

CONTRACT #11
RFS # 317.86-00003
FA # 05-16170

Finance & Administration
Benefits Administration

VENDOR:
Delta Dental of Tennessee



RECEIVED

DEC 07 2010

12:08 pm

FISCAL REVIEW

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

Mike Morrow
COMMISSIONER

Phone: 615.741.4517
Fax: 615.253.8556

Laurie Lee
EXECUTIVE DIRECTOR

To: James White, Executive Director, Fiscal Review Committee

From: Laurie Lee *LL*

Date: December 7, 2010

RE: Revision to Delta Dental of Tennessee Amendment # 5

This amendment increases the maximum liability by \$1.2 Million dollars to cover the payment to the Contractor for the month of December, 2010 that is the last month of the term of this contract. Benefits Administration's initial estimate was too conservative in light of the continuing increase in enrollment for this preferred dental organization and the addition of retiree dental coverage.

The original contract and four prior amendments are included for your review. We acknowledge this amendment does not meet the requested sixty days advance of effective date. The inability to make this last payment on the contract did not surface until the projected December invoice was provided to the State. We thank you for your consideration of this amendment # 5 to the Delta Dental of Tennessee contract.

Supplemental Documentation Required for
Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358			
*Contract Number:	Edison ID # 3630 (previously FA-05-16170)	*RFS Number:	31786 – 00003 (previously 317.86-026)			
*Original Contract Begin Date:	01.01.2005	*Current End Date:	12.31.2010			
Current Request Amendment Number: <i>(if applicable)</i>		5				
Proposed Amendment Effective Date: <i>(if applicable)</i>		12.23.2010				
*Department Submitting:		Finance & Administration				
*Division:		Benefits Administration				
*Date Submitted:		December 7, 2010				
*Submitted Within Sixty (60) days:		No.				
<i>If not, explain:</i>		The fact that the payment exceeded the available funds was determined on 12-7-10				
*Contract Vendor Name:		Delta Dental of Tennessee				
*Current Maximum Liability:		\$65,425,000.				
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Contract Summary Sheet)</i>						
FY: 2005	FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY: 2011
\$9,000,000	\$2,000,000	\$5,700,000	\$11,300,000	\$12,500,000	\$12,925,000	\$12,000,000
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>						
FY: 2005	FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY: 2011 YTD
\$2,484,505.33	\$5,988,451.94	\$8,135,264.29	\$10,909,110.48	\$13,340,862.22	\$16,458,891.91	\$7,671,627.71
IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:			<p>This is a pass through fund for this fully insured insurance plan. The State collects the premiums from employees' paychecks or from participating employers and provides payment to the Contractor each month.</p> <p>Fiscal year maximum liability estimate is based on estimates of annual plan membership for the term of the contract. Actual membership may vary from the original estimates during the term of the Contract, and therefore premium payments to the Contractor may vary.</p>			
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:			<p>There are no surplus funds since this is a pass through fund and premiums collected by Benefits Administration are provided to the vendor.</p>			
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was			<p>FY 2006, 2007, 2009 and 2010 expenditures exceeded the allocation. Funding to pay these expenditures was provided</p>			

Supplemental Documentation Required for Fiscal Review Committee

acquired to pay the overage:		from funding availability rolled forward from FY 2005.	
*Contract Funding Source/Amount:	State:	Federal:	
Interdepartmental:	\$65,425,000	Other:	
If "other" please define:			
Dates of All Previous Amendments or Revisions: (if applicable)		Brief Description of Actions in Previous Amendments or Revisions: (if applicable)	
October 2009 Amendment # 4		Extended the term to Dec. 31, 2010, provided a premium increase and added funding to the maximum liability.	
October 2008 Amendment 3		Extended the term to Dec. 31, 2009, provided a premium increase of 7.5% and added Edison requirements.	
June, 25 2008 Revision		Moved funding from fund 56 to fund 55 to allow for premium payments.	
October 2007 Amendment 2		Extended the term to December 31, 2008, increased the maximum liability and added a provision regarding the replacement of the Tennessee Insurance System (TIS) with the State's Enterprise Resource Planning (ERP) system Edison.	
May 2007 Revision		Redistributed funding for the three funds.	
February 2007 Revision		Redistributed funding from FY 08 to FY 07.	
February 2007 Revision		Redistributed funding for the three funds.	
November 2006 Amendment 1		Increased the maximum liability of the contract not to exceed Twenty-Two Million Dollars (\$22,000,000.00).	
Method of Original Award: (if applicable)		RFP	
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$15,000,000.00	
Include a detailed breakdown of the actual expenditures anticipated in each year of the contract. Include specific line items, source of funding, and disposition of any excess fund. (if applicable)		See attached – "Delta Dental of Tennessee Payments."	
Include a detailed breakdown, in dollars, of any savings that the department anticipates will result from this contract. Include, at a minimum, reduction in positions, reduction in equipment costs, reduction in travel. (if applicable)		No specific dollar amount of savings is anticipated as a result from this contract amendment.	
Include a detailed analysis, in dollars, of the cost of obtaining this service through the proposed contract as compared to other options. (if applicable)		This contract is in the fifth year of the term of the contract. Expenditures for the current year and the extension year of the contract are attached and are based on estimated member enrollment.	

Supplemental Documentation Required for
Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY: 2011	FY: 2012	FY:	FY:	FY:
N/A					

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
N/A					

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					

Delta Dental of Tennessee

Payments

STARS Contract # FA0516170

Edison Contract # 3630

Expenditures through December 2010

<u>Fiscal Year</u>	<u>Expenditures</u>
2005	\$2,484,505.33
2006	\$5,988,451.94
2007	\$8,135,264.29
2008	\$10,909,110.48
2009	\$13,340,862.22
2010	\$16,458,891.91
2011	<u>\$7,671,627.71</u>
Total	\$64,988,713.88

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED

Commissioner of Finance & Administration

1) RFS #	31786 – 00003 (previously 317.86-026)	
2) Procuring Agency :	Department of Finance and Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Preferred Dental Organization dental plan coverage for State, Local Education and Local Government active employees and retirees	
4) Contractor :	Delta Dental of Tennessee	
5) Contract #	Edison ID # 3630 (previously FA-05-16170-00)	
6) Contract Start Date :	January 1, 2005	
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2010	
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	\$65,425,000.00	
PROPOSED AMENDMENT INFORMATION		
9) Amendment #	# 5	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	December 23, 2010	
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2010	
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	\$66,625,000.00	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :	The proposed amendment increases the maximum liability to provides funds for the payment due the Contractor for the month of December, 2010.	
15) Explanation of Need for the Proposed Amendment :	Enrollment in the Preferred Dental Organization operated by Delta Dental of Tennessee continued to grow during calendar year 2010 and the expenses projected in calendar year 2009 were too conservative thereby requiring additional funding.	
16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)	Delta Dental of Tennessee, 240 Venture Circle, Nashville, TN 37228	
17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)	Documentation is ... <input checked="" type="checkbox"/> Not Applicable to this Request <input type="checkbox"/> Attached to this Request	
18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)		

Documentation is ... <input checked="" type="checkbox"/> Not Applicable to this Request <input type="checkbox"/> Attached to this Request
19) Department of Human Resources Endorsement : (required for state employees training service)
Documentation is ... <input checked="" type="checkbox"/> Not Applicable to this Request <input type="checkbox"/> Attached to this Request
20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :
No procurement alternatives were sought as this is the last month of the term of the contract
21) Justification for the Proposed Non-Competitive Amendment :
The amendment is necessary in order to add the additional funding for December, 2010.
AGENCY HEAD SIGNATURE & DATE : (<u>must</u> be signed & dated by the <u>ACTUAL</u> procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)
SIGNATURE & DATE  12-7-2010



CONTRACT AMENDMENT

Agency Tracking # 31786-00003 (formerly 317.86-026)	Edlson ID 3630	Contract # FA-05-16170-00	Amendment # 5		
Contractor Legal Entity Name Delta Dental of Tennessee			Registration ID 0000074015		
Amendment Purpose & Effect(s) Amendment increases maximum liability by \$1.2 million to \$66,625,000.					
Amendment Changes Contract End Date: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		End Date: December 31, 2010			
Maximum Liability (TOTAL Contract Amount) Increase/Decrease per this Amendment:			\$66,625,000		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			\$9,000,000		\$9,000,000
2006			\$2,000,000		\$2,000,000
2007			\$5,700,000		\$5,700,000
2008			\$11,300,000		\$11,300,000
2009			\$12,500,000		\$12,500,000
2010			\$12,925,000		\$12,925,000
2011			\$13,200,000		\$13,200,000
TOTAL:			\$66,625,000		66,625,000
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.			OCR USE		
Speed Code Multiple Funds Apply		Account Code 79007000			

**AMENDMENT FIVE
TO CONTRACT ID NUMBER 3630 (Previously FA-05-16170-00)**

This Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and Local Government Insurance Committee, hereinafter referred to as the "State" and Delta Dental of Tennessee, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. The text of contract section C.1. is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Sixty-Six Million Six Hundred Twenty-Five Thousand Dollars (\$66,625,000.00). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The revisions set forth herein shall be effective on the date of final approval by the appropriate State officials in accordance with applicable Tennessee State laws and regulations. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

DELTA DENTAL OF TENNESSEE:

SIGNATURE

DATE

PRINTED NAME AND TITLE OF SIGNATORY (above)

**STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:**

MIKE MORROW, CHAIRMAN

DATE



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Sen. Bill Ketron, Chairman
Senators

Douglas Henry Reginald Tate
Doug Jackson Ken Yager
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Charles Curtiss, Vice-Chairman
Representatives

Harry Brooks Donna Rowland
Curtis Johnson Tony Shipley
Steve McManus Curry Todd
Mary Pruitt Eddie Yokley
Craig Fitzhugh, *ex officio*
Speaker Kent Williams, *ex officio*

MEMORANDUM

TO: The Honorable Dave Goetz, Commissioner
 Department of Finance and Administration

FROM: Bill Ketron, Chairman, Fiscal Review Committee *BK*
 Charles Curtiss, Vice-Chairman, Fiscal Review Committee *CC*

DATE: September 16, 2009

SUBJECT: **Contract Comments**
 (Fiscal Review Committee Meeting 9/15/09)

RFS# 317.86-00003

Department: Finance & Administration/Benefits Administration

Contractor: Delta Dental of Tennessee

Summary: The vendor is currently responsible for the provision of an optional Preferred Dental Organization (PDO) insurance plan for enrollees of the State Employee, Local Education and Local Government Plans. The proposed amendment extends the current contract for an additional year, and increases the maximum liability by \$15,925,000.

Maximum liability: \$49,500,000

Maximum liability w/amendment: \$65,425,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Ms. Laurie Lee, Executive Director, Benefits Administration
 Mr. Robert Barlow, Director, Office of Contracts Review

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SEP 22 2009

FISCAL REVIEW



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

Dave Goetz
COMMISSIONER

Phone: 615.741.4517
Fax: 615.253.8556

Laurie Lee
EXECUTIVE DIRECTOR

To: James White, Executive Director, Fiscal Review Committee

From: Laurie Lee *LL*

Date: September 22, 2009

RE: Revision to Delta Dental of Tennessee Amendment # 4

I presented this amendment to Fiscal Review Committee members on Tuesday, September 15, 2009. Due to our oversight, the amendment contained rates for a product option that we do not intend to offer retirees of the State of Tennessee. Specifically, the Contractor had proposed two sets of rates—one with orthodontics and one without. During our negotiations, we declined to offer the product without orthodontics in order to ensure that coverage is consistent with the product offered active employees. We do not plan to offer the product without orthodontics and, therefore, that information should not have been included in the amendment.

The amendment presented to the Fiscal Review Committee does contain the correct plan option with orthodontics and the correct corresponding rates that will be available to retirees. While we could implement the new retiree coverage with the existing Amendment #4 approved by Fiscal Review and simply opt to exclude that option, I am submitting the revised Amendment #4 removing the product option without orthodontics to make it clear in our contract that we will not offer that product.

Thank you for your consideration of the revised amendment to the Delta Dental of Tennessee amendment # 4.



RECEIVED
AUG 18 2009
FISCAL REVIEW

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

Dave Goetz
COMMISSIONER

Phone: 615.741.4517
Fax: 615.253.8556

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Brian Haile, Deputy Director of Benefits Administration

A handwritten signature in blue ink, appearing to read "B Haile".

Date: August 18, 2009

RE: Amendment to extend Delta Dental of Tennessee contract and adds contractor responsibilities for Eligible Retirees

Attached is a Non-Competitive Amendment request to add language to the existing contract with Delta Dental of Tennessee containing the signature of Commissioner M. D. Goetz, Jr. The base contract is included as are the three amendments to this contract. The current amendment # 4 extends the contract for one additional year (January 1, 2010 through December 31, 2010) for the Optional Preferred Dental Insurance Plan with a 7.5% increase in premiums for active employees. Also, the amendment provides for a separate Optional Preferred Dental Plan for eligible retirees and their dependents. The expansion of coverage to retirees is in response to SB1749/HB1285 enacted by the General Assembly in May, 2009 that is effective January 1, 2010. The optional retiree plan is a separate benefit plan from the plan for active employees and has separate premiums for participating retirees.

The maximum liability is increased to accommodate the term extension and for the addition of eligible retirees. All of the premiums for this contract are paid by the member participants.

Thank you for your consideration of this request.

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358		
*Contract Number:	Edison ID # 3630 (previously FA-05-16170)	*RFS Number:	31786 – 00003 (previously 317.86-026)		
*Original Contract Begin Date:	01.01.2005	*Current End Date:	12.31.2009		
Current Request Amendment Number: <i>(if applicable)</i>		4			
Proposed Amendment Effective Date: <i>(if applicable)</i>		11.01.2009			
*Department Submitting:		Finance & Administration			
*Division:		Benefits Administration			
*Date Submitted:		August 18, 2009			
*Submitted Within Sixty (60) days:		Yes			
<i>If not, explain:</i>					
*Contract Vendor Name:		Delta Dental of Tennessee			
*Current Maximum Liability:		\$49,500,000.			
*Current Contract Allocation by Fiscal Year: <i>(as Shown on Most Current Contract Summary Sheet)</i>					
FY: 2005	FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010
\$9,000,000	\$2,000,000	\$5,700,000	\$11,300,000	\$12,500,000	\$9,000,000
*Current Total Expenditures by Fiscal Year of Contract: <i>(attach backup documentation from STARS or FDAS report)</i>					
FY: 2005	FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010 YTD
\$2,071,428.69	\$5,988,451.94	\$8,135,264.29	\$10,909,110.48	\$13,340,862.22	\$2,390,837.76
<p>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</p>			<p>This is a pass through fund for this fully insured insurance plan. The State collects the premiums from employees' paychecks or from participating employers and provides payment to the Contractor each month.</p> <p>Fiscal year maximum liability estimate is based on estimates of annual plan membership for the term of the contract. Actual membership may vary from the original estimates during the term of the Contract, and therefore premium payments to the Contractor may vary.</p>		
<p>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</p>			<p>There are no surplus funds since this is a pass through fund and premiums collected by Benefits Administration are provided to the vendor.</p>		
<p>IF Contract Expenditures exceeded Contract Allocation, please give the reasons and</p>			<p>FY 2006, 2007 and 2009 expenditures exceeded the allocation. Funding to pay these expenditures</p>		

Supplemental Documentation Required for
Fiscal Review Committee

explain how funding was acquired to pay the overage:		was provided from funding availability rolled forward from FY 2005.	
*Contract Funding Source/Amount:	State:		Federal:
Interdepartmental:	\$49,500,000		Other:
If "other" please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
October 2008 Amendment 3		Extended the term to Dec. 31, 2009, provided a premium increase of 7.5% and added Edison requirements.	
June, 25 2008 Revision		Moved funding from fund 56 to fund 55 to allow for premium payments.	
October 2007 Amendment 2		Extended the term to December 31, 2008, increased the maximum liability and added a provision regarding the replacement of the Tennessee Insurance System (TIS) with the State's Enterprise Resource Planning (ERP) system Edison.	
May 2007 Revision		Redistributed funding for the three funds.	
February 2007 Revision		Redistributed funding from FY 08 to FY 07.	
February 2007 Revision		Redistributed funding for the three funds.	
November 2006 Amendment 1		Increased the maximum liability of the contract not to exceed Twenty-Two Million Dollars (\$22,000,000.00).	
Method of Original Award: <i>(if applicable)</i>		RFP	
Include a detailed breakdown of the actual expenditures anticipated in each year of the contract. Include specific line items, source of funding, and disposition of any excess fund. <i>(if applicable)</i>		See attached – "Delta Dental of Tennessee Payments."	
Include a detailed breakdown, in dollars, of any savings that the department anticipates will result from this contract. Include, at a minimum, reduction in positions, reduction in equipment costs, reduction in travel. <i>(if applicable)</i>		No specific dollar amount of savings is anticipated as a result from this contract amendment.	
Include a detailed analysis, in dollars, of the cost of obtaining this service through the proposed contract as compared to other options. <i>(if applicable)</i>		This contract is in the fifth year of the term of the contract. Expenditures for the current year and the extension year of the contract are attached and are based on estimated member enrollment.	

Delta Dental of Tennessee

Payments

STARS Contract # FA0516170

Edison Contract # 3630

Expenditures through August 2009

<u>Fiscal Year</u>	<u>Expenditures</u>
2005	\$2,071,428.69
2006	\$5,988,451.94
2007	\$8,135,264.29
2008	\$10,909,110.48
2009	\$13,340,862.22
YTD 2010	<u>\$2,390,837.76</u>
Total	\$42,835,955.38

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED

Commissioner of Finance & Administration

1) RFS #	31786 – 00003 (previously 317.86-026)	
2) Procuring Agency :	Department of Finance and Administration	
EXISTING CONTRACT INFORMATON		
3) Service Caption :	Preferred Dental Organization dental plan coverage for State, Local Education and Local Government active employees and retirees	
4) Contractor :	Delta Dental of Tennessee	
5) Contract #	Edison ID # 3630 (previously FA-05-16170-00)	
6) Contract Start Date :	January 1, 2005	
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2009	
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	\$49,500,000.00	
PROPOSED AMENDMENT INFORMATON		
9) Amendment #	# 4	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	November 1, 2009	
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2010	
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	\$65,425,000.00	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state	
	<input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :	The proposed amendment will continue to offer an Optional Preferred Dental Plan during calendar 2010 to State, Local Education and Local Government employees. The amendment will add the additional Optional Preferred Dental Plan for retirees in response to the SB1749/HB1285 enacted by the General Assembly in May, 2009 that becomes effective on January 1, 2010.	
15) Explanation of Need for the Proposed Amendment :	The proposed amendment is necessary in order to continue to offer an Optional Preferred Dental Plan during calendar 2010 to State, Local Education and Local Government employees. The amendment is also necessary in order to add the additional Optional Preferred Dental Plan for retirees in response to the SB1749/HB1285 enacted by the General Assembly in May, 2009 that becomes effective on January 1, 2010. The extension of the contract for the additional period is also necessary in order to provide Benefits Administration and the State Insurance Committees the time necessary to implement new plan redesigns for plan year 2011. A request for proposals for this service category will be completed during calendar year 2010.	
16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)	Delta Dental of Tennessee, 240 Venture Circle, Nashville, TN 37228	

17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)

Documentation is ... **Not Applicable to this Request** **Attached to this Request**

18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)

Documentation is ... **Not Applicable to this Request** **Attached to this Request**

19) Department of Human Resources Endorsement : (required for state employees training service)

Documentation is ... **Not Applicable to this Request** **Attached to this Request**

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

No procurement alternatives were sought. Benefits Administration and the State Insurance Committees are in agreement with the extension of the contract with a 7.5% increase in administrative fees negotiated with the Contractor for active employees. New rates were negotiated with the Contractor for retirees and are detailed in the body of the amendment. The term extension is appropriate and in the best interest of the State, its' active employees and retirees.

21) Justification for the Proposed Non-Competitive Amendment :

The amendment is necessary in order to add the additional Optional Preferred Dental Plan for retirees in response to the newly enacted Chapter No. 258 that takes effect on January 1, 2010. The extension of the contract for the additional period is also necessary in order to provide Benefits Administration and the State Insurance Committees the time necessary to implement new plan redesigns for plan year 2011.

AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

SIGNATURE & DATE

8/19/09

RULE EXCEPTION REQUEST

APPROVED

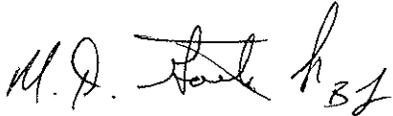
COMMISSIONER OF FINANCE & ADMINISTRATION

1	REQUEST RFS #	31786 – 00003 (previously 317.86-026)
2	CONTRACT #	Edison ID # 3630 (previously FA-05-16170-00)
3	SERVICE	Preferred Dental Organization dental plan coverage for State, Local Education and Local Government active employees and retirees
4	CONTRACTOR	Delta Dental of Tennessee
5	CONTRACT BEGIN DATE	January 1, 2005
6	CONTRACT END DATE (with ALL options to extend exercised)	December 31, 2010
7	CONTRACT MAXIMUM LIABILITY (with ALL options to extend exercised)	\$65,425,000.00

8	SUBJECT RULE	<input checked="" type="checkbox"/> 0620-3-3-.07(5) – prohibiting a contract term greater than five (5) years <input type="checkbox"/> 0620-3-3-.07(8) – prohibiting a contract with a former state employee in within six (6) months of termination <input type="checkbox"/> 0620-3-3-.07(22) – requiring that contractor travel expense reimbursement/compensation shall be subject to the prevailing state Comprehensive Travel Regulations (this request MUST also attach documentation of F&A Budget support of the request) <input type="checkbox"/> 0620-3-3-.05(5) – requiring a contract set forth the prescribed Nondiscrimination provision <input type="checkbox"/> OTHER – SECTION AND SUBSECTION NUMBER FOR F&A RULE GOVERNING PERSONAL, PROFESSIONAL, AND CONSULTING SERVICE CONTRACTS FOR WHICH AN EXCEPTION IS REQUESTED
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9	EXCEPTION REQUESTED	The department seeks a rule exception to permit a six (6) year contract.
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10	The proposed amendment is necessary in order to continue to offer an Optional Preferred Dental Plan during calendar 2010 to State, Local Education and Local Government employees. The amendment is also necessary in order to add the additional Optional Preferred Dental Plan for retirees in response to SB1749/HB1285 enacted by the General Assembly in May, 2009 that becomes effective on January 1, 2010. The extension of the contract for the additional period is also necessary in order to provide Benefits Administration and the State Insurance Committees the time necessary to implement new plan redesigns for plan year 2011. A request for proposals for this service category will be completed during calendar year 2010.
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AGENCY HEAD SIGNATURE & DATE (procuring agency head or authorized signatory)




C O N T R A C T A M E N D M E N T

Agency Tracking # 31786- 00003 (formerly 317.86-026)	Edison ID 3630	Contract # FA-05-16170-00	Amendment # 4
---	--------------------------	-------------------------------------	-------------------------

Contractor Delta Dental of Tennessee	Contractor Federal Employer Identification or Social Security # <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-0812197-00
--	---

Amendment Purpose/ Effects
 Preferred Dental Organization: dental plan coverage for State, Local Education, and Local Government employees. Amendment extends term to December 31, 2010.

Contract Begin Date January 1, 2005	Contract End Date December 31, 2010	Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #(s)
---	---	---	------------------

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			\$9,000,000		\$9,000,000
2006			\$2,000,000		\$2,000,000
2007			\$5,700,000		\$5,700,000
2008			\$11,300,000		\$11,300,000
2009			\$12,500,000		\$12,500,000
2010			\$12,925,000		\$12,925,000
2011			\$12,000,000		\$12,000,000
TOTAL:			\$65,425,000		\$65,425,000

American Recovery and Reinvestment Act (ARRA) Funding – YES NO

— COMPLETE FOR AMENDMENTS —

END DATE AMENDED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		
FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2005	\$9,000,000	
2006	\$2,000,000	
2007	\$5,700,000	
2008	\$11,300,000	
2009	\$12,500,000	
2010	\$9,000,000	\$3,925,000
2011	\$0.00	\$12,000,000
TOTAL:	\$49,500,000	\$15,925,000

Agency Contact & Telephone #
 Marlene Alvarez – Manager of Procurement & Contracting
 Tennessee Department of Finance & Administration, Benefits Administration
 312 Rosa L Parks Avenue, Suite 2600
 Nashville, Tennessee 37243
 615.253.8358

Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
Maurice Abbey Ken

Speed Code Multiple funds apply	Account Code 79007000
---	---------------------------------

M J [Signature]

F&A Secured Document

FA0516170-04

— OCR USE —

Procurement Process Summary (non-competitive, FA- or ED-type only)

The original contract (FA-05-16170-00) was procured through the RFP process.

**AMENDMENT FOUR
TO CONTRACT ID NUMBER 3630 (Previously FA-05-16170-00)**

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and Local Government Insurance Committee, hereinafter referred to as the "State" and Delta Dental of Tennessee, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section A.1 is deleted in its entirety and replaced with the following:

A.1. SERVICES PROVIDED BY THE CONTRACTOR

The Contractor agrees to provide an Insured Preferred Dental Plan option to active employees and survivors of the State of Tennessee, Local Education Agencies and Local Government Agencies, and their eligible dependents (hereafter referred to as "participants" or "members"), who elect to participate in the Preferred Dental Plan. This option will be delivered in accordance with the clarifications of Request for Proposals (RFP) 317.86-026 (attached hereto by reference); RFP 317.86-026 (attached hereto); the Contractor's Technical proposal in response to RFP 317.86-026 (attached hereto), the Contractor's Cost Proposal in response to RFP 317.86-026 (attached hereto) and this agreement (collectively referred to as the "Contract").

The Contractor agrees to provide effective January 1, 2010 a separate Retiree Preferred Dental Plan option to eligible retirees and their eligible dependents of the State of Tennessee, Local Education Agencies and Local Government Agencies (herein after referred to as "participants" or "members") who elect to participate in the Retiree Preferred Dental Plan option. An eligible retiree is a former employee who has retired from the State, a Local Education agency or a Local Government agency and receives a benefit from the Tennessee Consolidated Retirement System, or an optional retirement plan.

Specifically, the Preferred Dental Organization Plan shall consist of the following components:

2. The text of Contract Section B.1 is deleted in its entirety and replaced with the following:

B.1. Contract Term. This Contract shall be effective for the period commencing on January 1, 2005 and ending on December 31, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

3. The text of Contract Section C.1 is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Sixty-five Million Four Hundred Twenty-five Thousand Dollars (\$65,425,000.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

4. The text of Contract Section C.3 is deleted in its entirety and replaced with the following:

C.3. **Payment Methodology.** The Contractor shall be compensated based on the Premiums herein for monthly service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of monthly service defined in Section A. The Contractor shall be compensated based upon the following monthly premiums:

Coverage Option	Proposer's Guaranteed Monthly Premiums For Active Employee Plan					
	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010
Employee	\$15.12	\$16.12	\$16.25	\$17.47	\$18.78	\$20.19
Employee + One	\$28.67	\$28.67	\$30.82	\$33.13	\$35.61	\$38.28
Employee + Family	\$45.53	\$45.53	\$48.95	\$52.62	\$56.56	\$60.80

Coverage Option	Proposer's Guaranteed Monthly Premiums For Retiree Plan With Orthodontics
	Calendar Year 2010
Employee	\$24.68
Employee + One	\$45.94
Employee + Family	\$67.49

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed monthly service for the amount stipulated.

5. Contract Attachment E attached hereto is added as a new Contract Attachment.

The revisions set forth herein shall be effective November 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

DELTA DENTAL OF TENNESSEE:



CONTRACTOR SIGNATURE

10/17/09
DATE

Philip A. Wark CEO

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:

M.D. Goetz Jr. 10-9-09
M.D. GOETZ, JR, CHAIRMAN DATE

Contract Attachment E
Begins on the following page.

Making better choices

PPO Plan

Prepared exclusively for State of Tennessee Retirees
Prepared on Wednesday, July 22, 2009
Effective 1/1/2010



PPO Plan Plan Benefits

	PPO Provider	Non-Par Provider
D and P Benefits:	100%	80%
Sealants:	100%	80%
Basic Benefits:	80%	60%
Endodontics:	50%	50%
Periodontics:	50%	50%
Complex Oral Surgery:	50%	50%
Major Restorations:	50%	50%
Prosthodontics:	50%	50%
Implants:	50%	50%
Orthodontics:	50%	50%
Annual Maximum excluding Orthodontics :	\$1000	\$1000
Lifetime Maximum for Orthodontics:	\$1250	\$1250
Calander Year Deductible		
Amount Per Person:	\$0	\$100
Maximum Amount Per Family:	\$0	\$300

Deductible does not apply to D & P Benefits for PPO providers; deductible applies to all services for all non par providers

Premium Rates

Ee Only: \$24.63

Ee + 1: \$45.01

Ee + Family: \$57.94

With Orthodontics

Ee Only: \$24.63

Ee + 1: \$45.94

Ee + Family: \$67.49

Underwriting Requirements

Note: 12 month waiting period for Crowns, Prosthodontics, Implants and Orthodontics

Participation Requirements: The greater of 0 or 0% of the eligible employees must enroll.

Billing Minimum: The group will be billed for a minimum of 0 employees.

Orthodontics Requirements: For orthodontic coverage to be effective, a minimum of 25 employees must enroll, or a minimum of 10 must enroll if the group has prior orthodontic coverage. Limited to dependents to age 19.

Employer Contribution: This proposal is based on the employer contributing at least 0% of the employee's cost and 0% of the dependent's cost .

- These rates and benefits are valid for a contract term of 1 year from the effective date.
- New hire eligibility period is 30 Days

Plan Benefits

Diagnostic & Preventive Benefits

- Oral examinations and cleanings (prophylaxis) - two within any 12 month period
 - Members with high risk health conditions may receive a total of four cleanings, to include periodontal maintenance procedures, in any 12 month period. Eligible members include diabetics and pregnant women with periodontal disease, those with renal failure and those with suppressed immune systems such as those undergoing chemotherapy/radiation treatment, HIV positive or organ or stem cell transplant patients.
- Full mouth x-rays – once every 36 months
- Bite-wing x-rays – once every 12 months
- Fluoride - members up to age 19
- Space maintainers - members 14 years of age and under

Sealant Benefits

Permanent molar teeth for dependent children to age 16

Basic Benefits

- Simple extractions
- General Anesthesia & I.V. Sedation
- Minor Restorations – amalgams (silver fillings) composites (white fillings)
- Denture Repairs

Endodontic Benefits

Root canal procedures

Periodontic Benefits

Treatment of the gums and bones that surround the tooth

Complex Oral Surgery Benefits

Complex extractions and other surgical procedures

Major Restorative Benefits

- Crowns
- Replacement of crowns

Prosthodontic Benefits

- Prosthodontics - fixed bridges, partial or complete dentures
- Replacement of any fixed bridges or partial or complete dentures – once every 5 years
- Reline and Rebase

Implant Benefits

Surgical placement of an endosteal implant

Orthodontic Benefits

Treat poor alignment of teeth and/or jaws

The above benefit limitations are standard and may differ for groups with 100 or more employees when requesting a custom quote.

EyeMed Vision Care Discount Plan for Delta Dental Members

Vision Care Services provided by EyeMed	Member Benefit
Exam with Dilation as necessary	\$5 off comprehensive exam \$10 off contact lens exam
Complete Pair of Glasses Purchase: <ul style="list-style-type: none"> • <i>The following frame, lenses, and lens options discounts & fees apply only if a complete pair is purchased in the same transaction.</i> • <i>Items purchased separately will be discounted 20% off of the retail price.</i> 	
Standard Plastic Lenses including Standard Scratch: <ul style="list-style-type: none"> • Single Vision • Bifocal • Trifoca 	Co-Pay \$75 \$95 \$125
Frames: Any frame available at provider location	30% off Retail Price
Lens Options <ul style="list-style-type: none"> • UV Coating • Tint (Solid and Gradient) • Standard Polycarbonate • Standard Antireflective Coating • Standard Progressive (Add-on to Bifocal) 	Co-Pay \$15 \$15 \$40 \$45 \$70
Contact Lenses*: <i>(Applied to materials only)</i>	15% off Retail Price
Laser Vision Correction: LASIK or PRK	15% off Retail Price or 5% off Promotional Price
Frequency: <ul style="list-style-type: none"> • Examination • Frames • Lenses • Contact Lenses 	Unlimited Unlimited Unlimited Unlimited

This is not insurance.

*After initial purchase, replacement contact lenses may be obtained via the Internet at substantial savings and mailed directly to the member. Details are available at www.eyemedvisioncare.com. Member will receive a 20% discount on items purchased at participating providers not included under plan coverage. 20% discount may not be combined with any other discounts or promotional offers, and the discount does not apply to EyeMed provider's professional services or contact lenses. Retail prices may vary by location.



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman
Representatives

Curt Cobb	Donna Rowland
Curtis Johnson	David Shepard
Gerald McCormick	Curry Todd
Mary Pruitt	Eddie Yokley
Craig Fitzhugh, <i>ex officio</i>	
Speaker Jimmy Naifeh, <i>ex officio</i>	

Sen. Douglas Henry, Vice-Chairman
Senators

Bill Ketron	Reginald Tate
Doug Jackson	Jamie Woodson
Paul Stanley	
Randy McNally, <i>ex officio</i>	
Lt. Governor Ron Ramsey, <i>ex officio</i>	

M E M O R A N D U M

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee
Bill Ketron, Chairman, Contract Services Subcommittee

DATE: October 9, 2008

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 10/7)

cc
BK

RFS# 317.86-026
Department: Finance & Administration/Benefits Administration
Contractor: Delta Dental Plan of Tennessee
Summary: The vendor is currently responsible for the provision of an optional Preferred Dental Organization (PDO) insurance plan. The proposed amendment changes references from the Tennessee Insurance Plan to the Edison System, adds prohibition of hiring of illegal immigrant language, includes CY2009 premium rates, increases maximum liability by \$16,500,000 and extends current contract an additional year through December 31, 2009.
Maximum liability: \$33,000,000
Maximum liability w/amendment \$49,500,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Ms. Laurie Lee, Executive Director, Benefits Administration
Mr. Robert Barlow, Director, Office of Contracts Review

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358		
*Contract Number:	FA-05-16170	*RFS Number:	317.86-026		
*Original Contract Begin Date:	01.01.2005	*Current End Date:	12.31.2008		
Current Request Amendment Number: <i>(if applicable)</i>	3				
Proposed Amendment Effective Date: <i>(if applicable)</i>	01.01.2009				
*Department Submitting:	Finance & Administration				
*Division:	Benefits Administration				
*Date Submitted:	September 23, 2008				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	Delta Dental of Tennessee				
*Current Maximum Liability:	\$33,000,000.				
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Contract Summary Sheet)					
FY: 2005	FY: 2006	FY: 2007	FY: 2008	FY: 2009	FY: 2010
\$9,000,000	\$2,000,000	\$5,700,000	\$11,300,000	\$5,000,000	
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)					
FY: 2005	FY: 2006	FY: 2007	FY: 2008	FY: 2009 YTD	FY:
\$2,484,505.33	\$5,988,451.94	\$8,135,264.29	\$10,909,110.48	\$2,031,059.54	\$
<p>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</p>			<p>Contract Per Member Per Month (PMPM) expenditures are based on estimates of annual plan membership for the term of the contract. Actual membership may vary from the original estimates during the term of each contract, and therefore funding needs may vary. Monthly funding of contract expenditures are obtained, on an as needed basis, from each separate plan funds (State Fund 55, Local Education Fund 56, and Local Government Fund 58). Plan fund revenues are obtained primarily from employer and employee premiums, which are annually set by the committees, and utilized for paying all health plan fund expenses (claims, and administrative expenses, etc.), and can only be utilized for that purpose.</p>		
			<p>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</p>		

Supplemental Documentation Required for
Fiscal Review Committee

		<p>companies, claims administrators, and other organizations for some or all of the insurance benefits or services, including actuarial and consulting advice for the purpose of administering the state sponsored basic health plans. Monthly funding of contract expenditures are obtained, on an as needed basis, from each separate plan fund (State Fund 55, Local Education Fund 56, and Local Government Fund 58). By approving the one year contract extensions, the insurance committees have authorized the payment of expenses from the funds for the additional one year extension. The present estimated maximum liability of the contract is changed based on the estimate of the additional one year expenses due to the contract extension. These contracts are in allotment code 317.86 that is an off-line code and does not submit carry-forward letters. The insurance funds are billed each month and they each carry a fund balance which can be found on the Comprehensive Annual Financial Report (CAFR).</p>	
<p>IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:</p>		<p>Not applicable</p>	
*Contract Funding Source/Amount:	State:	Federal:	
Interdepartmental:	\$33,000,000	Other:	
<p>If "other" please define:</p>			
<p>Dates of All Previous Amendments or Revisions: <i>(if applicable)</i></p>		<p>Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i></p>	
<p>November 1, 2006 – Amend # 1</p>		<p>Increased the maximum liability to \$22,000,000.</p>	
<p>February 2007 – Revision</p>		<p>Re-distributing funds between fund codes based on changes in plan membership.</p>	
<p>February 28, 2007 – Revision</p>		<p>Re-distribute funds from FY 2008 into FY 2007</p>	
<p>May 11, 2007 – Revision</p>		<p>Re-distributing funds between fund codes based on changes in plan membership.</p>	
<p>November 1, 2007 – Amend # 2</p>		<p>Extension to 12.31.08, increased maximum liability to \$33,000,000, & added Edison requirements.</p>	
<p>June 25, 2008 – Revision</p>		<p>Re-distributing funds between fund codes based on changes in plan membership.</p>	
<p>Method of Original Award: <i>(if applicable)</i></p>		<p>RFP</p>	



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION

312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
Phone (615) 741-3590 or (800) 253-9981
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

RECEIVED
Laurie Lee
EXECUTIVE DIRECTOR

SEP 23 2008

MEMORANDUM

FISCAL REVIEW

To: James White, Executive Director, Fiscal Review Committee

From: John Anderson, Director of Public Sector Plans, Benefits Administration

Date: September 19, 2008

RE: Amendment to extend the Delta Dental of Tennessee contract for one year in addition to adding contractor responsibilities for the transmission of enrollment through Edison

Please find attached a Non-Competitive Amendment request to add language to the existing contract with Delta Dental of Tennessee signed by Commissioner M. D. Goetz, Jr. The base contract is included as are prior amendments, all revisions to the contract summary sheets and the supplemental documentation required for the Fiscal Review Committee.

The current amendment #3 transfers data management responsibilities from the Tennessee Insurance System (TIS) to the State's Enterprise Resource Planning (ERP) system, operating under the name of Edison. This amendment also extends the term of the contract under the last of two possible one year extensions included in the terms of the original contract. The maximum liability is increased to accommodate the term extension, with a 7.5% increase in premium fees.

Thank you for your consideration of this request.

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.86-026		
2) State Agency Name :	Finance and Administration		
EXISTING CONTRACT INFORMATION			
3) Service Caption :	Preferred Dental Organization: Dental plan coverage for State, Local Education and Local Government		
4) Contractor :	Delta Dental Plan of Tennessee		
5) Contract #	FA-05-16170-00		
6) Contract Start Date :			January 1, 2005
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :			December 31, 2008
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :			\$33,000,000
PROPOSED AMENDMENT INFORMATION			
9) <u>Proposed</u> Amendment #			# 3
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)			January 1, 2009
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :			December 31, 2009
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :			\$49,500,000
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/>	use of Non-Competitive Negotiation is in the best interest of the state	
	<input type="checkbox"/>	only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :			
<p>The amendment to extend the contract with Delta Dental of Tennessee, the insurer of the Optional Preferred Dental Insurance Plan, provides for an additional year (January 1, 2009 through December 31, 2009) with a 7.5% increase in premiums. Presently there are over 31,000 members enrolled in this optional dental plan. In addition, it is necessary to revise the data interface from the Tennessee Insurance System (TIS) to the State's Enterprise Resource Planning (ERP) system, operating under the name Edison, to be HIPAA compliant, and to change Contractor requirements for the electronic transmission of enrollment information through the new Edison</p>			

system.

15) Explanation of Need for the Proposed Amendment :

The proposed amendment is necessary in order to continue to offer an Optional Preferred Dental Plan during calendar 2009 to State, Local Education and Local Government employees with a 7.5% premium increase. Presently there are over 31,000 members enrolled in the Preferred Dental Plan.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Delta Dental Plan of Tennessee, 240 Venture Circle Drive, Nashville, TN, 37228

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

There is not a need to procure another vendor, rather the State is seeking through this amendment to exercise the option to extend the term for one year based on language included in Section B.2. of the original contract. Original contract was secured through a competitive procurement, and the amendment will increase the present premiums by 7.5%, and add the necessary Edison transition language. At this time, Benefits Administration is agreeable to the rate increase negotiated with the Contractor and considers a term extension appropriate, prudent, and in the best interest of plan participants.

21) Justification for the Proposed Non-Competitive Amendment :

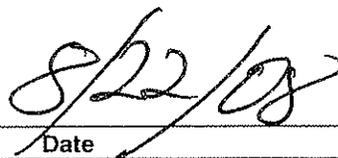
The premium increase negotiated with the Contractor are acceptable to the State and the Contractor is willing to accept the data interface requirements with Edison for no additional fee.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



Agency Head Signature



Date

	Delta Dental PDO			
FY	State	Local Ed	Local Govt	
FY 05				
Jan-05	289,489.82	95,052.10	24,162.71	
Feb-05	294,931.84	95,312.43	22,832.37	
Mar-05	294,815.95	95,587.14	23,509.88	
Apr-05	297,023.13	95,388.37	23,711.13	
May-05	297,795.47	94,674.04	23,206.83	
Jun-05	299,142.26	94,897.14	22,972.72	
	\$1,773,198.47	\$570,911.22	\$140,395.64	\$2,484,505.33
FY 06				
Jul-05	302,299.27	94,726.30	23,148.12	
Aug-05	307,085.56	94,548.57	23,331.30	
Sep-05	311,553.22	98,655.42	23,646.38	
Oct-05	319,090.03	103,124.59	23,514.35	
Nov-05	320,953.88	104,506.39	23,662.08	
Dec-05	330,051.80	99,064.37	23,885.64	
Jan-06	404,538.03	122,890.78	27,201.26	
Feb-06	406,880.76	123,882.46	27,552.27	
Mar-06	406,104.13	123,443.87	27,753.64	
Apr-06	411,188.71	123,435.44	28,208.69	
May-06	411,496.24	123,377.41	28,430.28	
Jun-06	411,724.63	123,081.17	28,414.91	
	\$4,344,966.25	\$1,334,736.77	\$308,748.92	\$5,988,451.94
FY 07				
Jul-06	414,256.41	122,659.37	28,469.04	
Aug-06	414,769.72	122,855.25	28,707.40	
Sep-06	418,077.67	126,177.29	28,292.30	
Oct-06	422,109.70	130,168.21	28,604.39	
Nov-06	425,053.99	130,272.09	28,075.93	
Dec-06	427,603.75	130,822.35	29,109.10	
Jan-07	558,158.12	177,660.65	38,772.71	
Feb-07	560,657.94	178,483.99	38,616.07	
Mar-07	562,776.33	178,508.99	39,244.68	
Apr-07	563,182.16	177,693.79	39,128.16	
May-07	565,245.90	177,864.41	39,756.50	
Jun-07	565,880.20	177,641.66	39,908.07	
	\$5,897,771.89	\$1,830,808.05	\$406,684.35	\$8,135,264.29
FY 08				
Jul-07	567,320.84	177,872.02	40,979.23	
Aug-07	567,859.55	177,788.45	40,636.63	
Sep-07	571,494.64	186,480.87	43,417.15	
Oct-07	579,354.40	194,207.97	43,585.57	
Nov-07	582,952.96	195,305.02	44,620.14	
Dec-07	584,112.50	195,364.47	45,469.20	
Jan-08	707,990.57	242,752.04	53,493.04	
Feb-08	712,197.55	243,791.39	53,437.14	
Mar-08	712,164.41	245,037.74	54,464.82	
Apr-08	715,768.87	243,725.69	54,690.93	
May-08	717,185.06	243,508.63	54,604.99	
Jun-08	717,846.01	243,008.28	54,621.71	
	\$7,736,247.36	\$2,588,842.57	\$584,020.55	\$10,909,110.48
FY 09				
Jul-08	718,162.25	241,808.14	55,592.04	
Aug-08	720,505.00	239,751.97	55,240.14	
Sep-08				
Oct-08				
Nov-08				
Dec-08				
Jan-09				
Feb-09				
Mar-09				
Apr-09				
May-09				
Jun-09				
	\$1,438,667.25	\$481,560.11	\$110,832.18	\$2,031,059.54
Grand Total for contract term Jan. 1, 2005 to Aug. 31, 2008				\$29,548,391.58

CONTRACT SUMMARY SHEET

021908

RFS # 317.86-026	Contract # FA-05-16170
State Agency Finance & Administration	State Agency Division Benefits Administration
Contractor Name Delta Dental of Tennessee	Contractor ID # (FEIN or SSN) <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-0812197-00

RECEIVED

JAN 13 2009

FISCAL REVIEW COPY

Service Description
Preferred Dental Organization: dental plan coverage for State, Local Education, and Local Government employees. Amendment extends term to Dec. 31, 2009 and provides a premium increase of 7.5% for calendar year 2009 and adds Edison requirements. Maximum liability is increased for additional year of contract and premium increase. Adds funds 51, 52 and 53 for COBRA.

Contract Begin Date January 1, 2005	Contract End Date December 31, 2009	SUBRECIPIENT or VENDOR? Vendor	CFDA #
---	---	--	---------------

Mark Each TRUE Statement

Contractor is on STARS Contractor's Form W-9 is on file in Accounts

Alotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	81	907	55, 56, 58, 51,52,53		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			\$9,000,000		\$9,000,000
2006			2,000,000		2,000,000
2007			5,700,000		5,700,000
2008			11,300,000		11,300,000
2009			12,500,000		12,500,000
2010			9,000,000		9,000,000
TOTAL:			\$49,500,000		\$49,500,000

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
FY: 2005	\$9,000,000	
FY: 2006	2,000,000	
FY: 2007	5,700,000	
FY: 2008	11,300,000	
FY: 2009	5,000,000	\$7,500,000
FY: 2010		9,000,000
TOTAL:	\$33,000,000	\$16,500,000
End Date:	December 31, 2008	December 31, 2009

State Agency Fiscal Contact & Telephone #
Maureen Abbey
20th Floor, Tennessee Tower
615-741-6070

State Agency Budget Officer Approval
Maureen Abbey

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Contractor Ownership (complete for ALL base contracts— N/A to amendments or delegated authorities)

African American Person w/ Disability Hispanic Small Business Government
 Asian Female Native American NOT Minority/Disadvantaged Other

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

RFP Competitive Negotiation * Alternative Competitive Method *
 Non-Competitive Negotiation * Negotiation w/ Government (ID, GG, GU) Other *

* **Procurement Process Summary** (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

*OIR/PCM
11/21/08*

**AMENDMENT THREE
TO FA-05-16170-00**

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, Local Government Insurance Committee, hereinafter referred to as the "State" and Delta Dental of Tennessee, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section A.1.2.8. is deleted in its entirety and replaced with the following:

A.1.2.8. The Contractor shall respond to all inquiries in writing by the Division of Benefits Administration within two (2) weeks after receipt of said inquiry. A written response to the State's inquiry, by the Contractor, is required. In cases where additional information to answer the State's inquiry is required, the Contractor shall notify the State immediately as to when the response can be furnished to the State.

2. The text of Contract Section A.1.3. is deleted in its entirety and replaced with the following:

A.1.3. DATA AND SPECIFIC REPORTING REQUIREMENTS

The Contractor shall:

- A.1.3.1. Maintain an electronic data interface with the State of Tennessee Edison System, for the purpose of accessing and processing State member enrollment information. The Contractor is responsible for providing and installing the hardware and software necessary for access. When the Contractor requires the exchange of Protected Health Information (PHI) with the State of Tennessee, the State recommends the use of second level authentication. This is accomplished using the State's standard software product which supports Public Key Infrastructure (PKI). The Contractor will agree to design a solution, in coordination with the State, to connect to the State's SFTP server using a combination of the password and the authentication certificate. Additionally, federal standards require encryption of all electronic protected health data at rest as well as during transmission. The State of Tennessee uses public key encryption with Advanced Encryption Standard (AES) to encrypt PHI. If the State adopts a different or additional encryption standard or tool in the future, the Contractor is expected, with adequate notice, to cooperate with the State to maintain the security of protected information according to all applicable State and Federal standards.

Furthermore, the Contractor must adhere to the privacy and security regulations required by the Health Insurance Portability & Accountability Act of 1996 (HIPAA).

- A.1.3.1.1. Notwithstanding the requirement to maintain enrollment data, the Contractor is not authorized to initiate data changes to the system without the State's approval, as detailed below. This prohibition shall include, but not be limited to: initiation, termination, and/or changes of coverage.
- A.1.3.2. Maintain, in its computer system, in-force enrollment records of all State plan participants. Specific additional obligations, relative to this requirement, are the following:
- A.1.3.2.1. **Weekly Enrollment Update:** To ensure that State plan participants' enrollment records remain accurate and complete, the Contractor commits to the following:
- to retrieve, via secure medium (see A.1.3.1.) weekly enrollment data electronic transfer files from the State, in the State's Edison 834 file values (See Attachment D), for participants who are maintained in the State's Edison System [files will

include full population records for all participants and will be in the format of ANSI ASC X12.84, Benefit Enrollment and Maintenance (834), version 004010X095A1, with a few fields being customized by the state];

- to complete each of the following tasks by the indicated deadline:

Required Task:	Deadline:	Penalty for missed deadline:
1. Systematically process and update, via computer programs, the Contractor's database, utilizing the State's weekly enrollment file records	within three (3) <u>working</u> days of receipt of the files from the State	\$100.00 per day for the first (1 st) and second (2 nd) working days out of compliance; \$500.00 per working day thereafter
2. Resolve all mismatches identified by the processing of the weekly files; "mismatches" are defined as: Any difference of values between the State's and the Contractor's databases.	within six (6) <u>working</u> days of receipt of the files from the State	\$100.00 per day for the first (1 st) and second (2 nd) working days out of compliance; \$500.00 per working day thereafter

- and to complete and submit to the State a *Weekly File transmission Statistics Report* (format to be provided by the State) , within seven (7) working days of receipt of the weekly files. Submission of this report shall be via email to designated staff in Benefits Administration.

The Contractor shall also require of its subcontractors, as applicable, maintenance of Weekly Enrollment Updates.

NOTE: Section A.1.3.2.1 shall be monitored by the State as Performance Guarantee # 10 (see Contract Attachment A).

- A.1.3.3. **State of Tennessee Enrollment Data Match:** Upon request by the State, not to exceed two (2) times annually, the Contractor shall submit to the State, via secure email, its full file of State enrollees, by which the State will conduct a data match against the State's Edison database. The purpose of this data match will be to determine the extent to which the Contractor is maintaining its data base of State members, as required by Sections A.1.3.2.1.

Data will be sent by the Contractor to the State in an agreed upon format specified by the State. Failure by the Contractor to submit records, and in the proper format, within fourteen (14) calendar days of the request from the State, shall result in a penalty of \$5,000 per request.

Results of this match will be communicated to the Contractor, including any requirements – and associated timeframes – for resolving the discrepancies identified by the data match. Failure by the Contractor to resolve the discrepancies, within the specified timeframe(s) will result in a penalty to the Contractor of \$5,000.

For the purpose of the requirements of this section, "mismatches" are defined as: Any difference of values between the State's and the Contractor's databases.

- A.1.3.4. Maintain a duplicate set of all records relating to the benefit payments in electronic medium, usable by the State and Contractor for the purpose of disaster recovery. Such duplicate records are to be stored at a secure fire, flood, and theft- protected facility located away from the storage location of the originals. The duplicate data processing records shall be updated, at a minimum, on a daily basis and retained for

a period of 60 days from the date of creation. Upon notice of termination or cancellation of this contract, the original and the duplicate data processing records medium, and the information they contain shall be conveyed to the State on or before the effective date of termination or cancellation.

A.1.3.5. Reconcile, within ten (10) working days of receipt, payment information provided by the State. Upon identification of any discrepancies, the Contractor shall immediately advise the State.

3. The text of Contract Section A.2. is deleted in its entirety and replaced with the following:

A.2. SERVICES PROVIDED BY THE STATE

A.2.1 The State shall pay the Contractor as specified in Section C.3 of the contract.

A.2.2 The State shall provide enrollment records. These records shall include enrollment data for participants and covered dependents. The Contractor's computer system shall be compatible with and/or have the capability to utilize the enrollment information provided by the State.

4. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

B.1. Contract Term. This Contract shall be effective for the period commencing on January 1, 2005 and ending on December 31, 2009. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

5. The text of Contract Section C.1. is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Forty-Nine Million Five Hundred Thousand Dollars (\$49,500,000). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

6. The text of Contract Section C.3. is deleted in its entirety and replaced with the following:

C.3. Payment Methodology. The Contractor shall be compensated based on the premiums herein for monthly service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of monthly service defined in Section A. The Contractor shall be compensated based upon the following monthly premiums:

Coverage Option	Proposer's Guaranteed Monthly Premiums to Members				
	Calendar Year 2005	Calendar Year 2006	Calendar Year 2007	Calendar Year 2008	Calendar Year 2009

Employee	\$15.12	\$15.12	\$16.25	\$17.47	\$18.78
Employee + One	\$28.67	\$28.67	\$30.82	\$33.13	\$35.61
Employee + Family	\$45.53	\$45.53	\$48.95	\$52.62	\$56.56

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed monthly service for the amount stipulated.

7. The text of Contract Section E.2. is deleted in its entirety and replaced with the following:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Marlene D. Alvarez, Manager of Procurement and Contracting
 Tennessee Department of Finance & Administration
 Division of Benefits Administration
 312 Rosa L. Parks Ave., Suite 2600
 Nashville, TN 37243
 Telephone #: 615.253.8358
 Fax #: 615.253.8556
 Email Address: marlene.alvarez@state.tn.us

The Contractor:

Jay Reavis
 Delta Dental Plan of Tennessee
 240 Venture Circle
 Nashville, TN 37228
 Phone #: 615.255.3175, ext. 221
 Fax #: 615.244.8108
 Email Address: jreavis@deltadentaltn.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

8. Contract Attachment A is deleted in its entirety and replaced with the new Contract Attachment A attached hereto.

9. The following provision is added as Contract Section D.20.:

D.20. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment C, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
- b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.
- c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
- d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
- e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

10. The following provision is added as Contract Section E.12.:

E.12. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
- b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in

such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.

- c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

- 11. Contract Attachment C attached hereto is added as a new Contract Attachment.
- 12. Contract Attachment D attached hereto is added as a new Contract Attachment.

The revisions set forth herein shall be effective January 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

DELTA DENTAL OF TENNESSEE:

10/24/08
DATE

CONTRACTOR SIGNATURE

Phil Weisk, President & CEO

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

**STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:**

10-29-08

M. D. GOETZ, JR., CHAIRMAN of MOA

DATE

APPROVED:

M.D. Goetz, Jr. JP

12-08-08

M. D. GOETZ, JR., COMMISSIONER
DEPARTMENT OF FINANCE AND ADMINISTRATION

DATE

John G. Morgan

12/11/08

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE

ATTACHMENT A

PERFORMANCE GUARANTEES

1. Claims Financial Accuracy	
Guarantee	Average quarterly financial accuracy for the PDO Dental Plan will be 98% or higher.
Definition	Absolute value of financial errors, inclusive of both human and system generated, divided by the total paid value of audited dollars paid.
Penalty	\$500.00 for each full percentage point accuracy is below 98% for any given quarter.
Measurement	Quarterly internal audit performed by the carrier on a statistically valid sample for the life of the contract.
2. Claims Turnaround Time	
Guarantee	The average quarterly claims payment turnaround time will not be greater than: 10 business days for 90% of all claims.
Definition	Measured from the date the claim is received in the office to the date processed.
Penalty	\$500.00 for each full percentage point below the required minimum standard of 90% for all Claims.
Measurement	Quarterly internal audit performed by the carrier on a statistically valid sample, which is agreed upon by both parties prior to commencement. Measured quarterly, reported and reconciled annually for the life of the contract.
3. Telephone Response Time	
Guarantee	95% of all calls requesting a member services representative will be answered in 30 seconds or less.
Definition	Response time is defined as the amount of time which elapses between the time a call is received into the phone system to the time a live member services representative answers the phone.
Penalty	\$250.00 for each full percentage point below the 95% compliance required. Quarterly guarantee
Measurement	Based on internal automated telephone support system reports. Measured quarterly, reported and reconciled annually through the life of the contract.
4. Member Satisfaction	
Guarantee	The level of overall customer satisfaction, which is measured annually by a State-approved Member Satisfaction Survey will be 80% or greater each year during the term of the contract.
Definition	As determined by responses to the following question: "All things considered, how satisfied are you with your current dental health plan services? Completely Satisfied, Very Satisfied, Somewhat Satisfied, Neither Satisfied Nor Dissatisfied, Somewhat Dissatisfied, Very Dissatisfied, Completely Dissatisfied."
Penalty	\$5,000.00 Annual.
Measurement	At least 80% of all respondents will indicate Completely, Very, or Somewhat Satisfied. Measured, reported, and reconciled annually through the life of the contract.
5. Management Reporting	
Guarantee	All quarterly management reports will be delivered by the 45th day subsequent to the end of each reporting period.
Definition	All quarterly management reports will be delivered by the 45th day subsequent to the end of each reporting period.
Penalty	\$100.00 for every day that reports are late. Quarterly
Measurement	Measured quarterly, reconciled annually through the life of the contract.
6. Call Abandonment Rate	
Guarantee	Percentage of telephone callers that hang up before speaking to a "live" person will not exceed 5%.
Definition	See above
Penalty	\$100.00 for each full percentage point greater than 5% of all calls. Quarterly
Measurement	Based on internal phone report system measured quarterly. Measured quarterly, reported, and reconciled annually through the life of the contract.

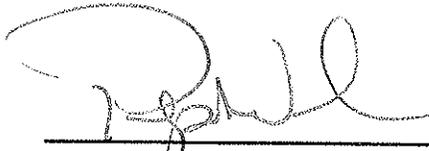
7. Primary Dentist turnover rate		
Guarantee	Total Primary dentist leaving the network, regardless if the action is voluntary or involuntary will not exceed 15% in any plan year.	
Definition	Primary Dentist leaving the network, regardless if the action is voluntary or non-voluntary divided by the Total number of primary dentist at beginning of period.	
Penalty	\$2,500.00 if Primary Dentist turnover rate exceeds 15% annually.	
Measurement	Measured annually; reported and reconciled annually through the life of the contract.	
8. Communication		
Guarantee	100% of State approved Dental plan information necessary for enrollment will be distributed prior to the State's annual transfer period (usually Oct. 15 - Nov. 15).	
Definition	Dental plan information necessary for open enrollment.	
Penalty	Should the above standard not be met, the total penalty shall be \$2,500.00 per year in which the standard is not met. Annual	
Measurement	Measured, reported, and reconciled annually through the life of the contract.	
9. Provider Network Accessibility		
Guarantee	As measured by the GeoNetworks [®] Provider & Facility Network Accessibility Analysis, the Contractor's provider network will assure that 95% of all members will have the Access Standard indicated.	
Definition	Provider Type	Access Standard
Penalty	General Dentists	1 provider within 30 miles
	Specialist Dentists	1 provider within 45 miles
Guarantee	\$5,000.00 if <u>EITHER</u> of the above standards is not met, either individually or in combination.	
Definition	Annual guarantee: Measured, reported and reconciled annually.	
10. Weekly Enrollment Update (see Contract Section A.1.3.2.1)		
Guarantee	All Weekly Enrollment file processing and mismatch deadlines will be met as detailed at A.1.3.2.1.	
Definition	See A.1.3.2.1.	
Penalty	See A.1.3.2.1.	
Measurement	Measured and reported weekly; reconciled annually.	

ATTACHMENT C

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	FA-05-16170-00
CONTRACTOR LEGAL ENTITY NAME:	Delta Dental of Tennessee
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	62-0812197

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.



CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

Phil Wenk, President & CEO

PRINTED NAME AND TITLE OF SIGNATORY

10/24/08

DATE OF ATTESTATION

**ATTACHMENT D
EDISON 834 FILE VALUES**

Special Notes:

Items highlighted in yellow indicate TN specific values. Due to the variety of coverage codes required by the State of TN, it was necessary to add custom values to the 834 mapping document. The coverage code of E1D could include Spouse dependents. The coverage code of IND will be used for Dependent Only coverage. The Relationship of '38' denotes a Child claimed on Income Tax. Any dependents with a Relationship of '38' and a "F" in INS09 is not a Student. All dependents in Edison will have the student flag turned on (INS09 = "F") until age 19. At age 19 and greater, only students (with the exception of the Relationship '38') will have INS09 = "F". The REF03, REF04 and HD11 fields contain TN Specific information that is not defined on the PeopleSoft delivered 834. REF04 is defined as a Group Element field, so the budget code is preceded by "ZZ."

FIELD NAME	BN_834_FIELD_VALUE	EFFDT	BN_834_FLD_DESCR1	BN_834_FIELD_MAPPD	BN_834_FLD_DESCR2	DATA_TYPE_CD	DEFAULT_EDI_CD
COBRA_EV_ENT_CLASS	RED	1/1/1900 0:00	Reduction in Hours	2	Reduction of work hours	Y	N
COBRA_EV_ENT_CLASS	OVG	1/1/1900 0:00	Overage	7	Ineligible Child	Y	N
COBRA_EV_ENT_CLASS	MIL	1/1/1900 0:00	Military Leave	1	Termination of Employment	Y	N
COBRA_EV_ENT_CLASS	MED	1/1/1900 0:00	Medicare Entitlement	3	Medicare	Y	N
COBRA_EV_ENT_CLASS	RET	1/1/1900 0:00	Retired	1	Termination of Employment	Y	N
COBRA_EV_ENT_CLASS	DEP	1/1/1900 0:00	Married Dependent	7	Ineligible Child	Y	N
COBRA_EV_ENT_CLASS	DEA	1/1/1900 0:00	Death	4	Death	Y	N
COBRA_EV_ENT_CLASS	GMC	1/1/1901 0:00	Gross Misconduct - Not Eligible	1	Termination of employment	N	N
COBRA_EV_ENT_CLASS	TER	1/1/1900 0:00	Termination	1	Termination of Employment	Y	N
COBRA_EV_ENT_CLASS	DIV	1/1/1900 0:00	Divorce	5	Divorce	Y	N
COVRG_CD	C	1/1/1901 0:00	Employee plus 1	E1D	Employee and One	N	N

COVRG_CD						Dependent		
COVRG_CD 7	1/1/1900 0:00	Dom Partner Adult+Child (ren)	E6D	Employee and Two or More Dependents	Y	N		
COVRG_CD 6	1/1/1900 0:00	Domestic Partner Child (ren)	E5D	Employee and One or More Dependents	Y	N		
COVRG_CD 5	1/1/1900 0:00	Domestic Partner Adult	E1D	Employee and One Dependent	Y	N		
COVRG_CD 4	1/1/1900 0:00	Family	E6D	Employee and Two or More Dependents	Y	N		
COVRG_CD 3	1/1/1900 0:00	Employee + Dependents	E5D	Employee and One or More Dependents	Y	N		
COVRG_CD 2	1/1/1900 0:00	Employee + Spouse	ESP	Employee and Spouse	Y	N		
COVRG_CD 1	1/1/1900 0:00	Employee Only	EMP	Employee Only	Y	N		
COVRG_CD G	1/1/1901 0:00	Employee plus 2	E2D	Employee plus two dependents	N	N		
COVRG_CD F	1/1/1901 0:00	2 Dependent Coverage	TWO	2 Dependent Coverage	N	N		
COVRG_CD H	1/1/1901 0:00	Generic Coverage Code	EHD	Generic coverage code for all Family Members	N	N		
COVRG_CD I	1/1/1901 0:00	Multiple Dependents Only	DEP	Multiple Dependents Only	N	N		
COVRG_CD D	1/1/1901 0:00	Split	ECH	Split	N	N		
COVRG_CD B	1/1/1901 0:00	Family	FAM	Family	N	N		
COVRG_CD A	1/1/1901 0:00	Single	EMP	Employee Only	N	N		

COVRG_CD	E	1/1/1901 0:00	Dependent only	IND	Dependent Only	N	N
EMPL_STAT US	T	1/1/1900 0:00	Terminated	TE	Terminated	Y	N
EMPL_STAT US	A	1/1/1900 0:00	Active	FT	Full time active employee	Y	N
EMPL_STAT US	V	1/1/1900 0:00	Terminated Pension Pay Out	TE	Terminated	Y	N
EMPL_STAT US	W	1/1/1900 0:00	Short Work Break	FT	Full time active employee	Y	N
EMPL_STAT US	X	1/1/1900 0:00	Retired- Pension Administration	RT	Retired	Y	N
EMPL_STAT US	U	1/1/1900 0:00	Terminated With Pay	TE	Terminated	Y	N
EMPL_STAT US	D	1/1/1900 0:00	Deceased	TE	Terminated	Y	N
EMPL_STAT US	L	1/1/1900 0:00	Leave of Absence	L1	Leave of Absence	Y	N
EMPL_STAT US	P	1/1/1900 0:00	Leave With Pay	L1	Leave of Absence	Y	N
EMPL_STAT US	Q	1/1/1900 0:00	Retired With Pay	RT	Retired	Y	N
EMPL_STAT US	R	1/1/1900 0:00	Retired	RT	Retired	Y	N
EMPL_STAT US	S	1/1/1900 0:00	Suspended	FT	Full time active employee	Y	N
MAR_STAT US	W	1/1/1900 0:00	Widowed	W	Widowed	Y	N
MAR_STAT US	U	1/1/1900 0:00	Unknown	R	Unknown	Y	N
MAR_STAT US	S	1/1/1900 0:00	Single	I	Single	Y	N
MAR_STAT US	M	1/1/1900 0:00	Married	M	Married	Y	N
MAR_STAT US	H	1/1/1900 0:00	Head of Household	U	Head Of Household	Y	N
MAR_STAT US	E	1/1/1900	Separated	S	Separated	Y	N

PLAN_TYPE	10	1/1/1900 0:00	Medical	MOD	Mail Order Drug	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	PDG	Prescription Drug	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	POS	Point of Service (POS)	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	PPO	Preferred Provider Org (PPO)	Y	N
PLAN_TYPE	11	1/1/1900 0:00	Dental	DCP	Dental Capitation (DMO)	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	AG	Preventive Care/Wellness	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	DEN	Dental	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	EPO	Exclusive Provider Org (EPO)	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	FAC	Facility	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	HMO	Health Maintenance Org (HMO)	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	MOD	Mail Order Drug	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	PDG	Prescription Drug	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	POS	Point Of Service (POS)	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	PPO	Preferred Provider Org (PPO)	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	AG	Preventive Care/Wellness	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	EPO	Exclusive Provider Org (EPO)	Y	N

PLAN_TYPE	15		1/1/1900 0:00	Domestic Partner Medical	FAC	Facility	Y	N
PLAN_TYPE	15		1/1/1900 0:00	Domestic Partner Medical	HE	Hearing Health Maintenance Org (HMO)	Y	N
PLAN_TYPE	15		1/1/1900 0:00	Domestic Partner Medical	HMO		Y	N
PLAN_TYPE	15		1/1/1900 0:00	Domestic Partner Medical	MOD	Mail Order Drug	Y	N
PLAN_TYPE	15		1/1/1900 0:00	Domestic Partner Medical	PDG	Prescription Drug	Y	N
PLAN_TYPE	15		1/1/1900 0:00	Domestic Partner Medical	POS	Point Of Service (POS)	Y	N
PLAN_TYPE	15		1/1/1900 0:00	Domestic Partner Medical	PPO	Preferred Provider Org (PPO)	Y	N
PLAN_TYPE	16		1/1/1900 0:00	Domestic Partner Dental	DCP	Dental Capitation (DMO)	Y	N
PLAN_TYPE	1V		1/1/1901 0:00	Medicare Supplement	SUP	Medicare Supplement	N	Y
PLAN_TYPE	1Y		1/1/1901 0:00	Employee Assistance Program	AG	Employee Assistance Program	N	Y
RELATIONS HIP	CN		1/1/1901 0:00	Natural Child	19	Child	N	N
RELATIONS HIP	CS		1/1/1901 0:00	Step Child	19	Child	N	N
RELATIONS HIP	A		1/1/1900 0:00	Aunt	06	Uncle or Aunt	Y	N
RELATIONS HIP	B		1/1/1900 0:00	Brother	14	Brother or Sister	Y	N
RELATIONS HIP	D		1/1/1900 0:00	Daughter	19	Child	Y	N

RELATIONS HIP	E	1/1/1900 0:00	Employee	38	Collateral Dependent	Y	N
RELATIONS HIP	FA	1/1/1900 0:00	Father	03	Father or Mother	Y	N
RELATIONS HIP	FI	1/1/1900 0:00	Father-in-Law	13	Mother-in-law or Father-in- law	Y	N
RELATIONS HIP	FR	1/1/1900 0:00	Friend	38	Collateral Dependent	Y	N
RELATIONS HIP	GC	1/1/1900 0:00	Grandchild	05	Grandson or Granddaughter	Y	N
RELATIONS HIP	GF	1/1/1900 0:00	Grandfather	04	Grandfather or Grandmother	Y	N
RELATIONS HIP	GM	1/1/1900 0:00	Grandmother	04	Grandfather or Grandmother	Y	N
RELATIONS HIP	M	1/1/1900 0:00	Mother	03	Father or Mother	Y	N
RELATIONS HIP	MI	1/1/1900 0:00	Mother-in-Law	13	Mother-in-law or Father-in- law	Y	N
RELATIONS HIP	N	1/1/1900 0:00	Neighbor	38	Collateral Dependent	Y	N
RELATIONS HIP	NA	1/1/1900 0:00	Domestic Partner Adult	53	Life Partner	Y	N
RELATIONS HIP	ND	1/1/1900 0:00	Domestic Partner Daughter	38	Collateral Dependent	Y	N
RELATIONS HIP	NE	1/1/1900 0:00	Nephew	07	Nephew or Niece	Y	N
RELATIONS HIP	NI	1/1/1900 0:00	Niece	07	Nephew or Niece	Y	N
RELATIONS HIP	NS	1/1/1900 0:00	Domestic Partner Son	38	Collateral Dependent	Y	N
RELATIONS HIP	O	1/1/1900 0:00	Other	38	Collateral Dependent	Y	N
RELATIONS HIP	R	1/1/1900 0:00	Other Relative	38	Collateral Dependent	Y	N
RELATIONS HIP	RO	1/1/1900 0:00	Roommate	38	Collateral Dependent	Y	N

RELATIONS HIP	S	1/1/1900 0:00	Son		19	Child	Y	N
RELATIONS HIP	SI	1/1/1900 0:00	Sister		14	Brother or Sister	Y	N
RELATIONS HIP	SP	1/1/1900 0:00	Spouse		01	Spouse	Y	N
RELATIONS HIP	T	1/1/1900 0:00	Estate		31	Court Appointed Guardian	Y	N
RELATIONS HIP	U	1/1/1900 0:00	Uncle		06	Uncle or Aunt	Y	N
RELATIONS HIP	X	1/1/1900 0:00	ExSpouse		25	Ex-spouse	Y	N
RELATIONS HIP	XC	1/1/1900 0:00	Recognized Child		19	Child	Y	N
RELATIONS HIP	XD	1/1/1900 0:00	Foster Daughter		10	Foster Child	Y	N
RELATIONS HIP	XS	1/1/1900 0:00	Foster Son		10	Foster Child	Y	N
RELATIONS HIP	CT	1/1/1901 0:00	Child claimed on income tax		38	Child	N	N
RELATIONS HIP	CG	1/1/1901 0:00	Grandchild		05	Grandson or Granddaughter	N	N
RELATIONS HIP	CL	1/1/1901 0:00	Legal Guardian		19	Child	N	N
RELATIONS HIP	SD	1/1/1901 0:00	Special Decision		19	Child	N	N
SMOKER	Y	1/1/1900 0:00	Smoker - Yes		T	Tobacco Use	Y	N
SMOKER	N	1/1/1900 0:00	Smoker - No		U	Unknown	Y	N
TIMEZONE	ADT	1/1/1900 0:00	DST Atlantic Time (Canada)		TD	Atlantic Daylight Time	Y	N
TIMEZONE	WEST	1/1/1900 0:00	West Europe Time, Berlin, Rome, Paris		01	Equivalent to ISO P01	Y	N
TIMEZONE	AKDT	1/1/1900 0:00	DST Alaska Time		AD	Alaska Daylight Time	Y	N
TIMEZONE	AKST	1/1/1900 0:00	Alaska Time		AS	Alaska	Y	N

TIMEZONE	EST	1/1/1900 0:00	Eastern Time DST GFT	ES	Eastern Standard Time	Y	N
TIMEZONE	GFTDT	1/1/1900 0:00	Time, Athens, Istanbul, Minsk	03	Equivalent to ISO P03	Y	N
TIMEZONE	GFTST	1/1/1900 0:00	GFT Time, Athens, Istanbul, Minsk	02	Equivalent to ISO P02	Y	N
TIMEZONE	GMDT	1/1/1900 0:00	DST GMT, London, Dublin, Lisbon, Edinburgh	01	Equivalent to ISO P01	Y	N
TIMEZONE	GMT	1/1/1900 0:00	GMT, London, Dublin, Lisbon, Edinburgh	GM	Greenwich Mean Time	Y	N
TIMEZONE	HST	1/1/1900 0:00	Hawaiian Time	HT	Hawaii- Aleutian Time	Y	N
TIMEZONE	IRDT	1/1/1900 0:00	DST Iran Time, Tehran	04	Equivalent to ISO P04	Y	N
TIMEZONE	IRST	1/1/1900 0:00	Iran Time, Tehran	03	Equivalent to ISO P03	Y	N
TIMEZONE	IST	1/1/1900 0:00	India Time, Bombay, Calcutta, New Delhi	05	Equivalent to ISO P05	Y	N
TIMEZONE	MADT	1/1/1900 0:00	DST Mid- Atlantic Time	24	Equivalent to ISO M01	Y	N
TIMEZONE	MAST	1/1/1900 0:00	Mid-Atlantic Time	23	Equivalent to ISO M02	Y	N
TIMEZONE	MDT	1/1/1900 0:00	DST Mountain Time	MD	Mountain Daylight Time	Y	N
TIMEZONE	MST	1/1/1900 0:00	Mountain Time	MS	Mountain Standard Time	Y	N
TIMEZONE	NDT	1/1/1900 0:00	DST Newfoundland Time	ND	Newfoundland Daylight Time	Y	N
TIMEZONE	NST	1/1/1900 0:00	Newfoundland Time	NS	Newfoundland Standard Time	Y	N

TIMEZONE	NZDT	1/1/1900 0:00	DST New Zealand Time, Auckland, Wellington	13	Equivalent to ISO M12	Y	N
TIMEZONE	NZST	1/1/1900 0:00	New Zealand Time, Auckland, Wellington	12	Equivalent to ISO P12	Y	N
TIMEZONE	PDT	1/1/1900 0:00	DST Pacific Time, Tijuana	PD	Pacific Daylight Time	Y	N
TIMEZONE	PST	1/1/1900 0:00	Pacific Time, Tijuana	PS	Pacific Standard Time	Y	N
TIMEZONE	RDT	1/1/1900 0:00	DST Russian Time, Moscow, St. Petersburg, Volgograd	04	Equivalent to ISO P04	Y	N
TIMEZONE	RST	1/1/1900 0:00	Russian Time, Moscow, St. Petersburg, Volgograd	03	Equivalent to ISO P03	Y	N
TIMEZONE	SAEST	1/1/1900 0:00	SA Eastern Time, Buenos Aires, Georgetown	22	Equivalent to ISO M03	Y	N
TIMEZONE	SDT	1/1/1900 0:00	DST Sydney Time, Canberra, Melbourne	11	Equivalent to ISO P11	Y	N
TIMEZONE	SMST	1/1/1900 0:00	Samoa Time, Midway Island	14	Equivalent to ISO M11	Y	N
TIMEZONE	SST	1/1/1900 0:00	Sydney Time, Canberra, Melbourne	10	Equivalent to ISO P10	Y	N
TIMEZONE	TST	1/1/1900 0:00	Tokyo Time	09	Equivalent to ISO P09	Y	N
TIMEZONE	WAUST	1/1/1900 0:00	West Australia Time, Perth	08	Equivalent to ISO P08	Y	N
TIMEZONE	WEDT	1/1/1900 0:00	DST West Europe Time, Berlin, Rome,	02	Equivalent to ISO P02	Y	N

			Paris										
TIMEZONE	AFST	1/1/1900 0:00	Afghanistan Time, Kabul	04	Equivalent to ISO P04	Y							N
	CSA	1/1/1901	Central State Active	CSA Central State Active	Edison Benefit Program Code and Description	Y			2000	REF			REF03
	FIR	1/1/1901	Full Time Irregular Officer Cd	FIR Full Time Irregular Officer Cd	Edison Benefit Program Code and Description	Y			2000	REF			REF03
	FML	1/1/1901	FML Benefits Billing	FML FML Benefits Billing	Edison Benefit Program Code and Description	Y			2000	REF			REF03
	GA1	1/1/1901	Local Gov Active Prem Level 1	GA1 Local Gov Active Prem Level 1	Edison Benefit Program Code and Description	Y			2000	REF			REF03
	GA2	1/1/1901	Local Gov Active Prem Level 2	GA2 Local Gov Active Prem Level 2	Edison Benefit Program Code and Description	Y			2000	REF			REF03
	GA3	1/1/1901	Local Gov Active Prem Level 3	GA3 Local Gov Active Prem Level 3	Edison Benefit Program Code and Description	Y			2000	REF			REF03

HED	1/1/1901	Higher Education	HED Higher Education	Edison Benefit Program Code and Description	Y	2000	REF	REF03
OLA	1/1/1901	Offline Actives	OLA Offline Actives	Edison Benefit Program Code and Description	Y	2000	REF	REF03
OLC	1/1/1901	Offline Closed	OLC Offline Closed	Edison Benefit Program Code and Description	Y	2000	REF	REF03
PAR	1/1/1901	Part Time Non-1450 Hours	PAR Part Time Non-1450 Hours	Edison Benefit Program Code and Description	Y	2000	REF	REF03
PTN	1/1/1901	Local Education 25 Hours	PTN Local Education 25 Hours	Edison Benefit Program Code and Description	Y	2000	REF	REF03
PTP	1/1/1901	Part Time 1450 Hours	PTP Part Time 1450 Hours	Edison Benefit Program Code and Description	Y	2000	REF	REF03
RCS	1/1/1901	Retiree Central State	RCS Retiree Central State	Edison Benefit Program Code and Description	Y	2000	REF	REF03
RG1	1/1/1901	Local Gov Retiree Prem Level 1	RG1 Local Gov Retiree Prem Level 1	Edison Benefit Program Code and Description	Y	2000	REF	REF03

RG2	1/1/1901	Local Gov Retiree Prem Level 2	RG2 Local Gov Retiree Prem Level 2	Edison Benefit Program Code and Description	Y	2000	REF	REF03
RG3	1/1/1901	Local Gov Retiree Prem Level 3	RG3 Local Gov Retiree Prem Level 3	Edison Benefit Program Code and Description	Y	2000	REF	REF03
RGF	1/1/1901	Retiree Grandfathered	RGF Retiree Grandfathered	Edison Benefit Program Code and Description	Y	2000	REF	REF03
RSS	1/1/1901	Loc Ed Retiree Support Staff	RSS Loc Ed Retiree Support Staff	Edison Benefit Program Code and Description	Y	2000	REF	REF03
RTE	1/1/1901	Loc Ed Retiree Teacher	RTE Loc Ed Retiree Teacher	Edison Benefit Program Code and Description	Y	2000	REF	REF03
SUR	1/2/1901	Survivor Benefit Program	SUR Survivor Benefit Program	Edison Benefit Program Code and Description	Y	2000	REF	REF03
TEA	1/1/1901	Local Education	TEA Local Education	Edison Benefit Program Code and Description	Y	2000	REF	REF03



FAX/EMAIL TRANSMITTAL

to Request OIR Procurement Endorsement

TO : Jane Chittenden, Director
 OIR Procurement & Contract Management **FAX # 741-6164**

FROM : Marlene D. Alvarez, Procurement &
 Contracting Manager **FAX # 253-8556**

DATE : September 22, 2008

RFS # 317.86-026

RE : Procurement Endorsement — Delta Dental of Tennessee, amendment
 transfer Contractor responsibilities from Tennessee Insurance System
 (TIS) to Edison

INFORMATION SYSTEMS PLAN PROJECT: N/A

NUMBER OF FAX PAGES (including cover) : 1

The nature and scope of service detailed in the attached service procurement document(s) appears to require Office for Information Resources (OIR) review and support, because the procurement involves information technology or information systems services.

This communication seeks to ensure that OIR is aware of the procurement and has an opportunity to review the matter. Please determine whether OIR is supportive of the procurement. If you have any questions or concerns about this matter, please call **Marlene D. Alvarez** at **615-253-8358**.

Please indicate below your response to this proposed procurement, and return this communication at your earliest convenience (note the return FAX number above).

Thank you for your help.

Attachment(s)

Must include the entire contract or amendment document and where applicable, the non-competitive contract or amendment request form. The original contract and any prior amendments that were applied to the same section of the contract must be provided with an amendment. Electronic copies of the contract, amendments, and request form without signature are acceptable.

RFP documents must be provided in electronic form.

OIR Endorsement :

Mark Bengel

9/22/08

OIR Chief Information Officer

Date

C O N T A C T S U M M A R Y S H E E T

021908

RFS #	Contract #
317.86-026 Revision <i>6-25-08</i>	FA-05-16170
State Agency	State Agency Division
Finance & Administration	Benefits Administration
Contractor Name	Contractor ID # (FEIN or SSN)
Delta Dental of Tennessee	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-0812197-00
Service Description	
Preferred Dental Organization: dental plan coverage for State, Local Education, and Local Government employees.	

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
January 1, 2005	December 31, 2008	Vendor	

Mark Each TRUE Statement

Contractor is on STARS Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	81	907	55, 56, 58		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005			\$9,000,000		\$9,000,000
2006			2,000,000		2,000,000
2007			5,700,000		5,700,000
2008			11,300,000		11,300,000
2009			5,000,000		5,000,000
TOTAL:			\$33,000,000		\$33,000,000

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	John Anderson 26 th Fl., WRS Tennessee Tower, 312 Eighth Ave. No. Nashville, TN 37243
FY: 2005	\$9,000,000		State Agency Budget Officer Approval
FY: 2006	2,000,000		
FY: 2007	5,700,000		
FY: 2008	11,300,000		
FY: 2009	5,000,000		
TOTAL:	\$33,000,000		Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
End Date:	December 31, 2008		

Contractor Ownership (complete for ALL base contracts— N/A to amendments or delegated authorities)

African American
 Person w/ Disability
 Hispanic
 Small Business
 Government
 Asian
 Female
 Native American
 NOT Minority/Disadvantaged
 Other

Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)

RFP
 Competitive Negotiation *
 Alternative Competitive Method *
 Non-Competitive Negotiation *
 Negotiation w/ Government (ID, GG, GU)
 Other *

*** Procurement Process Summary** (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

JUN 25 2008
OK-PCW
6/24/08

C O N T R A C T S S U M M A R Y S H E E T S U P P L E M E N T

Contract Number		FA-05-16170					
Fiscal Year		2008					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	907	55				\$7,500,000
317.86	81	907	55				\$250,000
317.86	81	907	56				\$3,000,000
317.86	81	907	56				(\$250,000)
317.86	81	907	58				\$800,000
TOTAL							\$11,300,000

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number

FA-05-16170

Fiscal Year

2009

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	907	55				\$3,600,000
317.86	81	907	56				\$1,150,000
317.86	81	907	58				\$250,000
TOTAL							\$5,000,000



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman
Representatives

Curt Cobb
Curtis Johnson
Gerald McCormick
Mary Pruitt
Craig Fitzhugh, *ex officio*
Speaker Jimmy Naifeh, *ex officio*
Donna Rowland
David Shepard
Curry Todd
Eddie Yokley

Sen. Douglas Henry, Vice-Chairman
Senators

Doug Jackson
Bill Ketron
Paul Stanley
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*
Reginald Tate
Jamie Woodson

M E M O R A N D U M

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee
Bill Ketron, Chairman, Contract Services Subcommittee CC
BK

DATE: August 29, 2007

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 8/28/07)

RFS# 317.86-026

Department: Finance and Administration

Division: Insurance Administration

Contractor: Delta Dental Plan of Tennessee

Summary: The vendor is currently responsible for providing an optional Preferred Dental Organization (PDO) insurance plan. The proposed amendment extends the term of the contract for an additional year, effective through December 31, 2008, increases the maximum liability by \$11,000,000, adds e-mail as a communication device and provides for a premium rate increase of 7.5%. It also requires the vendor to convert relevant electronic data to the new Edison HIPAA-compliant formats and procedures.

Maximum liability: \$22,000,000

Maximum liability with amendment: \$33,000,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

cc: Mr. Richard Chapman, Executive Director
Mr. Robert Barlow, Director, Office of Contracts Review



STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION

312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

Richard Chapman
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Richard Chapman 

Date: August 9, 2007

RE: Amendment for Delta Dental of Tennessee

Please find attached a Non-Competitive Amendment request to add language to the existing contract with Delta Dental of Tennessee signed by Commissioner Goetz. The amendment to this contract provides for the extension of the term through December 31, 2008, a premium increase of 7.5% and adds additional responsibilities for the Contractor regarding data interface with the Edison project. The option to extend the contract for up to an additional two years was included in the original contract with this vendor.

The base contract and amendment # 1 are included as is a draft of amendment # 2 for your review.

Thank you for your consideration of this request.

RECEIVED

AUG 10 2007

FISCAL REVIEW

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	317.86-026	
2) State Agency Name :	Finance and Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Preferred Dental Organization: Dental plan coverage for State, Local Education and Local Government	
4) Contractor :	Delta Dental Plan of Tennessee	
5) Contract #	FA-05-16170-00	
6) Contract Start Date :	January 1, 2005	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2007	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$22,000,000	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	# 2	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	November 1, 2007	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2009	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$45,000,000	
13) Approval Criteria : (select one) .	<input checked="" type="checkbox"/>	use of Non-Competitive Negotiation is in the best interest of the state
	<input type="checkbox"/>	only one uniquely qualified service provider able to provide the service
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Extends the contract term for an additional year, provides for a premium rate increase of 7.5% and adds additional responsibilities for the Contractor regarding data interface with the Edison project.		
15) Explanation of Need for the Proposed Amendment :		

The option to extend the term was included in the original contract and the Contractor has agreed to a modest 7.5% increase in premiums, a reduction from their original request for a 9.75% increase for calendar year 2008. The Edison interface must occur

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Delta Dental Plan of Tennessee, 240 Venture Circle Drive, Nashville, TN, 37228

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

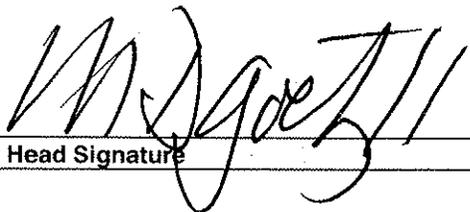
At this time, Benefits Administration is agreeable to the rate increase negotiated with the Contractor and considers a term extension appropriate and prudent and is in the best interest of plan participants.

21) Justification for the Proposed Non-Competitive Amendment :

The premium increase negotiated with the Contractor are acceptable to the State and the Contractor is willing to accept the data interface requirements with Edison for no additional fee.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)



8/6/07

Agency Head Signature

Date

CONTRACT SUMMARY SHEET

070407

RFS # 317.86-026	Contract # FA-05-16170-02
State Agency Finance and Administration	State Agency Division Benefits Administration
Contractor Name Delta Dental of Tennessee	Contractor ID # (FEIN or SSN) <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-0812197

Service Description
Preferred Dental Organization: dental plan coverage for State, Local Education, and Local Government employees.

Contract Begin Date January 1, 2005	Contract End Date December 31, 2008	SUBRECIPIENT or VENDOR?	CFDA #
--	--	-------------------------	--------

Mark, if Statement is TRUE

Contractor is on STARS as required Contractor's Form W-9 is on file in Accounts as required

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	81	907	55, 56, 58		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005				\$9,000,000	\$9,000,000
2006				\$2,000,000	\$2,000,000
2007				\$5,700,000	\$5,700,000
2008				\$11,300,000	\$11,300,000
2009				\$5,000,000	\$5,000,000
TOTAL:				\$33,000,000	\$33,000,000

OCR RELEASED
OCT 04 2007
TO ACCOUNTS

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
FY: 2005	\$9,000,000	
FY: 2006	\$2,000,000	
FY: 2007	\$5,700,000	
FY: 2008	\$5,300,000	\$6,000,000
FY: 2009		\$5,000,000
TOTAL:	\$22,000,000	\$11,000,000
End Date:	12-31-2007	12-31-2008

State Agency Fiscal Contact & Telephone #
John Anderson
26th Floor TN Tower, 312 8th Ave. No.
Nashville, TN 37243
615-741-8642

State Agency Budget Officer Approval

[Signature]

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

RECEIVED

AUG 27 2008

RECEIVED
2007 OCT - 31 12:37
OFFICE OF FINANCIAL SERVICES

Contractor Ownership

African American Disabled Hispanic Small Business

Asian Female Native American NOT minority/disadvantaged

Contractor Selection Method

Original: RFP Competitive Negotiation Alternative Competitive Method

Non-Competitive Negotiation Government Other

Procurement Process Summary

FISCAL REVIEW

**AMENDMENT TWO
TO CONTRACT NUMBER FA-05-16170-00**

This Contract Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, Local Government Insurance Committee, hereinafter referred to as the "State" and Delta Dental of Tennessee, hereinafter referred to as the "Contractor". It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

B.1. Contract Term. This Contract shall be effective for the period commencing on January 1, 2005 and ending on December 31, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. The text of Contract Section C.1. is deleted in its entirety and replaced with the following:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Thirty-Three Million Dollars (\$33,000,000). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. The text of Contract Section C.3. is deleted in its entirety and replaced with the following:

C.3. Payment Methodology. The Contractor shall be compensated based on the premiums herein for monthly service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of monthly service defined in Section A. The Contractor shall be compensated based upon the following monthly premiums:

Coverage Option	Proposer's Guaranteed Monthly Premiums to Members			
	Calendar Year 2005	Calendar Year 2006	Calendar Year 2007	Calendar Year 2008
Employee	\$15.12	\$15.12	\$16.25	\$17.47
Employee + One	\$28.67	\$28.67	\$30.82	\$33.13
Employee + Family	\$45.53	\$45.53	\$48.95	\$52.62

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed monthly service for the amount stipulated.

4. The text of Contract Section E.2. is deleted in its entirety and replaced with the following:

- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Marlene D. Alvarez, Manager of Procurement and Contracting
Tennessee Department of Finance & Administration
Division of Insurance Administration
312 Eighth Ave. No., 26th Floor WRS Tennessee Tower
Nashville, TN 37243-0295
Telephone # : 615-253-8358
Fax # : 615-253-8556
Email Address: marlene.alvarez@state.tn.us

The Contractor:

Jay Reavis
Delta Dental Plan of Tennessee
240 Venture Circle
Nashville, TN 37228
Phone # 615-255-3175, ext. 221
Fax #: 615-244-8108
Email Address: jreavis@deltadentaltn.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

5. The following provision is added as Contract Section A.1.3.6.:

A.1.3.6. The Tennessee Insurance System (TIS) is targeted for replacement by the State's Enterprise Resource Planning (ERP) system (operating under the name Edison) on December 31, 2007. This date is subject to change at the State's discretion. The Contractor, in support of this transition, will be required to:

- participate in meetings (phone or on-site), if any, intended for the purpose of planning for the transition and
- convert its electronic data interface with TIS, the Weekly Enrollment Update (Section A.1.3.2.1), the Quarterly Enrollment Data Reconciliation (Section A.1.3.2.2), and the State of Tennessee Enrollment Data Match (Section A.1.3.3), to the new Edison HIPAA compliant formats and procedures prior to the Edison "go-live" date.

The revisions set forth herein shall be effective November 1, 2007. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

DELTA DENTAL PLAN OF TENNESSEE:



PHILIP A. WENK, DDS, PRESIDENT AND CEO

9/10/07

DATE

Philip A. Wenz President/CEO

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:



M. D. GOETZ, JR., CHAIRMAN

9-20-07

DATE

APPROVED:

PER AUTHORIZED
SIGNATURE ABOVE
 OCT 01 2007

M. D. GOETZ, JR., COMMISSIONER
DEPARTMENT OF FINANCE AND ADMINISTRATION

OCT 01 2007
DATE



JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

10/2/07

DATE

C O N T R A C T S U M M A R Y S H E E T

RFS Number:	317.86-026	Contract Number:	FA-05-16170-0001
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State Agency:	F&A	Division:	Insurance Administration
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Contractor Delta Dental Plan of Tennessee	Contractor Identification Number 62-0812197
--	--

Service Description

Preferred Dental Organization: dental plan coverage for State, Local Education, and Local Government ees.

Contract Begin Date January 1, 2005	Contract End Date December 31, 2007
--	--

Allotment Code 317.86	Cost Center 81	Object Code 907	Fund 55, 56, 58	Grant <input type="checkbox"/> on STARS	Grant Code	Subgrant Code
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FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2005	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> OCR RELEASED NOV 20 2006 TO ACCOUNTS </div>		\$2,484,506		9,000,000 \$2,484,506
2006			\$5,986,906		2,000,000 \$5,986,906
2007			\$8,396,441		5,500,000 \$8,396,441
2008			\$5,132,147		5,500,000 \$5,132,147
Total:			\$22,000,000		\$22,000,000

CFDA #	Check the box ONLY if the answer is YES:
State Fiscal Contact	
Name:	John Anderson
Address:	13 th Floor TN Tower, 312 8 th Av No, Nashville, TN
Phone:	37243 615-741-8642
Procuring Agency Budget Officer Approval Signature	
	Is the Contractor a SUBRECIPIENT? (per OMB A-133)
	Is the Contractor a VENDOR? (per OMB A-133) Y
	Is the Fiscal Year Funding STRICTLY LIMITED?
	Is the Contractor on STARS?
	Is the Contractor's FORM W-9 ATTACHED? Y
	Is the Contractors Form W-9 Filed with Accounts?

COMPLETE FOR ALL AMENDMENTS (only)		
	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →	12-31-2007	
FY: 2005	9,000,000 \$2,484,506	
FY: 2006	2,000,000 \$5,986,906	
FY: 2007	2,000,000 \$4,896,441	\$3,500,000
FY: 2008	2,000,000 \$1,632,147	\$3,500,000
FY:	M	
Total:	\$15,000,000	\$7,000,000

Funding Certification

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

RECEIVED

NOV 21 2005

C O N T R A C T S U M M A R Y S H E E T S S P P L E M E N T

Contract Number		FA-05-16170-00					
Fiscal Year		2005					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	55					\$5,400,000
317.86	81	56					\$2,250,000
317.86	81	58					\$307,957
317.86	81	58					
TOTAL							\$7,957,957

C O N T R A C T S U M M A R Y S H E E T S S U P P L E M E N T

Contract Number		FA-05-16170-00					
Fiscal Year		2006					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	55					\$1,200,000
317.86	81	56					\$500,000
317.86	81	58					\$300,000
TOTAL							\$2,000,000

**AMENDMENT NUMBER ONE
TO CONTRACT NUMBER FA05-16170-00**

This Contract, by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, Local Government Insurance Committee, hereinafter referred to as the State and Delta Dental Plan of Tennessee, hereinafter referred to as the Contractor is hereby amended as follows:

1. Delete Section C.1 in its entirety and insert the following in its place:

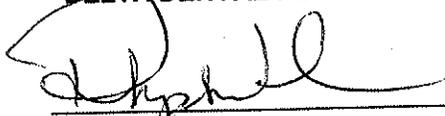
C.1 Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Twenty-two Million Dollars (\$22,000,000.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

DELTA DENTAL PLAN OF TENNESSEE:



PHILIP A. WENK, DDS, PRESIDENT AND CEO

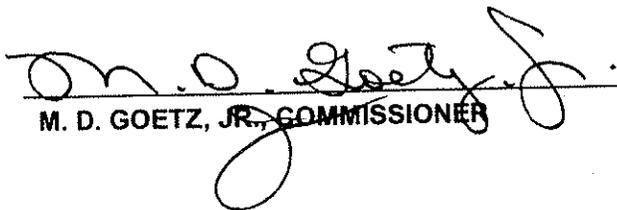
DATE

10/18/06

Philip A. Wenk, DDS, President and CEO

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY

**STATE OF TENNESSEE
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE
LOCAL GOVERNMENT INSURANCE COMMITTEE:**



M. D. GOETZ, JR., COMMISSIONER

DATE

10-30-06



APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr.

M. D. GOETZ, JR., COMMISSIONER

NOV 09 2006

DATE

COMPTROLLER OF THE TREASURY:

John G. Morgan

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

11-10-06

DATE

C O N T R A C T S U M M A R Y S H E E T S S P P L E M E N T

Contract Number		FA-05-16170-00					
Fiscal Year		2005					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	55					\$5,400,000
317.86	81	56					\$2,250,000
317.86	81	58					\$307,957
317.86	81	58					
TOTAL							\$7,957,957

C O N T R A C T S U M M A R Y S H E E T S S U P P L E M E N T

Contract Number **FA-05-16170-00**

Fiscal Year **2006**

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	55					\$1,200,000
317.86	81	56					\$500,000
317.86	81	58					\$300,000
TOTAL							\$2,000,000

C O N T R A C T S U M M A R Y S H E E T S S P P L E M E N T

Contract Number **FA-05-16170-00**

Fiscal Year **2007**

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	907	55				\$5,405,043
317.86	81	907	55				\$20,000
317.86	81	907	56				\$1,050,000
317.86	81	907	56				(\$20,000)
317.86	81	907	58				\$287,000
TOTAL							\$6,742,043

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number FA-05-16170-00

Fiscal Year 2008

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	907	55				\$3,500,000
317.86	81	907	56				\$1,500,000
317.86	81	907	58				\$300,000
TOTAL							\$5,300,000

C O N T R A C T S U M M A R Y S H E E T

RFS Number:	317.86-026 REVISION 05/11/07	Contract Number:	FA-05-16170-00
State Agency:	F&A	Division:	Insurance Administration

Contractor		Contractor Identification Number	
Delta Dental Plan of Tennessee		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	62-0812197

Service Description

Preferred Dental Organization: dental plan coverage for State, Local Education, and Local Government employees.

Contract Begin Date		Contract End Date	
January 1, 2005		December 31, 2007	

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.86	81	907	55, 56, 58	<input type="checkbox"/> on STARS		

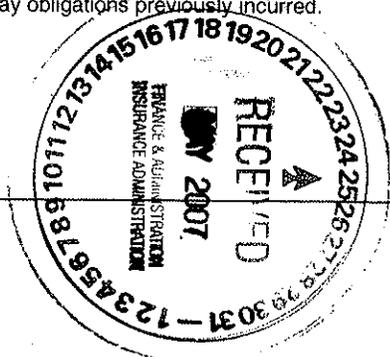
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2005			\$9,000,000		\$9,000,000
2006			\$2,000,000		\$2,000,000
2007			\$5,700,000		\$5,700,000
2008			\$5,300,000		\$5,300,000
Total:			\$22,000,000		\$22,000,000

CFDA #		Check the box ONLY if the answer is YES:	
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name:	John Anderson	Is the Contractor a VENDOR? (per OMB A-133)	Y
Address:	13 th Floor TN Tower, 312 8 th Av No, Nashville, TN	Is the Fiscal Year Funding STRICTLY LIMITED?	
Phone:	37243 615-741-8642	Is the Contractor on STARS?	
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?	Y
		Is the Contractors Form W-9 Filed with Accounts?	

COMPLETE FOR ALL AMENDMENTS (only)		
	Base Contract & Prior Amendments	This Amendment ONLY
END DATE →	12-31-2007	
FY: 2005	\$9,000,000	
FY: 2006	\$2,000,000	
FY: 2007	\$2,000,000	\$3,700,000
FY: 2008	\$2,000,000	\$3,300,000
FY:		
Total:	\$15,000,000	\$7,000,000

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

MAY 22



C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number							
Fiscal Year		2005					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	55					\$5,400,000
317.86	81	56					\$2,250,000
317.86	81	58					\$307,957
317.86	81	58					
TOTAL							\$7,957,957

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number							
Fiscal Year		2006					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	55					\$1,200,000
317.86	81	56					\$500,000
317.86	81	58					\$300,000
TOTAL							\$2,000,000

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number							
Fiscal Year		2008					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	907	55				\$3,500,000
317.86	81	907	56				\$1,500,000
317.86	81	907	58				\$500,000
317.86	81	907	58				(\$200,000)
TOTAL							\$5,300,000

C O N T R A C T S U M M A R Y S H E E T

RFS Number:	317.86-026 REVISION 02/28/07	Contract Number:	FA-05-16170-00
State Agency:	F&A	Division:	Insurance Administration
Contractor		Contractor Identification Number	
Delta Dental Plan of Tennessee		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	62-0812197
Service Description			
Preferred Dental Organization: dental plan coverage for State, Local Education, and Local Government employees.			
Contract Begin Date		Contract End Date	
January 1, 2005		December 31, 2007	
Allotment Code	Cost Center	Object Code	Fund
317.86	81	907	55, 56, 58
		<input type="checkbox"/> on STARS	
FY	State Funds	Federal Funds	Interdepartmental Funds
2005			\$9,000,000
2006			\$2,000,000
2007			\$5,700,000
2008			\$5,300,000
Total:			\$22,000,000
Total:			\$22,000,000
CFDA #	Check the box ONLY if the answer is YES:		
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name:	John Anderson	Is the Contractor a VENDOR? (per OMB A-133)	
Address:	13 th Floor TN Tower, 312 8 th Av No, Nashville, TN	Y	
Phone:	37243	Is the Fiscal Year Funding STRICTLY LIMITED?	
	615-741-8642		
Procuring Agency Budget Officer Approval Signature		Is the Contractor on STARS?	
		Is the Contractor's FORM W-9 ATTACHED?	
		Y	
		Is the Contractors Form W-9 Filed with Accounts?	
COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
END DATE →	12-31-2007		
FY: 2005	\$9,000,000		
FY: 2006	\$2,000,000		
FY: 2007	\$2,000,000	\$3,700,000	
FY: 2008	\$2,000,000	\$3,300,000	
FY:			
Total:	\$15,000,000	\$7,000,000	

PROCESSED

MAR 1 2008

CONTRACT SUMMARY SHEET SUPPLEMENT

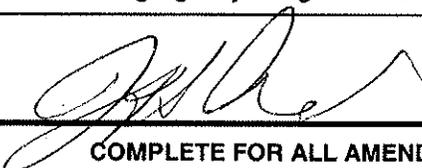
Contract Number

Fiscal Year

2007

Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	GFDA #	Amount
317.86	81	907	55				\$3,500,000
317.86	81	907	56				\$1,500,000
317.86	81	907	58				\$500,000
TOTAL							\$5,500,000

C O N T R A C T S U M M A R Y S H E E T

RFS Number: 317.86-026 REVISION		Contract Number: FA-05-16170-00	
State Agency: F&A		Division: Insurance Administration	
Contractor		Contractor Identification Number	
Delta Dental Plan of Tennessee		<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	62-0812197
Service Description			
Preferred Dental Organization: dental plan coverage for State, Local Education, and Local Government employees.			
Contract Begin Date		Contract End Date	
January 1, 2005		December 31, 2007	
Allotment Code	Cost Center	Object Code	Fund
317.86	81	907	55, 56, 58
		<input type="checkbox"/> on STARS	
FY	State Funds	Federal Funds	Interdepartmental Funds
2005			\$9,000,000
2006			\$2,000,000
2007			\$5,500,000
2008			\$5,500,000
Total:		\$22,000,000	
CFDA #	Check the box ONLY if the answer is YES:		
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name:	John Anderson	Is the Contractor a VENDOR? (per OMB A-133)	
Address:	13 th Floor TN Tower, 312 8 th Av No, Nashville, TN	Y	
Phone:	37243 615-741-8642	Is the Fiscal Year Funding STRICTLY LIMITED?	
Procuring Agency Budget Officer Approval Signature		Is the Contractor on STARS?	
		Is the Contractor's FORM W-9 ATTACHED?	
		Y	
Is the Contractors Form W-9 Filed with Accounts?			
COMPLETE FOR ALL AMENDMENTS (only)		Funding Certification	
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
END DATE →	12-31-2007		
FY: 2005	\$9,000,000		
FY: 2006	\$2,000,000		
FY: 2007	\$2,000,000	\$3,500,000	
FY: 2008	\$2,000,000	\$3,500,000	
FY:			
Total:	\$15,000,000	\$7,000,000	

FEB 23

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number							
Fiscal Year		2005					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	55					\$5,400,000
317.86	81	56					\$2,250,000
317.86	81	58					\$1,350,000
317.86	81	58					(\$1,042,043)
TOTAL							\$7,957,957

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number							
Fiscal Year		2006					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	55					\$1,200,000
317.86	81	56					\$500,000
317.86	81	58					\$300,000
TOTAL							\$2,000,000

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number							
Fiscal Year		2007					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	907	55				\$3,500,000
317.86	81	907	55				\$450,000
317.86	81	907	55				\$1,042,043
317.86	81	907	55				\$213,000
317.86	81	907	56				\$1,500,000
317.86	81	907	56				(\$450,000)
317.86	81	907	58				\$500,000
317.86	81	907	58				(\$213,000)
TOTAL							\$6,542,043

C O N T R A C T S U M M A R Y S H E E T S U P P L E M E N T

Contract Number							
Fiscal Year		2008					
Allotment Code	Cost Center	Object Code	Fund	Grant Code	Subgrant Code	CFDA #	Amount
317.86	81	907	55				\$3,500,000
317.86	81	907	56				\$1,500,000
317.86	81	907	58				\$500,000
TOTAL							\$5,500,000

C O N T R A C T S U M M A R Y S H E E T

RFS Number:	317.86-026	Contract Number:	FA-05-16/70-00
State Agency:	F&A	Division:	Insurance Administration

Contractor	Contractor Identification Number
Delta Dental Plan of Tennessee	<input checked="" type="checkbox"/> V- <input type="checkbox"/> C- 62-0812197

Service Description

Preferred Dental Organization: dental plan coverage for State, Local Education, and Local Government ees.

Contract Begin Date	Contract End Date
January 1, 2005	December 31, 2007

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.86	81	907	55, 56, 58	<input type="checkbox"/> on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2005			\$9,000,000		\$9,000,000
2006			2,000,000		2,000,000
2007			2,000,000		2,000,000
2008			2,000,000		2,000,000
Total:			\$15,000,000		\$15,000,000

CFDA #		Check the box ONLY if the answer is YES:
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)
Name:	John Anderson	Is the Contractor a VENDOR? (per OMB A-133) Y
Address:	13 th Floor TN Tower, 312 8 th Av No, Nashville, TN	Is the Fiscal Year Funding STRICTLY LIMITED?
Phone:	37243 615-741-8642	Is the Contractor on STARS?
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED? Y
		Is the Contractors Form W-9 Filed with Accounts?

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
END DATE →	12-31-2007		
FY: 2005	\$9,000,000		
FY: 2006	2,000,000		
FY: 2007	2,000,000		
FY: 2008	2,000,000		
FY:			
Total:	\$15,000,000		

PROCESSED

DEC 17 2004

DIRECTOR OF ACCOUNTS

CONTRACT NO. 05-16/70-00
 DATE: 12/17/04

**CONTRACT BETWEEN THE
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE
LOCAL GOVERNMENT INSURANCE COMMITTEE
STATE OF TENNESSEE
AND
DELTA DENTAL PLAN OF TENNESSEE**

This Contract, by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, Local Government Insurance Committee, hereinafter referred to as the "State" and Delta Dental Plan of Tennessee, hereinafter referred to as the "Contractor," is for the provision of an optional Preferred Dental Organization (PDO) insurance plan, as further defined in the "SCOPE OF SERVICES."

The Contractor is a Not-for-Profit corporation. The Contractor's address is:
Delta Dental Plan of Tennessee
240 Venture Circle
Nashville, TN 37228

The Contractor's place of incorporation or organization is Tennessee.

The Contractor's Federal Employee Identification Number (FEIN) is 62-0812197.

A SCOPE OF SERVICE

A.1 SERVICES PROVIDED BY THE CONTRACTOR

The Contractor agrees to provide an insured Preferred Dental Plan option to employees, and survivors of employees of the State of Tennessee, and their eligible dependents (hereafter referred to as "participants" or "members"), who elect to participate in the Preferred Dental Plan. This option will be delivered in accordance with the clarifications of Request for Proposals (RFP) 317.86-026 (attached hereto by reference); RFP 317.86-026 (attached hereto); the Contractor's Technical proposal in response to RFP 317.86-026 (attached hereto), the Contractor's Cost Proposal in response to RFP 317.86-026 (attached hereto) and this agreement (collectively referred to as the "Contract").

Specifically, the Preferred Dental Organization Plan shall consist of the following components:

A.1.1 PDO NETWORK

- A.1.1.1 The Contractor shall establish and administer a Preferred Dental Plan network of dental providers as defined in the RFP hereto attached, for participants, in accordance with this contract. The Contractor further agrees to secure under contract, participation by General Dentist and Dental Specialists (i.e. Oral Surgeons, Orthodontists, Endodontists, Periodontist and Pedodontists) as needed and necessary to continuously provide high quality, cost effective services, adequate distribution, and reasonable access from a geographic and service standpoint throughout the State of Tennessee during the term of this contract. The State shall review network accessibility and shall inform the Contractor, in writing, of any deficiencies it identifies which deny reasonable access to dental care. The Contractor shall respond to the State, in writing, as to the action it intends to take to correct said deficiencies.
- A.1.1.2 The Contractor shall maintain the capability to respond to inquiries from participants concerning participation by dentists in the network, by specialty by county. Such capabilities shall be by toll-free telephone and web based provider search capability.
- A.1.1.3 The Contractor shall contract only with dentists who are duly licensed to provide such dental services. In addition, the Contractor shall require that all providers maintain all licenses and accreditations in existence at the time of selection as a network provider and in order to continue their status as a network provider. The Contractor shall perform on a continuous basis, appropriate provider credentialing that assures the quality of network providers. Recredentialing of network providers must be performed at least every two years.

- A.1.1.4 The Contractor shall maintain communication with providers to ensure a high degree of continuity in the provider base and ensure that the providers are familiar with the Preferred Dental Plan benefits and procedural requirements. There must be provisions for face-to-face contact in addition to telephone and written contact for the purpose of monitoring provider conformance with plan standards and quality requirements.
- A.1.1.5 The Contractor shall notify all network providers of and enforce compliance with all provisions relating to utilization management procedures.
- A.1.1.6 The Contractor shall require all network providers to file claims, associated with their services, directly with the Contractor on behalf of participants.
- A.1.1.7 The Contractor shall cooperate fully with audits the State may conduct of management to include clinical processes and outcomes, internal audits, provider networks, and any other aspect of the program the State deems appropriate (at the State's expense). The State may select any qualified persons, or organization to conduct the audits. To the extent allowed by applicable law, the State agrees that persons or organizations conducting audits of the Contractor shall be prohibited from disclosing confidential patient records or proprietary or confidential information reasonably designated as such by the Contractor.
- A.1.1.8 The Contractor shall maintain an internal quality assurance plan. The Contractor shall provide the State with a summary of the plan indicating areas addressed, established criteria and standards and those methods employed to evaluate results.

A.1.2 ADMINISTRATIVE SERVICES

- A.1.2.1 The Contractor shall process all dental claims in accordance with the State of Tennessee benefits and its clarifications and revisions as contained in **Appendix 7.2 – PDO Plan** of RFP #317.86-026.
- A.1.2.2 The Contractor shall maintain an electronic data processing (EDP) environment that supports the requirements of RFP #317.86-026. The Contractor must have a disaster recovery plan for restoring the application software and current master files and for hardware backup if the production systems are destroyed.
- A.1.2.3 The Contractor shall confirm eligibility of each participant as claims are submitted, on the basis of enrollment information provided by the State, that applies to the period during which the charges were incurred. The Contractor shall receive claims filed by either Participants or the provider(s), and shall process said claims in an accurate manner, and within the performance standards detailed in Contract Attachment A, Performance Guarantees, and as contained in the Contractor's proposal, attached hereto.

The Contractor shall provide services to participants who elect the PDO option; participation in said option shall be for twelve (12) months or until the State's next annual transfer period, which ever occurs first; unless the participant's coverage has been terminated. Upon evidence of insufficient provider network coverage, judged at the State's sole discretion, members shall be allowed to transfer coverage to the State-sponsored Prepaid dental option.
- A.1.2.4 To ensure the efficient and timely processing of claims and the adequate capture of data, the Contractor shall provide participants with identification cards. The cost of these items shall be borne by the Contractor. The State reserves the authority to review any claim forms and identification cards prior to issuance for use. Contractor shall update enrollment and shall mail participant I.D. cards to their home address no later than fourteen (14) days from receipt of the new enrollment or change in enrollment.
- A.1.2.5 The Contractor shall maintain a full service staff to assist with inquiries, correspondence, unusual situations or problems, and complaints. The Contractor shall answer, in writing, within ten (10) calendar days all written inquiries from participants concerning the status of claims submitted, all benefits available through the benefit option, its clarifications and revisions, and other relevant information requested.

- A.1.2.6 The Contractor shall establish a formal grievance procedure, for participants and providers to appeal decisions in regard to administration of the plan, to medical necessity determinations and to disputes that may arise in the administration of the program. The Contractor shall provide the State with two (2) written copies of this grievance procedure, and the State reserves the right to review the procedure and make recommendations, where appropriate.
- A.1.2.7 The Contractor shall upon conclusion of this contract, or in the event of its termination or cancellation for any reason, process all claims incurred for dental services rendered or dental supplies purchased during the period of this contract.
- A.1.2.8 The Contractor shall respond to all inquiries in writing by the Division of Insurance Administration within two (2) weeks after receipt of said inquiry. A written response to the State's inquiry, by the Contractor, is required. In cases where additional information to answer the State's inquiry is required, the Contractor shall notify the State immediately as to when the response can be furnished to the State.
- A.1.2.9 The Contractor shall maintain statewide, toll-free phone lines for the exclusive purpose of participant inquiries. These phone lines shall be operated, at a minimum, from 7:00 AM to 4:30 PM, Central Time, on all normal working days of the Contractor.
- A.1.2.10 The Contractor shall provide an email environment that meets the standards for privacy and security required by HIPAA, for the purpose of communication of sensitive and/or personal health information between itself and the State.
- A.1.2.11 The Contractor shall designate an individual with overall responsibility for the State-sponsored benefit. This person shall be at the Contractor's executive level and shall designate the following positions to interface directly with the State: (1) Program Director (external and marketing operations); and (2) Program Director (internal and administrative functions). Said designees shall be responsible for the coordination and operation for all aspects of the contract.
- A.1.2.12 The Contractor, at the request of either party, shall meet with representatives of the State periodically, but no less than quarterly, to discuss any problems and/or progress on matters outlined by the State. The Contractor shall have in attendance one of its Program Directors and, as necessary, representatives from its organizational units, to respond to topics indicated by the State's agenda.
- A.1.2.13 The Contractor shall assist the State in the education and dissemination of information regarding the benefit. This assistance shall include but not be limited to:
- written information;
 - audio/video presentations;
 - attendance at meetings, workshops, and conferences; and
 - training of State Insurance personnel in the administration of benefits and claims adjudication process.

Any on-site visits to State agencies shall require the prior approval of the State.

- A.1.2.14 The Contractor shall, in consultation with and following approval by the State, print and distribute all descriptive booklets, policies, identification cards, letters, administrative forms and manuals. Additionally the Contractor must develop and print provider directories, and annual employee benefit booklets detailing the benefits, procedures for accessing services, and other pertinent information helpful to the State's members. At the discretion of the State, the network provider directory must include provider name, specialty, address and phone number, organized in geographic areas as small as counties. Said information shall be updated and delivered to participants' homes at least annually, unless the State elects not to have them distributed. Upon mutual agreement of the State and the Contractor, a means other than printing may be utilized to inform members of the network of providers. The number of member handbooks and other relevant information to be printed shall be in sufficient quantities for distribution to the State's enrolled members, plus an amount adequate for distribution to new hires. The cost of printing and

distributing network directories, descriptive booklets, identification cards, and administrative forms and manuals shall be the responsibility of the Contractor. This provision excludes enrollment forms, which are the State's responsibility.

Failure to have any of the above communications materials approved by the State before release shall result in an assessment of liquidated damages of \$500.00 per occurrence. The State shall notify the Contractor of any such occurrence. Any penalties due for Contractor noncompliance with this pre-approval provision shall be paid with the Contractor's next Quarterly Report.

- A.1.2.15 The Contractor shall, in consultation with and following approval by the State, print and distribute all descriptive booklets, policies, identification cards, letters, administrative forms and manuals. Additionally the Contractor must develop and print provider directories, and annual employee benefit booklets detailing the benefits, procedures for accessing services, and other pertinent information helpful to the State's members. At the discretion of the State, the network provider directory must include provider name, specialty, address and phone number, organized in geographic areas as small as counties. Said member information shall be updated and delivered to the participant's home at least annually. Upon mutual agreement of the State and the Contractor, electronic means other than printing may be utilized to inform members of the network of providers. The number of plan booklets and other relevant information to be printed shall be in sufficient quantities for the State's eligible members. The cost of printing and distributing network directories, descriptive booklets, identification cards, and administrative forms and manuals shall be the responsibility of the Contractor. This provision excludes enrollment forms, which are the State's responsibility.

Failure to have any of the above communications materials approved by the State before release shall result in an assessment of liquidated damages of \$500.00 per occurrence. The State shall notify the Contractor of any such occurrence. Any penalties due for Contractor noncompliance with this pre-approval provision shall be paid with the Contractor's next Quarterly Report.

- A.1.2.16 The Contractor shall provide advice and assistance with regard to questions regarding effective dates, benefit levels, program costs, premiums and cessation of coverage as requested by the State, individual participants, and providers.
- A.1.2.17 The Contractor shall perform, following review and approval by the State, customer satisfaction surveys. Surveys shall be conducted no more frequently than once per calendar year at a time mutually agreed upon by the State and the Contractor and shall involve a statistically valid random sample of State participants. Based upon the results of the survey, the Contractor and the State shall jointly develop an action plan to correct problems or deficiencies identified through this activity.

A.1.3 **DATA AND SPECIFIC REPORTING REQUIREMENTS**

The Contractor shall:

- A.1.3.1 Maintain an electronic data interface – via internet access using IBM's Host on Demand software, provided by the State – with the State's Tennessee Insurance System (TIS), for the purpose of accessing and processing State member enrollment information. Processing requirements are detailed in Appendix 7.5 of RFP #317.86-026. The Contractor is responsible for providing the hardware and software necessary for access.

Furthermore, the Contractor must adhere to the privacy and security regulations required by the Health Insurance Portability & Accountability Act of 1996 (HIPAA).

- A.1.3.1.1 Notwithstanding the requirement to maintain enrollment data, the Contractor is not authorized to initiate data changes to the system without the State's approval, as detailed below. This prohibition shall include, but not be limited to: initiation, termination, and/or changes of coverage.
- A.1.3.2 Maintain, in its computer system, in-force enrollment records of all State plan participants. Specific additional obligations, relative to this requirement, are the following:

A.1.3.2.1 **Weekly Enrollment Update:** To ensure that State plan participants' enrollment records remain accurate and complete, the Contractor commits to the following:

- to accept, via secure medium (to be mutually agreed by the Contractor and the State) weekly enrollment data electronic transfer files from the State, in the State's proprietary transaction formats, for participants who are maintained in the State's TIS system (files will include recent adds, changes, and terminations; see **Appendix 7.5 of RFP #317.86-026**);
- to complete each of the following tasks by the indicated deadline:

Required Task	Deadline	Penalty for missed deadline
1. systematically process and update, via computer programs, the Contractor's database, utilizing the State's weekly enrollment file records	within three (3) <u>working</u> days of receipt of the files from the State	\$100.00 per day for the first (1 st) and second (2 nd) working days out of compliance; \$500.00 per working day thereafter
2. resolve all mismatches identified by the processing of the weekly files; "mismatches" are defined as: Any difference of values between the State's and the Contractor's databases.	within six (6) <u>working</u> days of receipt of the files from the State	\$100.00 per day for the first (1 st) and second (2 nd) working days out of compliance; \$500.00 per working day thereafter

- and to complete and submit to the State a *Weekly Enrollment Update Report* (page 17 of **Appendix 7.5 of RFP #317.86-026**), within seven (7) working days of receipt of the weekly files.

The Contractor shall also require of its subcontractors, as applicable, maintenance of Weekly Enrollment Updates.

NOTE: Section A.1.3.2.1 shall be monitored by the State as Performance Guarantee #11.a. (see Contract Attachment A).

A.1.3.2.2 **Quarterly Enrollment Data Reconciliation:** To ensure that State plan participants' enrollment records remain accurate and complete, the Contractor commits to the following:

- to accept, via secure medium (to be mutually agreed by the Contractor and the State) quarterly enrollment data electronic transfer files from the State, in the State's proprietary transaction formats, for participants maintained in the State's TIS system (see **Appendix 7.5 of RFP #317.86-026**);
- to complete each of the following tasks by the indicated deadline:

Required Task	Deadline	Penalty for missed deadline
1. systematically compare, via computer programs, the State's full file of State enrollees quarterly to the Contractor's database of State members	within five (5) <u>working</u> days of receipt of the file from the State	\$100.00 per day for the first (1 st) and second (2 nd) working days out of compliance; \$500.00 per working day thereafter
2. resolve all mismatches identified by the reconciliation processing of the quarterly files; "mismatches" are defined as: Any difference of values between the State's and the Contractor's databases.	within ten (10) <u>working</u> days of receipt of the files from the State	\$100.00 per day for the first (1 st) and second (2 nd) working days out of compliance; \$500.00 per working day thereafter

- and to complete and submit to the State a *Quarterly Enrollment Data Reconciliation Report* (page 18 of **Appendix 7.5 of RFP #317.86-026**), within eleven (11) working days of receipt of the quarterly files.

The Contractor shall also require of its subcontractors maintenance of Quarterly Enrollment Updates.

NOTE: Section A.1.3.2.2 shall be monitored by the State as Performance Guarantee #11.b. (see Contract Attachment A).

A.1.3.3 **State of Tennessee Enrollment Data Match:** Upon request by the State, not to exceed two (2) times annually, the Contractor shall submit to the State its full file of State enrollees, by which the State will conduct a data match against the State's TIS database. The purpose of this data match

will be to determine the extent to which the Contractor is maintaining its data base of State members, as required by **Sections A.1.3.2.1 and A.1.3.2.2.**

Data will be sent by the Contractor to the State via tape or electronic transmission in a format specified by the State. Failure by the Contractor to submit records, and in the proper format, within fourteen (14) calendar days of the request from the State, shall result in a penalty of \$5,000 per request.

Results of this match will be communicated to the Contractor, including any requirements – and associated timeframes – for resolving the discrepancies identified by the data match. Failure by the Contractor to resolve the discrepancies, within the specified timeframe(s) will result in a penalty to the Contractor of \$5,000.

For the purpose of the requirements of this section, “mismatches” are defined as: Any difference of values between the State’s and the Contractor’s databases.

- A.1.3.4 Maintain a duplicate set of all records relating to the benefit payments in electronic medium, usable by the State and Contractor for the purpose of disaster recovery. Such duplicate records are to be stored at a secure fire, flood, and theft- protected facility located away from the storage location of the originals. The duplicate data processing records shall be updated, at a minimum, on a daily basis and retained for a period of 60 days from the date of creation. Upon notice of termination or cancellation of this contract, the original and the duplicate data processing records medium, and the information they contain shall be conveyed to the State on or before the effective date of termination or cancellation.
- A.1.3.5 Reconcile, within ten (10) working days of receipt, payment information provided by the State. Upon identification of any discrepancies, the Contractor shall immediately advise the State.

A.1.4 **SUBMIT MANAGEMENT REPORTS**

- A.1.4.1 The Contractor shall provide the State with hard copy Management Reports, as described in the Contractor’s proposal, attached hereto and incorporated by reference (see also Contract Attachment B). Management Reports shall be submitted on a quarterly basis, as well as annually, with program year aggregate totals. Reporting shall continue for the twelve (12) month period following termination of the contract in order to include the termination year. These reports shall also be submitted in an electronic format agreed upon between the Contractor and the State.
- A.1.4.2 Generate and deliver to the State, within five working days of the end of each contract quarter, a Quarterly Network Changes Report (format to be mutually agreed).
- A.1.4.3 Annually provide the State with a GeoNetworks® report showing service and geographic access (see **Contract Attachment A: Performance Guarantee #10**). The State shall review the network structure and shall inform the Contractor in writing of any deficiencies the State considers to deny reasonable access to dental care. The State and Contractor shall then mutually develop a plan of action to correct said deficiencies within sixty (60) days from the date the Contractor was first notified of the problem.

A.2 **SERVICES PROVIDED BY THE STATE**

- A.2.1 The State shall pay the Contractor as specified in Section C.3 of the contract.
- A.2.2 The State shall provide enrollment records. These records shall include changes in participants' status and information concerning covered dependents. The Contractor's computer system shall be compatible with and/or have the capability to utilize the enrollment information provided by the State.
- A.2.3 The State shall provide on-line access, or other access acceptable to the Contractor, to all enrollment information maintained by the State and such information required to interpret such information. The Contractor, at its expense, will provide and maintain the necessary phone lines, modem, software, CRTs and other equipment required for this purpose.

B CONTRACT TERM:

- B.1 Contract Term. This Contract shall be effective for the period commencing on January 1, 2005 and ending on December 31, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
- B.2 Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than Five (5) years, provided that the State notifies the Contractor in writing of its intention to do so at least Two Hundred Seventy (270) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

C PAYMENT TERMS AND CONDITIONS:

- C.1 Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Fifteen Million Dollars (\$15,000,000). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

- C.2 Compensation Firm. The Service Rates and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.
- C.3 Payment Methodology. The Contractor shall be compensated based on the premiums herein for monthly service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of monthly service defined in Section A. The Contractor shall be compensated based upon the following monthly premiums:

Coverage Option	Proposer's Guaranteed Monthly Premiums to Members		
	Calendar Year 2005	Calendar Year 2006	Calendar Year 2007
Employee	\$15.12	\$15.12	\$16.25
Employee + One	\$28.67	\$28.67	\$30.82
Employee + Family	\$45.53	\$45.53	\$48.95

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed monthly service for the amount stipulated.

- C.3.1 Payment under Term Extension. If this Contract is extended per Section B.2, any increase in payment to the Contractor under Section C.3, Payment Methodology, shall be no greater than the percentage increase from year two (2006) to year three (2007), for each additional contract year.
- C.4 Performance Guarantees. The Contractor agrees to be bound by the provisions contained in Contract Attachment A, Performance Guarantees, and to pay amounts due upon notification and demonstration of Contractor non-compliance by the State.
- C.4.1 Performance Guarantees under Contract Extension. If this Contract is extended, per Section B.2, the Performance Guarantees shall remain unchanged for the years extended.
- C.5 Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.6 Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.7 Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.8 Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.9 Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D STANDARD TERMS AND CONDITIONS:

- D.1 Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2 Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3 Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least Ninety (90) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- D.4 Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. The State, at its sole discretion, may allow the Contractor a cure period of up to 60 days. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5 Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6 Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7 Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8 Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9 Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10 Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11 Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12 Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

- D.13 State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.14 Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.15 State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16 Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under **Tennessee Code Annotated**, Sections 9-8-101 through 9-8-407.
- D.17 Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.18 Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.19 Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E SPECIAL TERMS AND CONDITIONS:

- E.1 Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2 Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State: Paul Hauser, RFP Coordinator
Tennessee Department of Finance & Administration
Division of Insurance Administration
312 Eighth Ave. No., 13th Floor
WRS Tennessee Tower
Nashville, TN 37243-0295
Phone: 615-741-9896
Fax: 615-741-8196
Email: paul.c.hauser@state.tn.us

The Contractor:
Denise Mathis
Delta Dental Plan of Tennessee
240 Venture Circle
Nashville, TN 37228
Office: 255-3175 x 293
Fax: 244-5796
Email: dmathis@deltadentaltn.com

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.3 Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the

State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- E.4 Breach. A party shall be deemed to have breached the Contract if any of the following occurs:
- failure to perform in accordance with any term or provision of the Contract;
 - partial performance of any term or provision of the Contract;
 - any act prohibited or restricted by the Contract, or
 - violation of any warranty.

For purposes of this contract, these items shall hereinafter be referred to as a "Breach."

a. Contractor Breach— The State shall notify Contractor in writing of a Breach.

- (1) In event of a Breach by Contractor, the state shall have available the remedy of Actual Damages and any other remedy available at law or equity.
- (2) Contract Termination— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. The Contractor shall be liable to the State for any and all damages incurred by the State and any and all expenses incurred by the State which exceed the amount the State would have paid Contractor under this Contract. Contractor agrees to cooperate with the State in the event of a Contract Termination or Partial Takeover.

b. State Breach— In the event of a Breach of contract by the State, the Contractor shall notify the State in writing within 30 days of any Breach of contract by the State. Said notice shall contain a description of the Breach. Failure by the Contractor to provide said written notice shall operate as an absolute waiver by the Contractor of the State's Breach. In no event shall any Breach on the part of the State excuse the Contractor from full performance under this Contract. In the event of Breach by the State, the Contractor may avail itself of any remedy at law in the forum with appropriate jurisdiction; provided, however, failure by the Contractor to give the State written notice and opportunity to cure as described herein operates as a waiver of the State's Breach. Failure by the Contractor to file a claim before the appropriate forum in Tennessee with jurisdiction to hear such claim within one (1) year of the written notice of Breach shall operate as a waiver of said claim in its entirety. It is agreed by the parties this provision establishes a contractual period of limitations for any claim brought by the Contractor.

E.5 Competitive Procurements. This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or services. Such procurements shall be made on a competitive basis, where practical.

E.6 Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

- a. The Contract document and its attachments
- b. The Certificate of Insurance, approved by the Tennessee Department of Commerce & Insurance
- c. All Clarifications and addenda made to the Contractor's Proposal
- d. Request for Proposals #317.86-026 and its associated amendments
- e. Technical Specifications provided to the Contractor
- f. The Contractor's Proposal in response to RFP #317.86-026.

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

E.7 Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

E.8 HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

- a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this contract.
- b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the Contractor so that both parties will be in compliance with HIPAA.
- c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and Contractor in compliance with HIPAA. This provision shall not apply if information received by the State under this Contractor is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the State to receive such information without entering into a business associate agreement or signing another such document.

E.9 Date/Time Hold Harmless. As required by **Tennessee Code Annotated**, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.

E.10 Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in **Tennessee Code Annotated**, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

**Contract Attachment A
Performance Guarantees**

1. Claims Financial Accuracy	
Guarantee	Average quarterly financial accuracy for the PDO Dental Plan will be 98% or higher.
Definition	Absolute value of financial errors, inclusive of both human and system generated, divided by the total paid value of audited dollars paid.
Penalty	\$ <u>500.00</u> for each full percentage point accuracy is below 98% for any given quarter.
Measurement	Quarterly internal audit performed by the carrier on a statistically valid sample for the life of the contract.
2. Claims Turnaround Time	
Guarantee	The average quarterly claims payment turnaround time will not be greater than: 10 business days for 90% of all claims.
Definition	Measured from the date the claim is received in the office to the date processed.
Penalty	\$ <u>\$500</u> for each full percentage point below the required minimum standard of 90% for all Claims.
Measurement	Quarterly internal audit performed by the carrier on a statistically valid sample, which is agreed upon by both parties prior to commencement. Measured quarterly, reported and reconciled annually for the life of the contract.
3. Telephone Response Time	
Guarantee	95% of all calls requesting a member services representative will be answered in 30 seconds or less.
Definition	Response time is defined as the amount of time which elapses between the time a call is received into the phone system to the time a live member services representative answers the phone.
Penalty	\$ <u>\$250</u> for each full percentage point below the 95% compliance required. Quarterly guarantee
Measurement	Based on internal automated telephone support system reports. Measured quarterly, reported and reconciled annually through the life of the contract.
4. Member Satisfaction	
Guarantee	The level of overall customer satisfaction, which is measured annually by a State-approved Member Satisfaction Survey will be 80% or greater each year during the term of the contract.
Definition	As determined by responses to the following question: "All things considered, how satisfied are you with your current dental health plan services? Completely Satisfied, Very Satisfied, Somewhat Satisfied, Neither Satisfied Nor Dissatisfied, Somewhat Dissatisfied, Very Dissatisfied, Completely Dissatisfied."
Penalty	\$ <u>5,000</u> Annual.
Measurement	At least 80% of all respondents will indicate Completely, Very, or Somewhat Satisfied. Measured, reported, and reconciled annually through the life of the contract.
5. Management Reporting	
Guarantee	All quarterly management reports will be delivered by the 45th day subsequent to the end of each reporting period.
Definition	All quarterly management reports will be delivered by the 45th day subsequent to the end of each reporting period.
Penalty	\$ <u>100.00</u> for every day that reports are late. Quarterly
Measurement	Measured quarterly, reconciled annually through the life of the contract.
6. Call Abandonment Rate	
Guarantee	Percentage of telephone callers that hang up before speaking to a "live" person will not exceed 5%.
Definition	See above
Penalty	\$ <u>100.00</u> for each full percentage point greater than 5% of all calls. Quarterly
Measurement	Based on internal phone report system measured quarterly. Measured quarterly, reported, and reconciled annually through the life of the contract.

7. Primary Dentist turnover rate		
Guarantee	Total Primary dentist leaving the network, regardless if the action is voluntary or involuntary will not exceed 15% in any plan year.	
Definition	Primary Dentist leaving the network, regardless if the action is voluntary or non-voluntary divided by the Total number of primary dentist at beginning of period.	
Penalty	<u>\$ 2,500</u> if Primary Dentist turnover rate exceeds 15% annually.	
Measurement	Measured annually; reported and reconciled annually through the life of the contract.	
8. Communication		
Guarantee	100% of State approved Dental plan information necessary for enrollment will be distributed prior to the State's annual transfer period (usually Oct. 15 - Nov. 15).	
Definition	Dental plan information necessary for open enrollment.	
Penalty	Should the above standard not be met, the total penalty shall be <u>\$ 2,500</u> per year in which the standard is not met. Annual	
Measurement	Measured, reported, and reconciled annually through the life of the contract.	
9. Tennessee Insurance System Interface		
Guarantee	Contractor's interface with the Tennessee Insurance System (TIS) will be fully operational by January 31, 2005.	
Definition	Fully operational with the TIS interface shall mean that electronic files received by the Contractor from the State of Tennessee via 3490 cartridge tape, email, Internet web posting, compact disc, or any other acceptable electronic medium will be processed and the data loaded directly into the Contractor's production database. The production database will be the source of reference for the Contractor's business processes, including but not limited to claims processing and customer service.	
Penalty	Should the TIS interface not be fully operational – as defined above – within the allotted time, the Contractor shall pay to the State of Tennessee a penalty of <u>\$500</u> per day, for every day out of compliance, until the interface is fully operational.	
Measurement	Measure of compliance beginning upon the Contractor's declaration of readiness. To demonstrate compliance, the Contractor shall submit, on company letterhead, a written and signed "good faith" statement declaring its system is interfaced to the extent required, and indicating the date upon which compliance was met. Reconciliation of penalty, if any, shall be made upon receipt of the letter declaring compliance.	
10. Provider Network Accessibility		
Guarantee	As measured by the GeoNetworks [®] Provider & Facility Network Accessibility Analysis, the Contractor's provider network will assure that 95% of all members will have the Access Standard indicated.	
Definition	Provider Type	Access Standard
	General Dentists	1 provider within 30 miles
	Specialist Dentists	1 provider within 45 miles
Penalty	<u>\$5,000</u> if EITHER of the above standards is not met, either individually or in combination.	
Measurement	Annual guarantee: Measured, reported and reconciled annually.	
11.a. Weekly Enrollment Update (see Contract Section A.1.3.2.1)		
Guarantee	All Weekly Enrollment file processing and mismatch deadlines will be met as detailed at A.1.3.2.1.	
Definition	See A.1.3.2.1.	
Penalty	See A.1.3.2.1.	
Measurement	Measured and reported weekly; reconciled annually.	
11.b. Quarterly Enrollment Data Reconciliation (see Contract Section A.1.3.2.2)		
Guarantee	All Quarterly Enrollment data processing and file mismatch resolution deadlines will be met as detailed at A.1.3.2.2.	
Definition	See A.1.3.2.2.	
Penalty	See A.1.3.2.2.	
Measurement	Measured and reported quarterly; reconciled annually.	

**Contract Attachment B
Quarterly Management Reporting Requirements**

As required by Contract Section A.1.4.1, the Contractor shall submit Management Reports by which the State can assess the PDO program costs and usage, as well as results in meeting the Performance Guarantee requirements as contained in Attachment A . Reports shall be submitted in hard copy medium. Management Reports shall include:

- 1) **Performance Guarantee Tracking**, as detailed at Contract Attachment A (each component to be submitted at the frequency indicated), shall include:
 - o Status report narrative
 - o Detail report on each performance measure by appropriate time period
- 2) **PDO Benefit Savings and Payments**, must be submitted as follows distinguishing between in-network and out-of-network:

Type of Service	Charges	Allowed	PDO Savings	Patient Cost	Benefit
TYPE I					
TYPE II					
TYPE III					
TYPE IV					
TYPE V					
Not Covered					
total					

- 3) **In Network and Out-of-Network by:**
 - o Submitted charges
 - o Benefits Paid
 - o Member Utilization

4) **Summary Plan Information:**

Premium Level	Subscribers	Premium	Total Claims
Employee			
Employee + 1			
Employee + Family			
Total			

- 5) **Quarterly Network Changes Update Report, displaying the following:**
 - o Present Network of Participating Providers by Specialty
 - o Additions to the Network by Name, Specialty and Location
 - o Terminations to the Network by Name, Specialty and Location
 - o Targeted areas for recruitment