extent it is not terminated and shall be liable for excess costs incurred in procuring similar goods or services.

b. CONTRACTOR'S duties. Notwithstanding termination of the Contract and subject to any directions from the Agency procurement officer, the CONTRACTOR shall take timely, reasonable, and

necessary action to protect and preserve property in the possession of the CONTRACTOR in which the STATE has an interest.

c. Compensation. Payment for completed goods and services delivered and accepted by the STATE shall be at the price set forth in the Contract. Payment for the protection and preservation of property shall be in an amount agreed upon by the CONTRACTOR and the Agency procurement officer. If the parties fail to agree, the Agency procurement officer shall set an amount subject to the CONTRACTOR'S rights under chapter 3-126, HAR. The STATE may withhold from amounts due the CONTRACTOR such sums as the Agency procurement officer deems to be necessary to protect the STATE against loss because of outstanding liens or claims and to reimburse the STATE for the excess costs expected to be incurred by the STATE in procuring similar goods and services.

d. Excuse for nonperformance or delayed performance. The CONTRACTOR shall not be in default by reason of any failure in performance of this Contract in accordance with its terms, including any failure by the CONTRACTOR to make progress in the prosecution of the performance hereunder which endangers such performance, if the CONTRACTOR has notified the Agency procurement officer within fifteen (15) days after the cause of the delay and the failure arises out of causes such as: acts of God; acts of a public enemy; acts of the State and any other governmental body in its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes or other labor disputes; freight embargoes; or unusually severe weather. If the failure to perform is caused by the failure of a subcontractor to perform or to make progress, and if such failure arises out of causes similar to those set forth above, the CONTRACTOR shall not be deemed to be in default, unless the goods and services to be furnished by the subcontractor were reasonably obtainable from other sources in sufficient time to permit the CONTRACTOR to meet the requirements of the Contract. Upon request of the CONTRACTOR, the Agency procurement officer shall ascertain the facts and extent of such failure, and, if such officer determines that any failure to perform was occasioned by any one or more of the excusable causes, and that, but for the excusable cause, the CONTRACTOR'S progress and performance would have met the terms of the Contract, the delivery schedule shall be revised accordingly, subject to the rights of the STATE under this Contract. As used in this paragraph, the term "subcontractor" means subcontractor at any tier.

e. Erroneous termination for default. If, after notice of termination of the CONTRACTOR'S right to proceed under this paragraph, it is determined for any reason that the CONTRACTOR was not in default under this paragraph, or that the delay was excusable under the provisions of subparagraph 13d, "Excuse for nonperformance or delayed performance," the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to paragraph 14.

f. Additional rights and remedies. The rights and remedies provided in this paragraph are in addition to any other rights and remedies provided by law or under this Contract.

14. Termination for Convenience.

a. Termination. The Agency procurement officer may, when the interests of the STATE so require, terminate this Contract in whole or in part, for the convenience of the STATE. The Agency procurement officer shall give written notice of the termination to the CONTRACTOR specifying the part of the Contract terminated and when termination becomes effective.

b. CONTRACTOR'S obligations. The CONTRACTOR shall incur no further obligations in connection with the terminated performance and on the date(s) set in the notice of termination the CONTRACTOR will stop performance to the extent specified. The CONTRACTOR shall also terminate outstanding orders and subcontracts as they relate to the terminated performance. The CONTRACTOR shall settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated performance subject to the STATE'S approval. The Agency procurement officer may direct the CONTRACTOR to assign the CONTRACTOR'S right, title, and interest under terminated orders or subcontracts to the STATE. The CONTRACTOR must still complete the performance not terminated by the notice of termination and may incur obligations as necessary to do so.

c. Right to goods and work product. The Agency procurement officer may require the CONTRACTOR to transfer title and deliver to the STATE in the manner and to the extent directed by the Agency procurement officer:

(1) Any completed goods or work product; and

(2) The partially completed goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing material") as the CONTRACTOR has specifically produced or specially acquired for the performance of the terminated part of this Contract.

The CONTRACTOR shall, upon direction of the Agency procurement officer, protect and preserve property in the possession of the CONTRACTOR in which the STATE has an interest. If the Agency procurement officer does not exercise this right, the CONTRACTOR shall use best efforts to sell such goods and manufacturing materials. Use of this paragraph in no way implies that the STATE has breached the Contract by exercise of the termination for convenience provision.

d. Compensation.

(1) The CONTRACTOR shall submit a termination claim specifying the amounts due because of the termination for convenience together with the cost or pricing data, submitted to the extent required by chapter 3-122, HAR, bearing on such claim. If the CONTRACTOR fails to file a termination claim within one year from the effective date of termination, the Agency procurement officer may pay the CONTRACTOR, if at all, an amount set in accordance with subparagraph 14d(3) below.

(2) The Agency procurement officer and the CONTRACTOR may agree to a settlement provided the CONTRACTOR has filed a termination claim supported by cost or pricing data submitted as required and that the settlement does not exceed the total Contract price plus settlement costs reduced by payments previously made by the STATE, the proceeds of any sales of goods and manufacturing materials under subparagraph 14c, and the Contract price of the performance not terminated.

(3) Absent complete agreement under subparagraph 14d(2) the Agency procurement officer shall pay the CONTRACTOR the following amounts, provided payments agreed to under subparagraph 14d(2) shall not duplicate payments under this subparagraph for the following:

(A) Contract prices for goods or services accepted under the Contract;

(B) Costs incurred in preparing to perform and performing the terminated portion of the performance plus a fair and reasonable profit on such portion of the performance, such profit shall not include anticipatory profit or consequential damages, less amounts paid or to be paid for accepted goods or services; provided, however, that if it appears that the CONTRACTOR would have sustained a loss if the entire Contract would have been completed, no profit shall be allowed or included and the amount of compensation shall be reduced to reflect the anticipated rate of loss;

(C) Costs of settling and paying claims arising out of the termination of subcontracts or orders pursuant to subparagraph 14b. These costs must not include costs paid in accordance with subparagraph 14d(3)(B);

(D) The reasonable settlement costs of the CONTRACTOR, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the Contract and for the termination of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of property allocable to the terminated portion of this Contract. The total sum to be paid the CONTRACTOR under this subparagraph shall not exceed the

total Contract price plus the reasonable settlement costs of the CONTRACTOR reduced by the amount of payments otherwise made, the proceeds of any sales of supplies and manufacturing materials under subparagraph 14d(2), and the contract price of performance not terminated.

(4) Costs claimed, agreed to, or established under subparagraphs 14d(2) and 14d(3) shall be in accordance with Chapter 3-123 (Cost Principles) of the Procurement Rules.

15. Claims Based on the Agency Procurement Officer's Actions or Omissions.

a. Changes in scope. If any action or omission on the part of the Agency procurement officer (which term includes the designee of such officer for purposes of this paragraph 15) requiring performance changes within the scope of the Contract constitutes the basis for a claim by the CONTRACTOR for additional compensation, damages, or an extension of time for completion, the CONTRACTOR shall continue with performance of the Contract in compliance with the directions or orders of such officials, but by so doing, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, damages, or an extension of time for completion; provided:

(1) Written notice required. The CONTRACTOR shall give written notice to the Agency procurement officer:

(A) Prior to the commencement of the performance involved, if at that time the CONTRACTOR knows of the occurrence of such action or omission;

(B) Within thirty (30) days after the CONTRACTOR knows of the occurrence of such action or omission, if the CONTRACTOR did not have such knowledge prior to the commencement of the performance; or

(C) Within such further time as may be allowed by the Agency procurement officer in writing.

(2) Notice content. This notice shall state that the CONTRACTOR regards the act or omission as a reason which may entitle the CONTRACTOR to additional compensation, damages, or an extension of time. The Agency procurement officer, upon receipt of such notice, may rescind such action, remedy such omission, or take such other steps as may be deemed advisable in the discretion of the Agency procurement officer;

(3) Basis must be explained. The notice required by subparagraph 15a(1) describes as clearly as practicable at the time the reasons why the CONTRACTOR believes that additional compensation, damages, or an extension of time may be remedies to which the CONTRACTOR is entitled; and

(4) Claim must be justified. The CONTRACTOR must maintain and, upon request, make available to the Agency procurement officer within a reasonable time, detailed records to the extent practicable, and other documentation and evidence satisfactory to the STATE, justifying the claimed additional costs or an extension of time in connection with such changes.

b. CONTRACTOR not excused. Nothing herein contained, however, shall excuse the CONTRACTOR from compliance with any rules or laws precluding any state officers and CONTRACTOR from acting in collusion or bad faith in issuing or performing change orders which are clearly not within the scope of the Contract.

c. Price adjustment. Any adjustment in the price made pursuant to this paragraph shall be determined in accordance with the price adjustment provision of this Contract.

16. Costs and Expenses. Any reimbursement due the CONTRACTOR for per diem and transportation expenses under this Contract shall be subject to chapter 3-123 (Cost Principles), HAR, and the following guidelines:

a. Reimbursement for air transportation shall be for actual cost or coach class air fare, whichever is less.

b. Reimbursement for ground transportation costs shall not exceed the actual cost of renting an intermediate-sized vehicle.

c. Unless prior written approval of the HOPA is obtained, reimbursement for subsistence allowance (i.e., hotel and meals, etc.) shall not exceed the applicable daily authorized rates for inter-island or out-of-state travel that are set forth in the current Governor's Executive Order authorizing adjustments in salaries and benefits for state officers and employees in the executive branch who are excluded from collective bargaining coverage.

17. Payment Procedures; Final Payment; Tax Clearance.

a. Original invoices required. All payments under this Contract shall be made only upon submission by the CONTRACTOR of original invoices specifying the amount due and certifying that services requested under the Contract have been performed by the CONTRACTOR according to the Contract.

b. Subject to available funds. Such payments are subject to availability of funds and allotment by the Director of Finance in accordance with chapter 37, HRS. Further, all payments shall be made in accordance with and subject to chapter 40, HRS.

c. Prompt payment.

(1) Any money, other than retainage, paid to the CONTRACTOR shall be disbursed to subcontractors within ten (10) days after receipt of the money in accordance with the terms of the subcontract; provided that the subcontractor has met all the terms and conditions of the subcontract and there are no bona fide disputes; and

(2) Upon final payment to the CONTRACTOR, full payment to the subcontractor, including retainage, shall be made within ten (10) days after receipt of the money; provided that there are no bona fide disputes over the subcontractor's performance under the subcontract.

d. Final payment. Final payment under this Contract shall be subject to sections 103-53 and 103D-328, HRS, which require a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid. Further, in accordance with section 3-122-112, HAR, CONTRACTOR shall provide a certificate affirming that the CONTRACTOR has remained in compliance with all applicable laws as required by this section.

18. Federal Funds. If this Contract is payable in whole or in part from federal funds, CONTRACTOR agrees that, as to the portion of the compensation under this Contract to be payable from federal funds, the CONTRACTOR shall be paid only from such funds received from the federal government, and shall not be paid from any other funds. Failure of the STATE to receive anticipated federal funds shall not be considered a breach by the STATE or an excuse for nonperformance by the CONTRACTOR.

19. Modifications of Contract.

a. In writing. Any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract permitted by this Contract shall be made by written amendment to this Contract, signed by the CONTRACTOR and the STATE, provided that change orders shall be made in accordance with paragraph 20 herein.

b. No oral modification. No oral modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract shall be permitted.

c. Agency procurement officer. By written order, at any time, and without notice to any surety, the Agency procurement officer may unilaterally order of the CONTRACTOR:

(A) Changes in the work within the scope of the Contract; and

(B) Changes in the time of performance of the Contract that do not alter the scope of the Contract work.

d. Adjustments of price or time for performance. If any modification increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, an adjustment shall be made and this Contract modified in writing accordingly. Any adjustment in contract price made pursuant to this clause shall be determined, where applicable, in accordance with the price adjustment clause of this Contract or as negotiated.

e. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if written modification of the Contract is not made prior to final payment under this Contract.

f. Claims not barred. In the absence of a written contract modification, nothing in this clause shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under this Contract or for a breach of contract.

g. Head of the purchasing agency approval. If this is a professional services contract awarded pursuant to section 103D-303 or 103D-304, HRS, any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract which increases the amount payable to the CONTRACTOR by at least $25,000.00 and ten per cent (10%) or more of the initial contract price, must receive the prior approval of the head of the purchasing agency.

h. Tax clearance. The STATE may, at its discretion, require the CONTRACTOR to submit to the STATE, prior to the STATE'S approval of any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract, a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid.

i. Sole source contracts. Amendments to sole source contracts that would change the original scope of the Contract may only be made with the approval of the CPO. Annual renewal of a sole source contract for services should not be submitted as an amendment.

20. Change Order. The Agency procurement officer may, by a written order signed only by the STATE, at any time, and without notice to any surety, and subject to all appropriate adjustments, make changes within the general scope of this Contract in any one or more of the following:

(1) Drawings, designs, or specifications, if the goods or services to be furnished are to be specially provided to the STATE in accordance therewith;

(2) Method of delivery; or

(3) Place of delivery.

a. Adjustments of price or time for performance. If any change order increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, whether or not changed by the order, an adjustment shall be made and the Contract modified in writing accordingly. Any adjustment in the Contract price made pursuant to this provision shall be determined in accordance with the price adjustment provision of this Contract. Failure of the parties to agree to an adjustment shall not excuse the CONTRACTOR from proceeding with the Contract as changed, provided that the Agency procurement officer promptly and duly makes the provisional adjustments in payment or time for performance as may be reasonable. By

proceeding with the work, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, or any extension of time for completion.

b. Time period for claim. Within ten (10) days after receipt of a written change order under subparagraph 20a, unless the period is extended by the Agency procurement officer in writing, the CONTRACTOR shall respond with a claim for an adjustment. The requirement for a timely written response by CONTRACTOR cannot be waived and shall be a condition precedent to the assertion of a claim.

c. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if a written response is not given prior to final payment under this Contract.

d. Other claims not barred. In the absence of a change order, nothing in this paragraph 20 shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under the Contract or for breach of contract.

21. Price Adjustment.

a. Price adjustment. Any adjustment in the contract price pursuant to a provision in this Contract shall be made in one or more of the following ways:

(1) By agreement on a fixed price adjustment before commencement of the pertinent performance or as soon thereafter as practicable;

(2) By unit prices specified in the Contract or subsequently agreed upon;

(3) By the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as specified in the Contract or subsequently agreed upon;

(4) In such other manner as the parties may mutually agree; or

(5) In the absence of agreement between the parties, by a unilateral determination by the Agency procurement officer of the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as computed by the Agency procurement officer in accordance with generally accepted accounting principles and applicable sections of chapters 3-123 and 3-126, HAR.

b. Submission of cost or pricing data. The CONTRACTOR shall provide cost or pricing data for any price adjustments subject to the provisions of chapter 3-122, HAR.

22. Variation in Quantity for Definite Quantity Contracts. Upon the agreement of the STATE and the CONTRACTOR, the quantity of goods or services, or both, if a definite quantity is specified in this Contract, may be increased by a maximum of ten per cent (10%); provided the unit prices will remain the same except for any price adjustments otherwise applicable; and the Agency procurement officer makes a written determination that such an increase will either be more economical than awarding another contract or that it would not be practical to award another contract.

23. Changes in Cost-Reimbursement Contract. If this Contract is a cost-reimbursement contract, the following provisions shall apply:

a. The Agency procurement officer may at any time by written order, and without notice to the sureties, if any, make changes within the general scope of the Contract in any one or more of the following:

(1) Description of performance (Attachment 1);

(2) Time of performance (i.e., hours of the day, days of the week, etc.);

(3) Place of performance of services;

(4) Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the STATE in accordance with the drawings, designs, or specifications;

(5) Method of shipment or packing of supplies; or

(6) Place of delivery.

b. If any change causes an increase or decrease in the estimated cost of, or the time required for performance of, any part of the performance under this Contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this Contract, the Agency procurement officer shall make an equitable adjustment in the (1) estimated cost, delivery or completion schedule, or both; (2) amount of any fixed fee; and (3) other affected terms and shall modify the Contract accordingly.

c. The CONTRACTOR must assert the CONTRACTOR'S rights to an adjustment under this provision within thirty (30) days from the day of receipt of the written order. However, if the Agency procurement officer decides that the facts justify it, the Agency procurement officer may receive and act upon a proposal submitted before final payment under the Contract.

d. Failure to agree to any adjustment shall be a dispute under paragraph 11 of this Contract. However, nothing in this provision shall excuse the CONTRACTOR from proceeding with the Contract as changed.

e. Notwithstanding the terms and conditions of subparagraphs 23a and 23b, the estimated cost of this Contract and, if this Contract is incrementally funded, the funds allotted for the performance of this Contract, shall not be increased or considered to be increased except by specific written modification of the Contract indicating the new contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract.

24. Confidentiality of Material.

a. All material given to or made available to the CONTRACTOR by virtue of this Contract, which is identified as proprietary or confidential information, will be safeguarded by the CONTRACTOR and shall not be disclosed to any individual or organization without the prior written approval of the STATE.

b. All information, data, or other material provided by the CONTRACTOR to the STATE shall be subject to the Uniform Information Practices Act, chapter 92F, HRS.

25. Publicity. The CONTRACTOR shall not refer to the STATE, or any office, agency, or officer thereof, or any state employee, including the HOPA, the CPO, the Agency procurement officer, or to the services or goods, or both, provided under this Contract, in any of the CONTRACTOR'S brochures, advertisements, or other publicity of the CONTRACTOR. All media contacts with the CONTRACTOR about the subject matter of this Contract shall be referred to the Agency procurement officer.

26. Ownership Rights and Copyright. The STATE shall have complete ownership of all material, both finished and unfinished, which is developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract, and all such material shall be considered "works made for hire." All such material shall be delivered to the STATE upon expiration or termination of this Contract. The STATE, in its sole discretion, shall have the exclusive right to copyright any product, concept, or material developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract.

27. Liens and Warranties. Goods provided under this Contract shall be provided free of all liens and provided together with all applicable warranties, or with the warranties described in the Contract documents, whichever are greater.

28. Audit of Books and Records of the CONTRACTOR. The STATE may, at reasonable times and places, audit the books and records of the CONTRACTOR, prospective contractor, subcontractor, or prospective subcontractor which are related to:

    a. The cost or pricing data, and

    b. A state contract, including subcontracts, other than a firm fixed-price contract.

29. Cost or Pricing Data. Cost or pricing data must be submitted to the Agency procurement officer and timely certified as accurate for contracts over $100,000 unless the contract is for a multiple-term or as otherwise specified by the Agency procurement officer. Unless otherwise required by the Agency procurement officer, cost or pricing data submission is not required for contracts awarded pursuant to competitive sealed bid procedures.

    If certified cost or pricing data are subsequently found to have been inaccurate, incomplete, or noncurrent as of the date stated in the certificate, the STATE is entitled to an adjustment of the contract price, including profit or fee, to exclude any significant sum by which the price, including profit or fee, was increased because of the defective data. It is presumed that overstated cost or pricing data increased the contract price in the amount of the defect plus related overhead and profit or fee. Therefore, unless there is a clear indication that the defective data was not used or relied upon, the price will be reduced in such amount.

30. Audit of Cost or Pricing Data. When cost or pricing principles are applicable, the STATE may require an audit of cost or pricing data.

31. Records Retention.

    (1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.

    (2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three (3) years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the STATE at the request of the STATE.

32. Antitrust Claims. The STATE and the CONTRACTOR recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the purchaser. Therefore, the CONTRACTOR hereby assigns to STATE any and all claims for overcharges as to goods and materials purchased in connection with this Contract, except as to overcharges which result from violations commencing after the price is established under this Contract and which are not passed on to the STATE under an escalation clause.

33. Patented Articles. The CONTRACTOR shall defend, indemnify, and hold harmless the STATE, and its officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys fees, and all claims, suits, and demands arising out of or resulting from any claims, demands, or actions by the patent holder for infringement or other improper or unauthorized use of any patented article, patented process, or patented appliance in connection with this Contract. The CONTRACTOR shall be solely responsible for correcting or curing to the satisfaction of the STATE any such infringement or improper or unauthorized use, including, without limitation: (a) furnishing at no cost to the STATE a substitute article, process, or appliance acceptable to the STATE, (b) paying royalties or other required payments to the patent holder, (c) obtaining proper authorizations or releases from the patent holder, and (d) furnishing such security to or making such arrangements with the patent holder as may be necessary to correct or cure any such infringement or improper or unauthorized use.

34. Governing Law. The validity of this Contract and any of its terms or provisions, as well as the rights and duties of the parties to this Contract, shall be governed by the laws of the State of Hawaii. Any action at law or in equity to enforce or interpret the provisions of this Contract shall be brought in a state court of competent jurisdiction in Honolulu, Hawaii.

35. Compliance with Laws. The CONTRACTOR shall comply with all federal, state, and county laws, ordinances, codes, rules, and regulations, as the same may be amended from time to time, that in any way affect the CONTRACTOR'S performance of this Contract.

36. Conflict Between General Conditions and Procurement Rules. In the event of a conflict between the General Conditions and the procurement rules, the procurement rules in effect on the date this Contract became effective shall control and are hereby incorporated by reference.

37. Entire Contract. This Contract sets forth all of the agreements, conditions, understandings, promises, warranties, and representations between the STATE and the CONTRACTOR relative to this Contract. This Contract supersedes all prior agreements, conditions, understandings, promises, warranties, and representations, which shall have no further force or effect. There are no agreements, conditions, understandings, promises, warranties, or representations, oral or written, express or implied, between the STATE and the CONTRACTOR other than as set forth or as referred to herein.

38. Severability. In the event that any provision of this Contract is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Contract.

39. Waiver. The failure of the STATE to insist upon the strict compliance with any term, provision, or condition of this Contract shall not constitute or be deemed to constitute a waiver or relinquishment of the STATE'S right to enforce the same in accordance with this Contract. The fact that the STATE specifically refers to one provision of the procurement rules or one section of the Hawaii Revised Statutes, and does not include other provisions or statutory sections in this Contract shall not constitute a waiver or relinquishment of the STATE'S rights or the CONTRACTOR'S obligations under the procurement rules or statutes.

40. Pollution Control. If during the performance of this Contract, the CONTRACTOR encounters a "release" or a "threatened release" of a reportable quantity of a "hazardous substance," "pollutant," or "contaminant" as those terms are defined in section 128D-1, HRS, the CONTRACTOR shall immediately notify the STATE and all other appropriate state, county, or federal agencies as required by law. The Contractor shall take all necessary actions, including stopping work, to avoid causing, contributing to, or making worse a release of a hazardous substance, pollutant, or contaminant, and shall promptly obey any orders the Environmental Protection Agency or the state Department of Health issues in response to the release. In the event there is an ensuing cease-work period, and the STATE determines that this Contract requires an adjustment of the time for performance, the Contract shall be modified in writing accordingly.

41. Campaign Contributions. The CONTRACTOR is hereby notified of the applicability of 11-355, HRS, which states that campaign contributions are prohibited from specified state or county government contractors during the terms of their contracts if the contractors are paid with funds appropriated by a legislative body.

42. Confidentiality of Personal Information.

a. Definitions.

"Personal information" means an individual's first name or first initial and last name in combination with any one or more of the following data elements, when either name or data elements are not encrypted:

(1) Social security number;

(2) Driver's license number or Hawaii identification card number; or

(3) Account number, credit or debit card number, access code, or password that would permit access to an individual's financial information.

Personal information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

"Technological safeguards" means the technology and the policy and procedures for use of the technology to protect and control access to personal information.

b. Confidentiality of Material.

(1) All material given to or made available to the CONTRACTOR by the STATE by virtue of this Contract which is identified as personal information, shall be safeguarded by the CONTRACTOR and shall not be disclosed without the prior written approval of the STATE.

(2) CONTRACTOR agrees not to retain, use, or disclose personal information for any purpose other than as permitted or required by this Contract.

(3) CONTRACTOR agrees to implement appropriate "technological safeguards" that are acceptable to the STATE to reduce the risk of unauthorized access to personal information.

(4) CONTRACTOR shall report to the STATE in a prompt and complete manner any security breaches involving personal information.

(5) CONTRACTOR agrees to mitigate, to the extent practicable, any harmful effect that is known to CONTRACTOR because of a use or disclosure of personal information by CONTRACTOR in violation of the requirements of this paragraph.

(6) CONTRACTOR shall complete and retain a log of all disclosures made of personal information received from the STATE, or personal information created or received by CONTRACTOR on behalf of the STATE.

c. Security Awareness Training and Confidentiality Agreements.

(1) CONTRACTOR certifies that all of its employees who will have access to the personal information have completed training on security awareness topics relating to protecting personal information.

(2) CONTRACTOR certifies that confidentiality agreements have been signed by all of its employees who will have access to the personal information acknowledging that:

(A) The personal information collected, used, or maintained by the CONTRACTOR will be treated as confidential;

(B) Access to the personal information will be allowed only as necessary to perform the Contract; and

(C) Use of the personal information will be restricted to uses consistent with the services subject to this Contract.

d. Termination for Cause. In addition to any other remedies provided for by this Contract, if the STATE learns of a material breach by CONTRACTOR of this paragraph by CONTRACTOR, the STATE may at its sole discretion:

(1) Provide an opportunity for the CONTRACTOR to cure the breach or end the violation; or

(2) Immediately terminate this Contract.

In either instance, the CONTRACTOR and the STATE shall follow chapter 487N, HRS, with respect to notification of a security breach of personal information.

e. Records Retention.

(1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.

(2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three (3) years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the STATE at the request of the STATE.

EXHIBIT D

EVIDENCE OF COVERAGE DOCUMENTS

Full benefit descriptions are available at the following EUTF Web Site

http://eutf.hawaii.gov/records-and-references/links-to-carrier-sites

EXHIBIT E

PERFORMANCE GUARANTEES

OFFEROR must agree to put "at risk" $60,000 of its administrative and retention fee toward all contracts for Active and Retiree Plans issued to the OFFEROR.

Performance under these guarantees will be self-measured, calculated and paid quarterly, subject to audit by EUTF, based on the combined performance under all contracts issued to the OFFEROR if more than one contract is issued to an OFFEROR.

| | **Penalty** | **Guarantee** |
|---|---|---|
| Call Center Response | $15,000 (Divided equally among 3 sub-categories) | |
| | | Answer 100% of calls within 20 seconds (not including calls answered by an automated voice response system). |
| | | Resolve 99% of telephone inquiries/issues of all telephone inquiries/issues at the first point of contact (the number of telephone inquiries/issues completely resolved at the time of initial contact divided by the total number of calls). |
| | | Maintain call abandonment rate below 3%. |
| Claim Processing and Claim Service | $15,000 (Divided equally among 4 sub-categories) | |
| | | Process 100% of claims within 5 business days of receipt of appropriate documents. |
| | | Achieve 95% of coding accuracy. |
| | | Resolve 98% of written inquires within 10 business days of receipt of inquiry. |
| | | Process 99% of appeals within 30 calendar days (first level). |
| EUTF Trustee and EUTF Administration Service | $15,000 (Divided equally among 3 sub-categories) | |
| | | Resolve 95% of enrollee issues within 3 business days, any case that required the involvement of EUTF's staff due to incorrect or incomplete information being provided by the contractor. |

| | | |
|---|---|---|
| | | Respond to 95% of Trustee, Administrator and EUTF staff inquires within the same business day, or the next business day if the inquiry is made after 3:00 PM, HST. |
| | | Provide required monthly reports within the prescribed time for Board meeting. |
| Plan Administration | $15,000 (Divided equally among 2 sub-categories) | |
| | | Weekly 834 file loads not to exceed 24 hours after receipt and all transactions (enrollments, terminations, life event, other changes), including mailing of ID cards, processed within 48 hours. |
| | | Process eligibility and other changes within 99% accuracy. |

EXHIBIT F

BUSINESS ASSOCIATE AGREEMENT

# BUSINESS ASSOCIATE AGREEMENT

This Agreement, is effective as of _____, between the Hawai‘i Employer-Union Health Benefits Trust Fund, State of Hawai‘i (hereinafter the "STATE"), by its Acting Administrator, whose address is 201 Merchant Street, Suite 1520, Honolulu, Hawai‘i 96813, and _____(hereinafter "BUSINESS ASSOCIATE"), a _____, whose business address is as follows: _____.

## RECITALS

A. The STATE has entered into a contract with BUSINESS ASSOCIATE and/or procured the following goods and services from BUSINESS ASSOCIATE: _____

B. BUSINESS ASSOCIATE's contract and/or provision of goods and performance of services may require that: (1) Protected Health Information (defined below) or Electronic Protected Health Information (defined below) be disclosed to or used by BUSINESS ASSOCIATE; (2) BUSINESS ASSOCIATE create, receive, maintain or transmit Protected Health Information or Electronic Protected Health Information on behalf of the STATE; and/or (3) BUSINESS ASSOCIATE be provided or have access to Personal Information (defined below).

C. Both parties are committed to complying with the Privacy and Security Laws (defined below) with respect to Protected Health Information, Electronic Protected Health Information, and Personal Information.

D. This Agreement sets forth the terms and conditions pursuant to which the following will be handled: (1) Protected Health Information and Electronic Protected Health Information that is disclosed to or used by BUSINESS ASSOCIATE by virtue of its contract with the STATE and/or its provision of goods and services to or for the STATE; (2) Protected Health Information and Electronic Protected Health Information that is created, received, maintained or transmitted by BUSINESS ASSOCIATE on behalf of the STATE; and (3) Personal Information provided to BUSINESS ASSOCIATE or to which BUSINESS ASSOCIATE will have access by virtue of a contract with the STATE.

## TERMS AND CONDITIONS

1. Introduction: The STATE, as defined in this Agreement, has determined that it is a Covered Entity or a Health Care Component of a Covered Entity under HIPAA (defined below) and the Privacy and Security Rules (defined below). In addition, the STATE is subject to use and disclosure restrictions regarding Personal Information under Act 10 (defined below) and Chapters 487N and 487R, Hawai‘i Revised Statutes.

The parties acknowledge that entry into this Agreement is necessary and desirable in order to: (a) protect the privacy and security of Protected Health Information and Electronic Protected Health Information in accordance with the Privacy and Security Laws and because BUSINESS ASSOCIATE is a "business associate" of the STATE as that term is used in 45 Code of Federal Regulations ("C.F.R.") § 160.103; and (b) protect against the unauthorized use and disclosure of Personal Information that BUSINESS ASSOCIATE has been provided or to which BUSINESS ASSOCIATE has access by virtue of a contract with the STATE.

2. Definitions:

a. Except as otherwise defined herein, any and all capitalized terms in this Agreement shall have the definitions set forth in the Privacy and Security Laws.

b. Act 10. "Act 10" shall mean Act 10, 2008 Session Laws of Hawai‘i, Special Session.

c. Agreement. "Agreement" shall mean this agreement between STATE and BUSINESS ASSOCIATE and any and all attachments, exhibits and special conditions attached hereto.

d. ARRA. "ARRA" shall mean the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, and the rules and regulations promulgated under the ARRA.

e. Breach. "Breach" shall have the meaning set forth in the ARRA.

f. De-identified Information. "De-identified Information" shall have the meaning set forth in 45 C.F.R. §§ 164.514(a)-(b).

g. Electronic Protected Health Information. "Electronic Protected Health Information" shall have the meaning set forth in 45 C.F.R. § 160.103. For purposes of this Agreement, "Electronic Protected Health Information" is limited to Electronic Protected Health Information that is: (i) disclosed to or used by BUSINESS ASSOCIATE by virtue of its contract with the STATE and/or its provision of goods and services to or for the STATE; and/or (ii) created, received, maintained, or transmitted by BUSINESS ASSOCIATE on behalf of the STATE.

h. Electronic Transactions Rule. "Electronic Transactions Rule" shall mean the final rule set forth in 45 C.F.R. §§ 160 and 162.

i. HIPAA. "HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.

j. Individual. "Individual" means the person who is the subject of Protected Health Information, and shall include a person who qualifies as a personal representative under 45 C.F.R. § 164.502(g).

k. Individually Identifiable Health Information. "Individually Identifiable Health Information" shall have the meaning set forth in 45 C.F.R. § 160.103.

l. Personal Information. "Personal Information" shall have the meaning set forth in Section 487N-1, Hawai‘i Revised Statutes. For purposes of this Agreement,

"Personal Information" is limited to Personal Information provided to BUSINESS ASSOCIATE or to which BUSINESS ASSOCIATE has access by virtue of a contract with the STATE.

m. Privacy Rule. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and Part 164, Subparts A and E, as the same may be amended from time to time.

n. Privacy and Security Laws. "Privacy and Security Laws" shall include: (1) the provisions of HIPAA that relate to the privacy and security of Protected Health Information and Electronic Protected Health Information; (2) the Privacy and Security Rules; (3) the provisions of ARRA, including the rules and regulations promulgated under the ARRA, that relate to the privacy and security of Protected Health Information and Electronic Protected Health Information; (4) Act 10 and, to the extent applicable, Chapters 487N and 487R, Hawai‘i Revised Statutes; and (5) other Federal and State privacy or security statutes and regulations that apply to Protected Health Information, Electronic Protected Health Information, or Personal Information.

o. Protected Health Information. "Protected Health Information" shall have the meaning set forth in 45 C.F.R. § 160.103. For purposes of this Agreement, "Protected Health Information" is limited to Protected Health Information that is: (i) disclosed to or used by BUSINESS ASSOCIATE by virtue of its contract with the STATE and/or its provision of goods and services to or for the STATE; and/or (ii) created, received, maintained, or transmitted by BUSINESS ASSOCIATE on behalf of the STATE .

p. Secretary. "Secretary" shall mean the Secretary of the U.S. Department of Health and Human Services or designee.

q. Security Rule. "Security Rule" shall mean the Health Insurance Reform: Security Standards at 45 C.F.R. Part 160, Part 162, and Part 164, Subparts A and C, as the same may be amended from time to time.

r. Unsecured Protected Health Information. "Unsecured Protected Health Information" shall have the meaning set forth in the ARRA.

3. Obligations and Activities of BUSINESS ASSOCIATE

a. BUSINESS ASSOCIATE agrees to not use or disclose Protected Health Information, Electronic Protected Health Information, and Personal Information other than as permitted or required by this Agreement or as Required By Law.

b. BUSINESS ASSOCIATE agrees to use appropriate safeguards to prevent use or disclosure of Protected Health Information, Electronic Protected Health Information, and Personal Information other than as provided for by this Agreement.

c. BUSINESS ASSOCIATE agrees to implement administrative, physical, and technical safeguards (as those terms are defined in the Security Rule) that reasonably and appropriately protect the confidentiality, integrity and availability

of Electronic Protected Health Information that it creates, receives, maintains or transmits on behalf of the STATE. Without limiting the foregoing, BUSINESS ASSOCIATE agrees to implement administrative, physical, and technical safeguards to comply with 45 C.F.R. §§ 164.308, 164.310, and 164.312, as and to the extent that such is required of business associates under the Privacy and Security Laws (as amended by the ARRA).

(i) Required Safeguards. BUSINESS ASSOCIATE shall use all appropriate safeguards to prevent use or disclosure of Protected Health Information received from, or created or received on behalf of, STATE, other than as provided for in this Agreement or as required by law. These safeguards will include, but are not limited to:

(I) Training. Providing annual training to relevant employees, contractors, and subcontractors on how to prevent the improper use or disclosure of Protected Health Information; and updating and repeating training on a regular basis;

(II) Administrative Safeguards. Adopting policies and procedures regarding the safeguarding of Protected Health Information; and Enforcing those policies and procedures, including sanctions for anyone not found in compliance;

(III) Technical and Physical Safeguards. Implementing appropriate technical safeguards to protect Protected Health Information, including access controls, authentication, and transmission security; and implementing appropriate physical safeguards to protect Protection Health Information, including workstation security and device and media controls.

d. In accordance with Part V of Act 10, BUSINESS ASSOCIATE agrees to implement: (i) technological safeguards to reduce exposure to unauthorized access to Personal Information, (ii) mandatory training on security awareness topics relating to Personal Information protection for BUSINESS ASSOCIATE's employees, and (iii) confidentiality agreements to be signed by BUSINESS ASSOCIATE's employees. BUSINESS ASSOCIATE further agrees to safeguard Protected Health Information, Electronic Protected Health Information, and Personal Information in accordance with any rules, policies, procedures and directions adopted or implemented by STATE to the extent that such are communicated to BUSINESS ASSOCIATE.

e. BUSINESS ASSOCIATE agrees to ensure that any agent (including a contractor or subcontractor) to whom it provides Protected Health Information, Electronic Protected Health Information, or Personal Information agrees to the same restrictions and conditions that apply to BUSINESS ASSOCIATE with respect to such information under this Agreement and the Privacy and Security Laws. BUSINESS ASSOCIATE further agrees to ensure that any such agent shall safeguard such Protected Health Information, Electronic Protected Health Information, and Personal Information in accordance with any rules, policies,

procedures and directions adopted or implemented by STATE to the extent that such are communicated to BUSINESS ASSOCIATE. BUSINESS ASSOCIATE agrees to ensure that any such agent shall implement reasonable and appropriate safeguards to protect Protected Health Information.

f. BUSINESS ASSOCIATE agrees to implement reasonable policies and procedures to comply with 45 C.F.R. § 164.316, as and to the extent that such is required of business associates under the Privacy and Security Laws (as amended by the ARRA).

g. BUSINESS ASSOCIATE agrees to provide access to Protected Health Information in the Designated Record Set to STATE or, as directed by STATE, to an Individual to the extent and in the manner required by 45 C.F.R. § 164.524.

h. BUSINESS ASSOCIATE agrees to make Protected Health Information available for amendment and to incorporate any amendments to Protected Health Information that the STATE directs or agrees to in accordance with the requirements of 45 C.F.R. § 164.526.

i. BUSINESS ASSOCIATE agrees to document disclosures of Protected Health Information, disclosures of Electronic Protected Health Information and information related to such disclosures as would be required for STATE to respond to a request by an Individual for an accounting of disclosures of: (1) Protected Health Information in accordance with 45 C.F.R. § 164.528; and (2) Electronic Protected Health Information in accordance Section 13405(c) of the ARRA. BUSINESS ASSOCIATE further agrees to collect and provide to STATE, any and all information that is reasonably necessary for STATE to timely respond to such requests by an Individual for an accounting of disclosures.

j. BUSINESS ASSOCIATE agrees to keep a log of Breaches of Unsecured Protected Health Information in such form and with such information as to enable the STATE to comply with Section 13402(e)(3) of the ARRA and the rules and regulations promulgated under ARRA.

k. BUSINESS ASSOCIATE agrees to keep a complete log of disclosures made of Personal Information in accordance with Section 8(b)(6) of Act 10.

l. BUSINESS ASSOCIATE agrees to make its internal practices, books, and records, including policies and procedures, relating to the use and disclosure of Protected Health Information and Electronic Protected Health Information available to STATE and/or to the Secretary, at reasonable times and places or as designated by the STATE and/or the Secretary, for purposes of determining compliance with the Privacy and Security Laws. BUSINESS ASSOCIATE further agrees to make its internal practices, books, and records, including policies and procedures, relating to the use and disclosure of Personal Information available to STATE, at reasonable times and places or as designated by the STATE, for purposes of determining compliance with this Agreement, Act 10, and other Federal and State laws regarding the use and disclosure of Personal Information.

m. BUSINESS ASSOCIATE agrees to report to STATE any disclosure or use of Protected Health Information not provided for by this Agreement, of which BUSINESS ASSOCIATE becomes aware, but in no event later than five (5) business days of first learning of any such use or disclosure. BUSINESS ASSOCIATE further agrees to report to STATE any security incidents that are required to be reported by or to the STATE under 45 C.F.R. Part 164, particularly 45 C.F.R. § 164.314. BUSINESS ASSOCIATE agrees that if any of its employees, agents, subcontractors, and/or representatives use and/or disclose Protected Health Information received from, or created or received on behalf of, STATE, or any derivative De-identified Information in a manner not provided for in this Agreement, BUSINESS ASSOCIATE shall ensure that such employees, agents, subcontractors, and/or representatives shall receive training on BUSINESS ASSOCIATE's procedures for compliance with the Privacy Rule, or shall be sanctioned or prevented from accessing any Protected Health Information BUSINESS ASSOCIATE receives from, or creates or receives on behalf of, STATE. Continued use of Protected Health Information in a manner contrary to the terms of this Agreement shall constitute a material breach of this Agreement.

n. If there is a Breach of Unsecured Protected Health Information, BUSINESS ASSOCIATE shall: (i) notify the STATE in writing of the Breach no later than twenty (20) calendar days after BUSINESS ASSOCIATE's discovery of the Breach; (ii) investigate and report to STATE on the causes of the Breach, including without limitation, any steps that BUSINESS ASSOCIATE will take to mitigate the Breach and prevent the occurrence of future similar Breaches; (iii) in consultation with STATE, provide all notifications regarding the Breach that STATE and/or BUSINESS ASSOCIATE are required to make under ARRA, including without limitation, written notices to individuals, notices to the media, and notices to the Secretary or any other governmental entity, all such notices to be made in accordance with all ARRA requirements; (iv) unless the Breach is primarily caused by the negligence or other fault of the STATE, indemnify and hold STATE harmless from all claims, lawsuits, administrative proceedings, judgments, damages, liabilities, penalties, and costs arising from the Breach, including all costs of investigating the Breach, providing all required notices, and otherwise complying with all ARRA requirements; and (v) provide a log of all Breaches of Unsecured Protected Health Information to the STATE no later than twenty (20) calendar days after the end of each calendar year, which log shall include all information that STATE needs in order to comply with Section 13402(e)(3) of the ARRA.

o. If there is a "security breach" regarding Personal Information as that term is defined in Section 487N-1, Hawai‘i Revised Statutes, BUSINESS ASSOCIATE shall: (i) notify the STATE in writing of the security breach no later than twenty (20) calendar days after BUSINESS ASSOCIATE's discovery of the security breach; (ii) investigate and report to STATE on the causes of the security breach, including without limitation, any steps that BUSINESS ASSOCIATE will take to mitigate the Breach and prevent the occurrence of future similar Breaches; (iii) in consultation with STATE, provide all notifications regarding the security breach that STATE and/or BUSINESS ASSOCIATE are required to make under Chapter 487N and other applicable Hawai‘i Revised Statutes; (iv) unless the security

breach is primarily caused by the negligence or other fault of the STATE, indemnify and hold STATE harmless from all claims, lawsuits, administrative proceedings, judgments, damages, liabilities, penalties, and costs arising from the security breach, including all costs of investigating the security breach, providing all required notices, and otherwise complying with Chapter 487N and other applicable Hawai‘i Revised Statutes; and (v) assist the State in providing any written report to the legislature or other government entities that is required by Chapter 478N and other applicable Hawai‘i Revised Statutes.

p. BUSINESS ASSOCIATE agrees to mitigate, to the extent practicable, any harmful effect that is known to BUSINESS ASSOCIATE of: (1) a security breach or disclosure or use of Protected Health Information, Electronic Protected Health Information, or Personal Information by BUSINESS ASSOCIATE in violation of the requirements of this Agreement; and/or (2) a Breach of Unsecured Protected Health Information by BUSINESS ASSOCIATE or any of its officers, employees, or agents (including contractors and subcontractors).

q. BUSINESS ASSOCIATE shall, upon notice from STATE, accommodate any restriction to the use or disclosure of Protected Health Information and any request for confidential communications to which STATE has agreed in accordance with the Privacy Rule.

r. BUSINESS ASSOCIATE shall comply with any other requirements of the Privacy Law, the Privacy Rule, the Security Law, and the Security Rule not expressly specified in this Agreement, as and to the extent that such requirements apply to business associates under the Privacy Law, the Privacy Rule, the Security Law, and the Security Rule, as they may be amended from time to time.

4. Permitted Uses and Disclosures by BUSINESS ASSOCIATE

a. General Use and Disclosure Provisions. Except as otherwise limited in this Agreement, BUSINESS ASSOCIATE may disclose or use Protected Health Information, Electronic Protected Health Information, and Personal Information to perform functions, activities, or services for, or on behalf of, STATE as specified in this Agreement, provided that such disclosure or use would not violate any Privacy and Security Laws if done by STATE.

b. Specific Use and Disclosure Provisions

(i) Except as otherwise limited in this Agreement, BUSINESS ASSOCIATE may use Protected Health Information and Personal Information for the proper management and administration of the BUSINESS ASSOCIATE or to carry out the legal responsibilities of the BUSINESS ASSOCIATE.

(ii) Except as otherwise limited in this Agreement, BUSINESS ASSOCIATE may disclose Protected Health Information for the proper management and administration of the BUSINESS ASSOCIATE, for disclosures that are Required By Law, or where BUSINESS ASSOCIATE obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and be used or further disclosed only as Required

By Law or for the purpose for which it was disclosed to the person and the person agrees to notify BUSINESS ASSOCIATE of any instances where the confidentiality of the information has been breached. Except as otherwise limited in this Agreement, BUSINESS ASSOCIATE may disclose Personal Information where such disclosure is permitted by applicable Federal or State laws.

(iii) Except as otherwise limited in this Agreement, BUSINESS ASSOCIATE may use Protected Health Information to provide Data Aggregation services to STATE as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).

(iv) BUSINESS ASSOCIATE may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R. § 164.502(j)(1).

c. Further Uses Prohibited. Except as provided in sections 4.a and 4.b, above, BUSINESS ASSOCIATE is prohibited from further using or disclosing any information received from STATE, or from any other Business Associate of STATE, for any commercial purposes of BUSINESS ASSOCIATE, including, for example, "data mining".

5. Minimum Necessary. BUSINESS ASSOCIATE shall only request, use, and disclose the minimum amount of Protected Health Information necessary to accomplish the purpose of the request, use, or disclosure.

6. Prohibited, Unlawful, or Unauthorized Use and Disclosure of Protected Health Information. BUSINESS ASSOCIATE shall not use or further disclose any Protected Health Information received from, or created or received on behalf of, STATE, in a manner that would violate the requirements of the Privacy Rule, if done by STATE.

7. Indemnity by BUSINESS ASSOCIATE. BUSINESS ASSOCIATE shall defend, indemnify and hold harmless STATE and STATE'S officers, employees, and agents (including contractors and subcontractors) from and against any and all claims, demands, lawsuits, administrative or other proceedings, judgments, liabilities, damages, losses, fines, penalties, and costs, including reasonable attorneys' fees, that are caused by or arise out of a breach or failure to comply with any provision of this Agreement and/or by a violation of any provision of the Privacy and Security Laws, including the ARRA, by BUSINESS ASSOCIATE or any of BUSINESS ASSOCIATE's officers, employees, or agents (including contractors and subcontractors).

8. Permissible Requests by STATE. STATE shall not request BUSINESS ASSOCIATE to disclose or use Protected Health Information, Electronic Protected Health Information, or Personal Information in any manner that would not be permissible under the Privacy and Security Laws if done by STATE.

9. Standard Electronic Transactions. STATE and BUSINESS ASSOCIATE agree that BUSINESS ASSOCIATE shall, on behalf of STATE, transmit data for transactions that are required to be conducted in standardized format under the Electronic Transactions Rule. BUSINESS ASSOCIATE shall comply with the Electronic

Transactions Rule for all transactions conducted on behalf of STATE that are required to be in standardized format. BUSINESS ASSOCIATE shall ensure that any of its subcontractors to whom it delegates any of its duties under its contract with STATE, agrees to conduct and agrees to require its agents or subcontractors to comply with the Electronic Transactions Rule for all transactions conducted on behalf of STATE that are required to be in standardized format.

10. Termination for Cause. In addition to any other remedies provided for by this Agreement, upon STATE's knowledge of a material breach or violation by BUSINESS ASSOCIATE of the terms of this Agreement, STATE may either:

    a. Provide an opportunity for BUSINESS ASSOCIATE to cure the breach or end the violation, and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by the STATE; or

    b. Immediately terminate this Agreement if BUSINESS ASSOCIATE has breached or violated a material term of this Agreement and cure is not possible; and

    c. If neither termination nor cure is feasible, STATE shall report any violation of the federal Privacy and Security Rules to the Secretary.

11. Effect of Termination.

    a. Upon any termination of this Agreement, until notified otherwise by STATE, BUSINESS ASSOCIATE shall extend all protections, limitations, requirements, and other provisions of this Agreement to: (i) all Protected Health Information received from or on behalf of STATE or created or received by BUSINESS ASSOCIATE on behalf of STATE; (ii) all Electronic Protected Health Information created, received, maintained or transmitted by BUSINESS ASSOCIATE on behalf of STATE; and (iii) all Personal Information.

    b. Upon any termination of this Agreement, STATE shall determine whether it is feasible for BUSINESS ASSOCIATE to return to STATE or destroy all or any part of: (i) all Protected Health Information received from or on behalf of STATE or created or received by BUSINESS ASSOCIATE on behalf of STATE that BUSINESS ASSOCIATE maintains in any form and shall retain no copies of such information; (ii) all Electronic Protected Health Information created, received, maintained or transmitted by BUSINESS ASSOCIATE on behalf of STATE; and (iii) all Personal Information. In connection with the foregoing, upon any termination of the Agreement, BUSINESS ASSOCIATE shall notify the STATE in writing of any and all conditions that make return or destruction of such information not feasible and shall provide STATE with any requested information related to the STATE'S determination as to whether the return or destruction of such information is feasible.

    c. If STATE determines that return or destruction of all or any part of the Protected Health Information, Electronic Protected Health Information, and Personal Information is feasible, at STATE's option, BUSINESS ASSOCIATE shall return or destroy such information. If STATE directs that BUSINESS ASSOCIATE return or destroy all or any part of the Protected Health Information, Electronic

Protected Health Information, and Personal Information, it is understood and agreed that BUSINESS ASSOCIATE shall retain no copies of such information. Destruction of Personal Information shall be performed in accordance with Chapter 487R, Hawai‘i Revised Statutes. Notwithstanding the foregoing, BUSINESS ASSOCIATE shall not destroy any Protected Health Information in less than six (6) years from the date that it is received by BUSINESS ASSOCIATE.

d. If STATE determines that return or destruction of all or any part of the Protected Health Information, Electronic Protected Health Information, and Personal Information is not feasible or opts not to require the return or destruction of such information, BUSINESS ASSOCIATE shall extend the protections, limitations, requirements, and other provisions of this Agreement to such information for so long as BUSINESS ASSOCIATE maintains such information. STATE understands that BUSINESS ASSOCIATE's need to maintain portions of the Protected Health Information in records of actuarial determinations and for other archival purposes related to memorializing advice provided, can render return or destruction infeasible.

e. The provisions of this Section 8 shall apply with respect to all terminations of this Agreement, for any reason whatsoever, and to any and all Protected Health Information, Electronic Protected Health Information, and Personal Information in the possession or control of any and all agents and subcontractors of BUSINESS ASSOCIATE.

12. Miscellaneous

a. Regulatory References. A reference in this Agreement to a section in the Privacy and Security Laws means the section in effect or as amended.

b. Amendment. BUSINESS ASSOCIATE and STATE agree to take all actions necessary to amend this Agreement in order for STATE to comply with the requirements of the Privacy Rule, Security Rule, HIPAA, ARRA, and/or any other Federal or State law that is determined to apply to the Protected Health Information, Electronic Protected Health Information, or Personal Information covered by this Agreement. All amendments shall be in writing and executed by both parties.

c. Survival. The respective rights and obligations of STATE and BUSINESS ASSOCIATE under Sections 3, 5, and 8 above, shall survive the termination of this Agreement.

d. Interpretation. In the event of an inconsistency between the provisions of this Agreement and mandatory provisions of the Privacy and Security Laws, as amended, the Privacy and Security Laws shall control. Where provisions of this Agreement are different than those mandated in the Privacy or Security Laws, but are nonetheless permitted by the Privacy or Security Laws, the provisions of this Agreement shall control. Any ambiguity in this Agreement shall be resolved to permit STATE to comply with the Privacy and Security Laws.

e. Third Parties. This Agreement is solely between BUSINESS ASSOCIATE and the STATE, and may be enforced only by BUSINESS ASSOCIATE or the STATE. This Agreement shall not be deemed to create any rights in any third parties or to create any obligations or liabilities of BUSINESS ASSOCIATE or the STATE to any third party.

HAWAI'I EMPLOYER-UNION HEALTH BENEFITS TRUST FUND ("STATE")

By _____
Its Acting Administrator

Date: _____, 2013

[*name of business associate*]
("BUSINESS ASSOCIATE")

By _____

Its _____

Date: _____, 2013

APPROVED AS TO FORM:

_____
Deputy Attorney General

EXHIBIT G

SAMPLE 834 FILES FOR EUTF ELIGIBILTY TRANSACTIONS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ***Full File Specifications*** | | | | | | | | |
| ***INTERCHANGE CONTROL HEADER*** | | | | | | | | |
| **Line** | **Field (element)** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 1 | Interchange Control Header | ISA01 | B.3 | 6 | ISA*00 | | No Authorization Information Present | |
| 1 | Authorization Information | ISA02 | B.3 | 11 | *……. | | | Spaces are represented by "." for clarity |
| 1 | Security Information Qualifier | ISA03 | B.4 | 3 | *00 | | No Security Information Present | |
| 1 | Security Information | ISA04 | B.4 | 11 | *……. | | | Spaces are represented by "." for clarity |
| 1 | Sender Interchange ID Qualifier | ISA05 | B.4 | 3 | *30 | | US Federal Tax Identification Number to Follow | |
| 1 | Sender Interchange ID | ISA06 | B.4 | 10 | *990266961 | | SendersFederalTaxID | |
| 1 | Receiver Interchange ID Qualifier | ISA07 | B.4 - B.5 | 3 | * | 30<br>01<br>ZZ | Provider Code | |
| 1 | Receiver Interchange ID | ISA08 | B.5 | 10 | * | **To be supplied by Provider** | ReceiversFederalTaxID | **Provider supplied Federal Tax Identification Number** |
| 1 | Interchange Date | ISA09 | B.5 | 9 | *CCYYMMDD | | | The calendar date the file was created. |
| 1 | Interchange Time | ISA10 | B.5 | 5 | **HHMM* | | | The time the file was created. |
| 1 | Interchange Control Standards Identifier | ISA11 | B.5 | 2 | *U | | US EDI Community of ASCX12 | |
| 1 | Interchange Control Version Number | ISA12 | B.5 | 5 | *00401 | | | |
| 1 | Interchange Control Number | ISA13 | B.5 | 10 | *000000001 | | | |
| 1 | Acknowledgement Requested | ISA14 | B.6 | 2 | *0 | | | |
| 1 | Usage Indicator | ISA15 | B.6 | 2 | * | T<br>P | Test<br>Production | |
| 1 | Component Element Separator | ISA16 | B.6 | 2 | *: | Colon | | |
| ***FUNCTIONAL GROUP HEADER*** | | | | | | | | |
| **Line** | **Field (element)** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 2 | Functional Identifier Code | GS01 | B.8 | 5 | GS*BE | | Benefit Enrollment and Maintenance (834) | |
| 2 | Application Sender's Code | GS02 | B.8 | 10 | *EUTF | | SendersID | |
| 2 | Application Receiver's Code | GS03 | B.8 | 10 | * | To be assigned | Provider ID Code | **Assigned Provider ID Code** |
| 2 | Date | GS04 | B.8 | 9 | *CCYYMMDD | | | The calendar date the file was created. |
| 2 | Time | GS05 | B.8 | 5 | **HHMM* | | | The time the file was created. |
| 2 | Group Control Number | GS06 | B.9 | 10 | *000000001 | | | Control Number: Start with 0000001 and increment |
| 2 | Respons ble Agency Code | GS07 | B.9 | 2 | *X | | Accredited Standards Committee X12 | |
| 2 | Version/Release/Industry Identifier Code | GS08 | B.9 | 11 | *004010X095 | | | |
| ***TRANSACTION SET HEADER*** | | | | | | | | |
| **Line** | **Field (element)** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 3 | Transaction Identifier Code | ST01 | B.17 | 6 | ST*834 | | Benefit Enrollment and Maintenance | |
| 3 | Transaction Control Number | ST02 | B.17 | 9 | *00000001 | | | Control Number: Start with 0000001 and increment |
| ***BEGINNING SEGMENT*** | | | | | | | | |

Note: Reference Pages refer to the ASC X12N 834 Implementation Guide for Benefit and Enrollment Maintenance May 2000
Note: Content column with an asterisk refers to Valid values column

| Line | Field (element) | Ref. Des. | Ref. Page | Length | Contents | Valid Values | Description | Note |
|---|---|---|---|---|---|---|---|---|
| 4 | Transaction Purpose Code | BGN01 | 28 - 29 | 6 | BGN*00 | | First time transaction sent | |
| 4 | Transaction Identifier Code | BGN02 | 29 | 1/30 | * | | | Identifies particular Transaction set, should increment on each transmission. Start with 01 and increment.<br>Provider used in concatenation: provider, trans_set_control_num , plan_descr, as of date. |
| 4 | Transaction Date | BGN03 | 29 | 9 | *CCYYMMDD | | | The calendar date the data within the file is effective |
| 4 | Transaction Time | BGN04 | 29 | 5 | **HHMM* | | | |
| 4 | Time Code | BGN05 | 29 | 2 | **HS* | | | Hawaii Daylight Time |
| 4 | Reference Identification | BGN06 | 29 | 0 | * | | | Not Used |
| 4 | Reference Identification | BGN07 | 29 | 0 | * | | | Not Used |
| 4 | Action Code | BGN08 | 29 | 1 | * | 4 (Verify - Full)<br>2 (Change - Trans) | | |
| ***TRANSACTION SET POLICY NUMBER*** | | | | | | | | |
| 5 | Entity Identification Qualifier | REF01 | 32 | 6 | REF*38 | | Master Policy Number | |
| 5 | Entity Identification | REF02 | 33 | 9 | **PolicyNumber* | | Based on Provider and Group Number. | Same as REF01 IL<br>Provider Group Policy |
| ***FILE EFFECTIVE DATE*** | | | | | | | | |
| 6 | Date/Time Qualifier | DTP01 | 34 | 3 | DTP*303 | | | |
| 6 | Date/Time Period Format Qualifier | DTP02 | 34 | 2 | *D8 | | | |
| 6 | Date/Time Period | DTP03 | 34 | 8 | *CCYYMMDD | | | |
| ***SPONSOR NAME*** | | | | | | | | |
| 7 | Sponsor Entity ID Code | N101 | 35 | 5 | N1*P5 | | Plan Sponsor | |
| 7 | Sponsor Entity Name | N102 | 36 | 26 | *EUTF | | EmployerGroupName | |
| 7 | Sponsor Entity ID Code Qualifier | N103 | 36 | 3 | *FI | | Federal Taxpayer's Identification Number | |
| 7 | Sponsor Entity Identification Code | N104 | 36 | 10 | *990266961 | | | |
| ***PAYOR*** | | | | | | | | |
| 8 | Insurer Identity Code | N101 | 35 | 5 | N1*IN | | Insurer | |
| 8 | Insurer Identity Name | N102 | 36 | 5 | * | **To be supplied by Provider** | Provider Identity Name | **Provider supplied Identity Name** |
| 8 | Insurer Identification Code Qualifier | N103 | 36 | 3 | *FI | | Federal Taxpayer's Identification Number | |
| 8 | Insurer Identification Code | N104 | 36 | 10 | * | **To be supplied by Provider** | | **Provider supplied Federal Tax Identification Number** |
| ***DETAIL*** | | | | | | | | |
| **Line** | **Field** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 1 | Subscriber Indicator | INS01 | 44 | 5 | INS* | Y<br>N | Yes - Subscriber<br>No - Not Subscr ber | |

Note: Reference Pages refer to the ASC X12N 834 Implementation Guide for Benefit and Enrollment Maintenance May 2000
Note: Content column with an asterisk refers to Valid values column

| Line | Field (element) | Ref. Des. | Ref. Page | Length | Contents | Valid Values | Description | Note |
|---|---|---|---|---|---|---|---|---|
| 1 | Individual Relationship Code | INS02 | 44 - 45 | 3 | * | 18<br>01<br>19<br>23<br>53 | Subscriber<br>Spouse<br>Child<br>Sponsored Dependent - Not Used<br>Life Partner | |
| 1 | Maintenance Type Code | INS03 | 45 | 4 | *30 | | Audit or Compare | |
| 1 | Maintenance Reason Code | INS04 | 46 - 47 | 3 | *XN | | Notification Only - Used in complete enrollment transmissions. Used when INS03 equal to 030. | |
| 1 | Benefit Status Code | INS05 | 47 - 48 | 2 | * | A<br>C<br>S<br>T | Active<br>COBRA - Not Used<br>Surviving Insured<br>Tax Equity and Fiscal Responsibility Act (TEFRA) - Not Used | |
| 1 | Medicare Plan Code | INS06 | 48 | 2 | * | C<br>A<br>B<br>Blank | C - MedA and MedB<br>A - MedA<br>B - MedB<br>Blank - None | |
| 1 | COBRA Qualifying Event Code | INS07 | 48 | 2 | * | **Not Used** | **No value is passed** | |
| 1 | Employment Status Code | INS08 | 49 | 3 | * | AC<br>AO<br>AU<br>L1<br>RT<br>FT | Active - Not Used<br>Active Military - Overseas - Not Used<br>Active Military - USA - Not Used<br>Leave of Absence - Not Used<br>Retired<br>Full Time | |
| 1 | Student Status Code | INS09 | 49 | 2 | * | F<br>Blank | Full-time<br>Not a student | |
| 1 | Handicap Indicator Code | INS10 | 49 | 2 | * | Blank<br>Y | Not Handicapped<br>Handicapped | |
| 1 | Date Time Qualifier | INS11 | 50 | 3 | *D8 | | Date Expressed in Format CCYYMMDD | |
| 1 | Member Date of Death | INS12 | 50 | 9 | *CCYYMMDD | | | |
| 2 | Subscriber Number | REF01 | 51 | 6 | REF*0F | | Subscriber Number | Loop 2000, Data Element 128 |
| 2 | Subscriber Identifier | REF02 | 52 | 10 | *SSN | | | |
| 3 | Subscriber Number | REF01 | 53 | 6 | REF*IL | | Member Polic Number | Loop 2000, Data Element 128 |

Note: Reference Pages refer to the ASC X12N 834 Implementation Guide for Benefit and Enrollment Maintenance May 2000
Note: Content column with an asterisk refers to Valid values column

| Line | Field (element) | Ref. Des. | Ref. Page | Length | Contents | Valid Values | Description | Note |
|---|---|---|---|---|---|---|---|---|
| 3 | Subscriber Identifier | REF02 | 53 | 10 | **Member Policy Number* | | | Uses Master Policy Number<br>Same as REF01 38 |
| 4 | Member Identification Number Qualifier | REF01 | 55 - 56 | 6 | REF*DX | | Billing Location | Loop 2000, Data Element 128 |
| 4 | Member Identification Division Number | REF02 | 56 | 5 | **Dept* | | | |
| 5 | Member Identification Number Qualifier | REF01 | 55 - 56 | 6 | REF*17 | | Bargaining Unit | Loop 2000/Loop 2300, Data Element 128 |
| 5 | Member Identification Division Number | REF02 | 56 | 5 | **Bargaining Unit* | | | |
| 6 | Member Identification Number Qualifier | REF01 | 55-56 | 6 | REF*F6 | | Health Insurance Claim (HIC) Number | To be sent for medical plan only |
| 6 | Member Identification Division Number | REF02 | 56 | 30 | **Member HICN* | | Use when reporting Medicare eligibility for a member | Loop 2000, Data Element 128 |
| 7 | Subscriber Number | REF01 | 55 - 56 | 6 | REF*23 | | Employee ID | Loop 2000, Data Element 128 |
| 7 | Subscriber Identifier | REF02 | 56 | 10 | **Employee ID* | | | |
| 8 | Subscriber Number | REF01 | 152 - 153 | 6 | REF*6O | | Dependent SSN | Loop 2320, Data Element 128 |
| 8 | Subscriber Identifier | REF02 | 153 | 10 | **Dependent SSN* | | | |
| 9 | Subscriber Number | REF01 | 152 - 153 | 6 | REF*Q4 | | VEBA Grandfather Status | Loop 2320, Data Element 128 |
| 9 | Subscriber Identifier | REF02 | 153 | 10 | *Y or N | | Y - VEBA Grandfather Member<br>N - Not VEBA Grandfather Member | |
| 10 | Member Event Date Qualifier | DTP01 | 59 - 60 | 7 | DTP*303 | | Maintenance Effective | Loop 2000, Data Element 374 |
| 10 | Member Event Date Format Qualifier | DTP02 | 60 | 3 | *D8 | | Date Expressed in Format CCYYMMDD | |
| 10 | Member Event Date | DTP03 | 60 | 9 | **CCYYMMDD* | | | |
| 10 | Member Entity Identifier Code | NM101 | 62, 81 | 6 | NM1*IL | | Insured or Subscr ber | Loop 2100, Data Element 98 |
| 11 | Member Entity Type Qualifier | NM102 | 62, 81 - 82 | 2 | *1 | | Person | |
| 11 | Member Last Name | NM103 | 62, 81 - 82 | 1/35 | **LastName* | | | |
| 11 | Member First Name | NM104 | 62, 81 - 82 | 11 | **FirstName* | | | |
| 11 | Member Middle Name | NM105 | 62, 81 - 82 | 2 | **MiddleInitial* | | | |
| 11 | Name Prefix | NM106 | 62, 81 - 82 | 3 | * | Not Used | **No value is passed** | |
| 11 | Name Suffix | NM107 | 62, 81 - 82 | 3 | * | JR<br>SR<br>Not Used | | |
| 11 | Member Identification Number Qualifier | NM108 | 62, 81 - 82 | 3 | *34 | | Social Security Number | |
| 11 | Member Identification Number | NM109 | 62, 81 - 82 | 10 | **SSN* | | | |
| 12 | Member Residence Street Address - 1 | N301 | 67 | 53 | N3**SubscriberStreetAddress1* | | | |
| 12 | Member Residence Street Address - 2 | N302 | 67 | 51 | **SubscriberStreetAddress2* | | | |
| 13 | Member Residence City | N401 | 68 | 19 | N4**SubscriberCityName* | | | |
| 13 | Member Residence State | N402 | 68 | 3 | **SubscriberStateAbbreviationCode* | | | |
| 13 | Member Residence Zip Code - 1 | N403 | 69 | 6 | **SubscriberZipCode1* | | | |
| 13 | Member Residence Zip Code - 2 | N403 | 69 | 4 | *SubscriberZipCode2* | | | |

Note: Reference Pages refer to the ASC X12N 834 Implementation Guide for Benefit and Enrollment Maintenance May 2000
Note: Content column with an asterisk refers to Valid values column

| Line | Field (element) | Ref. Des. | Ref. Page | Length | Contents | Valid Values | Description | Note |
|---|---|---|---|---|---|---|---|---|
| 13 | Member Residence Country Code | N404 | 69 | 4 | * | USA<br>CAN<br>JPN | United States<br>Canada<br>Japan | Required only if country is not USA. |
| 14 | Member Demographic Date Format Qualifier | DMG01 | 70 | 6 | DMG*D8 | | Date Expressed in Format CCYYMMDD | |
| 14 | Member Birth Date | DMG02 | 71 | 9 | **CCYYMMDD* | | Birth date | |
| 14 | Member Gender Code | DMG03 | 71 | 2 | * | F<br>M | Female<br>Male | |
| 14 | Member Martial Status | DMG04 | 71 | 1 | * | I<br>M<br>B | Single<br>Married<br>Domestic Partner | |
| 10 | Member Entity Identifier Code | NM101 | 62, 81 | 6 | NM1*31 | | Postal Mailing Address | Optional only if subscr ber has separate mailing address |
| 11 | Member Entity Type Qualifier | NM102 | 62, 81 - 82 | 2 | *1 | | Person | |
| 12 | Member Residence Street Address - 1 | N301 | 67 | 53 | N3**SubscriberStreetAddress1* | | | |
| 12 | Member Residence Street Address - 2 | N302 | 67 | 53 | *[illegible] | | | |
| 13 | Member Residence City | N401 | 68 | 19 | N4**SubscriberCityName* | | | |
| 13 | Member Residence State | N402 | 68 | 3 | **SubscriberStateAbbreviationCode* | | | |
| 13 | Member Residence Zip Code - 1 | N403 | 69 | 6 | **SubscriberZipCode1* | | | |
| 13 | Member Residence Zip Code - 2 | N403 | 69 | 4 | *SubscriberZipCode2* | | | |
| 13 | Member Residence Country Code | N404 | 69 | 4 | * | USA<br>CAN<br>JPN | United States<br>Canada<br>Japan | Required only if country is not USA. |
| 15 | Member Coverage Maintenance Type Code | HD01 | 128 - 129 | 6 | HD*030 | | Audit or Compare | |
| 15 | Member Coverage Type Code | HD03 | 129 - 130 | 4 | * | DEN<br>HLT<br>LIF<br>CRO<br>PDG<br>VIS | Dental<br>Health<br>Life Ins<br>Chiro<br>Prescription Drug<br>Vision | |
| 15 | Plan coverage description | HD04 | 130 | 6 | * | | Benefit Plan | If required by insurer |

Note: Reference Pages refer to the ASC X12N 834 Implementation Guide for Benefit and Enrollment Maintenance May 2000
Note: Content column with an asterisk refers to Valid values column

| Line | Field (element) | Ref. Des. | Ref. Page | Length | Contents | Valid Values | Description | Note |
|---|---|---|---|---|---|---|---|---|
| 15 | Member Coverage Level Code | HD05 | 130 - 131 | 4 | * | EMP<br>FAM<br>TWO<br>CHD<br>ESP | Employee Only<br>Family<br>Two Party<br>Children Only<br>Employee + Spouse | |
| 16 | Member Coverage Date Qualifier | DTP01 | 132 - 133 | 7 | DTP*303 | | Maintenance Effective Date | Loop 2300, Data Element 374 |
| 16 | Member Coverage Date Format Qualifier | DTP02 | 133 | 3 | *D8 | | Date Expressed in Format CCYYMMDD | |
| 16 | Member Coverage Date | DTP03 | 134 | 9 | **CCYYMMDD* | | | |
| ***TRANSACTION SET TRAILER*** | | | | | | | | |
| **Line** | **Field** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 1 | Transaction Segment Count | SE01 | 158 | 13 | SE**TotalNumber* | | | Number of segments in transaction set |
| 1 | Transaction Set Control Number | SE02 | 158 | 10 | **Same number as Header Control Number* | | | |
| ***FUNCTIONAL GROUP TRAILER*** | | | | | | | | |
| **Line** | **Field** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 1 | Number of Transaction Sets Included | GE01 | B.10 | 9 | GE**TotalNumber* | | | Number of transaction sets |
| 1 | Group Control Number | GE02 | B.10 | 10 | **Same number as Header Control Number* | | | |
| ***INTERCHANGE CONTROL TRAILER*** | | | | | | | | |
| **Line** | **Field** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 1 | Number of Included Functional Groups | IEA01 | B.7 | 9 | IEA**TotalNumber* | | | Number of functional groups |
| 1 | Interchange Control Number | IEA02 | B.7 | 10 | **Same number as Header Control Number* | | | |

Note: Reference Pages refer to the ASC X12N 834 Implementation Guide for Benefit and Enrollment Maintenance May 2000
Note: Content column with an asterisk refers to Valid values column

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ***Transactional File Specifications*** | | | | | | | | |
| ***INTERCHANGE CONTROL HEADER*** | | | | | | | | |
| **Line** | **Field (element)** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 1 | Interchange Control Header | ISA01 | B.3 | 6 | ISA*00 | | No Authorization Information Present | |
| 1 | Authorization Information | ISA02 | B.3 | 11 | *……. | | | Spaces are represented by "." for clarity |
| 1 | Security Information Qualifier | ISA03 | B.4 | 3 | *00 | | No Security Information Present | |
| 1 | Security Information | ISA04 | B.4 | 11 | *……. | | | Spaces are represented by "." for clarity |
| 1 | Sender Interchange ID Qualifier | ISA05 | B.4 | 3 | *30 | | US Federal Tax Identification Number to Follow | |
| 1 | Sender Interchange ID | ISA06 | B.4 | 10 | *990266961 | | SendersFederalTaxID | |
| 1 | Receiver Interchange ID Qualifier | ISA07 | B.4 - B.5 | 3 | * | 30<br>01<br>ZZ | Provider Code | |
| 1 | Receiver Interchange ID | ISA08 | B.5 | 10 | * | **To be supplied by Provider** | ReceiversFederalTaxID | **Provider supplied Federal Tax Identification Number** |
| 1 | Interchange Date | ISA09 | B.5 | 9 | *CCYYMMDD | | | The calendar date the file was created. |
| 1 | Interchange Time | ISA10 | B.5 | 5 | **HHMM* | | | The time the file was created. |
| 1 | Interchange Control Standards Identifier | ISA11 | B.5 | 2 | *U | | US EDI Community of ASCX12 | |
| 1 | Interchange Control Version Number | ISA12 | B.5 | 5 | *00401 | | | |
| 1 | Interchange Control Number | ISA13 | B.5 | 10 | *000000001 | | | |
| 1 | Acknowledgement Requested | ISA14 | B.6 | 2 | *0 | | | |
| 1 | Usage Indicator | ISA15 | B.6 | 2 | * | T<br>P | Test<br>Production | |
| 1 | Component Element Separator | ISA16 | B.6 | 2 | *: | Colon | | |
| ***FUNCTIONAL GROUP HEADER*** | | | | | | | | |
| **Line** | **Field (element)** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 2 | Functional Identifier Code | GS01 | B.8 | 5 | GS*BE | | Benefit Enrollment and Maintenance (834) | |
| 2 | Application Sender's Code | GS02 | B.8 | 10 | *EUTF | | SendersID | |
| 2 | Application Receiver's Code | GS03 | B.8 | 10 | * | To be assigned | Provider ID Code | **Assigned Provider ID Code** |
| 2 | Date | GS04 | B.8 | 9 | *CCYYMMDD | | | The calendar date the file was created. |
| 2 | Time | GS05 | B.8 | 5 | **HHMM* | | | The time the file was created. |
| 2 | Group Control Number | GS06 | B.9 | 10 | *000000001 | | | Control Number: Start with 0000001 and increment |
| 2 | Respons ble Agency Code | GS07 | B.9 | 2 | *X | | Accredited Standards Committee X12 | |
| 2 | Version/Release/Industry Identifier Code | GS08 | B.9 | 11 | *004010X095 | | | |
| ***TRANSACTION SET HEADER*** | | | | | | | | |

| Line | Field (element) | Ref. Des. | Ref. Page | Length | Contents | Valid Values | Description | Note |
|---|---|---|---|---|---|---|---|---|
| 3 | Transaction Identifier Code | ST01 | B.17 | 6 | ST*834 | | Benefit Enrollment and Maintenance | |
| 3 | Transaction Control Number | ST02 | B.17 | 9 | *00000001 | | | Control Number: Start with 0000001 and increment |
| ***BEGINNING SEGMENT*** | | | | | | | | |
| 4 | Transaction Purpose Code | BGN01 | 28 - 29 | 6 | BGN*00 | | First time transaction sent | |
| 4 | Transaction Identifier Code | BGN02 | 29 | 1/30 | * | | | Identifies particular Transaction set, should increment on each transmission. Start with 01 and increment. Provider used in concatenation: provider, trans_set_control_num , plan_descr, as of date. |
| 4 | Transaction Date | BGN03 | 29 | 9 | *CCYYMMDD | | | The calendar date the data within the file is effective |
| 4 | Transaction Time | BGN04 | 29 | 5 | **HHMM* | | | |
| 4 | Time Code | BGN05 | 29 | 2 | **HS* | | | Hawaii Daylight Time |
| 4 | Reference Identification | BGN06 | 29 | 0 | * | | | Not Used |
| 4 | Reference Identification | BGN07 | 29 | 0 | * | | | Not Used |
| 4 | Action Code | BGN08 | 29 | 1 | * | 4 (Verify - Full)<br>2 (Change - Trans) | | |
| ***TRANSACTION SET POLICY NUMBER*** | | | | | | | | |
| 5 | Entity Identification Qualifier | REF01 | 32 | 6 | REF*38 | | Master Policy Number | |
| 5 | Entity Identification | REF02 | 33 | 9 | **PolicyNumber* | | Based on Provider and Group Number. | Same as REF01 IL<br>Provider Group Policy |
| ***FILE EFFECTIVE DATE*** | | | | | | | | |
| 6 | Date/Time Qualifier | DTP01 | 34 | 3 | DTP*303 | | | |
| 6 | Date/Time Period Format Qualifier | DTP02 | 34 | 2 | *D8 | | | |
| 6 | Date/Time Period | DTP03 | 34 | 8 | *CCYYMMDD | | | |
| ***SPONSOR NAME*** | | | | | | | | |
| 7 | Sponsor Entity ID Code | N101 | 35 | 5 | N1*P5 | | Plan Sponsor | |
| 7 | Sponsor Entity Name | N102 | 36 | 26 | *EUTF | | EmployerGroupName | |
| 7 | Sponsor Entity ID Code Qualifier | N103 | 36 | 3 | *FI | | Federal Taxpayer's Identification Number | |
| 7 | Sponsor Entity Identification Code | N104 | 36 | 10 | *990266961 | | | |
| ***PAYOR*** | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 8 | Insurer Identity Code | N101 | 35 | 5 | N1*IN | | Insurer | |
| 8 | Insurer Identity Name | N102 | 36 | 5 | * | **To be supplied by Provider** | Provider Identity Name | **Provider supplied Identity Name** |
| 8 | Insurer Identification Code Qualifier | N103 | 36 | 3 | *FI | | Federal Taxpayer's Identification Number | |
| 8 | Insurer Identification Code | N104 | 36 | 10 | * | **To be supplied by Provider** | | **Provider supplied Federal Tax Identification Number** |
| ***DETAIL*** | | | | | | | | |
| **Line** | **Field** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 1 | Subscriber Indicator | INS01 | 44 | 5 | INS* | Y<br>N | Yes - Subscriber<br>No - Not Subscriber | |
| 1 | Individual Relationship Code | INS02 | 44 - 45 | 3 | * | 18<br>01<br>19<br>23<br>53 | Subscriber<br>Spouse<br>Child<br>Sponsored Dependent - Not Used<br>Life Partner | |
| 1 | Maintenance Type Code | INS03 | 45 | 4 | * | 001<br>021<br>024<br>025 | Change<br>Addition<br>Cancellation or Termination<br>Reinstatement - Not Used | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | Maintenance Reason Code | INS04 | 46 - 47 | 3 | * | 02<br>05<br>20<br>32<br>01<br>03<br>07<br>08<br>11<br>21<br>31<br>15<br>25<br>33<br>28<br>AI<br>04<br>22<br>29<br>14<br>41<br>XT<br>43 | Birth<br>Adoption<br>Active - Not Used<br>Marriage<br>Divorce<br>Death<br>Termination of Benefits<br>Termination of Employment<br>Surviving Spouse - Not Used<br>Disability - Not Used<br>Legal separation - Not Used<br>PCP Change - Not Used<br>Change in Identifying Data (e.g. name)<br>Personal Data<br>Initial Enrollment<br>No Reason Given<br>Retirement<br>Plan Change<br>Benefit Selections<br>Voluntary Withdrawal<br>Re-enrollment<br>Transfer<br>Change of Address | AI used when reason is data correction |
| 1 | Benefit Status Code | INS05 | 47 - 48 | 2 | * | A<br>C<br>S<br>T | Active<br>COBRA - Not Used<br>Surviving Insured<br>Tax Equity and Fiscal Respons bility Act (TEFRA) - Not Used | |
| 1 | Medicare Plan Code | INS06 | 48 | 2 | * | C<br>A<br>B<br>Blank | C - MedA and MedB<br>A - MedA<br>B - MedB<br>Blank - None | Any new values sent on transaction file |
| 1 | COBRA Qualifying Event Code | INS07 | 48 | 2 | * | **Not Used** | **No value is passed** | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1 | Employment Status Code | INS08 | 49 | 3 | * | AC<br>AO<br>AU<br>L1<br>RT<br>TE<br>FT | Active - Not Used<br>Active Military - Overseas - Not Used<br>Active Military - USA - Not Used<br>Leave of Absence - Not Used<br>Retired<br>Terminated<br>Full Time | |
| 1 | Student Status Code | INS09 | 49 | 2 | * | F<br>Blank | Full-time<br>Not a student | Any new values sent on transaction file |
| 1 | Handicap Indicator Code | INS10 | 49 | 2 | * | Blank<br>Y | Not Handicapped<br>Handicapped | Any new values sent on transaction file |
| 1 | Date Time Qualifier | INS11 | 50 | 3 | *D8 | | Date Expressed in Format CCYYMMDD | |
| 1 | Member Date of Death | INS12 | 50 | 9 | *CCYYMMDD* | | | |
| 2 | Subscriber Number | REF01 | 51 | 6 | REF*0F | | Subscriber Number | Loop 2000, Data Element 128 |
| 2 | Subscriber Identifier | REF02 | 52 | 10 | **SSN* | | | |
| 3 | Subscriber Number | REF01 | 53 | 6 | REF*IL | | Member Policy Number | Loop 2000, Data Element 128 |
| 3 | Subscriber Identifier | REF02 | 53 | 10 | **Member Policy Number* | | | Uses Master Policy Number<br>Same as REF01 38 |
| 4 | Member Identification Number Qualifier | REF01 | 55 - 56 | 6 | REF*DX | | Billing Location | Loop 2000, Data Element 128 |
| 4 | Member Identification Division Number | REF02 | 56 | 5 | **Dept* | | | Any new values sent on transaction file |
| 5 | Member Identification Number Qualifier | REF01 | 55 - 56 | 6 | REF*17 | | Bargaining Unit | Loop 2000/Loop 2300, Data Element 128<br>**To be sent with every record** |
| 5 | Member Identification Division Number | REF02 | 56 | 5 | **Bargaining Unit* | | | |
| 6 | Member Identification Number Qualifier | REF01 | 55-56 | 6 | REF*F6 | | Health Insurance Claim (HIC) Number | To be sent for medical plan only |
| 6 | Member Identification Division Number | REF02 | 56 | 30 | **Member HICN* | | Use when reporting Medicare elig bility for a member | Loop 2000, Data Element 128 |
| 7 | Subscriber Number | REF01 | 55 - 56 | 6 | REF*23 | | Employee ID | Loop 2000, Data Element 128 |
| 7 | Subscriber Identifier | REF02 | 56 | 10 | **Employee ID* | | | |
| 8 | Subscriber Number | REF01 | 152 - 153 | 6 | REF*6O | | Dependent SSN | Loop 2320, Data Element 128 |
| 8 | Subscriber Identifier | REF02 | 153 | 10 | **Dependent SSN* | | | |
| 9 | Subscriber Number | REF01 | 152 - 153 | 6 | REF*Q4 | | VEBA Grandfather Status | Loop 2320, Data Element 128 |
| 9 | Subscriber Identifier | REF02 | 153 | 10 | *Y or N | | Y - VEBA Grandfather Member<br>N - Not VEBA Grandfather Member | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 10 | Member Event Date Qualifier | DTP01 | 59 - 60 | 7 | DTP* | 340<br>341<br>356<br>357<br>303<br>348<br>349<br>360<br><br>361<br><br>286 | COBRA Begin - Not Used<br>COBRA End - Not Used<br>Eligibility Begin - sent if add<br>Eligibility End - sent if term<br>Maintenance Effective - sent if changed<br>Benefit Begin - sent if add<br>Benefit End - sent if term<br>Disability Begin - sent if disabled changed to "yes"<br>Disability End - sent if disabled changed from "yes"<br>Retirement - sent if employment status changed to retired | Loop 2000, Data Element 374<br>Eligibility and benefit dates handled in concert - when one changes the other changes.<br><br>Not found on EUTF Full File even though it's in the file specification |
| 10 | Member Event Date Format Qualifier | DTP02 | 60 | 3 | *D8 | | Date Expressed in Format CCYYMMDD | Not found on EUTF Full File even though it's in the file specification |
| 10 | Member Event Date | DTP03 | 60 | 9 | **CCYYMMDD* | | | Not found on EUTF Full File even though it's in the file specification |
| 11 | Member Entity Identifier Code | NM101 | 62, 81 | 6 | NM1* | IL<br>70<br><br>74 | Insured or Subscriber<br>Corrected Name or Demographics Changed<br>Corrected Insured | Loop 2100, Data Element 98<br>IL - Use this code for enrolling a new member or<br>updating a member with no change in identifying<br>information.<br>74 - Use this code if this transmission is correcting the identifier information on a member already enrolled. Usage of this code requires the sending of an NM1 with code '70' in loop 2100B.<br>70 - Use this code if correcting identifying or demographic information on a member enrolled. If only demographic information is being corrected, NM101 in Loop 2100A will be IL. |
| 11 | Member Entity Type Qualifier | NM102 | 62, 81 - 82 | 2 | *1 | | Person | |
| 11 | Member Last Name | NM103 | 62, 81 - 82 | 1/35 | **LastName* | | | |
| 11 | Member First Name | NM104 | 62, 81 - 82 | 11 | **FirstName* | | | |
| 11 | Member Middle Name | NM105 | 62, 81 - 82 | 2 | **MiddleInitial* | | | |
| 11 | Name Prefix | NM106 | 62, 81 - 82 | 3 | * | Not Used | **No value is passed** | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 11 | Name Suffix | NM107 | 62, 81 - 82 | 3 | * | JR<br>SR<br>Not Used | | |
| 11 | Member Identification Number Qualifier | NM108 | 62, 81 - 82 | 3 | *34 | | Social Security Number | |
| 11 | Member Identification Number | NM109 | 62, 81 - 82 | 10 | **SSN* | | | |
| 12 | Member Residence Street Address - 1 | N301 | 67 | 53 | N3**SubscriberStreetAddress1* | | | |
| 12 | Member Residence Street Address - 2 | N302 | 67 | 51 | **SubscriberStreetAddress2* | | | |
| 13 | Member Residence City | N401 | 68 | 19 | N4**SubscriberCityName* | | | |
| 13 | Member Residence State | N402 | 68 | 3 | **SubscriberStateAbbreviationCode* | | | |
| 13 | Member Residence Zip Code - 1 | N403 | 69 | 6 | **SubscriberZipCode1* | | | |
| 13 | Member Residence Zip Code - 2 | N403 | 69 | 4 | *SubscriberZipCode2* | | | |
| 13 | Member Residence Country Code | N404 | 69 | 4 | * | USA<br>CAN<br>JPN | United States<br>Canada<br>Japan | Required only if country is not USA. |
| 14 | Member Demographic Date Format Qualifier | DMG01 | 70 | 6 | DMG*D8 | | Date Expressed in Format CCYYMMDD | |
| 14 | Member Birth Date | DMG02 | 71 | 9 | **CCYYMMDD* | | Birth date | |
| 14 | Member Gender Code | DMG03 | 71 | 2 | * | F<br>M | Female<br>Male | |
| 14 | Member Martial Status | DMG04 | 71 | 1 | * | I<br>M<br>B | Single<br>Married<br>Domestic Partner | If marital status not included then transmitting old birth date and sex. |
| 10 | Member Entity Identifier Code | NM101 | 62, 81 | 6 | NM1*31 | | Postal Mailing Address | Optional only if subscriber has separate mailing address |
| 11 | Member Entity Type Qualifier | NM102 | 62, 81 - 82 | 2 | *1 | | Person | |
| 12 | Member Residence Street Address - 1 | N301 | 67 | 53 | N3**SubscriberStreetAddress1* | | | |
| 12 | Member Residence Street Address - 2 | N302 | 67 | 51 | **SubscriberStreetAddress2* | | | |
| 13 | Member Residence City | N401 | 68 | 19 | N4**SubscriberCityName* | | | |
| 13 | Member Residence State | N402 | 68 | 3 | **SubscriberStateAbbreviationCode* | | | |
| 13 | Member Residence Zip Code - 1 | N403 | 69 | 6 | **SubscriberZipCode1* | | | |
| 13 | Member Residence Zip Code - 2 | N403 | 69 | 4 | *SubscriberZipCode2* | | | |
| 13 | Member Residence Country Code | N404 | 69 | 4 | * | USA<br>CAN<br>JPN | United States<br>Canada<br>Japan | Required only if country is not USA. |
| 14 | Member Disability Type Code | DSB01 | 124-125 | | DSB* | 3<br>4 | New Disability<br>No New Disability | |
| 14 | Member Disability Date Qualifier | DTP01 | 126 - 127 | 7 | DTP* | 360<br>361 | Disability Begin<br>Disability End | Loop 2200, Data Element 374 |
| 14 | Member Disability Date Format Qualifier | DTP02 | 126 | 3 | *D8 | | Date Expressed in Format CCYYMMDD | |
| 14 | Member Disability Date | DTP03 | 126 | 9 | **CCYYMMDD* | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 15 | Member Coverage Maintenance Type Code | HD01 | 128 - 129 | 6 | HD* | 001<br>021<br>024<br>025<br>030 | Change<br>Addition<br>Cancellation or Termination<br>Reinstatement - Not Used<br>Audit or Compare | |
| 15 | Member Coverage Type Code | HD03 | 129 - 130 | 4 | * | DEN<br>HLT<br>LIF<br>CRO<br>PDG<br>VIS | Dental<br>Health<br>Life Ins<br>Chiro<br>Prescription Drug<br>Vision | |
| 15 | Plan coverage description | HD04 | 130 | 6 | * | | Benefit Plan | **To be sent with every record** |
| 15 | Member Coverage Level Code | HD05 | 130 - 131 | 4 | * | EMP<br>FAM<br>TWO<br>CHD<br>ESP | Employee Only<br>Family<br>Two Party<br>Children Only<br>Employee + Spouse | |
| 16 | Member Coverage Date Qualifier | DTP01 | 132 - 133 | 7 | DTP* | 303<br>348<br>349 | Maintenance Effective Date<br>Benefit Begin - Audit Action 'A'dd<br>Benefit End - Audit Action 'T'er | Loop 2300, Data Element 374 |
| 16 | Member Coverage Date Format Qualifier | DTP02 | 133 | 3 | *D8 | | Date Expressed in Format CCYYMMDD | |
| 16 | Member Coverage Date | DTP03 | 134 | 9 | **CCYYMMDD* | | | |
| ***TRANSACTION SET TRAILER*** | | | | | | | | |
| **Line** | **Field** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 1 | Transaction Segment Count | SE01 | 158 | 13 | SE**TotalNumber* | | | Number of segments in transaction set including ST and SE segments |
| 1 | Transaction Set Control Number | SE02 | 158 | 10 | **Same number as Header Control Number* | | | |
| ***FUNCTIONAL GROUP TRAILER*** | | | | | | | | |
| **Line** | **Field** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 1 | Number of Transaction Sets Included | GE01 | B.10 | 9 | GE**TotalNumber* | | | Number of transaction sets |
| 1 | Group Control Number | GE02 | B.10 | 10 | **Same number as Header Control Number* | | | |
| ***INTERCHANGE CONTROL TRAILER*** | | | | | | | | |
| **Line** | **Field** | **Ref. Des.** | **Ref. Page** | **Length** | **Contents** | **Valid Values** | **Description** | **Note** |
| 1 | Number of Included Functional Groups | IEA01 | B.7 | 9 | IEA**TotalNumber* | | | Number of functional groups |
| 1 | Interchange Control Number | IEA02 | B.7 | 10 | **Same number as Header Control Number* | | | |

EXHIBIT H

ENROLLMENT COUNTS

The following table shows the enrollment count as of February 2014.

| | |
|---|---|
| Active Employees | 68,277 |
| Retirees | 38,882 |

EXHIBIT I

CENSUS DATA

Census data will be supplied upon completion of the Intent to Bid Form (Attachment 2) and signed Confidentiality Agreement (Attachment 3).