CONTRACT #20
RFS # 317.86-00116
Edison # 33248

Department of Finance and Administration
Benefits Administration

VENDOR:
EyeMed Vision Care, LLC

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION
312 Rosa L. Parks Avenue
Suite 1900 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
Phone (615) 741-4517 or (866) 576-0029
FAX (615) 253-8556

Larry B. Martin
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Lucian Geise, Executive Director, Fiscal Review Committee

FROM: Laurie Lee

DATE: June 25, 2014

RE: **EyeMed Vision Care, LLC Amendment # 2, Edison # 33248**

This request for amendment # 2 comes to the Fiscal Review Committee with a January 1, 2015 effective date.

As detailed in the Amendment request accompanying this correspondence, the current contractor, EyeMed Vision Care, was selected as the State's Optional Vision Plan provider and began delivering services to participants who elected this optional benefit on January 1, 2013. At the time of the RFP release, vision coverage was not subject to the ACA (Affordable Care Act) Health Insurance Providers fee. In March of 2013, however, the IRS clarified that in addition to medical insurance, standalone vision plans would be considered health insurance for the purposes of being subject to the ACA Health Insurance Providers Fee. This annual fee began in 2014. As a result, EyeMed has requested a premium increase to cover a portion of these unanticipated fees. This amendment will increase premium rates one-time by 2.4 percent for the remainder of the contract, add required CPO revenue registration language, add funding based on the current enrollment for the term of the contract, as well as revise two Contract attachments. The attachments add incapacitated children to the dependent definition and remove discount specifics as they are subject to change based on Contractor contracts with Vision providers.

The original contract and previous amendments are included for review. Thank you for your consideration of this request.

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Sylvia Chunn	*Contact Phone:	615-253-8358
*Presenter's name(s):	Laurie Lee, Executive Director, Benefits Administration		
Edison Contract Number: (*if applicable*)	33248	RFS Number: (*if applicable*)	31786-00116
*Original or Proposed Contract Begin Date:	August 1, 2012	*Current or Proposed End Date:	December 31, 2017
Current Request Amendment Number: (*if applicable*)	Two (2)		
Proposed Amendment Effective Date: (*if applicable*)	January 1, 2015		
*Department Submitting:	Finance and Administration		
*Division:	Benefits Administration		
*Date Submitted:	June 26, 2014		
*Submitted Within Sixty (60) days:	Yes		
If not, explain:			
*Contract Vendor Name:	EyeMed Vision Care, LLC		
*Current or Proposed Maximum Liability:	$22,479,360.00 – proposed ($17,979,360.00 – current)		
*Estimated Total Spend for Commodities:	$0.00		

*Current or Proposed Contract Allocation by Fiscal Year:
(as Shown on Most Current Fully Executed Contract Summary Sheet)

FY: 2013	FY: 2014	FY: 2015	FY: 2016	FY: 2017	FY: 2018
$1,575,822.00	$3,309,227.00	$3,553,480.00	$3,731,153.00	$3,860,378.00	$1,949,300.00

*Current Total Expenditures by Fiscal Year of Contract:
(attach backup documentation from Edison)

FY: 2013	FY: 2014	FY: 2015	FY: 2016	FY: 2017	FY: 2018
$1,354,749.49	$3,876,360.12	$	$	$	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	Payments to the Contractor are based on payroll deduction and the payment of premiums by employees and retirees are paid directly to the Contractor.
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	The funds are based upon payroll deductions and premiums are paid directly by members, so funds have not been carried forward for these services.
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	Contract expenditures have exceeded the allocation to date in FY 2014 due to a larger than anticipated program enrollment. The expenditures for this contract are funded by pass through funds from employee payroll deduction, this is an employee pay all benefit.

*Contract Funding Source/Amount:

		Federal:	

Supplemental Documentation Required for Fiscal Review Committee

State:			
Interdepartmental:	$17,979,360.00	*Other*:	
If "*other*" please define:			
If "*interdepartmental*" please define:		Funding is received directly from program participants through payroll deduction.	

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)
Amendment 1 – effective 5/27/2013	Extend term one (1) year; add funding for extension, change contact information, and change CPI calculation date.

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? How was this cost determined?	Projected costs prior to contract award would have been based on historical program participation. Participation levels were not established until after contract award. Cost was based on cost proposal of winning Vendor to the State.
*List number of other potential vendors who could provide this good or service; efforts to identify other competitive procurement alternatives; and the reason(s) a sole-source contract is in the best interest of the State.	

EyeMed

Edison Contract #	33248
Vendor Number	154453

Fiscal Year	Expenditures
2013	1,354,749.49
YTD 2014	3,876,360.12
Total Expenditures	5,231,109.61

Edison Report TN_PU_CN021 ~ Payments Against a Contract

Payments against a Contract	5									
Unit	Sum Merchand	Edison Contract ID	Vendor ID	Vendor Name	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	262636.940	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000950	00003546	EyeMed 0113	1/17/2013	2013
31786	266535.330	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000953	00003577	EyeMed0213	2/13/2013	2013
31786	272896.830	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000958	00003639	EYEMED0313	3/14/2013	2013
31786	275300.210	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000961	00003715	EyeMed 0413	4/10/2013	2013
31786	277380.180	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000967	00003827	EyeMed 0513	5/10/2013	2013
FY 2013 Payments	1354749.490									

Payments against a Contract	12									
Unit	Sum Merchand	Edison Contract ID	Vendor ID	Vendor Name	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	278623.780	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000997	00004001	EyeMed0613	7/17/2013	2014
31786	281393.320	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000998	00003986	EyeMed 0713	7/17/2013	2014
31786	283338.180	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000998	00004071	EyeMed 0813	8/12/2013	2014
31786	290998.010	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000998	00004140	EyeMed 0913	9/12/2013	2014
31786	297656.770	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000998	00004186	EyeMed1013	10/10/2013	2014
31786	303333.500	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000998	00004246	EyeMed1113	11/13/2013	2014
31786	306828.730	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000998	00004305	EyeMed1213	12/11/2013	2014
31786	361646.160	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000001033	00004355	EyeMed0114	1/10/2014	2014
31786	365539.370	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000001033	00004401	EyeMed0214	2/11/2014	2014
31786	367727.480	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000001033	00004498	EyeMed0314	3/13/2014	2014
31786	369442.750	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000001033	00004536	EyeMed0414	4/9/2014	2014
31786	369832.070	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000001088	00004638	EyeMed0514	5/15/2014	2014
YTD FY 2014 Payments	3876360.120									

E-Health Pre-Approval Endorsement Request
E-Mail Transmittal

TO : Lovel VanArsdale, Office of e-Health Initiatives
Department of Finance & Administration
E-mail: Lovel.Vanarsdale@tn.gov

FROM : **Sylvia Chunn**
E-mail: sylvia.chunn@tn.gov

DATE : June 25,2014

RE : Request for eHealth Pre-Approval Endorsement

Applicable RFS # 31786-00116 Edison #33248 EyeMed Vision Care
Office of e-Health Initiatives Endorsement Signature & Date:
Office of e-Health Initiatives

Office of e-Health Initiatives (eHealth) pre-approval endorsement is required pursuant to procurement regulations pertaining to contracts with medical/mental health-related professional, pharmaceutical, laboratory, or imaging type services as a component of the scope of service. This request seeks to ensure that eHealth is aware of and has an opportunity to review the procurement detailed below and in the attached document(s). This requirement applies to any procurement method regardless of dollar amount.

Please indicate eHealth endorsement of the described procurement (with the appropriate signature above), and return this document via e-mail at your earliest convenience.

Contracting Agency	**Finance and Administration, B enefits Administration**
Agency Contact (name, phone, e-mail)	**Sylvia Chunn, 615-253-8358, Sylvia.chunn@tn.gov**
Attachments Supporting Request (as applicable – copies without signatures acceptable) ☐ Solicitation Document ☐ Special Contract Request ☒ Amendment Request ☐ Proposed contract or amendment	
Subject Medical/Mental Health-Related Service Description (Brief summary of eHealth services involved. As applicable, identify the contract and solicitation sections related to eHealth services.) Vision Insurance – Optional Vision Plan for the Public Sector Health Plans	

Amendment Request

Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@tn.gov

APPROVED	
CHIEF PROCUREMENT OFFICER	DATE

Request Tracking #	**31786-00116**
1. Procuring Agency	**Finance and Administration, Benefits Administration**
2. Contractor	**EyeMed Vision Care, LLC**
3. Contract #	**N/A**
4. Proposed Amendment #	**2**
5. Edison ID #	**33248**
6. Contract Begin Date	**August 1, 2012**
7. Current Contract End Date *– with ALL options to extend exercised*	**December 31, 2017**
8. Proposed Contract End Date *– with ALL options to extend exercised*	**December 31, 2017**
9. Current Maximum Contract Cost *– with ALL options to extend exercised*	**$ $17,979,360.00**
10. Proposed Maximum Contract Cost *– with ALL options to extend exercised*	**$ $22,479,360.00**
11. Office for Information Resources Pre-Approval Endorsement Request *– information technology service (N/A to THDA)*	☒ **Not Applicable** ☐ **Attached**
12. eHealth Pre-Approval Endorsement Request *– health-related professional, pharmaceutical, laboratory, or imaging*	☐ **Not Applicable** ☒ **Attached**
13. Human Resources Pre-Approval Endorsement Request *– state employee training service*	☒ **Not Applicable** ☐ **Attached**

14. Explanation Need for the Proposed Amendment

This amendment is needed to revise the rates in Contract Section C, add funding, insert the required revenue registration language, update the Vendor contact information, and update both Attachments D and E.

15. Name & Address of the Contractor's Principal Owner(s)
– NOT required for a TN state education institution

Patty Hill,

Request Tracking #	**31786-00116**

Regional Vice President, Government Sales
EyeMed Vision Care
4000 Luxottica Place
Mason, OH 45040

16. Evidence Contractor's Experience & Length Of Experience Providing the Goods or Services

EyeMed successfully implemented the first Optional Vision Plan for State employees after award of the contract in August 2012. Since service delivery began in January 2013, Benefits Administration has been satisfied with their performance.

17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives

n/a

18. Justification

At the time of the RFP release and subsequent contract award, vision coverage was not subject to the ACA (Affordable Care Act) Health Insurance Providers fee. In March of 2013, however, the IRS clarified that in addition to medical insurance, standalone vision plans would be considered health insurance for the purposes of being subject to the ACA Health Insurance Providers Fee. As a result of these unforeseen additional fees, EyeMed has requested a premium increase to cover these unanticipated fees. Benefits Administration seeks approval to amend this contract with a premium increase of 2.4 percent for contract years 2015 through 2017. Revenue registration language needs to be added to be in compliance with CPO contracting rules. Attachment D is revised to be non-specific on discount amounts as these are subject to change, and Attachment E is revised to show coverage information for incapacitated children covered as dependents.

Agency Head Signature and Date – *MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented circumstances*

CONTRACT AMENDMENT COVER SHEET

Agency Tracking #	Edison ID	Contract #	Amendment #
31786-00116	33248	N/A	2

Contractor Legal Entity Name	Edison Vendor ID
EyeMed Vision Care, LLC	154453

Amendment Purpose & Effect(s)

Revise rates for years 2015-2017, add funding, add required revenue registration language, update contact information, and update Attachments D and E.

Amendment Changes Contract End Date: ☐ YES ☒ NO **End Date:** 12/31/2017

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A)**:** **$ 4,500,000.00**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2013			1,575,822.00		1,575,822.00
2014			3,309,227.00		3,309,227.00
2015			3,553,480.00		3,553,480.00
2016			3,731,153.00		3,731,153.00
2017			6,110,378.00		6,110,378.00
2018			4,199,300.00		4,199,300.00
TOTAL:			**$22,479,360.00**		**$22,479,360.00**

American Recovery and Reinvestment Act (ARRA) Funding: ☐ YES ☒ 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.

Speed Chart - Dept. ID	**Account Code** (optional)
3178600011	78905000

CPO USE

AMENDMENT TWO
OF CONTRACT 33248

This Amendment is made and entered by and between the State of Tennessee, Insurance Committees (State, Local Education, and Local Government), hereinafter referred to as the "State" and EyeMed Vision Care, LLC, hereinafter referred to as the "Contractor." For good and valuable consideration, the sufficiency of which is hereby acknowledged, it is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. Contract section A.7.c is deleted in its entirety and replaced with the following:

   c. The Contractor shall distribute the member handbook and provider directory to every head-of-contract no later than twenty-one (21) days prior to the go-live date and thereafter fourteen (14) days prior to the start of each benefit year, unless otherwise directed by the State. During the benefit year the Contractor shall mail handbooks and provider directories to new members no later than ten (10) days from receipt of new enrollment. With the State's approval, electronic means may be utilized to provide the member handbook and to inform members of the network of providers.

2. Contract section A.7.e is deleted in its entirety and replaced with the following:

   e. The network provider directory must include provider name, address and phone number and be organized in geographic areas at least as small as counties.

3. 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 Twenty-Two Million Four Hundred Seventy-Nine Thousand Three Hundred Sixty Dollars ($22,479,360.00). 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.

4. 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 specific benefit plan and level of coverage in the Vision Plan elected by members and the premium rates presented below, in a total amount not to exceed the Contract Maximum Liability established in section C.1. The Contractor shall be compensated based upon the following Service Rates, in effect for the initial contract term January 1, 2013 – December 31, 2017, for the time period January 1, 2013 – December 31, 2017.

   a. The Contractor's compensation shall be contingent upon the satisfactory completion of services defined in Section A *Pro Forma* Contract.

b. The Contractor shall be compensated based upon the following rates:

BASIC PLAN

Four Tiered Guaranteed Monthly Full Benefits Premiums for Employees, Retirees and Dependents	Calendar Year 2013 1/1/2013 – 12/31/2013	Calendar Year 2014 1/1/2014 – 12/31/2014	Calendar Year 2015 1/1/2015 – 12/31/2015	Calendar Year 2016 1/1/2016 – 12/31/2016	Calendar Year 2017 1/1/2017 – 12/31/2017
Employee/Retiree Only	$3.27/ Member	$3.27/ Member	$3.35/ Member	$3.35 / Member	$3.35/ Member
Employee/Retiree + Spouse	$6.21/ Member	$6.21/ Member	$6.35/ Member	$6.35/ Member	$6.35/ Member
Employee/Retiree + Child(ren)	$6.54 / Member	$6.54 / Member	$6.69 / Member	$6.69 / Member	$6.69 / Member
Employee/Retiree + Spouse + Child(ren)	$9.61 / Member	$9.61 / Member	$9.83 / Member	$9.83 / Member	$9.83 / Member

EXPANDED PLAN

Four Tiered Guaranteed Monthly Full Benefits Premiums for Employees, Retirees and Dependents	Calendar Year 2013 1/1/2013 – 12/31/2013	Calendar Year 2014 1/1/2014 – 12/31/2014	Calendar Year 2015 1/1/2015 – 12/31/2015	Calendar Year 2016 1/1/2016 – 12/31/2016	Calendar Year 2017 1/1/2017 – 12/31/2017
Employee/Retiree Only	$5.73 / Member	$ 5.73/ Member	$ 5.86/ Member	$5.86 / Member	$5.86 / Member
Employee/Retiree + Spouse	$10.89 / Member	$10.89 / Member	$11.14 / Member	$11.14 / Member	$11.14 / Member
Employee/Retiree + Child(ren)	$11.46 / Member	$11.46 / Member	$11.72 / Member	$11.72 / Member	$ 11.72/ Member
Employee/Retiree + Spouse + Child(ren)	$16.84 / Member	$16.84 / Member	$17.23 / Member	$17.23 / Member	$ 17.23/ Member

c. If member materials containing an error had been approved by the State in writing and the error was detected after the materials have been mailed, the State will reimburse the Contractor the production and postage cost of mailing the corrected version pursuant to Contract Section C.3.d.

d. For mailings above those identified in the contract, the State shall reimburse the Contractor for the following, selected actual costs in the performance of this Contract upon Contractor providing documentation of actual costs incurred.

(1) Postage. The State shall reimburse the Contractor for the actual cost of postage for mailing materials produced under the terms of this Contract and as directed and authorized by the State.

(2) Printing/Production. The State shall reimburse the Contractor an amount equal to the actual net cost of document printing/production as required and authorized by the State and as detailed by the Contract Scope of Services.

Notwithstanding the foregoing, the State retains the option to authorize the Contractor to deliver a product to be printed, approve and accept the product but not use the Contractor to print the material. In those situations, the State shall have the discretion to use other printing and production services at its disposal.

5. 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:

Sylvia Chunn, Procurement and Contracting Manager
Tennessee Department of Finance & Administration
Division of Benefits Administration
312 Rosa L. Parks Avenue, Suite 2600
Nashville, Tennessee 37243
sylvia.chunn@tn.gov
Telephone: 615.253.8358
Fax: 615.253.8556

The Contractor:

Patty Hill, Senior Manager, National Accounts
EyeMed Vision Care
4000 Luxottica Place
Mason, OH 45040
patty.hill@eyemed.com
Telephone # 888-615-4178
Cellular # 513-479-3036

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

6. The following is added as Contract section E.21.

E.21 Tennessee Department of Revenue Registration. To the extent applicable, the Contractor shall be registered with the Department of Revenue for the collection of Tennessee sales and use tax. This registration requirement is a material requirement of this Contract.

7. Contract Attachment D is deleted in its entirety and replaced with the new attachment D attached hereto.

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

Required Approvals. The State is not bound by this Amendment until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

Amendment Effective Date. The revisions set forth herein shall be effective January 1, 2015. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

EYEMED VISION CARE, LLC:

SIGNATURE **DATE**

PRINTED NAME AND TITLE OF SIGNATORY (above)

STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE, and
LOCAL GOVERNMENT INSURANCE COMMITTEE:

LARRY B. MARTIN, CHAIR **DATE**

ATTACHMENT D

VISION PLAN BENEFITS

Frequency plan design:

Vision Exam	Once every calendar year
Eyeglass Lenses	Once every calendar year
Frames	Once every two (2) calendar years
Contact Lenses	Once every calendar year (in lieu of eyeglass lenses and/or frames)

	Basic Plan	Expanded Plan
Routine Eye Exam	$0 copayment	$10.00 copayment
Retinal Imaging	N/A	Copayment not to exceed $39.00
Frames	$50.00 allowance	$115.00 allowance
	20% discount off any amount above the allowance	20% discount off any amount above the allowance
Eyeglass Lenses (includes standard plastic or glass)	$50.00 allowance	Copayments • $15.00 : single vision, lined bifocals, lined trifocals and lenticular lenses • $55: Standard progressive no line bifocals • $55 + (20% off retail price - $120 allowance) – other premium progressive lenses • Discounted premium progressive no-line bifocals.
	20% discount off any amount above the allowance	
<u>Eyeglass</u> Lens StandardOptions – (Upgrades)	20% discount off retail price all options	Maximum Copayments • Standard Anti-reflective: $45.00 • Standard Polycarbonate: $30.00/$0 for dependent children 18 and under • Standard Scratch resistant coating: $15.00 • UV coating: $10.00 • Tints: $25.00 20% discount off retail price on all other lens options
<u>Eyeglass</u> Lens Premium Options	20% discount off retail price all options	• Discounted Premium Anti-reflective • Discounted Photochromics/Transitions Plastic

– (Upgrades)		
Exam for Contact Lenses (fitting and evaluation)	15% discount off retail price	Copayment not to exceed $60
Contact Lenses (in lieu of eyeglass lenses and/or frames)	Medically Necessary* $150 allowance	Medically Necessary* Covered at 100%
	Disposable $50 allowance	Disposable $130 allowance
	Conventional $50 allowance plus 15% discount off any amount above the allowance	Conventional $130 allowance plus 15% discount off any amount above the allowance
Lasik/Refractive Surgery Discount (for select providers)	15% discount off retail price or 5% off promotional price	15% discount off retail price or 5% off promotional price
Additional Discounts (both Basic and Enhanced Plans)	Member receives a 20% discount on items not covered by the plan at network Providers. Discount does not apply to EyeMed Provider's professional services, or contact lenses. Member receives a 40% discount off complete pair purchases once the funded benefit has been used. Member receives 15% discount off conventional contact lenses once the funded benefit has been used. Discounts do not apply to vision materials from certain manufacturers. Discounts may not be combined with any other discounts or promotional offers.	
Out of Network Benefits	All Eye Exams: $30 reimbursement Frames/Eyeglass Lenses: $50.00 reimbursement Elective Contact	All Eye Exams: $45 reimbursement Single Vision Lenses: $30 reimbursement Lined Bifocal $50 reimbursement Lined Trifocal or Lenticular: $65 reimbursement Standard or Premium Progressive: $50 reimbursement

	Lenses: $25.00 reimbursement Medically Necessary Contact Lenses: $75.00 reimbursement	Frame: $70 reimbursement Elective Contact Lenses: $50 reimbursement Medically Necessary Contact Lenses: $100 reimbursement Lens Options - $5 reimbursement: UV Treatment, polycarbonate, photochromic/transitions plastic, glass

*If medically necessary as first contact lenses following cataract surgery, or multiple pairs of rigid contact lenses for treatment of keratoconus.

I. Benefits

The Schedule of Benefits in this document reflects the procedures that vision will cover as well as certain limitations and exclusions for these covered benefits. These services will be covered when a vision provider provides them. These services must be necessary and must be provided in accordance with generally accepted vision practice standards.

In addition to the limitations and exclusions shown in the Schedule of Benefits section, the Vision Plan does not pay for the following:

General Limitations and Exclusions

A. Treatment of injury or illness covered by Workers' Compensation or Employer's Liability Laws.

B. Services received without cost from any federal, state or local agency. This exclusion will not apply if prohibited by law.

C. Cosmetic surgery or procedures for purely cosmetic reasons.

D. Charges by any hospital or other surgical or treatment facility and any additional fees charged by the vision for treatment in any such facility.

E. Services by a vision provider beyond the scope of his or her license.

F. Vision services for which the patient incurs no charge.

G. Vision services where charges for such services exceed the charge that would have been made and actually collected if no coverage existed.

H. Orthoptic or vision training, subnormal vision aids and any associated supplemental testing; Aniseikonic lenses.

I. Any eye or Vision Examination, or any corrective eyewear required by a Policyholder as a condition of employment; Safety eyewear.

J. Lost or broken lenses, frames, glasses, or contact lenses will not be replaced except in the next Benefit Frequency when Vision Materials would next become available.

II. Optional Materials and Services

If the materials and services rendered exceed the covered benefit, the difference for the actual materials or services rendered is due from the member.

State of Tennessee Voluntary Group Vision Insurance Plan

Eligibility Criteria	
1. Eligibility Status	**STATE** • *Employee* – An individual who: 1) is regularly scheduled to work not less than thirty (30) hours per week; or 2) is a seasonal or part-time employee with 24 months of service, and is certified by an appointing authority to work at least 1,450 hours per fiscal year. • *Retiree* – An individual who: 1) has left active employment; and 2) receives a benefit from the Tennessee Consolidated Retirement System (TCRS), or is a member of one of the Higher Education Optional Retirement Plan(s) (ORP). **LOCAL EDUCATION** • *Employee - 1) A teacher as defined in Tennessee Code Annotated, Section 8-34-101-(46) 2) An interim teacher whose salary is based on the local school system's schedule 3) Employees not defined above who are regularly scheduled to work at least 30 hours per week in a non-seasonal, non-temporary position 4) A non-certified employee who has completed 24 months of employment with a local education agency that participates in the plan and works a minimum of 25 hours per week [a resolution passed by the school system's governing body authorizing the expanded 25 hour rule for the local education agency must be sent to Benefits Administration before enrollment] 5) School board members 6) All other individuals cited in state statute or approved as an exception by the Local Education Insurance Committee* • *Retiree* – 1) An individual who: a) has retired from the employer; and b) receives a benefit from the Tennessee Consolidated Retirement System (TCRS) or participated in an optional retirement plan; or 2) a school board member who a) has retired from the school board, and b) has at least 20 years of service as a member of the same school board from which he retired. **LOCAL GOVERNMENT** • *Employee* - An individual who: 1) is scheduled to work at least 30 hours per week in a non-seasonal, non-temporary position 2) Any member of the chief legislative body of the county or municipal government (defined as only those elected officials who have the authority to pass local legislation) 3) Utility board members appointed or elected pursuant to TCA 7-82-307, but only during their term of service 4) County officials as defined in TCA 8-34-101(9) (A) and (B), regardless of whether the agency participates in the plan, pursuant to TCA 8-27-207(i) 5) All other individuals cited in state statute or approved as an exception by the Local Government Insurance Committee • *Retiree* – 1) An individual who: a) has retired from the employer; and b) receives a benefit from the Tennessee Consolidated Retirement System (TCRS) or participated in an optional retirement plan; or 2) a utility board member who a) has retired from the utility board, and b) has at least 20 years of service as a member of the same utility district from which he retired. **STATE, LOCAL EDUCATION, LOCAL GOVERNMENT** • *Dependent* – An individual who is: 1) a legally married (as defined by the State of Tennessee Constitution) spouse of an employee or retiree of a State of Tennessee agency, Local Education participating agency, or Local Government participating agency; or 2) an individual who is a natural or adopted child of an eligible employee or retiree; a stepchild of an eligible employee or retiree; or a child for whom an eligible employee or retiree is the legal guardian; or 3) the survivor of an eligible employee or retiree; or 4) each child at least 26 years of age: who is primarily dependent upon the Insured for support and maintenance because the child is incapable of self-sustaining employment by reason of mental incapacity or physical handicap; who was so incapacitated and is an Insured Person under the Policy on his or her 26th birthday; and who has been continuously so incapacitated since his or her 26th birthday.
2. Age Maximum	Dependent children are eligible for coverage through the last day of the month of their 26th birthday.
3. Participation Requirements	**An agency must be participating in the State of Tennessee Sponsored Group Health Plan in order to qualify for participation in the State of Tennessee Voluntary Group Vision**

	Insurance Plan. Employee, Retiree, and/or Dependent participation in the State Sponsored Group Health Plan is not required to participate in the State Group Vision Insurance Plan. Employee or Retiree participation in the State Group Vision Insurance Plan is required for participation of eligible Dependents. Participation by those enrolled in the State Group Vision Insurance Plan is on a calendar year basis, and enrollment may only be dropped by the participants during the Annual Enrollment Transfer Period for the beginning of the next calendar year or due to a special qualifying event.

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
Brian Kelsey — Ken Yager
Steve Southerland
Randy McNally, *ex officio*
Lt. Governor Ron Ramsey, *ex officio*

Rep. Mark White, Vice-Chairman
Representatives
Charles Curtiss — Pat Marsh
Jeremy Faison — Mark Pody
Brenda Gilmore — David Shepard
Matthew Hill — Tim Wirgau
Charles Sargent, *ex officio*
Speaker Beth Harwell, *ex officio*

MEMORANDUM

TO: Jessica Robertson, Chief Procurement Officer
Department of General Services

FROM: Senator Bill Ketron, Chairman BK
Representative Mark White, Vice-Chairman MW

DATE: March 26, 2013

SUBJECT: **Contract Comments**
(Fiscal Review Committee Meeting 3/25/13)

RFS# 317.86-00116 (Edison # 33248)
Department: Finance and Administration
Division: Benefits Administration
Vendor: EyeMed Vision Care, LLC
Summary: The vendor currently provides an optical vision insurance plan for eligible state employees, local education and local government employees, and retirees. The proposed amendment increases the maximum liability by $16,373,769; revises various co-payments; adds additional discounts; expands general limitations and exclusion; and redefines "retiree" for eligibility status.
Current maximum liability: $1,605,591
Proposed maximum liability: $17,979,360

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

cc: Ms. Laurie Lee, Executive Director, Benefits Administration

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
BENEFITS ADMINISTRATION
312 Rosa L. Parks Avenue
Suite 1900 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
Phone (615) 741-4517 or (866) 576-0029
FAX (615) 253-8556

Mark A. Emkes
COMMISSIONER

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Lucian Geise, Executive Director, Fiscal Review Committee

FROM: Laurie Lee

DATE: March 6, 2013

RE: **EyeMed Vision Care, LLC Amendment # 1, Edison # 33248**

This request for amendment # 1 comes to the Fiscal Review Committee with a May 25, 2013 effective date.

As detailed in the Non-Competitive Amendment request accompanying this correspondence, the current contractor, EyeMed Vision Care, was selected as the State's Optional Vision Plan provider and began delivering services to participants who elected this optional benefit on January 1, 2013. As this is a new benefit service offered to State health plan participants, Benefits Administration did not have any historical enrollment figures to use in estimating the maximum liability of the contract. This amendment will add funding based on the current enrollment for the term of the contract, as well as revise two Contract attachments to include benefit enhancements offered by the Contractor at no additional cost to the State.

The original contract is included for review. Thank you for your consideration of this request.

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Sylvia Chunn	*Contact Phone:	615-253-8358
*Original Contract Number:	N/A	*Original RFS Number:	31786-00116
Edison Contract Number: (*if applicable*)	33248	Edison RFS Number: (*if applicable*)	
*Original Contract Begin Date:	8/1/2012	*Current End Date:	12/31/2017

Current Request Amendment Number: (*if applicable*)	One (1)
Proposed Amendment Effective Date: (*if applicable*)	May 25, 2013
*Department Submitting:	Finance and Administration
*Division:	Benefits Administration
*Date Submitted:	March 11, 2013
*Submitted Within Sixty (60) days:	Yes
If not, explain:	
*Contract Vendor Name:	EyeMed Vision Care, LLC
*Current Maximum Liability:	$1,605,591.21

*Current Contract Allocation by Fiscal Year:
(as Shown on Most Current Fully Executed Contract Summary Sheet)

FY: 2013	FY:2014	FY:2015	FY:2016	FY2017	FY2018
$160,559.13	$321,118.24	$321,118.24	$321,118.24	$321,118.24	$160,559.12

*Current Total Expenditures by Fiscal Year of Contract:
(attach backup documentation from STARS or FDAS report)

FY:2013	FY:	FY:	FY:	FY	FY
$ 529,172.27	$	$	$	$	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	N/A
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	N/A
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	Contract expenditures exceeded the allocation in FY 2013 due to a large program enrollment. The expenditures for this contract are funded by pass through funds from employee payroll deduction, this is an employee pay all benefit

Supplemental Documentation Required for Fiscal Review Committee

		with no State or Federal funding.		
*Contract Funding Source/Amount:	State:		Federal:	
Interdepartmental:		$1,605,591.21	*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*)
n/a	

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?	Projected costs prior to contract award would have been based on program participation, and participation levels were not established until after contract award.

EyeMed

Edison Contract #	33248
Vendor Number	154453

Fiscal Year	Expenditures
FY 2013	529,172.27
Total Expenditures	529,172.27

Payments against a Contract	2									
Unit	Sum Amount	Edison Contract ID	Vendor ID	Vendor Name	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	262,636.94	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000950	00003546	EyeMed 0113	1/17/2013	2013
31786	266,535.33	00000000000000000000033248	0000154453	EyeMed Vision Care LLC	DFA	0000000953	00003577	EyeMed0213	2/13/2013	2013
FY 2013	529,172.27									

Contract Balance Reconciliation

Maximum Liability	$	1,605,591.21
Less: Expenditures on Summary Spreadsheet	$	529,172.27
Remaining Amount on Contract	$	1,076,418.94
Remaining Amount Per Edison as of 2/27/2013	$	1,076,418.94
Difference (Should be zero)	$	-

Non-Competitive Amendment Request

NOT required for a contract with a federal, Tennessee, or Tennessee local government entity or a grant.
Route a completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@state.tn.us

APPROVED
CENTRAL PROCUREMENT OFFICER

Request Tracking #	**31786-00116**
1. Procuring Agency	**Department of Finance and Administration, Division of Benefits Administration**
2. Contractor	**EyeMed Vision Care, LLC**
3. Contract #	**N/A**
4. Proposed Amendment #	**1**
5. Edison ID #	**33248**

6. Contract Begin Date	**8/1/2012**
7. Current Contract End Date *– with ALL options to extend exercised*	**12/31/2017**
8. Proposed Contract End Date *– with ALL options to extend exercised*	**12/31/2017**
9. Current Maximum Contract Cost *– with ALL options to extend exercised*	**$1,605,591.21**
10. Proposed Maximum Contract Cost *– with ALL options to extend exercised*	**$17,979,360.00**
11. Office for Information Resources Endorsement *– information technology service (N/A to THDA)*	☒ **Not Applicable** ☐ **Attached**
12. eHealth Initiative Support *– health-related professional, pharmaceutical, laboratory, or imaging*	☒ **Not Applicable** ☐ **Attached**
13. Human Resources Support *– state employee training service*	☒ **Not Applicable** ☐ **Attached**

14. Explanation Need for the Proposed Amendment

Benefits Administration seeks an amendment to add funding as a pass through for this contract in Edison, as well as amend the Vision Plan Benefit table to add enhancements provided by the Contractor at no additional cost to the State, and to update the Eligibility Criteria attachment.

Request Tracking #	31786-00116

15. Name & Address of the Contractor's Principal Owner(s)
– NOT required for a TN state education institution

Natasha D'Sa,
Regional Vice President, Government Sales
EyeMed Vision Care
4000 Luxottica Place
Mason, OH 45040

16. Evidence Contractor's Experience & Length Of Experience Providing the Service

EyeMed successfully implemented the first Optional Vision Plan for State employees after award of the contract in August 2012.

17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives

N/A

18. Justification *– specifically explain why non-competitive negotiation is in the best interest of the state*

As this was a new benefit product being offered to State employees, the State did not have a historical estimate of what percentage of the eligible population would elect coverage for this optional employee-pay-all product, as a result a minimal maximum liability was set. Now Benefits Administration requires an increase in pass through funding as enrollment is complete and a figure can be estimated based on current enrollment.

Agency Head Signature and Date *– MUST be signed by the ACTUAL agency head as detailed on the current Signature Certification. Signature by an authorized signatory is acceptable only in documented exigent circumstances*

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31786-00116	33248	N/A	1

Contractor Legal Entity Name	Edison Vendor ID
EyeMed Vision Care, LLC	154453

Amendment Purpose & Effect(s)
Add funding & revise Attachments D & E

Amendment Changes Contract End Date: ☐ YES ☒ NO **End Date:** 12/31/2017

TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A): **$ 16,373,768.79**

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2013			1,575,822.00		1,575,822.00
2014			3,309,227.00		3,309,227.00
2015			3,553,480.00		3,553,480.00
2016			3,731,153.00		3,731,153.00
2017			3,860,378.00		3,860,378.00
2018			1,949,300.00		1,949,300.00
TOTAL:			**17,979,360.00**		**17,979,360.00**

American Recovery and Reinvestment Act (ARRA) Funding: ☐ YES ☒ 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 Chart (optional)~~ Dept. ID ~~31786~~

Account Code (optional) ~~Fund 55000~~

3178600011 78905000 cm

AMENDMENT # 1
OF CONTRACT 33248

This Amendment is made and entered by and between the State of Tennessee, Insurance Committees (State, Local Education, and Local Government), hereinafter referred to as the "State" and EyeMed Vision Care, LLC, 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. 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 Seventeen Million Nine Hundred Seventy-Nine Thousand Three Hundred Sixty Dollars ($17,979,360.00). 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.

2. Contract Attachment D is deleted in its entirety and replaced with the new attachment D attached hereto.

3. Contract Attachment E is deleted in its entirety and replaced with the new attachment E attached hereto.

Required Approvals. The State is not bound by this Amendment until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

Amendment Effective Date. The revisions set forth herein shall be effective May 27, 2013. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

EYEMED VISION CARE, LLC:

SIGNATURE May 16, 2013 **DATE**

Reviewed As To Form
EyeMed Legal

Elizabeth Digiandomenico, President

PRINTED NAME AND TITLE OF SIGNATORY (above)

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

Mark A. Emkes 5-21-13

MARK A. EMKES, CHAIRMAN MOA DATE

ATTACHMENT D

VISION PLAN BENEFITS

Frequency plan design:

Vision Exam	Once every calendar year
Eyeglass Lenses	Once every calendar year
Frames	Once every two (2) calendar years
Contact Lenses	Once every calendar year (in lieu of eyeglass lenses and/or frames)

	Basic Plan	Expanded Plan
Routine Eye Exam	$0 copayment	$10.00 copayment
Retinal Imaging	N/A	Copayment not to exceed $39.00
Frames	$50.00 allowance	$115.00 allowance
	20% discount off any amount above the allowance	20% discount off any amount above the allowance
Eyeglass Lenses (includes standard plastic or glass)	$50.00 allowance	Copayments • $15.00 : single vision, lined bifocals, lined trifocals and lenticular lenses • $55: Standard progressive no line bifocals • $81.00 - $93.00: premium progressive no-line bifocals. • $55 + (20% off retail price - $120 allowance) – other premium progressive lenses
	20% discount off any amount above the allowance	
Eyeglass Lens Options – (Upgrades)	20% discount off retail price all options	Maximum Copayments • Standard Anti-reflective: $45.00 • Premium Anti-reflective: $57.00-$68.00 • Other Premium Anti-Reflective: 20% discount off retail price • Standard Polycarbonate: $30.00/$0 for dependent children 18 and under • Photochromics/Transitions Plastic: $70.00 • Standard Scratch resistant coating: $15.00 • UV coating: $10.00 • Tints: $25.00

		20% discount off retail price on all other lens options
Exam for Contact Lenses (fitting and evaluation)	15% discount off retail price	Copayment not to exceed $60
Contact Lenses (in lieu of eyeglass lenses and/or frames)	Medically Necessary* $150 allowance	Medically Necessary* Covered at 100%
	Disposable $50 allowance	Disposable $130 allowance
	Conventional $50 allowance plus 15% discount off any amount above the allowance	Conventional $130 allowance plus 15% discount off any amount above the allowance
Lasik/Refractive Surgery Discount (for select providers)	15% discount off retail price or 5% off promotional price	15% discount off retail price or 5% off promotional price
Additional Discounts (both Basic and Enhanced Plans)	Member receives a 20% discount on items not covered by the plan at network Providers. Discount does not apply to EyeMed Provider's professional services, or contact lenses. Member receives a 40% discount off complete pair purchases once the funded benefit has been used. Member receives 15% discount off conventional contact lenses once the funded benefit has been used. Discounts do not apply to vision materials from certain manufacturers. Discounts may not be combined with any other discounts or promotional offers.	

Out of Network Benefits	All Eye Exams: $30 reimbursement Frames/Eyeglass Lenses: $50.00 reimbursement Elective Contact Lenses: $25.00 reimbursement Medically Necessary Contact Lenses: $75.00 reimbursement	All Eye Exams: $45 reimbursement Single Vision Lenses: $30 reimbursement Lined Bifocal $50 reimbursement Lined Trifocal or Lenticular: $65 reimbursement Standard or Premium Progressive: $50 reimbursement Frame: $70 reimbursement Elective Contact Lenses: $50 reimbursement Medically Necessary Contact Lenses: $100 reimbursement Lens Options - $5 reimbursement: UV Treatment, polycarbonate, photochromic/transitions plastic, glass

*If medically necessary as first contact lenses following cataract surgery, or multiple pairs of rigid contact lenses for treatment of keratoconus.

I. Benefits

The Schedule of Benefits in this document reflects the procedures that vision will cover as well as certain limitations and exclusions for these covered benefits. These services will be covered when a vision provider provides them. These services must be necessary and must be provided in accordance with generally accepted vision practice standards.

In addition to the limitations and exclusions shown in the Schedule of Benefits section, the Vision Plan does not pay for the following:

General Limitations and Exclusions

A. Treatment of injury or illness covered by Workers' Compensation or Employer's Liability Laws.

B. Services received without cost from any federal, state or local agency. This exclusion will not apply if prohibited by law.

C. Cosmetic surgery or procedures for purely cosmetic reasons.

D. Charges by any hospital or other surgical or treatment facility and any additional fees charged by the vision for treatment in any such facility.

E. Services by a vision provider beyond the scope of his or her license.

F. Vision services for which the patient incurs no charge.

G. Vision services where charges for such services exceed the charge that would have been made and actually collected if no coverage existed.

H. Orthoptic or vision training, subnormal vision aids and any associated supplemental testing; Aniseikonic lenses.

I. Any eye or Vision Examination, or any corrective eyewear required by a Policyholder as a condition of employment; Safety eyewear.

J. Lost or broken lenses, frames, glasses, or contact lenses will not be replaced except in the next Benefit Frequency when Vision Materials would next become available.

II. Optional Materials and Services

If the materials and services rendered exceed the covered benefit, the difference for the actual materials or services rendered is due from the member.

ATTACHMENT E

State of Tennessee Voluntary Group Vision Insurance Plan

Eligibility Criteria	
1. Eligibility Status	STATE • *Employee* – An individual who: 1) is regularly scheduled to work not less than thirty (30) hours per week; or 2) is a seasonal or part-time employee with 24 months of service, and is certified by an appointing authority to work at least 1,450 hours per fiscal year. • *Retiree* – An individual who: 1) has left active employment; 2) receives a benefit from the Tennessee Consolidated Retirement System (TCRS), or is a member of one of the Higher Education Optional Retirement Plans (ORP); and 3) is enrolled in the state group health insurance plan. LOCAL EDUCATION • *Employee - 1) A teacher as defined in Tennessee Code Annotated, Section 8-34-101-(46) 2) An interim teacher whose salary is based on the local school system's schedule 3) Employees not defined above who are regularly scheduled to work at least 30 hours per week in a non-seasonal, non-temporary position 4) A non-certified employee who has completed 24 months of employment with a local education agency that participates in the plan and works a minimum of 25 hours per week [a resolution passed by the school system's governing body authorizing the expanded 25 hour rule for the local education agency must be sent to Benefits Administration before enrollment] 5) School board members 6) All other individuals cited in state statute or approved as an exception by the Local Education Insurance Committee* • *Retiree* – 1) An individual who has retired from the employer; 2) receives a benefit from the Tennessee Consolidated Retirement System (TCRS); and 3) is enrolled in the state group health insurance plan. LOCAL GOVERNMENT • *Employee* - An individual who: 1) is scheduled to work at least 30 hours per week in a non-seasonal, non-temporary position 2) Any member of the chief legislative body of the county or municipal government (defined as only those elected officials who have the authority to pass local legislation) 3) Utility board members appointed or elected pursuant to TCA 7-82-307, but only during their term of service 4) County officials as defined in TCA 8-34-101(9) (A) and (B), regardless of whether the agency participates in the plan, pursuant to TCA 8-27-207(i) 5) All other individuals cited in state statute or approved as an exception by the Local Government Insurance Committee • *Retiree* – 1) An individual who has retired from the employer; 2) receives a benefit from the Tennessee Consolidated Retirement System (TCRS); and 3) is enrolled in the state group health insurance plan.
2. Age Maximum ***3. Participation Requirements***	STATE, LOCAL EDUCATION, LOCAL GOVERNMENT • *Dependent* – An individual who is: 1) a legally married (as defined by the State of Tennessee Constitution) spouse of an employee or retiree of a State of Tennessee agency, Local Education participating agency, or Local Government participating agency; or 2) an individual who is a natural or adopted child of an eligible employee or retiree; a stepchild of an eligible employee or retiree; or a child for whom an eligible employee or retiree is the legal guardian; or 3) the survivor of an eligible employee or retiree. Dependent children are eligible for coverage through the last day of the month of their 26th birthday. **An agency must be participating in the State of Tennessee Sponsored Group Health Plan in order to qualify for participation in the State of Tennessee Voluntary Group Vision Insurance Plan.** An active Employee and/or Dependent participation in the State Sponsored Group Health Plan are not required to participate in the State Group Vision Insurance Plan. A Retiree and/or Dependent participation in the State Sponsored Group Health Plan is required to participate in the State Group Vision Insurance Plan. Employee or Retiree participation in the State Group Vision Insurance Plan is required for participation of eligible Dependents, except Dependents of Retirees may continue enrollment in the State Group Vision Insurance Plan after the Retiree is no longer eligible for

	the State Group Health Insurance Plan and State Group Vision Insurance Plan due to reaching the age for Medicare as long as the Dependents remain enrolled in the State Group Health Insurance Plan. Participation by those enrolled in the State Group Vision Insurance Plan is on a calendar year basis, and enrollment may only be dropped by the participants during the Annual Enrollment Transfer Period for the beginning of the next calendar year or due to a special qualifying event.

Rule Exception Request

cy12-1030

Route completed request, as one file in PDF format, via e-mail attachment sent to: Agsprs.Agsprs@state.tn.us

APPROVED

COMMISSIONER OF FINANCE & ADMINISTRATION

Request Tracking #	31786-00116
1. Contract #	TBD
2. Service Caption	Vision Insurance Plan for the State's Public Sector Plans
3. Contractor	TBD
4. Contract Period *(with ALL options to extend exercised)*	66 months
5. Contract Maximum Liability *(with ALL options to extend exercised)*	$ TBD

6. Rule *(for which the exception is requested)*

- [ ] 0620-3-3-.03(2)(a) OR 0620-3-3-.05 requiring compliance with relevant model guidelines (only if required by oversight authorities)
- [ ] 0620-3-3-.05(5) requiring the prescribed Nondiscrimination contract provision
- [x] 0620-3-3-.07(5) prohibiting a contract term greater than five (5) years
- [ ] 0620-3-3-.07(8) prohibiting a contract with a former state employee in within six (6) months of termination
- [ ] 0620-3-3-.07(22) requiring contractor travel reimbursement in accordance with state travel regulations
- [ ] OTHER *(cite the relevant rule below)*

7. Explanation of Rule Exception Requested

The Division of Benefits Administration seeks to permit a contract term longer than 60 months (5 years) for these services.

Request Tracking #	31786-00116
8. Justification	The extra six months would allow for an implementation period for the Contractor on the front end where the State would not incur any costs. There are no administrative fees associated with this contract and payments from the State for employee premiums would not begin until January 1, 2013, and would continue throughout the remaining 5 year term. This implementation period is needed for the Contractor to get the State's plan established, develop member materials, and implement all necessary requirements prior to the State's go-live date.
Agency Head Signature and Date *(contracting agency head or authorized signatory)*	Mark A. Emkes MOA

CONTRACT

(fee-for-service contract with an individual, business, non-profit, or governmental entity of another state)

Begin Date	End Date	Agency Tracking #	Edison Record ID
8/1/2012	12/31/2017	31786-00116	33248

Contractor Legal Entity Name	Edison Vendor ID
EyeMed Vision Care, LLC	154453

Service Caption (one line only)

Optional Vision Plan

Subrecipient or Vendor

☐ Subrecipient ☒ Vendor

CFDA #

Funding —

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2013			$160,559.13		$160,559.13
2014			$321,118.24		$321,118.24
2015			$321,118.24		$321,118.24
2016			$321,118.24		$321,118.24
2017			$321,118.24		$321,118.24
2018			$160,559.12		$160,559.12
TOTAL:			**$1,605,591.21**		**$1,605,591.21**

American Recovery and Reinvestment Act (ARRA) Funding: ☐ YES ☒ NO

Ownership/Control

☐ African American ☐ Asian ☐ Hispanic ☐ Native American ☐ Female

☐ Person w/Disability ☐ Small Business ☐ Government ☒ NOT Minority/Disadvantaged

☐ Other:

Selection Method & Process Summary (mark the correct response to confirm the associated summary)

☒ RFP	The procurement process was completed in accordance with the approved RFP document and associated regulations.
☐ Competitive Negotiation	The predefined, competitive, impartial, negotiation process was completed in accordance with the associated, approved procedures and evaluation criteria.
☐ Alternative Competitive Method	The predefined, competitive, impartial, procurement process was completed in accordance with the associated, approved procedures and evaluation criteria.
☐ Non-Competitive Negotiation	The non-competitive contractor selection was completed as approved, and the procurement process included a negotiation of best possible terms & price.
☐ Other	The contractor selection was directed by law, court order, settlement agreement, or resulted from the state making the same agreement with all interested parties or all parties in a predetermined "class."

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 - FA*
~~**Speed Chart**~~ (optional) Dept ID 31786 / **Account Code** (optional) Fund 55000	

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
INSURANCE COMMITTEES,
AND
EYEMED VISION CARE, LLC

This Contract, by and between the State of Tennessee, Insurance Committees (State, Local Education, and Local Government), hereinafter referred to as the 'State" and EyeMed Vision Care, LLC, hereinafter referred to as the "Contractor," is for the provision of an optional vision insurance plan, as further defined in the "SCOPE OF SERVICES."

The Contractor is a Limited Liability Company.
Contractor Place of Incorporation or Organization: Delaware
Contractor Edison Registration ID # 154453

A. SCOPE OF SERVICES:

A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.

a. The Contractor agrees to provide a fully insured vision plan option to eligible employees of State agencies, as well as Local Education and Local Government agencies electing to participate in the vision plan, retirees receiving a benefit from the Tennessee Consolidated Retirement System (TCRS) or who participated in an optional retirement plan (a Higher Education plan or a plan offered by a Local Education or Local Government agency), and dependents of employees and retirees (hereafter referred to as "members"). The Vision Plan shall be delivered in accordance with Contract Attachment D.

b. The Contractor shall confirm eligibility of each member as claims are submitted, on the basis of eligibility information provided by the State that applies to the period during which the charges were incurred. The Contractor shall receive claims either filed by the members or the provider(s), and shall process said claims in a timely and accurate manner.

c. Member participation in said option shall be effective for the entire plan year unless the member's coverage is terminated.

d. The Contractor shall allow for COBRA continuation coverage for eligible individuals.

e. The Contractor shall process all claims under the Vision Plan in accordance with Contract Attachment D – *Vision Plan Benefits* and the *Vision Insurance Certificate of Coverage, incorporated hereto by reference.*

A.2. Provider Network

a. The Contractor shall establish and administer a Tennessee statewide and national network of vision providers for members participating in the Vision Plan. The Contractor shall secure under contract, participation by vision providers as needed and necessary to continuously provide high quality, cost effective services, adequate distribution, and reasonable access from a geographic and service standpoint during the term of this contract.

b. The Contractor's provider network shall meet, at minimum, the geographic access standards specified in Contract Attachment B, Liquidated Damages, item # 1 Provider Network Accessibility. The minimum standards are ninety-five percent (95%) of the members will have access to two (2) providers within ten (10) miles for urban geographic areas, two (2) providers within 15 miles for suburban geographic areas, and one (1) provider within twenty (20) miles for rural geographic areas. The State shall review network accessibility and shall inform the Contractor, in writing, of any deficiencies it identifies which deny reasonable

c. The Contractor shall maintain the capability to respond to inquiries from members concerning participation by providers in the network via a member toll-free call center, detailed in Section A.4 ,and the Contractor's website, detailed in Section A.8, which shall include network vision provider search capability available to all members.

d. The Contractor shall contract only with vision providers who are duly licensed by the state in which they are providing vision 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 in order to continue their status as a network provider. Re-credentialing of network providers must be performed at least every three (3) years in order to assure the quality of network providers.

e. 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 Vision Plan benefits and procedural requirements, (See Section A.15.e.7 & Contract Attachment B, Item 2). There shall be provisions to allow for on-site visits to the provider's office by the Contractor's staff, in addition to telephone and written contact for the purpose of monitoring provider conformance with plan standards and quality requirements.

f. The Contractor shall notify all network providers of and enforce, through the Contractor's provider contract, compliance with all provisions of the Vision Plan.

g. The Contractor shall notify affected members in writing within thirty (30) calendar days when a network provider terminates or is terminated from the provider network.

h. The Contractor shall require all network providers to file claims, associated with their services, directly with the Contractor on behalf of members.

A.3. Staffing

a. The Contractor shall provide and maintain qualified personnel and staffing to provide the deliverables and services in accordance with this Contract.

b. The Contractor shall ensure that all staff, including the Contractor's employees, independent contractors, consultants, and subcontractors, performing services under this contract has the experience and qualifications to perform the applicable services.

c. The Contractor shall designate an Account Manager and back-up with overall responsibility for the State-sponsored benefit. The Account Manager shall serve as the single point of contact for the State and have overall responsibility for the Contractor's functions under the Contract. The Account Manager shall have the authority to make decisions and resolve problems on behalf of the Contractor with the State and shall remain dedicated to the work of the Contract for the duration of the Contract.

d. In addition to the Account Manager the Contractor shall designate a Customer Service Manager, who shall manage the call center operations and staff and shall remain dedicated to the work of the Contract for the duration of the Contract.

e. The Contractor shall also designate an Information Systems Project Coordinator who will be responsible for implementation of the systems requirements for administering the Vision Plan and interfaces with the State.

f. All key Contractor project staff shall attend a project kick-off meeting at the State of Tennessee offices in Nashville, TN within the first thirty (30) days after the Contract start date.

g. The Contractor shall train representatives/operators and other staff regarding the provisions of the State's vision plan. The Contractor's staff shall successfully complete

the training program prior to assuming their duties. The Contractor shall conduct regular staff refresher training to address program, process, and policy training.

h. For work under this Contract, the Contractor shall employ no employees or contract with subcontractors that are on the U.S. Department of Health and Human Services' Office of Inspector General (OIG) exclusions list unless the Contractor receives prior, written approval from the State.

i. The Contractor agrees that the State may approve or disapprove the Contractor's Subcontractors or its staff assigned to this Contract prior to the proposed staff assignment. For all subcontractors approved by State, the Contractor shall, at the State's request, provide copies of the executed subcontracts to the State. The State may also direct the Contractor to replace staff members providing core services and/or interacting regularly with the State as it deems necessary and appropriate. The decision of the State on these matters shall not be subject to appeal.

j. Personnel commitments made in the Contractor's proposal shall not be changed unless prior approved by the State in writing. For these purposes, such commitments shall include any named individuals in the proposal and the levels of effort proposed. The Contractor shall notify the State at least thirty (30) days in advance of proposed changes and shall submit justification (including proposed substitutions) in sufficient detail to the State to evaluate the impact upon the Contract. The decision of the State on these matters shall not be subject to appeal.

k. The Contractor shall survey the State annually to determine the State's satisfaction with the Account Team and report the results of the survey to the State (see Contract Attachment C.8., Reporting Requirements).

A.4. Call Center

a. The Contractor shall maintain a call center and provide a designated toll-free line, by the date specified in A.15.e.11. for the exclusive purpose of responding to member inquiries. The Contractor shall provide advice and assistance to members regarding issues such as, but not limited to, effective dates, benefit levels, covered services, network participation, program costs, premiums, and locating a network provider.

b. Call Center Requirements

(1) The Contractor shall operate a call center that uses a designated toll–free number as the "front-end" entry point for callers. The Contractor's call center shall have designated representatives/operators to respond to inquiries from members.

(2) The Contractor's call center and staff shall be located in the continental United States.

(3) The Contractor's call center shall accept calls, at a minimum, from 7:00 a.m. to 4:30 p.m. Central Time (CT) Monday through Friday.

(4) The Contractor's call center shall be equipped with TDD (Telecommunication Device for the Deaf) or TTY (Teletype) in order to serve the hearing impaired population.

(5) The Contractor's call center shall have at least one member services representative who is bilingual in English and Spanish during all hours of operation.

c. Call Center Processes

(1) The Contractor's call center shall answer, by a person, one hundred percent (100%) of calls within five (5) minutes (300 seconds).

(2) The Contractor's call center shall maintain an average seconds to answer (ASA) of less than one (1) minute (60 seconds) and after answering the call the Contractor may only put callers on hold in order to (a) make outbound calls as necessary or (b) to research a caller's issue.

(3) The Contractor's call center shall maintain a blocked call rate of less than one percent (1%).

(4) The Contractor's call center shall maintain an abandoned call rate of not more than three percent (3%).

d. The Contractor shall calculate each performance measure for three continuous periods of equivalent length during the normal business hours of each business day.

e. The Contractor shall provide call center statistics related to the performance standards above to the State on a weekly basis during the (30) days prior to go-live date through sixty (60) days after the go-live date. The Contractor shall also submit a summary report with data for the preceding month. The monthly report shall include weekly and monthly data. (See Contract Attachment C.6.)

f. The Contractor's call center shall have call management systems and communications infrastructure that can manage the potential call volume and achieve the performance standards described in this Contract.

g. The Contractor's call management systems shall be scalable and flexible so they can be adapted as needed, within negotiated timeframes where applicable, in response to program, benefit, or enrollment changes.

h. The Contractor's call management systems shall be equipped with caller identification. In addition, the Contractor's call center shall adopt caller identification for itself.

i. The Contractor's call management system shall record and index all calls such that the Contractor can easily retrieve recordings of individual calls based on the phone number of the caller, the caller's name, the date/time of the call and the staff member who handled the call. The Contractor shall be able to provide a full recording of each call upon the State's request.

j. The Contractor may use an automated interactive voice response (IVR) system for managing inbound calls, provided that the caller always has the ability to leave the IVR system and wait in the queue in order to speak directly with a live-voice call center staff member rather than continue through additional prompts.

k. The Contractor shall inform callers of their likely wait times (based on real-time information, including call volume and member services representative availability) as they enter the queue. The Contractor shall also provide a "dial back" option that allows callers to receive a call back from the next available member services representative. Note that calls receiving a call back pursuant to this provision are not counted as "abandoned".

l. The Contractor shall have the ability to make outbound calls without interrupting the ability of callers to continue to access the call center.

m. The Contractor shall have the ability to allow third parties (the State or its authorized representative) to monitor recorded calls from a remote location.

n. The call management system shall enable the logging of all calls, including:

(1) The caller's identifying information (e.g., employee ID);

(2) The call date and time;

(3) The reason for the call;

(4) The member services representative that handled the call;

(5) The length of call; and

(6) The resolution of the call and if unresolved, the action taken and follow up steps required.

o. Additionally, the call management systems shall maintain a history of correspondence and call transactions for performance management, quality management and audit purposes. This history shall contain the actual information, a date/time stamp that corresponds to when the transaction took place, the origin of the transaction (e.g., the State and /or one of its authorized representatives or the member), and the member services representative that processed the transaction. Related correspondence and calls shall be indexed and properly recorded such that they can be treated in reporting and analysis as part of a distinct transaction.

A.5. Member Communications/Materials

a. The Contractor shall, in consultation with and following written approval by the State, develop and disseminate member information and communication materials (hereinafter member materials). Member materials shall include, but are not limited to, identification cards, member handbooks, provider directories, administrative forms, letters, manuals, policies, certificate of coverage , webinars and online videos. This provision excludes enrollment forms, which are the State's responsibility.

b. Member materials shall be finalized (including State review and sign-off) and ready for distribution prior to the State's fall Annual Enrollment Transfer Period (AETP) or Open Enrollment (whichever is applicable in that year).

c. In addition to the member materials referenced above, the Contractor shall assist the State, if requested, in the education and dissemination of general information regarding the Plan. This assistance may include but not be limited to:

(1) Written information;

(2) Audio/video presentations;

(3) Attendance at meetings, workshops, and conferences; and

(4) Inform State staff and other persons of Contractor's administrative and benefits procedures.

d. Unless otherwise specified in this Contract, the Contractor shall be responsible for all costs related to the design, development, mailing, if applicable, and revision of all member materials that are required to be produced under the terms of this Contract.

e. If the State requires mailings above those identified in the contract, the State shall pay the postage, printing and production costs of such mailings pursuant to Contract Sections C.3.c. and C.3.d.

f. Unless otherwise directed by the State, the Contractor shall obtain approval in writing from the State prior to using or distributing any member materials.

g. The Contractor shall work in conjunction with the State's marketing staff to ensure continuity of branding across all plan and member materials, website, and any other communications information.

h. The Contractor shall have the exclusive responsibility to write, edit, and arrange for clearance of materials (such as securing full time use of a stock photograph used in brochures for perpetuity) for any and all member materials in time for the materials to be approved by the State and printed.

i. The Contractor shall ensure that its member materials are culturally sensitive and professional in content, appearance, and design.

j. The Contractor shall prominently display the Contractor's call center telephone number and website address in large, bolded typeface on all member materials.

k. The Contractor shall, to the extent practicable, use relatively large and legible fonts in its member materials. Additionally, the Contractor shall make maximum use of graphics to communicate key messages to populations with limited literacy or limited English proficiency.

l. Unless otherwise prior approved in writing by the State, the Contractor shall design all member materials at the sixth (6.0) grade level or lower using the Flesch-Kincaid Index or other suitable metric that the State prior approves in writing. The Contractor shall evaluate materials using the entire text of the materials (except return addresses). When submitting draft materials to the State for approval, the Contractor shall provide a reading level analysis and certification of the reading level of each piece of material.

m. The Contractor covenants that all materials distributed to members and prepared or produced by the Contractor shall be accurate in all material respects.

n. The Contractor shall ensure that up-to-date versions of all printed member materials can be downloaded from its website/portal.

o. 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 fifteen percent (15%) for distribution to new hires.

p. At the State's request, the Contractor shall attend meetings, workshops, and conferences to discuss and market the Vision Plan. Any on-site visits to agencies covered under this plan shall require prior approval by the State.

A.6. Member Identification Cards and Certificates of Coverage

a. The Contractor shall provide members with identification (I.D.) cards and Certificates of Coverage following initial enrollment and thereafter only when a change is necessary. The cost of these items shall be borne by the Contractor. The State reserves the authority to review I.D. cards prior to issuance for use. The Contractor shall mail identification cards and Certificates of Coverage to members no later than twenty-one (21) calendar days prior to the go-live date. During the benefit year the Contractor shall mail I.D. cards and Certificates of Coverage to new members no later than ten (10) days from receipt of new enrollment and I.D. cards to existing members upon change in enrollment, as indicated in the enrollment information from the State and no later than ten (10) days from receipt of a member's request for a replacement or duplicate card (at no charge to the member), and 14 days prior to each benefit year if requested by the State.

b. The Contractor shall have the capability on its website (see Contract Section A.8.k.) to allow members to print out temporary cards.

c. The Contractor shall use the State's Edison employee identification number (not Social Security Number) as the primary unique identifier for members and shall include this number as the member's identification number on the identification card.

A.7. Member Handbooks and Provider Directories

a. The Contractor, following review and approval by the State, shall annually update, print and distribute member handbooks and shall maintain on its website an up-to-date version of the member handbook that incorporates changes made between annual printings.

b. The member handbook shall be specific to the Plan and shall detail benefits and excluded services and procedures; detail cost-sharing requirements; and provide other information helpful to members.

c. The Contractor shall distribute the member handbook and provider directory to every head-of-contract no later than twenty-one (21) days prior to the go-live date and thereafter fourteen (14) days prior to the start of each benefit year. During the benefit year the Contractor shall mail handbooks and provider directories to new members no later than ten (10) days from receipt of new enrollment.

d. Upon the State's request, the Contractor shall provide member handbooks to Agency Benefits Coordinators within fifteen (15) days of the State's request to provide copies.

e. The network provider directory must include provider name, address and phone number and be organized in geographic areas at least as small as counties. Provider directories shall be updated and delivered to the member's home at least annually, unless otherwise directed by the State. With the State's approval, electronic means may be utilized to inform members of the network of providers.

A.8. Web Site

a. The Contractor shall maintain a website dedicated to and customized for this Contract. The Design of the website, inclusive of the site map, page layout, color/font scheme and branding, static content and any documents which can be accessed via or downloaded from the website, must be prior approved in writing by the State. The website shall be designed for members and dedicated to the vision plan. Additionally, the Contractor shall obtain prior, written approval from the State for any links from the site to an external (governmental and non-governmental) website/portal or webpage.

b. The Website shall be fully operational, with the exception of member data/Protected Health Information on or before the date specified in A.15.e.15.

c. The Contractor shall update content and/or documents posted to the website within five (5) business days of the State's approval of changes to said content and/or documents.

d. In association with the State's Annual Enrollment Transfer Period or Open Enrollment Period (whichever is applicable in that year), the Contractor shall provide all information pertinent to each new plan year on the website/portal by the first day of said period.

e. The Contractor shall submit to the State a website design specifications document, inclusive of a comprehensive site map, page design documentation including "screenshots" of all pages, all links to external sites (governmental and non-governmental) and all static content and documents associated with release #1 of the website for review and approval by the date specified in A.15.e.16.

f. The Contractor shall host the website/portal on a non-governmental server, which shall be located within the United States.

g. The Contractor shall ensure that the website/portal meets all of the capacity, availability, performance and security requirements outlined in Contract Sections A.10. and A.12.

h. The Contractor shall obtain and cover the cost of the domain name for the website/portal. The Contractor shall transfer ownership of the domain name and the website template to the State upon termination of this Contract without delay and at no cost to the State.

i. To ensure accessibility among persons with a disability, the Contractor's website shall comply with Section 508 of the Rehabilitation Act of 1973 (29 USC Section 794d) and implementing regulations at 36 CFR 1194 Parts A-D.

j. The website/portal shall be "Bobby-approved" (as defined in Contract Section A.17.)

k. At a minimum the website shall contain a home page with general information and links to additional information, including but not limited to a summary of the covered benefits, frequently asked questions (FAQs), the member handbook, temporary identification cards, appeals forms (if applicable),and a searchable provider directory.

A.9. Administrative Services

a. The Contractor, upon request by the State, shall review and comment on proposed revisions to the benefits in the vision plan. When so requested, the Contractor shall comment in regard to:

(1) industry practices;

(2) the overall cost impact to the vision plan;

(3) necessary changes in the Contractor's reporting requirements; and/or

(4) system changes required to administer the revised benefits.

b. The Contractor shall provide advice, assistance and information to the State regarding applicable existing and proposed Federal and State laws and regulations affecting the Plan.

c. The Contractor shall provide advice and assistance with regard to questions regarding effective dates, benefits, premiums, and cost sharing of coverage as requested by State, members, and providers.

d. The Contractor shall refer calls from Agency Benefits Coordinators (ABCs) regarding eligibility or enrollment issues to the State.

e. The Contractor shall respond to all inquiries in writing from the State within one (1) week after receipt of said inquiry. 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. For matters designated as urgent by the State, the Contractor shall provide a response to the State within four (4) hours during normal business hours. During non-business hours the Contractor shall provide a response to urgent matters to the State within twenty-four (24) hours. Staff members, from the applicable business unit, with final decision making authority shall provide responses.

f. The Contractor shall answer, in writing, within five (5) business days, all written inquiries from members concerning the status of claims submitted, all benefits available through the benefit option, its clarifications and revisions, and other relevant information.

g. The Contractor shall establish a formal grievance procedure for members and providers to appeal decisions in regard to administration of the plan, necessity determinations and

to resolve 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 require changes in the procedures when appropriate.

h. To maintain the privacy of Personal Health Information, the Contractor shall enable Transport Layer Security (TLS), or other security software as directed by the State, on the mail server used for daily communications between the State and the Contractor. TLS, or other security measures, shall be enabled no later than January 1, 2013 and shall remain in effect throughout the term of the contract unless otherwise directed by the State.

i. The Contractor shall meet with representatives of the State periodically, but no less than quarterly, to discuss programmatic, operational and contractual issues related to the vision plan. The Contractor shall have in attendance the staff requested by the State, which shall include the Account Manager and representatives from the Contractor's organizational units required to respond to topics indicated by the agenda. These meetings will take place at the State of Tennessee offices in Nashville, TN. However, at its discretion, the State may allow the Contractor to participate in such meetings by teleconference.

j. The Contractor shall perform, following review and approval by the State, annual customer satisfaction surveys. The survey instrument shall be developed and approved by the State by the date specified in Contract Section A.15.e.18. The survey shall be conducted at a time mutually agreed upon by the State and the Contractor and shall involve a statistically valid random sample of State members. Contractor shall guarantee a statistically valid response rate consistent with the sample size. 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.

k. The Contractor shall not modify the services or benefits provided to members during the term of this Contract without the prior written consent of the State.

l. The Contractor shall refer all media and legislative inquiries to the Division of Benefits Administration, which will have the sole and exclusive responsibility to respond to all such queries. However, the Contractor shall respond directly to audit requests from the Comptroller, to audit requests from divisions within the Department of Finance & Administration, and to subpoenas; in all such instances, the Contractor shall copy the Division of Benefits Administration on all correspondence.

m. Unless prior approved in writing by the State and in compliance with State and Federal law, the Contractor shall not use information gained through this Contract, including but not limited to utilization and pricing information, in marketing or expanding non-State business relationships or for any pecuniary gain.

A.10. Information Systems

a. Call Center Systems Access: The Contractor's call center staff shall have access to claims management and other systems as necessary to respond to inquiries from members.

b. All Contractor systems shall maintain linkages and head-of-contract-dependent (e.g., spouse to spouse and parent to child) relationships between initial and related subsequent interactions/transactions/events/activities. Additionally, when the Contractor houses indexed images of documents used by members, providers and subcontractors to transact with the Contractor, the Contractor shall ensure that these documents maintain logical relationships to certain key data such as member identification and provider/subcontractor identification numbers. The Contractor shall also ensure that records associated with a common event, transaction or customer service issue have a

common index that facilitates search, retrieval and analysis of related activities, e.g., interactions with a particular member about the same matter/problem/issue.

c. Upon the State's request, the Contractor shall be able to generate a listing of all members and providers that were sent a particular document, the date and time that the document was generated, and the date and time that it was sent to particular members or providers or groups thereof. The Contractor shall also be able to generate a sample of said document.

d. Retention and Accessibility of Information

(1) The Contractor shall provide and maintain a comprehensive information retention plan that is in compliance with State and Federal requirements.

(2) The Contractor shall maintain information on-line for a minimum of two (2) year, based on the last date of update activity, and update detailed and summary history data monthly for up to two (2) years to reflect adjustments.

(3) The Contractor shall provide within three (3) business days turnaround or better on requests for access to information. Such requests for information shall be made by the State or its authorized designee.

(4) If an audit or administrative, civil or criminal investigation or prosecution is in progress or audit findings or administrative, civil or criminal investigations or prosecutions are unresolved, information shall be kept in electronic form until all tasks or proceedings are complete.

e. Information Ownership. All information, whether data or documents, and reports that contain or make references to said information, involving or arising out of this Contract is owned by the State. The Contractor is expressly prohibited from sharing or publishing State information and reports or releasing such information to external entities, affiliates, parent company, or subsidiaries without the prior written consent of the State.

f. System Availability, Business Continuity and Disaster Recovery (BC-DR)

(1) The Contractor shall ensure that critical member, provider, and other web-accessible and/or telephone-based functionality and information, including the website described in Contract Section A.8., (to be agreed to by the State and the Contractor) are available to the applicable System users twenty-four (24) hours a day, seven (7) days a week, except during periods of scheduled system unavailability agreed upon by the State and the Contractor. Unavailability caused by events outside of the Contractor's span of control is outside of the scope of this requirement. Notification of any scheduled maintenance shall be posted on the member website/portal. The Contractor shall make efforts to minimize any down-time between 5:00 a.m. and 10:00 p.m. Central Time.

(2) The Contractor shall ensure that the systems within its span of control that support its data exchanges with the State are available and operational according to the specifications and schedule associated with each exchange.

(3) Regardless of the architecture of its systems, the Contractor shall develop and be continually ready to invoke a business continuity and disaster recovery (BC-DR) plan. The BC-DR plan shall encompass all information systems supporting this Contract. At a minimum the Contractor's BC-DR plan shall address the following scenarios:

i. Central and/or satellite data processing, telecommunications, print and mailing facilities and functions therein, hardware and software are destroyed or damaged;

ii. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that compromise the integrity of transactions that are active in a live system at the time of the outage;

iii. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that compromise the integrity of data maintained in a live or archival system; and

iv. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that does not compromise the integrity of transactions or data maintained in a live or archival system but does prevent access to the system.

(4) The Contractor shall provide the State results of its most recent test of its BC-DR plan at least one (1) month prior to the go-live date.

(5) The Contractor shall periodically, but no less than annually, test its BC-DR plan through simulated disasters and lower level failures in order to demonstrate to the State that it can restore system functions. The Contractor shall submit and annual BC-DR Results Report to the State (see Contract Attachment C.9.)

(6) In the event that the Contractor fails to demonstrate in the tests of its BC-DR plan that it can restore system functions per the standards outlined in this Contract, the Contractor shall submit to the State a corrective action plan that describes how the failure will be resolved. The Contractor shall deliver the corrective action plan within ten (10) business days of the conclusion of the test.

(7) In the event of a declared major failure or disaster, as defined in the Contractor's BC-DR plan the Contractor's critical functionality as discussed in Contract Section A.10.f.1. shall be restored within seventy-two (72) hours of the failure's or disaster's occurrence.

(8) The Contractor shall maintain a duplicate set of all records relating to this Plan in electronic medium, usable by the State and the Contractor for the purpose of disaster recovery or data restoration.

g. Prior to implementing any major modifications to or replacement of the Contractor's core information systems functionality and/or associated operating environment, the Contractor shall notify the State in writing of the change or modification within a reasonable amount of time (commensurate with the nature and effect of the change or modification) if the change or modification; (a) would affect the Contractor's ability to perform one or more of its obligations under this Contract; (b) would be visible to State system users, members and providers; (c) might have the effect of putting the Contractor in noncompliance with the provisions or substantive intent of this Contract; or (d) would materially reduce the benefits payable or services provided to the average member. If so directed by the State, the Contractor shall discuss the proposed change with the State prior to implementing the change. Subsequent to this discussion, the State may require the Contractor to demonstrate the readiness of the impacted systems prior to the effective date of the actual modification or replacement.

h. System and Information Security and Access Management Requirements

(1) The Contractor shall make system information available to duly authorized representatives of the State and other State and Federal agencies to evaluate, through inspections or other means, the quality, appropriateness and timeliness of services performed.

(2) The Contractor's systems shall contain controls to maintain information integrity. These controls shall be in place at all appropriate points of processing. The controls shall be tested in periodic and spot audits following a methodology to be developed jointly by and mutually agreed upon by the Contractor and the State.

(3) Audit trails shall be incorporated into all systems to allow information on source data files and documents to be traced through the processing stages to the point where the information is finally recorded.

(4) The Contractor shall provide for the physical safeguarding of its data processing facilities and the systems and information housed therein. The Contractor shall provide the State with access to data facilities upon request. The physical security provisions shall be in effect for the life of this Contract.

(5) Unless the State prior-approves in writing the Contractor's use of alternate mitigating controls, the Contractor shall use Federal Information Processing Standard (FIPS) 140-2 complaint technologies to encrypt all PHI in motion or rest, including back-up media.

i. The Contractor shall provide a minimum of three (3) State employees and a maximum of five (5) State employees with access and update authority to the Contractor's eligibility system no later than one (1) week prior to the system go-live date. Additional users may be added at any time at the State's request.

A.11. Data Integration and Technical Requirements

a. The Contractor shall maintain an electronic data interface with the State's Edison System for the purpose of processing State member enrollment and the member's official information known to the State. The Contractor shall be responsible for providing and installing the hardware and software necessary. When the Contractor requires the exchange of Protected Health Information (PHI) with the State of Tennessee, the State requires the use of second level authentication. This is accomplished using the State's standard software product, which supports Public Key Infrastructure (PKI). The Contractor shall design a solution, in coordination with the State, to connect to the State's Secure File Transfer Protocol (SFTP) server using a combination of the password and the authentication certificate. The initial sign-on and transmission testing will use a password. Certificate testing may also be performed during the test cycle. Subsequent production sign-on will be done using the authentication certificate. The Contractor will then download the file and decrypt the file in its secure environment. 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 shall, with adequate notice, cooperate with the State to maintain the security of protected information according to all applicable State and Federal standards.

b. Notwithstanding the requirement to maintain enrollment data, the Contractor shall not perform changes to enrollment data without the State's approval. This prohibition shall include, but not necessarily be limited to: initiation, termination, and/or changes of coverage.

c. At least two (2) months prior to the go-live date, the Contractor shall complete testing of the transmission, receipt, and loading of the eligibility/enrollment file from the State.

d. At least one (1) month prior to the go-live date, the Contractor shall load, test verify, and make available online for member services the State's eligibility/enrollment information. The Contractor shall certify, in writing, to the State that the Contractor understands and can fully accept and utilize the eligibility/enrollment files as provided by the State.

e. The Contractor shall maintain, in its systems, in-force enrollment records of all individuals covered by the Plan.

(1) Weekly Enrollment Update: To ensure that the State's enrollment records remain accurate and complete, the Contractor shall, unless otherwise directed by the State, retrieve, via secure medium, beginning December 1, 2012, weekly enrollment files from the State, in the State's Edison 834 (5010 file format) (refer to RFP # 31786–00116, Appendix 7.4. for the current file format), which may be revised- files will include full population records for all members and will be in the format of ANSI ASC X12N, Benefit Enrollment and Maintenance 834 (5010), version 005010X220A1, with several fields customized by the State.

(2) The Contractor shall complete and submit to the State a Weekly File Transmission Statistics Report within six (6) business days of receipt of the Weekly Enrollment Update file. The Contractor shall submit this report via email to designated State staff. (See Contract Attachment C.10.)

(3) The Contractor and/or its subcontractors, as applicable, shall electronically process one hundred percent (100%) of electronically transmitted enrollment updates within three (3) business days of receipt of the Weekly Enrollment Update file.

(4) The Contractor and/or its subcontractors, as applicable, shall resolve all discrepancies identified by the processing of the enrollment file within five (5) business days of receipt of the file from the State. The State and the Contractor shall work to develop a process for responding to invalid or non-processed records.

(5) State Enrollment Data Match: Upon request by the State, not to exceed four (4) times annually, the Contractor shall submit to the State, in a secure manner, its full file of State members, in a format provided by the State, by which the State may 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 database of State members. The State will communicate results of this match to the Contractor, including any Contractor requirements, and associated timeframes, for resolving the discrepancies identified by the data match.

f. The Contractor shall reconcile, within ten (10) business days of receipt, payment information provided by the State. Upon identification of any discrepancies, the Contractor shall immediately advise the State.

g. The Contractor's systems shall conform to future federal and state specific standards for data exchange by the standard's effective date.

h. The Contractor shall partner with the State and member agencies in the management of current and future data exchange formats and methods and in the development and implementation planning of future data exchange methods not specific to HIPAA or other federal effort.

i. The Contractor's system(s) shall possess mailing address standardization functionality in accordance with U.S. Postal Service conventions.

j. Within sixty (60) days of notice of termination of this Contract, the Contractor shall transfer to the State or its designee all required data and records necessary to administer the plan, subject to State and Federal confidentiality requirements. The transfer shall be made electronically via secure medium, in a file format to be determined based on the mutual agreement between the State and the Contractor.

A.12. Privacy & Confidentiality

a. The Contractor shall develop, adopt, and implement standards, which are, at a minimum, compliant with the HIPAA statute and the HIPAA privacy and security rules in 45 CFR Part 164, to safeguard the privacy and confidentiality of all Protected Health Information (PHI) about members. For example, the Contractor shall ensure that it does not have completed forms containing PHI sitting in public view, left in unsecured boxes or files, or left unattended in any off-site location (*e.g.*, in an automobile). The Contractor's procedures shall include but not be limited to safeguarding the identity of members as members of the Plan and preventing the unauthorized disclosure of PHI. The Contractor shall comply with the HIPAA amendments in the American Recovery and Reinvestment Act, Public Law 111-5, the HITECH Act, and any implementing regulations when they become effective.

b. The Contractor shall not use or further disclose protected health information (PHI) other than as permitted or required by HIPAA and the Business Associate Agreement; or as required by law. Use of PHI for payment, treatment, or health care operations may include disclosure only as permitted by HIPAA, including when such information is strictly necessary to resolve the issue or concern under discussion and the person has adequate permission or legal authority to review such information. In the absence of exigent circumstances, the Contractor shall not disclose any member's PHI to another business associate for pecuniary gain unless the State specifically prior authorizes such disclosure in writing.

c. The Contractor shall use appropriate safeguards to prevent the unauthorized use or disclosure of the PHI. The Contractor shall report to the State any unauthorized use or disclosure of the PHI within five (5) business days of any Security Incident of which it becomes aware.

d. The Contractor shall mitigate, to the extent practicable, any harmful effect that is known to the Contractor of a use or disclosure of PHI by the Contractor in violation of the requirements of the Federal privacy rule.

e. The Contractor shall provide access to PHI in a "designated record set" in order to meet the requirements under 45 CFR §164.524.

f. The Contractor shall make any amendment(s) to PHI in a "designated record set" pursuant to 45 CFR §164.526.

g. The Contractor shall document disclosures of PHI and information related to such disclosures as would be required to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR §164.528.

h. The Contractor shall (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that it creates, receives, maintains, or transmits, (ii) report to the State any security incident (within the meaning of 45 CFR § 164.304) of which the Contractor becomes aware, and (iii) ensure that any agent of the Contractor, including any subcontractor, agrees to the same restrictions and conditions that apply to the Contractor with respect to such information.

i. The Contractor shall not sell member information unless it is aggregated blinded data, which is not identifiable on a member basis. The Contractor shall not use member identified or non-aggregated information for advertising, marketing, promotion or any activity intended to influence sales or market share of any product or service.

j. The Contractor shall have full financial responsibility for any penalties, fines, or other payments imposed or required as a result of the Contractor's non-compliance with, or

violation of, HIPAA or HITECH requirements, and the Contractor shall indemnify the State with respect to any such penalties, fines, or payments.

k. The Contractor shall assure that all Contractor staff is trained in all HIPAA requirements, as applicable.

A.13. Audits and Quality Assurance

a. The Contractor shall cooperate fully with audits the State may conduct related to any aspect of the program the State deems appropriate (at the Contractor'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.

b. The Contractor shall maintain an internal quality assurance plan and provide a copy to the State 30 days prior to go-live and as modified. If requested by the State, the Contractor shall provide a summary of the internal quality assurance plan indicating areas addressed, established criteria and standards and those methods employed to evaluate results.

c. The Contractor shall submit to the State, at least one (1) month prior to the go-live date, a summary of its methodology for conducting internal claims audits, including audits to determine claims payment and processing accuracy and claims payment turnaround. The Contractor shall notify the State in writing at least thirty (30) calendar days in advance of any significant changes to its methodology. The State reserves the authority to review the change and require changes, where appropriate.

A.14. Reporting

a. As required by this Contract (see Contract Attachment C), the Contractor shall submit reports to the State. Reports shall be submitted electronically, in the format specified by the State, and shall be of the type and at the frequency indicated below. At the State's request separate reports shall be submitted for the Basic Plan and the Expanded Plan. Reports summarizing both plans must also be available. The State reserves the right to modify reporting requirements as deemed necessary to monitor the Plan. The State will provide the Contractor with at least ninety (90) days notice prior to implementation of a report modification.

Unless otherwise directed by the State, the Contractor shall submit reports as follows:

- Weekly reports shall be submitted by Tuesday of the following week, except the Weekly File Transmission report which is due six (6) business days after receipt of the file:
- Monthly reports shall be submitted by the 15th of the following month;
- Quarterly reports shall be submitted by the 20th of the following month;
- Semi-Annual Reports shall be submitted by the 20th of the following month;
- Annual reports shall be submitted within sixty (60) days after the end of the calendar year.

Unless prior approved in writing by the State, each report shall be specific to the Plan (not the Contractor's book of business).

b. The Contractor shall ensure that reports submitted by the Contractor to the State shall meet the following standards:

(1) The Contractor shall verify the accuracy and completeness of data and other information in reports submitted.

(2) The Contractor shall ensure delivery of reports or other required data on or before scheduled due dates.

(3) Reports or other required data shall conform to the State's defined written standards.

(4) All required information shall be fully disclosed in a manner that is responsive and with no material omission.

(5) Each report shall be accompanied by a brief narrative that describes the content of the report and highlights salient findings of the report.

(6) As applicable, the Contractor shall analyze the reports for any early patterns of change, identified trend, or outliers and shall submit a written summary with the report including such analysis and interpretation of findings. At a minimum, such analysis shall include the identification of change(s), the potential reasons for change(s), and the proposed action(s).

(7) The Contractor shall notify the State regarding any significant changes in its ability to collect information relative to required data or reports.

(8) The submission of late, inaccurate or otherwise incomplete reports shall be considered failure to report within the specified timeframe (see Contract Attachment B.7.).

(9) State requirements regarding reports, report content and frequency of submission may change during the term of the Contract. The Contractor shall have at least forty-five (45) days to comply with changes specified in writing by the State.

A.15. Implementation

a. Vision Implementation Plan. General Requirements: The Contractor shall provide to the State a comprehensive Implementation Plan no later than thirty (30) days after the Contract start date. The plan shall outline the steps necessary for the Contractor to submit deliverables by the date specified in Contract Section A.15.e.1. and for the Contractor to be fully operational by the program go-live date of January 1, 2013. This plan shall include a detailed timeline description of all work to be performed both by the Contractor and the State. The implementation plan shall also provide specific details on the following:

(1) Identification, timing, and assignment of significant responsibilities and tasks;
(2) Names and titles of key implementation staff;
(3) Identification and timing of the State's responsibilities;
(4) Data requirements (indicate type and format of data required);
(5) Identification and timing for the testing, acceptance and certification of exchange of data between the Contractor and Edison and other relevant information systems;
(6) Member communications and their timing (consistent with Benefits Administration's larger member communication strategy); and
(7) Schedule of in-person meetings and conference calls with the State.

b. The Contractor shall have a designated full-time implementation team to service this account. All of the Contractor's implementation team members shall have participated, as team members, in the implementation of vision services for at least one other large employer (i.e., an employer plan with at least 20,000 members). The Contractor's implementation team shall include a full-time, designated project manager ready to begin

work immediately following the contract signing until thirty (30) days after the go-live date. The team shall also include an Account Manager dedicated to this Contract, who will be the main contact with the State for all of the day-to-day matters relating to the implementation and ongoing operations of this Contract. Also, the Contractor shall assign a backup to the Account Manager. An Information Systems Project Manager shall be part of the implementation team. All implementation team members that the Contractor referenced in its proposal response to RFP #31786-00116, Attachment 6.2, Section C (Technical Proposal), item C.2.(b) shall be available as needed during the implementation as well as thirty (30) days after the go-live date.

c. Staffing Plan:

(1) General Requirement. As part of its Project Implementation Plan described above, the Contractor shall submit to the State for review and approval a detailed staffing plan. The Contractor shall submit to the State its Staffing Plan with its Project Implementation Plan by the date specified in Contract Section A.15.e.1.

(2) Contents. The staffing plan shall provide staffing estimates for all functions and requirements of the Contract, including:

i. Representatives/operators, serving in the call center

ii. Contractor supervisory/account management staff; and

iii. Technical Staff, as required to process the State's plan enrollment from the State's Edison system.

d. The State may conduct a comprehensive readiness review of the Contractor at least sixty (60) days prior to January 1, 2013 in order to ensure that the Contractor is able and prepared to perform all functions required by this Contract and to provide high quality services to members. Such review by the State may include an on-site review of the Contractor's customer service, claims adjudication facilities and operation. Contractor shall participate in all readiness review activities conducted by the State staff and/or the State's benefit consultants to ensure the Contractor's operational readiness for all products and services (e.g. claims adjudication, eligibility, member services, network access, network management, reporting requirements, Edison interface, etc.) The State will provide the Contractor with a summary of findings that may include areas requiring corrective action prior to January 1, 2013.

e. Due Dates for Project Deliverables/Milestones

Unless otherwise specified in writing by the State, the Contractor shall adhere to the following schedule for the deliverables and milestones for which it is responsible under this Contract:

Deliverables/Milestones:	Contract Reference(s):	Deliverable Due Dates:
Implementation		
1. Vision Implementation plan, Staffing Plan and timetable	A.15.a. and c.	30 days post contract start date
2. All Subcontractors approved by State and copies of the executed subcontracts	A.3.i.	45 days post contract start date
3. Go-Live	A.1.a	January 1, 2013

Deliverables/Milestones:	Contract Reference(s):	Deliverable Due Dates:
4. Kick-off meeting for all key Contractor staff	A.3.f	No later than 30 days after Contract start date
5. State readiness review	A.15.d.	November 1, 2012 or before
Provider Network		
6. Vision Provider Network in place	A.2.	November 1, 2012
7. Vision Providers aware of plan provisions	A.2.e.	December 1, 2012
Staffing		
8. Staff identified and designated responsibilities	A.3.	30 days post contract start date
9. Account Team Satisfactory Survey	A.3.k.	Annually
10. Satisfaction Survey Report	A.3.k	Annually
Call Center		
11. Call center open	A.4.	December 1, 2012
12. Call center statistics	A.4.c. and Attachment C.6.	Weekly starting December 1, 2012 and monthly starting March 1, 2013
Member Communications/Materials		
13. I.D. cards	A.6.a.	December 10, 2012, or before, and then, within 10 days of receipt of enrollment information and 14 days prior to each benefit year if requested by the State
14. Member handbook	A.7.c.	December 10, 2012, or before, and then, at least 14 days prior to each benefit year if requested by the State
Web Site		
15. Website go-live	A.8.b.	December 1, 2012, or before
16. State review of web site	A.8.e.	November 1, 2012, or before
Administrative Services		
17. Quarterly meetings with the State	A.9.i.	Quarterly after go-live
18. Customer Satisfaction Survey instrument approved by State	A.9.j.	No later than six (6) months after go-live date

Deliverables/Milestones:	Contract Reference(s):	Deliverable Due Dates:
Information Systems		
19. Business Continuity Disaster Recovery (BC/DR) Results Report	A.10.f. (4) and (5) and Attachment C.9.	December 1, 2012 and then annually in January
Data Integration & Technical Requirements		
20. Completion of enrollment file testing	A.11.c.	November 1, 2012, or before
21. Edison System Interface/Enrollment file acceptance	A.11.d	December 1, 2012, or before
22. Weekly enrollment update	A.11.e.(1)	Weekly after December 1, 2012
23. Weekly File Transmission Statistics Report	A.11.e.(2)	Within 6 business days of receipt of file
24. State enrollment data match	A.11.e.(5)	Up to four (4) times annually, as requested by the State
25. Transmission of data and records to State	A.11.j.	Within 60 days of notice of termination
Reporting		
26. Reports specified in Contract Attachment C	A.14.a. and Contract Attachment C	as specified in Contract Attachment C
Quality Assurance		
27. Copy of internal quality assurance plan	A.13.b.	30 days prior to go-live and as modified

A.16. Regulatory Requirements

a. The Contractor shall prepare and submit to the State for approval no later than sixty (60) days prior to plan implementation on January 1, 2013, the Group Master Policy and the *Vision Insurance Certificate of Coverage* approved by the Division of Benefits Administration and the State of Tennessee Department of Commerce and Insurance. Such Group Master Policy and Certificate shall be added as a Contract Attachment incorporated by reference once approved. The Certificate of Coverage shall include at a minimum the following:

(1) General Benefit and Eligibility Provisions;

(2) Description of Benefits and Claims Process;

(3) General Limitations, Exclusions and Waiting Periods;

(4) Optional Services; and

(5) Schedule of Benefits

b. The Contractor shall submit to the State a revised Group Master Policy and Certificate within thirty (30) days of any benefits changes.

c. The Contractor shall immediately notify the State of any pending disciplinary action initiated by the State of Tennessee Department of Commerce and Insurance that may materially impact its ability to perform under this Contract.

A.17. Definitions

a. **Abandoned Call**: Abandoned Call is a call in which the caller elects an option and is either not permitted access to that option or disconnects from the system.

b. **Agency Benefits Coordinator:** The individual within each agency or department who is the officially-designated liaison between Benefits Administration and employees/members.

c. **Allowance:** An amount which may be payable by the Contractor under this Vision Plan.

d. **Average Speed of Answer (ASA):** The mean time between (a) the moment at which a caller to the Contractor's call center first hears an introductory greeting and enters the queue and (b) the time at which a call center representative at the call center answers the call. For this definition, the term "answer" shall mean to begin an uninterrupted dialogue with the caller. If a call center representative asks the caller to hold during the first 60 seconds of the dialogue, the Contractor shall not consider the call to be "answered" for purposes of this definition until the call center representative returns to the caller and begins an uninterrupted dialogue.

e. **Benefits Administration:** The division of the Tennessee Department of Finance & Administration that administers the public sector plans.

f. **Blocked Call:** A call that cannot be connected immediately because no circuit is available at the time the call arrives or the telephone system is programmed to block calls from entering the queue when the queue backs up beyond a defined threshold.

g. **Bobby- Approved**: Standards for website accessibility in keeping with Americans with Disabilities Act of 1990, Public Law 101-336, (as amended) and implementing regulations and other national standardization criteria. For more information refer to: http://www.accessible.org/bobby-approved.html.

h. **Business Days:** Traditional workdays, including Monday, Tuesday, Wednesday, Thursday, and Friday. State Holidays are excluded.

i. **Calendar Days:** All seven days of the week.

j. **Co- pay**: That portion of the charge (flat dollar amount) for a service provided to a member that is the responsibility of the member.

k. **Days:** Unless otherwise specified, refers to calendar days.

l. **Deliverable:** A document, manual, or report (in hard copy, electronic format or specific medium as required) that the Contractor submits to the State to fulfill requirements of this Contract.

m. **Edison:** The State's enterprise resource planning system, which supports human resources, payroll, insurance, contracting, procurement and other agency functions.

n. **Eligible Employees and Dependents:** Employees and their dependents of State, Local Education, and Local Government agencies participating in the Vision Plan who meet the eligibility requirements as defined in Contract Attachment E.

o. **Eligible Retirees and Dependents:** Retirees and their dependents meeting the eligibility requirements as defined in Contract Attachment E.

p. **Health Insurance Portability and Accountability Act of 1996 (HIPAA):** Title I of HIPAA protects health insurance coverage for workers and their families when they change or lose their jobs. Title II, the Administrative Simplification (AS) provisions, requires the establishment of national standards for electronic healthcare transactions and national identifiers for providers, health insurance plans and employers. The HIPAA Administration Simplification provisions also address the security and privacy of health information.

q. **Holidays:** Days on which official holidays and commemorations as defined in Tennessee Code Annotated § 15-1-101 *et seq.*, are observed.

r. **Information Technology (IT):** A combination of computing hardware and software that is used in: (a) the capture, storage, manipulation, movement, control, display, interchange and/or transmission of information, i.e. structured data (which may include digitized audio and video) and documents; and/or (b) the processing of such information for the purposes of enabling and/or facilitating a business process or related transaction.

s. **Maximum Speed of Answer:** The total time between (a) the moment at which a caller to the Contractor's call center first hears an introductory greeting and enters the queue and (b) the time at which a call center representative at the call center answers the call. For this definition, the term "answer" shall mean to begin an uninterrupted dialogue with the caller. If a call center representative asks the caller to hold during the first 60 seconds of the dialogue, the Contractor shall not consider the call to be "answered" for purposes of this definition until the call center representative returns to the caller and begins an uninterrupted dialogue.

t. **Members:** Eligible employees, retirees and dependents participating in the Vision Plan.

u. **Network Provider:** A provider that has a provider agreement with the Contractor to provide services according to specific terms and rates.

v. **Protected Health Information (PHI):** As defined in the HIPAA Privacy Rule, 45 CFR § 160.103.

w. **Telecommunication Device for the Deaf (TDD):** Special telephony devices with keyboard attachments for use by individuals with hearing impairments who are unable to use conventional phones. Also known as Teletype (TTY).

x. **Week, Calendar:** The traditional seven-day week, Sunday through Saturday.

B. CONTRACT PERIOD:

This Contract shall be effective for the period beginning August 1, 2012, and ending on December 31, 2017. The Contractor hereby acknowledges and affirms that the State shall have no obligation for services rendered by the Contractor which were not performed within this specified contract period.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million Six Hundred Five Thousand Five Hundred Ninety-One Dollars and Twenty-One Cents ($1,605,591.21). 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.

C.2. Compensation Firm. The payment 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 specific benefit plan and level of coverage in the Vision Plan elected by members and the premium rates presented below, in a total amount not to exceed the Contract Maximum Liability established in section C.1. The Contractor shall be compensated based upon the following Service Rates, in effect for the initial contract term January 1, 2013 – December 31, 2017, for the time period January 1, 2013 – December 31, 2017.

a. The Contractor's compensation shall be contingent upon the satisfactory completion of services defined in Section A *Pro Forma* Contract.

b. The Contractor shall be compensated based upon the following rates:

BASIC PLAN

Four Tiered Guaranteed Monthly Full Benefits Premiums for Employees, Retirees and Dependents	Calendar Year 2013 1/1/2013 – 12/31/2013	Calendar Year 2014 1/1/2014 – 12/31/2014	Calendar Year 2015 1/1/2015 – 12/31/2015	Calendar Year 2016 1/1/2016 – 12/31/2016	Calendar Year 2017 1/1/2017 – 12/31/2017
Employee/Retiree Only	$3.27/ Member	$3.27/ Member	$3.27/ Member	$3.27 / Member	$3.27/ Member
Employee/Retiree + Spouse	$6.21/ Member	$6.21/ Member	$6.21/ Member	$6.21/ Member	$6.21/ Member
Employee/Retiree + Child(ren)	$6.54 / Member	$6.54 / Member	$6.54 / Member	$6.54 / Member	$6.54 / Member
Employee/Retiree + Spouse + Child(ren)	$9.61 / Member	$9.61 / Member	$9.61 / Member	$9.61 / Member	$9.61 / Member

EXPANDED PLAN

Four Tiered Guaranteed Monthly Full Benefits Premiums for Employees, Retirees and Dependents	Calendar Year 2013 1/1/2013 – 12/31/2013	Calendar Year 2014 1/1/2014 – 12/31/2014	Calendar Year 2015 1/1/2015 – 12/31/2015	Calendar Year 2016 1/1/2016 – 12/31/2016	Calendar Year 2017 1/1/2017 – 12/31/2017
Employee/Retiree Only	$5.73 / Member	$ 5.73/ Member	$ 5.73/ Member	$5.73 / Member	$5.73 / Member
Employee/Retiree + Spouse	$10.89 / Member	$10.89 / Member	$10.89 / Member	$10.89 / Member	$10.89 / Member
Employee/Retiree +	$11.46 / Member	$11.46 / Member	$11.46 / Member	$11.46 / Member	$ 11.46/ Member

Child(ren)					
Employee/Retiree + Spouse + Child(ren)	$16.84 / Member	$16.84 / Member	$16.84 / Member	$16.84 / Member	$ 16.84/ Member

c. If member materials containing an error had been approved by the State in writing and the error was detected after the materials have been mailed, the State will reimburse the Contractor the production and postage cost of mailing the corrected version pursuant to Contract Section C.3.d.

d. For mailings above those identified in the contract, the State shall reimburse the Contractor for the following, selected actual costs in the performance of this Contract upon Contractor providing documentation of actual costs incurred.

(1) Postage. The State shall reimburse the Contractor for the actual cost of postage for mailing materials produced under the terms of this Contract and as directed and authorized by the State.

(2) Printing/Production. The State shall reimburse the Contractor an amount equal to the actual net cost of document printing/production as required and authorized by the State and as detailed by the Contract Scope of Services.

Notwithstanding the foregoing, the State retains the option to authorize the Contractor to deliver a product to be printed, approve and accept the product but not use the Contractor to print the material. In those situations, the State shall have the discretion to use other printing and production services at its disposal.

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5. Purchase Order in lieu of Invoicing. The State will generate a monthly purchase order and initiate payment of the purchase order, based upon payroll deduction information provided by the State, utilizing the rates listed above.

C.6. Payment of Purchase Order. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided.

C.7. Payment Reductions. The Contractor's payment shall be subject to reduction for amounts included in any purchase order 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. Prerequisite Documentation. The Contractor shall not be paid by the State under this Contract until the State has received the following documentation properly completed.

a. The Contractor shall complete, sign, and present to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once said form is received by the State, 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).

b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number detailed by said form must agree with the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Contract.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

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 sixty (60) days written notice before the effective termination date. The Contractor shall be entitled to 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 terminate the Contract and withhold payments in excess of fair compensation for completed services.

a. The State will provide notification of termination for cause in writing. This notice will: (1) specify in reasonable detail the nature of the breach; (2) provide the Contractor with an opportunity to cure, which must be requested in writing no less than 10 days from the date of the Termination Notice; and (3) shall specify the effective date of termination in the event the Contractor fails to correct the breach. The Contractor must present the State with a written request detailing the efforts it will take to resolve the problem and the time period for such resolution. This opportunity to "cure" shall not apply to circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause a delay that would impair the effectiveness of State operations. In circumstances where an opportunity to cure is not available, termination will be effective immediately.

b. Notwithstanding the foregoing, 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, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). 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.

The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six months has been, an employee of the State of Tennessee.

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 handicap or 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. Prohibition of Illegal Immigrants. The requirements of *Tennessee Code Annotated*, Section 12-4-124, *et seq.*, 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 Attachment A, 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 *Tennessee Code Annotated*, Section 12-4-124, *et seq.* 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.

D.9. Records. The Contractor shall maintain documentation for all charges 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.10. 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.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

D.12. 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.13. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint ventures, 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.14. State Liability. The State shall have no liability except as specifically provided in this Contract.

D.15. 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, natural disasters, riots, wars, epidemics, or any other similar cause.

D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.17. 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.18. 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.19. 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.20. 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 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:

Sylvia Chunn, Procurement and Contracting Manager
Tennessee Department of Finance & Administration
Division of Benefits Administration
312 Rosa L. Parks Avenue, Suite 2600
Nashville, Tennessee 37243
sylvia.chunn@tn.gov
Telephone: 615.253.8358
Fax: 615.253.8556

The Contractor:

Natasha D'Sa, Regional Vice President, Government Sales
EyeMed Vision Care
4000 Luxottica Place
Mason, OH 45040
ndsa@eyemedvisioncare.com
Telephone # 513-227-3432
FAX # 513-492-6620

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

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. 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 (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts 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, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.

E.5. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.

a. The Contractor shall maintain, at minimum, the following insurance coverage:

(1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars ($1,000,000) per occurrence for employers' liability whichever is greater.

(2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate.

(3) Professional Malpractice Liability with a limit of not less than one million dollars ($1,000,000) per claim and two million dollars ($2,000,000) aggregate.

b. At any time State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.

E.6. 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.7. 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 Contract 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 Contract 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.

d. The Contractor shall reimburse the State and hold it harmless for all claims, liabilities, costs, and damages caused by violations of HIPAA and its implementing regulations by the Contractor. This includes, but is not limited to, any civil penalties assessed against the State and the costs of providing notice under 45 CFR 164.400 et seq and Tennessee Code Annotated Section 47-18-2107. Contractor will cooperate with the State in providing notice of the violation as required by applicable law.

E.8. State Ownership of Work Products. The State shall have ownership, right, title, and interest, including ownership of copyright, in all work products, including computer source code, created, designed, developed, derived, documented, installed, or delivered under this Contract subject to the next subsection and full and final payment for each "Work Product." The State shall have royalty-free and unlimited rights and license to use, disclose, reproduce, publish, distribute, modify, maintain, or create derivative works from, for any purpose whatsoever, all said Work Products.

a. To the extent that the Contractor uses any of its pre-existing, proprietary or independently developed tools, materials or information ("Contractor Materials"), the Contractor shall retain all right, title and interest in and to such Contractor Materials, and the State shall acquire no right, title or interest in or to such Contractor Materials EXCEPT the Contractor grants to the State an unlimited, non-transferable license to use, copy and distribute internally, solely for the State's internal purposes, any Contractor Materials reasonably associated with any Work Product provided under the Contract.

b. The Contractor shall furnish such information and data as the State may request, including but not limited to computer code, that is applicable, essential, fundamental, or intrinsic to any Work Product and Contractor Materials reasonably associated with any Work Product, in accordance with this Contract and applicable state law.

c. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.

d. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.

E.9. Competitive Procurements. This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or contracted services. Such procurements shall be made on a competitive basis, where practical. The Contractor shall maintain documentation for the basis of each procurement for which reimbursement is paid pursuant to this Contract. In each instance where it is determined that use of a competitive procurement method was not practical, said documentation shall include a written justification, approved by the Commissioner of Finance and Administration, for such decision and non-competitive procurement.

E.10. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.

E.11. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below.

a. this Contract document with any attachments or exhibits (excluding the items listed at subsections b. through e., below);

b. any clarifications of or addenda to the Contractor's proposal seeking this Contract;

c. the State solicitation, as may be amended, requesting proposals in competition for this Contract;

d. any technical specifications provided to proposers during the procurement process to award this Contract;

e. the Contractor's proposal seeking this Contract.

f. the Group Master Policy and Certificate

E.12. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and

d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

E.13. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP # 31786-00116 (Attachment 6.2 B.14) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such reports shall be provided to the state of Tennessee Governor's Office of Business Diversity Enterprise in form and substance as required by said office.

E.14. Limitation of Liability. The parties agree that the Contractor's liability under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this section limit the liability of the Contractor for intentional torts, criminal acts, or fraudulent conduct.

E.15. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by *Tennessee Code Annotated*, Section 8-6-106.

E.16. 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) Liquidated Damages— In the event of a Breach, the State may assess Liquidated Damages as detailed in Contract Attachment B. The State shall notify the Contractor of amounts to be assessed as Liquidated Damages. The parties agree that due to the complicated nature of the Contractor's obligations under this Contract it would be difficult to specifically designate a monetary amount for a Breach by Contractor as said amounts are likely to be uncertain and not easily proven. Contractor hereby represents and covenants it has carefully reviewed the Liquidated Damages contained in above referenced Contract Attachment B and agrees that said amounts represent a reasonable relationship between the

amount and what might reasonably be expected in the event of Breach, and are a reasonable estimate of the damages that would occur from a Breach. It is hereby agreed between the parties that the Liquidated Damages represent solely the damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party. The Contractor agrees that the liquidated damage amount is in addition to any amounts Contractor may owe the State pursuant to the indemnity provision or other section of this Contract.

The State may continue to withhold the Liquidated Damages or a portion thereof until the Contractor cures the Breach, the State exercises its option to declare a Partial Default, or the State terminates the Contract. The State is not obligated to assess Liquidated Damages before availing itself of any other remedy. The State may choose to discontinue Liquidated Damages and avail itself of any other remedy available under this Contract or at law or equity; provided, however, Contractor shall receive a credit for said Liquidated Damages previously withheld except in the event of a Partial Default.

The State may conduct "secret shopper" and other monitoring activities during the operation of this Contract. The State may also assess liquidated damages for breaches of contract that it discovers during these and other activities as detailed in Contract Attachment B.

(3) Partial Default— In the event of a Breach, the State may declare a Partial Default. In which case, the State shall provide the Contractor written notice of: (1) the date which Contractor shall terminate providing the service associated with the Breach; and (2) the date the State will begin to provide the service associated with the Breach. The Notice of Partial Default and termination of services associated with the Breach shall advise the Contractor whether the State will provide an opportunity to cure. Notwithstanding the foregoing, the State may revise the time periods contained in the notice written to the Contractor.

In the event the State declares a Partial Default, the State may withhold, together with any other damages associated with the Breach, from the amounts due the Contractor the greater of: (1) amounts which would be paid the Contractor to provide the defaulted service; or (2) the cost to the State of providing the defaulted service, whether said service is provided by the State or a third party. To determine the amount the Contractor is being paid for any particular service, the Department shall be entitled to receive within five (5) days any requested material from Contractor. The State shall make the final and binding determination of said amount.

The State may assess Liquidated Damages against the Contractor for any failure to perform which ultimately results in a Partial Default with said Liquidated Damages to cease when said Partial Default is effective. Upon Partial Default, 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. Contractor agrees to cooperate fully with the State in the event a Partial Default is taken.

(4) 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.

The Termination Notice must (1) specify in reasonable detail the nature of the Breach; (2) provide Contractor with an opportunity to cure, which shall be no less than 30 days from the date of the Termination Notice; (3) shall specify the effective date of termination in the event Contractor fails to correct the Breach. The Contractor shall present the State with a written request detailing the efforts it will take to resolve the problem. This opportunity to "cure" shall not apply to circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause a delay that would impair the effectiveness of State operations.

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.17. Overpayments. The Contractor shall have responsibility for overpayments to its providers resulting from the negligent, reckless, or willful acts or omissions of the Contractor, its officers, agents or employees, regardless of whether or not such overpayments can be recovered by the Contractor. The Contractor shall repay the State the amount of any such overpayment within thirty (30) calendar days of discovery of the overpayment. Overpayments due to provider fraud or fraud of any other type, other than fraud by employees or agents of the Contractor, will not be considered overpayments for purposes of this Section. The Contractor shall assist in identifying fraud and make reasonable efforts, in consultation with the State, to recover overpayments due to fraud.

E.18. Third Party Beneficiary. This Contract has been entered into solely for the benefit of the State and the Contractor and is not intended to create any legal, equitable, or beneficial interest in any third party or to vest in any third party any interest as to enforcement or performance.

E.19. Confidential and Proprietary Information. The State agrees to protect, to the fullest extent permitted by state law, the confidentiality of information expressly identified by the Contractor as confidential and proprietary, including information that would allow a person to obtain unauthorized access to confidential information or to electronic information processing systems owned by or licensed to the State.

E.20. Disclosure of Personal Identity Information. The Contractor shall report to the State any instances of unauthorized disclosure of confidential information that come to the attention of the Contractor. Any such report shall be made by the Contractor within twenty-four (24) hours after the instance has come to the attention of the Contractor. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals that are deemed to be part of a potential disclosure. The Contractor shall bear the cost of notification to individuals

having personal identity information involved in a potential disclosure event, including individual letters and/or public notice.

IN WITNESS WHEREOF,

EYEMED VISION CARE,LLC:

8/01/12

LIZ DIGIANDOMENICO, PRESIDENT **DATE**

Liz Digiandomenico, President

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

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

Mark A. Emkes 8/6/12

MARK A EMKES, CHAIRMAN MOA **DATE**

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	

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.

Elizabeth Digiandomenico, President

PRINTED NAME AND TITLE OF SIGNATORY

8/1/12

DATE OF ATTESTATION

LIQUIDATED DAMAGES

1. Provider Network Accessibility (see Contract Section A.2.b)	
Guarantee	As measured by the GeoNetworks® Provider & Facility Network Accessibility Analysis, the Contractor's provider network will assure that 95% of all members residing in Tennessee will have the following Access Standard. **Provider Type** / **Access Standard** Vision Provider: 2 providers within 10 miles for urban; 2 providers within 15 miles for suburban; 1 provider within 20 miles for rural
Assessment	Twenty-five thousand dollars ($25,000.00) if EITHER of the above standards is not met.
Measurement	Annual guarantee: Measured, reported and reconciled annually.
2. Provider Turnover Rate (see Contract Section A.2.e)	
Guarantee	Total Vision Providers leaving the network, regardless if the action is voluntary or involuntary, will not exceed 15% in any plan year.
Assessment	Twenty-five thousand dollars ($25,000.00) if Vision Provider turnover rate exceeds 15%.
Measurement	Calculated by dividing the number of Vision Providers leaving the network, regardless if the action is voluntary or non-voluntary by the Total number of Vision Providers at beginning of period. Measured, reported and reconciled annually through the duration of the contract.
3. Member Satisfaction (see Contract Section A.9.j.)	
Guarantee	The level of overall customer satisfaction, which is measured annually by a State-approved Member Satisfaction Survey, will be eighty-five percent (85%) or greater in the first year of the contract and equal to, or greater than, ninety percent (90%) in all subsequent years of the contract term.
Assessment	Twenty-five thousand dollars ($25,000.00) for failure to reach the guarantee.
Measurement	Measured, reported, and reconciled annually.
4. Approval of Communication Materials (see Contract Section A.5.)	
Guarantee	State approval must be obtained for all communication materials prior to distribution.
Assessment	One thousand dollars ($1,000.00) for each occurrence the standard is not met. An occurrence is defined as per mailing and not per mail piece.
Measurement	Reported, and reconciled per occurrence through the duration of the Contract.
5. Tennessee Edison System Interface (see Contract Section A.11.e)	
Guarantee	Contractor's interface with the Edison System shall be fully operational by the date specified in Contract Section A.15.e.21 and the contractor shall maintain, from January 1, 2013 through the term of the contract, accurate and complete member enrollment records in the Contractor's production database consistent with the member information provided by the State's Edison system
Assessment	One thousand dollars ($1,000.00) per day, for every day out of compliance.
Measurement	Fully operational shall mean the Edison Certification of Interface Acceptance has been executed and that weekly files obtained by the Contractor from the State's Edison system will be timely and accurately processed and the data loaded directly into the Contractor's production database. To demonstrate compliance, the Contractor shall determine eligibility and adjudicate claims consistent with the most recent weekly eligibility update provided through Edison. Reconciliation of liquidated damage, if any, shall be made upon identification by the State of an error in enrollment status contained in the Contractor's

	eligibility and enrollment system compared to the Edison weekly updates.
6. Weekly Eligibility Update (see Contract Section A.11.e.1.)	
Guarantee	All Weekly Eligibility file processing and mismatch deadlines will be met as detailed at Contract Section A.11.e.3. and 4.
Assessment	Five hundred dollars ($500.00) per day for the first (1st) and second (2nd) working days out of compliance; One thousand dollars ($1,000.00) per working day thereafter.
Measurement	Measured and reported weekly; reconciled quarterly.
7. Management Reporting (see Contract Section A.14.)	
Guarantee	All reports will be delivered as specified in Section A.14, unless otherwise directed by the state.
Assessment	One thousand dollars ($1,000.00) for each report not delivered within the time frame specified in the contract.
Measurement	Measured based on report due date (weekly, monthly, quarterly, semi-annually, and annually); reconciled quarterly.
8. Program Go-Live	
Guarantee	All services required by this contract shall take effect (i.e. "go-live") and be fully operational on January 1, 2013.
Assessment	One thousand dollars ($1,000.00) for each day beyond the deadline that all services are not fully operational.
Measurement	Measured and reported no later than three (3) months after the go-live date.
9. Maximum Seconds of Answer (see Contract Section A.4.)	
Guarantee	The Contractor's call center shall answer, by a person, one hundred percent (100%) of calls within five (5) minutes (300 seconds), as required in Contract Section A.4.c.1.
Assessment	One hundred dollars ($100) for each second above the threshold during each period on any single day. Ten thousand dollar ($10,000) annual maximum.
Measurement	The Contractor shall calculate the number of instances during each morning, mid-day, and evening period during which a caller's time-to-answer exceeds this threshold (based on Contractor's internal telephone support system reports). Measured and reported on a weekly basis during the thirty (30) days prior to the go-live date though sixty (60) days after the go-live date. Thereafter, reported monthly.
10. *Privacy and Security of Members Information (see Contract Section A.12)*	
Guarantee	The Contractor shall not release, intentionally or unintentionally, members' personal information, enrollment information, or claims information to unauthorized parties.
Assessment	Two thousand five hundred dollars ($2,500) for the first violation, five thousand dollars ($5,000) for the second violation and ten thousand dollars ($10,000) for the third and any additional violations with a maximum cap at one hundred thousand dollars ($100,000) annually. The assessment will be imposed on a per incident basis meaning regardless of how many members are impacted and the assessment will be levied on the graduated basis detailed above.
Measurement	Measured, reported, and reconciled per occurrence.

REPORTING REQUIREMENTS

As required by Contract Section A.14., the Contractor shall submit Management Reports to the State. The reports shall be used by the State to assess the vision program costs and utilization as well as reconcile the Liquidated Damages. All reports shall be submitted in Microsoft Excel format, unless otherwise specified by the State, and shall be sent to the State via secure email.

1) **Liquidated Damages Tracking**, as detailed in Contract Attachment B (each component to be submitted at the frequency indicated), shall include:

   a. Status report narrative
   b. Detail report on each performance measure by appropriate time period

2) **In Network and Out-of-Network Utilization by:**
   a. Submitted charges
   b. Benefits Paid
   c. Member Utilization

3) **Summary Plan Information:** Must be submitted separately for Basic Plan and Expanded Plan with a summary for both plans.

Premium Levels 2013 through 2017	Members	Paid Premium	Claim Count	Paid Claims
Emp/Retiree				
Emp/Ret + Spouse				
Emp/Ret + Child(ren)				
Emp/Ret + Spouse + Child(ren)				
TOTAL				

4) **Vision Loss Ratio**

   Contractor shall annually calculate its Vision Loss Ratio (VLR) by Basic Plan and Expanded Plan with a combined ratio for both plans and submit such calculation and any necessary supporting data to the State within sixty (60) days after the end of the calendar year. For purposes of this report, the VLR shall be defined as the ratio between the total paid claims and the total paid premiums for all rate groups on all vision plans offered to the State pursuant to this Contract.

5) **Quarterly Network Changes Update Report, displaying the following:**
   a. Present Network of Participating Providers Specialty
   b. Additions to the Network by Name, Specialty and Location
   c. Terminations to the Network by Name, Specialty and Location
   d. Targeted areas for recruitment
   e. Provider turnover ratio

6) **Call Center Activity Reports.** The Contractor shall submit these reports on a monthly basis as required in Contract Section A.4.e.
   a. Total Call Volume by Date;

— Total number of calls;
Total number of calls by call type

b. Duration of Calls;
   — Average length of calls by call type
   — Average length of calls

c. Percentage of calls during each month with a first call resolution

d. Call Center Efficiency Measures (calculated for three continuous periods of equivalent length during the normal business hours of each business day):

   - Percentage of call answered by a person within five (5) minutes (300 seconds)
   - Average seconds to answer (ASA)
   - Blocked call rate
   - Abandoned call rate

7) **Member Satisfaction Survey Report**, submitted annually by agreed upon date by secure email using the template prior approved in writing by the State.

8) **Account Team Satisfaction Survey Report**, submitted annually using the template prior approved in writing by the State

9) **BC/DR Results Report**, submitted annually by email using the template prior approved in writing by the State.

10) **Weekly File Transmission Statistics Report**, submitted by secure email within six business days of receipt of the file using the template prior approved in writing by the State.

11) **Claims Accuracy and Timeliness Report,** summary of claims payment and processing accuracy and claims payment turnaround submitted quarterly.

VISION PLAN BENEFITS

Frequency plan design:

Vision Exam	Once every 12 Months
Eyeglass Lenses	Once every 12 Months
Frames	Once every 24 Months
Contact Lenses	Once every 12 Months (in lieu of eyeglass lenses and/or frames)

	Basic Plan	Expanded Plan
Routine Eye Exam	$0 copayment	$10.00 copayment
Frames	$50.00 allowance	$130 allowance after $15.00 copayment
	20% discount off any amount above the allowance	20% discount off any amount above the allowance
Eyeglass Lenses	$50.00 allowance	$15.00 copayment Includes: Glass or plastic, single vision, lined bifocals, lined trifocals and lenticular lenses
Eyeglass Lens Standard Options – (Upgrades)	20% discount off all options	Maximum Copayments: • Progressive/No-line: $55 • Anti-reflective: $45 • Polycarbonate: $30/$0 for dependent children 18 and under • Photochromics: $70 • Scratch resistant coating: $15 • UV coating: $10 • Tints: $25 20% discount on all other lens options
Exam for Contact Lenses (fitting and evaluation)	Minimum 15% discount	Copayment not to exceed $60
Contact Lenses (in lieu of eyeglass lenses and/or frames)	Medically Necessary* $150 allowance	Medically Necessary* Covered at 100%
	Conventional or disposable $50 allowance	Conventional or disposable $130 allowance
Lasik/Refractive	15% discount off	15% discount off usual and customary fees

Surgery Discount (for select providers)	usual and customary fees	
Out of Network Benefits	All Eye Exams: $30 allowance Frames/Eyeglass Lenses: $50.00 allowance Elective Contact Lenses: $25.00 allowance Medically Necessary Contact Lenses: $75.00 allowance	All Eye Exams: $45 allowance Single Vision: $30 allowance Lined Bifocal $50 allowance Lined Trifocal: $65 allowance Frame: $70 allowance Elective Contact Lenses: $50 allowance Medically Necessary Contact Lenses: $100 allowance

*If medically necessary as first contact lenses following cataract surgery, or multiple pairs of rigid contact lenses for treatment of keratoconus.

I. Benefits

The Schedule of Benefits in this document reflects the procedures that vision will cover as well as certain limitations and exclusions for these covered benefits. These services will be covered when a vision provider provides them. These services must be necessary and must be provided in accordance with generally accepted vision practice standards.

In addition to the limitations and exclusions shown in the Schedule of Benefits section, the Vision Plan does not pay for the following:

General Limitations and Exclusions

A. Treatment of injury or illness covered by Workers' Compensation or Employer's Liability Laws.

B. Services received without cost from any federal, state or local agency. This exclusion will not apply if prohibited by law.

C. Cosmetic surgery or procedures for purely cosmetic reasons.

D. Charges by any hospital or other surgical or treatment facility and any additional fees charged by the vision for treatment in any such facility.

E. Services by a vision provider beyond the scope of his or her license.

F. Vision services for which the patient incurs no charge.

G. Vision services where charges for such services exceed the charge that would have been made and actually collected if no coverage existed.

II. Optional Materials and Services

If the materials and services rendered exceed the covered benefit, the difference for the actual materials or services rendered is due from the member.

State of Tennessee Voluntary Group Vision Insurance Plan

Eligibility Criteria	
1. Eligibility Status	**STATE** • *Employee* – An individual who: 1) is regularly scheduled to work not less than thirty (30) hours per week; or 2) is a seasonal or part-time employee with 24 months of service, and is certified by an appointing authority to work at least 1,450 hours per fiscal year. • *Retiree* – An individual who: 1) has left active employment; and 2) receives a benefit from the Tennessee Consolidated Retirement System (TCRS), or is a member of one of the Higher Education Optional Retirement Plan(s) (ORP). **LOCAL EDUCATION** • *Employee - 1) A teacher as defined in Tennessee Code Annotated, Section 8-34-101-(46) 2) An interim teacher whose salary is based on the local school system's schedule 3) Employees not defined above who are regularly scheduled to work at least 30 hours per week in a non-seasonal, non-temporary position 4) A non-certified employee who has completed 24 months of employment with a local education agency that participates in the plan and works a minimum of 25 hours per week [a resolution passed by the school system's governing body authorizing the expanded 25 hour rule for the local education agency must be sent to Benefits Administration before enrollment] 5) School board members 6) All other individuals cited in state statute or approved as an exception by the Local Education Insurance Committee* • *Retiree* – 1) An individual who: a) has retired from the employer; and b) receives a benefit from the Tennessee Consolidated Retirement System (TCRS) or participated in an optional retirement plan; or 2) a school board member who a) has retired from the school board, and b) has at least 20 years of service as a member of the same school board from which he retired. **LOCAL GOVERNMENT** • *Employee* - An individual who: 1) is scheduled to work at least 30 hours per week in a non-seasonal, non-temporary position 2) Any member of the chief legislative body of the county or municipal government (defined as only those elected officials who have the authority to pass local legislation) 3) Utility board members appointed or elected pursuant to TCA 7-82-307, but only during their term of service 4) County officials as defined in TCA 8-34-101(9)(A) and (B), regardless of whether the agency participates in the plan, pursuant to TCA 8-27-207(i) 5) All other individuals cited in state statute or approved as an exception by the Local Government Insurance Committee • *Retiree* – 1) An individual who: a) has retired from the employer; and b) receives a benefit from the Tennessee Consolidated Retirement System (TCRS) or participated in an optional retirement plan; or 2) a utility board member who a) has retired from the utility board, and b) has at least 20 years of service as a member of the same utility district from which he retired.
2. Age Maximum	**STATE, LOCAL EDUCATION, LOCAL GOVERNMENT** • *Dependent* – An individual who is: 1) a legally married (as defined by the State of Tennessee Constitution) spouse of an employee or retiree of a State of Tennessee agency, Local Education participating agency, or Local Government participating agency; or 2) an individual who is a natural or adopted child of an eligible employee or retiree; a stepchild of an eligible employee or retiree; or a child for whom an eligible employee or retiree is the legal guardian; or 3) the survivor of an eligible employee or retiree. Dependent children are eligible for coverage through the last day of the month of their 26th birthday.
3. Participation Requirements	**An agency must be participating in the State of Tennessee Sponsored Group Health Plan in order to qualify for participation in the State of Tennessee Voluntary Group Vision Insurance Plan.** Employee, Retiree, and/or Dependent participation in the State Sponsored Group Health Plan is not required to participate in the State Group Vision Insurance Plan. Employee or Retiree participation in the State Group Vision Insurance Plan is required for participation of eligible Dependents. Participation by those enrolled in the State Group Vision Insurance Plan is on a calendar year basis, and enrollment may only be dropped by the participants during the Annual Enrollment Transfer Period for the beginning of the next calendar year or due to a special qualifying event.