

**CONTRACT #7**  
**RFS # 317.86-020**  
**Edison # 2030**

**Department of Finance and  
Administration  
Benefits Administration**

**VENDOR:**  
**MedAmerica Insurance  
Company**



STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
BENEFITS ADMINISTRATION

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Suite 2600 William R. Snodgrass Tennessee Tower  
Nashville, Tennessee 37243  
Phone (615) 741-4517 or (866) 576-0029  
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Mark A. Emkes  
COMMISSIONER

Laurie Lee  
EXECUTIVE DIRECTOR

**MEMORANDUM**

**TO:** Jeff Spalding, Executive Director, Fiscal Review Committee

**FROM:** Laurie Lee

**DATE:** July 1, 2015

**RE:** **MedAmerica Insurance Company Amendment # 5, Edison # 2030**

This request for amendment # 5 comes to the Fiscal Review Committee with a September 1, 2015 effective date.

As detailed in the Non-Competitive Amendment request accompanying this correspondence, the current contractor, MedAmerica Insurance Company, has provided the State with a Long Term Care Insurance Plan for the public sector plans for the past eleven and a half years. Benefits Administration seeks to amend this contract to revise Attachment A to remove eligibility language regarding coverage for plan participants. This information will now be kept current in the State of Tennessee Group Master Policy as well as the Certificate of Coverage filed with the Department of Commerce and Insurance. Benefits Administration is making this change to reflect current business practices and ensure uniformity across all contracts.

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

Supplemental Documentation Required for  
Fiscal Review Committee

<b>*Contact Name:</b>	Sylvia Chunn	<b>*Contact Phone:</b>	615-253-8358		
<b>*Presenter's name(s):</b>	Kendra Gipson, Director of Vendor Services and Contracts, Sylvia Chunn, Procurement and Contracting Manager, Bob Smith, Director of Voluntary Benefits				
Edison Contract Number: <i>(if applicable)</i>	2030	RFS Number: <i>(if applicable)</i>	31786-020		
<b>*Original or Proposed Contract Begin Date:</b>	January 1, 2003	<b>*Current or Proposed End Date:</b>	December 31, 2017		
Current Request Amendment Number: <i>(if applicable)</i>		Five (5)			
Proposed Amendment Effective Date: <i>(if applicable)</i>		September 1, 2015			
<b>*Department Submitting:</b>		Finance and Administration			
<b>*Division:</b>		Benefits Administration			
<b>*Date Submitted:</b>		July 1, 2015			
<b>*Submitted Within Sixty (60) days:</b>		Yes			
<i>If not, explain:</i>					
<b>*Contract Vendor Name:</b>		MedAmerica Insurance Company			
<b>*Current or Proposed Maximum Liability:</b>		\$26,000,000.00			
<b>*Estimated Total Spend for Commodities:</b>		\$26,000,000.00			
<b>*Current or Proposed Contract Allocation by Fiscal Year:</b> <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
<b>FY:2003</b>	<b>FY:2004</b>	<b>FY:2005</b>	<b>FY:2006</b>	<b>FY: 2007</b>	<b>FY: 2008</b>
\$0.00	\$1,160,000	\$1,200,900	\$1,127,300	\$1,045,700	\$976,700
<b>FY:2009</b>	<b>FY:2010</b>	<b>FY:2011</b>	<b>FY:2012</b>	<b>FY: 2013</b>	<b>FY: 2014</b>
\$928,700	\$885,300	\$3,000,000	\$3,870,400	\$2,805,000	\$2,000,000
<b>FY:2015</b>	<b>FY:2016</b>	<b>FY:2017</b>	<b>FY: 2018</b>	<b>FY:</b>	<b>FY:</b>
\$2,000,000	\$2,000,000	\$2,000,000	\$1,000,000	\$	\$
<b>*Current Total Expenditures by Fiscal Year of Contract:</b> <i>(attach backup documentation from Edison)</i>					
<b>FY:2003</b>	<b>FY:2004</b>	<b>FY:2005</b>	<b>FY:2006</b>	<b>FY: 2007</b>	<b>FY: 2008</b>
\$0.00	\$ 1,158,784.57	\$1,200,876.05	\$1,127,218.05	\$1,045,637.77	\$976,662.57
<b>FY:2009</b>	<b>FY:2010</b>	<b>FY:2011</b>	<b>FY:2012</b>	<b>FY: 2013</b>	<b>FY: 2014</b>
\$928,669.45	\$885,219.25	\$831,905.70	\$912,316.38	\$1,052,965.92	\$1,023,568.44
<b>FY:2015</b>	<b>FY:2016</b>	<b>FY:2017</b>	<b>FY: 2018</b>	<b>FY:</b>	<b>FY:</b>
\$957,105.00	\$	\$	\$	\$	\$
<b>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</b>			Payments to the Contractor are based on payroll deduction and the payments of premiums by employees are paid directly to the Contractor.		
<b>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</b>			The funds are based upon payroll deductions and premiums are paid directly by members, so funds have not been carried forward for these services.		

Supplemental Documentation Required for  
Fiscal Review Committee

<b>IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:</b>			
<b>*Contract Funding Source/Amount:</b>			
State:		Federal:	
<i>Interdepartmental:</i>	\$26,000,000.00	<i>Other:</i>	
If “ <i>other</i> ” please define:			
If “ <i>interdepartmental</i> ” please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>	Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>		
Amendment #1 – July 31, 2003	Update section on weekly Eligibility Update Reports.		
Amendment #2 – May 10, 2007	Added eligibility data match, added requirement for contractor to convert its electronic data interface to Edison compliant formats, and updated communications and contact section.		
Amendment #3 – August, 2011	To add both the Local Education and Local Government agencies to the plan, add a new rate table, decrease the maximum liability, update the contacts section, and add the “Prohibition of Illegal Immigrants” clause.		
Amendment #4 - January 1, 2013	Extend contract term 5 years and add additional funding to cover the extension		
Method of Original Award: <i>(if applicable)</i>	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 were \$75,000,000.00 – this contract was competitively bid and maximum liability was based on the winning cost proposal.		
*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.			

**MedAmerica**

STARS Contract # FA0315098  
Edison Contract # 2030  
Vendor # 20016

Report Date 7/1/2015

<u>Fiscal Year</u>	<u>Expenditures</u>		
2004	1,158,784.57		
2005	1,200,876.05		
2006	1,127,218.05		
2007	1,045,637.77		
2008	976,662.57		
STARS 2009	472,272.38		
Edison 2009	456,397.07	Total 2009	928,669.45
2010	885,219.25		
2011	831,905.70		
2012	912,316.38		
2013	1,052,965.92		
2014	1,023,568.44		
2015	<u>957,105.00</u>		
Total	12,100,929.15		

Vendor Report for Fiscal Review monthly expenditures

Report Filter:

{Reference Document} {{Reference Number}} = "FA0315098"

Vendor Name	Vendor Number	Effective Year	Effective Month	Metrics	Total Expenditures
MEDAMERICA INSURANCE CO	V340977231	2004	JULY 2003		17,950.62
MEDAMERICA INSURANCE CO	V340977231	2004	AUGUST 2003		73,786.34
MEDAMERICA INSURANCE CO	V340977231	2004	SEPTEMBER 2003		100,896.21
MEDAMERICA INSURANCE CO	V340977231	2004	OCTOBER 2003		109,499.10
MEDAMERICA INSURANCE CO	V340977231	2004	NOVEMBER 2003		107,348.41
MEDAMERICA INSURANCE CO	V340977231	2004	DECEMBER 2003		109,813.99
MEDAMERICA INSURANCE CO	V340977231	2004	JANUARY 2004		108,843.44
MEDAMERICA INSURANCE CO	V340977231	2004	FEBRUARY 2004		107,844.77
MEDAMERICA INSURANCE CO	V340977231	2004	MARCH 2004		107,129.31
MEDAMERICA INSURANCE CO	V340977231	2004	APRIL 2004		106,183.01
MEDAMERICA INSURANCE CO	V340977231	2004	MAY 2004		105,295.14
MEDAMERICA INSURANCE CO	V340977231	2004	JUNE 2004		104,194.23
MEDAMERICA INSURANCE CO	V340977231	2005	JULY 2004		103,345.53
MEDAMERICA INSURANCE CO	V340977231	2005	AUGUST 2004		102,686.47
MEDAMERICA INSURANCE CO	V340977231	2005	SEPTEMBER 2004		101,744.29
MEDAMERICA INSURANCE CO	V340977231	2005	OCTOBER 2004		101,051.19
MEDAMERICA INSURANCE CO	V340977231	2005	NOVEMBER 2004		100,416.84
MEDAMERICA INSURANCE CO	V340977231	2005	DECEMBER 2004		99,826.46
MEDAMERICA INSURANCE CO	V340977231	2005	JANUARY 2005		99,700.57
MEDAMERICA INSURANCE CO	V340977231	2005	FEBRUARY 2005		99,376.04
MEDAMERICA INSURANCE CO	V340977231	2005	MARCH 2005		98,642.52
MEDAMERICA INSURANCE CO	V340977231	2005	APRIL 2005		98,705.33
MEDAMERICA INSURANCE CO	V340977231	2005	MAY 2005		98,022.90
MEDAMERICA INSURANCE CO	V340977231	2005	JUNE 2005		97,357.91
MEDAMERICA INSURANCE CO	V340977231	2006	JULY 2005		97,050.79
MEDAMERICA INSURANCE CO	V340977231	2006	AUGUST 2005		95,562.05
MEDAMERICA INSURANCE CO	V340977231	2006	SEPTEMBER 2005		95,210.83
MEDAMERICA INSURANCE CO	V340977231	2006	OCTOBER 2005		95,188.72
MEDAMERICA INSURANCE CO	V340977231	2006	NOVEMBER 2005		93,817.59
MEDAMERICA INSURANCE CO	V340977231	2006	DECEMBER 2005		93,735.47
MEDAMERICA INSURANCE CO	V340977231	2006	JANUARY 2006		93,878.41
MEDAMERICA INSURANCE CO	V340977231	2006	FEBRUARY 2006		93,816.74
MEDAMERICA INSURANCE CO	V340977231	2006	MARCH 2006		93,251.96
MEDAMERICA INSURANCE CO	V340977231	2006	APRIL 2006		92,411.72
MEDAMERICA INSURANCE CO	V340977231	2006	MAY 2006		91,913.89
MEDAMERICA INSURANCE CO	V340977231	2006	JUNE 2006		91,379.88
MEDAMERICA INSURANCE CO	V340977231	2007	JULY 2006		91,254.81
MEDAMERICA INSURANCE CO	V340977231	2007	AUGUST 2006		89,092.51
MEDAMERICA INSURANCE CO	V340977231	2007	SEPTEMBER 2006		87,603.02
MEDAMERICA INSURANCE CO	V340977231	2007	OCTOBER 2006		86,684.85
MEDAMERICA INSURANCE CO	V340977231	2007	NOVEMBER 2006		86,582.00
MEDAMERICA INSURANCE CO	V340977231	2007	DECEMBER 2006		86,864.70
MEDAMERICA INSURANCE CO	V340977231	2007	JANUARY 2007		87,005.71
MEDAMERICA INSURANCE CO	V340977231	2007	FEBRUARY 2007		86,427.26
MEDAMERICA INSURANCE CO	V340977231	2007	MARCH 2007		86,332.15
MEDAMERICA INSURANCE CO	V340977231	2007	APRIL 2007		85,981.48
MEDAMERICA INSURANCE CO	V340977231	2007	MAY 2007		85,992.00
MEDAMERICA INSURANCE CO	V340977231	2007	JUNE 2007		85,817.28
MEDAMERICA INSURANCE CO	V340977231	2008	JULY 2007		84,824.40
MEDAMERICA INSURANCE CO	V340977231	2008	AUGUST 2007		83,700.41
MEDAMERICA INSURANCE CO	V340977231	2008	SEPTEMBER 2007		82,559.71
MEDAMERICA INSURANCE CO	V340977231	2008	OCTOBER 2007		82,077.95
MEDAMERICA INSURANCE CO	V340977231	2008	NOVEMBER 2007		81,804.62
MEDAMERICA INSURANCE CO	V340977231	2008	DECEMBER 2007		80,889.80
MEDAMERICA INSURANCE CO	V340977231	2008	JANUARY 2008		80,704.37
MEDAMERICA INSURANCE CO	V340977231	2008	FEBRUARY 2008		80,143.70
MEDAMERICA INSURANCE CO	V340977231	2008	MARCH 2008		79,813.59
MEDAMERICA INSURANCE CO	V340977231	2008	APRIL 2008		79,911.50
MEDAMERICA INSURANCE CO	V340977231	2008	MAY 2008		80,015.11
MEDAMERICA INSURANCE CO	V340977231	2008	JUNE 2008		80,217.41
MEDAMERICA INSURANCE CO	V340977231	2009	JULY 2008		80,403.42
MEDAMERICA INSURANCE CO	V340977231	2009	AUGUST 2008		79,887.19
MEDAMERICA INSURANCE CO	V340977231	2009	SEPTEMBER 2008		79,365.05
MEDAMERICA INSURANCE CO	V340977231	2009	OCTOBER 2008		77,838.42
MEDAMERICA INSURANCE CO	V340977231	2009	DECEMBER 2008		154,778.30
					5,981,451.39
					5,981,451.39

**MedAmerica**

STARS Contract # FA0315098  
 Edison Contract # 2030  
 Vendor # 20016

Report Date 7/1/2015

**Edison Report TN\_PU\_CN021 ~ Payments against a contract**

Payments against a Co		5										
Unit	Sum Merchandise	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year		
31786	75183.680	00000000C	000002001	Medamerik	DFA	0000000122	00000426	LTC0609	6/17/2009	2009		
31786	75722.590	00000000C	000002001	Medamerik	DFA	0000000104	00000305	LTC0509	5/27/2009	2009		
31786	75911.420	00000000C	000002001	Medamerik	DFA	0000000073	00000134	lfc 0409	4/15/2009	2009		
31786	76195.830	00000000C	000002001	Medamerik	DFA	0000000053	00000075	LTC0309	3/16/2009	2009		
31786	76812.010	00000000C	000002001	Medamerik	DFA	0000000036	00000048	LTC0209	2/27/2009	2009		

379825.530

Plus: 76,571.54 Original PO #5 did not reference contract. Correcting PO #451 to take the payment from Max. Liability without making payment

FY 2009 456397.070

Payments against a Co		12										
Unit	Sum Merchandise	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year		
31786	73257.960	00000000C	000002001	Medamerik	DFA	0000000206	00000763	LTC1009	10/28/2009	2010		
31786	73454.740	00000000C	000002001	Medamerik	DFA	0000000232	00000802	LTC 1109	11/17/2009	2010		
31786	73501.580	00000000C	000002001	Medamerik	DFA	0000000366	00001288	LTC 0510	5/18/2010	2010		
31786	73502.380	00000000C	000002001	Medamerik	DFA	0000000387	00001479	LTC 0610	6/11/2010	2010		
31786	73521.180	00000000C	000002001	Medamerik	DFA	0000000326	00001064	LTC 0310	3/11/2010	2010		
31786	73540.970	00000000C	000002001	Medamerik	DFA	0000000262	00000867	LTC 1209	12/11/2009	2010		
31786	73603.890	00000000C	000002001	Medamerik	DFA	0000000289	00000955	LTC 0110	1/26/2010	2010		
31786	73623.990	00000000C	000002001	Medamerik	DFA	0000000303	00000975	LTC 0210	2/11/2010	2010		
31786	73956.080	00000000C	000002001	Medamerik	DFA	0000000165	00000567	LTC 0809	8/17/2009	2010		
31786	74015.310	00000000C	000002001	Medamerik	DFA	0000000344	00001171	LTC 0410	4/12/2010	2010		
31786	74208.810	00000000C	000002001	Medamerik	DFA	0000000190	00000692	LTC 0909	9/28/2009	2010		
31786	75032.360	00000000C	000002001	Medamerik	DFA	0000000145	00000504	LTC0709	7/20/2009	2010		

FY 2010 885219.250

Payments against a Co 12

Unit	Sum Merchandise	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	66985.370	00000000C	000002001	Medamerit	DFA	0000000653	00002458	LTC 0611	6/16/2011	2011
31786	67213.880	00000000C	000002001	Medamerit	DFA	0000000625	00002402	LTC 0511	5/10/2011	2011
31786	67471.750	00000000C	000002001	Medamerit	DFA	0000000621	00002389	LTC 0411	4/27/2011	2011
31786	68010.380	00000000C	000002001	Medamerit	DFA	0000000599	00002296	LTC0311	3/17/2011	2011
31786	69152.310	00000000C	000002001	Medamerit	DFA	0000000575	00002230	LTC0211	2/9/2011	2011
31786	69345.210	00000000C	000002001	Medamerit	DFA	0000000547	00002180	LTC 0111	1/18/2011	2011
31786	69424.230	00000000C	000002001	Medamerit	DFA	0000000507	00002110	LTC 1110	11/9/2010	2011
31786	69481.040	00000000C	000002001	Medamerit	DFA	0000000541	00002161	LTC 1210	12/23/2010	2011
31786	69699.860	00000000C	000002001	Medamerit	DFA	0000000488	00002080	LTC 1010	10/14/2010	2011
31786	70307.300	00000000C	000002001	Medamerit	DFA	0000000470	00002039	LTC 0910	9/16/2010	2011
31786	71664.890	00000000C	000002001	Medamerit	DFA	0000000432	00001928	LTC 0810	8/18/2010	2011
31786	73149.480	00000000C	000002001	Medamerit	DFA	0000000412	00001789	LTC 0710	7/14/2010	2011

FY 2011 831905.700

Payments against a Co 12

Unit	Sum Merchandise	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	61979.070	00000000C	000002001	Medamerit	DFA	0000000730	00002697	LTC 1011	10/17/2011	2012
31786	65400.340	00000000C	000002001	Medamerit	DFA	0000000713	00002660	LTC 0911	9/23/2011	2012
31786	65764.550	00000000C	000002001	Medamerit	DFA	0000000670	00002505	LTC 0711	7/14/2011	2012
31786	66278.680	00000000C	000002001	Medamerit	DFA	0000000684	00002539	LTC 0811	8/10/2011	2012
31786	77584.550	00000000C	000002001	Medamerit	DFA	0000000783	00002856	LTC 0112	1/17/2012	2012
31786	78027.870	00000000C	000002001	Medamerit	DFA	0000000764	00002821	LTC 1211	12/16/2011	2012
31786	78467.520	00000000C	000002001	Medamerit	DFA	0000000738	00002772	LTC 1111	11/14/2011	2012
31786	79953.060	00000000C	000002001	Medamerit	DFA	0000000787	00002883	LTC0212	2/10/2012	2012
31786	80664.970	00000000C	000002001	Medamerit	DFA	0000000815	00002923	LTC0312	3/14/2012	2012
31786	83801.500	00000000C	000002001	Medamerit	DFA	0000000830	00002954	LTC0412	4/16/2012	2012
31786	86116.820	00000000C	000002001	Medamerit	DFA	0000000849	00002993	LTC 0512	5/10/2012	2012
31786	88277.450	00000000C	000002001	Medamerit	DFA	0000000865	00003038	LTC 0612	6/15/2012	2012

FY 2012 912316.380

Payments against a Co 12

Unit	Sum Merchandise	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	86267.110	00000000C	000002001	Medamerit	DFA	0000000942	00003929	LTC 0613	6/13/2013	2013
31786	86463.220	00000000C	000002001	Medamerit	DFA	0000000942	00003822	LTC 0513	5/10/2013	2013
31786	87195.790	00000000C	000002001	Medamerit	DFA	0000000942	00003717	LTC 0413	4/10/2013	2013
31786	87232.380	00000000C	000002001	Medamerit	DFA	0000000942	00003574	LTC0213	2/13/2013	2013
31786	87335.870	00000000C	000002001	Medamerit	DFA	0000000942	00003635	LTC 0313	3/13/2013	2013
31786	87340.340	00000000C	000002001	Medamerit	DFA	0000000920	00003496	LTC 1212	12/13/2012	2013
31786	87395.420	00000000C	000002001	Medamerit	DFA	0000000942	00003538	LTC 0113	1/11/2013	2013
31786	87516.530	00000000C	000002001	Medamerit	DFA	0000000920	00003440	LTC 1012	10/10/2012	2013
31786	87723.870	00000000C	000002001	Medamerit	DFA	0000000920	00003485	LTC 1112	11/23/2012	2013
31786	88624.850	00000000C	000002001	Medamerit	DFA	0000000920	00003397	LTC 0912	9/18/2012	2013
31786	89325.920	00000000C	000002001	Medamerit	DFA	0000000902	00003251	LTC 0812	8/13/2012	2013
31786	90544.620	00000000C	000002001	Medamerit	DFA	0000000884	00003158	LTC 0712	7/13/2012	2013
FY 2013	1052965.920									

FY 2013 1052965.920

Payments against a Co 14

Unit	Sum Merchandise	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	83589.500	00000000C	000002001	Medamerit	DFA	0000000990	00004191	LTC 1013	10/10/2013	2014
31786	84221.420	00000000C	000002001	Medamerit	DFA	0000000990	00004141	LTC 0913	9/12/2013	2014
31786	84548.430	00000000C	000002001	Medamerit	DFA	0000000990	00004247	LTC1113	11/13/2013	2014
31786	84656.120	00000000C	000002001	Medamerit	DFA	0000000990	00004065	LTC 0813	8/12/2013	2014
31786	85282.650	00000000C	000002001	Medamerit	DFA	0000001037	00004534	LTC0414	4/9/2014	2014
31786	85358.520	00000000C	000002001	Medamerit	DFA	0000001086	00004623	LTC0514	5/15/2014	2014
31786	85388.680	00000000C	000002001	Medamerit	DFA	0000000990	00004308	LTC1213	12/11/2013	2014
31786	85797.720	00000000C	000002001	Medamerit	DFA	0000001115	00004706	LTC0614	6/12/2014	2014
31786	85813.600	00000000C	000002001	Medamerit	DFA	0000001037	00004489	LTC0314	3/12/2014	2014
31786	85961.470	00000000C	000002001	Medamerit	DFA	0000000990	00003990	LTC 0713	7/17/2013	2014
31786	86343.270	00000000C	000002001	Medamerit	DFA	0000001037	00004353	LTC0114	1/10/2014	2014
31786	86607.060	00000000C	000002001	Medamerit	DFA	0000001037	00004398	LTC0214	2/11/2014	2014
FY 2014	1023568.440									

FY 2014 1023568.440

Payments against a Co 24

Unit	Sum Merchandise	Edison Co	Vendor ID	Vendor Na	Type	PO ID	Voucher ID	Invoice	Date	Fiscal Year
31786	77154.360	00000000C	000002001	Medamerit	DFA	0000001198	00005191	LTC 0215	2/9/2015	2015
31786	77187.320	00000000C	000002001	Medamerit	DFA	0000001198	00005259	LTC 0315	3/11/2015	2015

FY 2015 77154.360

31786	77638.000	00000000C	00000200J	Medamerik	DFA	0000001198	00005340	LTC 0415	4/10/2015	2015
31786	77648.190	00000000C	00000200J	Medamerik	DFA	0000001198	00005156	LTC 0115	1/12/2015	2015
31786	78105.330	00000000C	00000200J	Medamerik	DFA	0000001198	00005425	LTC 0515	5/8/2015	2015
31786	78541.260	00000000C	00000200J	Medamerik	DFA	0000001198	00005483	LTC 0615	6/8/2015	2015
31786	79680.800	00000000C	00000200J	Medamerik	DFA	0000001139	00005062	LTC 1114	11/12/2014	2015
31786	80683.270	00000000C	00000200J	Medamerik	DFA	0000001139	00004998	LTC1014	10/14/2014	2015
31786	80863.540	00000000C	00000200J	Medamerik	DFA	0000001139	00005109	LTC 1214	12/11/2014	2015
31786	80866.220	00000000C	00000200J	Medamerik	DFA	0000001139	00004935	LTC0914	9/10/2014	2015
31786	83674.050	00000000C	00000200J	Medamerik	DFA	0000001139	00004871	LTC0814	8/12/2014	2015
31786	85062.660	00000000C	00000200J	Medamerik	DFA	0000001139	00004806	LTC0714	7/10/2014	2015

FY 2015 957105.000

6119477.760

Edison Report TN\_PU\_CN026 ~ Payments Not on Contract

Payments	1							
Unit	Sum Amount	Edison Contract ID	Vendor ID	Vendor Name	PO_ID	D.VOUCHER_ID	Year	
31786	76,571.54		0000020016	Medamerica Insurance Co	0000000005	00000007	2009	

Note 1: The above PO was paid to MedAmerica without referencing the contract. In order for the payment to deduct from the contract's maximum liability in Edison, the PO must reference the contract. Correcting PO #451 was used to deduct this payment from the contract maximum liability, but not make an additional payment to MedAmerica.

### MedAmerica Maximum Liability Reconciliation

Maximum Liability	26,000,000.00	~ Amendment four took the maximum liability from \$17m to \$26m
Less:		
STARS Payments	5,981,451.39	
Edison Payments	6,119,477.76	~ Agrees with Total Released Amount in Edison as of 5.23.2012
Remaining Balance	13,899,070.85	~ Agrees with Remaining Amount in Edison as of 7/1/2015

# Amendment Request

This request form is not required for amendments to grant contracts. Route a completed request, as one file in PDF format, via e-mail attachment sent to: [Agsprsr.Agsprsr@tn.gov](mailto:Agsprsr.Agsprsr@tn.gov)

**APPROVED**

CHIEF PROCUREMENT OFFICER

DATE

<b>Agency request tracking #</b>	31786-020	
<b>1. Procuring Agency</b>	Finance and Administration	
<b>2. Contractor</b>	MedAmerica Insurance Company	
<b>3. Edison contract ID #</b>	2030	
<b>4. Proposed amendment #</b>	Five (5)	
<b>5. Contract's Effective Date</b>	1/1/2003	
<b>6. Current end date</b>	12/31/2017	
<b>7. Proposed end date</b>	12/31/2017	
<b>8. Current Maximum Liability or Estimated Liability</b>	\$ 26,000,000.00	
<b>9. Proposed Maximum Liability or Estimated Liability</b>	\$ 26,000,000.00	
<b>10. Office for Information Resources Pre-Approval Endorsement Request</b> – information technology service (N/A to THDA)	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>11. eHealth Pre-Approval Endorsement Request</b> – health-related professional, pharmaceutical, laboratory, or imaging	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>12. Human Resources Pre-Approval Endorsement Request</b> – state employee training service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>13. Explain why the proposed amendment is needed</b> Revise Attachment A to remove plan eligibility language		
<b>14. If the amendment involves a change in Scope, describe efforts to identify reasonable, competitive, procurement alternatives to amending the contract.</b> Not applicable		

<b>Agency request tracking #</b>	<b>31786-020</b>
<b>Signature of agency head or designee and date</b>	



**AMENDMENT FIVE  
OF CONTRACT 2030**

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

1. The following is added as Contract section D.21.

D.21. Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract.

2. Contract Attachment A is deleted in its entirety and replaced with the new Attachment A 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 September 1, 2015. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

**IN WITNESS WHEREOF,**

**MEDAMERICA INSURANCE COMPANY:**

---

**SIGNATURE**

**DATE**

---

**PRINTED NAME AND TITLE OF SIGNATORY (above)**

**STATE INSURANCE COMMITTEE:**

**LOCAL EDUCATION INSURANCE COMMITTEE:**

**LOCAL GOVERNMENT INSURANCE COMMITTEE::**

---

**LARRY B. MARTIN, CHAIR**

**DATE**

Long Term Care Benefits/Provisions/Exclusions

<b>Tennessee Sponsored Voluntary Group Long Term Care Insurance Plan (LTCIP)</b>	
<b>Benefit/Provision</b>	<b>Description</b>
<b>Plan Policy Requirements</b>	The LTCIP must be based on a <b>group plan platform</b> issued to the State of Tennessee. The provisions of LTCIP are intended to be consistent with the policies providing Qualified Long Term Care Insurance as defined by the Internal Revenue Code Section 770B(b).
<b>Plan Payment Model</b>	Reimbursement of incurred expenses for qualified long term care services with payment not to exceed the associated <b>Daily Benefit Amount (DBA)</b> . If the DBA exceeds actual incurred expenses, the balance shall be pooled for future use by the Insured.
<b>Underwriting Criteria</b>  <b>Guaranteed Issuance</b>  <b>Fully Underwritten</b>	<p>Employees who apply for coverage during the initial offering period and new Employees who apply for coverage within 90 days of their hire date. The Employee must meet the LTCIP's "<b>Positive Pay Status Requirement</b>". To meet the LTCIP's Actively at Work Requirement the Employee must, on the day coverage is to begin, be at the employer's place of business or at a location to which the employer's business requires the Employee to travel and be able to fully perform the duties of the position for that Employee's normal workday. It includes any day on which the Employee is on vacation or on authorized leave provided such absence is not due to illness or injury or Leave Without Pay. Employees on disability will be eligible to enroll for this coverage when returning to active employment status. <b>An Eligible Employee shall mean any person who meets the eligibility requirements for participation in the State Health Insurance Plan.</b></p> <p>1) Any Employee who does not meet the LTCIP's Actively at Work Requirement;                  2) Employees who choose to apply for coverage after the initial offering and new Employees who choose to apply for coverage more than 90 days after their hire date;                  3) An Employee's eligible Dependent(s); and                  4) Retirees, spouses and Dependent(s).                  5) Parents and Parents-in-law.</p>
<b>Daily Benefit Amounts/Lifetime Maximum Amounts</b>	<p>There shall be three (3) Nursing Home Care and Assisted Living DBAs offered - <b>\$100/day, \$150/day or \$200/day. The Applicant may choose coverage periods of 3 years or 5 years.</b></p> <p>The DBA for Adult Care, Home Health Care, Homemaker, and Hospice Care and Respite Care (limited to 21 days per year) benefits shall be set at 60% of the selected Nursing Home DBA option.</p>

<b>Benefit/Provision</b>	<b>Description</b>
<b>Inflation Protection</b>	<p>There shall be an Inflation Protection Option available.</p> <p><b>Automatic Annual Benefit Increase Option:</b></p> <p>Benefits shall increase by 5% compounded annually, with no increase in premium. The increases shall automatically occur on the anniversary of the Insured's coverage, regardless of the Insured's claim status, and shall continue for as long as coverage remains in force.</p>
<b>Elimination Period</b>	<p>There shall be a once per lifetime elimination period of 90 calendar days before benefit payments shall begin. The <b>Elimination Period</b> shall be a total of 90 calendar days during which an Insured is unable to perform, without assistance from another individual, at least 2 ADLs, or requires supervision due to a severe cognitive impairment. These days need not be consecutive as long as the interval is not greater than 180 days. Receipt of LTC services shall not be used as a requirement for establishing the Elimination Period; a certification of ADL deficiency or cognitive impairment is all that shall be necessary. Days need not be consecutive as long as they are accumulated within a 365/6-day period. The Elimination Period shall apply to all types of covered services, except for benefit payments for Respite Care.</p>
<b>Covered LTC Services</b>	<p>Shall include, but not be limited to:</p> <ul style="list-style-type: none"> <li>• Skilled, Intermediate or Custodial Care in a licensed Nursing Facility</li> <li>• Assisted Living Facility Care</li> </ul>

**Long Term Care Benefits/Provisions/Exclusions**

	<ul style="list-style-type: none"> <li>• Home Health Care – nursing service, occupational therapy, physical therapy, respiratory therapy, nutritional services</li> <li>• Home Care – home health aide services, maintenance or personal care, homemaker services if provided by a licensed/certified home care agency in accordance with the Insured's Plan of Care</li> <li>• Adult Day Care</li> <li>• At home and in-patient Hospice Care</li> </ul> <p>*All providers eligible for reimbursement should be licensed providers, where the State regulates such providers. This does not preclude payment to non-licensed providers under alternative care plans.</p>
<p><b>Exclusions</b></p>	<p>The LTCIP shall not include any exclusions or limitations for pre-existing conditions.</p> <p>The LTCIP shall not pay for:</p> <ol style="list-style-type: none"> <li>1. Any expense which is:             <ol style="list-style-type: none"> <li>a. Normally provided w/out charge in absence of this insurance; or</li> <li>b. For the treatment of alcoholism or drug addiction; or</li> <li>c. Paid under a state or federal workers' compensation plan; reimbursed under Medicare or would be so reimbursed except for the application of a deductible, coinsurance or co-payment amount, except where Medicare is secondary; paid or provided under any other government program, except Medicaid; or</li> </ol> </li> <li>2. Illness, treatment or medical conditions arising out of:             <ol style="list-style-type: none"> <li>a. War or act of war (whether declared or undeclared);</li> <li>b. Participation in a felony, riot or insurrection</li> <li>c. Service in the armed forces or auxiliary units thereto; or</li> </ol> </li> <li>3. Coverage while the Insured is outside the United States and its possessions.</li> </ol> <p>The LTCIP <b>shall not exclude or limit benefits</b> resulting from mental or nervous disorders whether organic or inorganic in nature, including Alzheimer's disease, as long as the Insured meets the benefit eligibility criteria.</p>
<p><b>Alternate Care</b></p>	<p>When warranted by the particular circumstances of an Insured, the Insurer may authorize coverage of services or settings not normally covered (e.g., unlicensed provider, innovative care, new type of care, etc.). The care need not be a less costly alternative, but should represent an appropriate level of care for the Insured – as agreed to by the Insured, an authorized legal representative of the Insured and/or the Insured's doctor.</p>
<p><b>Bed Reservation</b></p>	<p>The LTCIP shall pay the Nursing Home, Assisted Living Facility or Hospice Care Facility to hold the Insured's bed while he/she is temporarily in the hospital. The maximum annual benefit shall be 21 calendar days per year, at the applicable DBA rate.</p>

## Long Term Care Benefits/Provisions/Exclusions

Benefit/Provision	Description
<b>Respite Care</b>	The LTCIP shall pay for the cost of formal care provided to an Insured to give an unpaid informal caregiver time away from care giving (i.e., a limited break or vacation). The maximum annual benefit shall be 21 calendar days per year, at 60% the applicable DBA.
<b>Portability</b>	The Insured shall have the ability to continue coverage should they cease to be a member of an eligible class, or should the group policy terminate, by paying premiums directly to the Company when they are due. Continuation coverage is not available to the following categories of persons: <ul style="list-style-type: none"> <li>• Those whose coverage ends due to failure to pay premiums on a timely basis, or</li> <li>• Those who have received benefits equal to the lifetime maximum.</li> </ul>
<b>Premiums</b>	Level Premium Rates based on age at entry and guaranteed renewable (current age). Employee pay-all
<b>Premium Rate Guarantee</b>	5 Year Minimum Rate Guarantee (i.e., Premium Rates guaranteed for the period 7/1/2003 through 6/30/2008)
<b>Third Party Notification</b>	The Insured, at the time of application and at least every two years thereafter, shall be requested to designate, update or change a third party designee or provide a waiver of designation to the Insurer.
<b>Waiver of Premium</b>	The Premium Waiver applies to all types of covered services. Premiums shall be waived after the Insured's eligibility has been established and the Elimination Period has been satisfied and the administrator has approved benefits. Premiums shall resume ninety (90) days after the Insured is no longer eligible for services.
<b>Grace Period</b>	The Insured shall have a 30-day grace period for late payment of premium.
<b>Continuation of Coverage</b>	If the Insured's eligibility to participate in the LTCIP is terminated, regardless of the reason, the Insured is entitled to continuation of coverage under the LTCIP group policy with the same benefits and provisions and with no change in premium rate. Notwithstanding the preceding, the Insured may not continue coverage if termination is due to non-payment of premium or to exhaustion of total benefits.
<b>Reinstatement</b>	If an Insured's coverage lapses due to non-payment of premium, the Insured shall have a twelve (12) month period from the lapse date during which to apply for reinstatement at the same premium rate, subject to evidence of insurability. Notwithstanding the preceding, if lapse was due to functional loss or severe cognitive impairment, and the request for reinstatement is made within five (5) months of the lapse date, coverage shall be reinstated without evidence of insurability. In the event an individual's reinstatement of employment is ordered by the Civil Service Commission or by Court Order, coverage shall be reinstated without requiring evidence of insurability.  Any reinstatement, irrespective of its justification, shall be effective upon receipt of all premiums due retroactive to the date coverage terminated.
<b>Policy Modification</b>	If a public program is expanded or developed to cover some or all aspects of long term care, the State reserves the right to modify the LTCIP to supplement the public program.



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE  
FISCAL REVIEW COMMITTEE

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

Sen. Bill Ketron, Chairman  
Senators

Douglas Henry            Reginald Tate  
Brian Kelsey            Ken Yager  
Eric Stewart  
Randy McNally, *ex officio*  
Lt. Governor Ron Ramsey, *ex officio*

Rep. Curtis Johnson, Vice-Chairman  
Representatives

Tommie Brown            David Shepard  
Jim Coley                Tony Shipley  
Charles Curtiss            Curry Todd  
Johnny Shaw              Mark White  
Charles Sargent, *ex officio*  
Speaker Beth Harwell, *ex officio*

MEMORANDUM

TO:                    The Honorable Mark Emkes, Commissioner  
                          Department of Finance and Administration

FROM:                Senator Bill Ketron, Chairman  
                          Representative Curtis Johnson, Vice-Chairman

DATE:                June 7, 2012

SUBJECT:            **Contract Comments**  
                          (Fiscal Review Committee Meeting 6/4/12)

**RFS# 317.86-020 (Edison # 2030)**

**Department: Finance and Administration/Benefits Administration**

**Vendor: MedAmerica Insurance Company**

**Summary: The vendor provides a long-term care insurance plan and administrative services for eligible state employees. The proposed amendment extends the current contract an additional five years through December 31, 2017; increases the maximum liability by \$9,000,000; and revises the contract contact information.**

**Current maximum liability: \$17,000,000**

**Proposed maximum liability: \$26,000,000**

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

cc: Laurie Lee, Executive Director  
      Ms. Jessica Robertson, Chief Procurement Officer



**STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
BENEFITS ADMINISTRATION**

312 Rosa L. Parks Avenue  
Suite 2600 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:** May 24, 2012,

**RE:** **MedAmerica Insurance Company Amendment # 4, Edison # 2030**

This request for amendment # 4 comes to the Fiscal Review Committee with a January 1, 2013 effective date.

As detailed in the Non-Competitive Amendment request accompanying this correspondence, the current contractor, MedAmerica Insurance Company, has provided the State with a Long Term Care Insurance Plan for the public sector plans for the past nine and a half years. Per the terms of the original contract, the State has the option to extend the contract term for another five years, this extension does not require a rate increase; the State seeks to pursue this renewal option as the Contractor has performed satisfactorily over the past nine and a half years. The original contract contained a provision to extend the Contract one additional period of time in an increment of five (5) years.

The original contract and all previously approved 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		
*Original Contract Number:	FA0315098	*Original RFS Number:	317.86-020		
Edison Contract Number: <i>(if applicable)</i>	2030	Edison RFS Number: <i>(if applicable)</i>	31786-00018		
*Original Contract Begin Date:	1/1/2003	*Current End Date:	12/31/2012		
Current Request Amendment Number: <i>(if applicable)</i>	4 (Four)				
Proposed Amendment Effective Date: <i>(if applicable)</i>	1/1/2013				
*Department Submitting:	Finance & Administration				
*Division:	Benefits Administration				
*Date Submitted:					
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	MedAmerica Insurance Company				
*Current Maximum Liability:	\$17,000,000.00				
<b>*Current Contract Allocation by Fiscal Year:</b> <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY:2003	FY:2004	FY:2005	FY:2006	FY: 2007	FY: 2008
\$0.00	\$1,160,000	\$1,200,900	\$1,127,300	\$1,045,700	\$976,700
FY:2009	FY:2010	FY:2011	FY:2012	FY: 2013	FY: 2014
\$928,700	\$885,300	\$3,000,000	\$3,870,400	\$2,805,000	\$2,000,000
FY:2015	FY:2016	FY:2017	FY: 2018	FY:	FY:
\$2,000,000	\$2,000,000	\$2,000,000	\$1,000,000	\$	\$
<b>*Current Total Expenditures by Fiscal Year of Contract:</b> <i>(attach backup documentation from STARS or FDAS report)</i>					
FY:2003	FY:2004	FY:2005	FY: 2006	FY: 2007	FY: 2008
\$0.00	\$1,158,784.57	\$1,200,876.05	\$1,127,218.05	\$1,045,637.77	\$976,662.57
FY:2009	FY:2010	FY:2011	FY: 2012	FY: 2013	FY:
\$928,669.45	\$885,219.25	\$831,905.70	\$824,038.93	\$	\$
<b>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</b>			Payments to the Contractor are based on payroll deduction and the payment of premiums by employees and retirees are paid directly to the Contractor.		
<b>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</b>			The funds are based upon payroll deductions and premiums are paid directly by members, so funds have not been carried forward for these services.		
<b>IF Contract Expenditures exceeded Contract Allocation, please give the</b>			N/A		

Supplemental Documentation Required for  
Fiscal Review Committee

reasons and explain how funding was acquired to pay the overage:			
*Contract Funding Source/Amount:	State:		Federal:
Interdepartmental:	\$17,000,000.00		Other:
If "other" please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
Amendment #3 – August, 2011		To add both the Local Education and Local Government agencies to the plan, add a new rate table, decrease the maximum liability, update the contacts section, and add the "Prohibition of Illegal Immigrants" clause.	
Amendment #2 – May 10, 2007		Added eligibility data match, added requirement for contractor to convert its electronic data interface to Edison compliant formats, and updated communications and contact section.	
Amendment #1 – July 31, 2003		Update section on weekly Eligibility Update Reports.	
Method of Original Award: <i>(if applicable)</i>		RFP	
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$75,000,000.00	

Supplemental Documentation Required for  
Fiscal Review Committee

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

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

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

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

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

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

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

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

**MedAmerica**

STARS Contract # FA0315098

Edison Contract # 2030

Report Run: 5/23/2012

<u>Fiscal Year</u>	<u>Expenditures</u>		
2004	1,158,784.57		
2005	1,200,876.05		
2006	1,127,218.05		
2007	1,045,637.77		
2008	976,662.57		
STARS 2009	472,272.38		
Edison 2009	456,397.07	Total 2009	928,669.45
2010	885,219.25		
2011	831,905.70		
YTD 2012	<u>824,038.93</u>		
Total	8,087,988.04		

Vendor Report for Fiscal Review monthly expenditures

Report Filter:  
 [Reference Document] [Reference Number] = \*A0315099\*

Vendor Name	Vendor Number	Effective Year	Effective Month	Metrics	Total Expenditures
MEDAMERICA INSURANCE CO	V340977231	2004	JULY 2003		37,550.62
MEDAMERICA INSURANCE CO	V340977231	2004	AUGUST 2003		73,786.34
MEDAMERICA INSURANCE CO	V340977231	2004	SEPTEMBER 2003		100,896.21
MEDAMERICA INSURANCE CO	V340977231	2004	OCTOBER 2003		105,499.10
MEDAMERICA INSURANCE CO	V340977231	2004	NOVEMBER 2003		107,348.41
MEDAMERICA INSURANCE CO	V340977231	2004	DECEMBER 2003		109,813.99
MEDAMERICA INSURANCE CO	V340977231	2004	JANUARY 2004		108,843.44
MEDAMERICA INSURANCE CO	V340977231	2004	FEBRUARY 2004		107,844.77
MEDAMERICA INSURANCE CO	V340977231	2004	MARCH 2004		107,129.31
MEDAMERICA INSURANCE CO	V340977231	2004	APRIL 2004		106,183.01
MEDAMERICA INSURANCE CO	V340977231	2004	MAY 2004		105,285.14
MEDAMERICA INSURANCE CO	V340977231	2004	JUNE 2004		104,194.23
MEDAMERICA INSURANCE CO	V340977231	2004	JULY 2004		103,345.53
MEDAMERICA INSURANCE CO	V340977231	2005	AUGUST 2004		102,686.47
MEDAMERICA INSURANCE CO	V340977231	2005	SEPTEMBER 2004		101,744.29
MEDAMERICA INSURANCE CO	V340977231	2005	OCTOBER 2004		101,051.19
MEDAMERICA INSURANCE CO	V340977231	2005	NOVEMBER 2004		100,416.84
MEDAMERICA INSURANCE CO	V340977231	2005	DECEMBER 2004		99,926.46
MEDAMERICA INSURANCE CO	V340977231	2005	JANUARY 2005		99,700.57
MEDAMERICA INSURANCE CO	V340977231	2005	FEBRUARY 2005		99,376.04
MEDAMERICA INSURANCE CO	V340977231	2005	MARCH 2005		98,642.52
MEDAMERICA INSURANCE CO	V340977231	2005	APRIL 2005		98,705.33
MEDAMERICA INSURANCE CO	V340977231	2005	MAY 2005		98,022.90
MEDAMERICA INSURANCE CO	V340977231	2005	JUNE 2005		97,357.91
MEDAMERICA INSURANCE CO	V340977231	2006	JULY 2005		97,050.79
MEDAMERICA INSURANCE CO	V340977231	2006	AUGUST 2005		95,562.05
MEDAMERICA INSURANCE CO	V340977231	2006	SEPTEMBER 2005		95,210.83
MEDAMERICA INSURANCE CO	V340977231	2006	OCTOBER 2005		95,188.72
MEDAMERICA INSURANCE CO	V340977231	2006	NOVEMBER 2005		93,817.59
MEDAMERICA INSURANCE CO	V340977231	2006	DECEMBER 2005		93,735.47
MEDAMERICA INSURANCE CO	V340977231	2006	JANUARY 2006		93,878.41
MEDAMERICA INSURANCE CO	V340977231	2006	FEBRUARY 2006		93,816.74
MEDAMERICA INSURANCE CO	V340977231	2006	MARCH 2006		93,251.96
MEDAMERICA INSURANCE CO	V340977231	2006	APRIL 2006		92,411.72
MEDAMERICA INSURANCE CO	V340977231	2006	MAY 2006		91,913.89
MEDAMERICA INSURANCE CO	V340977231	2006	JUNE 2006		91,525.88
MEDAMERICA INSURANCE CO	V340977231	2007	JULY 2006		91,254.81
MEDAMERICA INSURANCE CO	V340977231	2007	AUGUST 2006		89,092.51
MEDAMERICA INSURANCE CO	V340977231	2007	SEPTEMBER 2006		87,603.02
MEDAMERICA INSURANCE CO	V340977231	2007	OCTOBER 2006		86,684.85
MEDAMERICA INSURANCE CO	V340977231	2007	NOVEMBER 2006		86,582.00
MEDAMERICA INSURANCE CO	V340977231	2007	DECEMBER 2006		86,864.70
MEDAMERICA INSURANCE CO	V340977231	2007	JANUARY 2007		87,005.71
MEDAMERICA INSURANCE CO	V340977231	2007	FEBRUARY 2007		86,427.26
MEDAMERICA INSURANCE CO	V340977231	2007	MARCH 2007		86,324.15
MEDAMERICA INSURANCE CO	V340977231	2007	APRIL 2007		85,981.48
MEDAMERICA INSURANCE CO	V340977231	2007	MAY 2007		85,892.00
MEDAMERICA INSURANCE CO	V340977231	2007	JUNE 2007		85,817.28
MEDAMERICA INSURANCE CO	V340977231	2008	JULY 2007		84,824.40
MEDAMERICA INSURANCE CO	V340977231	2008	AUGUST 2007		83,700.41
MEDAMERICA INSURANCE CO	V340977231	2008	SEPTEMBER 2007		82,555.71
MEDAMERICA INSURANCE CO	V340977231	2008	OCTOBER 2007		82,077.95
MEDAMERICA INSURANCE CO	V340977231	2008	NOVEMBER 2007		81,804.62
MEDAMERICA INSURANCE CO	V340977231	2008	DECEMBER 2007		80,889.80
MEDAMERICA INSURANCE CO	V340977231	2008	JANUARY 2008		80,704.37
MEDAMERICA INSURANCE CO	V340977231	2008	FEBRUARY 2008		80,143.70
MEDAMERICA INSURANCE CO	V340977231	2008	MARCH 2008		79,813.59
MEDAMERICA INSURANCE CO	V340977231	2008	APRIL 2008		79,911.50
MEDAMERICA INSURANCE CO	V340977231	2008	MAY 2008		80,015.11
MEDAMERICA INSURANCE CO	V340977231	2008	JUNE 2008		80,217.41
MEDAMERICA INSURANCE CO	V340977231	2008	JULY 2008		80,405.42
MEDAMERICA INSURANCE CO	V340977231	2009	AUGUST 2008		79,887.19
MEDAMERICA INSURANCE CO	V340977231	2009	SEPTEMBER 2008		79,365.05
MEDAMERICA INSURANCE CO	V340977231	2009	OCTOBER 2008		77,836.42
MEDAMERICA INSURANCE CO	V340977231	2009	DECEMBER 2008		154,776.30
					1,200,876.05 FY 2005
					97,050.79
					95,562.05
					95,210.83
					95,188.72
					93,817.59
					93,735.47
					93,878.41
					93,816.74
					93,251.96
					92,411.72
					91,913.89
					91,525.88
					91,254.81
					89,092.51
					87,603.02
					86,684.85
					86,582.00
					86,864.70
					87,005.71
					86,427.26
					86,324.15
					85,981.48
					85,892.00
					85,817.28
					84,824.40
					83,700.41
					82,555.71
					82,077.95
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					80,405.42
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31786	71,664.89	2030	20016	Medamerica Insurance Co	DFA	432	1928	2011
31786	73,149.48	2030	20016	Medamerica Insurance Co	DFA	412	1789	2011
FY 2011	<u>831,905.70</u>							
31786	61,979.07	2030	20016	Medamerica Insurance Co	DFA	730	2697	2012
31786	65,400.34	2030	20016	Medamerica Insurance Co	DFA	713	2660	2012
31786	65,764.55	2030	20016	Medamerica Insurance Co	DFA	670	2505	2012
31786	66,278.68	2030	20016	Medamerica Insurance Co	DFA	684	2539	2012
31786	77,584.55	2030	20016	Medamerica Insurance Co	DFA	783	2856	2012
31786	78,027.87	2030	20016	Medamerica Insurance Co	DFA	764	2821	2012
31786	78,467.52	2030	20016	Medamerica Insurance Co	DFA	738	2772	2012
31786	79,953.06	2030	20016	Medamerica Insurance Co	DFA	787	2883	2012
31786	80,664.97	2030	20016	Medamerica Insurance Co	DFA	815	2923	2012
31786	83,801.50	2030	20016	Medamerica Insurance Co	DFA	830	2954	2012
31786	86,116.82	2030	20016	Medamerica Insurance Co	DFA	849	2993	2012
FY 2012	<u>824,038.93</u>							

Edison Report TN\_PU\_CN026 ~ Payments Not on Contract

Payments	1							
Unit	Sum Amount	Edison Contract ID	Vendor ID	Vendor Name	PO ID	D.VOUCHER ID	Year	
31786	76,571.54		0000020016	Medamerica Insurance Co	0000000005	00000007	2009	

Note 1: The above PO was paid to MedAmerica without referencing the contract. In order for the payment to deduct from the contract's maximum liability in Edison, the PO must reference the contract. Correcting PO #451 was used to deduct this payment from the contract maximum liability, but not make an additional payment to MedAmerica.

**MedAmerica Maximum Liability Reconciliation**

Maximum Liability 17,000,000.00 ~ Amendment three took the maximum liability from \$75m to \$17m

Less:

STARS Payments 5,981,451.39

Edison Payments 2,997,560.95 ~ Agrees with Total Released Amount in Edison as of 5.23.2012

Remaining Balance 8,020,987.66 ~ Agrees with Remaining Amount in Edison as of 5/23/2012

**Non-Competitive Amendment Request**

cy12-1163

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.Agspr@sate.tn.us](mailto:AgSprs.Agspr@sate.tn.us)**APPROVED***Jessica Robertson / PPT***COMMISSIONER OF FINANCE & ADMINISTRATION** CPO

<b>Request Tracking #</b>	31786-00018	
<b>1. Procuring Agency</b>	Finance and Administration, Division of Benefits Administration	
<b>2. Contractor</b>	MedAmerica Insurance Company	
<b>3. Contract #</b>	FA0315098	
<b>4. Proposed Amendment #</b>	4	
<b>5. Edlson ID #</b>	2030	
<b>6. Contract Begin Date</b>	January 1, 2003	
<b>7. Current Contract End Date</b> – with ALL options to extend exercised	December 31, 2012	
<b>8. Proposed Contract End Date</b> – with ALL options to extend exercised	December 31, 2017	
<b>9. Current Maximum Contract Cost</b> – with ALL options to extend exercised	\$ 17,000,000.00	
<b>10. Proposed Maximum Contract Cost</b> – with ALL options to extend exercised	\$ 26,000,000.00	
<b>11. Office for Information Resources Endorsement</b> – Information technology service (N/A to THDA)	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>12. eHealth Initiative Support</b> – health-related professional, pharmaceutical, laboratory, or imaging	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>13. Human Resources Support</b> – state employee training service	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>14. Explanation Need for the Proposed Amendment</b>	To extend the service provision for five additional years per the term extension clause contained in the original base contract, and add additional funding for the extension.	
<b>15. Name &amp; Address of the Contractor's Principal Owner(s)</b> – NOT required for a TN state education institution	MedAmerica Insurance Company 165 Court Street, Rochester, NY 14647	

Request Tracking #	31786-00018
<b>16. Evidence Contractor's Experience &amp; Length Of Experience Providing the Service</b> The Contractor has been providing these services to the State since January of 2003.	
<b>17. Efforts to Identify Reasonable, Competitive, Procurement Alternatives</b> The State did not seek an alternative vendor as this vendor has been fulfilling the contractual obligations in a manner satisfactory to the State since the Start of the contract.	
<b>18. Justification – specifically explain why non-competitive negotiation is in the best interest of the state</b> This term extension and amendment are in compliance with the base contract for which this amendment is sought, extending the term will save the State resources it would have spent in drafting/executing another procurement.	
<b>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</b>  X <i>Mark G. Embree</i> 5/1/12	

*Buddy Lee*



# CONTRACT AMENDMENT

<b>Agency Tracking #</b> 31786-00018	<b>Edison ID</b> 2030	<b>Contract #</b> FA0315098	<b>Amendment #</b> 4
<b>Contractor Legal Entity Name</b> MedAmerica Insurance Company			<b>Edison Vendor ID</b> 20016

**Amendment Purpose & Effect(s)**

Extend the term by 5 (five) years per base language and add additional funding.

**Amendment Changes Contract End Date:**  YES  NO **End Date:** December 31, 2017
**TOTAL Contract Amount INCREASE or DECREASE per this Amendment (zero if N/A):** \$ 9,000,000.00**Funding —**

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2003			\$0.00		\$0.00
2004			\$1,160,000.00		\$1,160,000.00
2005			\$1,200,900.00		\$1,200,900.00
2006			\$1,127,300.00		\$1,127,300.00
2007			\$1,045,700.00		\$1,045,700.00
2008			\$976,700.00		\$976,700.00
2009			\$928,700.00		\$928,700.00
2010			\$885,300.00		\$885,300.00
2011			\$3,000,000.00		\$3,000,000.00
2012			\$3,870,400.00		\$3,870,400.00
2013			\$2,805,000.00		\$2,805,000.00
2014			\$2,000,000.00		\$2,000,000.00
2015			\$2,000,000.00		\$2,000,000.00
2016			\$2,000,000.00		\$2,000,000.00
2017			\$2,000,000.00		\$2,000,000.00
2018			\$1,000,000.00		\$1,000,000.00
<b>TOTAL:</b>					<b>26,000,000.00</b>

**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)**

IA00000103

**Account Code (optional)**

79010000

**RECEIVED**  
7/19/12



**AMENDMENT FOUR  
OF CONTRACT FA0315098**

This Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and MedAmerica Insurance Company, 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 B.1 is deleted in its entirety and replaced with the following:
  - B.1 **Contract Term.** This Contract shall be effective for the period commencing on January 1, 2003 – for the purpose carrying out the administrative activities associated with establishing coverage on July 1, 2003 – 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.
2. 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-Six Million Dollars (\$26,000,000.00). The service rates in section C.3 shall constitute the entire compensation due the Contractor for the service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The service rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

3. 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 D. Chunn, Procurement & Contracting Manager  
Division of Benefits Administration  
WRS TN Tower, 26<sup>th</sup> Floor  
312 Rosa L. Parks Avenue  
Nashville, TN 37243  
Telephone # 615-253-8358  
FAX # 615-253-8556  
Email Address: [Sylvia.chunn@tn.gov](mailto:Sylvia.chunn@tn.gov)



The Contractor:

Ms. Angela Hoteling, Senior Counsel  
MedAmerica Insurance Company  
165 Court Street  
Rochester, NY 14647  
Telephone # 585-327-6537  
FAX # 585-238-3610  
Email Address: [ahoteling@medamericaltc.com](mailto:ahoteling@medamericaltc.com)

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, 2013. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

**MEDAMERICA INSURANCE COMPANY:**

William E. Jones, Jr. 8/28/12  
SIGNATURE DATE

William E. Jones, Jr., President  
PRINTED NAME AND TITLE OF SIGNATORY (above)

STATE OF TENNESSEE

STATE INSURANCE COMMITTEE:

Mark A. Emkes 10-3-12  
MARK A EMKES, CHAIRMAN MOA DATE

*jk*



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE  
FISCAL REVIEW COMMITTEE

320 Sixth Avenue, North -- 8<sup>th</sup> Floor  
NASHVILLE, TENNESSEE 37243-0057  
615-741-2564

Sen. Bill Ketron, Chairman  
Senators

Douglas Henry                      Reginald Tate  
Brian Kelsey                        Ken Yager  
Eric Stewart  
Randy McNally, *ex officio*  
Lt. Governor Ron Ramsey, *ex officio*

Rep. Curtis Johnson, Vice-Chairman  
Representatives

Tommie Brown                      David Shepard  
Jim Coley                            Tony Shipley  
Charles Curtiss                      Curry Todd  
Johnny Shaw                        Mark White  
Charles Sargent, *ex officio*  
Speaker Beth Harwell, *ex officio*

MEMORANDUM

TO:                      The Honorable Mark Emkes, Commissioner  
                            Department of Finance and Administration

FROM:                    Bill Ketron, Chairman, Fiscal Review Committee  
                            Curtis Johnson, Vice-Chairman, Fiscal Review Committee

DATE:                    June 22, 2011

SUBJECT:                **Contract Comments**  
                            (Fiscal Review Committee Meeting 6/21/11)

BK CJ

**RFS# 317.86-020 (Edison # 2030)**

**Department: Finance & Administration/Benefits Administration**

**Vendor: MedAmerica Insurance Company**

**Summary: The vendor is responsible for Long Term Care Insurance Plan administrative services. The proposed amendment decreases maximum liability by \$58,000,000; adds the *Prohibition of Illegal Immigrants* language; reflects a premium rate increase; and expands the plan to Local Education and Local Government agencies.**

**Current maximum liability: \$75,000,000**

**Proposed maximum liability: \$17,000,000**

After review, the Fiscal Review Committee voted to approve the contract amendment.

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



STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
BENEFITS ADMINISTRATION

312 Rosa L. Parks Avenue  
Suite 2600 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:** James White, Executive Director, Fiscal Review Committee

**FROM:** Laurie Lee

**DATE:** May 24, 2011

**RE: MedAmerica Insurance Company Amendment # 3, Edison # 2030**

This request for amendment # 3 comes to the Fiscal Review Committee with an August 1 effective date.

As detailed in the Non-Competitive Amendment request accompanying this correspondence, the current contractor, MedAmerica Insurance Company, filed a rate increase adjustment with the Tennessee Department of Commerce and Insurance on all classes insured under the group master policy. The Tennessee Department of Commerce and Insurance determined the rate increase was actuarially justified and approved the rate adjustment. This is the first rate increase to occur during the term of this contract which began January 1, 2003.

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

Supplemental Documentation Required for  
Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358		
*Original Contract Number:	FA03-15098	*Original RFS Number:	317.86-020		
Edison Contract Number: <i>(if applicable)</i>	2030	Edison RFS Number: <i>(if applicable)</i>	31786 - 00018		
*Original Contract Begin Date:	January 1, 2003	*Current End Date:	December 31, 2012		
Current Request Amendment Number: <i>(if applicable)</i>	3				
Proposed Amendment Effective Date: <i>(if applicable)</i>	August 1, 2011				
*Department Submitting:	Finance and Administration				
*Division:	Benefits Administration				
*Date Submitted:	May 24, 2011				
*Submitted Within Sixty (60) days:	Yes				
<i>If not, explain:</i>					
*Contract Vendor Name:	MedAmerica Insurance Company				
*Current Maximum Liability:	\$75,000,000				
<b>*Current Contract Allocation by Fiscal Year:</b> <i>(as Shown on Most Current Fully Executed Contract Summary Sheet)</i>					
FY: 2003	FY: 2004	FY: 2005	FY: 2006	FY: 2007	FY: 2008
\$66,500,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
FY: 2009	FY: 2010	FY: 2011	FY: 2012	FY: 2013	FY:
\$750,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$
<b>*Current Total Expenditures by Fiscal Year of Contract:</b> <i>(attach backup documentation from STARS or FDAS report)</i>					
FY: 2003	FY: 2004	FY: 2005	FY: 2006	FY: 2007	FY: 2008
\$	\$1,158,784.57	\$1,200,876.05	\$1,127,218.05	\$1,045,637.77	\$976,662.57
FY: 2009	FY: 2010	FY: 2011	FY: 2012	FY:	FY:
\$928,669.45	\$885,219.25	\$764,920.33	\$	\$	\$
<b>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</b>			Payments to the Contractor are based upon payroll deduction and the payment of premiums by employees and retirees directly to the Contractor. The contract initially has funds allocated to be available through the term of the contract period.		
<b>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</b>			The funds are based upon payroll deductions and premiums paid directly by members, so funds have not been carried forward for these services.		
<b>IF Contract Expenditures exceeded Contract Allocation, please give the</b>					

Supplemental Documentation Required for  
Fiscal Review Committee

reasons and explain how funding was acquired to pay the overage:			
*Contract Funding Source/Amount:	State:		Federal:
Interdepartmental:		\$75,000,000	Other:
If "other" please define:			
Dates of All Previous Amendments or Revisions: <i>(if applicable)</i>		Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i>	
Amendment # 2 – May 10, 2007		Added eligibility data match, added requirement for contractor to convert its electronic data interface to Edison compliant formats, and updated communications and contact section.	
Amendment # 1 – July 31, 2003		Update section on Weekly Eligibility Update Reports.	
Method of Original Award: <i>(if applicable)</i>		RFP	
*What were the projected costs of the service for the entire term of the contract prior to contract award?		\$75,000,000 Initial funding for the first year of the contract allowed for the later years to be contained within the established contract maximum liability. As a new product, the Division was uncertain regarding potential takeup of the product.	

Supplemental Documentation Required for  
Fiscal Review Committee

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

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

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

Deliverable description:	FY: 2011	FY: 2012	FY: 2013	FY:	FY:
Additional eligible Local Government and Local Education members	Estimated \$3,000,000, as the uptake for this service is unknown	Estimated \$3,870,400, as the uptake for this service is unknown	Estimated \$2,805,000, as the uptake for this service is unknown		

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

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

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

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

MedAmerica	
STARS Contract #	FA0315098
Edison Contract #	2030
Contract Max. Liability	75,000,000

Fiscal Year	Expenditures		
2004	1,158,784.57		
2005	1,200,876.05		
2006	1,127,218.05		
2007	1,045,637.77		
2008	976,662.57		
STARS 2009	472,272.38		
Edison 2009	456,397.07	Total 2009	928,669.45
2010	885,219.25		
YTD 2011	<u>764,920.33</u>		
Total	8,087,988.04		

Remaining Balance	66,912,011.96	
Edison Remaining Balance	66,912,011.96	As of May 17, 2011
Difference	-	

# 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](mailto:Agsprs.Agsprs@state.tn.us)

**APPROVED**

**COMMISSIONER OF FINANCE & ADMINISTRATION**

<b>Request Tracking #</b>	31786 - 00018	
<b>Procuring Agency</b>	Finance and Administration, Benefits Administration	
<b>Contractor</b>	MedAmerica Insurance Company	
<b>Contract #</b>	FA0315098	
<b>Proposed Amendment #</b>	# 3	
<b>Edison ID #</b>	2030	
<b>Contract Begin Date</b>	January 1, 2003	
<b>Current Contract End Date</b> <i>– with ALL options to extend exercised</i>	December 31, 2012	
<b>Proposed Contract End Date</b> <i>– with ALL options to extend exercised</i>	December 31, 2012	
<b>Current Maximum Contract Cost</b> <i>– with ALL options to extend exercised</i>	\$ 75,000,000.00	
<b>Proposed Maximum Contract Cost</b> <i>– with ALL options to extend exercised</i>	\$ 17,000,000.00	
<b>Office for Information Resources Endorsement</b> <i>– information technology service (N/A to THDA)</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>eHealth Initiative Support</b> <i>– health-related professional, pharmaceutical, laboratory, or imaging service</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>Human Resources Support</b> <i>– state employee training service</i>	<input checked="" type="checkbox"/> Not Applicable <input type="checkbox"/> Attached	
<b>Explanation Need for the Proposed Amendment</b>		
<p>The current contractor, MedAmerica Insurance Company, filed with the Tennessee Department of Commerce and Insurance a rate increase adjustment on all classes insured under the group master policy. The Tennessee Department of Commerce and Insurance determined the rate increase was actuarially justified and approved the request.</p>		

Request Tracking #	31786 - 00018
<p><b>Also, the Tennessee General Assembly passed legislation [TCA 8-27-207(1)(5) and TCA 8-27-302(a)(2)(C)(i)] to expand the population of those eligible to participate in the State long term care insurance plan to the Local Education and Local Government Agencies.</b></p>	
<p><b>Name &amp; Address of the Contractor's Principal Owner(s) – NOT required for a TN state education institution</b>  <b>MedAmerica Insurance Company, 165 Court Street, Rochester, NY 14647</b></p>	
<p><b>Evidence Contractor's Experience &amp; Length Of Experience Providing the Service</b></p> <p><b>This contractor has been in place since January 1, 2003 and providing the services required under this contract.</b></p>	
<p><b>Efforts to Identify Reasonable, Competitive, Procurement Alternatives</b></p> <p><b>The State did not seek an alternative vendor as this vendor has been fulfilling the contractual obligations in a manner satisfactory to the State and the rate request contained in the current amendment is the first since the start of the contract.</b></p>	
<p><b>Justification – specifically explain why non-competitive negotiation is in the best interest of the state</b></p> <p><b>The approved increase in premium rates is allowed under the current contract with MedAmerica, and the legislation to expand the plan to Local Education and Local Government Agencies allows for the agencies to join the existing State plan.</b></p>	
<p><b>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</b></p> <p><i>Mark G. Emke</i></p>	

*jj*



# CONTRACT AMENDMENT

Agency Tracking # 31788 - 00018	Edison ID 2030	Contract # FA0315098	Amendment # #3		
Contractor Legal Entity Name MadAmerica Insurance Company			Edison Vendor ID 20018		
Amendment Purpose & Effect(s) To add a new rate table effective as of October 1, 2011.			FEIN or SSN (optional) 340977231		
Amendment Changes Contract End Date: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		End Date: December 31, 2012			
Maximum Liability (TOTAL Contract Amount) INCREASE or DECREASE per this Amendment:			(\$58,000,000.00)		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2003			\$0.00		\$0.00
2004			1,160,000		1,160,000
2005			1,200,900		1,200,900
2006			1,127,300		1,127,300
2007			1,045,700		1,045,700
2008			976,700		976,700
2009			928,700		928,700
2010			885,300		885,300
2011			3,000,000		3,000,000
2012			3,870,400		3,870,400
2013			2,805,000		2,805,000
Total:			\$17,000,000		\$17,000,000
American Recovery and Reinvestment Act (ARRA) Funding: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.				OGR USE <b>FA0315098-03</b>	
Speed Code (optional) IA00000103		Account Code (optional) 79010000			



**AMENDMENT THREE  
OF CONTRACT NUMBER FA0316098**

This Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and MedAmerica Insurance Company, 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 A.1. is deleted in its entirety and replaced with the following:

- A.1. **Scope of Services – Services Provided by the Contractor**

The Contractor agrees to deliver a Group Optional Long Term Care Insurance Plan (LTCIP) to eligible employees; eligible retirees; and their eligible dependents, parents, and parents-in-law of the State, Local Education, and Local Government Plans, herein referred to as "Insured Members". The Contractor shall provide all service and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.

The Long Term Care Insurance Plan shall be provided on a group basis through a Group Master Policy, and shall be offered on an optional (voluntary) basis.

2. Contract section A.1.2.1. is deleted in its entirety and replaced with the following:

- A.1.2.1. The Contractor shall insure and administer the State's LTCIP benefits in strict accordance with the benefits design and provisions as contained in Attachment A to this contract.

3. Contract section A.1.9.6. is deleted in its entirety.

4. Contract section A.2.2. is deleted in its entirety.

5. 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 Dollars (\$17,000,000.00). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

6. The following is added as Contract section D.20.



D.20. 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 F, 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.

7. 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:

Ms. Marlene D. Alvarez, Manager of Procurement and Contracting  
Division of Benefits Administration  
William R. Snodgrass Building, 26<sup>th</sup> Floor  
312 Rosa L. Parks Avenue  
Nashville, TN 37243  
Telephone Number: 615-253-8368  
Fax Number: 615-253-8556  
Email address: [marlene.alvarez@tn.gov](mailto:marlene.alvarez@tn.gov)

The Contractor:

Ms. Angela Hotelling, Esq., Vice President Compliance and Regulatory Affairs  
MedAmerica Insurance Company  
165 Court Street  
Rochester, NY 14647  
Telephone Number: 585-327-6537  
Fax Number: 585-339-7829  
Email Address: [Angela.Hotelling@MedAmerica.ITC.com](mailto:Angela.Hotelling@MedAmerica.ITC.com)

- 8. Contract Attachment A is deleted in its entirety and replaced with the new Attachment A attached hereto.
- 9. Contract Attachment C is deleted in its entirety and replaced with the new Attachment C attached hereto.
- 10. Contract Attachment F attached hereto is added as a new attachment.

The revisions set forth herein shall be effective on the date of final approval by all 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). All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

MEDAMERICA INSURANCE COMPANY:

<i>William E. Jones, Jr.</i>	7-28-2011
SIGNATURE	DATE
William E. Jones, Jr. President	
PRINTED NAME AND TITLE OF SIGNATORY (above)	

STATE OF TENNESSEE,  
STATE INSURANCE COMMITTEE:



*Mark A. Emkes*

MARK A. EMKES, CHAIRMAN

MOA

DATE



**ATTACHMENT A**  
**Long Term Care Benefits/Provisions/Exclusions**

Tennessee Sponsored Voluntary Group Long Term Care Insurance Plan (LTCIP)	
Benefit/Provision	Description
<b>Plan Policy Requirements</b>	The LTCIP must be based on a group plan platform issued to the State of Tennessee. The provisions of LTCIP are intended to be consistent with the policies providing Qualified Long Term Care Insurance as defined by the Internal Revenue Code Section 770B(b).
<b>Plan Payment Model</b>	Reimbursement of incurred expenses for qualified long term care services with payment not to exceed the associated Daily Benefit Amount (DBA). If the DBA exceeds actual incurred expenses, the balance shall be pooled for future use by the insured.
<b>Eligibility Criteria</b>	
<b>1. Eligibility Status</b>	<p><b>STATE</b></p> <ul style="list-style-type: none"> <li>• <b>Employee</b> – 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.</li> <li>• <b>Retiree</b> – 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).</li> </ul> <p><b>LOCAL EDUCATION</b></p> <ul style="list-style-type: none"> <li>• <b>Employee</b> - 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</li> <li>• <b>Retiree</b> – 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.</li> </ul> <p><b>LOCAL GOVERNMENT</b></p> <ul style="list-style-type: none"> <li>• <b>Employee</b> - 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</li> <li>• <b>Retiree</b> – 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.</li> </ul> <p><b>STATE, LOCAL EDUCATION, LOCAL GOVERNMENT</b></p> <ul style="list-style-type: none"> <li>• <b>Dependent</b> – 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.</li> <li>• Parents of eligible active employees and retirees</li> <li>• Parents-in-law of eligible active employees and retirees.</li> </ul>
<b>2. Age Minimum/Maximum</b>	The minimum age for enrollment in the LTCIP for any individual is 18 years of age. The maximum age for dependent child enrollment is 26 years. There is no age maximum for continued participation.
<b>3. Participation Requirements</b>	None. Employee, Retiree, or Dependent Survivor participation is not required for participation of eligible Dependents.
<b>Underwriting Criteria</b>	
<b>Guaranteed Issuance</b>	Employees who apply for coverage during the initial offering period and new Employees who apply for coverage within 90 days of their hire date. The Employee must meet the LTCIP's "Positive Pay Status



<b>Fully Underwritten</b>	<p><b>Requirement".</b> To meet the LTCIP's Actively at Work Requirement the Employee must, on the day coverage is to begin, be at the employer's place of business or at a location to which the employer's business requires the Employee to travel and be able to fully perform the duties of the position for that Employee's normal workday. It includes any day on which the Employee is on vacation or on authorized leave provided such absence is not due to illness or injury or Leave Without Pay. Employees on disability will be eligible to enroll for this coverage when returning to active employment status. <b>An Eligible Employee shall mean any person who meets the eligibility requirements for participation in the State Health Insurance Plan.</b></p> <ol style="list-style-type: none"><li>1) Any Employee who does not meet the LTCIP's Actively at Work Requirement;</li><li>2) Employees who choose to apply for coverage after the initial offering and new Employees who choose to apply for coverage more than 90 days after their hire date;</li><li>3) An Employee's eligible Dependent(s); and</li><li>4) Retirees, spouses and Dependent(s).</li><li>5) <u>Parents and Parents-in-law.</u></li></ol>
<b>Daily Benefit Amounts/Lifetime Maximum Amounts</b>	<p>There shall be three (3) Nursing Home Care and Assisted Living DBAs offered - \$100/day, \$150/day or \$200/day. The Applicant may choose coverage periods of 3 years or 5 years.</p> <p>The DBA for Adult Care, Home Health Care, Homemaker, and Hospice Care and Respite Care (limited to 21 days per year) benefits shall be set at 60% of the selected Nursing Home DBA option.</p>



Benefit/Provision	Description
<b>Inflation Protection</b>	<p>There shall be an Inflation Protection Option available.</p> <p><b>Automatic Annual Benefit Increase Option:</b> Benefits shall increase by 5% compounded annually, with no increase in premium. The increases shall automatically occur on the anniversary of the insured's coverage, regardless of the insured's claim status, and shall continue for as long as coverage remains in force.</p>
<b>Benefit Eligibility</b>	<p>Insured Members who have been certified by a licensed health care practitioner as: 1) being unable, for at least 90 days, to perform two (2) or more Activities of Daily Living without Assistance from another individual; or 2) requiring Supervision to be protected from threats to health and safety due to severe cognitive impairment, are eligible for benefits. The Activities of Daily Living are Eating, Toileting, Transferring, Bathing, Dressing, and Continence.</p> <p>Ongoing re-certification of an insured's continued eligibility to receive benefits must be conducted at least once every twelve months.</p>
<b>Elimination Period</b>	<p>There shall be a once per lifetime elimination period of 90 calendar days before benefit payments shall begin. The Elimination Period shall be a total of 90 calendar days during which an insured is unable to perform, without assistance from another individual, at least 2 ADLs, or requires supervision due to a severe cognitive impairment. These days need not be consecutive as long as the interval is not greater than 180 days. Receipt of LTC services shall not be used as a requirement for establishing the Elimination Period; a certification of ADL deficiency or cognitive impairment is all that shall be necessary. Days need not be consecutive as long as they are accumulated within a 365/6-day period. The Elimination Period shall apply to all types of covered services, except for benefit payments for Respite Care.</p>
<b>Covered LTC Services</b>	<p>Shall include, but not be limited to:</p> <ul style="list-style-type: none"> <li>• Skilled, Intermediate or Custodial Care in a licensed Nursing Facility</li> <li>• Assisted Living Facility Care</li> <li>• Home Health Care – nursing service, occupational therapy, physical therapy, respiratory therapy, nutritional services</li> <li>• Home Care – home health aide services, maintenance or personal care, homemaker services if provided by a licensed/certified home care agency in accordance with the insured's Plan of Care</li> <li>• Adult Day Care</li> <li>• At home and in-patient Hospice Care</li> </ul> <p>*All providers eligible for reimbursement should be licensed providers, where the State regulates such providers. This does not preclude payment to non-licensed providers under alternative care plans.</p>
<b>Exclusions</b>	<p>The LTCIP shall not include any exclusions or limitations for pre-existing conditions.</p> <p>The LTCIP shall not pay for:</p> <ol style="list-style-type: none"> <li>1. Any expense which is: <ol style="list-style-type: none"> <li>a. Normally provided w/out charge in absence of this insurance; or</li> <li>b. For the treatment of alcoholism or drug addiction; or</li> <li>c. Paid under a state or federal workers' compensation plan; reimbursed under Medicare or would be so reimbursed except for the application of a deductible, coinsurance or co-payment amount, except where Medicare is secondary; paid or provided under any other government program, except Medicaid; or</li> </ol> </li> <li>2. Illness, treatment or medical conditions arising out of: <ol style="list-style-type: none"> <li>a. War or act of war (whether declared or undeclared);</li> <li>b. Participation in a felony, riot or insurrection</li> <li>c. Service in the armed forces or auxiliary units thereto; or</li> </ol> </li> <li>3. Coverage while the insured is outside the United States and its possessions.</li> </ol> <p>The LTCIP shall not exclude or limit benefits resulting from mental or nervous disorders whether organic or inorganic in nature, including Alzheimer's disease, as long as the insured meets the benefit eligibility criteria.</p>
<b>Alternate Care</b>	<p>When warranted by the particular circumstances of an insured, the insurer may authorize coverage of services or settings not normally covered (e.g., unlicensed provider, innovative care, new type of care, etc.). The care need not be a less costly alternative, but should represent an appropriate level of care for the insured – as agreed to by the insured, an authorized legal representative of the insured and/or the insured's doctor.</p>
<b>Bed Reservation</b>	<p>The LTCIP shall pay the Nursing Home, Assisted Living Facility or Hospice Care Facility to hold the insured's bed while he/she is temporarily in the hospital. The maximum annual benefit shall be 21 calendar days per year, at the applicable DBA rate.</p>



Benefit/Provision	Description
<b>Respite Care</b>	The LTCIP shall pay for the cost of formal care provided to an Insured to give an unpaid Informal caregiver time away from care giving (i.e., a limited break or vacation). The maximum annual benefit shall be 21 calendar days per year, at 80% the applicable DBA.
<b>Portability</b>	The Insured shall have the ability to continue coverage should they cease to be a member of an eligible class, or should the group policy terminate, by paying premiums directly to the Company when they are due. Continuation coverage is not available to the following categories of persons: <ul style="list-style-type: none"> <li>• Those whose coverage ends due to failure to pay premiums on a timely basis, or</li> <li>• Those who have received benefits equal to the lifetime maximum.</li> </ul>
<b>Premiums</b>	Level Premium Rates based on age at entry and guaranteed renewable (current age). Employee pay-all
<b>Premium Rate Guarantee</b>	5 Year Minimum Rate Guarantee (i.e., Premium Rates guaranteed for the period 7/1/2003 through 6/30/2008)
<b>Third Party Notification</b>	The Insured, at the time of application and at least every two years thereafter, shall be requested to designate, update or change a third party designee or provide a waiver of designation to the insurer.
<b>Waiver of Premium</b>	The Premium Waiver applies to all types of covered services. Premiums shall be waived after the Insured's eligibility has been established and the Elimination Period has been satisfied and the administrator has approved benefits. Premiums shall resume ninety (90) days after the Insured is no longer eligible for services.
<b>Grace Period</b>	The Insured shall have a 30-day grace period for late payment of premium.
<b>Termination</b>	<p>An Insured's coverage shall end when the first of the following occurs:</p> <ul style="list-style-type: none"> <li>• The date the Insured's premiums are not paid when due, subject to the LTCIP Grace Period;</li> <li>• The date the Insured's maximum lifetime benefits are exhausted;</li> <li>• The date the Insurer receives written notification from the Insured to terminate the Insured's coverage or on a later date specified in the notice; or</li> <li>• The day after the date of the Insured's death.</li> </ul> <p>If the Insured elects to cancel his/her coverage, cancellation shall be without prejudice to any claim originating prior to the effective date of cancellation and without prejudice to the extension of benefits requirement of the rules of the Tennessee State Department of Commerce and Insurance Chapter 0780-1-81 Long Term Care Insurance.</p> <p>Coverage cannot be cancelled because of an Insured's age, health status, health care needs, or use of benefits.</p>
<b>Continuation of Coverage</b>	If the Insured's eligibility to participate in the LTCIP is terminated, regardless of the reason, the Insured is entitled to continuation of coverage under the LTCIP group policy with the same benefits and provisions and with no change in premium rate. Notwithstanding the preceding, the Insured may not continue coverage if termination is due to non-payment of premium or to exhaustion of total benefits.
<b>Reinstatement</b>	<p>If an Insured's coverage lapses due to non-payment of premium, the Insured shall have a twelve (12) month period from the lapse date during which to apply for reinstatement at the same premium rate, subject to evidence of insurability. Notwithstanding the preceding, if lapse was due to functional loss or severe cognitive impairment, and the request for reinstatement is made within five (5) months of the lapse date, coverage shall be reinstated without evidence of insurability. In the event an individual's reinstatement of employment is ordered by the Civil Service Commission or by Court Order, coverage shall be reinstated without requiring evidence of insurability.</p> <p>Any reinstatement, irrespective of its justification, shall be effective upon receipt of all premiums due retroactive to the date coverage terminated.</p>
<b>Policy Modification</b>	If a public program is expanded or developed to cover some or all aspects of long term care, the State reserves the right to modify the LTCIP to supplement the public program.



ATTACHMENT C TO CONTRACT #EA-03-15098, as derived from the  
 Contractor's Response to RFP # 317.86-020  
 Long Term Care Insurance Plan Cost Proposal

Proposer Name

**MedAmerica Insurance Company**

**NOTICE TO PROPOSER:** The Proposer shall indicate below the offered price for providing all services proposed including all services as defined in the *pro forma* contract Scope of Services of the subject RFP. This Cost Proposal must specifically record below the exact cost amount(s) proposed in the appropriate space(s) as required herein. Said cost proposed must incorporate all cost for the proposed scope of services for the total contract period. The Cost Proposal shall detail only the cost proposed as required, and shall not detail any other rates, amounts, or information. It shall not detail any text that could be construed as a qualification of the cost proposed. If the Proposer fails to specify the Cost Proposal as required, the State shall determine the proposal to be nonresponsive and reject it. The proposer must sign and date the Cost Proposal.

The following proposed cost and the submitted technical proposal associated with this cost shall remain valid for at least One Hundred Twenty (120) days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any resulting contract between the Proposer and the State.

*Christopher D. Rowe*  
 Proposer Signature

7/19/02  
 Date

**FIVE (5) YEAR GUARANTEED MONTHLY AGED BASED PREMIUM RATES (300 POINTS)**

The State strongly encourages Proposers to thoroughly review the Cost Proposal Evaluation Format (Attachment 9.4), for a full description of how rates will be evaluated, prior to completing the steps required in this Cost Proposal.

Proposers must complete monthly rate Tables 1 and 2 (following) for each of the 12 benefit options. The Proposer agrees that these rates are guaranteed for the first five (5) years (2003, 2004, 2005, 2006, 2007) of the contract.

**Notes/Instructions:**

- The rates requested are age-last-birthday rates.
- These rates must be monthly rates and must include all charges and loads (application fees, modal loads, etc.).
- The State requires a spousal discount of 10% for husband and wife premiums when both are enrolled.
- Premiums in Tables 1 and 2 are for policies wherein only one spouse is enrolled.

Table 1  
 Monthly 5 Year Guaranteed Premium Rates  
 No Inflation Protection

Issue Age Last Birthday	3 Year Maximum Benefit			5 Year Maximum Benefit		
	\$100 DBA	\$150 DBA	\$200 DBA	\$100 DBA	\$150 DBA	\$200 DBA
18	\$2.96	\$3.55	\$4.73	\$3.13	\$4.69	\$6.25
19	\$2.45	\$3.67	\$4.90	\$3.24	\$4.86	\$6.48
20	\$2.54	\$3.81	\$5.08	\$3.37	\$5.05	\$6.74
21	\$2.65	\$3.97	\$5.30	\$3.51	\$5.27	\$7.03
22	\$2.77	\$4.15	\$5.53	\$3.67	\$5.51	\$7.35
23	\$2.90	\$4.34	\$5.79	\$3.85	\$5.78	\$7.71
24	\$3.04	\$4.56	\$6.08	\$4.05	\$6.08	\$8.10
25	\$3.20	\$4.80	\$6.40	\$4.27	\$6.40	\$8.54
26	\$3.37	\$5.06	\$6.75	\$4.51	\$6.77	\$9.02
27	\$3.57	\$5.35	\$7.13	\$4.77	\$7.16	\$9.55
28	\$3.78	\$5.66	\$7.55	\$5.06	\$7.60	\$10.13
29	\$4.01	\$6.01	\$8.01	\$5.38	\$8.07	\$10.76
30	\$4.26	\$6.38	\$8.51	\$5.72	\$8.59	\$11.45
31	\$4.53	\$6.80	\$9.06	\$6.10	\$9.15	\$12.20
32	\$4.83	\$7.24	\$9.66	\$6.51	\$9.77	\$13.02
33	\$5.15	\$7.73	\$10.31	\$6.96	\$10.44	\$13.92
34	\$5.51	\$8.26	\$11.02	\$7.45	\$11.17	\$14.89
35	\$5.90	\$8.84	\$11.79	\$7.98	\$11.97	\$15.96
36	\$6.32	\$9.47	\$12.63	\$8.56	\$12.84	\$17.11



Issue Age Last Birthday	3 Year Maximum Benefit			5 Year Maximum Benefit		
	\$100 DBA	\$150 DBA	\$200 DBA	\$100 DBA	\$150 DBA	\$200 DBA
37	\$6.77	\$10.16	\$13.54	\$9.19	\$13.78	\$18.37
38	\$7.27	\$10.90	\$14.53	\$9.87	\$14.80	\$19.73
39	\$7.80	\$11.70	\$15.60	\$10.60	\$15.89	\$21.10
40	\$8.37	\$12.56	\$16.75	\$11.37	\$17.06	\$22.75
41	\$9.02	\$13.53	\$18.04	\$12.26	\$18.39	\$24.52
42	\$9.72	\$14.58	\$19.44	\$13.21	\$19.82	\$26.43
43	\$10.47	\$15.71	\$20.94	\$14.25	\$21.37	\$28.49
44	\$11.27	\$16.90	\$22.54	\$15.35	\$23.03	\$30.71
45	\$12.11	\$18.16	\$24.21	\$16.53	\$24.79	\$33.08
46	\$12.93	\$19.39	\$25.86	\$17.66	\$26.48	\$35.51
47	\$13.85	\$20.78	\$27.71	\$18.92	\$28.38	\$37.84
48	\$14.86	\$22.29	\$29.72	\$20.30	\$30.43	\$40.60
49	\$15.96	\$23.94	\$31.92	\$21.81	\$32.71	\$43.62
50	\$17.16	\$25.74	\$34.32	\$23.46	\$35.19	\$46.91
51	\$18.48	\$27.72	\$36.95	\$25.26	\$37.89	\$50.53
52	\$19.92	\$29.89	\$39.85	\$27.24	\$40.87	\$54.49
53	\$21.52	\$32.28	\$43.04	\$29.44	\$44.15	\$58.87
54	\$23.24	\$34.86	\$46.48	\$31.80	\$47.69	\$63.59
55	\$25.14	\$37.72	\$50.20	\$34.40	\$51.60	\$68.80
56	\$27.23	\$40.84	\$54.15	\$37.24	\$55.87	\$74.49
57	\$29.49	\$44.24	\$58.38	\$40.34	\$60.30	\$80.67
58	\$31.93	\$47.93	\$63.01	\$43.70	\$65.55	\$87.39
59	\$34.63	\$51.93	\$68.27	\$47.36	\$71.03	\$94.71
60	\$37.65	\$56.47	\$74.29	\$51.47	\$77.21	\$102.94
61	\$40.76	\$61.15	\$81.53	\$56.00	\$84.44	\$112.39
62	\$44.14	\$66.21	\$88.28	\$60.90	\$92.88	\$123.50
63	\$47.79	\$71.68	\$95.57	\$66.25	\$99.88	\$136.15
64	\$51.71	\$77.56	\$103.42	\$72.08	\$105.86	\$141.15
65	\$56.31	\$84.76	\$113.01	\$77.05	\$115.38	\$154.10
66	\$61.26	\$91.88	\$122.51	\$83.51	\$125.26	\$167.02
67	\$66.37	\$99.55	\$132.74	\$90.46	\$135.68	\$180.91
68	\$71.86	\$107.79	\$143.72	\$97.91	\$146.87	\$195.63
69	\$77.74	\$116.61	\$155.40	\$105.61	\$158.88	\$211.81
70	\$84.11	\$126.16	\$168.22	\$114.58	\$171.87	\$230.16
71	\$91.31	\$136.96	\$182.61	\$124.41	\$186.62	\$248.83
72	\$99.04	\$148.55	\$198.07	\$134.98	\$202.48	\$269.97
73	\$107.39	\$160.93	\$214.58	\$146.28	\$219.41	\$292.55
74	\$116.64	\$174.05	\$232.07	\$158.24	\$237.97	\$316.49
75	\$126.40	\$189.60	\$252.81	\$172.01	\$258.02	\$344.03
76	\$137.32	\$206.88	\$275.84	\$187.62	\$281.73	\$375.64
77	\$150.42	\$225.63	\$300.84	\$204.98	\$307.48	\$409.97
78	\$164.01	\$246.02	\$328.03	\$223.66	\$335.49	\$447.32
79	\$178.85	\$268.28	\$357.71	\$244.07	\$366.11	\$488.35
80	\$195.22	\$292.33	\$390.44	\$266.65	\$399.97	\$533.90
81	\$212.70	\$319.05	\$425.40	\$290.75	\$436.13	\$581.49
82	\$231.47	\$347.21	\$462.95	\$316.64	\$474.96	\$633.28
83	\$251.48	\$377.21	\$502.95	\$344.24	\$516.96	\$688.48
84	\$272.84	\$409.28	\$545.68	\$373.71	\$560.57	\$747.43
85	\$295.44	\$443.16	\$590.88	\$404.86	\$607.29	\$809.72
86	\$311.95	\$467.93	\$638.90	\$427.10	\$640.65	\$854.20
87	\$327.15	\$490.73	\$684.31	\$447.24	\$670.87	\$894.49
88	\$340.16	\$510.24	\$706.92	\$469.94	\$695.91	\$927.88
89	\$353.03	\$529.55	\$706.06	\$480.31	\$720.46	\$960.62
90	\$365.57	\$548.35	\$731.13	\$496.06	\$744.08	\$992.11
91	\$377.43	\$566.14	\$754.36	\$510.70	\$766.06	\$1,021.41
92	\$388.16	\$582.24	\$776.32	\$523.60	\$785.59	\$1,047.19
93	\$398.99	\$595.40	\$793.99	\$533.67	\$800.51	\$1,067.35
94	\$406.96	\$609.59	\$812.72	\$544.35	\$816.53	\$1,088.71
95	\$437.84	\$656.76	\$875.68	\$580.06	\$870.10	\$1,160.13
96	\$437.84	\$656.76	\$875.68	\$580.06	\$870.10	\$1,160.13
97	\$437.84	\$656.76	\$875.68	\$580.06	\$870.10	\$1,160.13
98	\$437.84	\$656.76	\$875.68	\$580.06	\$870.10	\$1,160.13
99	\$437.84	\$656.76	\$875.68	\$580.06	\$870.10	\$1,160.13



**Table 2**  
**Monthly 5 Year Guaranteed Premium Rates**  
**Automatic Annual Benefit Increase Option**

Issue Age Least Birthday	3 Year Maximum Benefit			6 Year Maximum Benefit		
	\$100 DBA	\$150 DBA	\$200 DBA	\$100 DBA	\$150 DBA	\$200 DBA
18	\$18.02	\$27.03	\$36.04	\$25.41	\$38.11	\$50.82
19	\$18.57	\$27.86	\$37.14	\$26.18	\$39.27	\$52.35
20	\$19.16	\$28.74	\$38.33	\$27.00	\$40.51	\$54.01
21	\$19.80	\$29.69	\$39.59	\$27.89	\$41.83	\$55.78
22	\$20.47	\$30.70	\$40.94	\$28.83	\$43.25	\$57.66
23	\$21.18	\$31.77	\$42.36	\$29.83	\$44.75	\$59.66
24	\$21.93	\$32.90	\$43.87	\$30.89	\$46.33	\$61.78
25	\$22.73	\$34.09	\$45.46	\$32.01	\$48.01	\$64.01
26	\$23.56	\$35.35	\$47.13	\$33.18	\$49.77	\$66.36
27	\$24.44	\$36.67	\$48.89	\$34.42	\$51.63	\$68.84
28	\$25.37	\$38.05	\$50.73	\$35.72	\$53.58	\$71.44
29	\$26.33	\$39.50	\$52.66	\$37.08	\$55.62	\$74.16
30	\$27.35	\$41.02	\$54.69	\$38.51	\$57.77	\$77.02
31	\$28.41	\$42.61	\$56.82	\$40.01	\$60.01	\$80.01
32	\$29.52	\$44.28	\$59.04	\$41.57	\$62.36	\$83.15
33	\$30.68	\$46.02	\$61.37	\$43.21	\$64.82	\$86.43
34	\$31.90	\$47.85	\$63.80	\$44.93	\$67.40	\$89.87
35	\$33.18	\$49.77	\$66.36	\$46.73	\$70.10	\$93.47
36	\$34.52	\$51.77	\$69.03	\$48.62	\$72.93	\$97.24
37	\$35.92	\$53.87	\$71.83	\$50.59	\$75.89	\$101.19
38	\$37.38	\$56.07	\$74.76	\$52.66	\$78.98	\$105.31
39	\$38.91	\$58.37	\$77.82	\$54.81	\$82.21	\$109.62
40	\$40.51	\$60.76	\$81.01	\$57.04	\$85.57	\$114.09
41	\$42.21	\$63.32	\$84.42	\$59.44	\$89.15	\$118.73
42	\$43.99	\$65.99	\$88.99	\$61.95	\$92.93	\$123.50
43	\$45.86	\$68.79	\$93.72	\$64.59	\$96.88	\$128.17
44	\$47.80	\$71.71	\$98.61	\$67.34	\$101.01	\$134.68
45	\$49.81	\$74.72	\$99.63	\$70.22	\$105.32	\$140.43
46	\$51.83	\$77.74	\$103.63	\$73.05	\$109.57	\$146.09
47	\$53.98	\$80.97	\$107.96	\$76.08	\$114.12	\$152.16
48	\$56.26	\$84.38	\$112.51	\$79.28	\$118.92	\$158.56
49	\$58.66	\$87.99	\$117.32	\$82.67	\$124.00	\$165.33
50	\$61.21	\$91.81	\$122.42	\$86.25	\$129.38	\$172.51
51	\$63.91	\$95.87	\$127.82	\$90.06	\$135.09	\$180.11
52	\$66.78	\$100.17	\$133.57	\$94.10	\$141.15	\$188.20
53	\$69.85	\$104.77	\$139.69	\$98.42	\$147.63	\$196.83
54	\$73.07	\$109.61	\$146.14	\$102.96	\$154.44	\$205.92
55	\$76.52	\$114.78	\$153.04	\$107.82	\$161.73	\$215.64
56	\$80.19	\$120.28	\$160.37	\$112.97	\$169.45	\$225.94
57	\$84.07	\$126.11	\$168.15	\$118.43	\$177.64	\$236.86
58	\$88.20	\$132.30	\$176.40	\$124.23	\$186.34	\$248.45
59	\$92.58	\$138.88	\$185.17	\$130.39	\$195.58	\$260.78
60	\$97.29	\$146.38	\$195.18	\$137.43	\$206.14	\$274.85
61	\$102.48	\$153.73	\$204.97	\$144.28	\$216.43	\$288.57
62	\$107.67	\$161.51	\$215.35	\$151.35	\$227.33	\$303.11
63	\$113.17	\$169.76	\$226.94	\$159.25	\$238.87	\$318.50
64	\$118.97	\$178.46	\$237.95	\$167.36	\$251.04	\$334.72
65	\$125.40	\$189.60	\$252.80	\$177.66	\$266.50	\$355.33
66	\$133.13	\$199.69	\$266.25	\$187.09	\$280.63	\$374.17
67	\$140.22	\$210.34	\$280.45	\$197.03	\$295.55	\$394.06
68	\$147.70	\$221.55	\$295.40	\$207.50	\$311.25	\$415.00
69	\$155.56	\$233.34	\$311.12	\$218.51	\$327.77	\$437.02
70	\$164.03	\$246.05	\$328.07	\$230.41	\$345.61	\$460.82
71	\$173.26	\$259.89	\$346.52	\$243.41	\$365.12	\$486.82
72	\$182.99	\$274.48	\$365.98	\$257.14	\$385.72	\$514.29
73	\$193.21	\$289.82	\$386.42	\$271.58	\$407.57	\$543.16
74	\$203.89	\$305.83	\$407.78	\$286.63	\$429.98	\$573.31
75	\$216.14	\$324.20	\$432.27	\$303.49	\$455.23	\$606.97
76	\$229.84	\$344.76	\$459.69	\$322.05	\$484.43	\$645.90
77	\$244.57	\$366.86	\$489.14	\$343.89	\$515.83	\$687.78
78	\$260.45	\$390.68	\$520.90	\$366.49	\$549.73	\$733.98
79	\$277.66	\$416.49	\$555.32	\$391.03	\$586.54	\$782.05



Issue Age Last Birthday	3 Year Minimum Benefit			5 Year Maximum Benefit		
	\$100 DBA	\$150 DBA	\$200 DBA	\$100 DBA	\$150 DBA	\$200 DBA
80	\$296.71	\$443.06	\$593.41	\$418.27	\$627.40	\$836.53
81	\$316.71	\$473.07	\$633.43	\$446.96	\$670.34	\$893.79
82	\$338.08	\$507.12	\$676.16	\$477.80	\$716.25	\$955.00
83	\$360.77	\$541.16	\$721.54	\$510.03	\$765.04	\$1,020.06
84	\$384.93	\$577.40	\$769.87	\$544.67	\$817.01	\$1,089.34
85	\$410.48	\$615.72	\$820.06	\$581.26	\$871.88	\$1,162.51
86	\$427.03	\$640.55	\$854.07	\$604.17	\$906.25	\$1,208.13
87	\$441.69	\$662.53	\$883.37	\$623.91	\$935.87	\$1,247.83
88	\$453.47	\$680.21	\$906.94	\$638.93	\$958.42	\$1,277.90
89	\$464.79	\$697.18	\$929.58	\$653.14	\$979.71	\$1,306.28
90	\$475.42	\$713.13	\$950.84	\$666.17	\$999.25	\$1,332.33
91	\$485.00	\$727.51	\$970.01	\$677.49	\$1,016.24	\$1,354.98
92	\$493.06	\$739.59	\$986.13	\$686.41	\$1,029.61	\$1,372.82
93	\$498.96	\$748.44	\$997.92	\$692.00	\$1,038.00	\$1,384.00
94	\$505.60	\$756.40	\$1,011.20	\$698.32	\$1,047.78	\$1,397.04
95	\$531.12	\$796.68	\$1,062.24	\$724.86	\$1,087.29	\$1,449.72
96	\$531.12	\$796.68	\$1,062.24	\$724.86	\$1,087.29	\$1,449.72
97	\$531.12	\$796.68	\$1,062.24	\$724.86	\$1,087.29	\$1,449.72
98	\$531.12	\$796.68	\$1,062.24	\$724.86	\$1,087.29	\$1,449.72
99	\$531.12	\$796.68	\$1,062.24	\$724.86	\$1,087.29	\$1,449.72



The following rates will go into effect October 1, 2011

**Table 1**  
**Monthly Premium Rates**  
**No Inflation Protection**

Issue Age Last Birthday	1 Year Maximum Benefit			5 Year Maximum Benefit		
	\$100 DBA	\$150 DBA	\$200 DBA	\$100 DBA	\$150 DBA	\$200 DBA
18	\$3.07	\$4.62	\$6.16	\$4.07	\$6.10	\$8.13
19	\$3.19	\$4.77	\$6.37	\$4.21	\$6.32	\$8.42
20	\$3.30	\$4.95	\$6.60	\$4.38	\$6.57	\$8.76
21	\$3.45	\$5.16	\$6.86	\$4.56	\$6.85	\$9.14
22	\$3.60	\$5.40	\$7.16	\$4.77	\$7.16	\$9.55
23	\$3.77	\$5.64	\$7.50	\$5.01	\$7.51	\$10.02
24	\$3.95	\$5.92	\$7.90	\$5.27	\$7.90	\$10.53
25	\$4.16	\$6.24	\$8.32	\$5.55	\$8.32	\$11.10
26	\$4.36	\$6.60	\$8.78	\$5.86	\$8.66	\$11.73
27	\$4.64	\$6.99	\$9.27	\$6.20	\$9.01	\$12.42
28	\$4.81	\$7.36	\$9.82	\$6.58	\$9.48	\$13.17
29	\$5.21	\$7.81	\$10.41	\$6.99	\$10.49	\$13.88
30	\$5.64	\$8.29	\$11.06	\$7.44	\$11.17	\$14.66
31	\$5.99	\$8.84	\$11.78	\$7.93	\$11.90	\$15.60
32	\$6.28	\$9.41	\$12.56	\$8.46	\$12.70	\$16.63
33	\$6.70	\$10.05	\$13.40	\$9.05	\$13.57	\$17.76
34	\$7.16	\$10.74	\$14.33	\$9.69	\$14.52	\$19.00
35	\$7.67	\$11.49	\$15.34	\$10.37	\$15.56	\$20.35
36	\$8.22	\$12.31	\$16.42	\$11.13	\$16.69	\$22.34
37	\$8.80	\$13.21	\$17.60	\$11.95	\$17.91	\$24.60
38	\$9.45	\$14.17	\$18.88	\$12.83	\$19.24	\$26.83
39	\$10.14	\$15.21	\$20.26	\$13.78	\$20.68	\$29.65
40	\$10.88	\$16.33	\$21.75	\$14.78	\$22.19	\$32.68
41	\$11.73	\$17.53	\$23.45	\$15.94	\$23.81	\$35.80
42	\$12.64	\$18.85	\$25.27	\$17.17	\$25.77	\$39.55
43	\$13.61	\$20.42	\$27.22	\$18.63	\$27.79	\$43.74
44	\$14.65	\$22.19	\$29.30	\$19.95	\$29.95	\$48.92
45	\$15.74	\$23.91	\$31.47	\$21.49	\$32.33	\$54.55
46	\$16.81	\$25.21	\$33.62	\$22.96	\$34.42	\$60.60
47	\$18.01	\$27.01	\$35.82	\$24.60	\$36.89	\$66.18
48	\$19.32	\$28.86	\$38.64	\$26.36	\$39.66	\$72.79
49	\$20.75	\$31.12	\$41.60	\$28.26	\$42.62	\$79.71
50	\$22.31	\$33.46	\$44.82	\$30.60	\$45.78	\$86.98
51	\$24.02	\$36.04	\$48.04	\$32.84	\$49.28	\$94.99
52	\$25.80	\$38.88	\$51.41	\$35.42	\$53.13	\$103.64
53	\$27.46	\$41.96	\$55.05	\$38.27	\$57.40	\$113.63
54	\$29.21	\$45.32	\$58.92	\$41.24	\$62.00	\$124.87
55	\$31.25	\$49.04	\$63.18	\$44.72	\$67.08	\$137.44
56	\$33.46	\$53.06	\$67.78	\$48.41	\$72.65	\$151.34
57	\$35.84	\$57.51	\$72.67	\$52.44	\$78.85	\$166.67
58	\$38.41	\$62.31	\$77.98	\$56.81	\$85.68	\$183.51
59	\$41.02	\$67.54	\$83.05	\$61.57	\$92.94	\$202.12
60	\$43.95	\$73.41	\$87.98	\$66.81	\$100.27	\$233.62
61	\$47.20	\$79.80	\$92.99	\$72.42	\$108.03	\$268.65
62	\$50.74	\$86.87	\$98.19	\$78.39	\$117.07	\$307.77
63	\$54.53	\$93.18	\$102.24	\$84.85	\$127.24	\$351.65
64	\$58.52	\$100.83	\$106.45	\$91.75	\$137.82	\$401.93
65	\$62.75	\$109.19	\$110.91	\$100.17	\$150.25	\$459.33
66	\$67.24	\$118.44	\$115.20	\$108.58	\$162.84	\$524.73
67	\$72.00	\$128.42	\$119.68	\$117.90	\$176.30	\$599.18
68	\$77.02	\$139.13	\$124.44	\$127.28	\$190.65	\$683.55
69	\$82.30	\$150.59	\$129.14	\$137.88	\$206.52	\$778.95
70	\$87.84	\$162.81	\$133.89	\$148.89	\$223.45	\$887.61
71	\$93.60	\$175.95	\$138.79	\$160.33	\$242.61	\$1010.85
72	\$99.55	\$190.12	\$143.90	\$172.47	\$263.22	\$1150.69
73	\$105.78	\$205.21	\$149.25	\$185.16	\$285.23	\$1308.32
74	\$112.28	\$221.27	\$154.89	\$198.51	\$308.56	\$1484.74
75	\$119.02	\$238.48	\$160.85	\$212.61	\$333.40	\$1681.24
76	\$126.00	\$256.94	\$167.09	\$227.47	\$359.75	\$1900.33
77	\$133.25	\$276.68	\$173.66	\$243.17	\$387.72	\$2144.56
78	\$140.78	\$297.73	\$180.59	\$259.71	\$417.40	\$2417.44
79	\$148.58	\$319.12	\$187.92	\$277.11	\$448.81	\$2722.51
80	\$156.65	\$341.88	\$195.68	\$295.38	\$482.05	\$3072.44
81	\$165.00	\$366.04	\$203.90	\$314.63	\$517.24	\$3469.85
82	\$173.63	\$391.64	\$212.60	\$334.87	\$554.48	\$3918.44
83	\$182.55	\$418.71	\$221.82	\$356.11	\$593.88	\$4433.00
84	\$191.78	\$447.28	\$231.59	\$378.47	\$635.45	\$5020.44
85	\$201.32	\$477.38	\$241.94	\$401.95	\$679.30	\$5696.66
86	\$211.18	\$508.95	\$252.89	\$426.57	\$725.54	\$6468.55
87	\$221.37	\$542.13	\$264.47	\$452.35	\$774.38	\$7343.00
88	\$231.89	\$576.97	\$276.71	\$479.31	\$825.93	\$8338.00
89	\$242.75	\$613.51	\$289.64	\$507.47	\$880.38	\$9471.50
90	\$253.96	\$651.80	\$303.29	\$536.85	\$937.84	\$10761.50
91	\$265.53	\$691.98	\$317.69	\$567.47	\$998.42	\$12227.00
92	\$277.47	\$734.10	\$332.86	\$599.35	\$1062.24	\$13887.00
93	\$289.78	\$778.30	\$348.89	\$632.51	\$1129.42	\$15761.50
94	\$302.47	\$824.72	\$365.81	\$667.07	\$1200.08	\$17870.00
95+	\$316.55	\$873.41	\$383.66	\$703.07	\$1274.34	\$19233.50

Term rate multiplies with 30% increase for contract. xls.xls

5/12/2011



The following rates will go into effect October 1, 2011

**Table 2**  
**Monthly Premium Rates**  
**Automatic Annual Benefit Increase Option**

Issue Age Last Birthday	3 Year Maximum Benefit			5 Year Maximum Benefit		
	\$100 DBA	\$160 DBA	\$200 DBA	\$100 DBA	\$160 DBA	\$200 DBA
18	\$23.43	\$35.14	\$46.85	\$33.03	\$49.54	\$66.07
19	\$24.14	\$36.22	\$48.28	\$34.03	\$51.05	\$68.06
20	\$24.91	\$37.35	\$49.83	\$35.10	\$52.69	\$70.21
21	\$25.74	\$38.55	\$51.47	\$36.25	\$54.48	\$72.51
22	\$26.61	\$39.81	\$53.22	\$37.48	\$56.33	\$74.96
23	\$27.53	\$41.13	\$55.07	\$38.79	\$58.24	\$77.56
24	\$28.51	\$42.51	\$57.03	\$40.16	\$60.23	\$80.31
25	\$29.55	\$44.82	\$59.10	\$41.61	\$62.31	\$83.21
26	\$30.63	\$46.96	\$61.27	\$43.13	\$64.47	\$86.27
27	\$31.77	\$49.07	\$63.55	\$44.74	\$66.72	\$89.49
28	\$32.95	\$49.47	\$65.95	\$46.44	\$69.05	\$92.87
29	\$34.23	\$51.36	\$68.46	\$48.20	\$72.31	\$96.41
30	\$35.56	\$53.83	\$71.10	\$50.00	\$75.10	\$100.13
31	\$36.93	\$56.89	\$73.87	\$52.01	\$78.01	\$104.01
32	\$38.35	\$57.56	\$76.75	\$54.04	\$81.07	\$108.10
33	\$39.81	\$58.85	\$79.75	\$56.17	\$84.27	\$112.35
34	\$41.47	\$62.21	\$82.84	\$58.41	\$87.62	\$116.85
35	\$43.13	\$64.70	\$86.27	\$60.75	\$91.13	\$121.51
36	\$44.88	\$67.30	\$89.74	\$63.21	\$94.81	\$126.43
37	\$46.70	\$70.03	\$93.36	\$65.77	\$98.68	\$131.53
38	\$48.59	\$72.80	\$97.19	\$68.44	\$102.87	\$136.90
39	\$50.55	\$75.68	\$101.17	\$71.22	\$107.37	\$142.51
40	\$52.56	\$78.68	\$105.31	\$74.15	\$111.24	\$148.32
41	\$54.67	\$82.32	\$109.79	\$77.27	\$115.01	\$154.34
42	\$57.19	\$85.79	\$114.56	\$80.54	\$120.01	\$160.67
43	\$59.82	\$89.43	\$119.24	\$83.97	\$125.34	\$167.32
44	\$62.14	\$93.22	\$124.26	\$87.54	\$131.31	\$174.28
45	\$64.75	\$97.14	\$129.52	\$91.26	\$138.02	\$181.56
46	\$67.58	\$101.05	\$134.75	\$95.17	\$144.44	\$189.12
47	\$70.17	\$105.20	\$140.35	\$99.30	\$151.36	\$197.11
48	\$73.14	\$109.66	\$146.28	\$103.08	\$158.80	\$206.10
49	\$76.26	\$114.39	\$152.52	\$107.47	\$166.30	\$214.93
50	\$79.57	\$119.35	\$159.15	\$112.13	\$174.10	\$224.25
51	\$83.08	\$124.63	\$166.17	\$117.08	\$182.62	\$234.14
52	\$86.81	\$130.22	\$173.64	\$122.33	\$191.80	\$244.66
53	\$90.81	\$136.20	\$181.49	\$127.84	\$201.64	\$255.88
54	\$94.99	\$142.49	\$189.95	\$133.65	\$210.77	\$267.70
55	\$99.48	\$149.21	\$199.05	\$140.17	\$220.25	\$280.33
56	\$104.25	\$156.38	\$208.74	\$146.88	\$229.38	\$293.72
57	\$109.29	\$163.94	\$218.80	\$153.89	\$238.33	\$307.82
58	\$114.65	\$171.99	\$229.32	\$161.20	\$247.24	\$322.58
59	\$120.35	\$180.64	\$240.72	\$168.81	\$256.35	\$338.01
60	\$126.37	\$189.29	\$253.75	\$176.85	\$265.68	\$354.31
61	\$132.72	\$198.35	\$268.40	\$185.39	\$275.30	\$371.54
62	\$139.07	\$208.00	\$279.96	\$194.02	\$285.35	\$389.64
63	\$147.12	\$220.59	\$294.34	\$202.73	\$295.83	\$414.35
64	\$154.65	\$232.00	\$309.34	\$211.57	\$306.35	\$435.14
65	\$164.32	\$246.48	\$328.64	\$220.84	\$318.15	\$461.83
66	\$173.07	\$259.80	\$346.13	\$230.53	\$330.42	\$486.42
67	\$182.29	\$275.44	\$364.59	\$240.14	\$344.22	\$512.28
68	\$192.01	\$289.02	\$384.02	\$249.75	\$358.63	\$539.60
69	\$202.23	\$303.34	\$404.46	\$259.56	\$373.10	\$568.13
70	\$213.24	\$319.87	\$428.45	\$269.53	\$388.39	\$598.07
71	\$225.24	\$337.68	\$456.46	\$280.43	\$404.55	\$632.07
72	\$237.89	\$358.82	\$487.77	\$292.38	\$421.44	\$669.55
73	\$251.77	\$378.77	\$522.55	\$305.05	\$439.08	\$709.11
74	\$266.08	\$397.58	\$560.11	\$318.45	\$457.67	\$751.30
75	\$280.99	\$421.46	\$599.95	\$332.64	\$477.10	\$795.08
76	\$296.70	\$446.10	\$652.20	\$347.64	\$497.36	\$841.57
77	\$317.64	\$470.82	\$708.88	\$363.44	\$518.46	\$891.11
78	\$338.80	\$507.88	\$777.17	\$379.94	\$541.55	\$943.87
79	\$360.94	\$547.44	\$851.92	\$398.34	\$566.60	\$1,010.67
80	\$385.72	\$597.84	\$934.43	\$418.76	\$593.82	\$1,087.49
81	\$411.72	\$657.58	\$1,023.46	\$440.97	\$621.44	\$1,161.83
82	\$439.60	\$729.25	\$1,120.01	\$464.75	\$651.13	\$1,241.80
83	\$469.00	\$803.51	\$1,234.00	\$490.24	\$694.55	\$1,328.09
84	\$500.41	\$880.82	\$1,360.55	\$517.07	\$742.11	\$1,416.14
85	\$533.82	\$960.44	\$1,507.25	\$545.64	\$794.44	\$1,511.28
86	\$565.14	\$1,042.72	\$1,675.42	\$575.42	\$851.13	\$1,610.83
87	\$594.20	\$1,128.29	\$1,866.38	\$607.08	\$912.83	\$1,722.10
88	\$629.51	\$1,217.27	\$2,081.02	\$640.84	\$979.93	\$1,845.127
89	\$664.23	\$1,309.33	\$2,320.45	\$676.05	\$1,052.82	\$1,980.76
90	\$698.05	\$1,405.07	\$2,586.09	\$713.02	\$1,132.03	\$2,129.03
91	\$730.50	\$1,495.78	\$2,879.74	\$751.74	\$1,217.11	\$2,291.47
92	\$760.99	\$1,591.47	\$3,205.07	\$792.33	\$1,308.48	\$2,464.67
93	\$790.65	\$1,692.97	\$3,564.30	\$834.80	\$1,394.40	\$2,650.20
94	\$827.28	\$1,800.92	\$3,949.58	\$879.36	\$1,362.11	\$2,848.16
95+	\$869.46	\$1,935.68	\$4,380.91	\$927.32	\$1,413.48	\$3,064.84



**ATTACHMENT F**

**ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE**

<b>SUBJECT CONTRACT NUMBER:</b>	FA0518098-00
<b>CONTRACTOR LEGAL ENTITY NAME:</b>	MedAmerica Insurance Company
<b>FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)</b>	840977231

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.

*William E. Jones, Jr.*  
\_\_\_\_\_  
**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.

*William E. Jones, Jr., President*  
\_\_\_\_\_  
**PRINTED NAME AND TITLE OF SIGNATORY**

*8/8/2011*  
\_\_\_\_\_  
**DATE OF ATTESTATION**



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

320 Sixth Avenue, North -- 8<sup>th</sup> Floor  
NASHVILLE, TENNESSEE 37243-0057  
615-741-2564

**Rep. Charles Curtiss, Chairman**  
Representatives

Curt Cobb  
Curtiss Johnson  
Gerald McCormick  
Mary Pruitt  
Craig Fitzhugh, *ex officio*  
Speaker Jimmy Naifeh, *ex officio*

Donna Rowland  
David Shepard  
Curry Todd  
Eddie Yokley

**Sen. Douglas Henry, Vice-Chairman**  
Senators

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

Reginald Tate  
Jamie Woodson

**M E M O R A N D U M**

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

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

CC  
BK

**DATE:** March 3, 2007

**SUBJECT:** Contract Comments  
(Contract Services Subcommittee Meeting 2/26/07)

**RFS#s:** 317.86-034; 317.86-030; 317.86-032; 317.86-020

**Department:** Finance & Administration/ Insurance Administration  
**Contractors:** Union Security Insurance (pre-paid dental); Connecticut General Life (HMO/Nashville area); Connecticut General Life (HMO/Memphis area); Connecticut General Life (POS/Middle region); Connecticut General Life (POS/West region); Connecticut General Life (POS/East region); and MedAmerica Insurance Company (long term care insurance).

**Summary:** These amendments require the vendors to participate in meetings and take other necessary actions for a smooth transition to the Edison program (ERP). No additional costs to the State and no extensions of the contract terms.

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

**cc:** Mr. Richard Chapman, Director, Insurance Administration  
Mr. Robert Barlow, Director, Office of Contracts Review



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FEB 20 2007

FISCAL REVIEW

STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
INSURANCE ADMINISTRATION  
312 Eighth Avenue North  
Suite 2600 William R. Snodgrass Tennessee Tower  
Nashville, Tennessee 37243  
FAX (615) 253-8556

Dave Goetz  
COMMISSIONER

Richard Chapman  
EXECUTIVE DIRECTOR

**MEMORANDUM**

**To:** James White, Executive Director, Fiscal Review Committee

**From:** John G. Anderson, Director of Public Sector Plans 

**Date:** February 15, 2007

**RE: Amendment to Transition Contractors from TIS system to ERP system**

Please find attached a Non-Competitive Amendment request to add language to the existing contract with MedAmerica Insurance Company signed by Commissioner M. D. Goetz, Jr. The base contract is included as is a draft of the amendment created to address the transition from the Tennessee Insurance System (TIS) targeted for replacement by the State's Enterprise Resource Planning (ERP) system, operating under the name of Edison on December 31, 2007. Start up time is required for the Contractor to attend meetings on this project and to become acquainted with the requirements of the new data interface in order to be able to continue to receive health plan enrollment information from the state.

As the TIS system will no longer be available, the transition to Edison is required. The Division of Insurance Administration is seeking to amend this contract to ensure a smooth transition from the existing system to the new system with sufficient time to work through any potential barriers prior to the implementation date of December 31, 2007. This amendment does not require an extension of the contract term or additional cost to the State.

Thank you for your consideration of this request.

# REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration  
Date:

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

1) RFS #	317.86-020	
2) State Agency Name :	Finance & Administration	
<b>EXISTING CONTRACT INFORMATION</b>		
3) Service Caption :	Long Term Care insurance plan.	
4) Contractor :	MedAmerica Insurance Company	
5) Contract #	FA-06-15098-00	
6) Contract Start Date :	January 1, 2003	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2012	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$75,000,000	
<b>PROPOSED AMENDMENT INFORMATION</b>		
9) <u>Proposed</u> Amendment #	02	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	May 1, 2008	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2012	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$75,000,000	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state	
	<input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
To revise the data interface from the Tennessee Insurance System (TIS) to the State's Enterprise Resource Planning (ERP) system, operating under the name Edison and to be HIPAA compliant.		
15) Explanation of Need for the Proposed Amendment :		

The TIS system is targeted to be phased out of use by December 31, 2007.

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

MedAmerica Insurance Company, 165 Court Street, Rochester, NY 14647

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

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

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

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

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

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

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

There is not a need to procure another vendor, rather the State is seeking through this amendment to ensure all data interface requirements are met by the vendor.

**21) Justification for the Proposed Non-Competitive Amendment :**

This amendment is necessary in order for the data interface to be current with the new system and to be HIPAA compliant.

**REQUESTING AGENCY HEAD SIGNATURE & DATE :**

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



Agency Head Signature

2/19/07

Date

Edi KH# 2030

011503

**CONTRACT SUMMARY SHEET**

RFS Number	317.86-020	31786 -	Contract Number	FA03-15098-02
State Agency	F&A New RFS#	00018	Division	Insurance Administration

Contractor	MedAmerica Insurance Company	<input checked="" type="checkbox"/> V- <input type="checkbox"/> C-	Contractor Identification Number	34-0977231
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Service Description  
**Long Term Care Insurance Plan**

Contract Begin Date	January 1, 2003	Contract End Date	December 31, 2012
---------------------	-----------------	-------------------	-------------------

Allotment Code	317.86	Cost Center	65	Object Code	90S	Fund	55	Grant	on STARS	Grant Code		Subgrant Code	
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FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2003			66,500,000		66,500,000
2004			750,000		750,000
2005			750,000		750,000
2006			750,000		750,000
2007			750,000		750,000
2008			750,000		750,000
2009			750,000		750,000
2010			1,000,000		1,000,000
2011			1,000,000		1,000,000
2012			1,000,000		1,000,000
2013			1,000,000		1,000,000
Total			75,000,000		75,000,000

OCR RELEASED  
 MAY 14 2007  
 TO ACCOUNTS

CFDA # \_\_\_\_\_ Check the box ONLY if the answer is YES.

State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	
Name	John Anderson	Is the Contractor a VENDOR? (per OMB A-133)	X
Address	Insurance Administration, 13 <sup>th</sup> Fl., TN Tower	Is the Fiscal Year Funding STRICTLY LIMITED?	
Phone	312 8 <sup>th</sup> Ave. No.	Is the Contractor on STARS?	X
	Nashville, TN 37243 615-741-8642	Is the Contractor's FORM W-9 ATTACHED?	
Procuring Agency Budget Officer Approval Signature		Is the Contractor's Form W-9 Filed with Accounts?	X



COMPLETE FOR ALL AMENDMENTS (only) Funding Certification

END DATE →	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I. M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
FY 2003	66,500,000		
FY 2004	750,000		
FY 2005	750,000		
FY 2006	750,000		
FY 2007	750,000		
FY 2008	750,000		
FY 2009	750,000		
FY 2010	1,000,000		
FY 2011	1,000,000		
FY 2012	1,000,000		
FY 2013	1,000,000		
Total	75,000,000		

MAY 15  
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 2012 MAY -9 PM 2:08  
 OFFICE OF  
 COMPTROLLER'S OFFICE  
 MANAGEMENT SERVICES

**AMENDMENT NUMBER TWO  
TO CONTRACT NUMBER FA03-15098-00**

This contract, by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the State, and MedAmerica Insurance Company, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section E.2 in its entirety and insert the following in its place:

E.2 Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Ms. Marlene D. Alvarez, Manager of Procurement and Contracting  
Division of Insurance Administration  
William R. Snodgrass Building, 26<sup>th</sup> Floor  
312 8<sup>th</sup> Ave. North  
Nashville, TN 37243  
Telephone Number: 615-253-8358  
Fax Number: 615-253-8556  
Email address: [marlene.alvarez@state.tn.us](mailto:marlene.alvarez@state.tn.us)

The Contractor:

Ms. Angela Hotelling, Senior Counsel  
MedAmerica Insurance Company  
165 Court Street  
Rochester, NY 14647  
Telephone Number: 585-399-6620  
Fax Number: 585-238-3610  
Email Address: [ahotelling@medamericaltc.com](mailto:ahotelling@medamericaltc.com)

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

2. Add the following as Section A.1.9.8 and renumber any subsequent sections as necessary.

A.1.9.8 State of Tennessee Eligibility Data Match: Upon request by the State, not to exceed two (2) times annually, the Contractor shall submit to the State its full file of State enrollees, by which the State will conduct a data match against the State's TIS database. The purpose of this data match will be to determine the extent to which the Contractor is maintaining its data base of State members, as required by Sections A.1.9.6 and A.1.9.7.

3. Add the following as Section A.1.9.9 and renumber any subsequent sections as necessary.

A.1.9.9 The Tennessee Insurance System (TIS) is targeted for replacement by the State's Enterprise Resource Planning (ERP) system (operating under the name Edison) on December 31, 2007. This date is subject to change at the State's discretion. The Contractor, in support of this transition, will be required to:

- participate in meetings (phone or on-site), if any, intended for the purpose of planning for the transition and
- convert its electronic data interface with TIS, the Weekly Eligibility Update Reports (Section A.1.9.6), the Quarterly Eligibility Data Reconciliation (Section A.1.9.7), and the State of Tennessee Eligibility Data Match (Section A.1.9.8), to the new Edison HIPAA compliant formats and procedures prior to the Edison "go-live" date.

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

**IN WITNESS WHEREOF:**

**MEDAMERICA INSURANCE COMPANY**

Christopher D. Perna 4/15/07  
 CHRISTOPHER DEAN PERNA, PRESIDENT AND COO DATE

Christopher D. Perna President & COO  
 PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY

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

M. D. Goetz, Jr. 4-25-07  
 M. D. GOETZ, JR., CHAIRMAN <sup>MOA</sup> DATE

**APPROVED:  
 DEPARTMENT OF FINANCE AND ADMINISTRATION:**

M. D. Goetz, Jr. MAY 08 2007  
 M. D. GOETZ, JR., COMMISSIONER DATE

**COMPTROLLER OF THE TREASURY:**

John G. Morgan 5/10/07  
 JOHN G. MORGAN, COMPTROLLER OF THE TREASURY DATE

# CONTRACT SUMMARY SHEET

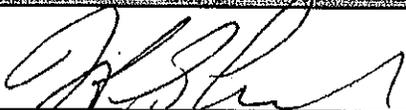
RFS Number: <b>317.86-020</b>	Contract Number: <b>FA03-15098 - 01</b>
State Agency: <b>F&amp;A</b>	Division: <b>Insurance Administration</b>
Contractor: <b>MedAmerica Insurance Company</b>	
Contractor Identification Number: <b>34-0977231</b>	

Service Description: **Long Term Care Insurance Plan**

Contract Begin Date: **January 1, 2003**      Contract End Date: **December 31, 2012**

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
317.86	65	90S	55	on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2003			66,500,000		66,500,000
2004			750,000		750,000
2005			750,000		750,000
2006			750,000		750,000
2007			750,000		750,000
2008			750,000		750,000
2009			750,000		750,000
2010			1,000,000		1,000,000
2011			1,000,000		1,000,000
2012			1,000,000		1,000,000
2013			1,000,000		1,000,000
<b>Total</b>			<b>75,000,000</b>		<b>75,000,000</b>

CPDA #	Check the box ONLY if the answer is YES
State Fiscal Contact	Is the Contractor a SUBRECIPIENT? (per OMB A-133)
Name: <b>John Anderson</b>	Is the Contractor a VENDOR? (per OMB A-133) <b>X</b>
Address: <b>Insurance Administration, 13<sup>th</sup> Fl., TN Tower</b>	Is the Fiscal Year Funding STRICTLY LIMITED?
Phone: <b>312 8<sup>th</sup> Ave. No. Nashville, TN 37243 615-741-8642</b>	Is the Contractor on STARS? <b>X</b>
Procuring Agency Budget Officer Approval Signature	Is the Contractor's FORM W-9 ATTACHED?
	Is the Contractor's Form W-9 Filed with Accounts? <b>X</b>

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification
END DATE →	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
	12-31-2012	12-31-2012	
FY 2003	66,500,000		
FY 2004	750,000		
FY 2005	750,000		
FY 2006	750,000		
FY 2007	750,000		
FY 2008	750,000		
FY 2009	750,000		
FY 2010	1,000,000		
FY 2011	1,000,000		
FY 2012	1,000,000		
<b>Total</b>	<b>75,000,000</b>		

**PROCESSED**  
**AUG 14 2003**  
**DIRECTOR OF ACCOUNTS**

**RECEIVED**  
 2003 JUL 29 PM 3:43  
 COMPTROLLER'S OFFICE  
 OFFICE OF  
 MANAGEMENT SERVICES

AMENDMENT NUMBER ONE TO CONTRACT #FA-03-15098  
BETWEEN THE STATE OF TENNESSEE,  
STATE INSURANCE COMMITTEE  
AND  
MEDAMERICA INSURANCE COMPANY

This contract, by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the State, and Medamerica Insurance Company, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete the fourth (4<sup>th</sup>) bullet of Section A.1.9.6 in its entirety. Section A.1.9.6 shall hereafter read as follows:

A.1.9.6 **Weekly Eligibility Update Reports:** To ensure that LTCIP insured Members' eligibility records remain accurate and complete, the Contractor commits to the following:

- To accept weekly eligibility data electronic transfer files from the State, for LTCIP participants who are maintained in the State's TIS system (files will include demographic changes, recent adds, changes, and terminations);
- To process updates of all weekly file records within three (3) working days of receipt of the files from the State;
- To resolve mismatches identified by the processing of weekly files within six (6) calendar days of receipt of the files from the State; and

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

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

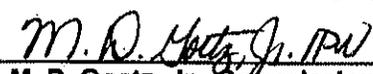
IN WITNESS WHEREOF:  
MEDAMERICA INSURANCE COMPANY:

  
Christopher Dean Perna, President & COO  
Date 6/26/03

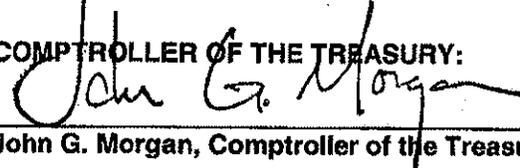
STATE OF TENNESSEE, STATE INSURANCE COMMITTEE

  
M. D. Goetz, Jr., Chairman  
Date 7-19-03 *etr*

APPROVED:  
DEPARTMENT OF FINANCE AND ADMINISTRATION:

  
M. D. Goetz, Jr., Commissioner  
Date JUL 29 2003

COMPTROLLER OF THE TREASURY:

  
John G. Morgan, Comptroller of the Treasury  
Date 7/31/03

**CONTRACT SUMMARY SHEET**

RFS Number: <b>317.86-020</b>	Contract Number: <b>FA03-15098</b>
State/Agency: <b>F&amp;A</b>	Division: <b>Insurance Administration</b>

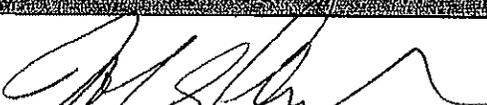
Contractor: <b>MedAmerica Insurance Company</b>	Contractor Identification Number: <input checked="" type="checkbox"/> <b>V-</b> <b>34-0977231</b> <input type="checkbox"/> <b>C-</b>
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Service Description: **Long Term Care Insurance Plan**

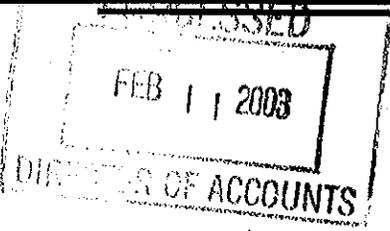
Contract Begin Date: <b>January 1, 2003</b>	Contract End Date: <b>December 31, 2012</b>
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Allotment Code: <b>317.86</b>	Cost Center: <b>65</b>	Object Code: <b>900</b>	Fund: <b>55</b>	Grant: <input type="checkbox"/>	Grant Code: <b>on STARS</b>	Subgrant Code:
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FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (Including ALL amendments)
2003			66,500,000		66,500,000
2004			750,000		750,000
2005			750,000		750,000
2006			750,000		750,000
2007			750,000		750,000
2008			750,000		750,000
2009			750,000		750,000
2010			1,000,000		1,000,000
2011			1,000,000		1,000,000
2012			1,000,000		1,000,000
2013			1,000,000		1,000,000
Total			75,000,000		75,000,000

CFDA:		Check the box ONLY if the answer is YES	
State Fiscal Contact:		Is the Contractor a SUBRECIPIENT? (per OMB A-133)	n
Name: <b>John Anderson</b>		Is the Contractor a VENDOR? (per OMB A-133)	Y
Address: <b>Insurance Administration, 13<sup>th</sup> Fl., TN Tower</b>		Is the Fiscal Year Funding STRICTLY LIMITED?	n
Phone: <b>312 8<sup>th</sup> Ave. No. Nashville, TN 37243 615-741-8642</b>		Is the Contractor on STARS?	n
Procuring Agency/Budget Officer Approval Signature:		Is the Contractor's FORM W-9 ATTACHED?	Y
		Is the Contractor's Form W-9 Filled with Accounts?	n

COMPLETE FOR ALL AMENDMENTS (only)		Funding Certification	
END DATE →	Base Contract & Prior Amendments	Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.	
FY:			
Total:			



RECEIVED  
 COMPTROLLER'S OFFICE  
 DEPARTMENT OF  
 MANAGEMENT SERVICES  
 FEB 11 2003 11:30 AM

**CONTRACT #FA-03-15098-00  
BETWEEN THE STATE OF TENNESSEE,  
STATE INSURANCE COMMITTEE  
AND  
MEDAMERICA INSURANCE COMPANY**

This Contract, by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and MedAmerica Insurance Company, hereinafter referred to as the "Contractor," is for the provision of Long Term Care Insurance Plan (LTCIP) administrative services, as further defined in the "SCOPE OF SERVICES."

The Contractor is a for-profit corporation. The Contractor's address is:

MedAmerica Insurance Company  
165 Court Street  
Rochester, NY 14647

The Contractor's place of incorporation or organization is the State of Pennsylvania.

**A SCOPE OF SERVICES**

**A.1 Scope of Services – Services Provided by the Contractor**

The Contractor agrees to deliver a Group Optional Long Term Care Insurance Plan (LTCIP) to eligible individuals employees, retirees and their eligible dependents, parents, and parents-in-law, herein referred to as "Insured Members", in accordance with the Request for Proposals (RFP) #317.86-020 (incorporated by reference); the clarifications of RFP #317.86-020 (incorporated by reference); the Contractor's Technical proposal in response to RFP #317.86-020 (incorporated by reference), The Contractor's Cost Proposal in response to RFP #317.86-020 (incorporated by reference) and this agreement (collectively referred to as the "Contract").

The Long Term Care Insurance Plan shall be provided on a group basis through a Group Master Policy, and shall be offered on an optional (voluntary) basis.

**A.1.1 Plan Implementation**

The Contractor must undertake and complete all implementation activities of the LTCIP as described in this RFP and in accordance with the Contractor's response to Section 5.2.4.1 (and its subsections) of RFP #317.86-020, so that the Contractor can begin soliciting participation from eligible employees and retirees on January 1, 2003 for a July 1, 2003 effective date of coverage. The Contractor must also be capable of and will be expected to implement and market the LTCIP on a case-by-case basis to each eligible dependent, parent and grandparent of eligible employee and retirees that choose to participate in the LTCIP.

**A.1.2 Plan Administration**

**A.1.2.1** The Contractor shall insure and administer the State's LTCIP benefits in strict accordance with the benefits design and provisions as contained in Attachment A to this contract, and in accordance with the Contractor's response to Section 5.2.4.2 (and its subsections) of RFP #317.86-020. The Contractor must maintain during the full term of this contract an organization in accordance with the Contractor's response, sufficient to administer and manage the LTCIP, including actuarial services, marketing, underwriting, enrollment, premium collection, claims payment, transaction changes, record keeping and reporting.

**A.1.2.2** The Contractor shall provide the care planning/management services in accordance with the Contractor's proposal in response to the applicable sections and subsections of RFP #317.86-020.

**A.1.2.3** The Contractor shall submit to the State a Group Master Policy. The Group Master Policy is subject to the review by and approval of the Tennessee Department of Commerce and Insurance, and shall conform with the statutes, rules, and regulations applicable to Long Term Care Insurance within the State of Tennessee. In addition, the Contractor shall prepare amendments and riders as needed, which may from time to time be deemed appropriate by the State.

**A.1.2.3.1** The Contractor shall issue an Individual Certificate of Insurance to each Insured Member. The Individual Certificate of Insurance is subject to the review by and approval of the Tennessee Department of Commerce and Insurance, and shall conform with the statutes, rules, and regulations applicable to Long Term Care Insurance within the State of Tennessee.

Said certificates shall be mailed directly to the member's home address upon enrollment. In addition, the Contractor shall prepare amendments and riders as needed, which may, from time to time, be deemed appropriate by the State.

- A.1.2.4 The Contractor shall experience rate the LTCIP on its total long-term care book of business.
- A.1.2.5 The Contractor shall provide a full range of actuarial services related to the LTCIP provided through this contract. A Fellow of the Society of Actuaries or a member of the American Academy of Actuaries shall certify such services.
- A.1.2.6 The Contractor shall designate an individual with overall responsibility for the State-sponsored LTCIP. This person shall be at the Contractor's executive level and shall designate the following positions to interface directly with the State: (1) Program Director (external and marketing operations); and (2) Program Director (internal and administrative functions). Said designees shall be responsible for the coordination and operation for all aspects of the contract.
- A.1.2.7 The Contractor, at the request of either party, shall meet with representatives of the State periodically, but no less than quarterly the first year of this contract and semiannually thereafter, to discuss any problems and/or progress on matters outlined by the State. The Contractor shall have in attendance its Program Director and representatives from its organizational units required to respond to topics indicated by the State's agenda.

### A.1.3 Communication and Education

- A.1.3.1 The Contractor shall develop and implement a detailed education and communication plan, including timeframes, to solicit the participation of employees and retirees for the LTCIP in accordance with the Contractor's response to Section 5.2.4.1 (and its subsections) of RFP #317.86-020, and the State's eligibility and enrollment criteria and time frames.
- A.1.3.2 The Contractor shall annually develop and implement a clear, thorough, and ongoing education and communication plan designed to inform and educate potential participants about the LTCIP in a manner consistent with the Contractor's response to RFP #317.86-020. This ongoing campaign may include, but is not limited to, use of the following:
- a) Newsletters/brochures;
  - b) Annual participant benefit booklets describing the LTCIP benefit options and procedures for accessing services. The number to be printed shall be in sufficient quantities to meet initial enrollment expectations and future marketing requirements as determined by the State.
  - c) Posters/announcements;
  - d) Q&A handouts/news articles;
  - e) Group meetings/training sessions;
  - f) Promotional videotape(s);
  - g) LTCIP website; and
  - h) Hotline/audiovisual aids
- A.1.3.3 Insofar as any promotional and/or administrative materials or services are customized for the State of Tennessee LTCIP member audience, the Contractor shall request the State's review, and shall obtain the State's approval of content, prior to authorizing their distribution. Such materials and services shall include:
- Newsletters/brochures;
  - Posters/announcements;
  - Q&A handouts/news articles;
  - Identification cards;
  - Letters (except those intended for the processing of an individual member's plan needs);
  - Administrative forms;
  - Manuals

Failure to have any of the above communications materials approved by the State, prior to their release, shall result in an assessment against the Contractor of \$1,000.00 per occurrence. The State shall immediately notify the Contractor of any such occurrence. The cost of printing and distributing these materials shall be borne by the Contractor.

- A.1.3.4 The Contractor shall design, distribute and produce all necessary forms, print or video materials, and/or other educational/marketing tools its expense. All such materials are subject to State review and approval prior to distribution. The Contractor shall provide all materials in sufficient quantities to market the LTCIP in accordance with the Contractor's marketing campaign detailed in the Contractor's response to RFP #317.86-020.
- A.1.3.5 The Contractor shall develop, produce and mail directly to the home address of potential and Insured Members during the term of the contract enrollment/premium materials approved by the State that:
- a) Meet legal requirements for long term care insurance documents in the state in which the insurance is issued;
  - b) Focus on the value of the LTCIP; and
  - c) Clearly present the LTCIP plan design.

A.1.3.6 The Contractor shall design and implement an evaluation plan in accordance with the Contractor's response to RFP #317.86-020, to demonstrate the effectiveness of the Contractor's education and communication plan. Reporting of results shall be no less than once a year during the term of the contract.

#### A.1.4 **Claims Processing**

The Contractor shall be responsible for processing all LTCIP claims submitted by or on behalf of Insured Members and for paying claims in accordance with the LTCIP benefit design contained as Attachment A to this contract and in accordance with the Contractor's response to Section 5.2.4.6 (and its subsections) RFP #317.86-020, the Group Master Policy and the individual certificates. The Contractor must have a system in place to make payment directly to Providers and Insured Members. The Contractor's responsibilities during the term of the contract shall include, but not be limited to, the following:

- a) Development and production of claim form(s) and related materials (as approved by the State);
- b) Delivery of assistance to Providers and Insured members with claims submissions;
- c) Continual provision of sufficient, trained claims processing staff;
- d) Possession and maintenance of an information system which accurately processes claim submissions, tracks Insured Members in Waiver of Premium status and produces Explanations of Benefits (EOBs) that include all required and appropriate information regarding claim payments or denials. The format and content of EOBs are subject to the review and approval by the State;
- e) Development and maintenance of claim payment procedures and guidelines, to be utilized by claims payment staff to ensure the eligibility of Insured Members and the accuracy of claim payments in accordance with the LTCIP benefit design for covered expenses;
- f) Monitoring the timely payment of claims;
- g) Monitoring claims processing for accuracy;
- h) Maintenance of accounting records necessary to support claim payments, and provision of reasonable access to those records for State audit purposes;
- i) Assigning adequate staff to resolve claim disputes on a timely basis;
- j) Maintenance of claims files security and confidentiality;
- k) Identification of claim payment errors, crediting to claims experience all identified overpayments resulting from claims processing errors, and correction of underpayments;
- l) Establishment of written procedures and protocols for analyzing and monitoring claim submissions which identify and confirm fraud and abuse;
- m) Establishment of written procedures and protocols for action to be taken when fraud and abuse have been identified and confirmed;
- n) Recovery of monies paid due to fraud, return of all monies recovered by crediting claims experience, and the reporting of such amounts on the Annual Financial Experience Statement; and
- o) Reporting of fraud to the State Division of Insurance Administration, and all other appropriate authorities.

#### A.1.5 **Coordination of Benefits (COB)**

The Contractor shall for benefits provided under the LTCIP coordinate with benefits provided for long-term care by any group plan or any governmental program or government agency program, except Medicaid. The Contractor shall create and maintain a COB file, which interfaces with the claims payment system to ensure accurate claims payment.

#### A.1.6 **Appeals**

The Contractor shall establish and maintain a formal process in accordance with the Contractor's response to Section 5.2.4.8 (and its subsections) of RFP #317.86-020, which allows Providers and Insured members to appeal any decisions made by the Contractor, which result in a denial of benefit eligibility or claim payment. The Contractor shall establish procedures for notifying Insured Members of their right to appeal and the steps necessary to file an appeal. There must be at least two (2) levels of appeal. Each level of appeal must constitute an independent review of the decision. The Contractor's second level appeal process of benefit eligibility denials must be conducted by an external independent party. The Contractor shall provide the State with a quarterly summary of the number of appeals, types of appeals and final resolution.

#### A.1.7 **Customer Service**

A.1.7.1 The Contractor shall, in accordance with the Contractor's response to Section 5.2.4.9 (and its subsections) of RFP #317.86-020, establish and maintain a dedicated nationwide toll-free telephone service. This telephone service must be available to Insured Members twenty-four (24) hours a day, seven (7) days per week. An adequate staff of fully trained customer service representatives and supervisors must be available to provide assistance, at a minimum, from 8:00 AM to 5:00 PM CT, Monday through Friday, except for legal holidays observed by the State. During non-staffed hours, if any, an automated system must be available to facilitate return calls by the Contractor on the next business day. The Contractor shall make provisions for a back-up telephone system to be utilized in the event the primary telephone system fails or is unavailable.

A.1.7.2 The Contractor shall in accordance with the Contractor's response to RFP #317, 20, have trained staff to handle inquiries, complaints, problems and questions regarding the LTCIP. The Contractor shall be responsible for the timely resolution of all mail and telephone inquiries, complaints, problems and questions received from Applicants, Insured Members and Providers. The Contractor shall track Insured Member telephone calls and correspondence. The Contractor shall retain this information for a sufficient length of time and be able to retrieve the data with relative ease. The Contractor shall, as appropriate, coordinate the resolution of inquiries, complaints, problems and questions with the State.

#### A.1.8 Enrollment and Premium Administration System(s)

A.1.8.1 In order to ensure the efficient and timely processing of claims and the adequate capture of data, the Contractor shall provide participants with identification cards. The cost of these items shall be borne by the Contractor. The State reserves the right to review any claim forms and identification cards prior to issuance for use. Contractor shall update enrollment and shall mail participant I.D. cards no later than 14 days from receipt of a new enrollment.

A.1.8.2 The Contractor shall support payroll and retiree deductions and direct payments (ACH). Employees will make premium payments for themselves and their dependent(s) via payroll deduction. The Contractor shall Direct-bill for the enrolled parents, parents in law, and former dependents of Active Employees and Retirees. Retirees may choose, but are not mandated, to make premium payments for themselves and, if desired, they're Dependent(s) via retiree deductions.

The Contractor shall provide, on a date specified by the State, monthly billing statements to the State, which detail the totals of enrolled active employees and retirees not on direct billing. This detail shall be submitted via an electronic means in the Tennessee Insurance System (TIS) records format (Attachment 9.7) or successor system. Upon payment of the premium by the State, the Contractor shall reconcile the payment and monthly billing statement within 10 business days.

A.1.8.3 The Contractor shall, in those cases where the retiree deduction is insufficient to make premium payments or the Employee/Retiree elects not to have the premium(s) deducted for him or herself and/or his/her Dependent(s), the Contractor shall Direct-bill the Insured Member. There shall be no additional charge to the Insured Member or the State for those Insured Members who pay premium via direct billing.

A.1.8.4 As claims are submitted for coverage, the Contractor shall confirm the eligibility of each Insured Member for whom a claim has been submitted. Such eligibility confirmation shall be directly applicable to the date(s) during which the charges contained in those claims were incurred.

A.1.8.4.1 The Contractor shall process said claims, in an accurate manner, either filed directly by the Insured Member or the provider(s), and within the performance standards in accordance with the Performance Guarantees contained as Attachment B to this contract.

A.1.8.5 The Contractor shall maintain an electronic data processing (EDP) and electronic data interface (EDI) environment. The Contractor shall have a disaster recovery plan for restoring the application software and current master files and for hardware backup if the production systems are destroyed.

A.1.8.6 The EDP environment (hardware and software), physical and data security and internal controls, must meet the standards outlined by the American Institute of Certified Public Accountants.

A.1.8.6.1 Physical security requirements shall at minimum consist of a data storage vault with limited access to authorized personnel and a computer room having controlled access.

A.1.8.6.2 Data security requirements shall at a minimum consist of fully operational internal accounting controls.

A.1.8.6.3 Document control requirements shall at minimum provide for automated security of all State documents and data to ensure complete segregation from the data and documents of other carrier customers.

A.1.8.6.4 The Contractor must also have a backup system(s) available and in place to be used in the event the primary system(s) fails or cannot be accessed.

#### A.1.9 Data and Specific Reporting Requirements

A.1.9.1 The Contractor shall submit Quarterly Management Reports in accordance with the schedule and informational requirements as described in Attachment D of this contract.

A.1.9.2 The Contractor shall submit the Annual Financial Experience Report in accordance with the schedule and informational requirements as described within Attachment E of this contract.

A.1.9.3 The Contractor shall be required to submit such ad hoc reports, as the State deems necessary to analyze the LTCIP. The exact cost, format, frequency and due dates for such reports shall be negotiated with the Contractor.

A.1.9.4 The Contractor shall maintain an electronic data interface with the State's Tennessee Insurance System (TIS), for the purpose of accessing State member eligibility information. The Contractor is responsible for equipping itself with the hardware and software necessary for achieving access.

A.1.9.5 The Contractor shall maintain, in its computer system, in-force eligibility records of all LTCIP insured members.

A.1.9.6 **Weekly Eligibility Update Reports:** To ensure that LTCIP Insured Members' eligibility records remain accurate and complete, the Contractor commits to the following:

- To accept weekly eligibility data electronic transfer files from the State, for LTCIP participants who are maintained in the State's TIS system (files will include demographic changes, recent adds, changes, and terminations);
- To process updates of all weekly file records within three (3) working days of receipt of the files from the State;
- To resolve mismatches identified by the processing of weekly files within six (6) calendar days of receipt of the files from the State; and
- To complete and submit to the State, within five (5) working days of receipt of the weekly files, a *Weekly Eligibility Update Report* (format to be agreed to at contract implementation).

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

A.1.9.7 **Quarterly Eligibility Data Reconciliation:** To ensure that LTCIP Insured Members' eligibility records remain accurate and complete, the Contractor commits to the following:

- To accept quarterly eligibility data electronic transfer files from the State, for Insured Members who are maintained in the State's TIS system;
- To compare the State's full file of State enrollees quarterly with the Contractor's database of State members within five (5) working days of receipt of the file from the State;
- To resolve all discrepancies identified by the reconciliation processing of the quarterly files within ten (10) calendar days of receipt of the eligibility files from the State; and
- To complete and submit to the State, within eleven (11) calendar days of receipt of the quarterly files, the *Quarterly Eligibility Update Report* (format to be agreed to at contract implementation). For the purpose of this requirement, "mismatches" are defined as: Any difference of values between the State's and Contractor's eligibility databases.

A.1.10 **Confidentiality**  
The Contractor is responsible for assuring the confidentiality of all Applicant and Insured member information by incorporating measures in all management information and claims processing systems, including, but not limited to, physical controls, data segregation and password protection. (See also Section E.9).

A.1.11 **Consultant Services**  
The Contractor shall meet the ongoing advice and recommendation needs of the State regarding long term care benefits and LTCIP administration. In addition, the Contractor must perform ongoing analyses to assess the impact of the LTCIP and identify problems in need of corrective action, if required. Such responsibility shall include, but not be limited to, keeping the State informed concerning such matters as technological improvements, administrative improvements, and proposed or enacted State/Federal legislation which may affect benefit provisions or requirements. The Contractor must participate, as requested, in State's ongoing communication efforts. State employee/retiree communication efforts are diverse and ongoing. As requested by State, the Contractor shall be responsible for providing the State with complete, accurate and appropriate information about the LTCIP, for inclusion in State generated communications.

## A.2 Services Provided by the State of Tennessee

A.2.1 The State will provide eligibility records. These records shall include participants' demographic information, enrollment status, and eligibility information. The Contractor's enrollment and premium collection system shall be compatible or have the capability to utilize the eligibility enrollment information provided by the State.

A.2.2 The State shall provide on-line inquiry access, or other access acceptable to the Contractor, to all eligibility information maintained by the State and such information to interpret such information.

A.2.3 The State shall make payroll and retiree deductions of the premium as elected by the participating employees and retirees and remit those funds to the Contractor within forty-five (45) days of the effective date of coverage.

A.2.4 The State shall assist in the enrollment of eligible State employees and retirees.

**B CONTRACT TERM**

- B.1 **Contract Term.** This Contract shall be effective for the period commencing on January 1, 2003 – for the purpose of carrying out the administrative activities associated with establishing coverage on July 1, 2003 – and ending on December 31, 2012. The State shall have no obligation for services rendered by the Contractor, which are not performed within the specified period.
- B.2 **Term Extension.** The State reserves the right to extend this Contract for one additional period of time representing an increment of five years and a total contract term of no more than Fifteen (15) years, provided that the State notifies the Contractor in writing of its intention to do so at least Two Hundred Seventy (270) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.
- B.3 The insurance coverage provided through this contract and the group master policy shall be effective July 1, 2003

**C PAYMENT TERMS AND CONDITIONS**

- C.1 **Maximum Liability.** In no event shall the maximum liability of the State under this Contract exceed Seventy-five Million Dollars (\$75,000,000). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

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

- C.2 **Compensation Firm.** The Service Rates and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.
- C.3 **Payment Methodology.** The Contractor shall be compensated based on the Long Term Care Insurance Benefit selections made by Plan Participants, for the Monthly Premium Rates presented in Attachment C of this agreement. The Contractor agrees these Premium Rates, which include a 10% spousal discount, shall be in effect for the initial five-year term of coverage (July 1, 2003 through June 30, 2008).

Such compensation shall be for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service defined in Section A.

The Contractor shall submit invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Payments to the Contractor shall be based upon payroll deduction information provided by the Contractor and payment of premium by former employees and retirees who are paying premium directly to the Contractor. The payroll deduction information shall be provided in a form and medium acceptable to the State and, at a minimum, shall include employees' identification numbers, the type(s) and amount(s) of coverage, and the deduction amounts.

- C.3.1 **Premium payments after initial Five Year Guarantee period.** Any increase in the age based Monthly Premium Rates proposed to take effect after June 30, 2008 shall not exceed the increases in the Contractor's total currently issued Long Term Care insurance policies.
- C.3.2 **Premium payments under Term Extension.** If this contract is extended per Section B.2, the increase in the age based Monthly Premium Rates for the additional five-year period shall not exceed the increases of the Contractor's total currently issued Long Term Care insurance policies.
- C.4 **Travel Compensation.** The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

- C.5 **Payment of Invoice.** The pay( ) of the invoice by the State shall not prejudice ( ) State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.6 **Invoice Reductions.** The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.7 **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.8 **Automatic Deposits.** The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

**D STANDARD TERMS AND CONDITIONS**

- D.1 **Required Approvals.** The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2 **Modification and Amendment.** This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3 **Termination for Convenience.** The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least Ninety (90) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service, which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- D.4 **Termination for Cause.** If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5 **Subcontracting.** The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.).

Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

- D.6 **Conflicts of Interest.** The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7 **Nondiscrimination.** The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

- D.8 **Records.** The Contractor shall maintain documentation for all charges against it made under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9 **Monitoring.** The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10 **Progress Reports.** The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11 **Strict Performance.** Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12 **Independent Contractor.** The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.
- The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.
- D.13 **State Liability.** The State shall have no liability except as specifically provided in this Contract.
- D.14 **Force Majeure.** The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.15 **State and Federal Compliance.** The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16 **Governing Law.** This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.17 **Completeness.** This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.18 **Severability.** If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.19 **Headings.** Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

## **E SPECIAL TERMS AND CONDITIONS**

- E.1 **Conflicting Terms and Conditions.** Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

E.2

**Communications and Contact** All instructions, notices, consents, demands, and other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

**The State:**

Paul Hauser  
Division of Insurance Administration  
William R. Snodgrass Building, 13<sup>th</sup> Floor  
312 8<sup>th</sup> Ave. No.  
Nashville, TN 37243

phone) 615-741-9896  
fax) 615-741-8196  
email) [paul.hauser@state.tn.us](mailto:paul.hauser@state.tn.us)

**The Contractor:**

J. Robert Clement, Vice President  
MedAmerica Insurance Company  
165 Court Street  
Rochester, NY 14647

phone) 585-399-6620  
fax) 585-238-3642  
email) [bob.clement@excellus.com](mailto:bob.clement@excellus.com)

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

**E.3 Subject to Funds Availability.** The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

**E.4 Breach.** A party shall be deemed to have breached the Contract if any of the following occurs:

- failure to perform in accordance with any term or provision of the Contract;
- partial performance of any term or provision of the Contract;
- any act prohibited or restricted by the Contract, or
- violation of any warranty.

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

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

- (1) In event of a Breach by Contractor, the state shall have available the remedy of Actual Damages and any other remedy available at law or equity.
- (2) In the event of a Breach, the State may assess the applicable Performance Guarantee amounts, as detailed in Attachment B of this agreement. The State shall notify the Contractor of amounts to be assessed as Performance Guarantee amounts. 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 Performance Guarantee amounts contained in above referenced, Attachment B and agree 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 Performance Guarantee amounts 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 Performance Guarantee amounts 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 Performance Guarantee amounts before availing itself of any other remedy. The State may choose to discontinue Performance Guarantee amounts 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 Performance Guarantee amounts previously withheld except in the event of a Partial Default.

- (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. 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 Performance Guarantee amounts against the Contractor for any failure to perform which ultimately results in a Partial Default with said Performance Guarantee amounts 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.

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

E.5 **Partial Takeover.** The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in Breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, 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.6 **Effect of Contract Termination.** Upon termination of this Contract, the Contractor shall provide to the State or its designated agent information on the type and amount of insurance maintained by insured members of the LTCIP as well as a listing of Insured Members presently receiving benefits. The information shall be furnished on an electronic data processing tape or such other data processing format compatible with the data processing system maintained by the state as described in RFP #317.86.020. Additionally, the Contractor shall provide all information necessary to properly interpret the data supplied. To insure the continuous operation of the LTCIP and upon 30 day notice, this information shall be provided to the State or its designated agent at least 45 days prior to the termination of this Contract; further the State may require the Contractor to provide this information at various other times prior to or after the termination date of this

Contract. The Contractor shall be responsible for processing the claims and retaining the liability for all active claimants, including those in the elimination period status after the termination of this Contract.

- E.6.1 Upon termination of this Contract, the Contractor agrees to transfer the LTCIP reserves to the State or a party designated by the State based on the prospective reserve transfer procedures and calculations as contained in the MasterGroup Policy and in accordance with the Contractor's response to Section 5.2.4.13 (and its subsections) of the RFP #317.86.020.
- E.7 **Competitive Procurements.** This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or services. Such procurements shall be made on a competitive basis, where practical.
- E.8 **Incorporation of Additional Documents.** Included in this Contract by reference are the following documents:
1. The Contract document and its attachments
  2. Group Master Policy, as approved by and filed with the Tennessee Department of Commerce and Insurance
  3. All Clarifications and addenda made to the Contractor's Proposal
  4. Request for Proposals #317.86-020 and its associated amendments
  5. Technical Specifications provided to the Contractor
  6. The Contractor's Proposal in response to RFP #317.86-020

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

- E.9 **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.9.1 **HIPAA Compliance.** Contractor warrants to the State that it is familiar with the requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this contract. Contractor warrants that it will cooperate with the State in the course of performance of the contract so that both parties will be in compliance with HIPAA, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations. Contractor will sign any documents that are reasonably necessary to keep the State and Contractor in compliance with HIPAA, including but not limited to business associate agreements.
- E.10 **Performance Guarantees.** The contractor agrees to be bound by the Performance guarantees contained in Attachment B of this agreement, for the term of the contract. Total annual "Non-performance Amounts", as detailed in Attachment B, shall not exceed the lower of Two Hundred Thousand Dollars (\$200,000) or five percent (5%) of the total annual premium.
- E.11 **Contract Extension: Performance Guarantees.** If this Contract is extended, per Section B.2, the Performance Guarantees shall remain unchanged for the years extended.
- E.12 **Date/Time Hold Harmless.** As required by *Tennessee Code Annotated*, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.
- E.13 **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 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.14 **Tennessee Consolidated Retirement System.** The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

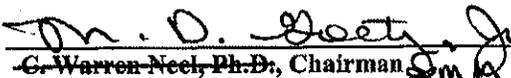
IN WITNESS WHEREOF:

MEDAMERICA INSURANCE COMPANY

  
Christopher Dean Perna, President and COO

12/18/02  
Date

STATE OF TENNESSEE, STATE OF TENNESSEE INSURANCE COMMITTEE

  
M. D. Goetz, Jr.  
G. Warren Neel, Ph.D., Chairman

1-27-03  
Date

VK

APPROVED:  
DEPARTMENT OF FINANCE AND ADMINISTRATION:

  
M. D. Goetz, Jr.  
G. Warren Neel, Ph.D., Commissioner

JAN 30 2003  
Date

COMPTROLLER OF THE TREASURY:

  
John G. Morgan, Comptroller of the Treasury

2/6/03  
Date

**ATTACHMENT A TO CONTRACT #FA-03-150  
Long Term Care Benefits/Provisions/Exclusions**

Tennessee Sponsored Voluntary Group Long Term Care Insurance Plan (LTCIP)	
Benefit/Provision	Description
<b>Plan Policy Requirements</b>	The LTCIP must be based on a <b>group plan platform</b> issued to the State of Tennessee. The provisions of LTCIP are intended to be consistent with the policies providing Qualified Long Term Care Insurance as defined by the Internal Revenue Code Section 770B(b).
<b>Plan Payment Model</b>	Reimbursement of incurred expenses for qualified long term care services with payment not to exceed the associated <b>Daily Benefit Amount (DBA)</b> . If the DBA exceeds actual incurred expenses, the balance shall be pooled for future use by the Insured.
<b>Eligibility Criteria</b>	
<b>1. Eligibility Status</b>	<ul style="list-style-type: none"> <li>• <b>Employee</b> – 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.</li> <li>• <b>Retiree</b> – 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).</li> <li>• <b>Dependent</b> – An individual who is: 1) a legally married spouse of a State of Tennessee employee or retiree; or 2) an individual who is 18 years of age or older that is a natural or adopted child of a State employee (regardless of where he/she lives); a stepchild, if the employee or spouse has legal or joint custody/shared parenting; and a child living in the home of an employee or retiree, for whom that employee or retiree is the legal guardian. Dependent children between the ages of 19 and 24 must be claimed on the employee's income tax return or be a full-time student.</li> <li>• Parents of State of Tennessee active employees and retirees; and</li> <li>• Parents-in-law of State of Tennessee active employees and retirees.</li> </ul>
<b>2. Age Minimum/Maximum</b>	The minimum age for participation/enrollment in the LTCIP for any individual is 18 years of age. The maximum age for dependent enrollment is 24 years, unless the incapacity condition exists, as defined above. There is no age maximum for continued participation.
<b>3. Participation Requirements</b>	None. Employee or Retiree (including Dependent Survivor) participation is not required for participation of eligible Dependents.
<b>Underwriting Criteria</b>	
<b>Guaranteed Issuance</b>	Employees who apply for coverage during the initial offering period and new Employees who apply for coverage within 90 days of their hire date. The Employee must meet the LTCIP's " <b>Positive Pay Status Requirement</b> ". To meet the LTCIP's Actively at Work Requirement the Employee must, on the day coverage is to begin, be at the employer's place of business or at a location to which the employer's business requires the Employee to travel and be able to fully perform the duties of the position for that Employee's normal workday. It includes any day on which the Employee is on vacation or on authorized leave provided such absence is not due to illness or injury or Leave Without Pay. Employees on disability will be eligible to enroll for this coverage when returning to active employment status. <b>An Eligible Employee shall mean any person who meets the eligibility requirements for participation in the State Health Insurance Plan.</b>
<b>Fully Underwritten</b>	<ol style="list-style-type: none"> <li>1) Any Employee who does not meet the LTCIP's Actively at Work Requirement;</li> <li>2) Employees who choose to apply for coverage after the initial offering and new Employees who choose to apply for coverage more than 90 days after their hire date;</li> <li>3) An Employee's eligible Dependent(s); and</li> <li>4) Retirees and their spouses.</li> <li>5) Parents and Parents-in-law.</li> </ol>
<b>Daily Benefit Amounts/Lifetime Maximum Amounts</b>	There shall be three (3) Nursing Home Care and Assisted Living DBAs offered - <b>\$100/day, \$150/day or \$200/day. The Applicant may choose coverage periods of 3 years or 5 years.</b>  The DBA for Adult Care, Home Health Care, Homemaker, and Hospice Care and Respite Care (limited to 21 days per year) benefits shall be set at 60% of the selected Nursing Home DBA option.

Benefit/Provision	Description
<b>Inflation Protection</b>	<p>There shall be an Inflation Protection Option available.</p> <p><b>Automatic Annual Benefit Increase Option:</b> Benefits shall increase by 5% compounded annually, with no increase in premium. The increases shall automatically occur on the anniversary of the Insured's coverage, regardless of the Insured's claim status, and shall continue for as long as coverage remains in force.</p>
<b>Benefit Eligibility</b>	<p>Insured Members who have been certified by a licensed health care practitioner as: 1) being unable, for at least 90 days, to perform two (2) or more Activities of Daily Living without Assistance from another individual; or 2) requiring Supervision to be protected from threats to health and safety due to severe cognitive impairment, are eligible for benefits. The Activities of Daily Living are Eating, Toileting, Transferring, Bathing, Dressing, and Continence.</p> <p>Ongoing re-certification of an Insured's continued eligibility to receive benefits must be conducted at least once every twelve months.</p>
<b>Elimination Period</b>	<p>There shall be a once per lifetime elimination period of 90 calendar days before benefit payments shall begin. The <b>Elimination Period</b> shall be a total of 90 calendar days during which an Insured is unable to perform, without assistance from another individual, at least 2 ADLs, or requires supervision due to a severe cognitive impairment. These days need not be consecutive as long as the interval is not greater than 180 days. Receipt of LTC services shall not be used as a requirement for establishing the Elimination Period; a certification of ADL deficiency or cognitive impairment is all that shall be necessary. Days need not be consecutive as long as they are accumulated within a 365/6-day period. The Elimination Period shall apply to all types of covered services, except for benefit payments for Respite Care.</p>
<b>Covered LTC Services</b>	<p>Shall include, but not be limited to:</p> <ul style="list-style-type: none"> <li>• Skilled, Intermediate or Custodial Care in a licensed Nursing Facility</li> <li>• Assisted Living Facility Care</li> <li>• Home Health Care – nursing service, occupational therapy, physical therapy, respiratory therapy, nutritional services</li> <li>• Home Care – home health aide services, maintenance or personal care, homemaker services if provided by a licensed/certified home care agency in accordance with the Insured's Plan of Care</li> <li>• Adult Day Care</li> <li>• At home and in-patient Hospice Care</li> </ul> <p>*All providers eligible for reimbursement should be licensed providers, where the State regulates such providers. This does not preclude payment to non-licensed providers under alternative care plans.</p>
<b>Exclusions</b>	<p>The LTCIP shall not include any exclusions or limitations for pre-existing conditions.</p> <p>The LTCIP shall not pay for:</p> <ol style="list-style-type: none"> <li>1. Any expense which is: <ol style="list-style-type: none"> <li>a. Normally provided w/out charge in absence of this insurance; or</li> <li>b. For the treatment of alcoholism or drug addiction; or</li> <li>c. Paid under a state or federal workers' compensation plan; reimbursed under Medicare or would be so reimbursed except for the application of a deductible, coinsurance or co-payment amount, except where Medicare is secondary; paid or provided under any other government program, except Medicaid; or</li> </ol> </li> <li>2. Illness, treatment or medical conditions arising out of: <ol style="list-style-type: none"> <li>a. War or act of war (whether declared or undeclared);</li> <li>b. Participation in a felony, riot or insurrection</li> <li>c. Service in the armed forces or auxiliary units thereto; or</li> </ol> </li> <li>3. Coverage while the Insured is outside the United States and its possessions.</li> </ol> <p>The LTCIP <b>shall not exclude or limit benefits</b> resulting from mental or nervous disorders whether organic or inorganic in nature, including Alzheimer's disease, as long as the Insured meets the benefit eligibility criteria.</p>
<b>Alternate Care</b>	<p>When warranted by the particular circumstances of an Insured, the Insurer may authorize coverage of services or settings not normally covered (e.g., unlicensed provider, Innovative care, new type of care, etc.). The care need not be a less costly alternative, but should represent an appropriate level of care for the Insured – as agreed to by the Insured, an authorized legal representative of the Insured and/or the Insured's doctor.</p>
<b>Bed Reservation</b>	<p>The LTCIP shall pay the Nursing Home, Assisted Living Facility or Hospice Care Facility to hold the Insured's bed while he/she is temporarily in the hospital. The maximum annual benefit shall be 21 calendar days per year, at the applicable DBA rate.</p>

Benefit/Provision	Description
<b>Respite Care</b>	The LTCIP shall pay for the cost of formal care provided to an Insured to give an unpaid informal caregiver time away from care giving (i.e., a limited break or vacation). The maximum annual benefit shall be 21 calendar days per year, at 60% the applicable DBA.
<b>Portability</b>	The Insured shall have the ability to continue coverage should they cease to be a member of an eligible class, or should the group policy terminate, by paying premiums directly to the Company when they are due. Continuation coverage is not available to the following categories of persons: <ul style="list-style-type: none"> <li>• Those whose coverage ends due to failure to pay premiums on a timely basis, or</li> <li>• Those who have received benefits equal to the lifetime maximum.</li> </ul>
<b>Premiums</b>	Level Premium Rates based on age at entry and guaranteed renewable (current age). Employee pay-all
<b>Premium Rate Guarantee</b>	5 Year Minimum Rate Guarantee (i.e., Premium Rates guaranteed for the period 7/1/2003 through 6/30/2008)
<b>Third Party Notification</b>	The Insured, at the time of application and at least every two years thereafter, shall be requested to designate, update or change a third party designee or provide a waiver of designation to the insurer.
<b>Waiver of Premium</b>	The Premium Waiver applies to all types of covered services. Premiums shall be waived after the Insured's eligibility has been established and the Elimination Period has been satisfied and the administrator has approved benefits. Premiums shall resume ninety (90) days after the Insured is no longer eligible for services.
<b>Grace Period</b>	The Insured shall have a 30-day grace period for late payment of premium.
<b>Termination</b>	<p>An Insured's coverage shall end when the first of the following occurs:</p> <ul style="list-style-type: none"> <li>• The date the Insured's premiums are not paid when due, subject to the LTCIP Grace Period;</li> <li>• The date the Insured's maximum lifetime benefits are exhausted;</li> <li>• The date the Insurer receives written notification from the Insured to terminate the Insured's coverage or on a later date specified in the notice; or</li> <li>• The day after the date of the Insured's death.</li> </ul> <p>If the Insured elects to cancel his/her coverage, cancellation shall be without prejudice to any claim originating prior to the effective date of cancellation and without prejudice to the extension of benefits requirement of the rules of the Tennessee State Department of Commerce and Insurance Chapter 0780-1-61 Long Term Care Insurance.</p> <p>Coverage cannot be cancelled because of an Insured's age, health status, health care needs, or use of benefits.</p>
<b>Continuation of Coverage</b>	If the Insured's eligibility to participate in the LTCIP is terminated, regardless of the reason, the Insured is entitled to continuation of coverage under the LTCIP group policy with the same benefits and provisions and with no change in premium rate. Notwithstanding the preceding, the Insured may not continue coverage if termination is due to non-payment of premium or to exhaustion of total benefits.
<b>Reinstatement</b>	<p>If an Insured's coverage lapses due to non-payment of premium, the Insured shall have a twelve (12) month period from the lapse date during which to apply for reinstatement at the same premium rate, subject to evidence of insurability. Notwithstanding the preceding, if lapse was due to functional loss or severe cognitive impairment, and the request for reinstatement is made within five (5) months of the lapse date, coverage shall be reinstated without evidence of insurability. In the event an individual's reinstatement of employment is ordered by the Civil Service Commission or by Court Order, coverage shall be reinstated without requiring evidence of insurability.</p> <p>Any reinstatement, irrespective of its justification, shall be effective upon receipt of all premiums due retroactive to the date coverage terminated.</p>
<b>Policy Modification</b>	If a public program is expanded or developed to cover some or all aspects of long term care, the State reserves the right to modify the LTCIP to supplement the public program.

**A1**    **ATTACHMENT B TO CONTRACT #FA-03-150**    **00**  
**PERFORMANCE GUARANTEES**

**NOTE: Total annual "non-performance amounts" shall be capped at the lower of \$200,000 or 5% of the total annual premium.**

<b>1. Program Implementation: Marketing Plan</b>	
<b>Guarantee</b>	The LTCIP Marketing Plan relative to implementation and start-up activities shall be completed no later than January 15, 2003.
<b>Definition</b>	The Contractor shall have in place no later than January 15, 2003 a thorough <b>Marketing plan</b> , detailing required actions, responsible party(ies), and deadlines. In addition, the Contractor shall have adequately trained staff, and informational and educational materials.
<b>Non-performance amount</b>	<b>\$ 5,000.00</b> for failure to have all of the above listed functions ready by January 15, 2003.
<b>Measurement</b>	Documentation of compliance will be submitted by the Contractor on or shortly after October 1, to the State. <b>This guarantee shall be measured once at initial implementation.</b>
<b>2. Program Implementation: Systems</b>	
<b>Guarantee</b>	Preparation for On-line enrollment and claims processing, as well as Customer Service operations shall be completed by May 31, 2003.
<b>Definition</b>	The Contractor shall have in place no later than May 31, 2003 the systems configuration(s) and programming, hardware, software, and staff necessary for on-line enrollment, premium administration, claims processing and Customer Services operations (including toll-free telephone line staffing by trained customer service representatives).
<b>Non-performance amount</b>	<b>\$ 5,000.00</b> for failure to have all of the above listed functions ready by May 31, 2003.
<b>Measurement</b>	Documentation of compliance will be submitted by the Contractor on or shortly after December 15, to the State. <b>This guarantee shall be measured once at initial implementation.</b>
<b>3. Claims Turnaround Time</b>	
<b>Guarantee</b>	Ninety five percent (95%) of all claims submitted for payment under the LTCIP, measured on an annual basis, shall be paid or resolved within 45 calendar days of the receipt by the Contractor. Payment. Turn around time will not apply when there is a reasonable doubt regarding the Contractor's obligation to pay the claim.
<b>Definition</b>	Measured from the date the claim is received in the office to the date processed, including weekends and holidays. Any claims that are not reasonably clear as to the obligation of the Contractor such as COB, fraud, or eligibility will be excluded from the performance standard.
<b>Non-performance amount</b>	<b>\$ 5,000.00</b> for each full percentage point below the required minimum standard of 95%. <b>Annual guarantee.</b>
<b>Measurement</b>	Internal audit performed by the Contractor on a statistically valid sample. <b>Measured and reported annually.</b>
<b>4. Telephone Response Time</b>	
<b>Guarantee</b>	Ninety five percent (95%) of all calls requesting a member services representative will be answered in an average speed of answer of 60 seconds or less.
<b>Definition</b>	All calls will be routed into a designated State Customer Service Unit. 95% of all calls to this unit will be answered in an average speed of 60 seconds or less.
<b>Non-performance amount</b>	<b>\$ 1,000.00</b> for each full percentage point below the 95% compliance required. <b>Quarterly guarantee.</b>
<b>Measurement</b>	Based on internal telephone support system reports. <b>Measured and reported quarterly; reconciled annually.</b>
<b>5. Telephone Abandonment Rate</b>	
<b>Guarantee</b>	The percentage of incoming calls in which the caller disconnects before the call is answered shall not exceed five percent (5%) for each contract quarter.
<b>Definition</b>	The number of all calls routed to a designated State Customer Service Unit during each contract quarter, shall not be abandoned before the call is answered at a rate greater than 5% (five per cent) of all calls routed to that unit.
<b>Non-performance amount</b>	<b>\$1,000</b> for each full percentage point greater than 5%. <b>Quarterly guarantee.</b>
<b>Measurement</b>	Based on internal telephone support system reports. <b>Measured and reported quarterly; reconciled annually.</b>
<b>6. Quarterly Management Reporting</b>	
<b>Guarantee</b>	All quarterly management reports will be delivered by the 45 <sup>th</sup> day subsequent to the end of each reporting period.
<b>Definition</b>	See above.
<b>Non-performance amount</b>	<b>\$ 100.00</b> for every day that reports are late. <b>Quarterly guarantee.</b>
<b>Measurement</b>	<b>Measured and reported quarterly; reconciled annually.</b>
<b>7. Annual Financial Report</b>	
<b>Guarantee</b>	The Annual Financial Report will be delivered by the 75 <sup>th</sup> day subsequent to the end of the calendar year.
<b>Definition</b>	See above
<b>Non-performance amount</b>	<b>\$ 500.00</b> for every day Annual Financial report is late. <b>Annual Guarantee</b>
<b>Measurement</b>	<b>Measured, reported, and reconciled annually.</b>

<b>8. Benefit Authorization Guarantee</b>	Eighty-five percent (85%) of all determinations for benefits will be processed within 15 business days of receipt of complete information.
<b>Definition</b>	Complete information received in the office of the Contractor will be processed for determination of authorization for benefits. Standard is 85% of all determinations processed within 15 business days measured <b>quarterly</b> .
<b>Non-performance amount</b>	<b>\$1,000.00</b> per each percentage point below 85% average for average of time applications processed within 15 business days. <b>Quarterly Guarantee</b>
<b>Measurement</b>	<b>Measured and reported quarterly; reconciled annually</b>
<b>9. Appeals Guarantee</b>	First level appeals for benefit eligibility denials are reviewed and a determination made within the average of 10 business days from the receipt of the appeal or requested additional information.
<b>Definition</b>	The Contractor shall notify members of appeals determinations within an average of 10 business days of its receipt of the request for appeal or receipt of requested additional information.
<b>Non-performance amount</b>	Should the above standard not be met, the total amount due the State from the Contractor shall be <b>\$1,000.00</b> per full day greater than the average of 10 days. <b>Quarterly Guarantee.</b>
<b>Measurement</b>	<b>Measured and reported quarterly; reconciled annually</b>
<b>10. Underwriting Turnaround Guarantee</b>	Ninety five percent (95%) of all underwriting decisions shall be made and communicated within <b>10 (ten)</b> business days upon receipt of application and all additional information requested.
<b>Definition</b>	Notification of underwriting decision sent to applicant within <b>10</b> business days of receipt of application and all requested additional information.
<b>Non-performance amount</b>	Should the above standard not be met, the total amount due the State shall be <b>\$1,000.00</b> per day. <b>Quarterly Guarantee.</b>
<b>Measurement</b>	<b>Measured and reported quarterly, and reconciled annually.</b>
<b>11. Tennessee Insurance System Interface: Billing and Enrollment Interface Guarantee</b>	For the <b>billing and enrollment feed</b> , the Contractor's interface to the Tennessee Insurance system (TIS) shall be fully operational no less than 30 calendar days prior to commencement of insurance coverage (that date being May 31, 2003).
<b>Definition</b>	Fully operational with the TIS Interface shall mean that electronic files received by the contractor from the State of Tennessee via email, Internet web posting, compact disk, or any other acceptable electronic medium will be processed and the data loaded directly into the Contractor's production data base. The production database will be the source of reference for the contractor's business processes, including but not limited to claims processing and customer service. This shall include electronic transmissions to the State of Tennessee enrollment and billing records.
<b>Penalty</b>	Should the TIS interface, for Billing and Enrollment, not be fully operational – as defined above – by May 31, 2003, the contractor shall pay to the State of Tennessee a penalty of <b>\$500</b> per day, for every day past the stated deadline, until the corresponding interface is fully operational.
<b>Measurement</b>	<b>The benchmark for determining compliance shall be measured and reported beginning May 31, 2003.</b>
<b>12. Tennessee Insurance System Interface: Eligibility Interface and Online Inquiry Guarantee</b>	For the <b>eligibility feed and online inquiry</b> , the Contractor's interface with TIS shall be fully operational by May 31, 2003.
<b>Definition</b>	Fully operational with the TIS interface shall mean that electronic files received by the contractor from the State of Tennessee via email, Internet web posting, compact disk, or any other acceptable electronic medium will be processed and the data loaded directly into the Contractor's production data base. The production database will be the source of reference for the contractor's business processes, including but not limited to claims processing and customer service. This shall include electronic transmissions to the State of Tennessee enrollment and billing records.
<b>Penalty</b>	Should the TIS interface not be fully operational by May 31, 2003, the contractor shall pay to the State of Tennessee a penalty of <b>\$500</b> per day, for every day past the stated deadline, until the corresponding interface is fully operational.
<b>Measurement</b>	<b>For the eligibility feed and online inquiry, the benchmark for determining compliance shall be measured and reported beginning May 31, 2003.</b>

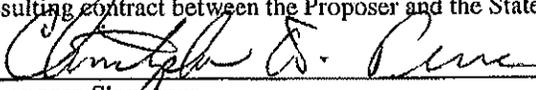
ATTACHMENT C TO CONTRACT #FA-03-15098, as derived from the  
 Contractor's Response to RFP #317.86-020  
 Long Term Care Insurance Plan Cost Proposal

Proposer Name

**MedAmerica Insurance Company**

**NOTICE TO PROPOSER:** The Proposer shall indicate below the offered price for providing all services proposed including all services as defined in the *pro forma* contract Scope of Services of the subject RFP. This Cost Proposal must specifically record below the exact cost amount(s) proposed in the appropriate space(s) as required herein. Said cost proposed must incorporate all cost for the proposed scope of services for the total contract period. The Cost Proposal shall detail only the cost proposed as required, and shall not detail any other rates, amounts, or information. It shall not detail any text that could be construed as a qualification of the cost proposed. If the Proposer fails to specify the Cost Proposal as required, the State shall determine the proposal to be nonresponsive and reject it. The proposer must sign and date the Cost Proposal.

The following proposed cost and the submitted technical proposal associated with this cost shall remain valid for at least **One Hundred Twenty (120)** days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any resulting contract between the Proposer and the State.

  
 Proposer Signature

7/19/02  
 Date

**FIVE (5) YEAR GUARANTEED MONTHLY AGED BASED PREMIUM RATES (300 POINTS)**

The State strongly encourages Proposers to thoroughly review the Cost Proposal Evaluation Format (Attachment 9.4), for a full description of how rates will be evaluated, prior to completing the steps required in this Cost Proposal.

Proposers must complete monthly rate Tables 1 and 2 (following) for each of the 12 benefit options. The Proposer agrees that these rates are guaranteed for the first five (5) years (2003, 2004, 2005, 2006, 2007) of the contract.

**Notes/Instructions:**

- The rates requested are age-last-birthday rates.
- These rates must be monthly rates and must include all charges and loads (application fees, modal loads, etc.).
- The State requires a spousal discount of 10% for husband and wife premiums when both are enrolled.
- Premiums in Tables 1 and 2 are for policies wherein only one spouse is enrolled.

Table 1  
 Monthly 5 Year Guaranteed Premium Rates  
 No Inflation Protection

Issue Age Last Birthday	3 Year Maximum Benefit			5 Year Maximum Benefit		
	\$100 DBA	\$150 DBA	\$200 DBA	\$100 DBA	\$150 DBA	\$200 DBA
18	\$2.36	\$3.55	\$4.73	\$3.13	\$4.69	\$6.25
19	\$2.45	\$3.67	\$4.90	\$3.24	\$4.86	\$6.48
20	\$2.54	\$3.81	\$5.08	\$3.37	\$5.05	\$6.74
21	\$2.65	\$3.97	\$5.30	\$3.51	\$5.27	\$7.03
22	\$2.77	\$4.15	\$5.53	\$3.67	\$5.51	\$7.35
23	\$2.90	\$4.34	\$5.79	\$3.85	\$5.78	\$7.71
24	\$3.04	\$4.56	\$6.08	\$4.05	\$6.08	\$8.10
25	\$3.20	\$4.80	\$6.40	\$4.27	\$6.40	\$8.54
26	\$3.37	\$5.06	\$6.75	\$4.51	\$6.77	\$9.02
27	\$3.57	\$5.35	\$7.13	\$4.77	\$7.16	\$9.55
28	\$3.78	\$5.66	\$7.55	\$5.06	\$7.60	\$10.13
29	\$4.01	\$6.01	\$8.01	\$5.38	\$8.07	\$10.76
30	\$4.26	\$6.38	\$8.51	\$5.72	\$8.59	\$11.45
31	\$4.53	\$6.80	\$9.06	\$6.10	\$9.15	\$12.20
32	\$4.83	\$7.24	\$9.66	\$6.51	\$9.77	\$13.02
33	\$5.15	\$7.73	\$10.31	\$6.96	\$10.44	\$13.92
34	\$5.51	\$8.26	\$11.02	\$7.45	\$11.17	\$14.89
35	\$5.90	\$8.84	\$11.79	\$7.98	\$11.97	\$15.96
36	\$6.32	\$9.47	\$12.63	\$8.56	\$12.84	\$17.11

Issue Age Last Birthday	3 Year Maximum Benefit			5 Year Maximum Benefit		
	\$100 DBA	\$150 DBA	\$200 DBA	\$100 DBA	\$150 DBA	\$200 DBA
37	\$6.77	\$10.16	\$13.54	\$9.19	\$13.78	\$18.37
38	\$7.27	\$10.90	\$14.53	\$9.87	\$14.80	\$19.73
39	\$7.80	\$11.70	\$15.60	\$10.60	\$15.89	\$21.19
40	\$8.37	\$12.56	\$16.75	\$11.37	\$17.06	\$22.75
41	\$9.02	\$13.53	\$18.04	\$12.26	\$18.39	\$24.52
42	\$9.72	\$14.58	\$19.44	\$13.21	\$19.82	\$26.43
43	\$10.47	\$15.71	\$20.94	\$14.25	\$21.37	\$28.49
44	\$11.27	\$16.90	\$22.54	\$15.35	\$23.03	\$30.71
45	\$12.11	\$18.16	\$24.21	\$16.53	\$24.79	\$33.06
46	\$12.93	\$19.39	\$25.86	\$17.66	\$26.48	\$35.31
47	\$13.85	\$20.78	\$27.71	\$18.92	\$28.38	\$37.84
48	\$14.86	\$22.29	\$29.72	\$20.30	\$30.45	\$40.60
49	\$15.96	\$23.94	\$31.92	\$21.81	\$32.71	\$43.62
50	\$17.16	\$25.74	\$34.32	\$23.46	\$35.19	\$46.91
51	\$18.48	\$27.72	\$36.95	\$25.26	\$37.89	\$50.53
52	\$19.92	\$29.89	\$39.85	\$27.25	\$40.87	\$54.49
53	\$21.52	\$32.28	\$43.04	\$29.44	\$44.15	\$58.87
54	\$23.24	\$34.86	\$46.48	\$31.80	\$47.69	\$63.59
55	\$25.14	\$37.72	\$50.29	\$34.40	\$51.60	\$68.80
56	\$27.23	\$40.84	\$54.45	\$37.24	\$55.87	\$74.49
57	\$29.49	\$44.24	\$58.98	\$40.34	\$60.50	\$80.67
58	\$31.95	\$47.93	\$63.91	\$43.70	\$65.55	\$87.39
59	\$34.63	\$51.95	\$69.27	\$47.36	\$71.03	\$94.71
60	\$37.65	\$56.47	\$75.29	\$51.47	\$77.21	\$102.94
61	\$40.76	\$61.15	\$81.53	\$55.71	\$83.56	\$111.42
62	\$44.14	\$66.21	\$88.28	\$60.30	\$90.44	\$120.59
63	\$47.79	\$71.68	\$95.57	\$65.25	\$97.88	\$130.50
64	\$51.71	\$77.56	\$103.42	\$70.58	\$105.86	\$141.15
65	\$56.51	\$84.76	\$113.01	\$77.05	\$115.58	\$154.10
66	\$61.26	\$91.88	\$122.51	\$83.51	\$125.26	\$167.02
67	\$66.37	\$99.55	\$132.74	\$90.46	\$135.68	\$180.91
68	\$71.86	\$107.79	\$143.72	\$97.91	\$146.87	\$195.83
69	\$77.74	\$116.61	\$155.49	\$105.91	\$158.86	\$211.81
70	\$84.11	\$126.16	\$168.22	\$114.58	\$171.87	\$229.16
71	\$91.31	\$136.96	\$182.61	\$124.41	\$186.62	\$248.83
72	\$99.04	\$148.55	\$198.07	\$134.98	\$202.48	\$269.97
73	\$107.29	\$160.93	\$214.58	\$146.28	\$219.41	\$292.55
74	\$116.04	\$174.05	\$232.07	\$158.24	\$237.37	\$316.49
75	\$126.40	\$189.60	\$252.81	\$172.01	\$258.02	\$344.03
76	\$137.92	\$206.88	\$275.84	\$187.82	\$281.73	\$375.64
77	\$150.42	\$225.63	\$300.84	\$204.98	\$307.48	\$409.97
78	\$164.01	\$246.02	\$328.03	\$223.66	\$335.49	\$447.32
79	\$178.85	\$268.28	\$357.71	\$244.07	\$366.11	\$488.15
80	\$195.22	\$292.83	\$390.44	\$266.65	\$399.97	\$533.30
81	\$212.70	\$319.05	\$425.40	\$290.75	\$436.12	\$581.49
82	\$231.47	\$347.21	\$462.95	\$316.64	\$474.96	\$633.28
83	\$251.48	\$377.21	\$502.95	\$344.24	\$516.36	\$688.48
84	\$272.84	\$409.26	\$545.68	\$373.71	\$560.57	\$747.43
85	\$295.44	\$443.16	\$590.88	\$404.86	\$607.29	\$809.72
86	\$311.95	\$467.93	\$623.90	\$427.10	\$640.65	\$854.20
87	\$327.15	\$490.73	\$654.31	\$447.24	\$670.87	\$894.49
88	\$340.16	\$510.24	\$680.32	\$463.94	\$695.91	\$927.88
89	\$353.03	\$529.55	\$706.06	\$480.31	\$720.46	\$960.62
90	\$365.57	\$548.35	\$731.13	\$496.06	\$744.08	\$992.11
91	\$377.43	\$566.14	\$754.86	\$510.70	\$766.06	\$1,021.41
92	\$388.16	\$582.24	\$776.32	\$523.60	\$785.39	\$1,047.19
93	\$396.99	\$595.49	\$793.99	\$533.67	\$800.51	\$1,067.35
94	\$406.36	\$609.54	\$812.72	\$544.35	\$816.53	\$1,088.71
95	\$437.84	\$656.76	\$875.68	\$580.06	\$870.10	\$1,160.13
96	\$437.84	\$656.76	\$875.68	\$580.06	\$870.10	\$1,160.13
97	\$437.84	\$656.76	\$875.68	\$580.06	\$870.10	\$1,160.13
98	\$437.84	\$656.76	\$875.68	\$580.06	\$870.10	\$1,160.13
99	\$437.84	\$656.76	\$875.68	\$580.06	\$870.10	\$1,160.13

**Table 2**  
**Monthly 5 Year Guaranteed Premium Rates**  
**Automatic Annual Benefit Increase Option**

Issue Age Last Birthday	3 Year Maximum Benefit			5 Year Maximum Benefit		
	\$100 DBA	\$150 DBA	\$200 DBA	\$100 DBA	\$150 DBA	\$200 DBA
18	\$18.02	\$27.03	\$36.04	\$25.41	\$38.11	\$50.82
19	\$18.57	\$27.86	\$37.14	\$26.18	\$39.27	\$52.35
20	\$19.16	\$28.74	\$38.33	\$27.00	\$40.51	\$54.01
21	\$19.80	\$29.69	\$39.59	\$27.89	\$41.83	\$55.78
22	\$20.47	\$30.70	\$40.94	\$28.83	\$43.25	\$57.66
23	\$21.18	\$31.77	\$42.36	\$29.83	\$44.75	\$59.66
24	\$21.93	\$32.90	\$43.87	\$30.89	\$46.33	\$61.78
25	\$22.73	\$34.09	\$45.46	\$32.01	\$48.01	\$64.01
26	\$23.56	\$35.35	\$47.13	\$33.18	\$49.77	\$66.36
27	\$24.44	\$36.67	\$48.89	\$34.42	\$51.63	\$68.84
28	\$25.37	\$38.05	\$50.73	\$35.72	\$53.58	\$71.44
29	\$26.33	\$39.50	\$52.66	\$37.08	\$55.62	\$74.16
30	\$27.35	\$41.02	\$54.69	\$38.51	\$57.77	\$77.02
31	\$28.41	\$42.61	\$56.82	\$40.01	\$60.01	\$80.01
32	\$29.52	\$44.28	\$59.04	\$41.57	\$62.36	\$83.15
33	\$30.68	\$46.02	\$61.37	\$43.21	\$64.82	\$86.43
34	\$31.90	\$47.85	\$63.80	\$44.93	\$67.40	\$89.87
35	\$33.18	\$49.77	\$66.36	\$46.73	\$70.10	\$93.47
36	\$34.52	\$51.77	\$69.03	\$48.62	\$72.93	\$97.24
37	\$35.92	\$53.87	\$71.83	\$50.59	\$75.89	\$101.19
38	\$37.38	\$56.07	\$74.76	\$52.66	\$78.98	\$105.31
39	\$38.91	\$58.37	\$77.82	\$54.81	\$82.21	\$109.62
40	\$40.51	\$60.76	\$81.01	\$57.04	\$85.57	\$114.09
41	\$42.21	\$63.32	\$84.42	\$59.44	\$89.16	\$118.88
42	\$43.99	\$65.99	\$87.99	\$61.95	\$92.93	\$123.90
43	\$45.86	\$68.79	\$91.72	\$64.59	\$96.88	\$129.17
44	\$47.80	\$71.71	\$95.61	\$67.34	\$101.01	\$134.68
45	\$49.81	\$74.72	\$99.63	\$70.22	\$105.32	\$140.43
46	\$51.83	\$77.74	\$103.65	\$73.05	\$109.57	\$146.09
47	\$53.98	\$80.97	\$107.96	\$76.08	\$114.12	\$152.16
48	\$56.26	\$84.38	\$112.51	\$79.28	\$118.92	\$158.56
49	\$58.66	\$87.99	\$117.32	\$82.67	\$124.00	\$165.33
50	\$61.21	\$91.81	\$122.42	\$86.25	\$129.38	\$172.51
51	\$63.91	\$95.87	\$127.82	\$90.06	\$135.09	\$180.11
52	\$66.78	\$100.17	\$133.57	\$94.10	\$141.15	\$188.20
53	\$69.85	\$104.77	\$139.69	\$98.42	\$147.63	\$196.83
54	\$73.07	\$109.61	\$146.14	\$102.96	\$154.44	\$205.92
55	\$76.52	\$114.78	\$153.04	\$107.82	\$161.73	\$215.64
56	\$80.19	\$120.28	\$160.37	\$112.97	\$169.45	\$225.94
57	\$84.07	\$126.11	\$168.15	\$118.43	\$177.64	\$236.86
58	\$88.20	\$132.30	\$176.40	\$124.23	\$186.34	\$248.45
59	\$92.58	\$138.88	\$185.17	\$130.39	\$195.58	\$260.78
60	\$97.59	\$146.38	\$195.18	\$137.43	\$206.14	\$274.85
61	\$102.48	\$153.73	\$204.97	\$144.28	\$216.43	\$288.57
62	\$107.67	\$161.51	\$215.35	\$151.55	\$227.33	\$303.11
63	\$113.17	\$169.76	\$226.34	\$159.25	\$238.87	\$318.50
64	\$118.97	\$178.46	\$237.95	\$167.36	\$251.04	\$334.72
65	\$126.40	\$189.60	\$252.80	\$177.66	\$266.50	\$355.33
66	\$133.13	\$199.69	\$266.25	\$187.09	\$280.63	\$374.17
67	\$140.22	\$210.34	\$280.45	\$197.03	\$295.55	\$394.06
68	\$147.70	\$221.55	\$295.40	\$207.50	\$311.25	\$415.00
69	\$155.56	\$233.34	\$311.12	\$218.51	\$327.77	\$437.02
70	\$164.03	\$246.05	\$328.07	\$230.41	\$345.61	\$460.82
71	\$173.26	\$259.89	\$346.52	\$243.41	\$365.12	\$486.82
72	\$182.99	\$274.48	\$365.98	\$257.14	\$385.72	\$514.29
73	\$193.21	\$289.82	\$386.42	\$271.58	\$407.37	\$543.16
74	\$203.89	\$305.83	\$407.78	\$286.65	\$429.98	\$573.31
75	\$216.14	\$324.20	\$432.27	\$303.49	\$455.23	\$606.97
76	\$229.84	\$344.76	\$459.69	\$322.95	\$484.43	\$645.90
77	\$244.57	\$366.86	\$489.14	\$343.89	\$515.83	\$687.78
78	\$260.45	\$390.68	\$520.90	\$366.49	\$549.73	\$732.98
79	\$277.66	\$416.49	\$555.32	\$391.03	\$586.54	\$782.05

Issue Age Last Birthday	3 Year Maximum Benefit			5 Year Maximum Benefit		
	\$100 DBA	\$150 DBA	\$200 DBA	\$100 DBA	\$150 DBA	\$200 DBA
80	\$296.71	\$445.06	\$593.41	\$418.27	\$627.40	\$836.53
81	\$316.71	\$475.07	\$633.43	\$446.90	\$670.34	\$893.79
82	\$338.08	\$507.12	\$676.16	\$477.50	\$716.25	\$955.00
83	\$360.77	\$541.16	\$721.54	\$510.03	\$765.04	\$1,020.06
84	\$384.93	\$577.40	\$769.87	\$544.67	\$817.01	\$1,089.34
85	\$410.48	\$615.72	\$820.96	\$581.26	\$871.88	\$1,162.51
86	\$427.03	\$640.55	\$854.07	\$604.17	\$906.25	\$1,208.33
87	\$441.69	\$662.53	\$883.37	\$623.91	\$935.87	\$1,247.83
88	\$453.47	\$680.21	\$906.94	\$638.95	\$958.42	\$1,277.90
89	\$464.79	\$697.18	\$929.58	\$653.14	\$979.71	\$1,306.28
90	\$475.42	\$713.13	\$950.84	\$666.17	\$999.25	\$1,332.33
91	\$485.00	\$727.51	\$970.01	\$677.49	\$1,016.24	\$1,354.98
92	\$493.06	\$739.59	\$986.13	\$686.41	\$1,029.61	\$1,372.82
93	\$498.96	\$748.44	\$997.92	\$692.00	\$1,038.00	\$1,384.00
94	\$505.60	\$758.40	\$1,011.20	\$698.52	\$1,047.78	\$1,397.04
95	\$531.12	\$796.68	\$1,062.24	\$724.86	\$1,087.29	\$1,449.72
96	\$531.12	\$796.68	\$1,062.24	\$724.86	\$1,087.29	\$1,449.72
97	\$531.12	\$796.68	\$1,062.24	\$724.86	\$1,087.29	\$1,449.72
98	\$531.12	\$796.68	\$1,062.24	\$724.86	\$1,087.29	\$1,449.72
99	\$531.12	\$796.68	\$1,062.24	\$724.86	\$1,087.29	\$1,449.72

**Quarterly Management Reports**

The Contractor shall provide the State with the Quarterly, Annual Activity Summary Report and an Annual Financial Experience Report listed in this section, or with acceptable alternative reports, as mutually agreed. The reports content and submission requirements are as follows:

**Quarterly Reports** shall be submitted:

1. On a Quarterly basis within 45 days subsequent to the end of each quarterly period (March 31, June 30, September 30, and December 31);
2. Through two (2) quarters after contract termination;
3. With an Annual Summary capturing events and/or transactions occurring during the Calendar Year;
4. With detail indicating quarterly and year-to-date information;
5. In a paper medium, bound in three-ring binders, or other acceptable fashion;
6. In an electronic format agreed upon between the contractor and the State.

**Quarterly Report** information shall include the following:

- Number of insureds by participant category (employees, retirees, spouses, other family members) and total,
- Number of insureds by plan design option and total,
- Number of insureds by participant category and by plan design option,
- Premiums paid by participant category and total
- Claims paid by participant category and total,
- Premiums collected by plan design option and total,
- Claims paid by plan design option and total,
- Number of insureds by demographic class (e.g. age, gender),
- Number of applicants denied enrollment due to medical underwriting results,
- Number, type (e.g., home health, nursing home) and amount of claims payments (separate new and continuing claims) by participant category
- Information on claims that were denied, including appeals made.
- Number of insureds purchasing optional inflation protection, by amount and type of protection, and
- Utilization of voluntary care planning/management information and referral number.

**Annual Financial Experience Report** shall be submitted:

- On an annual basis forty-five (45) days after the end of the calendar year,
- Through one year after the termination of contract.

**Annual Financial Experience Report** shall include the following:

- Earned premium and claims paid during the calendar year,
- Change in reserves including description of methodology.
- Claims administration costs.
- Risk charges assessed the plan
- Performance penalties as appropriate
- Interest charges or credits or credits resulting from cash management
- Any audit credits
- All other charges and net dividend or loss