March 21, 2011

Dear Sir/Madame:

East Texas Council of Government is accepting proposals for Fully Insured Group Medical and Dental insurance coverage. You may propose on any or all of the aforementioned coverage's. Bid packages may be obtained from the Human Resources Manager, Brandy Brannon, 3800 Stone Road, Kilgore, TX 75662. *(Note: if you received this RFP electronically, you **do not** have to pick up the packet. They are the same RFP.)* The proposal will be opened at 3800 Stone Road, Kilgore, TX 75662 on 10:00 am CST April 5, 2011. Please mark your sealed envelope "**RFP 0601-2011, Bid: Group Insurance**". Proposals received after the specified opening time will be returned to the bidder unopened. It is anticipated the insurance committee will approve the agreements in May.

Please note East Texas Council of Government is ***not accepting bids for broker/consultant***. Brinson Benefits, Inc. is our Agent of Record, Demetra Bell-Runnells, Benefit Strategist. Contact is Linda Walker, Benefit Analyst, 214.379.5171 or lindaw@brinsonbenefits.com.

Thank you in advance for your interest in providing employee benefits insurance coverage for the East Texas Council of Government. Our mailing address is East Texas Council of Government, 3800 Stone Road, Kilgore, TX 75662, Attn: Brandy Brannon.

Sincerely,

*Brandy Brannon*
Human Resources Manager

**REQUEST FOR PROPOSAL**
**INSTRUCTIONS**
**SPECIFICATIONS**
**BID SHEET(S)**
**FOR**

# MEDICAL & DENTAL Insurance

**PER**
**THE EAST TEXAS COUNCIL OF GOVERNMENT SPECIFICATIONS**
**AT**
**THE EAST TEXAS COUNCIL OF GOVERNMENT HUMAN RESOURCES DEPARTMENT**

**OPENING DATE: 10:00 am CST April 5, 2011**

# REQUEST FOR PROPOSAL

Return Bid To: East Texas Council of Government
Attn: Human Resources Department
3800 Stone Road, Kilgore, TX 75662
903-984-8641

The enclosed ***REQUEST FOR PROPOSAL*** and accompanying ***Specifications with Bid Sheets*** are for your convenience in bidding the enclosed referenced products and/or services for the East Texas Council of Government. **Sealed bids shall be received no later than:**

**10:00 am CST April 5, 2011**

Please reference **"RFP 0601-2011: Bid Group Insurance "** in all correspondence pertaining to this bid and affix this number to outside front of bid envelope for identification. All bids shall be to the attention of the Human Resources Department.

The East Texas Council of Government appreciates your time and effort in preparing a bid. Please note that all **bids must be received at the designated location by the deadline shown**. Bids received after the deadline will be returned unopened and shall be considered void and unacceptable. Bid opening is scheduled to be held at 3800 Stone Road, Kilgore, TX 75662. **You are invited to attend.**

If Bidder desires not to bid at this time, but wishes to remain on the commodity bid list, please submit a "**NO BID**" response (same time/location). The East Texas Council of Government is always very conscious and extremely appreciative of the time and effort expended to submit a bid. However, on "NO BID" responses please communicate any bid requirement(s) that may have influenced your decision to "NO BID."

If response is not received in the form of a "BID" or "NO BID" for three (3) consecutive REQUEST FOR PROPOSAL, Bidder shall be removed from said bid list. However, if you choose to "NO BID" at this time but desire to remain on the bid list for other commodities, please state the specific product/service for which your firm wishes to be classified.

Awards should be made in May 2011. To obtain results, or if you have any questions, please contact the Human Resources Department, 903.984.8641.

# REQUEST FOR PROPOSAL

# INSTRUCTIONS/TERMS OF CONTRACT/GENERAL REQUIREMENTS

# RFP 0601-2011

## MEDICAL AND DENTAL BENEFITS

By order of the Council of the East Texas Council of Government, Texas, sealed bids will be received for:

## MEDICAL AND DENTAL BENEFITS

***TO PROVIDE*** for an annual Contract commencing June 1 after the date of the award and continuing for a twelve-month period. The East Texas Council of Government, Council reserves the right to extend this contract for four (4) additional one-year periods as it deems to be in the best interest of the Council. Should the contract be awarded, the ***initial renewal must be received no later than February 24th of the renewal year for an effective day of June 1***. The renewal can be negotiated and/or amended but must be finalized and accepted by the Council no later than May 31 of each renewal year.

***IT IS UNDERSTOOD*** that East Texas Council of Government, Texas reserves the right to reject any and/or all bids for any/or all products and/or services covered in this bid request and to waive informalities or defects in bids or to accept such bids as it shall deem to be in the best interests of the East Texas Council of Government.

***BIDS MUST BE*** submitted on the pricing forms included for that purpose in this packet. The forms should be printed in duplicate. Each bid shall be placed in a separate sealed envelope, **signed by a person having the authority to bind the firm in a Contract**, and marked clearly on the outside as shown below. **FACSIMILE TRANSMITTALS or E-MAIL SHALL NOT BE ACCEPTED!**

***SUBMISSION OF BIDS*****: Sealed bids shall be submitted no later than 10:00 am CST April 5, 2011 at the address as follows:**

East Texas Council of Government
Human Resources Department
3800 Stone Road, Kilgore, TX 75662

***MARK ENVELOPE***: "**RFP 0601-2011 Bid: Group Insurance**"
**ALL BIDS MUST BE RECEIVED IN THE COUNCIL'S HUMAN RESOURCES DEPARTMENT BEFORE OPENING DATE AND TIME.**

## PUBLIC NOTICE STATEMENT FOR ADA COMPLIANCE

The East Texas Council of Government acknowledges its responsibility to comply with the Americans with Disabilities Act of 1990. Thus, in order to assist individuals with disabilities who require special services (i.e. sign interpretative services, alternative audio/visual devices, and amanuenses) for participation in or access to the East Texas Council of Government sponsored public programs, services and/or meetings, the Council requests that individuals make request for these services forty-eight (48) hours ahead of the scheduled program, service and/or meeting. To make arrangements, contact Brandy Brannon at 903-984-8641x236.

***FUNDING***: Funds for payment have been provided through the East Texas Council of Government budget approved by the Council for this fiscal year only. State of Texas statutes prohibit the obligation and expenditure of public funds beyond the fiscal year for which a budget has been approved. Therefore, anticipated orders or other obligations that may arise past the end of the current fiscal year shall be subject to budget approval.

***LATE BIDS***: Bids received in the East Texas Council of Government Human Resources Department after submission deadline will be considered void and unacceptable. The East Texas Council of Government is not responsible for lateness or non-delivery of mail, carrier, etc., and the date/time stamp in the Human Resources Department shall be the official time of receipt.

***ALTERING BIDS***: Bids can be negotiated, amended, and/or revised after the bid opening prior to contract placement provided any changes are in writing as indicated in the executed waiver by the Council to House Bill 1466, Article 21.49.16 of the Texas Insurance Code. The waiver will be available upon request. Any interlineations, alterations, or erasures made before opening time must be initialed by the signer of the bid. The Council reserves the right to accept, negotiate, amend or reject any/all of the bid as it deems to be in the best interest of the Council.

***WITHDRAWAL OF BID***: A bid may not be withdrawn or canceled by the Bidder without the permission of the Council for a period of ninety (90) days following the date designated for the receipt of bids, and Bidder so agrees upon submittal of their bid. The Council reserves the right to withdraw the request for any reason prior to the opening time and date without proposal claims.

***SALES TAX***: The East Texas Council of Government is exempt by law from payment of Texas State Sales Tax and Federal Excise Tax. Bidder shall include any sales taxes from concession sales of taxable items on Council property in the total price of the sale, and shall be responsible to report and pay such taxes in a timely manner.

***BID AWARD***: The Council reserves the right to award any combination of the sections as is deemed in the best interest of the Council. The Council also reserves the right to not award one or none of the sections.

***CONTRACT***: This bid, when properly accepted by the East Texas Council of Government, shall constitute a Contract equally binding between the successful Bidder and the Council. No different or additional terms will become a part of this Contract with the exception of Change Orders.

***CHANGE ORDERS***: No oral statement of any individual shall modify or otherwise change, or affect the terms, conditions or Specifications stated in the resulting Contract. All Change Orders to the Contract will be made in writing by the Council's Director of Human Resources.

***A PRICE*** re-determination may be considered by the Council only at the anniversary date of the Contract and shall be substantiated in writing. The Bidder's past history of honoring Contracts at the bid price will be an important consideration in the evaluation of the best bid. The Council reserves the right to accept or reject any/all of the price re-determination as it deems to be in the best interest of the Council.

***PRICE FIXING*** In submitting a proposal response to this request, the bidder thereby certifies that the bidder has not participated in nor been a party to any collusion, price fixing or any other agreement with any other company, firm, or person concerning the pricing on the enclosed proposal.

***DELIVERY:*** all delivery and freight charges (F.O.B. East Texas Council of Government) are to be included in the bid price.

***DELIVERY TIME:*** Bids shall show number of days required to place goods ordered at the Council's designated location. Failure to state delivery time may cause bid to be rejected. Successful Bidder shall notify the Human Resources Department immediately if delivery schedule cannot be met. If delay is foreseen, successful Bidder shall give written notice to the Director of Human Resources. The Council has the right to extend delivery time if reason appears valid. Successful Bidder must keep the Human Resources Department advised at all times of the status of the order.

***CONFLICT OF INTEREST***: No public official shall have interest in this Contract, in accordance with Vernon's Texas Codes Annotated, Local Government Code Title 5. Subtitle C, Chapter 171.

***GRATUITIES*** The Council may, by written notice to the successful bidder, cancel this contract without liability to the successful bidder if it is determined that gratuities in the form of entertainment, gifts or otherwise, were offered by the successful bidder, or agent or representative of the successful bidder, to any officer or employee of the Council with a view toward securing or amending, or the making of any determinations with respect to the performing of such a contract.

***ETHICS***: The Bidder shall not offer or accept gifts of anything of value nor enter into any business arrangement with any employee, official or agent of the East Texas Council of Government.

***FORCE MAJEURE*** Neither party shall be required to perform any term, condition or covenant in this contract so long as performance is prevented or delayed by force majeure, which shall mean: acts of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riots, floods, and any other cause not reasonably within the control, of the party required to perform and which by the exercise of due diligence said party is unable wholly or in part, to prevent or overcome.

***EXCEPTIONS/SUBSTITUTIONS:*** All bids meeting the intent of this REQUEST FOR PROPOSAL will be considered for award. Bidders taking exception to the Specifications, or offering substitutions, shall state these exceptions in the section provided or by attachment as part of the bid. In the absence of such, a list shall indicate that the Bidder has not taken exceptions and shall hold the Bidder

responsible to perform in strict accordance with the Specifications of the Invitation. The East Texas Council of Government reserves the right to accept any and all, or none, of the exception(s)/ substitution(s) deemed to be in the best interest of the Council.

***ADDENDA***: Any interpretations, corrections or changes to this **REQUEST FOR PROPOSAL** and **Specifications** will be made by addenda. Sole issuing authority of addenda shall be vested in the East Texas Council of Government Director of Human Resources. Addenda will be mailed to all who are known to have received a copy of this request for proposal. Bidders shall acknowledge receipt of all addenda.

***APPLICABLE LAW:*** Bid must comply with all federal, state, county, and local laws concerning these types of service(s).

***MINIMUM STANDARDS FOR RESPONSIBLE PROSPECTIVE BIDDERS***: A prospective Bidder must affirmatively demonstrate Bidder's responsibility. A prospective Bidder must meet the following requirements:

1. Have adequate financial resources, or the ability to obtain such resources as required;
2. be able to comply with the required or proposed delivery schedule;
3. Have a satisfactory record of performance;
4. Have a satisfactory record of integrity and ethics;
5. be otherwise qualified and eligible to receive an award;
6. provide claim forms, instructions, employee booklets outlining the benefits and orientation materials and other appropriate communication deemed necessary by the Plan holder;
7. provide administrative and procedures manual which pertains to the following areas: monthly billing, additions, deletions and changes in covered status, verification of eligibility, conversion policies, and plan participant services and appeals;
8. Be responsible for the calculation of the benefits payable including investigation, medical assistance where necessary, administration, preparation and sending checks.

The Council may request representation and other information sufficient to determine Bidder's ability to meet these minimum standards listed above.

***REFERENCES***: Upon the selection of finalist, the Council may request Bidder to supply, with this REQUEST FOR PROPOSAL, a list of at least three (3) references where like products and/or services have been supplied by their firm. Include name of firm, address, telephone number and name of representative. The references should be provided upon request.

***FORMS PROVIDED:*** BIDDER SHALL PROVIDE with this bid response, all documentation required by this REQUEST FOR PROPOSAL. Failure to provide this information may result in rejection of bid.

***SUCCESSFUL BIDDER SHALL*** defend, indemnify and save harmless the East Texas Council of Government and all its officers, agents and employees from all suits, actions, or other claims of any

character, name and description brought for or on account of any injuries or damages received or sustained by any person, persons, or property on account of any negligent act or fault of the successful Bidder, or of any agent, employee, subcontractor or supplier in the execution of, or performance under, any Contract which may result from bid award. Successful Bidder indemnifies and will indemnify and save harmless the Council from liability, claim or demand on their part, agents, servants, customers, and/or employees whether such liability, claim or demand arise from event or casualty happening or within the occupied premises themselves or happening upon or in any of the halls, elevators, entrances, stairways or approaches of or to the facilities within which the occupied premises are located. Successful Bidder shall pay any judgment with costs that may be obtained against the Council growing out of such injury or damages.

***WAGES***: Successful Bidder shall pay or cause to be paid, without cost or expense to the East Texas Council of Government, all Social Security, Unemployment and Federal Income Withholding Taxes of all such employees and all such employees shall be paid wages and benefits as required by Federal and/or State Law.

***TERMINATION OF CONTRACT***: This Contract shall remain in effect until Contract expires, delivery and acceptance of products and/or performance of services ordered or terminated by either party with a thirty (30) day written notice prior to any cancellation. The successful Bidder must state therein the reasons for such cancellation. The East Texas Council of Government reserves the right to award canceled Contract to next best Bidder as it deems to be in the best interest of the East Texas Council of Government.

***TERMINATION FOR DEFAULT***: The East Texas Council of Government reserves the right to enforce the performance of this Contract in any manner prescribed by law or deemed to be in the best interest of the Council in the event of breach or default of this Contract. The East Texas Council of Government reserves the right to terminate the Contract immediately in the event the successful Bidder fails to:

1. Meet schedules;

2. Defaults in the payment of any fees; or

3. Otherwise perform in accordance with these Specifications.

Breach of Contract or default authorizes the East Texas Council of Government to exercise any or all of the following rights:

1. The Council may take possession of the assigned premises and any fees accrued or becoming due to date;

2. The Council may take possession of all goods, fixtures and materials of successful Bidder therein and may foreclose its lien against such personal property, applying the proceeds toward fees due or thereafter becoming due.

In the event the successful Bidder shall fail to perform, keep or observe any of the terms and conditions to be performed, kept or observed, the Council shall give the successful Bidder written notice of such default; and in the event said default is not remedied to the satisfaction and approval of the Council within two (2) working days of receipt of such notice by the successful Bidder, default will be declared and all the successful Bidder's rights shall terminate.

Bidder, in submitting this bid, agrees that the East Texas Council of Government shall not be liable to prosecution for damages in the event that the Council declares the Bidder in default.

***NOTICE***: Any notice provided by this bid (or required by law) to be given to the successful Bidder by the East Texas Council of Government shall conclusively deemed to have been given and received on the next day after such written notice (e-mail, facsimile or mail) has been deposited in the East Texas Council of Government, Texas affixed thereto, addressed to the successful Bidder at the address so provided; provided this shall not prevent the giving of actual notice in any other manner.

***PATENTS/COPYRIGHTS***: The successful Bidder agrees to protect the East Texas Council of Government from claims involving infringement of patents and/or copyrights.

***CONTRACT ADMINISTRATOR***: Under this Contract, the East Texas Council of Government may appoint a Contract Administrator with designated responsibility to ensure compliance with Contract requirements, such as but not limited to, acceptance, inspection and delivery. The Contract Administrator will serve as liaison between the East Texas Council of Government Human Resources Department (which has the overall Contract Administration responsibilities) and the successful Bidder.

***INVOICING AND PAYMENT*** will be made upon receipt and acceptance by the East Texas Council of Government for any item(s) ordered. Payment will be made within thirty days of receipt of invoice.

***REMEDIES***: The successful Bidder and the East Texas Council of Government agree that both parties have all rights, duties and remedies available as stated in the Uniform Commercial Code.

***VENUE***: This Agreement will be governed and construed according to the laws of the State of Texas. This Agreement is performable in the East Texas Council of Government, Texas.

***ASSIGNMENT***: The successful Bidder shall not sell, assign, transfer or convey this Contract, in whole or in part, without prior written consent of the East Texas Council of Government.

***SILENCE OF SPECIFICATION***: The apparent silence of these Specifications as to any detail or to the apparent omission of a detailed description concerning any point shall be regarded as meaning that

only the best commercial practices are to prevail. All interpretations of these Specifications shall be made on the basis of this statement.

Each insurance policy to be furnished by successful Bidder shall include, by endorsement to the policy, a statement that a notice shall be given to the East Texas Council of Government by Certified Mail thirty (30) days prior to cancellation or upon any material change in coverage.

***TAXES, UNEMPLOYMENT BENEFITS, ETC.*** The successful bidder hereby accepts exclusive liability for, and agrees to indemnify the Council against liability for: the payment of any and all contributions or taxes for unemployment insurance, old age pensions or annuities or other purposes now or hereafter imposed by the Government of any State of the United States, which are in whole or part measured by and/or based upon the wages, salaries or remuneration paid to persons employed by the successful bidder on work in connection with this order.

***ANTI-DISCRIMINATION*** The successful bidder, in performing the work required hereunder, shall comply with the provisions of Executive Order Number 11246 and shall not discriminate against any employee because of religion, race color, sex, age or national origin.

***LIENS*** The successful bidder agrees to and shall indemnify and save harmless the Council against any and all liens and encumbrances for all labor, goods and services which may be provided under the request by seller or seller's vendor(s) and if the Council requests, a proper release of all liens or satisfactory evidence of freedom from liens shall be delivered to the Council.

***MODIFICATIONS AND AMENDMENTS*** Purchaser shall have the right to modify this order subject to an adjustment in the price in accordance with the applicable provisions of the Purchase Order, if any, or pursuant to mutual agreement. No agreement or understanding to modify this order shall be binding on the Purchaser unless in writing and signed by the Purchaser or Purchaser's authorized agent.

***APPEAL PROCEDURE***

**Process Appeal**: An aggrieved proposer may appeal any alleged violation of law, regulation, or ETCOG policy with respect to the procurement process. A violation of law, regulation, or ETCOG policy, if such be found, shall not automatically result in the reversal of the decision to grant or deny funding. Rather, the proposal shall be examined under the "Outcome Appeal" standard set forth below in light of what would have happened had the law, regulation or ETCOG policy been followed. Provided, however, that a violation of law, regulation, or ETCOG policy shall result in automatic reversal of the decision if the remedy of reversal is expressly mandated by such law, regulation or ETCOG policy. Appeal is not available regarding alleged violation(s) which the proposer knew of, or through reasonable diligence should have known of, yet failed to raise with the Agency Advisory Committee before recommendation or the Executive Committee of ETCOG prior to decision. Appeal is not available regarding alleged violations which did not result in denial of your proposal. Regarding

any alleged violation which did not result in denial of your proposal, you may notify ETCOG of the alleged violation in writing to the Executive Director.

**Outcome Appeal:** Dissatisfaction with the outcome of your proposal is not in and of itself a ground of appeal. Appeal is not an occasion to re-weigh anew the merits and demerits of any proposal, whether in its own right, or as compared to other proposals. The decision on a proposal shall stand unless there is no evidence to support the decision.

**Making an Appeal:** Appeal must be made by giving notice, in writing, to the Executive Director requesting an appeal to the Executive Committee of ETCOG. Notice must be made within ten days of the Executive Committee's decision regarding the proposal at issue. Notice must specifically state the law, regulation or ETCOG policy which is claimed to have been violated, setting forth the relevant portion thereof. Notice must further state how alleged violation resulted in denial of the proposal at issue. To the extent that the appealing proposer seeks to make a presentation to the Executive Committee, the notice shall further state the estimated time requested, the number of individuals expected to testify or comment, and, if known, their identities.

**Hearing of Appeal:** The appeal will be heard at the next regularly scheduled meeting of the Executive Committee of ETCOG. The time allotted for the appeal, and the manner of presentation is within the sole discretion of the Executive Committee.

***ANY QUESTIONS*** concerning this REQUEST FOR PROPOSAL and Specifications should be directed in WRITING to **Linda Walker, Brinson Benefits, Inc. – 214.379.5171, lindaw@brinsonbenefits.com**

# GENERAL REQUIREMENTS

## Read Carefully

1) The information contained in these specifications is confidential and is to be used only in connection with preparing a bid for all or part of the following employee benefit plans:

    - **Group Medical Insurance (Fully Insured)**
    - **Group Dental Insurance**

2) All bid responses should be provided on the enclosed response forms with the signature of your authorized representative. If attachments are necessary, please provide. **DO NOT MODIFY RESPONSE FORMS**. ***Include actual rates, plan designs, terms and conditions with your bid forms. Responses must be completed utilizing the Response form.*** Contact Brinson Benefits, Inc. for a copy of the response form to be sent via email for your convenience.

3) Currently all products should be offered on a June 1 effective date.

4) The Council works with an Employee Benefit Consultant ***and is not selecting a new broker/agent***.

5) **Please quote NET OF COMMISSIONS.**

6) Retirees are not covered.

7) No telephone, telephonic, e-mail or fax bids will be accepted. Bids must be sealed and delivered to the Human Resources Department at The East Texas Council of Government prior to the official bid opening time. ***Response forms and proposals must be printed on paper and provided in duplicate and must occupy the bid.*** The Council will not be responsible for missing, lost or late proposals. Any bids received after the time set for opening will be returned to the sender.

8) The information contained herein is believed to be accurate and up-to-date, but is not intended to be an express or implied warranty.

9) Bids are to be submitted on the basis of the specifications contained herein. Alternate bids are encouraged and will be considered provided the alternatives enhance the current plan and are clearly explained. All deviations from the specifications must be clearly identified and explained.

10) The East Texas Council of Government reserves the right to negotiate, amend, accept or reject all or any part of the bids, waive minor technicalities, and award the bid that best serves the interest of the Council. The Council also reserves the right to waive or dispense with any of the formalities contained herein.

11) As there are important considerations involved in selecting a carrier in addition to rates, the Council will not be required to accept the lowest proposal. In addition to gross premium, coverage, retention charges and services rendered will serve as a basis for award of the contract.

12) Proposals must be submitted for coverage on all eligible full-time regular employees and their dependents. Full-time is defined as 40 or more hours per week. Dependent is defined as the employee's spouse and/or married children and unmarried children from birth to age 26 and claimed as a dependent or not claimed as a dependent.

13) Waiting period: Newly hired employees and their dependents are eligible for coverage on the date of hire.

14) Eligibility: All full-time employees and their dependents are eligible on the date of hire. Terminated employees and all others currently covered under COBRA may continue coverage under COBRA.

15) Number of sworn police and fire officers: Not applicable

The East Texas Council of Government is aware of the time and effort you expend in preparing and submitting proposals to the Council. Please let us know of any requirements in the RFP that are causing you difficulty in responding. We want to make this process as easy as possible so that all responsible vendors can compete for the Council's business.

EAST TEXAS COUNCIL OF GOVERNMENT

GROUP MEDICAL INSURANCE

# ASSUMPTIONS – Fully Insured

a) The Council offers a fully insured single option PPO plan. See attached plan designs. The bid is based on duplication of current benefits. The Council also requests HRA compatible plans.
b) The Council pays 100% employee costs and 30% dependent costs.
c) Census

| | **Medical** |
|---|---|
| Employee Only | 61 |
| Employee & Spouse | 9 |
| Employee & Child(ren) | 10 |
| Employee & Family | 3 |
| Declined | 0 |
| COBRA | 0 |
| Waiting Period | 0 |

| | **Dental** |
|---|---|
| Employee Only | 57 |
| Employee & Spouse | 12 |
| Employee & Child(ren) | 8 |
| Employee & Family | 6 |
| Declined | 0 |
| COBRA | 0 |
| Waiting Period | 0 |

d) Effective date is June 1, 2011.
e) All participants enrolled in the plan as of June 1, 2011 are to be covered on a “No loss/No gain” basis. “No loss/No gain” for participants is to include credit for accumulated deductible and coinsurance as applicable. The participant will provide documentation for this credit.
f) The selected insurance provider will provide enrollment and educational materials, as well as participant in the Council’s annual open enrollment presentations.
g) The Council must receive renewal rates by February 24 prior to the renewal date in June to assist with state budget requirements. Renewal must be finalized by May 31of the renewal year.
h) If rated by *A.M. Best*, the insurance company must have an “A” or better.

EAST TEXAS COUNCIL OF GOVERNMENT
GROUP MEDICAL INSURANCE

# 2. Rates and History

**Current Renewal Period Large Claim / Ongoing Medical Conditions Detail:**

See attached claims data from TML: The following is related to the large claims indicated by TML:

1. $ $56,512– Congestive heart failure – contributed to claims spike in July 2010 – Condition is being controlled by medication and low sodium diet
2. $ 54,177 – Pancreatitis– EE Termed 10/1/10

***ANY QUESTIONS* concerning this INFORMATION should be directed in WRITING to Linda Walker, Brinson Benefits, Inc. – 214.379.5171, lindaw@brinsonbenefits.com**

East Texas Council of Government
GROUP MEDICAL INSURANCE

# 3. Rates and History

| HIGH PPO – MEDICAL PLAN YEAR | Employee Only | EE+ Spouse | EE+ Child(ren) | EE+ Family |
|---|---|---|---|---|
| **RENEWAL** June 1, 2011 – May 31, 2012 | $435.34 | $867.52 | $649.84 | $1301.62 |
| June 1, 2010 – May 31, 2011 | $392.19 | $781.53 | $585.42 | $1172.62 |
| June 1, 2009 – May 31, 2010 | $539.02 | $1076.84 | $805.94 | $1617.06 |
| June 1, 2008 – May 31, 2009 | $523.32 | $1045.48 | $782.46 | $1569.95 |

| DENTAL | Employee Only | EE+ Spouse | EE+ Child(ren) | EE+ Family |
|---|---|---|---|---|
| **RENEWAL** June 1, 2011 – May 31, 2012 | $26.56 | $54.54 | $57.34 | $81.56 |
| June 1, 2010 – May 31, 2011 | $23.50 | $48.96 | $50.74 | $72.16 |
| June 1, 2009 – May 31, 2010 | $23.50 | $48.96 | $50.74 | $72.16 |
| June 1, 2008 – May 31, 2009 | $22.38 | $45.96 | $48.32 | $68.72 |

| Carrier History: | PPO Medical And Dental |
|---|---|
| RENEWAL June 1, 2010 – May 31, 2011 | TML TML Intergovernmental Employee Benefits Pool |
| June 1, 2009 – May 31, 2010 | TML TML Intergovernmental Employee Benefits Pool |
| June 1, 2008 – May 31, 2009 | TML TML Intergovernmental Employee Benefits Pool |

East Texas Council of Government
GROUP MEDICAL INSURANCE

# 3. Attachments

| | |
|---|---|
| PPO Schedule of Benefits | Census for RFP – Excel document |
| Medical Claims History<br>TML | Conflict of Interest Questionnaire |
| Texas Sealed Bid Waiver | |
| Bid Affidavit and Response Forms | |

# RFP 0601-2011

# MEDICAL AND DENTAL INSURANCE BENEFITS

## BIDDERS PLEASE NOTE: TWO COPIES OF THE FOLLOWING BID SHEETS MUST BE RETURNED TO THE HUMAN RESOURCES DEPARTMENT NO LATER THAN 10:00 am CST April 5, 2011

***Response forms (rate response form and bid affidavit) must be printed on paper in duplicate and must accompany the bid (Include 2 sets)***

## BID AFFIDAVIT

The undersigned certifies that the bid prices contained in this bid have been carefully reviewed and are submitted as correct and final. Bidder further certifies and agrees to furnish any and/or all commodities upon which prices are extended at the price offered, and upon the conditions contained in the Specifications of the REQUEST FOR PROPOSAL. The period of acceptance of this bid will be _____ calendar days from the date of the bid opening. (Period of acceptance will be 180 calendar days unless otherwise indicated by Bidder.) Initial renewals must be delivered to the Council no later than February 24 of the renewal year with final renewals accepted no later than May 31 of each renewal year for an effective date of June 1st. Initial renewals maybe negotiated between February 24 and May 31.

I hereby certify that the foregoing bid has not been prepared in collusion with any other Bidder or individual(s) engaged in the same line of business prior to the official opening of this bid. Further, I certify that the Bidder is not now, nor has been for the past six (6) months, directly or indirectly concerned in any pool, agreement or combination thereof, to control the price of services/commodities bid on, or to influence any individual(s) to bid or not to bid the Bids provided (check all that apply):

☐ Medical - Fully Insured ☐ Dental - Fully Insured

| | |
|---|---|
| **Company Name** | |
| **Company Address (street, Town, state, zip)** | |
| **Telephone Number** | |
| **E-mail address** | |
| **Fax Number** | |
| **Contact Name** | |
| **Title** | |
| **Authorized Signature** | |
| **Date** | |

# EAST TEXAS COUNCIL OF GOVERNMENT CONFLICT OF INTEREST FORM (REQUIRED)

## CONFLICT OF INTEREST QUESTIONNAIRE FORM CIQ

**For vendor or other person doing business with local governmental entity**

This questionnaire is being filed in accordance with chapter 176 of the Local Government Code by a person doing business with the governmental entity.

By law this questionnaire must be filed with the records administrator of the local government not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. *See* Section 176.006, Local Government Code.

A person commits an offense if the person violates Section 176.006, Local Government Code. An offense under this section is a Class C misdemeanor.

| **OFFICE USE ONLY** |
|---|
| Date Received |

| | |
|---|---|
| 1 | **Name of person doing business with local governmental entity.** |
| 2 | ❑ **Check this box if you are filing an update to a previously filed questionnaire.**<br><br>(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than September 1 of the year for which an activity described in Section 176.006(a), Local Government Code, is pending and not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.) |
| 3 | **Name each employee or contractor of the local governmental entity who makes recommendations to a local government officer of the governmental entity with respect to expenditures of money AND describe the affiliation or business relationship.** |
| 4 | **Name each local government officer who appoints or employs local government officers of the governmental entity for which this questionnaire is filed AND describe the affiliation or business relationship.** |

Adopted 11/02/2005

**FORM CIQ**

# CONFLICT OF INTEREST QUESTIONNAIRE



**For vendor or other person doing business with local governmental entity**

5 **Name of local government officer with whom filer has affiliation or business relationship. (Complete this section only if the answer to A, B, or C is YES.**

This section, item 5 including subparts A, B, C & D, must be completed for each officer with whom the filer has affiliation or other relationship. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer named in this section receiving or likely to receive taxable income from the filer of the questionnaire? ❑ Yes ❑ No

B. Is the filer of the questionnaire receiving or likely to receive taxable income from or at the direction of the local government officer named in this section AND the taxable income is not from the local governmental entity? ❑ Yes ❑ No

C. Is the filer of this questionnaire affiliated with a corporation or other business entity that the local government officer serves as an officer or director, or holds an ownership of 10 percent or more? ❑ Yes ❑ No

D. Describe each affiliation or business relationship.

6

_____ _____

Signature of person doing business with the governmental entity Date

**East Texas Council of Government**
**GROUP MEDICAL INSURANCE**

# 3. Response Form

| PPO – Medical Plan Year | Employee Only | EE+ Spouse | EE+ Child(ren) | EE+ Family |
|---|---|---|---|---|
| June 1, 2011 –May 31, 2012 | | | | |

| Dental – Dental Plan Year | Employee Only | EE+ Spouse | EE+ Child(ren) | EE+ Family |
|---|---|---|---|---|
| June 1, 2011 –May 31, 2012 | | | | |

The undersigned, does hereby declare that they have read the specifications for Group MEDICAL Insurance for the Council, and with full knowledge of the requirements, does hereby agree to furnish the administrative services in full accordance with the specifications and requirements. The undersigned also agrees to duplicate present coverage and if not, will attach itemized detail of any differences.

| | |
|---|---|
| **Company Name** | |
| **Company Address (street, Council, state, zip)** | |
| **Telephone Number** | |
| **E-mail address** | |
| **Fax Number** | |
| **Contact Name** | |
| **Title** | |
| **Authorized Signature** | |
| **Date** | |

**Art. 21.49-16**
**WAIVER**

Art. 21.49-16 Sec. 2 of the Texas Insurance Code (see below) requires insurers who provide bids subject to competitive bidding and competitive proposal requirements adopted under Section 252.021, Local Government Code to submit the entire bid without qualifications. This statute also prohibits the exclusion of an individual based on prior medical history who is otherwise eligible for coverage. Nor is the insurer allowed to assign a higher deductible to such an individual.

This statute allows a municipality to waive these requirements.

Therefore in the interest of obtaining the most advantageous stop loss and/or other insurance for health benefit coverage available under the circumstances, [municipality], waives both subsections (a) and (b) of Article 21.29-16 Sec.2 (below).

Signature: Brady Branon

Title: Director of Human Resources

Municipality Name: East Texas Council of Governments

Dated: 3/17/2011

Texas Insurance Code, Art. 21.49-16. Bid Requirements for Insurers Who Contract With Municipalities
Sec. 1. In this article:
(1) "Insurer" means:
(A) an insurance company, including a company providing stop-loss or excess loss insurance;
(B) a health maintenance organization operating under the Texas Health Maintenance Organization Act (Chapter 20A, Vernon's Texas Insurance Code);
(C) an approved nonprofit health corporation that holds a certificate of authority issued by the commissioner under Article 21.52F of this code; or
(D) a third party administrator that holds a certificate of authority under Article 21.07-6 of this code.
(2) "Municipality" has the meaning assigned by Section 1.005, Local Government Code.
Sec. 2. (a) Except as provided by Subsection (c) of this section, an insurer who bids on a contract subject to the competitive bidding and competitive proposal requirements adopted under Section 252.021, Local Government Code, may not submit a bid for a contract to provide stop-loss or other insurance coverage that is subject to any qualification imposed by the insurer that permits the insurer to modify or limit the terms of insurance coverage to be provided after the contract has been made. An insurer's bid submitted under Section 252.021, Local Government Code, must contain the entire offer made by the insurer.
(b) Except as provided by Subsection (c) of this section, an insurer who provides stop-loss or other insurance coverage for health benefits under a contract subject to this article may not, based on an individual's prior medical history, exclude an individual who is otherwise eligible for the health benefits coverage from coverage or assign a higher deductible to the individual.
(c) By executing a written waiver in favor of the insurer, a municipality may waive the requirements of:
(1) Subsection (a) of this section; or
(2) Subsection (b) of this section regarding the assignment of a higher deductible to the individual.

Note: The statutory excerpt above was current as of May 18, 2005.

## EAST TEXAS COUNCIL OF GOVERNMENTS 6.1.2011

| | Status:<br>- Active<br>- Waiting Period<br>- Cobra / State Continuation | Gender | Date of Birth | Home Zip Code | Level of Medical Coverage<br>EE<br>EE+Sp<br>EE+Ch<br>EE+Fam<br>waive - other coverage<br>waive- due to cost | Level of Dental Coverage<br>EE<br>EE+Sp<br>EE+Ch<br>EE+Fam<br>waive |
|---|---|---|---|---|---|---|
| 1 | Active | Male | 1/29/1959 | 75771 | EE+SP | EE+SP |
| 2 | Active | Female | 10/11/1945 | 75647 | EE | EE |
| 3 | Active | Female | 6/2/1975 | 75647 | EE+CH | EE+CH |
| 4 | Active | Female | 3/2/1948 | 75603 | EE | EE |
| 5 | Active | Male | 8/31/1942 | 75672 | EE | EE+SP |
| 6 | Active | Female | 7/31/1961 | 75693 | EE | EE |
| 7 | Active | Female | 9/24/1973 | 75603 | EE+CH | EE+FAM |
| 8 | Active | Female | 9/18/1963 | 75693 | EE | EE |
| 9 | Active | Female | 9/4/1952 | 75662 | EE | EE |
| 10 | Active | Female | 11/19/1984 | 75605 | EE | EE |
| 11 | Active | Female | 9/19/1950 | 75607 | EE | EE |
| 12 | Active | Female | 6/24/1974 | 75663 | EE+CH | EE+CH |
| 13 | Active | Female | 9/29/1953 | 75603 | EE | EE |
| 14 | Active | Female | 12/20/1962 | 75603 | EE | EE |
| 15 | Active | Male | 3/22/1978 | 75801 | EE | EE |
| 16 | Active | Female | 3/28/1962 | 75602 | EE | EE |
| 17 | Active | Female | 2/3/1978 | 75602 | EE | EE |
| 18 | Active | Male | 7/24/1957 | 75702 | EE | EE |
| 19 | Active | Female | 1/12/1960 | 75494 | EE+SP | EE |
| 20 | Active | Female | 5/7/1970 | 75604 | EE+CH | EE+CH |
| 21 | Active | Female | 8/19/1956 | 75672-3240 | EE | EE |
| 22 | Active | Male | 5/10/1978 | 75701 | EE | EE |
| 23 | Active | Female | 3/1/1964 | 75603 | EE+CH | EE+CH |
| 24 | Active | Female | 5/15/1950 | 75605 | EE | EE |
| 25 | Active | Male | 8/21/1962 | 75604 | EE+FAM | EE+FAM |
| 26 | Active | Female | 6/16/1947 | 75703 | EE | EE |
| 27 | Active | Male | 3/15/1948 | 75605 | EE | EE |
| 28 | Active | Male | 1/16/1943 | 75662 | EE | EE |
| 29 | Active | Female | 8/21/1956 | 75602 | EE | EE |
| 30 | Active | Male | 8/12/1986 | 75662 | EE+SP | EE+SP |
| 31 | Active | Male | 10/4/1958 | 75770 | EE | EE |
| 32 | Active | Female | 12/4/1983 | 75704 | EE+CH | EE+CH |
| 33 | Active | Female | 10/4/1953 | 75755 | EE+SP | EE+SP |
| 34 | Active | Female | 2/12/1982 | 75652 | EE+SP | EE+SP |
| 35 | Active | Female | 8/25/1960 | 75681 | EE | EE |

## EAST TEXAS COUNCIL OF GOVERNMENTS 6.1.2011

| | Status:<br>- Active<br>- Waiting Period<br>- Cobra / State Continuation | Gender | Date of Birth | Home Zip Code | Level of Medical Coverage<br>EE<br>EE+Sp<br>EE+Ch<br>EE+Fam<br>waive - other coverage<br>waive- due to cost | Level of Dental Coverage<br>EE<br>EE+Sp<br>EE+Ch<br>EE+Fam<br>waive |
|---|---|---|---|---|---|---|
| 36 | Active | Male | 4/17/1975 | 75604 | EE+CH | EE |
| 37 | Active | Female | 4/26/1984 | 75662 | EE | EE+SP |
| 38 | Active | Female | 11/13/1949 | 75103 | EE | EE |
| 39 | Active | Female | 10/24/1971 | 75662 | EE | EE |
| 40 | Active | Female | 6/16/1975 | 75672 | EE | EE |
| 41 | Active | Female | 4/19/1963 | 75601 | EE | EE |
| 42 | Active | Male | 9/16/1944 | 75792 | EE | EE |
| 43 | Active | Female | 10/4/1974 | 75707 | EE+FAM | EE+FAM |
| 44 | Active | Female | 4/6/1947 | 75605 | EE | EE+SP |
| 45 | Active | Female | 10/12/1955 | 75601 | EE | EE+SP |
| 46 | Active | Male | 6/16/1947 | 75662 | EE+SP | EE+SP |
| 47 | Active | Female | 4/18/1946 | 75703 | EE | EE |
| 48 | Active | Male | 6/18/1953 | 75604 | EE | EE |
| 49 | Active | Female | 7/16/1978 | 75751 | EE | EE |
| 50 | Active | Female | 12/12/1971 | 75766 | EE | EE |
| 51 | Active | Female | 4/5/1963 | 75693 | EE | EE |
| 52 | Active | Female | 11/30/1949 | 75602 | EE | EE |
| 53 | Active | Female | 3/30/1952 | 75645 | EE | EE |
| 54 | Active | Female | 9/8/1961 | 75706 | EE | EE+CH |
| 55 | Active | Male | 11/22/1973 | 75604 | EE+FAM | EE+FAM |
| 56 | Active | Female | 6/20/1963 | 75604 | EE | EE+FAM |
| 57 | Active | Female | 11/2/1941 | 75604 | EE | EE |
| 58 | Active | Male | 2/8/1970 | 75605 | EE | EE |
| 59 | Active | Male | 12/2/1953 | 75103 | EE+SP | EE+SP |
| 60 | Active | Female | 6/8/1955 | 75683 | EE | EE |
| 61 | Active | Female | 3/2/1983 | 75789 | EE | EE |
| 62 | Active | Male | 7/21/1978 | 75605 | EE | EE |
| 63 | Active | Female | 8/17/1950 | 75644 | EE | EE |
| 64 | Active | Female | 9/4/1961 | 75044 | EE | EE |
| 65 | Active | Female | 8/6/1964 | 75662 | EE | EE |
| 66 | Active | Female | 5/2/1954 | 75707 | EE+SP | EE+SP |
| 67 | Active | Female | 4/8/1988 | 75650 | EE | EE+SP |
| 68 | Active | Female | 7/3/1958 | 75644 | EE | EE |
| 69 | Active | Female | 9/17/1981 | 75684 | EE | EE |
| 70 | Active | Female | 6/11/1980 | 75630 | EE | EE |

## EAST TEXAS COUNCIL OF GOVERNMENTS 6.1.2011

| | Status:<br>- Active<br>- Waiting Period<br>- Cobra / State Continuation | Gender | Date of Birth | Home Zip Code | Level of Medical Coverage<br>EE<br>EE+Sp<br>EE+Ch<br>EE+Fam<br>waive - other coverage<br>waive- due to cost | Level of Dental Coverage<br>EE<br>EE+Sp<br>EE+Ch<br>EE+Fam<br>waive |
|---|---|---|---|---|---|---|
| 71 | Active | Female | 6/15/1964 | 75603 | EE+CH | EE+CH |
| 72 | Active | Female | 9/22/1950 | 75657 | EE | EE |
| 73 | Active | Female | 6/27/1954 | 75604 | EE | EE |
| 74 | Active | Female | 8/13/1967 | 75604 | EE | EE |
| 75 | Active | Female | 2/8/1953 | 75651 | EE | EE |
| 76 | Active | Female | 1/2/1974 | 75607 | EE | EE |
| 77 | Active | Female | 9/4/1969 | 75605 | EE | EE |
| 78 | Active | Female | 3/20/1976 | 75604 | EE+CH | EE+CH |
| 79 | Active | Female | 10/27/1944 | 76583 | EE | EE |
| 80 | Active | Female | 8/18/1982 | 75601 | EE+CH | EE |
| 81 | Active | Female | 10/26/1947 | 75662 | EE | EE |
| 82 | Active | Female | 6/22/1967 | 75633 | EE | EE |
| 83 | Active | Female | 6/11/1968 | 75647 | EE+SP | EE+FAM |

TML Intergovernmental Employee Benefits Pool

# SCHEDULE OF MEDICAL EXPENSE BENEFITS ~ FY09-10
# EAST TEXAS COUNCIL OF GOVERNMENT

**Plan Benefits Effective: June 1, 2010**

**Notification (800) 847-1213** **P85-150-20** **Claims (800) 282-5385**

**This schedule represents a summary of benefits. For complete details of benefits and requirements please refer to the Medical Benefits Booklet.**

The Plan pays a higher benefit for eligible expenses incurred through a Network provider. To locate Network providers, consult your Provider Directory, the TML IEBP website (www.tmliebp.org) or call TML IEBP at (800) 282-5385.

| | |
|---|---|
| **Maximum Lifetime Benefit** | $2,000,000 |
| **Maximum Lifetime Benefit for Chemical Dependency** | One Treatment Plan |
| **Maximum Lifetime Benefit For Hospice Care** | $30,000 |
| **Maximum Lifetime Benefit For Wigs for Oncology Covered Individuals** | $150 |
| **Maximum Lifetime Benefit For Prosthetic Bra for Oncology Covered Individuals** | $150 |
| **Maximum Lifetime Benefit for Hearing Appliance** | $3,500 |
| **Maximum Lifetime Benefit for Custom Molded Foot Orthotics** | One pair per Lifetime |
| **Maximum Lifetime Benefit for Sleep Disorders** | $5,000 |
| **Maximum Lifetime Benefit for Morbid Obesity Treatment (18 years of age or older)** | $30,000 |
| **Calendar Year Maximum for Preventive Care Benefits** | $300 |
| **Calendar Year Maximum for Mammogram** | 1 exam |
| **Calendar Year Maximum for Pap Screening** | 1 exam |
| **Calendar Year Maximum for PSA (Prostate Specific Antigen Test)** | 1 exam |
| **Calendar Year Maximum for Inpatient Private Duty Nursing** | $1,000 at 50% |
| **Calendar Year Maximum for Diabetic Related Therapeutic Footwear/Shoes** | Two Pairs |
| **Calendar Year Maximum for Mental/Nervous** | |
| Inpatient and Residential | 7 days |
| Day Treatment | 14 days |
| Outpatient | 26 visits |
| **Calendar Year Maximum for Chemical Dependency** | |
| Inpatient and Residential | 7 days |
| Day Treatment | 14 days |
| Outpatient | 26 visits |
| **Calendar Year Maximum for Chiropractic Care** | $1,000 |
| **Calendar Year Maximum for Speech Therapy** | $2,000 |
| **Calendar Year Maximum for Physical and/or Occupational Therapy (combined)** | $3,000 |
| **Calendar Year Maximum for Nutritional Counseling** | $1,000 |
| **Pre-Existing Conditions** | |
| **Maximum Benefit** | |
| Initial 12 Months of benefit eligibility | $2,000 |
| Same as any other illness thereafter or if treatment free for 12 consecutive months | |
| Any Pre-Existing Condition Limitation period is reduced by the period of "Creditable Coverage". | |

A lapse in coverage between September 1, 2008 and February 28, 2009 resulting from a special election opportunity under the American Recovery and Reinvestment Act of 2009 (ARRA) will not be considered a break in coverage.

**Notification** requires standard care management notices: emergency admissions; scheduled admissions; skilled nursing; psychiatric/chemical dependency day and residential treatment; psychiatric/chemical dependency intensive outpatient treatment; acute care; long term care rehabilitation; pregnancy/maternity admissions (Sonogram/Ultrasound in excess of three (3), Amniocentesis, Home Health (uterine monitoring), Multiple birth diagnosis); transplant services; morbid obesity evaluation services; blepharoplasty (eye lid surgery); breast surgery; carpal tunnel release; jaw surgery; joint surgery (excluding fingers & toes); laparoscopy (except sterilization); myringotomy or myringoplasty; nasal surgery; tonsillectomy and/or adenoidectomy; uvulopalatoplasty; reconstructive surgery, cochlear device and/or implantation, artificial intervertebral disc surgery, stereotactic radiosurgery, outpatient infusion therapy for pain management; Hospice, Home Healthcare; physician home visit; cardiac rehabilitation; Positron Emission Tomography (PET), Magnetic Resonance Imaging (MRI) scans, Magnetic Resonance Angiography (MRA), Computerized Axial Tomography (CAT) scans; Computerized Tomographic Angiography (CTA) scans; vaginal and cesarean section delivery admission; convalescent nursing home for rehabilitation services; inpatient rehabilitation services; dental injury; dialysis for kidney/renal failure; Hyperbaric Oxygen Therapy; Radiation Therapy; chemotherapy; and durable medical equipment in excess of $1,000. (See Medical Benefits booklet for a complete list). For notification, please call Medical Care Management Services at (800) 847-1213.

**Population Health Engagement** supports members in all stages of health. This program provides information to the covered individual regarding healthy lifestyle choices and management of chronic disease states. The program offers personalized professional coaching to support the healthy lifestyle of change and plan of action. Online tools and educational material(s) are available to the covered individual. The population health engagement team consists of an interdisciplinary team of licensed professional nurses, counselors, behaviorists, registered dietitians and certified diabetes educators.

If Population Health Engagement is refused without medical management agreement, all future disease related diagnosis claims will be adjudicated at the out of network Benefit percentage and will not at any time pay at 100%.

**Medical Intensive Care Management** services help you use your benefits wisely during periods of treatment due to serious sickness or injury. This is done through early identification of the need for Medical Intensive Care Management. The Medical Intensive Care Manager will try to conserve your benefits by making sure that your care is handled as efficiently as possible. The Medical Intensive Care Management staff consists of licensed, professional nurses. They are aware of the importance of the doctor/patient relationship. Medical Intensive Care Management also monitors the care of the Covered Individual, offers emotional support to the family and coordinates communications among healthcare providers, patients and others. These objectives will be met through Plan benefits (and non-Plan benefits as arranged by Medical Intensive Care Management) to Covered Individuals who are eligible.

Medical Intensive Care Management is an option. However, should Medical Intensive Care Management be refused by the Covered Individual or physician, benefits will pay at the Non Network benefit percentage and will not, at any time, pay at 100% for any medical services under the out of pocket provision of this Plan. If Medical Intensive Care Management is refused, all future payments for any medical services will be paid at the reduced benefit. The individual Deductible and out of pocket amount must be met each calendar year.

The Medical Intensive Care Management Team will coordinate care and document notification communication.

### What Happens on Inpatient Treatment?

The Covered Individual must notify Medical Care Management of a scheduled admission five (5) working days prior to the date of service, within one (1) business day after an emergency admission. If the notification is made after the above-referenced time frames, a late notification penalty will apply. Concurrent stay review requirements apply to all inpatient confinements. No benefits will be paid for any charges related to non-notified days or services.

**Unproven Medical Procedures** – Any medical procedure or drug that does not have scientific evidence that permits conclusions as to its effect on health outcomes. Scientific evidence is only evidence that is obtained from well designed and soundly conducted studies. Such studies must have been published in recognized peer review journals. The study must show a measurable effect on health outcomes that can be duplicated outside of the study's setting. Decisions to cover or exclude a treatment will be based on the conclusions of prevailing medical research. The use of a drug, substance or device that has not been approved by the United States Food and Drug Administration; or has been conditionally approved for limited diagnosis or treatment of conditions other than those for which a Covered Individual is receiving service, supply, or treatment (off label or unlabeled use); or has not been designated as efficacious by NCCN (National Cancer Care Network) or NIH (National Institute of Health) guidelines.

**If you have a life threatening condition (e.g. likely to cause death within one year), the plan may provide coverage for a treatment that would otherwise be excluded under this provision. The plan reserves sole discretion to make this determination and a mandatory specialty review will be required prior to making a determination of coverage. Such coverage will only be approved if a treatment is provided under a specific research protocol that meets standards equal to those of the National Institutes of Health and has shown promise in limited use.**

**Multiple Surgery** – the primary medical surgical procedure is considered at 100% of the allowable charges, the second surgical procedure is considered at 50% of allowable charges and the third or following procedure is considered at 50% of allowable charges. The ineligible amount may be the Covered Individual's out of pocket expense.

**Full-Time Student** – coverage may be extended for a child from the age of nineteen (19) up to the end of the twenty-fourth (24th) birthday month who is attending:

- an accredited high school;
- junior college, college or university on a full-time basis (the equivalent of at least twelve (12) semester hours for undergraduate student; and the equivalent of at least nine (9) semester hours for graduate student or considered full time by the educational institution for student body population); or
- a licensed trade school at least twenty (20) hours per week in a course requiring a minimum of six (6) months to complete. Proof of enrollment must be provided when requested.

**Proof of enrollment will be requested twice per plan year.**

The Group Benefits Administrator will request written proof of the eligibility of any dependent other than a spouse or natural child. In special circumstances, the Group Benefits Administrator, in its discretion, may request written proof that a spouse or natural child is an eligible dependent. These requests are to verify eligibility and to determine if this Plan is primary or secondary. Proof of a properly filed declaration of informal marriage will be necessary for an informal marriage to be recognized by the Plan.

### Qualified Medical Child Support Order (QMCSO) Managing Conservator of a Minor Child

TML IEBP will extend benefits to children of covered employees who are divorced, separated or born out of wedlock pursuant to a Qualified Child Support Order as prescribed by Sections 154.186 & 154.187 of the Texas Family Code. TML IEBP will impose the late entrant limitation if time of enrollment is subject to the late entrant provision. If the child is covered under a Qualified Medical Support, the child will obtain Continuation of Coverage rights if coverage is lost due to a qualifying event.

TML IEBP will require the Covered Individual to complete the application form to have benefits paid by the managing conservator of a minor child. Once the form is complete, TML IEBP will review the request and make a decision if the request meets the definition of a Qualified Medical Child Support Order for TML IEBP. Within 30 days of receipt, TML IEBP will provide a written notice of the decision regarding manager conservator of an eligible minor child healthcare benefits. TML IEBP will send notices to each attorney or other representative who may be identified in the order for correspondence.

| **Deductible Per Calendar Year** | | **Network** | **Non Network** |
|---|---|---|---|
| Individual Deductible waived for the following benefits: | **Individual** | $1500 | $1700 |
| Second Surgical Opinions, Preventive Care Benefits and Preferred Lab | **Family** | $3000 | $3400 |

**Network and Non Network Deductibles are separate and do not accumulate toward one another.**

The Family Deductible is a cumulative dollar amount and applies collectively to all covered family individuals. Once the family deductible has been satisfied, no further deductible requirements will be applied for any covered family individual during the remainder of the calendar year.

For a confinement that continues into a new calendar year, amounts applied toward the prior calendar year Deductible will also count toward the next calendar year Deductible for charges during that confinement. All other charges are subject to the new calendar year Deductible.

| **Out of Pocket Amount Per Calendar Year** | | **Network** |
|---|---|---|
| Once the Network Deductible and Out of Pocket amount is satisfied per individual, | **Individual** | $2,000 |
| the plan pays 100% of eligible Network charges. | **Family** | $4,000 |

**Eligible Expenses incurred with a Non Network provider will never pay at 100%.**

The Family Out of Pocket is a cumulative dollar amount and applies collectively to all covered family individuals. Once the family out of pocket is satisfied, no further out of pocket requirements will be applied for any covered family individual during the remainder of the calendar year.

For a confinement that continues into a new calendar year, amounts applied toward the prior calendar year Out of Pocket will also count toward satisfying the next calendar year Out of Pocket for charges during that confinement. All other charges are subject to the new calendar year Out of Pocket amount.

**Access Fees and Other Penalties** Emergency Room access fees, notification penalties and any other ineligible expenses do not apply to Deductible or Out of Pocket expenses.

| BENEFIT PERCENTAGE PAYABLE AFTER DEDUCTIBLE/COPAY | Network | Non Network |
|---|---|---|
| **Specialty Physicians**<br>Anesthesiologist, Pathologist, Radiologist, Emergency Room Physician Related to services rendered at a Network hospital and/or outpatient surgery/radiology diagnostic clinic | 80% | 80% |
| **Facility Charges** | | |
| **Inpatient Hospital Benefits** | 80% | 50% |
| **Outpatient Hospital Surgery** | 80% | 50% |
| **Ambulatory Surgical Center** | 80% | 50% |
| **Emergency Room** | | |
| Facility charges after $50 access fee | 80% | 50% |
| Physician | 80% | 80% |
| **Physician** | | |
| **Office Visit Fees** | 100% - $30 | 50% |
| **Other Physician Services** | 80% | 50% |
| **Accident Benefit** | 80% | 50% |
| **Second Surgical Opinion** | 100% | 100% up to R&C |
| **Preferred Lab Program**<br>Includes laboratory expenses from a Preferred Lab Provider and Preferred Lab drawing site. | 100% | N/A |
| Physician professional fee is payable as Other Physician Services if not done at a Preferred Lab drawing site. | 80% | 50% |
| **Other Outpatient Lab and X-ray** (Non Preferred Lab) | 80% | 50% |
| **Preventive Care Benefits**<br>Routine physicals and tests for employees and dependents are limited to $300 per individual per calendar year.<br>If preventive care eligible expenses exceed $300, the expenses will not be paid.<br>Routine mammograms, Pap screening, PSA tests and Colon Cancer screening do not apply to the $300 maximum. Routine mammograms, Pap screening and PSA tests are limited to one exam per calendar year.<br>Immunizations, Inoculations and their administrative charges are paid at 100% and do not apply to the $300 maximum. (See Medical Benefits booklet for immunizations paid at 100%).<br>**All Non Network provider expenses are subject to usual, reasonable and customary allowable amount.** | 100% | 100% up to R&C |
| **Emergency Ambulance Services**<br>Maximum payable for Ground Ambulance: $1,250 per occurrence. Maximum payable for Air Ambulance: $7,500 per occurrence. | 80% | 80% |
| **Home Health Care**<br>Maximum payable per 2-hour visit is $100. Eligible supplies, equipment and therapy are not included in the $100 maximum and are eligible under other major medical expense benefit. | 80% | 50% |
| **Hospice Care** (Inpatient and Outpatient); Maximum of $30,000 payable per lifetime. | 80% | 50% |
| **Mental/Nervous**<br>Inpatient and Residential limited to 7 days per calendar year.<br>Day treatment limited to 14 days per calendar year.<br>Outpatient limited to 26 individual or group visits per calendar year.<br>Intensive Outpatient accumulates to the 26 outpatient visit limit per calendar year.<br>Medication checks are not included in the 26 outpatient visit limit per calendar year. | 80% | 50% |

| | BENEFIT PERCENTAGE PAYABLE AFTER DEDUCTIBLE/COPAY | |
|---|---|---|
| | **Network** | **Non Network** |
| **Chemical Dependency**<br>Chemical Dependency benefit is limited to one treatment program per lifetime and will never increase to 100%.<br>Inpatient and Residential limited to 7 days per calendar year.<br>Day treatment limited to 14 days per calendar year.<br>Outpatient limited to 26 individual or group visits per calendar year.<br>Intensive Outpatient accumulates to the 26 outpatient visit limit per calendar year.<br>Medication checks are not included in the 26 outpatient visit limit per calendar year. | 80% | 50% |
| **Serious Mental/Nervous Illness** (Inpatient and Outpatient)<br>Expenses incurred by a Covered Individual for treatment of "Serious Mental/Nervous Illness" are payable as any other illness subject to the lifetime maximum of the plan as stated in the Schedule of Benefits. The term "Serious Mental/Nervous Illness" means the following psychiatric illnesses as defined by the American Psychiatric Association in the Diagnostic & Statistical Manual (DSM):<br>1. schizophrenia;<br>2. paranoia and other psychotic disorders;<br>3. bipolar disorder (hypomanic, manic depressive and mixed);<br>4. major depressive disorders (single episode or recurrent);<br>5. schizo-affective disorders (bipolar or depressive);<br>6. pervasive development disorder;<br>7. obsessive compulsive disorder (OCD); and<br>8. depression in childhood and adolescence. | 80% | 50% |
| **Chiropractic Care ~** Maximum of $1,000 payable per calendar year. | 80% | 50% |
| **Medical Supplies** | 80% | 50% |
| **Durable Medical Equipment** (never pays at 100%) | 80% | 50% |
| **Prosthetics/Non Foot Orthotics** (never pays at 100%) | 80% | 50% |
| **Wigs for Oncology Patients -** Maximum of $150 payable per lifetime. | 80% | 50% |
| **Prosthetic Bra for Oncology Patients** ~ Maximum of $150 payable per lifetime. | 80% | 50% |
| **Custom Molded Foot Orthotics** ~ One pair per lifetime. | 80% | 50% |
| **Hearing Appliance** ~ Maximum of $3,500 payable per lifetime. | 80% | 50% |
| **Speech Therapy** ~ Outpatient maximum of $2,000 payable per calendar year. | 80% | 50% |
| **Physical and/or Occupational Therapy**<br>Outpatient maximum combined of $3,000 payable per calendar year. | 80% | 50% |
| **Morbid Obesity Treatment Predetermination Approval and Designated Center** 18 years of age or older; Maximum of $30,000 payable per lifetime | 50% | 0% |
| **Other Major Medical Expenses** | 80% | 50% |
| **Prescription Drugs** (see Prescription Drug Benefit schedules)<br>Coverage for prescriptions that are available through the Pharmacy Benefit Manager will be paid per the prescription schedule of benefits and will not be eligible under the medical plan.<br>Eligible Biotech prescriptions may be adjudicated under the Pharmacy Benefit Manager Medical Plan for Network Providers and/or Specialty Pharmacy Benefit Manager providers.<br>For prescriptions purchased outside of the Pharmacy Benefit Manager, Specialty Pharmacy Benefit Manager or the Network Providers, will pay at the out of network benefit percentage and will not, at any time, pay at 100% for any prescription services under the out of pocket provision of the Plan. | | 50% |

* **All provider expenses are subject to usual, reasonable and customary allowable amount.**

### Filing Deadline
No benefits are payable for claims submitted by the employee or a provider more than twelve (12) months from the date the expense was incurred, unless it was not reasonably possible to furnish the information within the filing deadline as determined by the Group Benefits Administrator, or within ninety (90) days after a non-compensable claim decision is made by the employer's workers' compensation carrier or by the Workers' Compensation Division of the Texas Department of Insurance, whichever is later. All requested additional information relating to the claim must also be received within the same time frame. Benefits will not be recalculated to allow a better benefit for charges incurred at a later date.

### Extenuating Circumstances
If a Covered Person requires immediate care until stabilized or if a specialist care provider is required but there is not a Network specialist care provider within a seventy-five (75) mile radius from the employee's place of business, the provider would be paid at 80% subject to the Network Deductible, Network Out of Pocket and subject to usual, reasonable and customary allowable amounts.

### Integration of Benefits
Applies when a covered person may receive benefits for medical expenses from more than one source. The benefits payable under this plan will not exceed 100% of the eligible benefit when combined with all other plans.

### Continuation of Coverage
The right to COC was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COC can become available to you when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose their group health coverage. For additional information about your rights and obligations under the Plan and under federal law, you should review the Plan book or contact TML IEBP, 1821 Rutherford Lane, Suite 300, Austin, Texas 78754, (512) 719-6500.

### American Recovery and Reinvestment Act of 2009 (ARRA)
The American Recovery and Reinvestment Act of 2009 (ARRA) helps with the payment of Continuation of Coverage and gives additional election opportunities to certain individuals. Eligible individuals pay only thirty-five (35) percent of their required monthly contributions for Continuation of Coverage. The remaining sixty-five (65) percent is paid by the federal government.

To qualify for the Continuation of Coverage subsidy you must:

1. Have lost your coverage due to an involuntary termination of employment that occurred between September 1, 2008 and December 31, 2009. (Note: If your employment is terminated for gross misconduct, you and your dependents are not eligible for Continuation of Coverage and; therefore, not eligible for the subsidy.)
2. Elect Continuation of Coverage.
3. Not be eligible for other group health coverage (such as a spouse's plan) or Medicare.

The Continuation of Coverage subsidy is available for required monthly contributions beginning March 1, 2009. The subsidy will end:

1. When you are no longer eligible for Continuation of Coverage;
2. After nine (9) months of subsidized contributions;
3. When you become eligible for coverage under another group health plan or Medicare; or
4. When you fail to pay, in a timely manner, your thirty-five (35) percent of the monthly cost of Continuation of Coverage.

There are income limits for receiving the Continuation of Coverage subsidy. If your modified adjusted gross income for the tax year in which the Continuation of Coverage subsidy is received exceeds $145,000 (or $290,000 for joint filers), you must repay the amount of the Continuation of Coverage subsidy you received during that tax year. For taxpayers with adjusted gross income between $125,000 and $145,000 (or $250,000 and $290,000 for joint filers), the amount of the Continuation of Coverage subsidy you must repay is reduced proportionately. You may waive the right to a Continuation of Coverage subsidy but, if you do, you cannot obtain the subsidy at a later date if your adjusted gross income ends up below the limits. If you think your income may exceed the limits, you should consult your tax preparer or contact the Internal Revenue Service at www.irs.gov.

### Special Continuation of Coverage Election Opportunity under the American Recovery and Reinvestment Act of 2009 (ARRA)
If you are eligible for the Continuation of Coverage contribution subsidy described above, and your employment terminated between September 1, 2008 and February 28, 2009, and you did not elect Continuation of Coverage when it was first offered OR did elect Continuation of Coverage but are no longer enrolled (for example because you were unable to continue paying the full cost of coverage), the American Recovery and Reinvestment Act of 2009 (ARRA) gives you a new opportunity to elect Continuation of Coverage. Your new election period begins on the date you receive this notice and ends sixty (60) days after receipt. This special election period does not extend the period of Continuation of Coverage beyond the original maximum period (generally eighteen (18) months from the date

coverage ended due to loss of employment). Continuation of Coverage elected during this special election period begins March 1, 2009.

## Right of Recovery

A Right of Recovery Form will need to be completed on all accidents. The Covered Individual specifically delegates to the Group Benefits Administrator the right to make a claim or assert a cause of action on the Covered Individual's behalf against any source of recovery, and assign to the Group Benefits Administrator the right to any proceeds from the claim or cause of action.

## Self-Audit Reimbursement

Any Covered Individual, who reviews their eligible medical expenses and discovers an overcharge made by the medical facility or practitioner, may provide the Group Benefits Administrator with a copy of the original billing, corrected billing and an explanation. The Covered Individual will be reimbursed 30% of the amount of savings generated. The reimbursement may not exceed the Covered Individual's individual calendar year Deductible and Out of Pocket amount.

## Claims Appeals

If a claim for benefits is wholly or partially denied, an Explanation of Benefits (EOB) will be furnished to the covered individual and the provider of services. This EOB will give the reason(s) the claim was denied. If the covered individual or provider of services does not agree with the claim decision or alleges that a contractual prompt payment requirement was not followed in the administration of a claim, he or she may submit an appeal. The appeal must be in writing and received by the Pool within one-hundred eighty (180) days of the date of the EOB. Relevant information supplied by the covered individual or healthcare provider should be included with the appeal. For claims denied or partially denied for not being notified, the appeal must include the admission history and physical, the discharge summary and the operative and pathology reports (if applicable) before it can be considered. An appeal requested without proper documentation may not be considered. All written appeals should be sent to the Plan Administrator's address printed on the ID cards. These appeal provisions shall be applicable where a provider makes a complaint that a prompt payment contract was not followed.

The appealing party will be notified in writing of the results of an appeal for failure to provide Notification, and/or a denial or reduction in benefits within forty-five (45) days after receipt of all necessary information to make a determination. Failure to provide such written notice will not grant the appeal. All available medical information must be provided at no cost to the Plan.

If the individual does not agree with the decision, the appeal may be elevated to the Board of Trustees, TML IEBP, 1821 Rutherford Lane, Suite 300, Austin, TX 78754-5151. Usually within ninety (90) days of receipt of the denial of appeal, a committee of Trustees will schedule a meeting and hear the appeal. The appealing party may submit additional information and/or appear before the committee. The appealing party will be notified of the date, time and place the committee will meet at least five (5) days prior to the meeting date.

A final decision will be made by the Board of Trustees Appeals Committee and sent to the appealing party usually within sixty (60) days after the receipt of the request, but in no case more than one-hundred twenty (120) days after the request for review is received. The Appeals Committee's final decision will be in writing and include specific references to the Plan provisions on which the decision was based.

**Provider Overpayments** – the Provider agrees to refund TML IEBP all duplicate or erroneous claim payments regardless of the cause. After thirty (30) days notice of any overpayment made by the Pool, the Provider agrees that the Pool has the right to offset unpaid refunds against future payments.

## Health Insurance Portability and Accountability Act of 1996 (HIPAA)

HIPAA provides individuals certain rights and protection relating to healthcare coverage. Federal law gives the plan sponsor of self-funded, non-federal, governmental plans the right to exempt the plan in whole or in part from requirements of Title I except for the creditable coverage certificate requirements. TML IEBP has opted out of HIPAA Title I and is exempt from the HIPAA Title I requirements.

HIPAA Title I:

- Refers to creditable coverage, restrictions on pre-existing conditions, special enrollments, non-discrimination based on Health Status Factors, Newborns' and Mothers' Health Protection Act, Mental Health Parity and Addiction Equity Act and Women's Health and Cancer Rights Act;
- Has an exemption option for self-funded, non-federal, governmental plans.

HIPAA Title II:

- Called the Administrative Simplification Act, includes standards for electronic transactions and code sets, national identifiers (for employers, health plans and providers), Security Standards for the Protection of Electronic Protected Health Information (Security Rule), Electronic Signature Standards and Standards for Privacy of Individually Identifiable Health Information (Privacy Rule);
- A self-funded, non-federal, governmental health plan cannot exempt itself from the Title II requirement.

## Privacy of Your Health Information

A Federal regulation, called the "Privacy Rule," requires TML Intergovernmental Employee Benefits Pool to protect the privacy of each Covered Individual's identifiable health information. Under the Privacy Rule, TML Intergovernmental Employee Benefits Pool may use and disclose a Covered Individual's identifiable health information only for certain permitted purposes, such as the payment of claims under the health plan. If TML Intergovernmental Employee Benefits Pool needs to use or disclose a Covered Individual's health information for a purpose not permitted under the Privacy Rule, TML Intergovernmental Employee Benefits Pool must first obtain a written authorization signed by the Covered Individual.

In addition to restrictions on how TML Intergovernmental Employee Benefits Pool may use and disclose a Covered Individual's identifiable health information, the Privacy Rule gives each Covered Individual certain rights. These include the right of a Covered Individual to access his or her health information, to amend his or her health information, and to receive an accounting of certain disclosures of his or her health information.

## Reservation of Rights

This is a governmental plan excluded from coverage under ERISA.

The Plan covers employees, dependents of employees, elected officials, dependents of elected officials, retirees, and dependents of retirees of Pool Members who are eligible for the coverage, become covered, and continue to be covered, according to the terms of the Plan, Pool policies, and the policy of the Employer Member. Enrollment in the Group Medicare Supplement Plan requires that the Covered Individual be enrolled in Medicare Parts A and B. The terms of the Plan are described in the following pages. The Board of Trustees of the TML Intergovernmental Employee Benefits Pool reserves the right to amend this Plan if circumstances warrant and have given the Executive Director the discretionary authority to construe the terms of the plan.

## Important Disclaimer

The information presented in this Schedule of Benefits **IS NOT** a guarantee of payment.

The benefits described are subject to all plan limitations, preexisting information, filing deadlines, exclusions and eligibility requirements. All benefits are based on the plan document language.

If a Covered Individual is on continuation of coverage (COC), coverage could terminate retroactively if the individual's contribution is not made within the COC payment timeframe.

If a Covered Individual is receiving care or about to receive care and is identified as not actively at work, continuation of coverage benefits may be offered, but must be accepted and paid per the continuation of coverage time guidelines for provider services to be considered for eligible benefit payment.

Requests for reimbursement for a covered benefit should be sent to the Group Benefits Administrator within ninety (90) days of the date of service but not later than twelve (12) months.

All inpatient and outpatient facilities are required to be licensed and/or accredited by Joint Commission for the Accreditation of Healthcare Organizations (JCAHO), Medicare, or Accreditation Association for Ambulatory Health Care (AAAHC) for the bill to be considered for payment.

You may be responsible for payment of all or part of any fees for healthcare services not covered by your Health Benefit Plan because the services received are provided by health care providers who are not members of the plan's provider network.

Notification is required prior to receiving certain types of health care services.

1. eligibility of any individual for coverage;
2. benefit coverage for services rendered pursuant to the notification; or
3. network status of the provider(s).

**Claims Address:**

PO Box 149190
Austin, Texas 78714-9190

**Customer Service:**

| | |
|---|---|
| English: | (800) 282-5385 |
| Spanish | (800) 385-9952 |

**Medical Care Management:** (800) 847-1213

**MEDICAL BENEFITS**
**OUTPATIENT PRESCRIPTION DRUG BENEFIT ~ FY09-10**
**MAXIMUM ALLOWABLE COST CVS/CAREMARK CARD PROGRAM (MAC A)**

# EAST TEXAS COUNCIL OF GOVERNMENT

## Effective Date: June 1, 2010

This benefit schedule is made a part of the Plan for the purchase of outpatient prescription drugs. **All charges for outpatient prescription drugs are covered under this benefit and are not considered eligible expenses unless purchased through this program.**

### Definitions:

| | |
|---|---|
| **Brand Name Drugs** | Drugs produced and marketed exclusively by a particular manufacturer. The drug name is usually registered as a trademark. |
| **Generic Drugs** | Drugs not protected by a trademark. |
| **Legend Drugs** | Those drugs which cannot be purchased without a prescription from a physician and bear the legend: Caution -- Federal law prohibits dispensing without a prescription. |
| **SpecialtyRx** | Copay per 34 day mail service dispensement. |
| **Maximum Allowable Cost (MAC)** | A CVS/Caremark designed program which establishes a ceiling on the amount paid for over 400 drugs with generic equivalents. |

Covered Individuals may access ineligible prescriptions at the CVS/Caremark discount. This may help manage Covered Individual's out of pocket expense.

**Copayments do not apply to any individual deductibles or out of pocket amounts.**

### CVS/Caremark Network Copayments:

| | |
|---|---|
| **Brand Name:** | **$38 per prescription** |
| **Generic:** | **$10 per prescription** |
| **SpecialtyRx:** | **$100 per prescription** |
| **Over the Counter with MD Prescription:** | |
| Non-Sedating Antihistamines (Claritin, Alavert) | **$10 per prescription** |
| Smoking Deterrent (Nicorette, Nicotine Patch) | **$10 per prescription** |
| Stomach and Ulcer (Prilosec) | **$10 per prescription** |
| Allergy Medication (Zyrtec) | **$10 per prescription** |

### CVS/Caremark Preferred National Network Copayments:

Copayments do not apply to any individual deductibles or out of pocket amounts.

| | |
|---|---|
| **CVS Store Dispensement:** | |
| Generic Retail 34 day dispensement | **$0.00 per prescription** |
| Generic Retail 84 – 90 day dispensement | **$9.00 per prescription** |

### Maximum Allowable Cost (MAC):

This benefit Plan only allows up to the generic MAC price for multi-source drugs on the CVS/Caremark MAC list. If a brand name drug is dispensed and a generic equivalent drug exists, the **Covered Person pays the difference between the brand name and generic** price in addition to the appropriate copayment for the brand name. The cost difference between the brand name and generic price does not apply to any individual deductibles or out of pocket amounts. The MAC differential applies to all prescriptions purchased through this program when a generic equivalent is available.

### Dispensing Limitations:

The amount normally prescribed by a physician, but not to exceed a 34-day supply.

### Prior Authorization Requirements:

Prior authorization from CVS/Caremark will be required on the following prescriptions:

- Growth Hormones
- Botox
- Myobloc
- Accutane and/or Prescription Equivalent
- Attention Deficit Disorder/Narcolepsy medications for individuals 17 years of age or older
  Oral Chemotherapy

For prior authorization, please have your doctor call CVS/Caremark at (888) 413-2723. Your doctor will be asked a series of questions and will then be immediately approved or denied. For Specialty Prescription customer service please call CVS/Caremark at (866) 295-2779.

### Identification Cards:

Each covered employee will be issued an ID card. You must present your ID card to the pharmacist at the time of purchase.

**If a covered person does not have the ID card at the time of purchase these steps must be followed:**

1. Pay for the entire cost of the prescription.
2. Obtain and complete a direct prescription drug CVS/Caremark claim form. These are available from your employer or TML Intergovernmental Employee Benefits Pool.
3. Send the CVS/Caremark drug claim form with the prescription receipt directly to CVS/Caremark.

CVS/Caremark will pay the appropriate amount, less the copayment and Maximum Allowable Cost (MAC) differential (if applicable), directly to the Covered Individual usually within 30 days.

| Drugs Covered Under This Benefit | Drugs Not Covered Under This Benefit |
|---|---|
| 1. Legend Drugs;<br>2. Insulin or oral diabetic prescription;<br>3. Disposable insulin needles/syringes and physician prescribed needles/syringes;<br>4. Disposable blood/urine/glucose/acetone testing agents (e.g. Acetest Tablets, Clinitest Tablets, Glucometer (one per calendar year), Lancets, Diastix Strips, Tes-Tape and chemstrips;<br>5. Diabetic supplies will be purchased with order for oral diabetic prescription. The plan will allow needles, syringes, lancets and testing strips at no charge if ordered within 30 days of a prescription at the same pharmacy;<br>6. Tretinoin all dosage forms (e.g. Retin-A, Differin, Tazorac) for Individuals through the age of 25 years;<br>7. Compound medication of which at least one ingredient is a legend drug;<br>8. Any other drug which under the applicable State Law may only be dispensed upon the written prescription of a physician or other lawful prescriber;<br>9. Contraceptives: Oral, Extended cycle (mail order only), Transdermal patches, Contraceptive devices, Levonorgestrel (Norplant), Prescription Strength Only;<br>10. Depo Provera;<br>11. Central Nervous Stimulants (e.g. Adderal, Ritalin, Dexidrine, etc.) will be covered through age 16;<br>12. Central Nervous Stimulants (e.g. Adderal, Ritalin, Dexidrine, etc) will be covered for covered individuals age 17 and older with approved prior authorization through CVS/Caremark;<br>13. Prescribed smoking deterrent medications containing nicotine or any other smoking cessation aids, all dosage forms;<br>14. Growth hormones through age 15;<br>15. Extended Release anti-depressive agents: Wellbutrin XL, Effexor XR;<br>16. Extended Release ADD/ADHD agents: Adderall XR, Focalin XR;<br>17. Extended Release migraine prophylactic agents: Depakote ER. | 1. Dietary Supplements, vitamins or formulas;<br>2. Growth hormones after age 15;<br>3. Immunization agents, biological sera blood or blood plasma;<br>4. Male pattern baldness medications; hair growth stimulants;<br>5. Tretinoin, all dosage forms (e.g. Retin-A, Differin, Tazorac) for individuals 26 years of age or older; Cosmetic agents including anti-wrinkle, Botox and skin depigmenting agents;<br>6. Vitamins individually or in combination;<br>7. Therapeutic devices or appliances, including support garments and other non-medicinal substances, regardless of intended use;<br>8. Charges for the administration or injection of any drug;<br>9. Drugs labeled “Caution - limited by Federal Law to investigational use” or experimental drugs even though a charge is made to the individual;<br>10. Medications which are to be taken by or administered to an individual, in whole or in part, while he or she is a patient in a licensed hospital, rest home, sanitarium, extended care facility, convalescent hospital, nursing home or similar premises which operates on its premises or allows to be operated on its premises, a facility for dispensing pharmaceuticals;<br>11. Emergency Contraceptives;<br>12. Fertility medications;<br>13. Any prescription refilled in excess of the number specified by the physician or any refill dispensed after one year from the physician’s original order;<br>14. Prescription which an eligible person is entitled to receive without charges from any Workers’ Compensation Laws or which is prescribed for an injury or illness which is excluded from any medical coverage which is provided in conjunction with this prescription benefit;<br>15. Anti-obesity medications;<br>16. Prescribed Prenatal vitamins are not covered under the CVS/Caremark card. Claims for prescribed prenatal vitamins with a pregnancy diagnosis may be submitted to TML IEBP for payment consideration;<br>17. Non-legend drugs other than those listed above;<br>18. Lifestyle Convenience Prescriptions (ie: erectile dysfunction prescriptions. |

TML Intergovernmental Employee Benefits Pool

# MEDICAL BENEFITS
# MAIL ORDER PRESCRIPTION DRUG BENEFIT ~ FY09-10

## EAST TEXAS COUNCIL OF GOVERNMENT

### Plan Benefits Effective: June 1, 2010

This Mail Service Prescription Drug Benefit assists Covered Persons with maintenance prescriptions. All prescriptions filled by CVS/Caremark through this benefit are not considered eligible expenses under the Major Medical Expense Benefit.

**CVS/Caremark Network Copayments:**
Copayments do not apply to any individual deductibles or out of pocket amounts.

| | |
|---|---|
| **Brand Name:** | **$83 per prescription** |
| **Generic:** | **$25 per prescription** |
| **SpecialtyRx:** | **$100 per prescription** |

**Dispensing Limitations:**
The Mail Service Prescription drug benefit is limited to prescription medications taken on an ongoing basis for 34 days or more, not to exceed 90 days (91 days for Seasonal). Orders are mailed to CVS/Caremark and prescriptions are returned via First Class Mail or United Parcel Service. Please allow 14 days from the date you mailed your prescription for delivery.

**Definitions:**

| | |
|---|---|
| **Brand Name Drugs** | Drugs produced and marketed exclusively by a particular manufacturer. The drug name is usually registered as a trademark. |
| **Generic Drugs** | Drugs not protected by a trademark. |
| **Legend Drugs** | Those drugs which cannot be purchased without a prescription from a physician and bear the legend: Caution -- Federal law prohibits dispensing without a prescription. |
| **SpecialtyRx** | Copay per 34 day mail service dispensement. |
| **Maximum Allowable Cost (MAC)** | A CVS/Caremark designed program which establishes a ceiling on the amount paid for over 400 drugs with generic equivalents**.** |

**Prior Authorization Requirements:**
Prior authorization from CVS/Caremark will be required on the following prescriptions:

- Growth Hormones
- Botox
- Myobloc
- Accutane and/or Prescription Equivalent
- Attention Deficit Disorder/Narcolepsy medications for individuals 17 years of age or older
- Oral Chemotherapy

For prior authorization, please have your doctor call CVS/Caremark at (888) 413-2723. Your doctor will be asked a series of questions and will then be immediately approved or denied. For Specialty Prescription customer service, please call CVS/Caremark at (866) 295-2779.

**Emergencies:**
On occasion, you may need to get a prescription filled immediately. Ask your physician to write two prescriptions, one for a 21-day supply of medication to be filled locally and the second for the balance (up to 90 days). The 21-day supply prescription filled locally will be covered according to the prescription drug benefit included in your Plan.

Order forms are included in your employee packets and are available from the TML Intergovernmental Employee Benefits Pool or your employer. A re-order form will accompany each order you receive.

| Drugs Covered Under This Benefit | Drugs Not Covered Under This Benefit |
|---|---|
| 1. Legend Drugs;<br>2. Insulin or oral diabetic prescription;<br>3. Disposable insulin needles/syringes and physician prescribed needles/syringes;<br>4. Disposable blood/urine/glucose/acetone testing agents (e.g. Acetest Tablets, Clinitest Tablets, Glucometer (one per calendar year), Lancets, Diastix Strips, Tes-Tape and chemstrips;<br>5. Diabetic supplies will be purchased with order for oral diabetic prescription. The plan will allow needles, syringes, lancets and testing strips at no charge if ordered within 30 days of a prescription at the same pharmacy;<br>6. Tretinoin all dosage forms (e.g. Retin-A, Differin, Tazorac) for Individuals through the age of 25 years;<br>7. Compound medication of which at least one ingredient is a legend drug;<br>8. Any other drug which under the applicable State Law may only be dispensed upon the written prescription of a physician or other lawful prescriber;<br>9. Contraceptives: Oral, Extended cycle, (mail order only), Transdermal patches, Contraceptive devices, Levonorgestrel (Norplant), Prescription Strength Only;<br>10. Depo Provera;<br>11. Central Nervous Stimulants (e.g. Adderal, Ritalin, Dexidrine, etc.) will be covered through age 16;<br>12. Central Nervous Stimulants (e.g. Adderal, Ritalin, Dexidrine, etc) will be covered for covered individuals age 17 and older with approved prior authorization through CVS/Caremark;<br>13. Prescribed smoking deterrent medications containing nicotine or any other smoking cessation aids, all dosage forms;<br>14. Growth hormones through age 15;<br>15. Extended Release anti-depressive agents: Wellbutrin XL, Effexor XR;<br>16. Extended Release ADD/ADHD agents: Adderall XR, Focalin XR;<br>17. Extended Release migraine prophylactic agents: Depakote ER. | 1. Dietary Supplements, vitamins or formulas;<br>2. Growth hormones after age 15;<br>3. Immunization agents, biological sera blood or blood plasma;<br>4. Male pattern baldness medications; hair growth stimulants;<br>5. Tretinoin, all dosage forms (e.g. Retin-A, Differin, Tazorac) for individuals 26 years of age or older; Cosmetic agents including anti-wrinkle, Botox and skin depigmenting agents;<br>6. Vitamins individually or in combination;<br>7. Therapeutic devices or appliances, including support garments and other non-medicinal substances, regardless of intended use;<br>8. Charges for the administration or injection of any drug;<br>9. Drugs labeled “Caution - limited by Federal Law to investigational use” or experimental drugs even though a charge is made to the individual;<br>10. Medications which are to be taken by or administered to an individual, in whole or in part, while he or she is a patient in a licensed hospital, rest home, sanitarium, extended care facility, convalescent hospital, nursing home or similar premises which operates on its premises or allows to be operated on its premises, a facility for dispensing pharmaceuticals;<br>11. Emergency contraceptives;<br>12. Fertility medications;<br>13. Any prescription refilled in excess of the number specified by the physician or any refill dispensed after one year from the physician’s original order;<br>14. Prescription which an eligible person is entitled to receive without charges from any Workers’ Compensation Laws or which is prescribed for an injury or illness which is excluded from any medical coverage which is provided in conjunction with this prescription benefit;<br>15. Anti-obesity medications;<br>16. Prescribed Prenatal vitamins are not covered under the CVS/Caremark card. Claims for prescribed prenatal vitamins with a pregnancy diagnosis may be submitted to TML IEBP for payment consideration;<br>17. Non-legend drugs other than those listed above;<br>18. Lifestyle Convenience Prescriptions (ie: erectile dysfunction prescriptions). |

# SCHEDULE OF DENTAL BENEFITS
# PLAN III

**Note:** Late Entrants are limited to Preventive and Basic dental benefits during the first twelve (12) months of coverage. Please refer to the section entitled "Dates of Eligibility and Coverage" for a complete description of this limitation.

## DESCRIPTION OF SERVICES

**Benefit Maximums**

Preventive, Basic and Major Dental Expense Benefit — $2,000 per calendar year

**Orthodontic Benefit**

Limited to Dependents under the age of nineteen (19) — $1,500 per lifetime

| | Deductible | Benefit Percentage |
|---|---|---|
| **PREVENTIVE DENTAL** | None | 100% of Reasonable & Customary |
| 1. Oral Examinations limited to two (2) exams per calendar year | | |
| 2. Prophylaxis limited to two (2) treatments per calendar year | | |
| 3. Fluoride Treatments limited to children under the age of eighteen (18) and two (2) treatments in a calendar year | | |
| 4. Sealants for children under the age of thirteen not to exceed $100 per calendar year | | |
| 5. Bitewings X-Rays limited to once in a calendar year | | |
| 6. Full mouth X-Ray limited to one (1) series in a sixty (60) consecutive month period | | |
| 7. Panoramic X-Ray limited to one (1) series in a sixty (60) consecutive month period | | |
| **BASIC AND MAJOR DENTAL** | $50/ calendar year combined | Basic 80% of Reasonable & Customary |
| Subject to Deductible | | |
| 1. Emergency oral exams, palliative treatments. | | |
| 2. X-rays (periapicals) (non-preventive). | | |
| 3. Diagnostic casts. | | |
| 4. Amalgam, silicate, acrylic, synthetic porcelain and composite filling restoration for decayed teeth. (Multiple restorations on the same tooth on the same day, which are billed independently of each other, will be recoded into the most appropriate procedure code as established by the American Dental Association (ADA)). | | |
| 5. Stainless steel crowns - primary/permanent tooth. | | |
| 6. Pin retention. | | |
| 7. Extractions - uncomplicated (single); each additional tooth; surgical removal of erupted or impacted tooth (including tissue flap and bone removal); postoperative visit (sutures and complications) after multiple extractions of impactions. | | |
| 8. Anesthesia - general, in conjunction with surgical procedures only: analgesia; non- intravenous and intravenous sedation. | | |
| 9. Endodontics treatment - (root canal treatment and pulp capping when not provided on the same day as a permanent restorative service) | | |
| 10. Periodontics – treatment of periodontal and other disease of the gums and supporting structures of the mouth including but not limited to the following: | | |
| a. Periodontal maintenance procedure limited to two (2) treatments per calendar year following active periodontal therapy. | | |
| b. Periodontal scaling and root planing - limited to no more than four (4) quadrants in 24 months. | | |
| c. Full mouth debridement. | | |
| 11. Oral surgery. | | |
| 12. Occlusal adjustment if in active periodontal treatment. | | |

| | Deductible | Benefit Percentage |
|---|---|---|
| **MAJOR CARE SERVICES** | $50/ calendar year combined | Major 50% of Reasonable & Customary |

***Late Entrant Provision applies to all Major Services***

1. Space Maintainers - initial appliance only for children under age sixteen (16).
2. Removable mouthguards and all appliances used to alleviate thumb sucking, tongue thrashing and bruxism.
3. Repair or recementing of crowns, inlays and onlays and bridges.
4. Reline and adjustments of partial and complete dentures after six (6) months.
5. Onlays/Inlays.
6. Crown Build-ups.
7. Crowns – Necessary replacement of crowns or laboratory fabricated restorations, only when the crown or laboratory fabricated restoration is over five (5) years old.
   The following information must be provided if it is a replacement:
   a. Date of prior placement.
   b. Reason for replacing crown.
8. Bridges-Partial Dentures - Full Dentures - Initial installation of fixed bridgework (including wing attachments, inlays and crowns as abutments) to replace teeth which were extracted while covered under this Plan.
   Replacement of an existing partial or full removable denture or fixed bridge; the addition of teeth to an existing partial or removable denture; or bridgework to replace teeth which were extracted if satisfactory evidence is presented to the Plan that:
   a. The replacement or addition of teeth is necessary to replace teeth extracted after the existing denture or bridgework was installed and while covered under the Plan
   b. The existing denture or bridgework cannot be made serviceable and was installed at least five (5) years prior to the replacement date.
   c. The existing denture is an immediate temporary denture replacing one or more teeth extracted while covered under this Plan, replacement by a permanent denture is required, and the replacement takes place within six (6) months from the placement of the temporary denture.
   The following information must be provided:
   a. Initial placement – provide which teeth are being replaced and the date of each extraction.
   b. Replacements – provide which teeth are being replaced and the Date of the prior placement and reason for this replacement.
9. Gold restorations.
10. Dental implants – Benefits are available when the tooth is extracted while covered by the plan and there is no alternate form of therapy to treat the dental condition. If it is determined that an alternate benefit is payable under the Plan, the alternate benefit is applicable only to the prosthesis over the implant(s) rather than towards the implant placement.

**ORTHODONTIC CARE SERVICES** $50/ lifetime 100%

***Late Entrant Provision applies to Orthodontic Services***

The Orthodontic Care benefit is only available to covered dependent child(ren) who are less than nineteen (19) years of age. This benefit ends on the child's nineteenth ($19^{th}$) birthday even if ongoing orthodontic treatment is in progress. Late Entrants are not eligible for this benefit until they have been covered for twelve (12) months.

When all of the provisions of this Plan are satisfied, the Plan will provide benefits as outlined on the Schedule of Dental Benefits for the dental services and supplies listed in this section. This list is intended to give you a general description of orthodontic services and supplies covered by the Plan.

Subject to a lifetime deductible ~ only children under the age of nineteen (19) are eligible.

1. Limited Orthodontic Treatment
2. Interceptive Orthodontic Treatment
3. Comprehensive Orthodontic Treatment

*Covered Services*

1. Necessary services related to an active course of orthodontic treatment
2. The initial and subsequent, if any, installation of orthodontic appliances for an active course of orthodontic treatment.
3. Adjustment of active orthodontic appliances.

Orthodontic services shall be covered only if such services are required for:

1. Overbite/underbite or overjet/underjet of at least four (4) millimeters; or
2. Maxillary (upper) and mandibular (lower) arches in either protrusive or retrusive relation of at least one cusp; or
3. Cross bite; or
4. An arch length discrepancy of more than four (4) millimeters in either the upper or lower arch.

***Orthodontic Treatment Plan***

An Orthodontic Treatment Plan must be submitted to the Group Benefits Administrator by the dentist and returned to the dentist showing estimated benefits before dental work starts. The following information must be included:

1. Classification of the malocclusion;
2. Description of the proposed treatment;
3. Estimate of how many months the treatment will take;
4. Estimate of the total charges.

***Payment Schedule***

Payment for charges made in accordance with an approved orthodontic treatment plan shall be made in installments over the estimated duration of treatment. The first installment is eligible for consideration on the date the orthodontic appliance is installed and initial payment cannot exceed 25% of total estimated treatment plan subject to the deductible and benefit percentage. Remaining balance will be divided by the estimated months of treatment and equal monthly payments will be payable at the benefit percentage level on the month upon receipt of evidence of continuing treatment. The remaining balance will be reviewed for payment upon receipt of the bill for services rendered.

**TML Intergovernmental Employee Benefits Pool**
**Loss Ratio Report**

**Group Name:** East Texas COG
**Group#:** PEASTTE1

**IMPORTANT: This Loss Ratio Report is based on amounts billed monthly, whereas reports including true loss ratios will be based on contributions-paid amounts. This may cause the loss ratio figures in this report to differ from actual loss ratios.**

| Month | Avg EE | Amt Billed | Med Claims | Rx Copay | Rx Mail Order | Tot Claims + Rx |
|---|---|---|---|---|---|---|
| 2008/02 | 76 | $41,904.14 | $24,607.32 | $4,885.62 | $1,027.22 | $30,520.16 |
| 2008/03 | 77 | $42,628.64 | $10,597.45 | $3,318.83 | $1,596.13 | $15,512.41 |
| 2008/04 | 83 | $42,628.64 | $49,660.45 | $2,904.87 | $1,380.21 | $53,945.53 |
| 2008/05 | 83 | $44,566.88 | $32,472.19 | $2,933.17 | $333.49 | $35,738.85 |
| 2008/06 | 81 | $47,085.22 | $37,586.88 | $2,988.97 | $1,110.56 | $41,686.41 |
| 2008/07 | 79 | $45,256.12 | $29,647.14 | $4,303.80 | $1,620.29 | $35,571.23 |
| 2008/08 | 81 | $44,733.96 | $36,179.92 | $6,151.31 | $1,313.97 | $43,645.20 |
| 2008/09 | 80 | $44,993.10 | $24,664.54 | $3,452.92 | $213.18 | $28,330.64 |
| 2008/10 | 81 | $46,039.74 | $31,964.15 | $3,041.33 | $2,492.84 | $37,498.32 |
| 2008/11 | 83 | $46,039.74 | $24,744.35 | $3,417.92 | $739.77 | $28,902.04 |
| 2008/12 | 82 | $46,563.06 | $17,867.59 | $2,914.72 | $1,329.52 | $22,111.83 |
| 2009/01 | 83 | $47,345.52 | $21,085.80 | $5,097.99 | $1,527.19 | $27,710.98 |
| 2009/02 | 83 | $47,345.52 | $20,773.21 | $3,425.30 | $528.92 | $24,727.43 |
| 2009/03 | 79 | $46,822.20 | $57,332.98 | $3,878.81 | $1,594.75 | $62,806.54 |
| 2009/04 | 81 | $45,775.56 | $82,990.50 | $4,663.29 | $1,579.95 | $89,233.74 |
| 2009/05 | 80 | $46,297.72 | $53,186.30 | $4,004.75 | $598.31 | $57,789.36 |
| 2009/06 | 82 | $48,492.66 | $85,815.22 | $3,397.66 | $724.36 | $89,937.24 |
| 2009/07 | 80 | $48,503.44 | $120,931.86 | $7,668.03 | $1,702.01 | $130,301.90 |
| 2009/08 | 78 | $48,230.14 | $24,917.32 | $5,131.88 | $713.33 | $30,762.53 |
| 2009/09 | 77 | $47,680.34 | $23,072.52 | $9,785.27 | $1,137.43 | $33,995.22 |
| 2009/10 | 75 | $46,064.48 | $49,613.28 | $6,359.91 | $444.58 | $56,417.77 |
| 2009/11 | 78 | $46,603.50 | $57,874.54 | $5,512.43 | $1,107.90 | $64,494.87 |
| 2009/12 | 78 | $46,875.60 | $13,662.15 | $9,056.67 | $1,296.28 | $24,015.10 |
| 2010/01 | 77 | $48,231.34 | $26,613.98 | $9,035.77 | $2,696.03 | $38,345.78 |
| 2010/02 | 79 | $46,603.50 | $26,401.07 | $5,523.12 | $296.58 | $32,220.77 |
| 2010/03 | 79 | $49,306.98 | $50,899.35 | $8,800.13 | $1,017.52 | $60,717.00 |
| 2010/04 | 78 | $49,840.82 | $44,278.87 | $4,598.72 | $267.84 | $49,145.43 |
| 2010/05 | 84 | $48,223.76 | $34,923.51 | $8,340.36 | $1,308.41 | $44,572.28 |
| 2010/06 | 82 | $40,288.07 | $24,175.57 | $7,909.32 | $518.36 | $32,603.25 |
| 2010/07 | 81 | $39,746.11 | $50,722.90 | $10,598.69 | $1,401.40 | $62,722.99 |
| 2010/08 | 81 | $39,746.11 | $73,906.62 | $8,690.24 | $0.00 | $82,596.86 |
| 2010/09 | 82 | $39,939.34 | $16,313.87 | $8,080.59 | $2,308.67 | $26,703.13 |
| 2010/10 | 85 | $40,914.07 | $30,446.19 | $8,850.98 | $262.78 | $39,559.95 |
| 2010/11 | 83 | $39,748.96 | $9,335.67 | $5,702.33 | $1,536.26 | $16,574.26 |
| 2010/12 | 83 | $40,144.89 | $34,735.18 | $14,036.86 | $643.41 | $49,415.45 |
| 2011/01 | 85 | $39,555.73 | $34,634.00 | $7,888.88 | $482.87 | $43,005.75 |