OFFICE OF PUBLIC ACCOUNTABILITY

PROCUREMENT APPEAL

In the Appeal of	Notice of Appeal
TOKIO MARINE PACIFIC INSURANCE LIMITED and CALVO'S INSURANCE UNDERWRITERS, INC. Appellants.	Docket No. OPA-PA

PART II - Appellant Information

Name:	Tokio Marine Pacific Insurance Ltd. ("Tokio Marine")	Calvo's Insurance Underwriters, Inc. ("CIU")
Mailing Address:	P.O. Box 326327 Hagåtña, Guam 96910	P.O. Box FJ Hagåtña, Guam 96910
Business Address:	173 Aspinall Avenue Suite 202B Ada Plaza Center Hagåtña, Guam 96910	115 Chalan Santo Papa Hagåtña, Guam 96910

Tokio Marine and CIU are collectively referred to herein as "Appellant."

The point of contact for this Appeal is Frank Campillo, Plan Administrator for Calvo Insurance Underwriters, Inc. ("CIU"). Mr. Campillo's contact information is as follows:

Email: frank.campillo@calvosinsurance.com

Daytime Contact No.: 479-7959

Fax No.: 477-4141

PART III - Appeal Information

A) Purchasing Agency:

Government of Guam Negotiating Team for FY2013 Health Insurance Solicitation

C/O: Benita Manglona

Director, Department of Administration

Chairperson, Government of Guam FY2013 Health Insurance Negotiating Team

B) Identification/Number of Procurement, Solicitation, or Contract:

Request for Proposals DOA/HRD RFP-GHI-13-001 (the "RFP").

No contract has been awarded and the RFP was cancelled.

C) Decision being appealed was made on September 7, 2012 by:

__Chief Procurement Officer __Director of Public Works **X Head of Purchasing Agency**

D) Appeal is made from:

X **Decision on Protest of Method, Solicitation or Award**

__ Decision on Debarment or Suspension

__ Decision on Contract or Breach of Contract Controversy

(Excluding claims of money owed to or by the government)

__ Determination on Award not Stayed Pending Protest or Appeal

(Agency decision that award pending protest or appeal was necessary to protect the substantial interests of the government of Guam)

E) Names of Competing Bidders, Offerors, or Contractors known to Appellant:

TakeCare Insurance Company

Island Home Insurance Company

Upon information and belief, Aetna International Insurance also submitted a proposal in response to the RFP.

PART IV - Form and Filing

A) Statement of the Grounds for Appeal

1. The RFP was issued by the FY2013 Government of Guam Health Insurance Negotiating Team ("Team") on June 5, 2012. The RFP is attached hereto as **Exhibit 1**.

2. The deadline for submission of responses to the RFP was June 27, 2012 for hard copies and June 28, 2012 for electronic versions. (See RFP at p. 5.)

3. Four insurance companies, including Appellant, submitted proposals in response to the RFP. (See Decision at p. 3.) The four offerors who submitted proposals in response to the

RFP are referred to herein as Offeror #1, Offeror #2, Offeror #3 and Offeror #4. [1]

4. On July 31, 2012, two offerors, Offerors # 2 and # 3, were allowed to amend their proposals to rectify omissions that the Team determined were material. (See Decision at Exhibit B, p. 5.) This occurred after the Team had already commenced evaluation of the proposals. (See Decision at pp. 4 and 5.)

5. On August 8, 2012, TakeCare Insurance Company submitted a protest to the RFP. (See Decision at p. 1.)

6. On August 21, 2012, SelectCare submitted a protest to the RFP (the "Protest"). The Protest is attached hereto and incorporated as if fully set forth herein as **Exhibit 2**.

7. On August 23, 2012, Island Home Insurance Company submitted a protest to the RFP. (See Decision at p. 1.)

8. On September 7, 2012, the Team issued a decision in response to all three protests (the "Decision"). The Decision transmitted to Appellant is attached hereto as **Exhibit 3**.

9. The Decision cancels the RFP. In the Decision, the Team concluded as follows:

> The basis for the decision of the Negotiating Team to cancel this solicitation is 1) the failure of the government to follow the General Procedures set out in the Request for Proposals DOA/HRD-RFP-GHI-13-001, beginning at page 17, Section III; more specifically, the failure of the government to determine both the responsiveness of proposals and the qualification of proposals during Phase I of the Proposal Evaluation and Negotiation Procedure, as required by the Request for Proposals; and 2) the release of a draft copy of the Evaluation Memorandum to only two offerors, to the detriment of other offerors.

(Decision at pp. 2-3 (footnotes omitted).)

10. On September 10, 2012, Appellant received a letter from the Team rejecting all offers and canceling the RFP (the "Notice of Cancellation"). The Notice of Cancellation is attached hereto as **Exhibit 4**.

[1] The references herein to Offeror #1, Offeror #2, Offeror #3, and Offeror #4, follow the designations given in the Evaluation Memorandum attached as Exhibit B to the Decision.

11. Appellant appeals the decision by the Team to reject the proposals of Offerors # 1 and # 4 and to cancel the RFP. Rejection of the proposals submitted by Offerors # 1 and # 4 and cancellation of the RFP was improper, inequitable and not in accordance with law.

12. Cancellation of a request for proposal is permitted under the Procurement Law as follows:

> An Invitation for Bids, a Request for Proposals, or other solicitation may be cancelled, or any or all bids or proposals may be rejected in whole or in part as may be specified in the solicitation, when it is in the best interests of the Territory in accordance with regulations promulgated by the Policy Office. The reasons therefor shall be made part of the contract file.

5 G.C.A. § 5225.

13. There was no specific finding or statement in the Decision that cancellation is determined to be in the best interests of the Territory and no reasons set forth to support such finding.

14. In addition, a solicitation may be cancelled or revised as follows:

> If prior to award it is determined that a solicitation or proposed award of a contract is in violation of law, then the solicitation or proposed award shall be:
> (a) cancelled; or
> (b) revised to comply with the law.

5 G.C.A. § 5451.

15. To avoid unfairness to Offerors # 1 and # 4, both of whom submitted timely proposals that "were determined to be in conformance with the RFP in all material respects," (Decision at Exhibit B, p. 5), it was possible for the Team to correct its errors and proceed with the solicitation. In fact, on July 30, the Team did just that. The Team corrected its error of not fully and properly reviewing the proposals submitted to determine whether the proposals were "qualified proposals" as required by Public Law 31-197, when its consultant advised the Team of the material omissions in Offerors # 2's and # 3's proposals. (See Decision at Exhibit B, pp. 4-5.) However, rather than allowing Offerors #2 and #3 to amend their proposals to comply with the

RFP requirements, their proposals should have been rejected and the Team should have commenced negotiations with Offerors # 1 and # 4.[2]

16. Cancellation is unfair to the two offerors who submitted responsive proposals. Cancellation provides an unfair advantage to and demonstrates bias in favor of the two offerors that submitted materially deficient proposals.

17. In addition, the Team concluded that the "release of a draft copy of the Evaluation Memorandum to only two offerors, to the detriment of other offerors" warrants cancellation of the RFP. Such conclusion is incorrect.

18. The draft Evaluation Memorandum was released on August 6 and 7 only to the two offerors whose proposals were found to be *materially deficient*, namely Offerors # 2 and # 3, respectively. (See Decision at p. 7.) The procurement was stayed on August 8, 2012, following the filing of TakeCare's protest. (See Decision at p. 5.) The final approved Evaluation Memorandum was provided to all offerors as an exhibit to the Decision on September 7. (See Decision at Exhibit B.)

19. Any purported appearance of bias in favor of Offerors # 2 and # 3 by virtue of the distribution of the draft Evaluation Memorandum to them would be fully rectified by the rejection of their proposals because of material omissions. Cancellation of the RFP because of the release of the draft Evaluation Memorandum to Offerors # 2 and # 3 is undoubtedly unfair to Offerors # 1 and # 4 who submitted proposals that were wholly qualified.

20. Cancellation of the RFP is in effect a rejection by the Team of the proposals submitted by Offerors # 1 and # 4, which is also improper. Rejection of a proposal is permitted for the following reasons:

///

///

///

[2] Even if it were proper for the Team to have allowed Offerors # 2 and # 3 to amend their proposals to correct the material deficiencies, which it was not, cancellation would still not have been warranted. The Team could have commenced negotiations with the top three ranked offerors as provided for in the RFP.

Reasons for rejecting proposals include but are not limited to:

> (i) the business that submitted the proposals is nonresponsible as determined under §3116 (Responsibility of Bidders and Offerors) of these Regulations;
> (ii) the proposals ultimately (that is, after any opportunity has passed for altering or clarifying the proposal) fails to meet the announced requirements of the territory in some material respect; or
> (iii) the proposed price is clearly unreasonable.

2 GARR § 3115(e)(3)(B)

21. The Decision does n ot state any reason to support the rejection of the proposals submitted by Offerors # 1 and # 4, which were determined by the Team to be in conformance with the RFP in all material respects. (See Decision at Exhibit B, p. 5.)

22. The RFP should be reinstated and materially deficient proposals rejected in order to avoid unfairness and to avoid unduly delaying the solicitation process by starting over with a new RFP.

B) Ruling Requested

Appellant requests that the OPA direct the Team to reinstitute the RFP, reject the materially deficient proposals of Offerors # 2 and # 3, accept the proposals of Offerors # 1 and # 4 as qualified proposals, and commence negotiations with qualified Offerors # 1 and # 4. Appellant further requests such other relief as may be just and proper.

C) Supporting Exhibits

The following attachments are attached hereto and incorporated herein:

Exhibit 1	RFP dated June 5, 2012
Exhibit 2	Protest by Tokio Marine and CIU dated August 21, 2012
Exhibit 3	Decision by Team dated September 7, 2012
Exhibit 4	Rejection of All Offers and Notice of Cancellation of RFP dated September 7

PART V - Declaration Regarding Court Action

Pursuant to 5 G.C.A. Chapter 5, unless the court requests, expects, or otherwise expresses interest in a decision by the Public Auditor, the Office of Public Accountability will not take

action on any appeal where action concerning the protest or appeal has commenced in any court.

The undersigned party does hereby confirm that to the best of his or her knowledge, no case or action concerning the subject of this Appeal has been commenced in court. All parties are required to and the undersigned party agrees to notify the Office of Public Accountability within 24 hours if court action commences regarding this Appeal or the underlying procurement action.

Verification

We, the undersigned, verify under penalty of perjury under the law of Guam (6 G.C.A. § 4308) that foregoing is true and correct.

Executed on this 19th day of September, 2012.

Tokio Marine Pacific Insurance Ltd.

By: _____

Nobuyuki Fukuzawa
President & Chief Executive Officer
P.O. Box 326327
Hagåtña, Guam 96910
(671) 4758671

Calvo's Insurance Underwriters, Inc.

By: _____

Raymond Schnabel
Its Duly Authorized Representative
P.O. Box FJ
Hagåtña, Guam 96910
(671) 479-7959

Exhibit 1

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

Procurement No. **DOA/HRD-RFP-GHI-13-001**

JUN 05 2012

Dear Prospective Offeror:

Buenas yan Hafa Adai!

We would like to thank you for your interest in submitting a proposal to provide health insurance services to the Government of Guam's Group Health Insurance Program.

On an annual basis, the Government of Guam issues a Request for Proposal (RFP) to interested health insurance companies licensed to do business on Guam under the laws of Guam, to provide group health insurance coverage to Government of Guam employees, retirees, survivors and their dependents. Therefore, this is to invite your company to submit a proposal to this RFP. Negotiations are tentatively scheduled for early July.

To register as an interested company, you must complete and email the "Acknowledgement of Receipt of RFP" form to both the Government of Guam at mail to:leonora.candaso@doa.guam.gov and the Government's consultant at marie.dufresne@haygroup.com. In the event any amendments to the RFP are issued, the acknowledgement will ensure that all interested parties are informed of such change(s).

Thank you in advance for your response and we look forward to working with your company.

Benita Manglona
BENITA A. MANGLONA, Director
Department of Administration

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

ACKNOWLEDGEMENT OF RECEIPT OF RFP

Procurement No.: . DOA/HRD-RFP-GHI-13-001

Attention: Human Resources Division, Employee Benefits Branch

From: _____

Subject: Registration of interest to provide Health Insurance services
FY 2013 Health Insurance Program

To register as an interested company, you must complete and email the following information to both the Government of Guam at leonora.candaso@doa.guam.gov and the government's consultant at marie.dufresne@haygroup.com by **4:00 p.m., June 11, 2012, Guam time**. The Government of Guam cannot guarantee that your company will receive any amendments or notices to the RFP that may be issued unless the information below is completed and submitted as provided herein. Once your Acknowledgement has been received, you will receive instructions on how to upload your electronic version of the proposal to a secure file transfer site. This SFTS (Secure File Transfer Site) tool was developed to provide a secure method for facilitating file transfers from outside parties.

Date:	
Company Name:	
Contact Person & Title:	
Contact Information:	Telephone No.: ( )
	Facsimile No.: ( )
	E-Mail address:
	E-Mail address:
Mailing address:	
Street address:	

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

Procurement No.: **DOA/HRD-RFP-GHI-13-001**

Description: **FY 2013 Health Insurance Program**
Request for Proposal (RFP)

SPECIAL REMINDER TO PROSPECTIVE OFFERORS

Offerors shall carefully read all sections of this Request for Proposal (RFP) and be informed of all its terms and conditions. Offerors are especially alerted to the sections entitled **"Proposal Contents and Requirements"** in the RFP, and are asked to ensure that all required documents and information are included in their proposal.

Compliance with the following is mandatory, but not inclusive of all the requirements of the RFP:

- Each offeror shall submit an original proposal and fourteen (14) copies to the Department of Administration at the address indicated in this RFP.

- To be qualified, pursuant to 4 GCA § 4202(c), as amended by P.L. 31-197, an offeror shall submit a proposal made up of two parts; first an exclusive proposal, and second, a non-exclusive proposal, and meet the minimum requirements specified in the RFP.

- An exclusive proposal means a proposal based upon the assumption that the Government will contract with only one health insurance provider that is selected by the Negotiating Team from up to three different Health Insurance Providers that all negotiate best and final offers with the Negotiating Team.

- A non-exclusive proposal means a proposal based upon the assumption that the government will contract with three health insurance providers that negotiate best and final offers with the Negotiating Team. If only two Health Insurance Providers submit qualified proposals, the Non-exclusive proposal shall mean a proposal based upon the assumption that the government will contract with two Health Insurance Providers that negotiate best and final offers with the Negotiating Team.

- As set out hereafter, the exclusive proposal and the non-exclusive proposal shall be submitted together as a single submittal by each offeror.

- Each proposal must be organized, fully assembled and complete.

- Three duplicate copies should also be sent to the Government's actuary, Hay Group:
  Hay Group Attn: Marie Dufresne
  5001 Spring Valley Road
  Suite 800 West
  Dallas, TX 75244

- All offerors should submit their cost proposal within the original response.

- Affidavit Forms

  A. The Government requires four (4) different Affidavits and one (1) Declaration Form (Exhibit K Forms A, B, C, D, & E).

  B. Form A, Affidavit Disclosing Ownership and Commissions must be made between the dates of issuance of this RFP and the dates that proposals are due, so long as the ownership listing mentioned in the Affidavit is for the 365 day period preceding the date the offeror submits the proposal.

  C. One original of each form and fourteen (14) copies of each must be submitted. The original form shall be submitted with the original proposal and the copies shall be submitted with the proposal copies. Three duplicate copies must also be included in the Government's consultant packet.

- The Questionnaire and Pricing information provided in Excel format with the RFP package, must be completed and returned in Excel format, as well as in PDF format to ensure no changes were mistakenly made during the analysis phase. Each proposal type, exclusive and non-exclusive must have the excel format responses completed entirely.

  Once the Acknowledgement form has been received from the potential bidder, they will receive instructions on how to upload the electronic version of the entire proposal.

  This SFTS (Secure File Transfer Site) tool was developed to provide a secure method for facilitating file transfers from outside parties. Once instructions have been received, it is recommended that bidders review the instructions and upload a test file to ensure there are no issues or questions with uploading.

- Copies of the Government's desired plan design alternatives are included with this RFP. Offerors must specify in their proposal any requested features with which they cannot comply.

  Pursuant to PL 30-93, health insurance carriers contracted with the Government must provide specific claim level detail to the Government. This information is to be distributed to interested health insurance carriers to aid in their bid for the Government's business. Due to the large size of such files, this information will be made available via a Secure File Transfer Site to only those bidders who return an Acknowledgment Form to the Government by the Form deadline. Instructions will then be emailed to the email addresses listed on the Forms. In addition, in Exhibit E is provided a monthly claims summary by coverage.

For Insured and Reinsurance Proposals:

- All reinsurers that assume accident and health risks ceded by the offeror must be licensed to transact reinsurance business in Guam. A copy of the current certificate of authority of the insurer and the reinsurer must be submitted together with the proposal.

- The offeror must submit a copy of the reinsurance agreement or reinsurance treaty that transfers the risks for accident and health insurance. The submitted reinsurance agreement or reinsurance treaty must be duly authenticated by the reinsurer as the entire agreement between the offeror and the reinsurance company.

For Administration and Reinsurance Proposals:

- All proposers must be licensed to transact reinsurance business in Guam. A copy of the current certificate of authority of the administrator and the reinsurer must be submitted together with the proposal.

For all Proposers:

- Adherence to the Administrative Procedures and the Marketing Guidelines is required.

- Offerors must read and review the Marketing Guidelines and sign and submit the Marketing Guidelines along with their proposal.

- Offerors must read and review the Reporting Guidelines and sign and submit the Reporting Guidelines along with their proposal.

- Premium, Enrollment and Claim information is included in the RFP as Appendix C through Appendix E.

- This solicitation does not commit the Government of Guam to enter into negotiations, award a contract, to award an exclusive contract, to award non-exclusive contracts, to pay costs incurred, or contract for any services.

- The Government of Guam will conduct the health insurance program in compliance with all Federal and local statutes.

- Prospective offerors are required to register as an interested party by completing the "Acknowledgement of Receipt of RFP" and submitting the Acknowledgement by **4:00 p.m., June 11, 2012, Guam time.**

- All questions regarding this RFP must be submitted in writing and received by the Director of the Department of Administration no later than **4:00 p.m., June 12, 2012, Guam time.**

- Proposal due dates:

  All hard copies of proposals must be received by the Director of the Department of Administration no later than **4:00 p.m., June 27, 2012, Guam time.** Hard copies of the entire proposal (including hard copies of the Questionnaire and Pricing portions) must be received by the due date.

  An electronic version of the proposal must be uploaded to the secure Data site no later than **4:00 p.m., June 28, 2012, Guam time.**

  Detailed uploading instructions will be sent once the proposer's acknowledgement form is received

  This SFTS (Secure File Transfer Site) tool was developed to provide a secure method for facilitating file transfers from outside parties.

- RFP packages are available online at the Government of Guam's website at www.hr.doa.guam.gov.

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

DEPARTMENT OF ADMINISTRATION

Procurement No.: . **DOA/HRD-RFP-GHI-13-001**

FY 2013 GROUP HEALTH INSURANCE PROGRAM
REQUEST FOR PROPOSAL
(RFP)

TABLE OF CONTENTS

I. **GENERAL INFORMATION**
- A. Purpose and Background
- B. General authority for procurement
- C. Determination to use competitive selection procedure
- D. All parties to act in good faith
- E. Liability for costs to prepare proposal
- F. Applicability of Guam Procurement Law
- G. Licensing and other statutory requirements
- H. Registration as interested party or offeror and fee for RFP
- I. Restrictions against sex offenders
- J. Duration of contract
- K. Confidentiality and proprietary information
- L. Time is of the essence
- M. Authority of Government's Consultant
- N. Type of contract
- O Other Information
- P Minimum Wage as Determined by U.S. Department of Labor
- Q. Patient Protection and Affordable Care Act Benefits to continue

II. **PROPOSAL CONTENTS, REQUIREMENTS AND INSTRUCTIONS**
- A. Proposal contents and requirements
- B. Proposal instructions

III. **GENERAL PROCEDURES**
- A. Receipt and registration of proposals
- B. Opening of proposals
- C. Proposal evaluation and negotiation procedure
- D. Cancellation of RFP or Solicitation
- E. Rejection of Individual Proposals

Exhibits

Exhibit A, Questions to be answered by Offeror
Exhibit B, Evaluation Forms
Exhibit C, Medical and Dental Rates
Exhibit D, Enrollment Data and Census Data
Exhibit E, Claims Data
Exhibit F, Medical Plan Design
Exhibit G, Plan Design Notes
Exhibit H, Medical Exclusions
Exhibit I, Dental Plan Designs
Exhibit J, Dental Exclusions
Exhibit K, Affidavits Form A, Form B, Form C, Form D, Form E, Form F, and US DOL Wage Determination List
Exhibit L, 2 GAR, Div. 4 §3114.
Exhibit M, Administrative Procedures
Exhibit N, Marketing Guidelines
Exhibit O, GHI 1
Exhibit P, Reporting Guidelines
Exhibit Q, Data Requirements
Exhibit R, Plan Designs Details
Exhibit S, List of most Utilized Physician
Exhibit T, Health Insurance Rules and Regulations
Exhibit U, Mandatory Contract Provisions
Exhibit V, RFP Process Chart

I. GENERAL INFORMATION

A. Purpose and background

Pursuant to Title 4, Chapter 4 of the Guam Code Annotated, Section 4301, the Governor of Guam is authorized to enter into contracts and reject proposals with one or more insurance companies for group insurance including but not limited to hospitalization, medical care, life and accident. In connection with such group benefits, the Government of Guam (Government) is accepting proposals from interested and qualified health insurance companies (including health maintenance organizations), and/or Third Party Administrators coupled with Reinsurance, licensed under applicable Guam laws, to provide health insurance coverage for eligible Government of Guam active employees, retired employees, survivors of retired employees and their covered dependents. All health insurance companies and/or Third Party Administrators coupled with Reinsurance must be licensed and comply with all regulatory requirements as promulgated by the Guam Insurance Commissioner, pursuant to the Insurance Statute of Guam and other applicable laws.

The intent, pursuant to 4 GCA §4302(c) (P.L. 31-197), is to present to the Governor of Guam one exclusive negotiated proposed contract for consideration, and three non-exclusive negotiated proposed contracts for consideration, for the requested services. The governor will then choose to enter into one exclusive contract, or enter into three non-exclusive contracts for the requested services. The employees and retirees of the government of Guam will be offered either the exclusive contract or the non-exclusive contracts based upon the selection by the Governor.

All qualified proposals, consisting of one exclusive proposal and one non-exclusive proposal, will be reviewed, evaluated and scored separately by the Negotiating Team. The top three ranked exclusive proposals and the top three ranked non-exclusive proposals will be chosen, and those offerors will enter into negotiations with the Negotiating Team.

At the conclusion of negotiations, the Negotiating Team will use established criteria stated in the RFP and rank the three exclusive negotiated agreements. The top ranked exclusive negotiated agreement and the three non-exclusive negotiated agreements will be presented to the Governor. The Governor will choose to execute either the one exclusive agreement, or the three non-exclusive agreements. The executed contract or contracts will be offered to the employees and retirees of the Government of Guam.

We are looking for a one-year rate quote.

Currently, the Government has two (2) health insurance plans: SelectCare 2000 and SelectCare 1500. Both are preferred provider organizations. Carriers must refer to the required plan designs and options for the description of FY2013 desired plan designs.

There are approximately 19,000 eligible members of the Government of Guam to include employees, retirees and survivors. Please refer to enrollment census data for those enrolled in the insurance plan.

The Group Health Insurance Rules and Regulations promulgated in April 1986 by the Department of Administration is attached as Exhibit T.

B. General authority for procurement

The Government is issuing this Request for Proposal (RFP) subject to the competitive selection procedures for professional services found in the Guam Procurement Law (5 GCA § 5001, *et seq.*) and its regulations (2 GAR Div. 4 § 1101, *et seq.*) Specifically, the procedure for this RFP is found at 2 GAR Div. 4, § 3114 and its subsections. Section 3114 is quoted in its entirety in Exhibit F. There may be additional provisions of the Guam Procurement Regulations found at 2 GAR, Div. 4. §§1104 -12601 applicable to the procurement that are not duplicated in Exhibit F. Furthermore, Title 4 GCA §§ 4301 and 4302 require the acquisition of group health insurance for government employees, retirees and survivors by virtue of a Request for Proposal.

The Guam Code Annotated (GCA) and the Guam Administrative Rules and Regulations (GARR) are available from the web site of Guam's Compiler of Laws found at www.guamcourts.org/CompilerofLaws./index.html

Nothing in this RFP or any process carried out pursuant to this RFP is meant to confer a right to any offeror to be awarded a contract or a right to enter into a contract with the Government.

C. Determination to use competitive selection procedure

The following written determination is required by law prior to the announcement for the need of the services described in this RFP:

By issuing this RFP, the Government has determined (a) that the services to be acquired are a type of service specified in 2 GAR Div. 4 § 3114(a) for competitive selection of services; (b) that a reasonable inquiry has been conducted on the availability of Health insurance services, and the Government does not provide this type of services; (c) that the service provider or providers shall be an independent contractor to the Government; and (d) that the Government has developed, and fully intends to implement, a written plan for utilizing such services as will be included in the contractual statement of work.

D. All parties to act in good faith

The Guam Procurement Law and the Guam Procurement Regulations require that all parties involved in the preparation of proposals; the preparation of the RFP; the evaluation and negotiation of proposals; and the performance or administration of contracts to act in good faith.

E. Liability for costs to prepare proposal

The Government is not liable for any costs incurred by any offeror in connection with the preparation of its proposal. By submitting a proposal, the offeror expressly waives any right it may have against the Government for any expenses incurred in connection with the preparation of its proposal.

F. Applicability of Guam Procurement Law and Guam Group Benefits Law

If any part of this RFP is contrary to the Guam Procurement Law (5 GCA §§ 5001-5908), Guam Procurement Regulations (2 GAR Div. 4 § 1101. - 12601), or Guam Group Benefits Law (4 GCA §§ 4301 – 4308) or contains ambiguous terms, then such portion of the RFP shall be interpreted or resolved in favor of or according to the provisions of these laws and regulations.

G. Licensing and other statutory requirements

All offerors must comply with Guam laws and procurement regulations and should provide a copy of a current Certificate of Authority issued by the Insurance Commissioner of Guam at the time of proposal submission. In the event any risks for accident and health is reinsured or transferred by the offeror to a reinsurance company, the reinsurer that assumes the risk must also have a current Certificate of Authority to transact reinsurance business on Guam. Any offeror that submits a proposal without the required copy of Certificate(s) of Authority and insurance license will result in the termination of negotiations with that carrier. The requirements of having a Certificate of Authority by an insurance company and insurance licenses shall be continuous and shall be maintained during the period the carrier maintains an insurance service contract with the government.

H. Registration as interested party or offeror and fee for RFP

The RFP is available on-line at the Department's web site without charge at www.hr.doa.guam.gov.

All parties who receive an RFP and who are possibly interested in submitting a proposal must register as an interested party by filling out the "Acknowledgment of Receipt of RFP" form and delivering it to the Government. Only registered companies are assured of receiving any amendments to the RFP and responses to inquiries.

I. Restrictions against sex offenders

If a contract is awarded, then the offeror must warrant that no person in its employment who has been convicted of a sex offense under

the provisions of 9 GCA Chapter 25 or of an offense defined in 9 GCA Chapter 28 Article 2, or who has been convicted in any other jurisdiction of an offense with the same elements as heretofore defined, or who is listed on the Sex Offense Registry, shall provide services on behalf of the offeror while on Government property, with the exception of public highways.

If any employee of an offeror is providing services on Government property and is convicted subsequent to an award of a contract, then the offeror warrants that it will notify the Government of the conviction within twenty-four hours of the conviction, and will immediately remove such convicted person from providing services on Government property.

If the offeror is found to be in violation of any of the provisions of this section, then the Government will give notice to the offeror to take corrective action. The offeror shall take corrective action within twenty-four hours of such notice, and the offeror shall notify the Government when action has been taken. If the offeror fails to take corrective steps within twenty-four hours of notice, then the Government in its sole discretion may suspend temporarily the contract until corrective action has been taken.

J. Duration of contract

The duration of any contract resulting from this RFP shall be for one year from October 1, 2012 through September 30, 2013.

K. Confidentiality and proprietary information

Pursuant to the procurement law, after an award of a services contract, the contract and proposal become public record. Proposals that are not awarded a contract remain private and the Government may not disclose them to the public. The full procurement record also becomes public record, including the proposals of awarded offerors except for those portions designated as proprietary or confidential. Offerors must identify in their cover letter what items they deem proprietary and request that those items be maintained in confidence in addition to marking those specific items in their proposal.

L. Time is of the essence

The Government intends for the services requested by the RFP to go into effect on October 1, 2012. An offeror awarded a contract must file the health insurance policy with the Insurance Commissioner of Guam at least forty-five (45) days prior to the policy's effective date of October 1, 2012 and pay the applicable fees. No health insurance policy or endorsement shall become effective unless filed with the Insurance Commissioner for approval at least forty-five (45) days prior to its effective date. According to 22 GCA § 18311, failure to follow this time frame is a crime. Section 18311 provides:

> Any person violating any of the provisions of this article shall be guilty of a misdemeanor, and shall, upon conviction be subject to a fine of not more than one thousand dollars ($1,000.00) if the person convicted is not a natural person, or if the person convicted is a natural person, a fine of not more than five hundred dollars ($500.00) or imprisonment of not more than six (6) months, or both such fine and imprisonment.

Furthermore, the insurance laws prohibit advertisement of any rates unless the rates are filed with the Insurance Commissioner at least forty-five (45) days prior to the effective date of the rates or the advertisement of the rates, whichever comes first. Persons violating this provision are subject to a civil fine of up to $5,000.00 pursuant to 22 GCA § 18504.

Open enrollment is tentatively scheduled to begin on August 15th, 2012. Prior to open enrollment, contracts must be reviewed and approved by the Attorney General and Governor as well. Therefore, the forty-five (45) day period will begin at least forty-five days before August 15, 2012 and should further allow sufficient time for the Attorney General and Governor to review the contracts.

Therefore, time is of the essence, and all registered interested parties and potential offerors are asked to keep the applicable laws in mind, and to act accordingly. The government will provide time frames and deadlines for contract drafting, review and signing by the awarded offeror to avoid any violations of law.

M. Authority of Government's Consultant

The government has contracted with a private consultant, Hay Group, Inc., to assist the government with this procurement. All proposals will be reviewed by the government and its consultant. The consultant is authorized to communicate with any offeror or registered party and to request and obtain information.

N. Type of contract

The contract to be awarded is a Fixed Price contract.

O. Other Information

a. This solicitation may be cancelled as provided for in the Guam procurement law and regulations.

b. Any proposal may be rejected in whole or in part when in the best interest of the Territory of Guam as provided for in Guam procurement law and regulations

P. Minimum Wages as Determined by U.S. Department of Labor

The offeror awarded a contract under this solicitation agrees to comply with Title 5, Guam Code Annotated, Sections 5801 and 5802. In the event that the offeror employs persons whose purpose, in whole or in part, is the direct delivery of service contracted by the Government, then the offeror awarded a contract under this solicitation shall pay such employees, at a minimum, in accordance with the U.S. Department of Labor Wage Determination for Guam and the Northern Marianas Islands in effect on the date of a contract. In the event that the contract is renewed by the Government, the offeror awarded a contract under this solicitation shall pay such employees in accordance with the Wage Determination for Guam and the Northern Marianas Islands promulgated on a date most recent to the renewal date.

The offeror awarded a contract under this solicitation agrees to provide employees whose purpose, in whole or in part, is the direct delivery of service contracted by the Government those mandated health and similar benefits having a minimal value as detailed in the U.S. Department of Labor Wage Determination for Guam and the Northern Marianas Islands, and guarantee such employees a minimum of ten (10) paid holidays per annum per employee.

The current U.S. Department of Labor Wage Determination for Guam and the Northern Marianas Islands is attached hereto as Exhibit K.

Q. Patient Protection and Affordable Care Act Benefits To Continue

It is the intent of this RFP, and the contract to result from it, to enter into an agreement that provides for all of the benefits, rights and responsibilities afforded as a result of the Patient Protection and Affordable Care Act (Public Law 111-148), and the regulations promulgated under the authority of the Act, notwithstanding the outcome of any federal court case that is now pending before a court of the United States, or may be brought before a court of the United States concerning this Act.

II. PROPOSAL CONTENTS, REQUIREMENTS AND INSTRUCTIONS

A. Proposal contents and requirements

INSTRUCTIONS CONSISTENT WITH P.L. 31-197.

A qualified proposal shall consist of two independent proposals: an exclusive proposal and a non-exclusive proposal. To be **qualified,** pursuant to 4 GCA §4202(c), as amended by P.L. 31-197, an offeror shall submit a proposal made up of two parts; first, an exclusive proposal, and second, a non-exclusive proposal, and meet the minimum requirements specified in the RFP.

An **exclusive proposal** means a proposal based upon the assumption that the Government will contract with only one health

insurance provider that is selected by the Negotiating Team from up to three different Health Insurance Providers that all negotiate best and final offers with the Negotiating Team.

A **non-exclusive proposal** means a proposal based upon the assumption that the government will contract with three health insurance providers, that negotiate best and final offers with the Negotiating Team. If only two Health Insurance Providers submit qualified proposals the *Non-exclusive proposal shall* mean a proposal based upon the assumption that the government will contract with two Health Insurance Providers that negotiate best and final offers with the Negotiating Team.

In this RFP, if the context so requires, any reference to 'proposal' is a reference to both the exclusive proposal and the non-exclusive proposal.

All proposals must be in writing and contain the following information:

1. Cover letter. Include the name of the offeror, the location of the offeror's principal place of business and type of business. The offeror shall designate a contact person and include his or her address and contact numbers, including e-mail address, if different from the offeror's. The designated person must be able to answer any questions asked by the Government regarding the offeror's proposal and must be able to negotiate the fee and other contract terms. Obligations committed by such signatures must be fulfilled.

2. Acknowledgment of receipt of amendments. If the Government issues any amendments to the RFP, the offeror must acknowledge receipt of each individual amendment in its cover letter.

3. Description of company. The offeror must provide a brief description of its company, its capabilities and other information which illustrates to the Government the level of expertise with which the company can provide the services requested.

4. Authorized signature. All proposals must be signed with the firm name and by an authorized officer, representative, agent, or employee of the offeror. Proof of authority may be requested by the Government.

5. Administrative and Marketing Guidelines. All offerors are required to review and sign the Administrative and Marketing Guidelines and submit such with their proposal.

6. Consistency with 2 GAR Div. 4, § 3114(f)(2). The Guam Procurement Regulations at 2 GAR Div. 4, § 3114(f)(2) describes the minimum factors the Government must evaluate in proposals. Those minimum factors are:

   (A) the plan for performing the required services to include timelines to conduct the services, and explaining how the services will be performed;

   (B) ability to perform the services as reflected by technical training and education, general experience, specific experience in providing the required services, and the qualifications and abilities of personnel proposed to be assigned to perform the services;

   (C) the personnel, equipment, and facilities to perform the services currently available or demonstrated to be made available at the time of contracting and during the term of any resulting contract; and

   (D) number of years offeror's business has been in existence and a record of past performance of similar work to include a listing of other contracts under which services similar in scope, size or discipline to this RFP have been undertaken with contact names, addresses, and telephone numbers.

   All offerors must substantiate their ability to provide the insurance services requested in this RFP consistent with the minimum factors described in § 3114(f)(2). Please see Exhibit L for a copy of § 3114.

7. Financially Stable. The offeror must demonstrate that it is financially capable to perform the scope of services under

the RFP. At a minimum, a proposal must contain satisfactory responses to the following:

a. Each offeror must provide the most recent audited financial statements of the underwriting insurance company. Please include healthcare insurance financial statements only, if possible.

b. The insurance company or third party administrator must also provide proof that it has errors and omissions insurance that will suitably protect the Government, or proof in the form of a written statement indicating that it is willing to obtain the errors and omissions insurance.

c. If some part or all of the funds of the plan are to be held by an administrator, the administrator must also provide its most recent audited financial statements and proof that it has errors and omissions insurance, or proof in the form of a written statement indicating that it is willing to obtain the errors and omissions insurance.

d. Each offeror must also indicate the amount of any payment obligations for eligible services rendered by the Guam Memorial Hospital, other hospitals, physicians, and other health service providers which are outstanding. The information for each must be separate.

e. Each offeror must indicate the amount of any potential payment obligations which are unpaid pending utilization review.

f. If the offeror contracts with a third party for utilization review services, the offeror must indicate the cost of such services.

8. Submission of Guam business license. All offerors, to include reinsurers and underwriters, must submit a copy of a current Guam business license. If a current license or licenses have not been obtained yet, then they must be obtained and copies submitted prior to conclusion of negotiations, and the cover letter must explain that the offeror does not have a current Guam business license or licenses. If a copy of the required business licenses is not submitted by the time and date that all the terms and conditions of a contract are agreed to between the parties, then negotiations shall terminate and the offeror will be disqualified on the basis of being non-responsible .

9. Submission of cost proposal. All offerors must submit a cost proposal with their exclusive proposal and a cost proposal with their non-exclusive proposal. Please see Exhibit O. All offerors are required to submit fully insured medical and dental premiums and rates at a minimum. This information will be used along with current enrollment information to assist the Government in analyzing the cost portion of the proposal. The cost experience data must include the amounts spent in each of the categories specified in Section 500.3, paragraphs a through i of the group health insurance rules attached as Exhibit T. To assist with the offeror's preparation of its proposal, the government has provided certain information attached to this RFP and designated as Exhibits C, D, E, F, G, H, I, J, and O.

10. Proposed plan design. Copies of the Government's desired plan designs and alternatives are included with this RFP. Offerors must specify in their proposal any component to which they cannot comply and any changes they desire to the proposed plan design.

11. Responses to all questions in Exhibit A and Exhibit B, Parts 1 – 3.. All offerors must answer questions found in Exhibits A and B and attach the responses to both their exclusive and non-exclusive proposals. These answers need to be submitted on the enclosed excel format provided in the RFP package, as well as in PDF format, within the formal response.

12. Submission of disclosure forms. The Guam Procurement Law requires each offeror to make a number of disclosures. Some of the disclosures are required for an offeror to qualify to submit a bid or a proposal. An explanation of each disclosure follows. For the ease of making these required disclosures, the Government is providing sample disclosure forms. There are six (6) disclosure forms labeled Forms A through F, and they are found in Exhibit K. They must be completed and included with the offeror's proposal. Note that a qualified proposal

requires submission of only one set of disclosure forms from an offeror. Failure to complete and submit the forms may disqualify the offeror's proposal as being non-responsive.

a. Affidavit Disclosing Ownership and Commissions (Form A). As a condition of bidding and doing business with the Government, an offeror must disclose in the form of an affidavit the names of all persons owning more than ten percent of the outstanding interest of the offeror's business during the twelve-month period immediately preceding the date the proposals are due, including the percentage owned by each such person or entity. The affidavit must be made between the date of issuance of this RFP and the date that proposals are due, so long as the ownership listing mentioned in the affidavit is for the 365-day period preceding the date the offeror submits the proposal.

The same affidavit must also disclose the identity of anyone who has received or is entitled to receive a commission, gratuity, percentage, brokerage or other compensation or contingent arrangement for procuring a contract with the Government or for assisting the offeror in obtaining business related to this RFP, and the value or amounts. Please note that commissions, gratuities, percentages, contingency fees, or other compensation for the purposes stated herein are prohibited by Guam law, except that this prohibition does not apply to fees payable by the offeror upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the offeror for the purpose of securing business.

b. Affidavit re Non-Collusion (Form B). The offeror must represent that the offer is genuine and not a sham and that the offeror is not in collusion with others, that the offeror has not colluded, conspired, connived or agreed, directly or indirectly, with any other person to put in a sham proposal, to fix the cost of the contract, to secure any advantage against the Government or any person interested in the contract.

c. Affidavit re No Gratuities or Kickbacks (Form C). The offeror must represent that it has not violated, is not violating, and promises that it will not violate, the prohibition against gratuities and kickbacks set forth in the Guam Procurement Law. The prohibition is as follows: It is a breach of ethical standards for any person to offer, give, or agree to give any Government employee or former Government employee, or for any Government employee or former Government employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter, pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal thereof. Further, it shall be a breach of ethical standards for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement of the award of a contract or order.

d. Affidavit re Ethical Standards (Form D). The offeror must represent that it has not knowingly influenced, and promises that it will not knowingly influence, a Government employee to breach any of the ethical standards set out in Guam's procurement code or regulations pertaining to ethics in public contracting.

e. Affidavit re Contingent Fees (Form E). The offeror must represent as a part of its proposal that such offeror has not retained any person or agency to solicit or secure a Government of Guam contract upon an agreement or understanding for a commission, percentage, brokerage, or other contingent fee or arrangement, except for retention of bona fide employees or bona fide established commercial selling agencies for the purpose of securing business.

f. Declaration for Compliance with US DOL Wage Determination (Form F). Offerors are required to declare in non-affidavit form that they are in compliance with 5 GCA § 5801 and § 5802 regarding wage determination, and the current applicable US DOL Wage Determination must be attached to the declaration.

B. Proposal Instructions

1. Inquiries. All questions regarding this RFP must be submitted in writing and received by the Director of Administration no later than **4:00 p.m., June 12, 2012, Guam time**. Only potential offerors who have obtained an RFP and registered may submit written questions. The Government will not respond to inquiries received after the deadline. Oral statements made by the Government are not binding. The Government will respond in writing and send the response via facsimile or electronic mail. Delivery of inquiries to the Government must be in one of the following forms:

   Hand-delivered to:
   Director, Department of Administration
   212 Aspinal Avenue
   Governor Manuel F. L. Guerrero Building
   Hagatna, Guam 96910

   Mailed to:
   Director, Department of Administration
   P. O. Box 884
   Hagatna, Guam 96932

   Electronic message (e-mail) to:
   Marie.Dufresne@haygroup.com and cc: to leonora.candaso@doa.guam.gov

   If an inquiry requires an interpretation of the RFP, then the Government shall prepare a response in the form of an amendment to the RFP. All registered interested parties shall be provided the amendment. For responses which merely guide the inquirer, the Government has the discretion to provide the response to only the inquirer, or to all registered interested parties, depending on the content of the inquiry and response.

2. Sufficiency of proposals. Unnecessarily elaborate brochures or other presentations beyond those sufficient to present a complete and effective proposal are not desired. Elaborate artwork, expensive visual or other presentations are neither necessary nor desired. The Government will look instead for the quality of the information provided. The onus will be on the offeror to convince the Government of the offeror's capability to perform services through the documentation enumerated above in this paragraph. As each offeror will have its own unique operation, its financial ability will be assessed individually based on its audited financial statements, convention form, A. M. Best report, and reinsurance treaties, as may be applicable. Factors that will be taken into consideration include, but are not limited to, the following:

   a. Any qualified audit opinion.

   b. The ratio of current assets to current liabilities.

   c. Adequacy of reserves

   d. Ability to generate underwriting gains

   e. History of overall profits or losses

   f. A. M. Best ratings

   g. Reinsurance

   h. Experience in health insurance or HMO underwriting

i. Experience in Third Party Administration

j. Risk-based capital report

3. Multiple representations of an insuring company. For the purposes of negotiating the costs and contractual terms, the insurance company shall designate a company representative who shall have full authority to make plan design and rating decision at the negotiation table on behalf of the company.

4. Late proposals. No proposal will be accepted after the deadline for submitting proposals. If a proposal is delivered to the Government of Guam after the deadline for submission, it will be time-stamped and dated by the Government. However, late proposals are considered non-responsive and will not be considered by the Government.

5. Form and number of proposals. Each offeror shall prepare an original and fourteen (14) hard copies of its proposal. Handwritten proposals are not acceptable. Each proposal must be organized, fully assembled and complete. Offerors are reminded of the submission of electronic copies in addition to the hard copies.

6. Where and how to submit proposals. Proposal packages must be sealed and mailed or delivered to the following names and addresses. The Government is not responsible for any delivery costs or postage due. Proposals will not be accepted via facsimile or electronic mail (email) as these two mediums do not allow for the proposal to be sealed or submitted in an original form with multiple copies as required by law. Proposals should be marked "confidential."

   The original and fourteen (14) copies shall be sent to:

   If mailed, to:
   Director, Department of Administration
   P.O. Box 884
   Hagatna, Guam 96932

   If delivered, to:
   Director, Department of Administration
   212 Aspinal Avenue
   Governor Manuel F. L. Guerrero Building
   Hagatna, Guam 96910

   In addition, three (3) copies shall also be sent to:

   Hay Group
   Attn: Marie R. Dufresne, CCP, CBP, GRP
   Senior Principal
   5001 Spring Valley Road
   Suite 800 West
   Dallas, TX 75244

7. Due date and time for proposals. All hard copies of the entire proposal, including a printed copy of the excel file must be received by the Director of the Department of Administration no later than **4:00 p.m., June 27, 2012, Guam time.** The electronic version of the entire proposal must be uploaded by **4:00 p.m., June 28, 2012, Guam time.**

   The electronic version must include the completed Excel file as well as the entire proposal in word format.

   Please note that Guam is one day ahead of the continental United States. The offeror is responsible for submitting the proposals in a timely manner regardless of choice of delivery method. The offeror's transfer of its proposal to the U.S. Post Office or to a delivery company does not constitute receipt by the Government.

III. GENERAL PROCEDURES

A. Receipt and registration of proposals

Proposals (both electronic and hard copies) and modifications to proposals will be time-stamped upon receipt and held in a secure place until the established due date. The Government will keep a Register of Proposals Received identifying the proposals, the names of the offerors, and the number of modifications received, if any, by each offeror. The Register is not open for public inspection until after award of a contract. Proposals of offerors not awarded contracts do not become public records.

B. Opening of proposals

After the deadline for submission of proposals and as soon as practical, the proposals will be unsealed by at least two authorized government representatives who shall be procurement officers for purposes of this RFP as assigned by the Director of Administration. They shall at all times conduct the administration of this procurement together in the presence of each other. Proposals will not be opened publicly, nor disclosed to unauthorized persons.

C. Proposal evaluation and negotiation procedure

See Exhibit V, a flow chart for the evaluation and negotiation procedure set out in this RFP.

1. Phase I. Phase I is the initial screening of all proposals to determine whether the minimum requirements specified in the RFP were met, including submission of qualified proposals as required by P.L. 31-197, submission of all disclosure forms, and whether the proposals were signed as required. The lack of any of the disclosure forms or other information required to be submitted may be cause for a finding of non-responsiveness. Proposals will then be re-sealed and held in safe-keeping by one of the administrators until time for evaluation. If any proposal is determined to be non-responsive by the Government, such offeror shall be notified in writing about the determination.

2. Phase II. Phase II consists of the evaluation of the information provided by the offerors pursuant to Section II of this RFP by the Negotiation Team and the ranking of the offerors based on the evaluation results. A relative weight is assigned to the minimum factors which will be rated on a scale from zero (0) to five (5), with five (5) being the highest possible score.

   The relative total points is derived by multiplying the relative weight by the points assigned by the Negotiation Team (A x B = C). This process will be implemented until all questions and quotes are rated. The cumulative relative weighted points are derived by adding all relative total points assigned by the Team (summation of C). The total cumulative relative weighted points are then multiplied by the factors assigned to each of the three parts, i.e. 40% for Part 1, 30% for Part 2, and 30% for Costs.

   For purposes of evaluations, exclusive proposals will be evaluated and ranked together. Non-exclusive proposals will be evaluated and ranked together.

   The offerors will be ranked in accordance with the number of total points. The three highest ranked offerors will be invited to enter into negotiations with the government. The offerors will be ranked in accordance with the number of total points for each category, and the offeror with the highest number of points will be considered the first ranked for purposes of determining the order of negotiations in Phase III if an invitation to negotiate is extended. The government will negotiate with offerors in accordance with their ranking, beginning with the first ranked, but only to the extent of the offeror's negotiators be available on the dates scheduled by the government for negotiations. Otherwise, the evaluations, the assignment of points, and the ranking of offerors and their proposals is for the government's informational purposes only.

   During the evaluations, the Negotiating Team and the Consultant may conduct discussions with any offeror, either in person or telephonically. Discussions are discretionary to the Negotiation Team and the Consultant. The purposes of such discussions shall be (a) to determine in greater detail the offeror's qualifications; or (b) to explore with the offeror the scope and nature of the required services, the offeror's proposed method of performance, and the relative utility of alternative methods of approach.

Discussions shall not disclose any information derived from proposals submitted by other offerors. If requested by the purchasing agency, the issues clarified during discussion should be put into writing by the offeror and submitted to the Government within three business days of conclusion of discussions, and may be submitted electronically or via facsimile. The Government will provide further instructions as may be necessary.

Prior to the conclusion of discussions with any offeror, its proposal may be modified or withdrawn upon written request by the offeror. The Director of Administration may accept any item or group of items of any offer, unless the offeror qualifies his offer by specific limitation or condition.

If the qualified offeror marked any portion or portions of its proposal as being confidential because the information is proprietary information, then those portions shall be reviewed by the Government to determine whether they contain confidential or proprietary material. If the Government agrees, then the parties shall move on to Phase III. If the Government does not agree, then the Government must issue a written determination regarding the matter explaining why. If the offeror is dissatisfied with the written determination, then it may withdraw its proposal or submit a protest according to the procedures set out in the Guam Procurement Law.

Upon resolution of confidentiality issues, if any, the Government shall notify each registered offeror of the evaluation results to the extent permissible by law via facsimile or email.. The Government will provide further instructions as may be necessary.

3. Phase III. Phase III is the negotiation process. The highest ranked qualified exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching an agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of an exclusive-contract will be set aside for later evaluation and ranking by the Negotiating Team.

The second highest ranked qualified exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching an exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of an exclusive contract will be set aside for later evaluation and ranking by the Negotiating Team.

The third highest ranked qualified exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching an exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of an exclusive contract will be set aside for later evaluation and ranking by the Negotiating Team.

The highest ranked qualified non-exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching a non-exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of a non-exclusive contract will be set aside for later presentation to the Governor as one of up to three non-exclusive plan options..

The second highest ranked qualified non-exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching a non-exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of a non-exclusive contract will be set aside for later presentation to the Governor as one of up to three non-exclusive plan options.

The third highest ranked qualified non-exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching a non-exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of a non-exclusive contract will be set aside for later presentation to the Governor as one of up to three non-exclusive plan options. .

4. Phase IV. Phase IV is the evaluation, ranking and choice of the best and final offer of an exclusive contract for later presentation to the Governor. The Negotiating Team, using those factors set out in this RFP, will evaluate, rank and select the best and final offer of an exclusive contract for presentation to the Governor.

5. Phase V. Phase V is the contract finalization stage, and includes drafting, reviewing and finalizing the one exclusive contract and the three non-exclusive contracts that have been negotiated and are to be presented to the Governor.

6. Phase VI. Phase VI is the contract choice stage. The governor of Guam decides to execute either the exclusive contract or decides to sign each of the non-exclusive contracts. Pursuant to 4 GCA §4301, this choice is exclusively up to the Governor. By law, the contract must also be reviewed and approved by the Department of Revenue & Taxation, Bureau of Budget and Management Research and the Attorney General before the Governor will provide his final approval by signing the contract. No contract is valid and binding until it is signed by the Governor. All finalists acknowledge that only the Governor may bind the Government to this contract and that the issuance of this Request for Proposal does not commit the Government of Guam to award a contract.

At any time during the proposal evaluation and negotiation procedure, an offeror may be requested by the government, the government's consultant or the Negotiations Team to provide clarification, documentation, data, or any other additional information to supplement its proposal. Failure to provide such additional information upon request and by the specified deadline may result in a determination that the offeror is non-responsive or non-responsible, whichever is applicable.

D. Cancellation of RFP or solicitation

The Government may cancel this RFP or solicitation, in whole or in part, at any time, or may reject all proposals so long as the Government makes a written determination that doing so is in the best interest of the Government and a contract has not yet been fully signed. In the event of cancellation or rejection of all proposals, proposals that have been unsealed shall remain the property of the Government and not returned to the respective offerors. A proposal that has not been unsealed (such as late proposals) will be returned to the offeror upon request of the offeror.

E. Rejection of individual proposals

The Government shall have the prerogative to reject proposals in whole or in part when doing so is in the best interest of the Government as provided for in the procurement laws. Reasons for rejection of individual proposals include, but are not limited to, reasons such as: (a) the offeror is non-responsible as determined under 2 GAR Div. 4 § 3116; (b) the proposal ultimately fails to meet the announced requirements of the Government in some material respect notwithstanding opportunity for altering or clarifying the proposal; or (c) the proposed price is clearly unreasonable.

Benita Manglona

BENITA A. MANGLONA, Director
Department of Administration

Date: 6/5/12

EXHIBIT A – Part 1

QUESTIONS TO BE ANSWERED BY OFFEROR

1. Detail any additional plan design features (not already included in this request) and their cost differentials which you feel would improve the current plan position with minimal cost increase.

2. Explain in detail the method which you would use to calculate the Government of Guam's rates in the first year and in subsequent years.

3. How is your retention calculated? Please be specific. Include all components and their % of the annual premiums (or dollar amounts for administration-only quotes).

4. How do you calculate your medical trend factors? What components are considered and used for your calculations? What is your current published and experience trends?

5. How will you reimburse participating providers for medical care? At a minimum, your answer should separately address reimbursements to hospitals, physicians, pharmacies, and off-island providers.

6. How will you reimburse "Non-par" providers of medical care? At a minimum, your answer should separately address reimbursements to hospitals, physicians, pharmacies, and off-island providers.

7. How do you determine reserves for incurred but not reported claims?

8. Are your IBNR reserves actuarially certified?

9. What is your average payment lag for your medical/PPO book of business?

10. Please confirm if there are other charges other than rates, i.e. marketing costs, printing costs, site meetings, etc., assessed to the Government of Guam?

11. Describe how you would assist the Government of Guam in communicating your plan to its employees, retirees, and survivors. Describe how Vendor will assist the Government with the open enrollment process. Describe the materials and services Vendor will supply to initiate and to implement Vendor's program, including level of participation in the Government's open enrollment process. Provide samples of all implementation materials Vendor will supply. Identify which services will be included in the basic fee and which will involve additional costs. All proposed costs shall be identified in Vendor's Price Schedule.

12. Explain how the Government of Guam would benefit by contracting with your company.

13. Provide a detailed list of all providers by specialty area and facility type on Guam, The Philippines and the Mainland that will be available to The Government of Guam employees and retirees, including centers of excellence and their specialties.

    (a) State when the last provider directory was published and how often it is revised.

    (b) Indicate what kinds of communication are provided to the participating providers regarding the benefit plan.

14. How do you define usual, customary and reasonable charges? How do you assign usual, customary and reasonable values to different geographic areas? How frequently are your usual, reasonable and customary charges updated?

15. Under what circumstances do you apply usual, customary and reasonable charges?

16. How are your rates impacted by enrollment threshold? For example, will rates, retention, etc. change with the number of lives in the plan?

17. Please provide a timeline for implementation, considering negotiations are scheduled to be held in early June, and the plan effective date will be October 1, 2012.

18. Disruption Report: A list of the utilized providers is included as Exhibit S. Please provide a network disruption analysis based on the availability of these providers in the Vendor's network.

19. Provide and define in detail Vendor's performance standards for which Vendor will provide a guarantee subject to financial penalty. Include a description of the reporting format which measures these standards.

20. Will you provide a guaranteed overall provider Discount rate? Please provide details of any guarantee and the penalty for non-compliance.

21. Durable Medical Equipment Review - Durable medical equipment review will be performed to evaluate appropriateness of equipment and medical necessity.

22. Discharge Planning - Describe in detail your discharge planning process.

23. High Risk Pregnancy - Describe in detail your case management process for high risk pregnancy.

24. When are Hospice referrals given? Please describe the Hospice process in detail.

25. Disease Management and Wellness Incentive Program – the Government of Guam has a legal requirement to provide a full wellness program which must include:
    - Preventive Care (PPACA)
    - Disease Management
    - A Wellness program
    - Please provide in detail, your proposal for all of these services as well as how each will be administered.

26. The Government is also interested in fully-insured plans for Medicare eligible retirees. Can you provide such product(s) and if so, please provide the coverage area, plan design, and fees associated (fees to be submitted on Exhibit O). Please note, this is an optional plan design and it is not a minimum requirement. This Medicare plan could be either a fully-insured Medicare Advantage group plan, or a Medicare Supplement group plan coupled with a drug plan.

27. Include pricing for the following DENTAL plan alternatives:
    - Annual maximum at $1,500 per person
    - Annual maximum of $2,000 per person

28. Include dental rates for unbundling coverage from the Medical Plan.

EXHIBIT A -Part 2

Questions to be answered by Offeror

1. The name of the offeror and the location of the offeror's principal place of business.

2. If awarded the contract, will you have a customer service office on Guam?

3. References of three other employers for whom services similar in scope, size or discipline to the required services have been provided by the offeror. The name, address, contact person, and telephone number(s) should be provided.

4. The name of the insurance company or companies, including reinsurers, through which this policy will be underwritten. Provide proof that all such insurance companies underwriting the risks are licensed to do business on Guam pursuant to the Insurance Laws of Guam. If any part of the plan would be reinsured, please provide a copy of the face sheet to the reinsurance agreement.

5. The offeror must demonstrate that it has the organizational and technological structure necessary to perform the claim processing and administrative required services. Insurance companies and administrators, if applicable, must submit documentation that there exists an adequate mechanism for maintaining records on enrollees. Demonstrate that there exists an effective program for containing costs for medical services (i.e. Disease Management program administered by the carrier/vendor), hospital confinement, and any other benefits that shall be provided. The Government of Guam requires detailed claim information be remitted to them and their consultants on a monthly basis. Please refer to Exhibit Q for a list of data requirements.

6. The offeror must demonstrate its company's experience and expertise in providing the required services.
   a. Describe claim paying procedures including review of questionable claims and internal fraud controls.
   b. Indicate the location where claims incurred under the proposed contract would be processed.
   c. Provide samples of utilization and claims reports, enrollment reports, premium payment reports, large claim reports, and any other reports you can produce which may be of benefit to the Government of Guam in assessing the experience of the plan. Describe custom reporting capabilities, indicating whether the Government and their consultants will have the ability to create reports using an online tool. In the situation where a special data request cannot be fulfilled using an online data tool, will Vendor generate a special report for the Government – at what cost? And how quickly could the report be available?
   d. Demonstrate that a mechanism exists for coordinating benefits when a person is insured by more than one health insurance plan for the same condition. Describe the Coordination of Benefits and paying procedures

7. The offeror must provide a fully-insured but participating contract rate quote for the current plans and the individually requested benefits in Exhibit G.

8. The offeror must outline its plan for performing the required services.

   a. Describe the manner in which you proposed to handle medical costs and services on-island and
   b. also in the event of an accident or illness which occurs while off-island.
   c. Further, indicate your practice for sending enrolled members off-island for treatment not obtainable on Guam.

9. The offeror must show evidence of the ability of the personnel of the principal insurance company and its local agent, if any, to perform the services required. The technical training, education, experience, and the qualifications and abilities of personnel proposed to be assigned to perform the services should be included. .

10. Identify the person(s) who will be responsible for the Government's account. Provide a résumé or résumés describing that person or persons' qualifications and experience, including the name(s), address(es), telephone number(s), and the position title(s) for such person(s).

11. If Vendor is proposing as a team or joint venture or has included sub-contractors, describe the rationale for selecting the team and the extent to which the team, joint ventures and/or sub-contractors have worked together in the past.

12. Provide a detailed organizational chart that includes all personnel to be assigned to this project, work assignments and job descriptions.

13. Provide the offeror's most recent financial rating status for the following rating agencies: A.M. Best, Standard & Poor's, Fitch, and Moody's. If the offeror's financial rating has changed within the past 12 months for any of the rating agencies, indicate the new rating and the date received. If the rating has not changed within the past 12 months, please indicate.

EXHIBIT B

PRELIMINARY EVALUATION FORM

YES	NO	Description
		1. Was proposal received within the timeframe?
		2) Disclosure Affidavits with original seal: * Disclosing Ownership & Commissions. The affidavit must be made between the date of issuance of this RFP and the date that proposals are due. * Non-Collusion * No Gratuities and Kickbacks * Ethical Standards * Contingent Fees * Declaration for Compliance with US DOL Wage Determination
		3) Acknowledgement of Amendments issued, if any.
		4) Cover letter w/authorized signature, name of offeror location, type of business, and designated person with contact information.
		5) Business License. If no, then cover letter must explain that they do not have one at time of submission.
		6) Cost Proposal.
		7) Original with 14 copies.
		8) Description of company, capabilities, level of expertise the company can provide.
		9) Items marked as proprietary? If government does not agree, government must issue written determination explaining why.
		10) Signed Administrative and Marketing Guidelines.
		11) Signed Reporting Guidelines.
		12) Provided exclusive and non-exclusive proposals.
		13) Current Certificate of Authority for insurer.
		14) Current Certificate of Authority for reinsurer.

EXHIBIT B

Part 1 (40%)

Phase I Evaluation Form
Group Health Insurance Request For-Proposal

All offerors must answer questions found in Exhibit B, Parts 1-3 and attach the responses to both their exclusive and non-exclusive proposals. These answers need to be submitted on the enclosed excel format provided in the RFP package, as well as in PDF format, within the formal response.

POSSIBLE POINTS	(A) X EVALUATOR SCORE		(B) = RELATIVE WEIGHT	(C) = RELATIVE TOTAL
0 - 5		1. Detail any additional plan design features (not already included in this request) and their cost differentials which you feel would improve the current plan position with minimal cost increase.	1	
0 - 5		2. Explain in detail the method which you would use to calculate the Government of Guam's rates in the first year and in subsequent years.	1	
0 - 5		3. How is your retention calculated? Please be specific. Include all components and their % of the annual premiums (or dollar amounts for administration-only quotes).	1	
0 - 5		4. How do you calculate your medical trend factors? What components are considered and used for your calculations? What is your current published and experience trends?	1	
0 - 5		5. How will you reimburse participating providers for medical care? At a minimum, your answer should separately address reimbursements to hospitals, physicians, pharmacies, and off-island providers.	1	
0 - 5		6. How will you reimburse "Non-par" providers of medical care? At a minimum, your answer should separately address reimbursements to hospitals, physicians, pharmacies, and off-island providers.	1	
0 - 5		7. How do you determine reserves for incurred but not reported claims?	1	
0 - 5		8. Are your IBNR reserves actuarially certified?	1	
0 - 5		9. What is your average payment lag for your medical/PPO book of business?	1	
0 - 5		10. Please confirm if there are other charges other than rates, i.e. marketing costs, printing costs, site meetings, etc., assessed to the Government of Guam?	1	
0 - 5		11. Describe how you would assist the Government of Guam in communicating your plan to its employees, retirees, and survivors. Describe how Vendor will assist the Government with the open enrollment process. Describe the materials and services Vendor will supply to initiate and to implement Vendor's program, including level of participation in the Government's open enrollment process. Provide samples of all implementation materials Vendor will supply. Identify which services will be included in the basic fee and which will involve additional costs. All proposed costs shall be identified in Vendor's Price Schedule.	1	

0 - 5		12. Explain how the Government of Guam would benefit by contracting with your company.	1	
0 - 5		13. Provide a detailed list of all providers by specialty area and facility type on Guam, The Philippines and the Mainland that will be available to The Government of Guam employees and retirees, including centers of excellence and their specialties. (a) State when the last provider directory was published and how often it is revised. (b) Indicate what kind of communications are provide to the participating providers regarding the benefit plan.	1	
0 - 5		14. How do you define usual, customary and reasonable charges? How do you assign usual, customary and reasonable values to different geographic areas? How frequently are your usual, reasonable and customary charges updated?	1	
0 - 5		15. Under what circumstances do you apply usual, customary and reasonable charges?	1	
0 - 5		16. How are your rates impacted by enrollment threshold? For example, will rates, retention, etc. change with the number of lives in the plan?	1	
0 - 5		17. Please provide a timeline for implementation, considering negotiations are scheduled to be held in early June, and the plan effective date will be October 1, 2012.	1	
0 - 5		18. Disruption Report: A list of the utilized providers is included as Exhibit S. Please provide a network disruption analysis based on the availability of these providers in the Vendor's network.	1	
0 - 5		19. Provide and define in detail Vendor's performance standards for which Vendor will provide a guarantee subject to financial penalty. Include a description of the reporting format which measures these standards.	1	
0-5		20. Will you provide a guaranteed overall provider Discount rate? Please provide details of any guarantee and the penalty for non-compliance.	1	
0 - 5		21. Durable Medical Equipment Review - Durable medical equipment review will be performed to evaluate appropriateness of equipment and medical necessity.	1	
0 - 5		22. Discharge Planning - Describe in detail your discharge planning process.	1	
0 - 5		23. High Risk Pregnancy - Describe in detail your case management process for high risk pregnancy.	1	
0 - 5		24. When are Hospice referrals given? Please describe the Hospice process in detail.	1	
0 - 5		25. Disease Management and Wellness Incentive Program – the Government of Guam has a legal requirement to provide a full wellness program which must include: o Preventive Care (PPACA) o Disease Management o A Wellness program Please provide in detail your proposal for all of these services as well as how each will be administered.	2	
0 - 5		26. The Government is also interested in fully-insured plans for Medicare eligible retirees. Can you provide such product(s) and if so, please provide the coverage area, plan design, and fees associated (fees to be submitted on Exhibit O). Please note, this is an optional plan design and it is not a	1	

		minimum requirement. This Medicare plan could be either a fully-insured Medicare Advantage group plan, or a Medicare Supplement group plan coupled with a drug plan.		
0-5		27. Include pricing for the following DENTAL plan alternatives: o Annual maximum at $1,500 per person o Annual maximum of $2,000 per person	1	
0-5		28. Include dental rates for unbundling coverage from the Medical Plan.	1	
		Cumulative Relative Total	29	
		Weight of Part 1	X 40%	
		Total Weighted Points		

EXHIBIT B

Part 2 (30%)

Phase I Evaluation Form
Group Health Insurance Request For-Proposal

All offerors must answer questions found in Exhibit B, Parts 1-3 and attach the responses to both their exclusive and non-exclusive proposals. These answers need to be submitted on the enclosed excel format provided in the RFP package, as well as in PDF format, within the formal response.

(A) POSSIBLE POINTS	(A) EVALUATOR SCORE		(B) RELATIVE WEIGHT	(C) RELATIVE TOTAL
N/A	N/A	1. The name of the offeror and the location of the offeror's principal place of business.	N/A	
0 - 5		2. If awarded the contract, will you have a customer service office on Guam?	1	
N/A	N/A	3. References of three other employers for whom services similar in scope, size or discipline to the required services have been provided by the offeror. The name, address, contact person, and telephone number(s) should be provided.	NA	
N/A	N/A	4. The name of the insurance company or companies, including reinsurers, through which this policy will be underwritten. Provide proof that all such insurance companies underwriting the risks are licensed to do business on Guam pursuant to the Insurance Laws of Guam. If any part of the plan would be reinsured, please provide a copy of the face sheet to the reinsurance agreement.	N/A	
0 - 5		5. The offeror must demonstrate that it has the organizational and technological structure necessary to perform the claim processing and administrative required services. Insurance companies and administrators, if applicable, must submit documentation that there exists an adequate mechanism for maintaining records on enrollees. Demonstrate that there exists an effective program for containing costs for medical services (i.e. Disease Management program administered by the carrier/vendor), hospital confinement, and any other benefits that shall be provided. The Government of Guam requires detailed claim information be remitted to them and their consultants on a monthly basis. Please refer to Exhibit Q for a list of data requirements.	1	
N/A	N/A	6. The offer must demonstrate its company's experience and expertise in providing the required services.	N/A	
0 - 5		a. Describe claim paying procedures including review of questionable claims and internal fraud controls.	1	
N/A	N/A	b. Indicate the location where claims incurred under the proposed contract would be processed.	N/A	

0 - 5		c. Provide samples of utilization and claims reports, enrollment reports, premium payment reports, large claim reports, and any other reports you can produce which may be of benefit to the Government of Guam in assessing the experience of the plan. Describe custom reporting capabilities, indicating whether the Government and their consultants will have the ability to create reports using an online tool. In the situation where a special data request cannot be fulfilled using an online data tool, will Vendor generate a special report for the Government – at what cost? And how quickly could the report be available?	1	
0 - 5		d. Demonstrate that a mechanism exists for coordinating benefits when a person is insured by more than one health insurance plan for the same condition.	1	
0 - 5		7. The offeror must provide a fully-insured but participating contract rate quote for the current plans and the individually requested benefits in Exhibit G.	1	
0 - 5		8. The offeror must outline its plan for performing the required services.	1	
0 - 5		a. Describe the manner in which you proposed to handle medical costs and services on-island and	1	
0 - 5		b. also in the event of an accident or illness which occurs while off-island.	1	
0 - 5		c. Further, describe your practice for sending enrolled members off-island for treatment not obtainable on Guam.	1	
0 - 5		9. The offeror must show evidence of the ability of the personnel of the principal insurance company and its local agent, if any, to perform the services required. The technical training, education, experience, and the qualifications and abilities of personnel proposed to be assigned to perform the services should be included.	1	
N/A		10. Identify the person(s) who will be responsible for the Government's account. Provide a resume or resumes describing that person or persons' qualifications and experience, including the name(s), address(es), telephone number(s), and the position title(s) for such persons.	N/A	
N/A		11. If vendor is proposing as a team or joint venture or has included sub-contractors, describe the rationale for selecting the team and the extent to which the team, joint ventures and/or sub-contractors have worked together in the past.	N/A	
0 - 5		12. Provide a detailed organizational chart that includes all personnel to be assigned to this project, work assignments and job descriptions.	1	
0 - 5		13. Provide the offeror's most recent financial rating status for the following rating agencies: A.M. Best, Standard & Poor's, Fitch, and Moody's. If the offeror's financial rating has changed within the past 12 months for any of the rating agencies, indicate the new rating and the date received. If the rating has not changed within the past 12 months, please indicate.	1	
		Cumulative Relative Total	13	

Weight of Part 2	X 30%	
Total Weighted Points		

EXHIBIT B
Part 3 – Evaluation of Costs

All offerors must answer questions found in Exhibit B, Parts 1-3 and attach the responses to both their exclusive and non-exclusive proposals. These answers need to be submitted on the enclosed excel format provided in the RFP package, as well as in PDF format, within the formal response.
Costs will be evaluated by the Negotiating Team; the Government's consultants may advise the Negotiating Team based on their review. This portion is worth 30% of the total score.
Process for evaluation of costs:

1. For each plan requested, the total annual premium will be evaluated on a scale of 0 to 5. The total annual premium will be provided by each bidder. The annual premium will be determined by the quoted insured premiums times the current enrollment figures times 12. The lowest cost for each item will receive the highest score from each evaluator, the next lowest cost will receive the second highest score from each evaluator, etc.
2. For each alternative plan design component requested, the cost impact will be evaluated on a scale of 0 to 5. The total annual cost will be determined in the same manner as noted above for fully insured plans. The lowest cost for each item will receive the highest score from each evaluator, the next lowest cost will receive the second highest score from each evaluator, etc.

(A) POSSIBLE POINTS	(A) EVALUATOR SCORE		(B) RELATIVE WEIGHT	(C) RELATIVE TOTAL
0 - 5		1500 deductible plan: evaluation for total annual premium without adjustments for responses to questions 1 – 8 further detailing plan (Exhibit F Alternative Plan Designs)	8	
0 - 5		2000 deductible plan: evaluation for total annual premium without adjustments for responses to questions 1 – 8 further detailing plan	6	
0 - 5		Dental plan: evaluation for total annual premium without adjustments for responses to questions 27 & 28 (part 1) further detailing plan	3	
0 - 5		Proposal for the same plan details as the $1,500 deductible but with a $1,000 annual deductible and $2,000 annual family deductible – all other plan details remain the same.	1	
0 - 5		Proposal for the same plan details as the $2,000 deductible plan but with a $1,500 annual deductible and $3,000 annual family deductible	1	
0 - 5		Increase annual maximums to unlimited for both plans	1	
0 - 5		Add a 3 month deductible carry-over for all deductible amounts satisfied in the last 3 months of the plan year.	1	
0 - 5		Increase the occupational therapy benefit to 20 visits per year with a $100 maximum benefit per visit	1	
0 - 5		Prescription Drugs: a. Add a fourth drug tier for Specialty Drugs at $60 copayment b. Change the entire drug program to a coinsurance approach with the following design: i. Generic drugs 10% coinsurance ii. Formulary(Preferred Brand) 20% coinsurance iii. Brand 30% coinsurance iv. Specialty Drug 40% coinsurance v. Annual out-of-pocket maximum $2,000/person vi. Mail order (90 day supply) 2 months at above coinsurance	1	

0 - 5		Add a quote(s) for Medicare Advantage and/or a Medicare Supplement Plan with a drug plan for all over age 65 retirees and survivors	1	
0 - 5		The Government of Guam is not required to provide COBRA coverage for employees. However, GovGuam is interested in obtaining a quote to provide a COBRA coverage option for the Government's existing plans. Provide a quote for administering COBRA coverage for the Government's existing plans.	1	
		Cumulative Relative Total	25	
		Weight of Part 3	X 30%	
		Total Weighted Points		

SCORING	TOTAL POINTS
Part 1 Total Weighted Points	
Part 2 Total Weighted Points	+
Part 3 Total Weighted Points	+
Cumulative Total Weighted Points	=

Only for initial ranking: total premiums will be reduced by 4% Business Privilege Tax (BPT) for those organizations not benefiting from a BPT abatement.

EXHIBIT B-2

Phase IV Evaluation Form
Group Health Insurance Request For-Proposal
Exclusive Contract

Final exclusive contract rates will be evaluated by the Negotiating Team; the Government's consultants may advise the Negotiating Team based on their review. For each item below, the total annual premium will be evaluated on a scale of 0 to 5. The total annual premium will be that which the result of final negotiations with each bidder is. The annual premium will be determined by the quoted insured premiums times the current enrollment figures times 12. The vendor with the lowest cost will receive the highest score, etc

For each alternative plan design component requested, the cost impact will be evaluated on a scale of 0 to 5. The total annual cost will be determined in the same manner as noted above for fully insured plans.

(A) POSSIBLE POINTS	(A) X EVALUATOR SCORE		(B) RELATIVE WEIGHT	(C) RELATIVE TOTAL
0 - 2		Final Negotiated rates for current medical/drug plan design	7	
0 - 2		Final negotiated rates for current Dental plan design	3	
0 - 2		Final negotiated rate for the same plan details as the $1,500 deductible but with a $1,000 annual deductible and $2,000 annual family deductible – all other plan details remain the same.	1	
0 - 2		Final negotiated rate for the same plan details as the $2,000 deductible plan but with a $1,500 annual deductible and $3,000 annual family deductible	1	
0 - 2		Final negotiated rate for the increase annual maximums to unlimited for both plan options	1	
0 - 2		Final negotiated rate for the additional 3 month deductible carry-over for all deductible amounts satisfied in the last 3 months of the plan year.	1	
0 - 2		Final negotiated rate for the increase to the occupational therapy benefit to 20 visits per year with a $100 maximum benefit per visit	1	
0 - 2		Final negotiated rate for the Prescription Drug plan including: a. Add a fourth drug tier for Specialty Drugs at $60 copayment b. Change the entire drug program to a coinsurance approach with the following design: i. Generic drugs 10% coinsurance ii. Formulary(Preferred Brand) 20% coinsurance iii. Brand 30% coinsurance iv. Specialty Drug 40% coinsurance v. Annual out-of-pocket maximum $2,000/person vi. Mail order (90 day supply) 2 months at above coinsurance	1	
0 - 2		Final negotiated rate for the following DENTAL plan alternatives: o Annual maximum at $1,500 per person o Annual maximum of $2,000 per person	1	
0 - 2		Final negotiated rate for unbundling coverage from the Medical Plan from the Dental	1	

0 - 2		Final negotiated rate for administering COBRA coverage for the Government's existing plans.	1	
0 - 2		Final negotiated guaranteed overall provider Discount rate	1	
0 - 2		Final negotiated Vendor's performance standards for which Vendor will provide a guarantee subject to financial penalty.	1	
0 - 2		Final approaches and negotiated rates for providing assistance with a Disease Management and Wellness program which must include: o Preventive Care (PPACA) o Disease Management o A Wellness program	2	
0 - 2		Final satisfaction with the company's experience and expertise in providing the required services. Including the following:	1	
N/A		a. Claim paying procedures including review of questionable claims and internal fraud controls.	N/A	
N/A		b. Utilization and claims reports, enrollment reports, premium payment reports, large claim reports, and any other reports which may be of benefit to the Government of Guam in assessing the experience of the plan including ad hoc reporting capabilities and costs, if any.	N/A	
N/A		c. Satisfaction that a mechanism exists for coordinating benefits when a person is insured by more than one health insurance plan for the same condition.	N/A	
0 – 2		Satisfaction that the vendor has the organizational and technological structure necessary to perform the claim processing and administrative required services and that an adequate mechanism for maintaining records on enrollees. Satisfaction that the carrier has an effective program for containing costs for medical services (i.e. Disease Management program administered by the carrier/vendor), hospital confinement, and any other benefits that shall be provided.	1	

Cumulative Relative Total	25	
Total Weighted Points		

EXHIBIT C

Government of Guam
FY2012 MEDICAL and DENTAL RATES

Total Premium Rates FY 2012				
Actives (Monthly)		**Dental**	**SC 1500**	**HSA 2000**
Class I	EE	$ 34.00	$ 281.00	$ 150.00
Class II	EE + Spouse	$ 77.00	$ 636.00	$ 316.00
Class III	EE + Child(ren)	$ 62.00	$ 500.00	$ 266.00
Class IV	EE + Family	$ 104.00	$ 862.00	$ 442.00
Retirees (Monthly)		**Dental**	**SC 1500**	**HSA 2000**
Class I	EE	$ 34.00	$ 607.00	$ 512.00
Class II	EE + Spouse	$ 77.00	$ 1,421.00	$ 1,090.00
Class III	EE + Child(ren)	$ 62.00	$ 1,046.00	$ 892.00
Class IV	EE + Family	$ 104.00	$ 1,903.00	$ 1,512.00
Active/ Retiree Rates				
Active/ Retiree (Monthly)		**Dental**	**SC 1500**	**HSA 2000**
Class I	EE	$ 17.00	$ 84.00	$ 7.00
Class II	EE + Spouse	$ 54.00	$ 239.00	$ 111.00
Class III	EE + Child(ren)	$ 43.00	$ 188.00	$ 93.00
Class IV	EE + Family	$ 73.00	$ 323.00	$ 155.00

EXHIBIT D

ENROLLMENT DATA as of September 1, 2011 and October 1, 2011

FY 2011

Enrollment as of 9/1/2011				
Actives		**Dental**	**SC 1500**	**HSA 2000**
Class I	EE	3,362	2,102	1,912
Class II	EE + Spouse	352	310	156
Class III	EE + Child(ren)	1,252	857	485
Class IV	EE + Family	1,017	669	463
Retirees		**Dental**	**SC 1500**	**HSA 2000**
Class I	EE	1,688	1,782	744
Class II	EE + Spouse	282	376	80
Class III	EE + Child(ren)	159	148	35
Class IV	EE + Family	120	105	38

FY 2012

Enrollment as of 10/1/2011				
Actives		**Dental**	**SC 1500**	**HSA 2000**
Class I	EE	3,500	2,152	1,948
Class II	EE + Spouse	395	335	190
Class III	EE + Child(ren)	1,455	990	564
Class IV	EE + Family	1,464	971	631
Retirees		**Dental**	**SC 1500**	**HSA 2000**
Class I	EE	1,758	1,769	832
Class II	EE + Spouse	289	375	95
Class III	EE + Child(ren)	169	152	42
Class IV	EE + Family	187	162	57

EXHIBIT E

CLAIMS DATA through January 2012

Medical Plans

Month	1000 PLAN			1500 PLAN			2000 PLAN		
	Medical Claims Paid	RX Claims Paid	Total Claims Paid	Medical Claims Paid	RX Claims Paid	Total Claims Paid	Medical Claims Paid	RX Claims Paid	Total Claims Paid
October 2009	$ 257	$ 8,258	$ 8,515	$ 54,309	$ 493,421	$ 547,730	$ 3,953	$ 47,530	$ 51,483
November 2009	$ 13,267	$ 8,716	$ 21,983	$ 691,234	$ 517,279	$ 1,208,513	$ 83,353	$ 45,793	$ 129,146
December 2009	$ 19,218	$ 7,397	$ 26,615	$ 1,339,749	$ 543,099	$ 1,882,848	$ 101,870	$ 47,674	$ 149,544
January 2010	$ 46,686	$ 7,064	$ 53,750	$ 1,719,698	$ 572,484	$ 2,292,182	$ 234,034	$ 52,542	$ 286,576
February 2010	$ 62,908	$ 7,014	$ 69,922	$ 1,877,161	$ 552,175	$ 2,429,336	$ 266,255	$ 54,579	$ 320,834
March 2010	$ 36,692	$ 9,867	$ 46,559	$ 2,523,769	$ 692,452	$ 3,216,221	$ 272,794	$ 64,527	$ 337,321
April 2010	$ 29,005	$ 7,592	$ 36,597	$ 2,622,957	$ 626,994	$ 3,249,951	$ 226,678	$ 60,999	$ 287,677
May 2010	$ 28,548	$ 8,436	$ 36,984	$ 2,574,593	$ 714,085	$ 3,288,678	$ 245,627	$ 60,275	$ 305,902
June 2010	$ 15,271	$ 8,955	$ 24,226	$ 2,690,078	$ 732,966	$ 3,423,044	$ 338,596	$ 65,305	$ 403,901
July 2010	$ 27,386	$ 9,849	$ 37,235	$ 2,577,011	$ 701,598	$ 3,278,609	$ 342,727	$ 62,832	$ 405,559
August 2010	$ 20,343	$ 9,804	$ 30,147	$ 2,512,321	$ 742,472	$ 3,254,793	$ 310,776	$ 73,661	$ 384,437
September 2010	$ 41,001	$ 8,755	$ 49,756	$ 2,229,556	$ 869,170	$ 3,098,726	$ 305,139	$ 86,711	$ 391,850
October 2010	$ 31,800	$ -	$ 31,800	$ 3,080,587	$ 794,336	$ 3,874,924	$ 339,300	$ 4,501	$ 343,800
November 2010	$ 16,205	$ -	$ 16,205	$ 2,247,068	$ 1,206,921	$ 3,453,989	$ 535,193	$ 7,768	$ 542,961
December 2010	$ 4,820	$ -	$ 4,820	$ 4,074,984	$ 1,211,385	$ 5,286,369	$ 718,162	$ 9,788	$ 727,950
January 2011	$ -	$ -	$ -	$ 1,617,125	$ 652,262	$ 2,269,387	$ 164,343	$ 14,322	$ 178,665
February 2011	$ -	$ -	$ -	$ 2,404,698	$ 669,576	$ 3,074,274	$ 359,617	$ 18,578	$ 378,195
March 2011	$ -	$ -	$ -	$ 2,320,093	$ 286,838	$ 2,606,931	$ 389,068	$ 11,403	$ 400,471
April 2011	$ -	$ -	$ -	$ 1,965,961	$ 1,080,944	$ 3,046,905	$ 559,314	$ 51,763	$ 611,076
May 2011	$ -	$ -	$ -	$ 2,125,348	$ 720,895	$ 2,846,244	$ 420,610	$ 41,533	$ 462,143
June 2011	$ -	$ -	$ -	$ 2,776,059	$ 762,365	$ 3,538,424	$ 590,058	$ 45,952	$ 636,010
July 2011	$ -	$ -	$ -	$ 2,534,621	$ 673,870	$ 3,208,491	$ 572,015	$ 48,241	$ 620,256
August 2011	$ -	$ -	$ -	$ 2,574,616	$ 781,268	$ 3,355,883	$ 804,936	$ 56,037	$ 860,974
September 2011	$ -	$ -	$ -	$ 2,300,685	$ 814,337	$ 3,115,022	$ 544,852	$ 60,294	$ 605,146
October 2011	$ -	$ -	$ -	$ 48,834	$ 317,467	$ 366,302	$ 11,062	$ 485	$ 11,548
November 2011	$ -	$ -	$ -	$ 475,600	$ 724,044	$ 1,199,644	$ 147,220	$ 10,625	$ 157,846
December 2011	$ -	$ -	$ -	$ 957,487	$ 654,459	$ 1,611,946	$ 341,510	$ 17,070	$ 358,580
January 2012	$ -	$ -	$ -	$ 1,199,688	$ 667,228	$ 1,866,915	$ 432,359	$ 26,471	$ 458,831

*Claims paid amount represent claims paid by the Plan and does not include claims paid by members.

**1000 Plan is no longer available for 2011

***Claims paid represent contract year 10/1/2009 to 9/30/2010, etc.

Dental Plans Claims Paid

Month	1000 DENTAL PLAN	1500 DENTAL PLAN	2000 DENTAL PLAN
October 2009	$ 361	$ 85,520	$ 22,153
November 2009	$ 781	$ 223,958	$ 86,905
December 2009	$ 1,000	$ 168,930	$ 60,752
January 2010	$ 1,577	$ 322,641	$ 113,241
February 2010	$ 1,384	$ 219,330	$ 85,300
March 2010	$ 140	$ 228,427	$ 95,662
Aril 2010	$ 1,484	$ 227,736	$ 82,269
May 2010	$ 359	$ 344,218	$ 138,854
June 2010	$ 2,320	$ 160,973	$ 71,265
July 2010	$ 80	$ 318,372	$ 109,659
August 2010	$ 241	$ 225,096	$ 83,231
September 2010	$ 448	$ 165,780	$ 56,089
October 2010	$ 180	$ 288,356	$ 129,626
November 2010	$ -	$ 392,917	$ 208,835
December 2010	$ 507	$ 458,943	$ 258,073
January 2011	$ -	$ 259,829	$ 143,293
February 2011	$ -	$ 169,436	$ 108,727
March 2011	$ -	$ 275,987	$ 186,244
April 2011	$ -	$ 151,442	$ 98,096
May 2011	$ -	$ 220,341	$ 122,101
June 2011	$ -	$ 220,550	$ 137,245
July 2011	$ -	$ 276,925	$ 147,511
August 2011	$ -	$ 230,618	$ 130,197
September 2011	$ -	$ 244,185	$ 150,604
October 2011	$ -	$ 8,668	$ 5,795
November 2011	$ -	$ 249,714	$ 157,265
December 2011	$ -	$ 202,934	$ 145,575
January 2012	$ -	$ 293,719	$ 161,893

*Claims paid amounts represent claims paid by the Plan and does not include claims paid by members.

**1000 Plan is no longer available for 2011

***Claims paid represent contract year 10/1/2009 to 9/30/2010, etc.

EXHIBIT F

MEDICAL PLAN DESIGN

The following outlines the current core level of benefits with updates required for PPACA required changes, plus the additional alternative plan features requested.

The Government of Guam requests a quote for the following two current plan options:

1. PPO Plan with a $1,500 annual deductible /$3,000 annual family deductible and
2. HSA Plan with a $2,000 annual deductible /$4,000 annual family deductible.

Additional base requirements include:

Disease management program which provides at least the following: quarterly reporting on disease states,

HSA2000		
Important information about your coverage	When you go to **PARTICIPATING Providers** after Deductible is met:	When you go to **NON-PARTICIPATING Providers** after Deductible is met:
Deductible Per Individual Member	$2,000	$4,000
Deductible Per Family The entire family deductible amount of $4,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	$4,000	$12,000
Coverage Maximums Individual member annual maximum	$2,000,000	
Out-of-Pocket Maximums (including deductible) Per Individual member per policy year Per Family per policy year	$4,000 $11,900	No Maximum No Maximum
Any Services in The Phillippines, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

HSA1500		
Important information about your coverage	When you go to **PARTICIPATING Providers** after Deductible is met:	When you go to **NON-PARTICIPATING Providers** after Deductible is met:
Deductible Per Individual Member	$1,500	$3,000
Deductible Per Family The entire family deductible amount of $3,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	$3,000	$9,000
Coverage Maximums Individual member annual maximum	$2,000,000	
Out-of-Pocket Maximums (including deductible) Per Individual member per policy year Per Family per policy year	$3,000 $9,000	No Maximum No Maximum
Any Services in The Phillippines, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

See Exhibit R for further details on the current plan designs. In addition, the following plan design provisions must be included in the basic quote:

- Chiropractic doctor visits must be treated the same as any other doctor visit without visit or dollar amount limitation.
- Acupuncture visits must be treated the same as any other doctor visit without visit or dollar amount limitation.
- Claims must be submitted within 24 months of incurred date..

Alternative Plan Designs Requested

Please provide the cost differential for the following on the provided Excel file:

1. Proposal for the same plan details as the $1,500 deductible but with a $1,000 annual deductible and $2,000 annual family deductible – all other plan details remain the same.
2. Proposal for the same plan details as the $2,000 deductible plan but with a $1,500 annual deductible and $3,000 annual family deductible
3. Increase annual maximums to unlimited for both plans
4. Add a 3 month deductible carry-over for all deductible amounts satisfied in the last 3 months of the plan year.
5. Increase the occupational therapy benefit to 20 visits per year with a $100 maximum benefit per visit
6. Prescription Drugs:
    a) Add a fourth drug tier for Specialty Drugs at $60 copayment
    b) Change the entire drug program to a coinsurance approach with the following design:
        i. Generic drugs 10% coinsurance

ii.	Formulary(Preferred Brand)	20% coinsurance
iii.	Brand	30% coinsurance
iv.	Specialty Drug	40% coinsurance
v.	Annual out-of-pocket maximum	$2,000/person
vi.	Mail order (90 day supply)	2 months at above coinsurance

7. Add a quote(s) for Medicare Advantage and/or a Medicare Supplement Plan with a drug plan for all over age 65 retirees and survivors
8. The Government of Guam is not required to provide COBRA coverage for employees. However, GovGuam is interested in obtaining a quote to provide a COBRA coverage option for the Government's existing plans. Provide a quote for adding COBRA coverage to the Government's existing plans.
9. Dental Plan alternatives are also requested including:
    a) Annual Maximum at $1,500
    b) Annual Maximum at $2,000
    c) Dental Plan enrollment unbundled from Medical Plan

Notes:

1) THE ABOVE IS INTENDED TO BROADLY DEFINE ALL MEDICAL PLANS. IN CASE OF DISCREPANCIES BETWEEN THE ABOVE DESCRIPTION AND THE DESIRED CONTRACTUAL LANGUAGE INCLUDED AS A SEPARATE DOCUMENT, THE CONTRACTUAL LANGAUGE SHALL GOVERN.

2) THE NEGOTIATING COMMITTEE RESERVES THE RIGHT TO AMEND OR MODIFY THE BENEFIT PLAN DESIGNS PRIOR TO FINAL CONTRACT NEGOTIATIONS.

3) WHERE NO LIMITATION OR MAXIMUM IS SPECIFIED, NONE MAY BE IMPOSED.

4) THE NEGOTIATING COMMITTEE'S DECISION ON THE INTERPRETATION OF THE BENEFIT PLAN DESIGN SHALL BE FINAL.

EXHIBIT G

NOTES

1 The level of coverage of the benefits must be based on Usual, Customary, and Reasonable (UCR) charges. Enrollees may be assessed copayments and/or deductibles according to plan design.

2. Unless otherwise specified, maximums must be on a per enrollee, per contract period basis. No other maximums or limitations may be imposed besides those stated herein.

3. Carriers must submit their rate calculation approach and substantiating data along with proposals.

4. Current carriers must specify any desired contractual changes when submitting proposals. Prospective carriers must submit their proposed contracts.

5. The audited financial statements must also be submitted along with proposals.

6. In addition to other bona fide legal dependents, the plan must cover children under legal guardianship of the subscriber who meet all other plan requirements. However, the plan may require (i) a court order granting guardianship to the subscriber and (ii) the prior year's tax return identifying the child as a dependent (however, a signed affidavit stating that such child will be so identified on the current year's tax return must be accepted for newly acquired children under guardianship). Further, the plan may provide that such children may only be enrolled during an open enrollment period. Additionally, in accordance with the Patient Protection and Affordable Care Act, dependents with no other source of healthcare must be covered to age 26.

7. The network service area must include Guam and the Philippines.

8. The plan shall accept the exclusions as outlined in the suggested contractual language only; or may include coverage for a listed excluded item as the plan desires.

9. The plan must include coverage for enrolled employees and their enrolled dependents, to the end of the plan year, if the employee is laid off due to workforce reduction by The Government of Guam, provided the employee pays full premium in accordance with the rules applicable to employees on leave without pay.

10. If a carrier does not contract with a dialysis center on Guam (excluding Guam Memorial Hospital (GMH), it must reimburse for dialysis services and supplies provided at such center not less than 70% of what it would have reimbursed to GMH. If a carrier does not contract with the provider of any sole source service on Guam, it must reimburse for the sole source provided by such Guam provider as if sole source provider were a participating provider.

11. Nothing in the carrier's proposal will be incorporated into any contract with GovGuam unless negotiated and specifically agreed to by the Government of Guam.

EXHIBIT H

MEDICAL EXCLUSIONS

Please see the following for a list of the current medical exclusions. Please indicate if any are not applicable to your proposed plans, or if there are any additional exclusions in your proposed plans.

1. No benefits will be paid for Injury or Illness, (a) when the Covered Person is entitled to receive disability benefits or compensation (or forfeits his or her right thereto) under Worker's Compensation or Employer's Liability Law for such Injury or Illness or (b) when Services for an Injury or Illness are rendered to the Covered Person by any federal, state, territorial, municipal or other governmental instrumentality or agency without charge, or (c) when such Services would have been rendered without charge but for the fact that the person is a Covered Person under the Plan.

2. No benefits will be paid if any material statement made in an application for coverage, enrollment of any Dependent or in any claim for benefits is false. Upon identifying any such false statement, Company shall give the Covered Person at least 30 days notice that his or her benefits have been suspended and that his or her coverage is to be terminated. If the false statement is fraudulent or is an intentional misrepresentation of a material fact, such termination shall be retroactive to the date coverage was provided or continued based on such fraudulent statement or intentional misrepresentation of material fact. If the false statement was not a fraudulent statement or intentional misrepresentation of material fact, termination of coverage shall be effective no earlier than the date of the suspension. The Covered Person may dispute any termination of coverage by filing a claim under the grievance procedure provided for in the Agreement. If a grievance is filed, the resolution of the matter shall be in accordance with the outcome of the grievance proceedings. If no grievance is filed for any retroactive termination and the Company paid benefits prior to learning of any such false statement, the Subscriber must reimburse the Company for such payment. Terminations of coverage shall be handled in accordance with the applicable claims procedure requirements of Section 2719 of the PHSA, as added by PPACA. Retroactive terminations of coverage shall not violate the applicable prohibitions on rescissions of Section 2712 of the PHSA, as added by PPACA, and rescissions shall be handled in compliance with PPACA's applicable claim denial requirements.

3. No benefits will be paid for confinement in a Hospital or in a Skilled Nursing Facility if such confinement is primarily for custodial or domiciliary care. (Custodial or domiciliary care includes that care which consists of training in personal hygiene, routine nursing services and other forms of self care. Custodial or domiciliary care also includes supervisory services by a Physician or Nurse for a person who is not under specific medical or surgical treatment to reduce his or her disability and to enable that person to live outside an institution providing such care.) Company and not Covered Person shall be liable if the Company approves the confinement, regardless of who orders the service.

4. No benefits will be paid for nursing and home health aide services provided outside of the home (such as in conjunction with school, vacation, work or recreational activities)

5. No benefits will be paid for private Duty Nursing. This provision does not apply to Home Health Care.

6. No benefits will be paid for Services and supplies not specifically described as covered in the Agreement.

7. No benefits will be paid for special medical reports, including those not directly related to treatment of the Member. (e.g., Employment or insurance physicals, and reports prepared in connection with litigation.)

8. No benefits will be paid for services required by third parties, including but not limited to, physical examinations, diagnostic services and immunizations in connection with obtaining or continuing employment, obtaining or maintaining any license issued by a municipality, state, or federal government, securing insurance coverage, travel, school admissions or attendance, including examinations required to participate in athletics, except when such examinations are considered to be part of an appropriate schedule of wellness services.

9. No benefits will be paid for court ordered services, or those required by court order as a condition of parole or probation.

10. No benefits will be paid for Services and supplies provided to a Covered Person for an Injury or Illness resulting from an attempted suicide by that Covered Person unless resulting from a medical condition (including physical or mental health conditions) or from domestic violence.

11. No benefits will be paid for Services and supplies provided in connection with intentionally self-induced or intentionally self-inflicted injuries or illnesses unless resulting from a medical condition (including physical or mental conditions) or from domestic violence.

12. No benefits will be paid for Services and supplies provided to a Covered Person for Injuries incurred while the person was committing a criminal act.

13. Unless otherwise specifically provided in the Agreement, no benefit will be paid for, or in connection with, airfare and the Company will not pay for the transportation from Guam to any off-island facility, nor for any other non-medical expenses such as taxes, taxis, hotel rooms, etc. In no event will the Company pay for air ambulance or for the transportation of the remains of any deceased person.

14. No benefits will be paid for living expenses for Covered Persons who require, or who of their own accord seek, treatment in locations removed from their home.

15. No benefits will be paid for Services and supplies provided to a dependent of a non-Spouse Dependent. Dependents of non-Spouse Dependents are not eligible for coverage. For example, when a Dependent, other than a Spouse of the Subscriber, has a child, that child is a dependent of a non-Spouse Dependent and is not eligible to become covered under the Plan, unless such child otherwise becomes eligible for enrollment.

16. No benefits will be paid for home uterine activity monitoring.

17. No benefits will be paid for services performed by an immediate family member for which, in the absence of any health benefits coverage, no charge would be made. Immediate family member is defined as parents, spouses, siblings, or children of the insured member.

18. No benefits will be paid for treatment of occupational injuries and occupational diseases, including those injuries that arise out of (or in the course of) any work for pay or profit, or in any way results from a disease or injury which does. If a Member is covered under a Workers' Compensation law or similar law, and submits proof that the Member is not covered for a particular disease or injury under such law, that disease or injury will be considered "nonoccupational" regardless of cause. The Covered Benefits under the Group Health Insurance Certificate for Members eligible for Workers' Compensation are not designed to duplicate any benefit to which they are entitled under Workers' Compensation Law. All sums payable for Workers' Compensation services provided under the Group Health Insurance Certificate shall be payable to, and retained by Company. Each Member shall complete and submit to Company such consents, releases, assignments and other documents reasonably requested by Company in order to obtain or assure reimbursement under the Workers' Compensation Law

19. No benefits will be paid for treatment and services provided by Chiropractors, except as otherwise covered as shown in the Schedule of Benefits.

20. No benefits will be paid for Services and supplies provided for occupational and/or speech therapy except as otherwise covered as shown in the Schedule of Benefits.

21. No benefits will be paid for charges made by a Provider for Services provided through telephone conferences or interviews during which the Covered Person is not seen for treatment.

22. No benefits will be paid for:

1. Drugs or substances not approved by the Food and Drug Administration (FDA), or

2. Drugs or substances not approved by the FDA for treatment of the illness or injury being treated unless empirical clinical studies have proven the benefits of such drug or substance in treating the illness or injury, or

3. Drugs or substances labeled "Caution: limited by federal law to investigational use."

4. Any drug or substance which does not, by federal or state law, require a prescription order (i.e., an over-the-counter (OTC) drug).

5. Any prescription drug for which there is an over-the-counter product which has the identical active ingredient and dosage as the prescription drug. For the purposes of this rider, insulin is not considered an over-the-counter drug.

23. No benefits will be paid for experimental or Investigational Procedures, or ineffective surgical, medical, psychiatric, or dental treatments or procedures, research studies, or other experimental or investigational health care procedures or pharmacological regimes as determined by Company, unless pre-authorized by Company.

Experimental and investigational treatments and procedures are those medical treatments and procedures that have not successfully completed a Phase III trial, have not been approved by the FDA and are not generally recognized as the accepted standard treatment for the disease or condition from which the patient suffers.

Experimental and investigational treatments include off label therapies. Off-label therapies are those medical therapies that use a FDA approved drug or procedure for a nonindicated use. Also, these Experimental or investigational medical and surgical procedures, equipment, and items or medications, are otherwise not covered by Original Medicare or covered under qualifying clinical trials.

24. No benefits will be paid for services or supplies related to Genetic Testing.

25. No benefits will be paid for any item or substance that is available without a Physician's prescription even if prescribed by a Physician, except as otherwise provided herein and except for medicines and supplies Medically Necessary for inpatient care.

26. No benefits will be paid in relation to the Robotic Suite or for Robotic Surgery

27. No benefits will be paid for Services and supplies provided to perform transsexual surgery or to evaluate the need for such surgery. Evaluations and subsequent medications and Services necessary to maintain transsexual status are also excluded from coverage, as are complications or medical sequelae of such surgery or treatment.

28. No benefits will be paid for injuries incurred by the operator of a motorized vehicle while such operator is under the influence of intoxicating alcoholic beverage, controlled drugs, or substances. If a blood alcohol level or the DRAEGER ALCO TEST is available and shows levels that are equal to or exceed 0.08 grams percent (gms%) or that exceed the amount allowed by law as constituting legal intoxication, no benefits will be paid.

29. No benefits will be paid for any medical Service or supply which is available to the Covered Person on Guam and which is paid by or reimbursable through a governmental agency or institution. However, notwithstanding the aforesaid, in no event will the Company consider the availability of benefits under Medicaid or Medically Indigent Program when paying benefits under this Agreement.

30. No benefits will be paid for audiograms, regardless of the reason for such tests.

31. No benefits will be paid for dental services including but not limited to, services related to the care, filling, removal or replacement of teeth and treatment of injuries to or diseases of the teeth, dental services related to the gums, apicoectomy (dental root resection), orthodontics, dental splint and other dental appliances, root canal treatment, soft tissue impactions, alveolectomy, augmentation, and vestibuloplasty, treatment of periodontal disease, false teeth, prosthetic restoration of dental implants, maxillary and mandible implants (osseointegration) and all related services, removal of impacted teeth, bite plates, orthognathic surgery to correct a bit defect. This exclusion does not apply to:

1. Removal of bony impacted teeth, bone fractures, removal of tumors, and biopsy or excision of oral cysts.

2. Emergency Services stabilize an acute injury to sound natural teeth, the jawbone or surrounding structures, if provided within 48 hours of the injury or as required by PPACA to stabilize and treat a PPACA Emergency.

3. Surgical treatment of TMJ as described in the Covered Benefits Section "Temporomandibular Joint Syndrome (TMJ) Services".

4. Dental anesthesia when provided according to the conditions described in the Covered Benefits Section, "Limited General Anesthesia for Dental Procedures".

32. To the extent permitted by PPACA, no benefits will be paid for Services and supplies provided for the purpose of organ transplantation. Unless PPACA requires otherwise, all organ transplants are excluded from coverage, including but not limited to: heart, lung, liver, kidney, pancreas, bone marrow and cornea. Autologous bone marrow transplant (where the donor is also the recipient) is also excluded. Services and supplies directly related to the transplant, such as tissue typing and other pre-operative procedures are excluded as are Services and supplies provided post-operatively which are a consequence of the transplant surgery or the presence of the transplanted organ. This exclusion for post-operative supplies, to include anti-rejection or immunosuppressant medications, and Services continues for the life of the patient. Benefits directly related to the transplant will cease as of the time when it is determine that a transplant will be performed.

33. No benefits will be paid for Services and supplies provided in the course of organ donation whether for a Covered Person who is donating an organ or for someone who is donating an organ for transplantation into a Covered Person.

34. No benefits will be paid in connection with elective abortions unless Medically Necessary.

35. No benefits will be paid for vision care services and supplies, including orthoptics (a technique of eye exercises designed to correct the visual axes of eyes not properly coordinated for binocular vision), lasik, keratoplasty, and radial keratotomy, including related procedures designed to surgically correct refractive errors except as provided in the Covered Benefits section of the Group Health Insurance Certificate.

36. No benefits will be paid for eyeglasses or contact lenses or for Services and supplies in connection with surgery for the purpose of diagnosing or correcting errors in refraction.

37. No benefits will be paid in connection with any injuries sustained while the Covered Person is operating any wheeled vehicle during an organized, off-road, competitive sporting event.

38. No benefits will be paid for personal comfort or convenience items, including those services and supplies not directly related to medical care, such as guest meals and accommodations, barber services, telephone charges, radio and television rentals, homemaker services, travel expenses, take-home supplies.

39. No benefits will be paid in connection with dialysis treatments which would not have been charged in the absence of the Plan.

40. No benefits will be paid for Services and supplies provided for the treatment of/for mental retardation or mental deficiency.

41. No benefits will be paid for hypnotherapy.

42. No benefits will be paid for religious, marital and sex counseling, including services and treatment related to religious counseling, marital/relationship counseling, and sex therapy.

43. No benefits will be paid for cosmetic Surgery, or other services intended primarily to improve the Member's appearance or treatment relating to the consequences of, or as a result of, Cosmetic Surgery. This exclusion does not apply to:

1. Medically Necessary reconstructive surgery as described in the Covered Benefits sections Mastectomy and Reconstructive Breast Surgery or Reconstructive Surgery.

2. surgery to correct the results of injuries causing an impairment;

3. surgery as a continuation of a staged reconstruction procedure, including but not limited to post-mastectomy reconstruction;

4. surgery to correct congenital defects necessary to restore normal bodily functions, including but not limited to, cleft lip and cleft palate.

44. No benefits will be paid for routine foot/hand care, including routine reduction of nails, calluses and corns.

45. Except as otherwise provided in this agreement, no benefit will be paid for specific non-standard allergy services and supplies, including but not limited to, skin titration (wrinkle method), cytotoxicity testing (Bryan's Test), treatment of non-specific candida sensitivity, and urine autoinjections.

46. No benefits will be paid for Services and supplies associated with growth hormone treatment unless the Covered Person is proven to have growth hormone deficiency using accepted stimulated growth hormone analyses and also shows an accelerated growth response to growth hormone treatment. Under no circumstances will growth hormone treatment be covered to treat short stature in the absence of proven growth hormone deficiency.

47. No benefits will be paid for Services and supplies provided for liposuction.

48. No benefits will be paid for weight reduction programs, or dietary supplements, except as pre-authorized by Company for the Medically Necessary treatment of morbid obesity.

49. No benefits will be paid for any drug, food substitute or supplement or any other product, which is primarily for weight reduction even if it is prescribed by a Physician.

50. If for the purpose of weight reduction or aesthetic purposes, no benefits will be paid in connection with gastric bypass, stapling or reversal.

51. No benefits will be paid for surgical operations, procedures or treatment of obesity, except when pre-authorized by Company.

52. No benefits will be paid for the treatment of male or female Infertility, including but not limited to:

1. The purchase of donor sperm and any charges for the storage of sperm;

2. The purchase of donor eggs and any charge associated with care of the donor required for donor egg retrievals or transfers or gestational carriers;

3. Charges associated with cryopreservation or storage of cryopreserved embryos (e.g. office, hospital, ultrasounds, laboratory tests, etc.);

4. Home ovulation prediction kits;

5. Injectable Infertility medications, including but not limited to, menotropins, hCG, GnRH agonists, IVIG;

6. Artificial Insemination, including in vitro fertilization (IVF), gamete intrafallopian tube transfer (GIFT), zygote intrafallopian tube transfer (ZIFT), and intracytoplasmic sperm injection (ICSI), and any advanced reproductive technology ("ART") procedures or services related to such procedures;

7. Any charges associated with care required for ART (e.g., office, Hospital, ultrasounds, laboratory tests, etc.);

8. Donor egg retrieval or fees associated with donor egg programs, including but not limited to fees for laboratory tests;

9. Any charge associated with a frozen embryo transfer including but not limited to thawing charges;

10. Reversal of sterilization surgery; and

11. Any charges associated with obtaining sperm for ART procedures.

53. No benefits will be paid for the purchase or rental of durable or disposable medical equipment and supplies, other than for equipment and supplies used in a Hospital or Skilled Nursing Facility or in conjunction with an approved Hospital or Skilled Nursing Facility confinement or as otherwise noted in the Agreement.

54. No benefits will be paid for household equipment, including but not limited to, the purchase or rental of exercise cycles, water purifiers, hypo-allergenic pillows, mattresses or waterbed, whirlpool or swimming pools, exercise and massage equipment, central or unit air conditioners, air purifiers, humidifiers, dehumidifiers, escalators, elevators, ramps, stair glides, emergency alert equipment, handrails, heat appliances, improvements made to a Member's house or place of business, and adjustments to vehicles.

55. No benefits will be paid for outpatient supplies (except diabetic supplies), including but not limited to, outpatient medical consumable or disposable supplies such as syringes, incontinence pads, and elastic stockings.

56. No benefits will be paid for Services and supplies provided for penile implants of any type.

57. Except for intraocular lens implants, pace makers, heart valves, cardiac stents and as provided herein Exhibit E, no benefits will be paid in connection with any implants or transplants.

58. No benefits will be paid for Services and supplies to correct sexual dysfunction.

59. Except as specifically provided, if a benefit is excluded, all Hospital, surgical, medical treatments, prescription drugs, laboratory services, and x-rays in relation to the excluded benefits are also excluded as of the time it is determined that the benefit is excluded.

60. Except as specifically provided in this Agreement, no benefits will be provided for Services and supplies not ordered by a Physician or not Medically Necessary.

61. Except as specifically provided in this Agreement, no benefits will be provided for the treatment of orthopedic conditions, prosthetic devices or any Services related thereto, including:

1. External devices: Non-orthopedic external prosthetic devices, disposable prosthetic devices, non-orthopedic corrective appliances and prosthetic and orthotic devices and supplies available over-the-counter.

2. Internal devices: Non-orthopedic internal prosthetic devices, except pacemakers, heart valves, intra ocular lenses and stents.

3. Orthopedic footwear: Orthopedic footwear unless attached to an artificial foot or unless attached as a permanent part of a leg brace.

4. Motorized limbs: Motorized artificial limbs.

5. Durable medical equipment: Durable medical equipment, unless specifically covered in this Agreement.

62. No benefits will be paid for temporomandibular joint disorder treatment (TMJ) including treatment performed by prosthesis placed directly on the teeth except as covered in the Covered Benefits Section

63. Except as specifically provided in this Agreement, no benefits will be paid for corrective appliances, artificial aids and durable equipment, including inhalation therapy related equipment.

64. No benefits will be paid for Services for which the Covered Person or Subscriber is not legally obligated to pay.

65. No benefits will be paid for treatment for all relative services, procedures, supplies and medications related to sleeping disorders.

66. No benefits will be paid for recreational, educational, and sleep therapy, including any related diagnostic testing with the exception of diagnostic polysomnograph.

67. No benefit will be paid for ambulance services when used for routine and convenience transportation to receive outpatient or inpatient services, unless deemed medically necessary with prior authorization obtained from Company.

68. Elective or voluntary enhancement procedures, surgeries, services, supplies and medications including, but not limited to, hair growth, hair removal, hair analysis, sexual performance, athletic performance, anti-aging, and mental performance, even if prescribed by a Physician.

69. No benefits will be paid for hospital take-home drugs.

70. No benefits will be paid for fees for any missed appointments or voluntary transfer of records as requested by the Covered Person.

71. No benefits will be paid for educational services and treatment of behavioral disorders, together with services for remedial education including evaluation or treatment of learning disabilities, minimal brain dysfunction, developmental and learning disorders including developmental and learning disorders associated with mental retardation, behavioral training, and cognitive rehabilitation. This includes services, treatment or educational testing and training related to behavioral (conduct) problems, learning disabilities, or developmental delays. Special education, including lessons in sign language to instruct a Member, whose ability to speak has been lost or impaired, to function without that ability, are not covered.

72. No benefits will be paid for Intelligence, IQ, aptitude ability, learning disorders, or interest testing not necessary to determine the appropriate treatment of a psychiatric condition.

73. No benefits will be paid for Psychoanalysis or psychotherapy credited toward earning a degree or furtherance of education or training regardless of diagnosis or symptoms or whether providing or receiving the Service.

74. No benefits will be paid for non-medically necessary services, including but not limited to, those services and supplies:

1. Which are not Medically Necessary, as determined by Company, for the diagnosis and treatment of illness, injury, restoration of physiological functions, or covered preventive services;

2. That do not require the technical skills of a medical, mental health or a dental professional;

3. Furnished mainly for the personal comfort or convenience of the Member, or any person who cares for the Member, or any person who is part of the Member's family, or any Provider;

4. Furnished solely because the Member is an inpatient on any day in which the Member's disease or injury could safely and adequately be diagnosed or treated while not confined;

5. Furnished solely because of the setting if the service or supply could safely and adequately be furnished in a Physician's or a dentist's office or other less costly setting.

75. As required by HIPAA, no source-of-injury exclusion, such as exclusion 4.37 for off-road sporting events, will apply if the accident resulted from an act of domestic violence or a medical condition (including both physical and mental health conditions).

EXHIBIT I

DENTAL PLAN DESIGNS

Offerors should provide proposals for two Dental strategies: 1) The existing plan design, 2) The proposed plan design outlined below.

EXISTING PLAN DESIGN

Dental benefits must include at least the following coverage at participating dentists:

- 100% coverage for diagnostic and preventive services
- 80% coverage for fillings, simple extractions and surgical extractions
- 80% coverage for anesthesia, such as conscious sedation and nitrous oxide/analgesia (laughing gas), for children under age 13
- 50% coverage for endodontics, periodontics and prosthodontics, including crowns and bridges
- $1,000 annual plan maximum (no separate maximums on benefits may be imposed)

PROPOSED PLAN DESIGNS

Provide any cost differential to the insured Dental plan rates above if Medical and Dental plans are unbundled – that is employees may tale Dental without Medical/drug and vice versa.

Cost differential, if any, if employees who take Dental coverage after their initial eligibility (i.e. in future open enrollments) would be restricted to preventive care only for the first year and preventive and basic coverage for the second year, and then eligible for full coverage in year 3 and beyond.

EXHIBIT J

DENTAL EXCLUSIONS

Please see the following for a list of the current dental exclusions. Please indicate if any are not applicable to your proposed plans, or if there are any additional exclusions in your proposed plans.

- Work in progress on the effective date of coverage. Work in progress is defined as:
  - A prosthetic or other appliance, or modification of one, where an impression was made before the patient was covered, or
  - A crown, bridge, or cast restoration for which the tooth was prepared before the patient was covered, or
  - Root canal therapy, if the pulp chamber was opened before the patient was covered.

- Services not specifically listed in the agreement, services not prescribed, performed or supervised by a dentist; services which are not medically or dentally necessary or customarily performed; services that are not indicated because they have a limited or poor prognosis; or services for which there is a less expensive, professionally acceptable alternative.

- Any service unless required and rendered in accordance with accepted standards or dental practice.

- A crown, cast restoration, denture or fixed bridge or addition of teeth to one, if work involves a replacement or modification of a crown, cast restoration, denture or bridge installed less than 5 years ago, or one that replaces a tooth that was missing before the date the enrollee became eligible for services under the plan (including previously extracted or missing teeth).

- Replacement of existing dentures, crowns or fixed bridgework if the existing dentures, crowns or fixed bridgework can be made serviceable.

- Precision attachments, interlocking device, one component of which is fixed to an abutment or abutments the other is integrated into a fixed or removable prosthesis in order to stabilize and/or retain it; or stress breakers, part of a tooth-borne and/or prosthesis designed to relieve the abutment teeth and their supporting tissues from harmful stress .

- Replacement of lost or stolen appliance, or replacement of any appliance damaged while not in the mouth.

- Any service for which the enrollee received benefits under any other coverage offered by the company.

- Spare or duplicate prosthetic devices.

- Services included, related to or required for:
  - Implants;
  - Cosmetic purposes;
  - Services or appliances to change the vertical dimension or to restore or maintain the occlusion, including but not limited to equilibrium, full mouth rehabilitation and restoration for malalignment of teeth;
  - Temporomandibular joint (TMJ) or craniomandibular disorders, myofunctional therapy or the correction or harmful habits;
  - Experimental procedures; and
  - Intentionally self inflicted injury unless resulting from a medical condition (including physical or mental conditions) or from domestic violence.

- Any over the counter drugs or medicine.

- Fluoride varnish.

- Charges for finance charge, broken appointments, completion of insurance forms or reports, providing records, oral hygiene instruction, pit and fissure sealants and dietary instruction, or lack of cooperation on the part of the patient.

- Charges in excess of the amount allowed by the plan for a covered service.
- Any treatment, material, or supplies which are for orthodontic treatment, including extractions for orthodontics.
- Services for which no charge would have been made had the agreement not been in effect.
- All treatments not specifically stated as being covered.
- Surgical grafting procedures.
- General anesthetic, conscious sedation, and other forms of relative analgesia, except as otherwise specifically provided herein.
- Services paid for by Workers' Compensation.
- Charges incurred while confined as an inpatient in hospital unless such charges would have been covered had treatment been rendered in dental office.
- Treatment and/or removal of oral tumors.
- All surgical procedures except for surgical extractions of teeth and periodontal surgeries performed by a dentist.
- Panoramic x-ray or full mouth x-ray if provided less than 3 years from the covered person's last full mouth x-ray; and full mouth x-rays if provided less than three years from Covered Person's last panoramic x-ray.

EXHIBIT K

Form A
AFFIDAVIT DISCLOSING OWNERSHIP and COMMISSIONS

CITY OF _____)
_____) ss.
STATE OF _____)

A. I, the undersigned, being first duly sworn, depose and say that I am an authorized representative of the offeror and that [*please check only one*]:

[ ] The offeror is an individual or sole proprietor and owns the entire (100%) interest in the offering business.

[ ] The offeror is a corporation, partnership, joint venture, or association known as _____[*please state name of offeror company*], and the persons, companies, partners, or joint venturers who have held more than 10% of the shares or interest in the offering business during the 365 days immediately preceding the submission date of the proposal are as follows [*if none, please so state*]:

Name	Address	% of Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____

B. Further, I say that the persons who have received or are entitled to receive a commission, gratuity or other compensation for procuring or assisting in obtaining business related to the bid or proposal for which this affidavit is submitted are as follows [*if none, please so state*]:

Name	Address	Compensation
_____	_____	_____

C. If the ownership of the offering business should change between the time this affidavit is made and the time an award is made or a contract is entered into, then I promise personally to update the disclosure required by 5 GCA §5233 by delivering another affidavit to the Government.

_____
Signature of one of the following:
Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me
this ____ day of _____, 201__.

_____
NOTARY PUBLIC
My commission expires: _____

AG Procurement Form 002 (Rev. Nov. 17, 2005)

EXHIBIT K

Form B
AFFIDAVIT re NON-COLLUSION

CITY OF _____)
) ss.
STATE OF _____)

_____[*state name of affiant signing below*], being first duly sworn, deposes and says that:

1. The name of the offering company or individual is [*state name of company*] _____.

2. The proposal for the solicitation identified above is genuine and not collusive or a sham. The offeror has not colluded, conspired, connived or agreed, directly or indirectly, with any other offeror or person, to put in a sham proposal or to refrain from making an offer. The offeror has not in any manner, directly or indirectly, sought by an agreement or collusion, or communication or conference, with any person to fix the proposal price of offeror or of any other offeror, or to fix any overhead, profit or cost element of said proposal price, or of that of any other offeror, or to secure any advantage against the Government of Guam or any other offeror, or to secure any advantage against the Government of Guam or any person interested in the proposed contract. All statements in this affidavit and in the proposal are true to the best of the knowledge of the undersigned. This statement is made pursuant to 2 GAR Division 4 § 3126(b).

3. I make this statement on behalf of myself as a representative of the offeror, and on behalf of the offeror's officers, representatives, agents, subcontractors, and employees.

_____
Signature of one of the following:
Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me

this _____ day of _____, 201__.

_____
NOTARY PUBLIC
My commission expires _____, _____.

AG Procurement Form 003 (Jul. 12, 2010)

EXHIBIT K

Form C
AFFIDAVIT re NO GRATUITIES or KICKBACKS

CITY OF _____)
) ss.
STATE OF _____)

_____[*state name of affiant signing below*], being first duly sworn, deposes and says that:

1. The name of the offering firm or individual is [*state name of offeror company*] _____. Affiant is _____ [*state one of the following: the offeror, a partner of the offeror, an officer of the offeror*] making the foregoing identified bid or proposal.

2. To the best of affiant's knowledge, neither affiant, nor any of the offeror's officers, representatives, agents, subcontractors, or employees have violated, are violating the prohibition against gratuities and kickbacks set forth in 2 GAR Division 4 § 11107(e). Further, affiant promises, on behalf of offeror, not to violate the prohibition against gratuities and kickbacks as set forth in 2 GAR Division 4 § 11107(e).

3. To the best of affiant's knowledge, neither affiant, nor any of the offeror's officers, representatives, agents, subcontractors, or employees have offered, given or agreed to give, any Government of Guam employee or former Government employee, any payment, gift, kickback, gratuity or offer of employment in connection with the offeror's proposal.

4. I make these statements on behalf of myself as a representative of the offeror, and on behalf of hte offeror's officers, representatives, agents, subcontractors, and employees.

_____
Signature of one of the following:
Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me

this _____ day of _____, 201____.

_____
NOTARY PUBLIC
My commission expires _____, _____.

AG Procurement Form 004 (Jul. 12, 2010)

EXHIBIT K

Form D
AFFIDAVIT re ETHICAL STANDARDS

CITY OF _____)
) ss.
STATE OF _____)

_____[*state name of affiant signing below*], being first duly sworn, deposes and says that:

The affiant is _____ [*state one of the following: the offeror, a partner of the offeror, an officer of the offeror*] making the foregoing identified bid or proposal. To the best of affiant's knowledge, neither affiant nor any officers, representatives, agents, subcontractors or employees of offeror have knowingly influenced any Government of Guam employee to breach any of the ethical standards set forth in 5 GCA Chapter 5, Article 11. Further, affiant promises that neither he or she, nor any officer, representative, agent, subcontractor, or employee of offeror will knowingly influence any Government of Guam employee to breach any ethical standards set forth in 5 GCA Chapter 5, Article 11. These statements are made pursuant to 2 GAR Division 4 § 11103(b).

_____
Signature of one of the following:
Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me
this _____ day of _____, 201__.

_____
NOTARY PUBLIC
My commission expires _____, _____.

AG Procurement Form 005 (Jul. 12, 2010)

EXHIBIT K

Form E
AFFIDAVIT re CONTINGENT FEES

CITY OF _____)
) ss.
STATE OF _____)

_____[*state name of affiant signing below*], being first duly sworn, deposes and says that:

1. The name of the offering company or individual is [*state name of company*] _____.

2. As a part of the offering company's bid or proposal, to the best of my knowledge, the offering company has not retained any person or agency on a percentage, commission, or other contingent arrangement to secure this contract. This statement is made pursuant to 2 GAR Division 4 11108(f).

3. As a part of the offering company's bid or proposal, to the best of my knowledge, the offering company has not retained a person to solicit or secure a contract with the Government of Guam upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies for the purpose of securing business. This statement is made pursuant to 2 GAR Division 4 11108(h).

4. I make these statements on behalf of myself as a representative of the offeror, and on behalf of the offeror's officers, representatives, agents, subcontractors, and employees.

_____
Signature of one of the following:
Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me

this _____ day of _____, 201__.

_____
NOTARY PUBLIC
My commission expires _____, _____.

AG Procurement Form 007 (Jul. 15, 2010)

EXHIBIT K

Form F
DECLARATION re COMPLIANCE WITH U.S. DOL WAGE DETERMINATION

Procurement No.: _____

Name of Offeror Company: _____

I, _____ hereby **certify under penalty of perjury**:

(1) That I am _____ [*please select one: the offeror, a partner of the offeror, an officer of the offeror*] making the bid or proposal in the foregoing identified procurement;

(2) That I have read and understand the provisions of 5 GCA § 5801 and § 5802 which read:

§ 5801. Wage Determination Established.

In such cases where the Government of Guam enters into contractual arrangements with a sole proprietorship, a partnership or a corporation ("contractor") for the provision of a service to the Government of Guam, and in such cases where the contractor employs a person(s) whose purpose, in whole or in part, is the direct delivery of service contracted by the Government of Guam, then the contractor shall pay such employee(s) in accordance with the Wage Determination for Guam and the Northern Mariana Islands issued and promulgated by the U.S. Department of Labor for such labor as is employed in the direct delivery of contract deliverables to the Government of Guam.

The Wage Determination most recently issued by the U.S. Department of Labor at the time a contract is awarded to a contractor by the Government of Guam shall be used to determine wages, which shall be paid to employees pursuant to this Article. Should any contract contain a renewal clause, then at the time of renewal adjustments, there shall be made stipulations contained in that contract for applying the Wage Determination, as required by this Article, so that the Wage Determination promulgated by the U.S. Department of Labor on a date most recent to the renewal date shall apply.

§ 5802. Benefits.

In addition to the Wage Determination detailed in this Article, any contract to which this Article applies shall also contain provisions mandating health and similar benefits for employees covered by this Article, such benefits having a minimum value as detailed in the Wage Determination issued and promulgated by the U.S. Department of Labor, and shall contain provisions guaranteeing a minimum of ten (10) paid holidays per annum per employee.

(3) That the offeror is in full compliance with 5 GCA § 5801 and § 5802, as may be applicable to the procurement referenced herein;

(4) That I have attached the most recent wage determination applicable to Guam issued by the U.S. Department of Labor. [*INSTRUCTIONS - Please attach!*]

_____
Signature

_____
Date

AG Procurement Form 006 (Feb. 16, 2010)

EXHIBIT K

Wage Determination List

See attached

WD 05-2147 (Rev.-13) was first posted on www.wdol.gov on 06/17/2011

REGISTER OF WAGE DETERMINATIONS UNDER THE SERVICE CONTRACT ACT
By direction of the Secretary of Labor

U.S. DEPARTMENT OF LABOR
EMPLOYMENT STANDARDS ADMINISTRATION
WAGE AND HOUR DIVISION
WASHINGTON D.C. 20210

Wage Determination No.: 2005-2147
Revision No.: 13
Date Of Revision: 06/13/2011

Diane C. Koplewski
Director

Division of
Wage Determinations

States: Guam, Northern Marianas, Wake Island

Area: Guam Statewide
Northern Marianas Statewide
Wake Island Statewide

Fringe Benefits Required Follow the Occupational Listing

OCCUPATION CODE - TITLE	FOOTNOTE	RATE
01000 - Administrative Support And Clerical Occupations		
01011 - Accounting Clerk I		12.50
01012 - Accounting Clerk II		13.53
01013 - Accounting Clerk III		15.59
01020 - Administrative Assistant		17.67
01040 - Court Reporter		15.38
01051 - Data Entry Operator I		10.48
01052 - Data Entry Operator II		11.99
01060 - Dispatcher, Motor Vehicle		13.06
01070 - Document Preparation Clerk		12.25
01090 - Duplicating Machine Operator		12.25
01111 - General Clerk I		10.29
01112 - General Clerk II		11.28
01113 - General Clerk III		12.32
01120 - Housing Referral Assistant		17.15
01141 - Messenger Courier		10.12
01191 - Order Clerk I		11.23
01192 - Order Clerk II		12.25
01261 - Personnel Assistant (Employment) I		14.33
01262 - Personnel Assistant (Employment) II		14.90
01263 - Personnel Assistant (Employment) III		16.48
01270 - Production Control Clerk		18.34
01280 - Receptionist		9.67
01290 - Rental Clerk		11.10
01300 - Scheduler, Maintenance		13.75
01311 - Secretary I		13.75
01312 - Secretary II		15.38
01313 - Secretary III		17.15
01320 - Service Order Dispatcher		11.57
01410 - Supply Technician		17.67
01420 - Survey Worker		15.26
01531 - Travel Clerk I		11.61
01532 - Travel Clerk II		12.57
01533 - Travel Clerk III		13.44
01611 - Word Processor I		12.25
01612 - Word Processor II		13.75
01613 - Word Processor III		15.38
05000 - Automotive Service Occupations		
05005 - Automobile Body Repairer, Fiberglass		13.34
05010 - Automotive Electrician		13.06

05040 - Automotive Glass Installer	12.10
05070 - Automotive Worker	12.10
05110 - Mobile Equipment Servicer	8.59
05130 - Motor Equipment Metal Mechanic	13.06
05160 - Motor Equipment Metal Worker	12.10
05190 - Motor Vehicle Mechanic	13.06
05220 - Motor Vehicle Mechanic Helper	10.12
05250 - Motor Vehicle Upholstery Worker	12.10
05280 - Motor Vehicle Wrecker	12.10
05310 - Painter, Automotive	12.37
05340 - Radiator Repair Specialist	12.10
05370 - Tire Repairer	7.81
05400 - Transmission Repair Specialist	12.10
07000 - Food Preparation And Service Occupations	
07010 - Baker	10.47
07041 - Cook I	9.54
07042 - Cook II	11.78
07070 - Dishwasher	7.25
07130 - Food Service Worker	7.78
07210 - Meat Cutter	11.86
07260 - Waiter/Waitress	7.59
09000 - Furniture Maintenance And Repair Occupations	
09010 - Electrostatic Spray Painter	14.38
09040 - Furniture Handler	8.85
09080 - Furniture Refinisher	14.38
09090 - Furniture Refinisher Helper	10.66
09110 - Furniture Repairer, Minor	12.51
09130 - Upholsterer	14.38
11000 - General Services And Support Occupations	
11030 - Cleaner, Vehicles	8.23
11060 - Elevator Operator	8.23
11090 - Gardener	10.99
11122 - Housekeeping Aide	8.33
11150 - Janitor	8.23
11210 - Laborer, Grounds Maintenance	9.14
11240 - Maid or Houseman	7.25
11260 - Pruner	8.23
11270 - Tractor Operator	10.33
11330 - Trail Maintenance Worker	9.14
11360 - Window Cleaner	9.14
12000 - Health Occupations	
12010 - Ambulance Driver	15.81
12011 - Breath Alcohol Technician	15.81
12012 - Certified Occupational Therapist Assistant	21.70
12015 - Certified Physical Therapist Assistant	21.70
12020 - Dental Assistant	13.20
12025 - Dental Hygienist	29.85
12030 - EKG Technician	23.96
12035 - Electroneurodiagnostic Technologist	23.96
12040 - Emergency Medical Technician	15.81
12071 - Licensed Practical Nurse I	14.14
12072 - Licensed Practical Nurse II	15.81
12073 - Licensed Practical Nurse III	17.63
12100 - Medical Assistant	11.54
12130 - Medical Laboratory Technician	14.14
12160 - Medical Record Clerk	11.82
12190 - Medical Record Technician	13.59
12195 - Medical Transcriptionist	14.14
12210 - Nuclear Medicine Technologist	34.75
12221 - Nursing Assistant I	10.03
12222 - Nursing Assistant II	11.30

12223 - Nursing Assistant III		12.31
12224 - Nursing Assistant IV		13.84
12235 - Optical Dispenser		15.81
12236 - Optical Technician		14.14
12250 - Pharmacy Technician		13.41
12280 - Phlebotomist		13.84
12305 - Radiologic Technologist		22.64
12311 - Registered Nurse I		20.70
12312 - Registered Nurse II		25.32
12313 - Registered Nurse II, Specialist		25.32
12314 - Registered Nurse III		30.64
12315 - Registered Nurse III, Anesthetist		30.64
12316 - Registered Nurse IV		36.72
12317 - Scheduler (Drug and Alcohol Testing)		19.59
13000 - Information And Arts Occupations		
13011 - Exhibits Specialist I		15.06
13012 - Exhibits Specialist II		18.66
13013 - Exhibits Specialist III		22.83
13041 - Illustrator I		15.06
13042 - Illustrator II		18.66
13043 - Illustrator III		22.83
13047 - Librarian		20.66
13050 - Library Aide/Clerk		12.00
13054 - Library Information Technology Systems Administrator		18.66
13058 - Library Technician		15.06
13061 - Media Specialist I		13.46
13062 - Media Specialist II		15.06
13063 - Media Specialist III		16.80
13071 - Photographer I		12.82
13072 - Photographer II		14.32
13073 - Photographer III		17.75
13074 - Photographer IV		21.73
13075 - Photographer V		26.30
13110 - Video Teleconference Technician		12.91
14000 - Information Technology Occupations		
14041 - Computer Operator I		13.65
14042 - Computer Operator II		15.76
14043 - Computer Operator III		17.56
14044 - Computer Operator IV		19.50
14045 - Computer Operator V		21.81
14071 - Computer Programmer I	(see 1)	15.73
14072 - Computer Programmer II	(see 1)	19.50
14073 - Computer Programmer III	(see 1)	23.84
14074 - Computer Programmer IV	(see 1)	
14101 - Computer Systems Analyst I	(see 1)	24.23
14102 - Computer Systems Analyst II	(see 1)	
14103 - Computer Systems Analyst III	(see 1)	
14150 - Peripheral Equipment Operator		13.65
14160 - Personal Computer Support Technician		19.50
15000 - Instructional Occupations		
15010 - Aircrew Training Devices Instructor (Non-Rated)		24.23
15020 - Aircrew Training Devices Instructor (Rated)		29.32
15030 - Air Crew Training Devices Instructor (Pilot)		33.30
15050 - Computer Based Training Specialist / Instructor		24.23
15060 - Educational Technologist		22.82
15070 - Flight Instructor (Pilot)		33.30
15080 - Graphic Artist		20.47
15090 - Technical Instructor		17.65
15095 - Technical Instructor/Course Developer		21.58
15110 - Test Proctor		13.87

15120 - Tutor	13.87
16000 - Laundry, Dry-Cleaning, Pressing And Related Occupations	
16010 - Assembler	8.08
16030 - Counter Attendant	8.08
16040 - Dry Cleaner	9.34
16070 - Finisher, Flatwork, Machine	8.08
16090 - Presser, Hand	8.08
16110 - Presser, Machine, Drycleaning	8.08
16130 - Presser, Machine, Shirts	8.08
16160 - Presser, Machine, Wearing Apparel, Laundry	8.08
16190 - Sewing Machine Operator	9.86
16220 - Tailor	10.33
16250 - Washer, Machine	8.46
19000 - Machine Tool Operation And Repair Occupations	
19010 - Machine-Tool Operator (Tool Room)	14.49
19040 - Tool And Die Maker	18.20
21000 - Materials Handling And Packing Occupations	
21020 - Forklift Operator	12.49
21030 - Material Coordinator	18.34
21040 - Material Expediter	18.34
21050 - Material Handling Laborer	10.65
21071 - Order Filler	9.66
21080 - Production Line Worker (Food Processing)	12.49
21110 - Shipping Packer	13.33
21130 - Shipping/Receiving Clerk	13.33
21140 - Store Worker I	13.23
21150 - Stock Clerk	18.58
21210 - Tools And Parts Attendant	12.49
21410 - Warehouse Specialist	12.49
23000 - Mechanics And Maintenance And Repair Occupations	
23010 - Aerospace Structural Welder	20.69
23021 - Aircraft Mechanic I	19.70
23022 - Aircraft Mechanic II	20.69
23023 - Aircraft Mechanic III	21.74
23040 - Aircraft Mechanic Helper	13.70
23050 - Aircraft, Painter	18.50
23060 - Aircraft Servicer	16.09
23080 - Aircraft Worker	17.38
23110 - Appliance Mechanic	14.49
23120 - Bicycle Repairer	9.74
23125 - Cable Splicer	15.43
23130 - Carpenter, Maintenance	13.00
23140 - Carpet Layer	13.55
23160 - Electrician, Maintenance	14.99
23181 - Electronics Technician Maintenance I	14.72
23182 - Electronics Technician Maintenance II	15.05
23183 - Electronics Technician Maintenance III	18.31
23260 - Fabric Worker	12.60
23290 - Fire Alarm System Mechanic	15.43
23310 - Fire Extinguisher Repairer	11.67
23311 - Fuel Distribution System Mechanic	15.43
23312 - Fuel Distribution System Operator	13.01
23370 - General Maintenance Worker	11.95
23380 - Ground Support Equipment Mechanic	19.70
23381 - Ground Support Equipment Servicer	16.09
23382 - Ground Support Equipment Worker	17.38
23391 - Gunsmith I	11.67
23392 - Gunsmith II	13.55
23393 - Gunsmith III	15.43
23410 - Heating, Ventilation And Air-Conditioning Mechanic	15.76

23411 - Heating, Ventilation And Air Contditioning Mechanic (Research Facility)	16.55
23430 - Heavy Equipment Mechanic	15.15
23440 - Heavy Equipment Operator	13.73
23460 - Instrument Mechanic	15.43
23465 - Laboratory/Shelter Mechanic	14.49
23470 - Laborer	10.65
23510 - Locksmith	14.49
23530 - Machinery Maintenance Mechanic	17.38
23550 - Machinist, Maintenance	15.43
23580 - Maintenance Trades Helper	9.92
23591 - Metrology Technician I	15.43
23592 - Metrology Technician II	16.41
23593 - Metrology Technician III	17.37
23640 - Millwright	15.43
23710 - Office Appliance Repairer	14.38
23760 - Painter, Maintenance	13.55
23790 - Pipefitter, Maintenance	15.32
23810 - Plumber, Maintenance	14.38
23820 - Pneudraulic Systems Mechanic	15.43
23850 - Rigger	15.43
23870 - Scale Mechanic	13.55
23890 - Sheet-Metal Worker, Maintenance	15.21
23910 - Small Engine Mechanic	13.55
23931 - Telecommunications Mechanic I	19.01
23932 - Telecommunications Mechanic II	19.76
23950 - Telephone Lineman	18.24
23960 - Welder, Combination, Maintenance	14.66
23965 - Well Driller	15.43
23970 - Woodcraft Worker	15.43
23980 - Woodworker	11.67
24000 - Personal Needs Occupations	
24570 - Child Care Attendant	10.09
24580 - Child Care Center Clerk	12.58
24610 - Chore Aide	12.43
24620 - Family Readiness And Support Services Coordinator	12.44
24630 - Homemaker	16.12
25000 - Plant And System Operations Occupations	
25010 - Boiler Tender	15.43
25040 - Sewage Plant Operator	14.49
25070 - Stationary Engineer	15.43
25190 - Ventilation Equipment Tender	10.73
25210 - Water Treatment Plant Operator	14.49
27000 - Protective Service Occupations	
27004 - Alarm Monitor	10.90
27007 - Baggage Inspector	7.35
27008 - Corrections Officer	12.05
27010 - Court Security Officer	12.05
27030 - Detection Dog Handler	10.90
27040 - Detention Officer	12.05
27070 - Firefighter	12.05
27101 - Guard I	7.37
27102 - Guard II	10.90
27131 - Police Officer I	12.05
27132 - Police Officer II	13.40
28000 - Recreation Occupations	
28041 - Carnival Equipment Operator	9.53
28042 - Carnival Equipment Repairer	10.08
28043 - Carnival Equpment Worker	7.78
28210 - Gate Attendant/Gate Tender	13.18

28310 - Lifeguard		11.01
28350 - Park Attendant (Aide)		14.74
28510 - Recreation Aide/Health Facility Attendant		10.76
28515 - Recreation Specialist		18.26
28630 - Sports Official		11.74
28690 - Swimming Pool Operator		17.71
29000 - Stevedoring/Longshoremen Occupational Services		
29010 - Blocker And Bracer		15.20
29020 - Hatch Tender		15.20
29030 - Line Handler		15.20
29041 - Stevedore I		14.22
29042 - Stevedore II		16.25
30000 - Technical Occupations		
30010 - Air Traffic Control Specialist, Center (HFO)	(see 2)	35.77
30011 - Air Traffic Control Specialist, Station (HFO)	(see 2)	24.66
30012 - Air Traffic Control Specialist, Terminal (HFO)	(see 2)	27.16
30021 - Archeological Technician I		17.49
30022 - Archeological Technician II		19.56
30023 - Archeological Technician III		24.21
30030 - Cartographic Technician		23.18
30040 - Civil Engineering Technician		21.93
30061 - Drafter/CAD Operator I		17.49
30062 - Drafter/CAD Operator II		19.56
30063 - Drafter/CAD Operator III		20.74
30064 - Drafter/CAD Operator IV		24.21
30081 - Engineering Technician I		14.62
30082 - Engineering Technician II		16.41
30083 - Engineering Technician III		18.36
30084 - Engineering Technician IV		22.34
30085 - Engineering Technician V		27.83
30086 - Engineering Technician VI		33.66
30090 - Environmental Technician		21.10
30210 - Laboratory Technician		20.74
30240 - Mathematical Technician		23.34
30361 - Paralegal/Legal Assistant I		19.06
30362 - Paralegal/Legal Assistant II		21.53
30363 - Paralegal/Legal Assistant III		26.35
30364 - Paralegal/Legal Assistant IV		30.80
30390 - Photo-Optics Technician		21.93
30461 - Technical Writer I		22.17
30462 - Technical Writer II		27.10
30463 - Technical Writer III		32.79
30491 - Unexploded Ordnance (UXO) Technician I		22.74
30492 - Unexploded Ordnance (UXO) Technician II		27.51
30493 - Unexploded Ordnance (UXO) Technician III		32.97
30494 - Unexploded (UXO) Safety Escort		22.74
30495 - Unexploded (UXO) Sweep Personnel		22.74
30620 - Weather Observer, Combined Upper Air Or Surface Programs	(see 2)	20.74
30621 - Weather Observer, Senior	(see 2)	23.00
31000 - Transportation/Mobile Equipment Operation Occupations		
31020 - Bus Aide		8.15
31030 - Bus Driver		9.69
31043 - Driver Courier		8.97
31260 - Parking and Lot Attendant		7.25
31290 - Shuttle Bus Driver		9.99
31310 - Taxi Driver		8.21
31361 - Truckdriver, Light		8.97
31362 - Truckdriver, Medium		11.61
31363 - Truckdriver, Heavy		12.48
31364 - Truckdriver, Tractor-Trailer		12.48

99000 - Miscellaneous Occupations	
99030 - Cashier	7.46
99050 - Desk Clerk	9.70
99095 - Embalmer	22.74
99251 - Laboratory Animal Caretaker I	16.24
99252 - Laboratory Animal Caretaker II	17.04
99310 - Mortician	22.74
99410 - Pest Controller	13.28
99510 - Photofinishing Worker	11.95
99710 - Recycling Laborer	10.76
99711 - Recycling Specialist	16.27
99730 - Refuse Collector	10.24
99810 - Sales Clerk	8.95
99820 - School Crossing Guard	15.03
99830 - Survey Party Chief	20.30
99831 - Surveying Aide	11.54
99832 - Surveying Technician	15.00
99840 - Vending Machine Attendant	20.19
99841 - Vending Machine Repairer	23.57
99842 - Vending Machine Repairer Helper	20.19

ALL OCCUPATIONS LISTED ABOVE RECEIVE THE FOLLOWING BENEFITS:

HEALTH & WELFARE: $3.59 per hour or $143.60 per week or $622.27 per month

VACATION: 2 weeks paid vacation after 1 year of service with a contractor or successor; and 4 weeks after 3 years. Length of service includes the whole span of continuous service with the present contractor or successor, wherever employed, and with the predecessor contractors in the performance of similar work at the same Federal facility. (Reg. 29 CFR 4.173)

HOLIDAYS: A minimum of ten paid holidays per year, New Year's Day, Martin Luther King Jr's Birthday, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day, and Christmas Day. (A contractor may substitute for any of the named holidays another day off with pay in accordance with a plan communicated to the employees involved.) (See 29 CFR 4174)

THE OCCUPATIONS WHICH HAVE NUMBERED FOOTNOTES IN PARENTHESES RECEIVE THE FOLLOWING:

1) COMPUTER EMPLOYEES: Under the SCA at section 8(b), this wage determination does not apply to any employee who individually qualifies as a bona fide executive, administrative, or professional employee as defined in 29 C.F.R. Part 541. Because most Computer System Analysts and Computer Programmers who are compensated at a rate not less than $27.63 (or on a salary or fee basis at a rate not less than $455 per week) an hour would likely qualify as exempt computer professionals, (29 C.F.R. 541. 400) wage rates may not be listed on this wage determination for all occupations within those job families. In addition, because this wage determination may not list a wage rate for some or all occupations within those job families if the survey data indicates that the prevailing wage rate for the occupation equals or exceeds $27.63 per hour conformances may be necessary for certain nonexempt employees. For example, if an individual employee is nonexempt but nevertheless performs duties within the scope of one of the Computer Systems Analyst or Computer Programmer occupations for which this wage determination does not specify an SCA wage rate, then the wage rate for that employee must be conformed in accordance with the

conformance procedures described in the conformance note included on this wage determination.

Additionally, because job titles vary widely and change quickly in the computer industry, job titles are not determinative of the application of the computer professional exemption. Therefore, the exemption applies only to computer employees who satisfy the compensation requirements and whose primary duty consists of:

(1) The application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software or system functional specifications;

(2) The design, development, documentation, analysis, creation, testing or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications;

(3) The design, documentation, testing, creation or modification of computer programs related to machine operating systems; or

(4) A combination of the aforementioned duties, the performance of which requires the same level of skills. (29 C.F.R. 541.400).

2) AIR TRAFFIC CONTROLLERS AND WEATHER OBSERVERS - NIGHT PAY & SUNDAY PAY: If you work at night as part of a regular tour of duty, you will earn a night differential and receive an additional 10% of basic pay for any hours worked between 6pm and 6am. If you are a full-time employed (40 hours a week) and Sunday is part of your regularly scheduled workweek, you are paid at your rate of basic pay plus a Sunday premium of 25% of your basic rate for each hour of Sunday work which is not overtime (i.e. occasional work on Sunday outside the normal tour of duty is considered overtime work).

HAZARDOUS PAY DIFFERENTIAL: An 8 percent differential is applicable to employees employed in a position that represents a high degree of hazard when working with or in close proximity to ordinance, explosives, and incendiary materials. This includes work such as screening, blending, dying, mixing, and pressing of sensitive ordance, explosives, and pyrotechnic compositions such as lead azide, black powder and photoflash powder. All dry-house activities involving propellants or explosives. Demilitarization, modification, renovation, demolition, and maintenance operations on sensitive ordnance, explosives and incendiary materials. All operations involving regrading and cleaning of artillery ranges.

A 4 percent differential is applicable to employees employed in a position that represents a low degree of hazard when working with, or in close proximity to ordance, (or employees possibly adjacent to) explosives and incendiary materials which involves potential injury such as laceration of hands, face, or arms of the employee engaged in the operation, irritation of the skin, minor burns and the like; minimal damage to immediate or adjacent work area or equipment being used. All operations involving, unloading, storage, and hauling of ordance, explosive, and incendiary ordnance material other than small arms ammunition. These differentials are only applicable to work that has been specifically designated by the agency for ordance, explosives, and incendiary material differential pay.

** UNIFORM ALLOWANCE **

If employees are required to wear uniforms in the performance of this contract (either by the terms of the Government contract, by the employer, by the state or local law, etc.), the cost of furnishing such uniforms and maintaining (by laundering or dry cleaning) such uniforms is an expense that may not be borne by an employee where such cost reduces the hourly rate below that required by the wage determination. The Department of Labor will accept payment in accordance with the following standards as compliance:

The contractor or subcontractor is required to furnish all employees with an adequate number of uniforms without cost or to reimburse employees for the actual

cost of the uniforms. In addition, where uniform cleaning and maintenance is made the responsibility of the employee, all contractors and subcontractors subject to this wage determination shall (in the absence of a bona fide collective bargaining agreement providing for a different amount, or the furnishing of contrary affirmative proof as to the actual cost), reimburse all employees for such cleaning and maintenance at a rate of $3.35 per week (or $.67 cents per day). However, in those instances where the uniforms furnished are made of "wash and wear" materials, may be routinely washed and dried with other personal garments, and do not require any special treatment such as dry cleaning, daily washing, or commercial laundering in order to meet the cleanliness or appearance standards set by the terms of the Government contract, by the contractor, by law, or by the nature of the work, there is no requirement that employees be reimbursed for uniform maintenance costs.

The duties of employees under job titles listed are those described in the "Service Contract Act Directory of Occupations", Fifth Edition, April 2006, unless otherwise indicated. Copies of the Directory are available on the Internet. A links to the Directory may be found on the WHD home page at http://www.dol.gov/esa/whd/ or through the Wage Determinations On-Line (WDOL) Web site at http://wdol.gov/.

REQUEST FOR AUTHORIZATION OF ADDITIONAL CLASSIFICATION AND WAGE RATE {Standard Form 1444 (SF 1444)}

Conformance Process:

The contracting officer shall require that any class of service employee which is not listed herein and which is to be employed under the contract (i.e., the work to be performed is not performed by any classification listed in the wage determination), be classified by the contractor so as to provide a reasonable relationship (i.e., appropriate level of skill comparison) between such unlisted classifications and the classifications listed in the wage determination. Such conformed classes of employees shall be paid the monetary wages and furnished the fringe benefits as are determined. Such conforming process shall be initiated by the contractor prior to the performance of contract work by such unlisted class(es) of employees. The conformed classification, wage rate, and/or fringe benefits shall be retroactive to the commencement date of the contract. {See Section 4.6 (C)(vi)} When multiple wage determinations are included in a contract, a separate SF 1444 should be prepared for each wage determination to which a class(es) is to be conformed.

The process for preparing a conformance request is as follows:

1) When preparing the bid, the contractor identifies the need for a conformed occupation(s) and computes a proposed rate(s).

2) After contract award, the contractor prepares a written report listing in order proposed classification title(s), a Federal grade equivalency (FGE) for each proposed classification(s), job description(s), and rationale for proposed wage rate(s), including information regarding the agreement or disagreement of the authorized representative of the employees involved, or where there is no authorized representative, the employees themselves. This report should be submitted to the contracting officer no later than 30 days after such unlisted class(es) of employees performs any contract work.

3) The contracting officer reviews the proposed action and promptly submits a report of the action, together with the agency's recommendations and pertinent information including the position of the contractor and the employees, to the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, for review. (See section 4.6(b)(2) of Regulations 29 CFR Part 4).

4) Within 30 days of receipt, the Wage and Hour Division approves, modifies, or

disapproves the action via transmittal to the agency contracting officer, or notifies the contracting officer that additional time will be required to process the request.

5) The contracting officer transmits the Wage and Hour decision to the contractor.

6) The contractor informs the affected employees.

Information required by the Regulations must be submitted on SF 1444 or bond paper.

When preparing a conformance request, the "Service Contract Act Directory of Occupations" (the Directory) should be used to compare job definitions to insure that duties requested are not performed by a classification already listed in the wage determination. Remember, it is not the job title, but the required tasks that determine whether a class is included in an established wage determination. Conformances may not be used to artificially split, combine, or subdivide classifications listed in the wage determination.

EXHIBIT L

COPY OF 2 GAR DIV. 4 § 3114

§3114. Competitive Selection Procedures for Services Specified in §2112 (Authority to Contract for Certain Services and Approval of Contracts) of these Regulations.

(a) **Application**. The provisions of this Section apply to every procurement of the services of accountants, physicians, lawyers, dentists, and other professionals as specified in §2112 (Authority to Contract for Certain Services and Approval of Contracts) of these Regulations.

(b) **Conditions for use of Competitive Selection Procedures.** Except as authorized under 5 GCA §5214 (Sole Source Procurement) or 5 GCA §5215 (Emergency Procurement) of the Guam Procurement Act, competitive selection procedures shall be used for all procurement of the services listed in Section 3114(a) (Application) in excess of $5,000. Any procurement of such services not in excess of this amount may be procured in accordance with Section 3111 (Small Purchases) of this Chapter.

(c) **Determination Required Prior to Use of Competitive Selection Procedures.** For the purposes of procuring the services specified in § 3114 (a) (Application), any using agency of the territory may act as a Purchasing Agency except as otherwise provided by law. (The Purchasing Agency shall consult with the Chief Procurement Officer or a designee of such office when procuring such services). However, the Chief Procurement Officer may, in his or her discretion, procure services for a using agency when requested. In either case, the head of the using agency or a designee of such officer shall determine in writing, prior to announcing the need for any such services:

(1) that the services to be acquired are services specified in §3114(a);

(2) that a reasonable inquiry has been conducted, which shall include requesting the appropriate Personnel Services Department to report on the availability of such personnel, and the territory does not have the personnel nor resources to perform the services required under the proposed contract;

(3) the nature of the relationship to be established between the using agency and the contractor by the proposed contract; and

(4) that the using agency has developed, and fully intends to implement, a written plan for utilizing such services which will be included in the contractual statement or work.

(d) **Statement of Qualifications**. When the services specified in §3114(a) (Application) are needed on a recurring basis, the Procurement Officer shall actively solicit persons engaged in providing such services to submit annual statements of qualifications in a prescribed format which shall include the following information:

(1) technical education and training;

(2) general or special experience, certifications, licenses, and membership in professional associations, societies, or boards;

(3) an expression of interest in providing a particular service specified in § 3114(a); and

(4) any other pertinent information requested by the Procurement Officer.
Persons may amend statements of qualifications at any time by filing a new statement.

(e) **Public Notice in Competitive Selection Procedures**. Notice of the need for services specified in Section 3114(a) (Application) be made by the Procurement Officer in the form of a Request for Proposals at least ten (10) days before the proposals are due. Adequate public notice shall be given as provided in §3109(f) (Public Notice), and additionally shall consist of distributing Requests for Proposals to persons interested in performing the services required by the proposed contract.

(f) **Request for Proposals.**

(1) **Contents.** The Request for Proposals shall be in the form specified by the Procurement Officer and contain at least the following information:

(A) the type of services required;

(B) a description of the work involved;

(C) an estimate of when and for how long the services will be required;

(D) the type of contract to be used;

(E) a date by which proposals for the performance of the services shall be submitted;

(F) a statement that the proposals shall be in writing;

(G) a statement that offerors may designate those portions of the proposals which contain trade secrets or other proprietary data which may remain confidential;

(H) a statement of the minimum information that the proposal shall contain, to include:

(i) the name of the offeror, the location of the offeror's principal place of business and, if different, the place of performance of the proposed contract;

(ii) if deemed relevant by the Procurement Officer, the age of the offeror's business and average number of employees over a previous period of time, as specified in the Request for Proposals;

(iii) the abilities, qualifications, and experience of all persons who would be assigned to provide the required services;

(iv) a listing of other contracts under which services similar in scope, size, or discipline to the required services were performed or undertaken within a period of time, as specified in the Request for Proposals;

(v) a plan giving as much detail as is practical explaining how the services will be performed; and

(vi) the factors to be used in the evaluation and selection process and their importance.

(2) **Evaluation**. Proposals shall be evaluated only on the basis of evaluation factors stated in the Request for Proposals. The following factors may be appropriate to use in conducting the evaluation. The relative importance of these and other factors will vary according to the type of services being procured. The minimum factors are:

(A) the plan for performing the required services;

(B) ability to perform the services as reflected by technical training and education, general experience, specific experience in providing the required services, and the qualifications and abilities of personnel proposed to be assigned to perform the personnel proposed to be assigned to perform the services;

(C) the personnel, equipment, and facilities to perform the services currently available or demonstrated to be made available at the time of contracting, and

(D) a record of past performance of similar work.

(g) **Pre-Proposal Conferences** . Pre-proposal conferences, as appropriate, may be conducted in accordance with §3109(h) (Pre-Bid Conferences). Such a conference may be held anytime prior to the date established for submission of proposals.

(h) **Receipt and Handling of Proposals.**

(1) **Registration.** Proposals and modifications shall be time-stamped upon receipt and held in a secure place until the established due date. Proposals shall not be opened publicly nor disclosed to unauthorized persons, but shall be opened in the presence of two or more procurement officials. A Register of Proposals shall be established which shall include for all proposals, the name of each offeror, the number of modifications received, if any, and a description sufficient to identify the services offered. The Register of Proposals shall be opened to public inspection only after award of the contract. Proposals of offerors who are not awarded the contract shall not be opened to public inspection.

(2) **Requests of Nondisclosure of Data.** If the offeror selected for award has requested in writing the nondisclosure of trade secrets and other proprietary data so identified, the head of the agency conducting the procurement or a designee of such office shall examine the request in the proposal to determine its validity prior to entering negotiations. If the parties do not agree as to the disclosure of data in the contract, the head of the agency conducting the procurement or a designee of such officer shall inform the offeror in writing what portion of the proposal will be disclosed and that, unless the offeror withdraws the proposals or protests under 5 GCA Chapter 5 Article 9 (Legal and Contractual Remedies) of the Guam Procurement Act, the proposal will be so disclosed.

(i) **Discussion.**

(1) **Discussions Permissible.** The head of the agency conducting the procurement or a designee of such officer shall evaluate all proposals submitted and may conduct discussions with any offeror. The purposes of such discussions shall be to:

(A) determine in greater detail such offeror's qualifications, and

(B) explore with the offeror the scope and nature of the required services, the offeror's proposed method of performance, and the relative utility of alternative methods of approach.

(2) **No Disclosure of Information**. Discussions shall not disclose any information derived from proposals submitted by other offerors, and the agency conducting the procurement shall not disclose any information contained in any proposals until after award of the proposed contract has been made. The proposal of the offeror awarded the contract shall be opened to public inspection except as otherwise provided in the contract. (See §3114(h)(1), Receipt and Handling of Proposals, Registration).

(3) **Modification or Withdrawal of Proposals**. Proposals may be modified or withdrawn at any time prior to the conclusion of discussions.

(j) **Selection of the Best Qualified Offerors** . After conclusion of validation of qualifications, evaluation, and discussion as provided in §3114(i) (Discussions), the head of the agency conducting the procurement or a designee of such officer shall select, in the order of their respective qualification ranking, no fewer than three acceptable offerors (or such lesser number if less than three acceptable
proposals were received) deemed to be the best qualified to provide the required services.

(k) **Submission of Cost or Pricing Data**. The offeror determined to be best qualified shall be required to submit cost or pricing data to the head of the agency conducting the procurement at a time specified prior to the commencement of negotiations in accordance with §3118 (Cost or Pricing Data) of these Regulations.

(l) **Negotiation and Award of Contract.**

(1) **General.** The head of the agency conducting the procurement or a designee of such officer shall negotiate a contract with the best qualified offeror for the required services at compensation determined in writing to be fair and reasonable.

(2) **Elements of Negotiation**. Contract negotiations shall be directed toward:

(A) making certain that the offeror has a clear understanding of the scope of work, specifically, the essential requirements involved in providing the required services;

(B) determining that the offeror will make available the necessary personnel and facilities to perform the services within the required time; and

(C) agreeing upon compensation which is fair and reasonable, taking into account the estimated value of the required services, and the scope, complexity, and nature of such services.

(3) **Successful Negotiation of Contract with Best Qualified Offeror.** If compensation, contract requirements, and contract documents can be agreed upon with the best qualified offeror, the contract shall be awarded to that offeror.

(4) **Failure to Negotiate Contract With Best Qualified Offeror.**

(A) If compensation, contract requirements, or contract documents cannot be agreed upon with the best qualified offeror, a written record stating the reasons therefore shall be placed in the file and the head of the agency conducting procurement or a designee of such officer shall advise such offeror of the termination of negotiations which shall be confirmed by written notice within three days.

(B) Upon failure to negotiate a contract with the best qualified offeror, the head of the agency conducting the procurement or the designee of such officer may enter into negotiations with the next most qualified offeror. If compensation, contract requirements, and contract documents can be agreed upon, then the contract shall be awarded to that offeror. If negotiations again fail, negotiations shall be terminated as provided in Subsection 3114(I)(4)(a) of this Section and commence with the next qualified offeror.

(5) **Notice of Award.** Written notice of award shall be public information and made a part of the contract file.

(6) **Failure to Negotiate Contract with Offerors Initially Selected as Best Qualified.** Should the head of the agency conducting the procurement or a designee of such officer be unable to negotiate a contract with any of the offerors initially selected as the best qualified offerors, offers may be resolicited or additional offerors may be selected based on original, acceptable submissions in the order of their respective qualification ranking and negotiations may continue in accordance with Subsection 3114(I)(4) of this Section until an agreement is reached and the contract awarded.

(m) **Memorandum of Evaluation and Negotiation.** At the conclusion of negotiations resulting in the award of the contract, the head of the agency conducting the procurement or a designee of such officer shall prepare a memorandum setting forth the basis of award including:

(1) how the evaluation factors stated in the Request for Proposals were applied to determine the best qualified offerors; and

(2) the principal elements of the negotiations including the significant considerations relating to price and the other terms of the contract. All memoranda shall be included in the contract file and be available for public inspection.

(n) **Approval of Contracts for Legal Services.** As provided by §2111 (Authority to Contract for Certain Service, Approval of Contracts for Legal Services) of these Regulations, no contract for the services of legal counsel may be awarded without the approval of the Attorney General.

(o) **Reports.** The head of each using agency shall submit annually to the Chief Procurement Officer a listing of all contracts awarded under §3114 of these Regulations in the preceding fiscal year. The report shall identify the parties to the contract, the contract amount, duration, and the services to be performed thereunder.

EXHIBIT M

GOVERNMENT OF GUAM
ADMINISTRATIVE PROCEDURES

A. Good Faith Negotiations

Both teams shall be fully committed to good faith negotiations. Both teams shall carefully and respectfully listen to the other and shall make best efforts to reach satisfactory agreements on all issues. Both teams shall fully cooperate in providing any clarification or documentation reasonably requested by the other. If one team disagrees with a position taken by the other, the disagreeing team will detail its concerns, which will be duly considered and responded to by the other team.

B. Expenses

The Government will make every effort to secure a site conducive to negotiations on Government facilities. In the event such arrangements cannot be made, the offerors will make such arrangements. If arrangements are made by the offeror, expenses relating to the accommodations for the negotiations site are the responsibility of the offeror. The site will include basic office equipment and a caucus room for both parties. Equipment includes a flip chart or white board, access to a telephone, facsimile machine and a photocopier machine. The offeror will advise the Government of Guam of the negotiation site for the approval of the Government.

C. Confidentiality

1. During the course of the negotiations, no matters regarding the negotiations shall be discussed with anyone except members of the negotiating teams or officials of either the Government of Guam or the Insurance Company who are directly involved with the negotiations.
2. Utmost care shall be taken to ensure that no other person gains access to any negotiation information or materials.

D. Media/Ex Parte Communications

If any communications are to be made to the media or other persons outside those immediately involved in the negotiations, such communications shall be prepared and presented jointly by the negotiating teams. Further, except for necessary information on benefits and administration, no carrier shall release any information to the media, or to any enrollee or other person regarding any aspect of the plan, including its profitability or the reasons for rate or benefit changes, without the Government of Guam's written approval.

E. Copies

If one team submits a document to the other team, the submitting team shall, at the same time, provide a copy of such document to each member of the other team.

F. Caucusing

1. Either team may call a caucus at any time. However, both teams shall make best efforts to consolidate issues to discuss during caucuses and to use the designated caucus times rather than interrupting the negotiations.
2. The team calling the caucus may remain in the negotiating room and the other team will excuse itself, unless otherwise agreed.

G. Negotiated Changes

Negotiated contractual changes shall be noted during the negotiations and, if needed, taped at the conclusion of the negotiations.

H. Tape Recording

1. In general, the negotiations will not be tape recorded, except that agreements reached during the negotiations may be taped at the conclusion of the negotiations.

2. Notwithstanding the provisions of paragraph H.1 above, either team shall be entitled to tape sections or all of the negotiations, if they so desire, provided they notify the other team before they begin the taping.

I. Allotted Time

Each offeror's negotiations shall be concluded within three days. If additional time is requested by the plan, such may be granted by the Government of Guam's team at its sole option.

J. Impasses

1. If the teams cannot reach an agreement on a particular issue, that issue shall be set aside, if at all possible, and the negotiations proceeded with. Such issue may be revisited at a later stage in the negotiations.

2. If an agreement is not reached on all issues by the close of the negotiations, the Government of Guam's team will recommend against contracting with such Insurance Company.

K. Approval by the Governor

All written or taped agreements made by the Government of Guam's negotiating team are subject to the final approval by the Governor of Guam.

L. Other Approval

Each insurance company shall have a final decision maker at the negotiating table at all times. However, if the commitments made require approval from a company officer or board not at the negotiating table, the Insurance Company shall disclose the officer's name and title or the name of the board on the following line:

_____.

M. Marketing

The plan selected shall comply with the Government of Guam's Marketing Guidelines (Exhibit N). No plan shall market its proposed plan to Government of Guam employees or retirees or dependents thereof prior to receiving written approval from the Director of the Department of Administration.

N. Agreement to Administrative Procedures

The Government of Guam and the Insurance Company shall adhere to these administrative procedures, which are pertinent to the Group Health Insurance Negotiations.

Insurance Company: _____

Print/Signature/Date: _____

EXHIBIT N

GOVERNMENT OF GUAM

MARKETING GUIDELINES FOR HEALTH INSURANCE CARRIERS

These marketing guidelines apply to all Health insurance carriers contracting with or intending to contract with the Government of Guam.

A. MARKETING MATERIALS

1. Each carrier shall prepare a Government of Guam plan brochure, setting forth the benefits and conditions of the plan, for distribution to subscribers and prospective subscribers.

2. Each carrier may prepare other marketing materials, including newspaper and other media advertising copy, in addition to those required in paragraphs 1 above.

3. All marketing materials must be submitted to the Government of Guam's Director of the Department of Administration or his or her designee with a written statement signed by an appropriate officer of the carrier certifying that the materials have been prepared in accordance with these guidelines.

4. The Government of Guam's Director of the Department of Administration must approve the content of all marketing materials in writing. Such written approval, however, does not guarantee the carrier that its marketing materials will be free from future scrutiny or that the carrier will not attract penalties should the marketing materials later be determined to be out of compliance with these guidelines.

5. Marketing materials which have not been approved for content may not be distributed or displayed. Further, no marketing materials may be distributed or displayed prior to the date specified in writing by the Director of the Department of Administration. No marketing materials will be approved for distribution or display prior to the conclusion of negotiations with all carriers.

6. Once approved for content and distribution and display, all marketing materials, excluding newspaper and other media advertising copy, must be made available to the Government of Guam subscribers, prospective subscribers, agencies and departments as quickly as possible.

B. MARKETING STANDARDS

1. All marketing materials, including newspaper and other media advertising and open enrollment presentations, must be truthful and not misleading.

2. All marketing materials must be worded simply, clearly and concisely so that they are readily understandable.

3. All marketing materials must contain sufficient detail to ensure accuracy.

4. At least the plan brochure should contain a statement that full details of the plan are contained in the carrier's contract with the Government of Guam.

5. If an insurance company markets wrongful products, benefits or advertises in their brochure incorrect information, the insurance company must place at least 2 media advertisements, in addition to giving memos to all enrollees, satisfactory to DOA, of correct version. Plans must also prepare an insert of corrected information and include it in all brochures, if not already corrected the language in the brochure.

C. PENALTIES FOR NON-COMPLIANCE

1. Failure to conform to these guidelines may result in corrective action by the Department of Administration. Such corrective action will be appropriate to the circumstances. For example, if a carrier indicates benefits or other plan provisions that are more favorable to enrollees than those specified in the Government of Guam contract, the carrier will be required to provide those more generous benefits or provisions without additional compensation for the entire contract year(s).

2. Interpretation and enforcement of these guidelines shall be at the sole discretion of the Director of the Department of Administration. The Government of Guam shall have no liability with regard to the alleged or actual failure to enforce these guidelines.

D. EXPENSES

1. A Personnel/Payroll Officers meeting will be conducted prior to the Open Enrollment Period. The purpose of this meeting is to advise all department representatives of the benefits available and premiums for the Health insurance program. The insurance company awarded the contract will secure and absorb the cost of the Personnel/Payroll Officers Meeting. Specifications will be provided by the Government.

2. All expenses involved in the preparation and distribution of marketing materials shall be born by the respective carrier. The Government of Guam shall have no liability with regard to any marketing materials or any costs which may be incurred because of any alleged or actual delay in the approval or a carrier's marketing materials.

E. AGREEMENT TO MARKETING GUIDELINES

By signing below, the offeror agrees to comply with the Marketing Guidelines.

Insurance Company: _____

Print/Signature/Date _____

FORM GHI-1

EXHIBIT O

GOVERNMENT OF GUAM
GROUP HEALTH INSURANCE PROGRAM
PREMIUM AND RETENTION QUOTATION
FOR CONTRACT YEAR _____ TO _____

Please see Excel File for Pricing Templates – these must be completed and returned via Excel file as well as PDF file.

Instructions for Completing Form GHI-1

Premium and Retention Quotations

Instruction

1. Compute the expected annual premium, using the monthly premium rates entered on the form and your estimate of the employees in the various classes you enter in space 2.

2. Enter the percent of premiums you expect to use to pay for hospital, surgical, medical and similar services.

3. Subtract the percent in 2 from 100.

4. Show the percent of total premiums to be used for each of the various expense categories listed. Show if you will incur no expense in a category.

5. A brief explanation of the method of calculating the items shown should be furnished. An additional page may be used if desired. Where the expense has to be charged to the plan based on cost accounting techniques, as in item E, the method to allocate significant expense categories to the Government of Guam plan should be explained.

6. Some of the expenses listed in item 4 will not ordinarily change proportionally if the premium is more or less than expected. This question is designed to get an understanding of this effect in your organization.

7. Many companies allow interest to a group policyholder on the difference between premiums received and the total of expenses incurred and claims paid. You should indicate if you would allow this interest and the rate applicable for the contract year you are bidding on. If you will allow interest only on part of the funds, such as an unrevealed claim reserve, you should show what funds you do allow interest on.

Exhibit O

Premium and Retention Quotation for
Contract Year October 2012 to September 2013

GovGuam 2000 Plan

Monthly Premium Proposed

Class	Active Employees	Retired Employees below age 65	Retired Employees above age 65
I. Single			
II. Single + Spouse			
III. Single + Child(ren)			
IV. Single + Family			

1. Anticipated total premium in contract year	
2. Percent of premium to be used to pay incurred claims (assumes _____ employees in Class I; ___ employees in Class II; _____ employees in Class III; and ____ employees in Class IV or refunds to employees	
3. Balance of premium, in percent	
4. Disposition of balance of premium, in percent:	
A. Commissions	None
B. Administrative Services or other fees	
C. Claim payment expense	
D. Reinsurance expense	
E. General and overhead Expense	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
I. Profit	
J. Total (must equal 3 above)	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
5. Please explain how items 4C, D, E, G, H and I are computed	
6. How will these expenses in percentages be affected if employees covered are 25% more or less than shown in 2?	
7. Will interest be allowed on unrevealed claim reserves and other funds of the Government of Guam held by the undersigned?	
If yes, at what rate?	

Exhibit O

Premium and Retention Quotation for

Contract Year October 2012 to September 2013

GovGuam 1500 Plan

Monthly Premium Proposed

Class	Active Employees	Retired Employees below age 65	Retired Employees above age 65
I. Single			
II. Single + Spouse			
III. Single + Child(ren)			
IV. Single + Family			

1. Anticipated total premium in contract year	
2. Percent of premium to be used to pay incurred claims (assumes _____ employees in Class I; ___ employees in Class II; _____ employees in Class III; and _____ employees in Class IV or refunds to employees	
3. Balance of premium, in percent	
4. Disposition of balance of premium, in percent:	
A. Commissions	None
B. Administrative Services or other fees	
C. Claim payment expense	
D. Reinsurance expense	
E. General and overhead Expense	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
I. Profit	
J. Total (must equal 3 above)	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
5. Please explain how items 4C, D, E, G, H and I are computed	
6. How will these expenses in percentages be affected if employees covered are 25% more or less than shown in 2?	
7. Will interest be allowed on unrevealed claim reserves and other funds of the Government of Guam held by the undersigned?	
If yes, at what rate?	

Exhibit O

Premium and Retention Quotation for
Contract Year October 2012 to September 2013

GovGuam Dental

Monthly Premium Proposed

Class	Active Employees	Retired Employees below age 65	Retired Employees above age 65
I. Single			
II. Single + Spouse			
III. Single + Child(ren)			
IV. Single + Family			

1. Anticipated total premium in contract year	
2. Percent of premium to be used to pay incurred claims (assumes _____ employees in Class I; ___ employees in Class II; _____ employees in Class III; and _____ employees in Class IV or refunds to employees	
3. Balance of premium, in percent	
4. Disposition of balance of premium, in percent:	
A. Commissions	None
B. Administrative Services or other fees	
C. Claim payment expense	
D. Reinsurance expense	
E. General and overhead Expense	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
I. Profit	
J. Total (must equal 3 above)	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
5. Please explain how items 4C, D, E, G, H and I are computed	
6. How will these expenses in percentages be affected if employees covered are 25% more or less than shown in 2?	
7. Will interest be allowed on unrevealed claim reserves and other funds of the Government of Guam held by the undersigned?	
If yes, at what rate?	

Exhibit O

Premium and Retention Quotation for Contract Year October 2012 to September 2013

Alternative Plan Design 1 (1000 Deductible Plan)

Monthly Premium Proposed

Class	Active Employees	Retired Employees below age 65	Retired Employees above age 65
I. Single			
II. Single + Spouse			
III. Single + Child(ren)			
IV. Single + Family			

1. Anticipated total premium in contract year	
2. Percent of premium to be used to pay incurred claims (assumes _____ employees in Class I; ____ employees in Class II; _____ employees in Class III; and _____ employees in Class IV or refunds to employees	
3. Balance of premium, in percent	
4. Disposition of balance of premium, in percent:	
A. Commissions	None
B. Administrative Services or other fees	
C. Claim payment expense	
D. Reinsurance expense	
E. General and overhead Expense	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
I. Profit	
J. Total (must equal 3 above)	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
5. Please explain how items 4C, D, E, G, H and I are computed	
6. How will these expenses in percentages be affected if employees covered are 25% more or less than shown in 2?	
7. Will interest be allowed on unrevealed claim reserves and other funds of the Government of Guam held by the undersigned?	
If yes, at what rate?	

Exhibit O

Premium and Retention Quotation for Contract Year October 2012 to September 2013

Alternative Plan Design 2 (1500 Deductible Plan)

Monthly Premium Proposed

Class	Active Employees	Retired Employees below age 65	Retired Employees above age 65
I. Single			
II. Single + Spouse			
III. Single + Child(ren)			
IV. Single + Family			

1. Anticipated total premium in contract year	
2. Percent of premium to be used to pay incurred claims (assumes _____ employees in Class I; ___ employees in Class II; _____ employees in Class III; and _____ employees in Class IV or refunds to employees	
3. Balance of premium, in percent	
4. Disposition of balance of premium, in percent:	
A. Commissions	None
B. Administrative Services or other fees	
C. Claim payment expense	
D. Reinsurance expense	
E. General and overhead Expense	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
I. Profit	
J. Total (must equal 3 above)	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
5. Please explain how items 4C, D, E, G, H and I are computed	
6. How will these expenses in percentages be affected if employees covered are 25% more or less than shown in 2?	
7. Will interest be allowed on unrevealed claim reserves and other funds of the Government of Guam held by the undersigned?	
If yes, at what rate?	

Exhibit O
Premium and Retention Quotation for
Contract Year October 2012 to September 2013

Alternative Plan Design Components #3 to #7

Plan Design Alternative	Cost Impact			
	1000 Deductible Plan	1500 Deductible Plan	2000 Deductible Plan	Dental Plan
3. Increase annual maximums to unlimited for both plans				
4. Add a 3 month deductible carry-over for all deductible amounts satisfied in the last 3 months of the plan year.				
5. Increase the occupational therapy benefit to 20 visits per year with a $100 maximum benefit per visit				
6. Prescription Drugs: a. Add a fourth drug tier for Specialty Drugs at $60 copayment				
b. Change the entire drug program to a coinsurance approach with the following design: i. Generic drugs 10% coinsurance ii. Formulary(Preferred Brand) 20% coinsurance iii. Brand 30% coinsurance iv. Specialty Drug 40% coinsurance v. Annual out-of-pocket maximum $2,000/person vi. Mail order (90 day supply) 2 months at above coinsurance				
7. Add a quote(s) for Medicare Advantage and/or a Medicare Supplement Plan with a drug plan for all over age 65 retirees and survivors				
8. The Government of Guam is not required to provide COBRA coverage for employees. However, GovGuam is interested in obtaining a quote to provide a COBRA coverage option for the Government's existing plans. Provide a quote for adding COBRA coverage to the Government's existing plans.				
9. Dental Plan alternatives are also requested including:				
a) Annual Maximum at $1,500 b) Annual Maximum at $2,000 c) Dental Plan enrollment unbundled from Medical Plan				

EXHIBIT P

COMPLIANCE WITH PUBLIC LAW 30-93

REPORTING GUIDELINES FOR HEALTH INSURANCE CARRIERS

These reporting guidelines apply to all health insurance carriers (including health insurance companies and health maintenance organizations) contracting with or intending to contract with the Government of Guam.

A. Monthly REPORTING

Each carrier shall provide the following data on a monthly claims paid basis, in electronic format, to The Government of Guam and the Consultant representing the Government of Guam:

1. Paid claims by month, separated by Medical and Rx (not incurred)
2. Enrollment by month, by plan, by class/tier (employees only, and also including dependents) and any other subgroup levels as needed by the Government
3. Total paid premium by month
4. Large claim information (dollar amounts, by plan, and diagnosis, not including any personal identifiers)
5. Claims by type of service (i.e. hospital, physician, ER, etc.)
6. Top Rx usage (highest utilized drugs)
   Utilization information (average cost of hospital stay, # of physician visits, etc.)

The penalty for non-compliance is 2.5% of monthly premiums. This amount will be refunded to the Government of Guam for each quarter the above data is not provided as spelled out in Public Law 30-93.

AGREEMENT TO REPORTING GUIDELINES

By signing below, the offeror agrees to comply with the reporting guidelines and that this agreement will be incorporated as an addendum into the contract.

Health Plan:_____

Signature:_____

Title:_____

Date:_____

EXHIBIT Q

GOVERNMENT OF GUAM
Data Requirements

Subject to PL 30-93, the Offeror must satisfy at a minimum the monthly data requirements outlined below:

1. A unique contract identifier that links detailed demographic, claims utilization, and cost information
2. Enrollment by Plan, Tier/Class, Employment Status, and other Subgroups as required by the Government
3. Patient demographics including date of birth, gender, and relationship to subscriber
4. Medical, Dental, and Vision claims by line detail, including:
   a. Diagnosis code (ICD9 or ICD10)
   b. Procedure codes (CPT, HCPC, CDT)
   c. Revenue codes
   d. Service dates
   e. Service provider, including:
      i. Name
      ii. Tax ID
      iii. Provider ID
      iv. Specialty code
      v. City
      vi. State
      vii. Zip code
   f. Plan payments
   g. Member payment responsibility, including:
      i. Copay
      ii. Coinsurance
      iii. Deductible
   h. Claim paid date
   i. Type of bill
   j. Facility type
5. Prescription Drug claims by line detail, including:
   a. NDC codes
   b. Formulary tier identifier
   c. Pharmacy, including:
      i. Name
      ii. Provider ID
      iii. City
      iv. State
      v. Zip code
   d. Plan payments
   e. Member payment responsibilities, including:
      i. Copay
      ii. Coinsurance
      iii. Deductible
   f. Claim paid date
   g. Injectable drug indicator
   h. GPI number
   i. Ingredient cost
   j. Dispensing fee
   k. Rebate
6. Any other detailed demographic, claims utilization, or cost information requested by the Invitation to Bid (ITB) negotiation team for the fiscal year following the current fiscal year.

Exhibit R

Medical Schedule of Benefits
SC 1500

FY 2012	SC1500	Calvo's SelectCare - GovGuam Plan
Your Benefits	PARTICIPATING Providers After the Deductible is met	NON-PARTICIPATING Providers After the Deductible is met
Deductible Per Individual Member	$1,500	$3,000
Deductible Per Family	$3,000	$9,000
COVERAGE MAXIMUMS Individual member annual maximum	$2,000,000	
OUT OF POCKET MAXIMUMS (including deductible) Per Individual member per policy year Per Family per policy year	$3,000 $9,000	No Maximum No Maximum
Any Services in PI, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Deductible and Co-Pay do not apply to these benefits when you go to a Participating Provider		
Your Benefits	PARTICIPATING Providers Deductible does not apply to this benefit	NON-PARTICIPATING Providers After the Deductible is met
Preventive Services (Out-Patient Only) In accordance with the guidelines established by the U.S. Preventive Services Task Force (USPSTF) Grades A and B recommendations	Plan pays 100%	Not Covered
IMMUNIZATIONS / VACCINATIONS In accordance with the guidelines established by the U.S. Preventive Services Task Force (USPSTF) Grades A and B recommendations	Plan pays 100%	Not Covered
Pre-Natal Care Including Routine Labs and 1st Ultarsound	Plan pays 100%	Not Covered
WELL-BABY CARE For children up to age two. Maximum 5 visits per member per plan year	Plan pays 100%	Not Covered

Deductible does not apply to these benefits when you go to a Participating Provider		
Your Benefits	PARTICIPATING Providers Deductible does not apply to this benefit	NON-PARTICIPATING Providers After the Deductible is met
ANNUAL EYE EXAM $50 Per Member per Plan Year	$20 Member Co-Payment Covered in Guam only	Not Covered
OUTPATIENT PHYSICIAN CARE & SERVICES 1. Primary Care visits 2. Specialist Care Visits 3. Voluntary Second Surgical Opinion 4. Home Health Care Visit 5. Hospice Care in Guam only, maximum180 days at a maximum of $100 per day. (Pre-Cert required) 6. Outpatient Laboratory 7. X-Ray Services 8. Injections	$20 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $20 Member Co-Payment $20 Member Co-Payment $20 Member Co-Payment	Plan pays 70%* Member pays 30% Plan pays 70%* Member pays 30% Plan pays 70%* Member pays 30% Plan pays 70%* Member pays 30% Not Covered Plan pays 70%* Member pays 30% Plan pays 70%* Member pays 30% Plan pays 70%* Member pays 30%
PRESCRIPTION DRUGS Limited to generics only, unless otherwise specified by your doctor 1. Formulary generic drugs per prescription unit 2. Formulary brand name drugs per prescription unit 3. Mail Order 4. Non-Formulary (Medically Necessary Only and Pre-Certification Required)	$15 Member Co-Payment (30 day supply) $30 Member Co-Payment (30 day supply) $5 Member Co-Payment $30 Member Co-Payment (30 day supply)	Plan pays 50% of Average Wholesale Price

Deductible must be met for the following services		
Your Benefits	PARTICIPATING Providers After the Deductible is met	NON-PARTICIPATING Providers After the Deductible is met
ACUPUNCTURE 10 visits at $50 per visit per member per plan year	Plan pays 80% Member pays 20%	Not Covered
AIDS TREATMENT Exclusive of Experimental drugs	Plan pays 80% Member pays 20%	Not Covered
AIRFARE Benefit to Centers of Excellence Only For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)	Plan pays 100%	Not Covered
ALLERGY TESTING/TREATMENT $500 per member per plan year	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
AMBULATORY SURGI-CENTER CARE (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
BLOOD & BLOOD DERIVATIVES	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
BREAST RECONSTRUCTIVE SURGERY (In accordance with 1998 W.H.C.R.A)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%

Exhibit R

Medical Schedule of Benefits
SC 1500 (cont'd.)

Deductible must be met for the following services		
Your Benefits	**PARTICIPATING Providers After the Deductible is met**	**NON-PARTICIPATING Providers After the Deductible is met**
CARDIAC SURGERY	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
CATARACT SURGERY Includes lens Implant. Outpatient Only	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
CHEMICAL DEPENDENCY	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CHEMOTHERAPY BENEFIT	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
CHIROPRACTIC CARE 20 Visits per Plan Year. Maximum $25 per visit.	Plan pays 80% Member pays 20%	Not Covered
CONGENITAL ANOMALY DISEASES COVERAGE	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
DIAGNOSTIC TESTING MRI, CT scan, and other diagnostic procedures;(Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
DURABLE MEDICAL EQUIPMENT (DME) Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)	Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
ELECTIVE SURGERY (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
EMERGENCY CARE 1. On/Off Island emergency facility, physician services, laboratory, X-rays. 2. Ambulance Services (Ground Transportation Only)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
END STAGE RENAL DISEASE / HEMODIALYSIS	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
HEARING AIDS Maximum $500 per member	Plan pays 80% Member pays 20%	Not Covered
HOSPITALIZATION & INPATIENT BENEFITS 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication. 3. Physician's hospital services.	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
IMPLANTS Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices; (Limitations apply, please refer to contract)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
INHALATION THERAPY	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
MATERNITY CARE Labor and Delivery	Plan pays 80% Member pays 20%.	Plan pays 50% Member pays 50%
MENTAL HEALTH CARE	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
NUCLEAR MEDICINE (Pre-Certification required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
OCCUPATIONAL THERAPY 10 Visits per Plan Year. Maximum $100 per visit.	Plan pays 80% Member pays 20%	Not Covered
ORTHOPEDIC CONDITIONS Internal and External Prosthesis	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
PHYSICAL THERAPY (Pre-Certification required)	Plan pays 80% for the first 20 visits and 50% thereafter	Plan pays 70%* Member pays 30%
RADIATION THERAPY (Pre-Certification required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
SKILLED NURSING FACILITY (Pre-Certification required) Maximum 60 days per member per plan year	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
SPECIALTY DRUGS (Pre-Certification Required)	Plan pays 80% of AWP	Not Covered
STERILIZATION PROCEDURES 1. Tubal Ligation 2. Vasectomy (Outpatient Only)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
WELLNESS & FITNESS BENEFIT 1. Wellness Benefit at SDA Wellness Center (Pre-certification required)	Plan pays 80% of the first $200. Member pays 20% of the first $200. Plan pays 50% of charges thereafter	Not Covered
2. Fitness Benefit • Kontendas Gym • Paradise Fitness Center	Free access to the Gym per member for the plan year	

*Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

Exhibit R

Medical Schedule of Benefits
HSA2000

FY 2012 HSA2000	Calvo's SelectCare - GovGuam Plan	
Your Benefits	PARTICIPATING Providers After the Deductible is met	NON-PARTICIPATING Providers After the Deductible is met
Deductible Per Individual Member	$2,000	$4,000
Deductible Per Family The entire family deductible amount of $4,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	$4,000	$12,000
COVERAGE MAXIMUMS Individual member annual maximum	$2,000,000	
OUT OF POCKET MAXIMUMS (including deductible) Per Individual member per policy year Per Family per policy year	$4,000 $11,900	No Maximum No Maximum
Any Services in PI, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Deductible and Co-Pay do not apply to these benefits when you go to a Participating Provider		
Your Benefits	PARTICIPATING Providers Deductible does not apply to this benefit	NON-PARTICIPATING Providers After the Deductible is met
Preventive Services (Out-Patient Only) In accordance with the guidelines established by the U.S. Preventive Services Task Force Grades A and B recommendations	Plan pays 100%	Not Covered
IMMUNIZATIONS / VACCINATIONS in accordance with the guidelines established by the U.S. Preventive Services Task Force Grades A and B recommendations	Plan pays 100%	Not Covered
Pre-Natal Care including Routine Labs and 1st Ultrasound	Plan pays 100%	Not Covered
WELL-BABY CARE For children up to age two. Maximum 5 visits per member per plan year	Plan pays 100%	Not Covered

Deductible must be met for the following services		
What Calvo's SelectCare Covers... **Your Benefits**	PARTICIPATING Providers After the Deductible is met	NON-PARTICIPATING Providers After the Deductible is met
ACUPUNCTURE 10 visits at $50 per visit per member per plan year	Plan pays 80% Member pays 20%	Not Covered
AIDS TREATMENT Exclusive of Experimental drugs	Plan pays 80% Member pays 20%	Not Covered
AIRFARE Benefit to Centers of Excellence Only For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)	Plan pays 100%	Not Covered
ALLERGY TESTING/TREATMENT $500 per member per plan year	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
AMBULATORY SURGI-CENTER CARE (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
ANNUAL REFRACTION EYE EXAM $50 Per Member per Plan Year	$20 Member Co-Payment Covered in Guam only	Not Covered
BLOOD & BLOOD DERIVATIVES	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
BREAST RECONSTRUCTIVE SURGERY (in accordance with 1998 W.H.C.R.A)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CARDIAC SURGERY	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CATARACT SURGERY Includes lens Implant. Outpatient Only	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CHEMICAL DEPENDENCY	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CHEMOTHERAPY BENEFIT	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CHIROPRACTIC CARE 20 Visits per Plan Year. Maximum $25 per visit.	Plan pays 80% Member pays 20%	Not Covered
CONGENITAL ANOMALY DISEASES COVERAGE	Plan pays 80% Member pays 20%	Not Covered
DIAGNOSTIC TESTING MRI, CT scan, and other diagnostic procedures; (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
DURABLE MEDICAL EQUIPMENT (DME) Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)	Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
ELECTIVE SURGERY (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
EMERGENCY CARE 1. On/Off Island emergency facility, physician services, laboratory, X-rays. 2. Ambulance Services (Ground Transportation Only)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
END STAGE RENAL DISEASE / HEMODIALYSIS	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%

Exhibit R

Medical Schedule of Benefits
HSA 2000 (cont'd.)

Deductible must be met for the following services		
What Calvo's SelectCare Covers... **Your Benefits**	PARTICIPATING Providers After the Deductible is met	NON-PARTICIPATING Providers After the Deductible is met
HEARING AIDS Maximum $500 per member	Plan pays 80% Member pays 20%	Not Covered
HOSPITALIZATION & INPATIENT BENEFITS 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication. 3. Physician's hospital services.	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
IMPLANTS Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices; **(Limitations apply, please refer to contract)**	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
INHALATION THERAPY	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
MATERNITY CARE Labor and Delivery	Plan pays 80% Member pays 20%.	Plan pays 70% Member pays 30%
MENTAL HEALTH CARE	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
NUCLEAR MEDICINE **(Pre-Certification required)**	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
OCCUPATIONAL THERAPY 10 Visits per Plan Year. Maximum $100 per visit.	Plan pays 80% Member pays 20%	Not Covered
ORTHOPEDIC CONDITIONS Internal and External Prosthesis	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
OUTPATIENT PHYSICIAN CARE & SERVICES 1. Primary Care visits 2. Specialist Care Visits 3. Voluntary Second Surgical Opinion 4. Home Health Care Visit 5. Hospice Care in Guam only, maximum180 days at a maximum of $100 per day. **(Pre-Cert required)** 6. Outpatient Laboratory 7. X-Ray Services 8. Injections	$20 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $20 Member Co-Payment $20 Member Co-Payment $20 Member Co-Payment	Plan pays 50%* Member pays 50% Plan pays 50%* Member pays 50% Plan pays 50%* Member pays 50% Plan pays 50%* Member pays 50% Not Covered Plan pays 50%* Member pays 50% Plan pays 50%* Member pays 50% Plan pays 50%* Member pays 50%
PHYSICAL THERAPY **(Pre-Certification required)**	Plan pays 80% for the first 20 visits and 50% thereafter	Plan pays 50%* Member pays 50%
PRESCRIPTION DRUGS Limited to generics only, unless otherwise specified by your doctor 1. Formulary generic drugs per prescription unit 2. Formulary brand name drugs per prescription unit 3. Mail Order 4. Non-Formulary **(Medically Necessary Only and Pre-Certification Required)**	$15 Member Co-Payment (30 day supply) $30 Member Co-Payment (30 day supply) $5 Member Co-Payment $30 Member Co-Payment (30 day supply)	Plan pays 50% of Average Wholesale Price
RADIATION THERAPY **(Pre-Certification required)**	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
SKILLED NURSING FACILITY (Pre-Certification required) Maximum 60 days per member per plan year	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
SPECIALTY DRUGS **(Pre-Certification Required)**	Plan pays 80% of AWP	Not Covered
STERILIZATION PROCEDURES 1. Tubal Ligation 2. Vasectomy (Outpatient Only)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
WELLNESS & FITNESS BENEFIT 1. Wellness Benefit at SDA Wellness Center **(Pre-certification required)**	Plan pays 80% of the first $200. Member pays 20% of the first $200. Plan pays 50% of charges thereafter	Not Covered
2. Fitness Benefit ° Kontendas Gym ° Paradise Fitness Center	Free access to the Gym per member for the plan year	

*Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

Exhibit R

Dental Schedule of Benefits
Dental 1000

Calvo's SelectCare - GovGuam Plan

FY 2012 **Dental Benefits**

Subject to the Specific limitations which are contained in the Group Health Certificate, SelectCare pays: **Your Benefits**	SelectCare covers at **PARTICIPATING Providers**	SelectCare covers at **NON-PARTICIPATING Providers**
DIAGNOSTIC & PREVENTIVE CARE 1. Caries Susceptibility Test 2. Exams (including Treatment Plan) (Once every 6 months) 3. Fluoride Treatment (Annually for children age 19 & under) 4. Prophylaxis (Cleaning and polishing of teeth) once every 6 months 5. Sealants (For permanent molars of children age 15 & under) 6. Space maintainers (For children age 15 & under) includes adjustments within 6 months of installation 7. Study Models 8. X-rays (Bite Wing Maximum of 4 per Plan Year) 9. X-rays (Full Mouth, once every 3 years)	100% of Eligible Expenses	70% of Eligible Expenses
BASIC & RESTORATIVE CARE General Services 1. Emergency Services (during office hours). 2. Pulp Treatment. 3. Routine Fillings (amalgram and composite resin). 4. Simple Extractions. 5. Complicated Extractions. 6. Extraction of impacted teeth. 7. Periodontal Prophylaxis (cleaning and polishing once every six months) 8. Periodental Treatment 9. Pulpotomy & Root Canals/Endodontic Surgery & Care 10. Conscious Sedation and Nitrous Oxide for children under the age of 13.	80% of Eligible Expenses	70% of Eligible Expenses
MAJOR & REPLACEMENT CARE Fixed Prosthetics 1. Crowns and Bridges 2. Gold Inlays & Onlays 3. Replacement of Crown Restoration (limited once every 5 years) Removable Prosthetics 1. Full Dentures (Once every 5 years) 2. Partial Dentures (Once every 5 years) 3. Each anesthesia, but only if medically or dentally necessary 4. Relines 5. Denture Repair	50% of Eligible Expenses	35% of Eligible Expenses
Deductible	None	None
Registration Fee per visit to Dentist	None	None
Coverage Maximums Per Member per Plan Year	$1,000	

Terms:

1. Unused balances are not transferable to the following year.
2. Charges for Non-participating Providers are limited to the lesser of actual charges of the Company's determination of the usual, customary and resonable charge in geographic location where the service was rendered, unless otherwise provided in the agreement.
3. The Covered member pays any excess above Eligible Charges.

EXHIBIT S

List of most utilized Physicians

PRVNO	NAME	CITY	STATE	ZIPCODE
960001716	SEVENTH DAY ADVENTIST CLINIC	TAMUNING	GU	969310000
990240499	DIAGNOSTIC LABORATORY SERVICES	AIEA	HI	967010000
660641389	LABTECH, INC.	TAMUNING	GU	969310000
960001695	GUAM MEMORIAL HOSPITAL	TAMUNING	GU	969110000
660653667	AMERICAN MEDICAL CENTER, LLC	UPPER TUMON	GU	969110000
660487869	PMC ISLA HEALTH SYSTEMS	TAMUNING	GU	969110000
660549898	GUAM RADIOLOGY CONSULTANTS	TAMUNING	GU	969130000
660502306	THE DOCTORS' CLINIC	TAMUNING	GU	969310000
943320953	PACIFIC MEDICAL GROUP	TAMUNING	GU	969310000
552556495	METROPOLITAN BANK & TRUST	AMORSOLO ST. LEGASPI VILLAGE	ML	0
660527805	CV ALEGRIA, DDS, INC.	DEDEDO	GU	969120000
660683564	CANCER CENTER OF GUAM	TAMUNING	GU	969310000
942825915	SPECTRA LABORATORIES	MILPITAS	CA	950360790
660588009	PEDIATRIC DENTAL CENTER	AGANA	GU	969320000
960001716	SEVENTH DAY ADVENTIST DENTAL	TAMUNING	GU	969110000
660529756	ISA DENTAL CLINIC	TAMUNING	GU	969110000
660608843	ORDOT DENTAL CLINIC, LLP	HAGATNA	GU	969320000
660577911	EDGARDO C. HIDALGO, MD	TAMUNING	GU	969110000
660626856	PATRICK SANTOS, M.D.	TAMUNING	GU	969310779
660646006	MARIA B. BLANCAFLOR, MD	TAMUNING	GU	969310000
660553954	ISLAND EYE CENTER	TAMUNING	GU	969310000
510042263	ST LUKES MEDICAL CENTER	QUEZON CITY	PI	0
660712984	GUAM SPECIALIST GROUP PLLC	TAMUNING	GU	969130000
980097514	TIMOTHY P. BRADY, DDS	TAMUNING	GU	969110000
660559529	ROBERT J. YANG, D.M.D.	TUMON	GU	969110000
660598381	MICHAEL A. FERNANDEZ, DDS	DEDEDO	GU	969290000
660560304	BEN MALABANAN, JR, DDS, INC.	TAMUNING	GU	969130000
660636599	PARADISE SMILES	TAMUNING	GU	969110000
980424343	HEALTH SERVICES OF THE PACIFIC	TAMUNING	GU	969130000
660678843	RAMEL A. CARLOS, MD	TAMUNING	GU	969310000
660649682	HEALTH PARTNERS, L.L.C.	TAMUNING	GU	969130000
990334225	HAWAII PATHOLOGISTS LABORATORY, LLP	HONOLULU	HI	968130000
660647034	HAFA ADAI FAMILY DENTAL, PC	TAMUNING	GU	969310000
91401178	ALIX CHENET, M.D.	DEDEDO	GU	969120000
660724633	EXPRESSCARE HEALTH & SKIN CENTER, PLLC	HAGTANA	GU	969320000
660700432	THE PEDIATRIC & ADOLESCENTS CLINIC, INC.	TAMUNING	GU	969130000
660652771	ISLA PEDIATRICS, PC	TAMUNING	GU	969130000
660515580	GENTLE CARE DENTAL ASSOC.	TAMUNING	GU	969110000
660525145	GCIC DENTAL OFFICE	AGANA	GU	969100000
262190719	DONALD PRESTON, M.D.	DEDEDO	GU	969120000
880496272	NATIONAL HEALTH BENEFITS CORPORATION	SCOTTSDALE	AZ	852550000
660554831	ANNIE U. BORDALLO, MD	TAMUNING	GU	969110000
660583826	PARADISE HOME CARE	HAGATNA	GU	969100000
600601583	TERESA DAMIAN BORJA, M.D.	TAMUNING	GU	969130000
660650605	RICARDO M. TERLAJE, MD	GMF BARRIGADA	GU	969215566
534567516	GREGORY J. MILLER, DC	HARMON	GU	969120000
660611401	GLADYS M. LINSANGAN, M.D.	TUMON	GU	969130000
86344069	TOM VELORIA, DDS	TAMUNING	GU	969310000
980033585	BRUCE R. REYNOLDS, DDS,PDC	AGANA	GU	969320000
660529204	PACIFIC RADIOLOGY	TAMUNING	GU	969130000

EXHIBIT T

GOVERNMENT OF GUAM GROUP

HEALTH INSURANCE
RULES AND REGULATION

APRIL, 1986

100.0 STATUTORY AUTHORITY:

100.1 Pursuant to the authority vested in the Director of Administration by Section 4302 (b), Title 4 of the Guam Code Annotated, as amended by Public Law 18-17:52, the following rules and regulations are promulgated setting forth the information the Director of Administration requires from the companies or legal entities interest in providing health care coverage and the method by which such information shall be reported.

In accordance with that authority, all information and documentation required to be submitted under these rules and regulations shall be confidential and may not be disclosed or released by the Government of Guam without the prior written approval of the carrier. Note, however, that audited financial statements acquired by the Government of Guam pursuant to Section 4302(a), Title 4 of the Guam Code Annotated, shall be public records.

200.0 PURPOSE AND POLICY:

200.1 The purpose of these rules and regulations is to set up the standardization of the information the Director of Administration shall require from all existing or prospective carriers that desire to provide or continue to provide health care services to the Government of Guam active employees, retired employees, survivors of retired employees and covered dependents thereof.

The government is cognizant that not all carriers, insurance companies or legal entities operate on the same fiscal year or maintain universal fiscal, utilization, claim or similar health care industry required data. Consequently, each carrier shall make a good faith effort to supply the information required under these rules and regulations. If the carrier is unable to comply with a particular requirement, it shall submit a written statement to the Director of Administration prior to the deadline established in Section 300.1 explaining how it was not able to comply and what information it submitted in an effort to satisfy the requirements under these rules and regulations. The negotiating team shall review the documentation and determine whether the carrier has complied with the requirements. Nothing in these rules and regulations shall restrict the negotiating team from requiring additional information in order to ensure that uniform information is provided by each carrier.

200.2 By statue, the negotiating team has the authority to recommend for the scope and content of the Government of Guam group health/dental insurance programs.

200.3 The Director of Administration and the negotiating team are committed to the concept of providing Government of Guam enrollees with comprehensive health benefit plan and ensuring that such benefits are delivered efficiently and economically for all participants in the plan.

200.4 It is the policy of the Government of Guam to provide its enrollees to be covered by health benefits plan to be covered by health benefits plan under a minimum benefits package arrangement. The minimum benefits package is to be used uniformly when soliciting bids from any interested carriers authorized to provide these services pursuant to applicable laws. All benefits in any proposal are to be at least equal to those of the Government of Guam standard medical expense plan as mandated by Section 4302(d), Title 4 of the Guam Code Annotated. The carrier may propose additional benefits.

200.5 The minimum benefit package will be made available to all lawfully authorized carriers interested in providing coverage for the medical expenses of the Government of Guam enrollees.

200.6 The negotiating team shall require sufficient data from each carrier making a bid to be satisfied that the Government of Guam and its enrollees shall receive good value for their premium payments. In addition, each carrier that submits a proposal which has previously provided coverage for the Government of Guam enrollees shall provide reports of its past financial experience of the plan. All procedural and regulatory requirements shall be complied with on or before the deadline described in Section 300.1, unless the Director of Administration or the negotiating team determines that it is in the best interest of the enrollees to grant a waiver.

300.0 DEADLINE FOR SUBMISSION OF PROPOSAL:

300.1 All information required to be submitted by carriers under these rules and regulations shall be submitted no later than ten (10) days prior to the scheduled negotiation or within ten (10) days upon receipt of subsequent written notice of the Director of Administration. If a carrier fails to submit the required information, in part or in whole, the negotiating team need not negotiate or consider the carrier's proposal unless it determines that it is in the best interest of the Government to do so.

400.0 GENERAL BIDDING AND OPERATIONAL REQUIREMENTS:

400.1 Each carrier seeking to contract or continue to contract with the Government of Guam under the group health insurance plan shall provide the information in Section 500 of these rules and regulations and shall also furnish to the negotiating team or Director of Administration, as the case may be; information in writing on the points listed below. If the carrier is currently providing health benefits to GovGuam enrollees, any changes contained in its proposal set forth in items C and E of this paragraph shall be reported in writing to the negotiating team.

A. A written statement to the negotiating team affirming the financial capacity of the plan to provide the proposed benefits. At a minimum, this demonstration shall include the carrier's audited profit and loss

statement sheet and balance sheet for its preceding fiscal year.

If the company is not organized in the United States or Guam, the annual statements of its United States department shall be submitted to the Director of Administration. If the benefits are guaranteed in whole or in part by an insurance company, the post recent "convention form" of annual statement is to be furnished.

If some part or all of the funds of the plan are to be held by an administrator for such purposes as paying claims or refunds, the administrator is to indicate in writing to the negotiating team if he or she is willing to provide a fidelity bond and errors and omissions insurance that will suitably protect the Government of Guam in the event a contract is made with the administrator. The audited financial statements of the administrator for the most recent twelve (12) month period are also to be furnished to the Director of Administration.

B. Carriers will be required to submit documentation to the Director of Administration that there exists an adequate mechanism for maintaining records on enrollees. The above-mentioned administrator or carrier shall provide a written statement to the negotiating team stating whether or not funds received from the Government of Guam have been maintained in a separate fiduciary account prior to payments made pursuant to its contractual obligation.

C. Documentation to the Director of Administration that the carrier has an effective program for containing costs for medical services, hospital confinements and any other benefits shall be provided. This includes, but is not limited to, arrangements for:

1. Effective peer review and utilization review mechanisms for monitoring health care costs. This includes pre-admission authorization of the need for and allowable period of hospitalization, and ongoing review of hospital confinements that exceed the pre-authorized periods. Carrier shall be required to submit to the Director of Administration the most recent peer review and utilization report of the Government of Guam's account, but no later than 30 days after the date of the report.

2. A mechanism for coordinating benefits when a person is insured by more than one health insurance plan for the same condition, to at least keep benefits from exceeding covered expenses incurred.

D. Each carrier shall submit to the Director of Administration statistical report(s) showing utilization and claims data on the Government of Guam enrollees covered thereunder. If the plan's premium is community-rated, then the carrier shall provide some indication of the percentage the Government of

Guam enrollees group represents of the total community covered by the carrier and the percentage of claims and expenses of the carrier incurred by the Government of Guam enrollees. The method of making this allocation is to be equitable and is to be explained to the Director of Administration. Each carrier shall provide specific information about the portion of costs due to specific benefits. These benefits shall include but are not limited to hospitalization, physical examinations and mental care in and outside the hospital. Each carrier shall also provide enrollment information by age and sex of member, separately for enrollees.

E. Each carrier shall set forth in writing to the Director of Administration the manner in which it handles medical costs and services provided to an enrolled individual in the event of an accident or illness which occurs while off-island, whether in a state of the United States or a foreign country. The carrier shall also indicate its practice for sending enrollees to a state or foreign country for treatment not obtainable in Guam.

500.0 RATES AND RETENTIONS:

500.1 Each carrier shall include in its proposal to the Director of Administration Form GHI-1. Each carrier shall identify whether the rate which will be proposed represents a community rate (actuarially factored if necessary for difference time periods or benefits provisions), or an experience rate based on past claims/benefits adjusted or anticipated experience of the Government of Guam's group. The Director of Administration requires each carrier to factor out the results of the Government of Guam's group when the premium rate structure was based on the total experience of all covered individuals in Guam.

500.2 Each carrier shall submit an explanation to the Director of Administration of how adverse or favorable experience of the GovGuam plan will be reflected in future rates. The plan is ordinarily to be based on the experience of the GovGuam enrollees covered by the carrier under their program. If applicable, the plan must demonstrate and explain differences in assumptions between the Government of Guam program and the community or prospective rated groups.

500.3 If a plan is not experience rated, the carrier must identify the assumptions used to derive the monthly premium rate for or the portion of it due to at least each of the following, plus such others as the carrier considers appropriate. However, whether carrier is experience rated or is not experience rated, it will be required, where applicable, to submit data on the following:

a. Capitation rate for physician's services
b. Off-island referrals
c. Hospitalization
d. Prescription drugs
e. Administrative expenses

f. Specialist referrals (on-island)

g. Physical examinations

h. Maternity and obstetrical benefits

i. Savings from Medicare, coordination of benefits (COB), discounts from PPOs or others.

Each Carrier shall submit additional information to the Director of Administration about features of or conditions developing with its program that warrant consideration by the negotiating team. This could be because of such reasons as actual or potential excessive utilization of the benefit(s) or because new medical developments may warrant changing a benefit. It is expected that the items which will require evaluation of emerging experience will be investigated and reviewed by the consulting actuary of the Government of Guam, who will verify relevant factors such as the reasonableness of trend factors, claim or service costs, and expense charges, and make such necessary recommendations to the negotiating team and the Director of Administration.

500.4 The Director of Administration in concert with the negotiating team may from time-to-time establish the premium categories. Each carrier shall submit its proposal in the following premium class categories, and each carrier in order to contract under the group health insurance program shall provide coverage for each premium class category below as defined in existing contract of participating carriers:

CLASS I	-	Single employees
CLASS II and III	-	Employee and family

500.5 The following item are required:

A. Each Carrier shall submit as part of its proposal For GHI-1.

B. Each Carrier that has previously contracted with the Government of Guam under the group health insurance program must submit Form GHI-2 for the previous contract year. In addition, each Carrier shall submit as far as practicable, a current or updated Form GHI-2.

600.0 OTHER PROVISIONS:

600.1 Severability Clause: If any provision of these rules and regulations, or any rule, regulation or order promulgated hereunder, or the application of any such rule, regulation or order to any person or circumstances shall be held invalid, by a court of competent jurisdiction, the remainder of these rules and regulations or orders to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

600.2 Superceding Clause: These rules and regulations supercede any and all subsequent contracts between the Government and a carrier for the provision of health care service and coverages to Government of Guam employees and retirees; and all administrative rules, regulations, directives, orders and provisions affecting

these rules and regulations at the time these rules and regulations are lawfully promulgated under the Administrative Adjudication Law of Guam, and furthermore, that these rules and regulations may be subordinated to legislative laws enacted subsequent to the date of promulgation of these rules and regulations.

700.0 DEFINITIONS:

"Benefits" means hospital services, professional services and other authorized health care services. Alternatively, "benefits" means the various coverages provided by a carrier under the health benefit plan of the Government of Guam.

"Carriers" means a voluntary association, corporation, partnership, or other nongovernmental organization which is engaged in providing, paying for, or reimbursing all or part of the cost of health benefits under group insurance policies and contracts, or under medial or hospital service agreements, in consideration of premiums or other periodic charges payable to the carrier.

"Community rating system" (Community rate) means a system of fixing rates of payments for health services. Under such a system, rates of payments may be determined on a per person or per family basis and may very with the number of persons in a family, and rates must be equivalent for all individuals and for all families of similar composition. This does not preclude changes in the rates of payments for health services based on a community rating system which are established for new enrollments or re-enrolments and which changes do not apply to existing contracts until the renewal of such contracts.

"Days" means calendar days unless otherwise specified.

"Director of Administration" means the Director of the Department of "Administration.

"Enrollee" means a subscriber or a dependent of a subscriber who is entitled to receive health services under a health insurance contract.

"Enrollment" means the process of converting an eligible population having the HMO or indemnity option to the HMO subscriber population or vice versa; alternatively, the aggregate of subscribers to an HMO or indemnity insurance.

"Subscriber" means an individual who enters into a health service contract, or on whose behalf a health maintenance contract is entered into, with a licensed health maintenance organization or a health insurance carrier and to whom evidence of coverage is issued. "The subscriber is differentiated from the enrollees, who are defined as anyone covered under the contract.

"Utilization review" means prospective, concurrent and retrospective review and analysis of date related to utilization of health care resources in terms of cost, effectiveness, efficiency, control and quality.

EXHIBIT U

GOVERNMENT OF GUAM
MANDATORY CONTRACT PROVISIONS
FY 2013 GROUP HEALTH INSURANCE PROGRAM

PPACA Requirements

Offerors must comply with the PPACA requirements for summary of benefits and uniform glossary of terms included on the following website: http://www.cciio.cms.gov/resources/other/index.html#sbcug

It is the intent of this contract to provide all of the benefits, rights and responsibilities afforded as a result of the Patient Protection and Affordable Care Act (Public Law 111-148), and the regulations promulgated under the authority of this Act, notwithstanding the outcome of any federal court case that is now pending before a court of the United States, or may be brought before a court of the United States concerning this Act.

Ethical Standards
With respect to this Contract and any other contract the Contractor may have, or wish to enter into, with any government of Guam agency, Contractor represents that it has not knowingly influenced, and promises that it will not knowingly influence, any government employee to breach any of the ethical standards set forth in the Guam Procurement Law and in any of the Guam Procurement Regulations.

Prohibition against Gratuities and Kickbacks
With respect to this Contract and any other contract that Contractor may have, or wish to enter into, with any government of Guam agency, Contractor represents that it has not violated, is not violating, and promises that it will not violate the prohibition against gratuities and kickbacks set forth in the Guam Procurement Law and Guam Procurement Regulations.

Prohibition against Contingent Fees
Contractor represents that it has not retained any person or agency upon an agreement or understanding for a percentage, commission, brokerage, or other contingent arrangement, except for retention of bona fide employees or bona fide established commercial selling agencies, to solicit or secure this Contract or any other contract with the government of Guam or its agencies.

Minimum Wages as Determined by U.S. Department
Contractor agrees to comply with Title 5, Guam Code Annotated, Sections 5801 and 5802. In the event that Contractor employs persons whose purpose, in whole or in part, is the direct delivery of service contracted by the Government, then the Contractor shall pay such employees, at a minimum, in accordance with the U.S. Department of Labor Wage Determination for Guam and the Northern Marianas Islands in effect on the date of this contract. In the event that this contract is renewed by the Government and the Contractor, at the time of the renewal, Contractor shall pay such employees in accordance with the Wage Determination for Guam and the Northern Marianas Islands promulgated on a date most recent to the renewal date. Contractor agrees to provide employees whose purpose, in whole or in part, is the direct delivery of service contracted by the Government those mandated health and similar benefits having a minimal value as detailed in the U.S. Department of Labor Wage Determination for Guam and the Northern Marianas Islands, and guarantee such employees a minimum of ten (10) paid holidays per annum per employee.

Restriction Against Contractor Employing Sex Offenders to Work at Government of Guam Venues
The contractor warrants that no person convicted of a sex offense under the provisions of Chapter 25 of Title 9 Guam Code Annotated, or an offense as defined in Article 2 of Chapter 28, Title 9 Guam Code Annotated, in Guam, or an offense in any jurisdiction which includes, at a minimum, all of the elements of said offenses, or who is listed on the Sex Offender Registry, shall work for the contractor on property of the government of Guam other than a public highway. Further, the contractor warrants that if any person providing services on behalf of the contractor is convicted of a sex offense under the provisions of Chapter 25 of Title 9 Guam Code Annotated or an offense as defined in Article 2 of Chapter 28, Title 9 Guam Code Annotated or an offense in another jurisdiction with, at a minimum, the same elements as such offenses, or who is listed on the Sex Offender Registry, that such person will be immediately removed from working at such agency and that the administrator of said agency be informed of such within twenty-four (24) hours of such conviction.

Mandatory Disputes Resolution

(1) All controversies between the territory and the contractor which arise under, or are by virtue of, this contract and which are not resolved by mutual agreement, shall be decided by the Procurement Officer in writing, within 60 days after written request by the contractor for a final decision concerning the controversy; provided, however, that if the Procurement Officer does not issue a written decision within 60 days after written request for a final decision, or within such longer period as may be agreed upon by the parties, then the contractor may proceed as if an adverse decision had been received.

(2) The Procurement Officer shall immediately furnish a copy of the decision to the contractor, by certified mail, return receipt requested, or by any other method that provides evidence of receipt.

(3) Any such decision shall be final and conclusive, unless fraudulent, or the contractor appeals the decision administratively pursuant to Title 5 Guam Code Annotated, Section 5427(e) and 5706.

(4) The contractor shall comply with any decision of the Procurement Officer and proceed diligently with performance of this contract pending final resolution pursuant to law of any controversy arising under, or by virtue of, this contract, except where there has been a material breach of the contract by the territory; provided, however, that in any event the contractor shall proceed diligently with the performance of the contract where the Chief Procurement Officer, the Director of Public Works, or the head of a Purchasing Agency has made a written determination that continuation of work under the contract is essential to the public health and safety.

Participating Contract

A fully participating contract will be implemented effective 10/1/13 that allows for an annual accounting settlement – no later than 4/1/15 – which will produce either a positive or negative balance after accounting for Incurred claims and guaranteed retention. This surplus will be returned to GovGuam either toward reducing any needed rate increase or in cash. Under this agreement, GovGuam will not be eligible for any potential MLR rebate in addition to this surplus calculation, unless not permitted by Healthcare Reform final regulations. If the result is a deficit, the amount of the deficit will be added to any needed rate increase for FY 2016 provided Select Care continues to be the insurance provider.

Guaranteed Renewability of Health Insurance Coverage

In the event that the government invokes the protection afforded by the Health Insurance Portability and Accountability Act of 1996, as amended, found at Section 2712 of the Public Health Services Act, and its regulations, for the guaranteed renewability of health insurance coverage the parties agree that coverage would be continued until a new contract is in place with the first ninety (90) days of coverage guaranteed at the same rate and plan designs.

Government of Guam Health Insurance Plan RFP and Negotiations Process

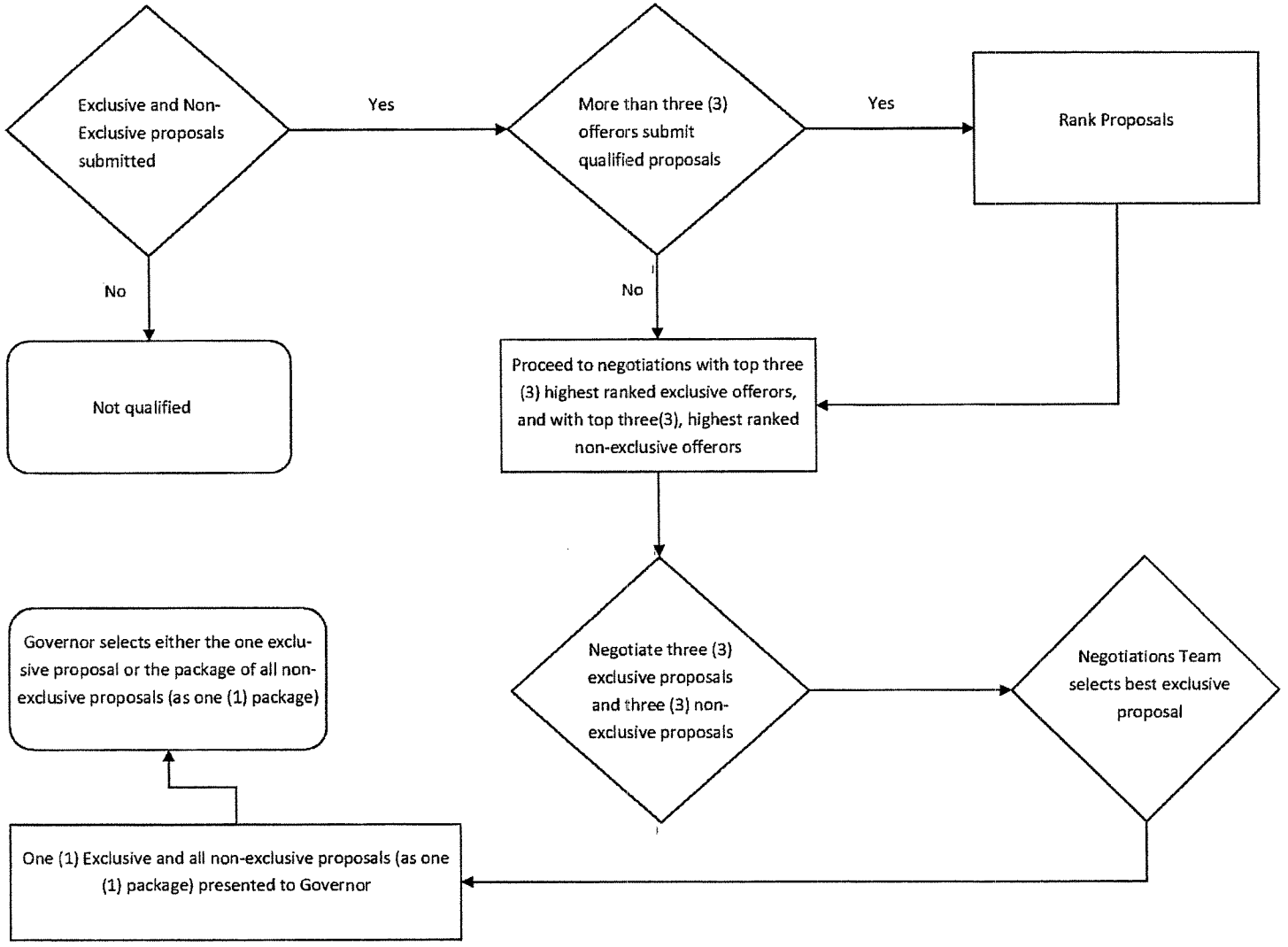

EXHIBIT V

Exhibit 2

SelectCare HEALTH PLANS
115 Chalan Santo Papa Hagåtña • P.O. Box FJ Hagåtña, Guam 96932 • Phone: (671) 477-9808 • Fax: (671) 477-4141

August 21, 2012

VIA HAND DELIVERY

Ms. Benita Manglona
Director, Department of Administration
Chairperson, Government of Guam
Health Insurance Negotiating Team
Manuel F.L. Guerrero Building
212 Aspinall Avenue
Hagatna, Guam 96910

Re: **PROTEST**
GOVERNMENT OF GUAM REQUEST FOR PROPOSAL
NO. DOA/HRD/-RFP-GHI-13-001

Dear Ms. Manglona,

Tokio Marine Pacific Insurance, Ltd. and its general and administrative agent, Calvo's Insurance Underwriters, Inc. (collectively "SelectCare"), hereby submit this protest to the request for proposals more fully described below (the "RFP"). This protest is being submitted pursuant to 5 G.C.A. § 5425 and 2 GARR § 9101.

REQUEST FOR DOCUMENTS

Pursuant to 2 GARR § 9101(f), SelectCare requests that you provide it with a copy of the complete procurement record for this RFP, including, but not limited to the following documents. If any document is being withheld, we request that you identify the document and the basis for withholding the document.

1. All proposals submitted in response to the RFP and any amendments thereto;
2. All communications between any offeror or prospective offeror and you;
3. All communications between any offeror and the Health Insurance Negotiating Team (the "Team") and/or any individual Team members;
4. All communications between any offeror and the Hay Group;
5. All documents relating to the evaluation of the proposals;
6. All documents relating to the disqualification of any offeror;
7. All documents relating to any finding that an offeror's or offerors' proposal(s) was non-responsive;
8. All audio recordings or minutes or notes of the meetings of the Team;
9. All communications between you and the Hay Group;
10. All communications between the Team and/or any individual Team member and the Hay Group;
11. All communications among or between Team members;
12. All communications relating to the designation or appointment of Team members;
13. The final version of the draft Evaluation Memorandum attached as exhibit I to the TakeCare protest.

CALVO'S Select Care HEALTH PLANS
115 Chalan Santo Papa Hagåtña • P.O. Box FJ Hagåtña, Guam 96932 • Phone: (671) 477-9808 • Fax: (671) 477-4141

August 21, 2012

VIA HAND DELIVERY

Ms. Benita Manglona
Director, Department of Administration
Chairperson, Government of Guam
Health Insurance Negotiating Team
Manuel F.L. Guerrero Building
212 Aspinall Avenue
Hagatna, Guam 96910

Re: **PROTEST**
GOVERNMENT OF GUAM REQUEST FOR PROPOSAL
NO. DOA/HRD/-RFP-GHI-13-001

Dear Ms. Manglona,

Tokio Marine Pacific Insurance, Ltd. and its general and administrative agent, Calvo's Insurance Underwriters, Inc. (collectively "SelectCare"), hereby submit this protest to the request for proposals more fully described below (the "RFP"). This protest is being submitted pursuant to 5 G.C.A. § 5425 and 2 GARR § 9101.

REQUEST FOR DOCUMENTS

Pursuant to 2 GARR § 9101(f), SelectCare requests that you provide it with a copy of the complete procurement record for this RFP, including, but not limited to the following documents. If any document is being withheld, we request that you identify the document and the basis for withholding the document.

1. All proposals submitted in response to the RFP and any amendments thereto;
2. All communications between any offeror or prospective offeror and you;
3. All communications between any offeror and the Health Insurance Negotiating Team (the "Team") and/or any individual Team members;
4. All communications between any offeror and the Hay Group;
5. All documents relating to the evaluation of the proposals;
6. All documents relating to the disqualification of any offeror;
7. All documents relating to any finding that an offeror's or offerors' proposal(s) was non-responsive;
8. All audio recordings or minutes or notes of the meetings of the Team;
9. All communications between you and the Hay Group;
10. All communications between the Team and/or any individual Team member and the Hay Group;
11. All communications among or between Team members;
12. All communications relating to the designation or appointment of Team members;
13. The final version of the draft Evaluation Memorandum attached as exhibit I to the TakeCare protest.

As required by 2 GARR § 9109(c)(3), the following information is submitted in support of SelectCare's protest:

NAME AND ADDRESS OF PROTESTOR

Tokio Marine Pacific Insurance, Ltd.
173 Aspinall Avenue, Suite 202B
Ada Plaza Center
Hagåtña, Guam 96932

Calvo's Insurance Underwriters, Inc. ("CIU")
115 Chalan Santo Papa
Hagåtña, Guam 96913

All communications regarding this protest should be directed to CIU, whose contact person is Frank Campillo. Mr. Campillo can be reached at (671) 479-7959 or frank.campillo@calvosinsurance.com.

IDENTIFICATION OF PROCUREMENT

This protest relates to Government of Guam FY 2013 Health Insurance Program, Procurement No. DOA/HRD-RFP-GHI-13-001. To the knowledge of SelectCare, no contract has been awarded under the RFP.

REASONS FOR PROTEST

SelectCare hereby protests the evaluation by the Health Insurance Negotiating Team (the "Team") of proposals submitted in response to the RFP that are materially deficient and therefore non-responsive. Specifically, SelectCare objects to the Team's evaluation and consideration of the proposals submitted by TakeCare Insurance Company, Inc. ("TakeCare" or "Offeror # 3") and Offeror # 2.[1] Both proposals were found by the Team and its advisors to contain material omissions and it was prejudicial and illegal for the Team to allow Offerors #2 and #3 to correct such material omissions after the proposal submission deadline.

For the reasons set forth below, SelectCare requests that the Team reject as non-responsive the proposals of Offerors #2 and #3 and cease all further or any future negotiations with Offerors #2 and #3. SelectCare further requests that the Team commence and/or continue negotiations with the two remaining qualified offerors.

Background

On June 5, 2012, the Department of Administration ("DOA") issued the RFP. A copy of the RFP is attached hereto and incorporated herein as **Exhibit A**. The RFP stated that "All hard copies of proposals must be received by the Director of the Department of Administration no later than 4:00 p.m., June 27, 2012, Guam time." (Exhibit A [RFP] at p.5)

On or about June 21, 2012, DOA issued responses to inquiries to the RFP ("Questions & Answers letter"). A copy of the June 21, 2012 Questions & Answers letter is attached hereto and incorporated herein as **Exhibit B**.

[1] The references herein to Offeror #1, Offeror #2, Offeror #3, and Offeror #4, follow the designations given in the draft Evaluation Memorandum attached as exhibit I to TakeCare's August 8, 2012 protest.

SelectCare submitted its proposal before the stated deadline.

On August 3, 2012, SelectCare received a letter from you dated August 3, 2012, advising SelectCare that it ranked amongst the top three for the exclusive plan and inviting SelectCare to commence negotiations. A copy of the August 3, 2012 letter is attached hereto and incorporated herein as **Exhibit C**.

On August 6, 2012, the Attorney General's Office, legal counsel for the Team, provided TakeCare with a copy of a draft Evaluation Memorandum (the "Evaluation Memorandum"), which Memorandum was included as exhibit I to TakeCare's protest.

On August 9, 2012, TakeCare published a full-page advertisement in the Pacific Daily News disclosing that it filed a protest to the RFP on August 8, 2012, and informing the public that its protest was available for viewing at its website, www.takecareasia.com. A copy of the advertisement that appeared in the August 9, 2012 edition of the Pacific Daily News is attached hereto and incorporated herein as **Exhibit D**. That same day, SelectCare retrieved a complete copy of TakeCare's protest from TakeCare's website. A copy of TakeCare's protest as retrieved from its website is attached hereto and incorporated herein as **Exhibit E**.

On August 9, 2012, SelectCare received a letter from you dated August 9, 2012, advising SelectCare that the government of Guam is in receipt of a protest of the RFP. You further advised SelectCare, that the negotiations to procure the services under the RFP are stayed until further notice. A copy of the August 9, 2012 letter is attached hereto as **Exhibit F**.

The Proposals Submitted By Offerors #2 and #3 Are Materially Deficient and Should Be Rejected As Non-Responsive

In making this protest, SelectCare relies upon the information that was contained in the Evaluation Memorandum attached as exhibit I to the TakeCare protest.

As per the Evaluation Memorandum, on July 30, 2012, the Team's advisors, the Hay Group, advised the Team of "all discrepancies from the RFP by any of the four offerors." (Evaluation Memorandum at p. 4.) "Offeror # 4 _____ and offeror # 1 _____ proposals were determined to be in conformance with the RFP in all material respects." (Evaluation Memorandum at p. 5.)

As for Offerors # 2 and # 3, their proposals were found to contain material omissions:

Offeror # 3 TakeCare had the following material omissions in its offer:

1. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
2. The Medical Policy provided with the proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
3. The proposal placed a co-payment on services that were to be covered 100% by the plans.

Offeror # 2 ___ had the following material omissions in its offer:

1. The proposal lacked a copy of a proposed contract.
2. The proposal was for a plan with a $1500 annual deductible/$4500 annual family deductible, and an HSA plan with a $2000 annual deductible/$6000 annual family deductible.
3. The proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
4. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
5. The proposal specifically listed airfare as an exclusion.
6. The proposal would raise mail-order co-pay to $15.00.
7. The proposal lists chiropractic care as excluded.
8. The proposal fails to list exclusions consistent with the RFP.
9. The proposal listed policy assumptions concerning #s of employees required to participate in the plan; conditions for re-rating the plan after a contract is executed; and assumption about exclusion of retirees, among other ineligible assumptions.
10. The proposal is unclear or fails to confirm that it is intended for a fully participating contract.

(Evaluation Memorandum at pp. 4-5.)

The above material omissions were clearly required under the RFP. For example, TakeCare and Offeror #2 failed to include the deductible as part of the Out of Pocket Maximum even though it was clearly required by the RFP (see Exhibit A [RFP] at exhibit F). Also, Offeror #2 failed to include a proposed contract even though it was required by the RFP (see Exhibit A [RFP] at exhibit G, no. 4) and clarified in the Questions & Answers letter. (Exhibit B at Q&A no. 32.)

Yet, notwithstanding such material omissions, the Team permitted Offerors #2 and #3 an opportunity to "amend" their respective proposals to conform to the RFP, with the clarification that "no further amendments to the submitted proposal would be considered." (Evaluation Memorandum at p. 5.)

On August 1, 2012, Offerors #2 and #3 "responded in writing that that their respective offers were amended as requested, with the result that the proposals would be in all material respects consistent with the RFP." (Evaluation Memorandum at p. 5.)

In allowing Offerors #2 and #3 to substantively "amend" their proposals, the Team contravened the deadlines stated in the RFP. The RFP clearly states that all proposals and documents are due no later than 4:00 p.m., June 27, 2012, Guam time. (Exhibit A [RFP] at pp. 5 and 16.).

The action of the Team, also contravenes the policies of the Procurement Law. The underlying purposes and policies of the Procurement Law include:

> [T]o ensure the fair and equitable treatment of all persons who deal with the procurement system of this Territory;
> . . . .

> [T]o provide safeguards for the maintenance of a procurement system of quality and integrity;

5 G.C.A. § 5001(b)(4) and (7).

Allowing Offerors #2 and #3 the opportunity to substantively "amend" the material omissions in their proposals effectively gave those offerors an extension to submit their proposals that was not afforded other offerors. All other offerors had to submit the material items that were omitted from Offeror #2 and #3's proposals by the stated July 27, 2012 deadline. Clearly, permitting Offerors #2 and #3 to substantively amend their proposals so that the proposals will meet the material requirements of the RFP is unfair and inequitable to the other offerors. Significantly, the amendments made by Offerors #2 and #3 related to **material omissions** in the proposals. The amendments were not just to correct mere irregularities.

Conclusion

SelectCare is asking that the Team abide by the law. The integrity of the procurement process suffers when rules established to maintain fairness and equity are disregarded. Offerors #2 and #3 clearly submitted non-responsive proposals by virtue of the **material omissions** in their respective proposals. The Team should reject such proposals and proceed to negotiate with the remaining qualified offerors.

Should you have any questions regarding SelectCare's protest or if you would like to discuss it further, please do not hesitate to contact me. SelectCare reserves all rights, including without limitation, its right to modify or supplement its protest based upon any new information it may receive.

Senseramente,

Calvo's Insurance Underwriter's, Inc.
General Agent for Tokio Marine Pacific Insurance, Ltd.

Frank Campillo
Plan Administrator

Concurred:
Tokio Marine Pacific Insurance, Ltd.

Kentaro Kita
Chief Operating Officer

Enclosures

Exhibit A

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

Procurement No. **DOA/HRD-RFP-GHI-13-001**

JUN 05 2012

Dear Prospective Offeror:

Buenas yan Hafa Adai!

We would like to thank you for your interest in submitting a proposal to provide health insurance services to the Government of Guam's Group Health Insurance Program.

On an annual basis, the Government of Guam issues a Request for Proposal (RFP) to interested health insurance companies licensed to do business on Guam under the laws of Guam, to provide group health insurance coverage to Government of Guam employees, retirees, survivors and their dependents. Therefore, this is to invite your company to submit a proposal to this RFP. Negotiations are tentatively scheduled for early July.

To register as an interested company, you must complete and email the "Acknowledgement of Receipt of RFP" form to both the Government of Guam at mail to:leonora.candaso@doa.guam.gov and the Government's consultant at marie.dufresne@haygroup.com. In the event any amendments to the RFP are issued, the acknowledgement will ensure that all interested parties are informed of such change(s).

Thank you in advance for your response and we look forward to working with your company.

Benita Manglona

BENITA A. MANGLONA, Director
Department of Administration

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

ACKNOWLEDGEMENT OF RECEIPT OF RFP

Procurement No.: . DOA/HRD-RFP-GHI-13-001

Attention: Human Resources Division, Employee Benefits Branch

From: _____

Subject: Registration of interest to provide Health Insurance services
FY 2013 Health Insurance Program

To register as an interested company, you must complete and email the following information to both the Government of Guam at leonora.candaso@doa.guam.gov and the government's consultant at marie.dufresne@haygroup.com by **4:00 p.m., June 11, 2012, Guam time.** The Government of Guam cannot guarantee that your company will receive any amendments or notices to the RFP that may be issued unless the information below is completed and submitted as provided herein. Once your Acknowledgement has been received, you will receive instructions on how to upload your electronic version of the proposal to a secure file transfer site. This SFTS (Secure File Transfer Site) tool was developed to provide a secure method for facilitating file transfers from outside parties.

Date:	
Company Name:	
Contact Person & Title:	
Contact Information:	Telephone No.: ( )
	Facsimile No.: ( )
	E-Mail address:
	E-Mail address:
Mailing address:	
Street address:	

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

Procurement No.: DOA/HRD-RFP-GHI-13-001

Description: FY 2013 Health Insurance Program
Request for Proposal (RFP)

SPECIAL REMINDER TO PROSPECTIVE OFFERORS

Offerors shall carefully read all sections of this Request for Proposal (RFP) and be informed of all its terms and conditions. Offerors are especially alerted to the sections entitled **"Proposal Contents and Requirements"** in the RFP, and are asked to ensure that all required documents and information are included in their proposal.

Compliance with the following is mandatory, but not inclusive of all the requirements of the RFP:

- Each offeror shall submit an original proposal and fourteen (14) copies to the Department of Administration at the address indicated in this RFP.
- To be qualified, pursuant to 4 GCA § 4202(c), as amended by P.L. 31-197, an offeror shall submit a proposal made up of two parts; first an exclusive proposal, and second, a non-exclusive proposal, and meet the minimum requirements specified in the RFP.
- An exclusive proposal means a proposal based upon the assumption that the Government will contract with only one health insurance provider that is selected by the Negotiating Team from up to three different Health Insurance Providers that all negotiate best and final offers with the Negotiating Team.
- A non-exclusive proposal means a proposal based upon the assumption that the government will contract with three health insurance providers that negotiate best and final offers with the Negotiating Team. If only two Health Insurance Providers submit qualified proposals, the Non-exclusive proposal shall mean a proposal based upon the assumption that the government will contract with two Health Insurance Providers that negotiate best and final offers with the Negotiating Team.
- As set out hereafter, the exclusive proposal and the non-exclusive proposal shall be submitted together as a single submittal by each offeror.
- Each proposal must be organized, fully assembled and complete.
- Three duplicate copies should also be sent to the Government's actuary, Hay Group:
  Hay Group Attn: Marie Dufresne
  5001 Spring Valley Road
  Suite 800 West
  Dallas, TX 75244
- All offerors should submit their cost proposal within the original response.

- Affidavit Forms

  A. The Government requires four (4) different Affidavits and one (1) Declaration Form (Exhibit K Forms A, B, C, D, & E).

  B. Form A, Affidavit Disclosing Ownership and Commissions must be made between the dates of issuance of this RFP and the dates that proposals are due, so long as the ownership listing mentioned in the Affidavit is for the 365 day period preceding the date the offeror submits the proposal.

  C. One original of each form and fourteen (14) copies of each must be submitted. The original form shall be submitted with the original proposal and the copies shall be submitted with the proposal copies. Three duplicate copies must also be included in the Government's consultant packet.

- The Questionnaire and Pricing information provided in Excel format with the RFP package, must be completed and returned in Excel format, as well as in PDF format to ensure no changes were mistakenly made during the analysis phase. Each proposal type, exclusive and non-exclusive must have the excel format responses completed entirely.

  Once the Acknowledgement form has been received from the potential bidder, they will receive instructions on how to upload the electronic version of the entire proposal.

  This SFTS (Secure File Transfer Site) tool was developed to provide a secure method for facilitating file transfers from outside parties. Once instructions have been received, it is recommended that bidders review the instructions and upload a test file to ensure there are no issues or questions with uploading.

- Copies of the Government's desired plan design alternatives are included with this RFP. Offerors must specify in their proposal any requested features with which they cannot comply.

  Pursuant to PL 30-93, health insurance carriers contracted with the Government must provide specific claim level detail to the Government. This information is to be distributed to interested health insurance carriers to aid in their bid for the Government's business. Due to the large size of such files, this information will be made available via a Secure File Transfer Site to only those bidders who return an Acknowledgment Form to the Government by the Form deadline. Instructions will then be emailed to the email addresses listed on the Forms. In addition, in Exhibit E is provided a monthly claims summary by coverage.

For Insured and Reinsurance Proposals:

- All reinsurers that assume accident and health risks ceded by the offeror must be licensed to transact reinsurance business in Guam. A copy of the current certificate of authority of the insurer and the reinsurer must be submitted together with the proposal.

- The offeror must submit a copy of the reinsurance agreement or reinsurance treaty that transfers the risks for accident and health insurance. The submitted reinsurance agreement or reinsurance treaty must be duly authenticated by the reinsurer as the entire agr ment between the offeror and the reinsurance company.

For Administration and Reinsurance Proposals:

- All proposers must be licensed to transact reinsurance business in Guam. A copy of the current certificate of authority of the administrator and the reinsurer must be submitted together with the proposal.

For all Proposers:

- Adherence to the Administrative Procedures and the Marketing Guidelines is required.

- Offerors must read and review the Marketing Guidelines and sign and submit the Marketing Guidelines along with their proposal.

- Offerors must read and review the Reporting Guidelines and sign and submit the Reporting Guidelines along with their proposal.

- Premium, Enrollment and Claim information is included in the RFP as Appendix C through Appendix E.

- This solicitation does not commit the Government of Guam to enter into negotiations, award a contract, to award an exclusive contract, to award non-exclusive contracts, to pay costs incurred, or contract for any services.

- The Government of Guam will conduct the health insurance program in compliance with all Federal and local statutes.

- Prospective offerors are required to register as an interested party by completing the "Acknowledgement of Receipt of RFP" and submitting the Acknowledgement by **4:00 p.m., June 11, 2012, Guam time.**

- All questions regarding this RFP must be submitted in writing and received by the Director of the Department of Administration no later than **4:00 p.m., June 12, 2012, Guam time.**

- Proposal due dates:

  All hard copies of proposals must be received by the Director of the Department of Administration no later than **4:00 p.m., June 27, 2012, Guam time.** Hard copies of the entire proposal (including hard copies of the Questionnaire and Pricing portions) must be received by the due date.

  An electronic version of the proposal must be uploaded to the secure Data site no later than **4:00 p.m., June 28, 2012, Guam time.**

  Detailed uploading instructions will be sent once the proposer's acknowledgement form is received

  This SFTS (Secure File Transfer Site) tool was developed to provide a secure method for facilitating file transfers from outside parties.

- RFP packages are available online at the Government of Guam's website at www.hr.doa.guam.gov.

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

DEPARTMENT OF ADMINISTRATION

Procurement No.: . **DOA/HRD-RFP-GHI-13-001**

FY 2013 GROUP HEALTH INSURANCE PROGRAM
REQUEST FOR PROPOSAL
(RFP)

TABLE OF CONTENTS

I. GENERAL INFORMATION
- A. Purpose and Background
- B. General authority for procurement
- C. Determination to use competitive selection procedure
- D. All parties to act in good faith
- E. Liability for costs to prepare proposal
- F. Applicability of Guam Procurement Law
- G. Licensing and other statutory requirements
- H. Registration as interested party or offeror and fee for RFP
- I. Restrictions against sex offenders
- J. Duration of contract
- K. Confidentiality and proprietary information
- L. Time is of the essence
- M. Authority of Government's Consultant
- N. Type of contract
- O Other Information
- P Minimum Wage as Determined by U.S. Department of Labor
- Q. Patient Protection and Affordable Care Act Benefits to continue

II. PROPOSAL CONTENTS, REQUIREMENTS AND INSTRUCTIONS
- A. Proposal contents and requirements
- B. Proposal instructions

III. GENERAL PROCEDURES
- A. Receipt and registration of proposals
- B. Opening of proposals
- C. Proposal evaluation and negotiation procedure
- D. Cancellation of RFP or Solicitation
- E. Rejection of Individual Proposals

Exhibits
- Exhibit A, Questions to be answered by Offeror
- Exhibit B, Evaluation Forms
- Exhibit C, Medical and Dental Rates
- Exhibit D, Enrollment Data and Census Data
- Exhibit E, Claims Data
- Exhibit F, Medical Plan Design
- Exhibit G, Plan Design Notes
- Exhibit H, Medical Exclusions
- Exhibit I, Dental Plan Designs
- Exhibit J, Dental Exclusions
- Exhibit K, Affidavits Form A, Form B, Form C, Form D, Form E, Form F, and US DOL Wage Determination List
- Exhibit L, 2 GAR, Div. 4 §3114.
- Exhibit M, Administrative Procedures
- Exhibit N, Marketing Guidelines
- Exhibit O, GHI 1
- Exhibit P, Reporting Guidelines
- Exhibit Q, Data Requirements
- Exhibit R, Plan Designs Details
- Exhibit S, List of most Utilized Physician
- Exhibit T, Health Insurance Rules and Regulations
- Exhibit U, Mandatory Contract Provisions
- Exhibit V, RFP Process Chart

I. GENERAL INFORMATION

A. Purpose and background

Pursuant to Title 4, Chapter 4 of the Guam Code Annotated, Section 4301, the Governor of Guam is authorized to enter into contracts and reject proposals with one or more insurance companies for group insurance including but not limited to hospitalization, medical care, life and accident. In connection with such group benefits, the Government of Guam (Government) is accepting proposals from interested and qualified health insurance companies (including health maintenance organizations), and/or Third Party Administrators coupled with Reinsurance, licensed under applicable Guam laws, to provide health insurance coverage for eligible Government of Guam active employees, retired employees, survivors of retired employees and their covered dependents. All health insurance companies and/or Third Party Administrators coupled with Reinsurance must be licensed and comply with all regulatory requirements as promulgated by the Guam Insurance Commissioner, pursuant to the Insurance Statute of Guam and other applicable laws.

The intent, pursuant to 4 GCA §4302(c) (P.L. 31-197), is to present to the Governor of Guam one exclusive negotiated proposed contract for consideration, and three non-exclusive negotiated proposed contracts for consideration, for the requested services. The governor will then choose to enter into one exclusive contract, or enter into three non-exclusive contracts for the requested services. The employees and retirees of the government of Guam will be offered either the exclusive contract or the non-exclusive contracts based upon the selection by the Governor.

All qualified proposals, consisting of one exclusive proposal and one non-exclusive proposal, will be reviewed, evaluated and scored separately by the Negotiating Team. The top three ranked exclusive proposals and the top three ranked non-exclusive proposals will be chosen, and those offerors will enter into negotiations with the Negotiating Team.

At the conclusion of negotiations, the Negotiating Team will use established criteria stated in the RFP and rank the three exclusive negotiated agreements. The top ranked exclusive negotiated agreement and the three non-exclusive negotiated agreements will be presented to the Governor. The Governor will choose to execute either the one exclusive agreement, or the three non-exclusive agreements. The executed contract or contracts will be offered to the employees and retirees of the Government of Guam.

We are looking for a one-year rate quote.

Currently, the Government has two (2) health insurance plans: SelectCare 2000 and SelectCare 1500. Both are preferred provider organizations. Carriers must refer to the required plan designs and options for the description of FY2013 desired plan designs.

There are approximately 19,000 eligible members of the Government of Guam to include employees, retirees and survivors. Please refer to enrollment census data for those enrolled in the insurance plan.

The Group Health Insurance Rules and Regulations promulgated in April 1986 by the Department of Administration is attached as Exhibit T.

B. General authority for procurement

The Government is issuing this Request for Proposal (RFP) subject to the competitive selection procedures for professional services found in the Guam Procurement Law (5 GCA § 5001, *et seq.*) and its regulations (2 GAR Div. 4 § 1101, *et seq.*) Specifically, the procedure for this RFP is found at 2 GAR Div. 4, § 3114 and its subsections. Section 3114 is quoted in its entirety in Exhibit F. There may be additional provisions of the Guam Procurement Regulations found at 2 GAR, Div. 4. §§1104 -12601 applicable to the procurement that are not duplicated in Exhibit F. Furthermore, Title 4 GCA §§ 4301 and 4302 require the acquisition of group health insurance for government employees, retirees and survivors by virtue of a Request for Proposal.

The Guam Code Annotated (GCA) and the Guam Administrative Rules and Regulations (GARR) are available from the web site of Guam's Compiler of Laws found at www.guamcourts.org/CompilerofLaws./index.html

Nothing in this RFP or any process carried out pursuant to this RFP is meant to confer a right to any offeror to be awarded a contract or a right to enter into a contract with the Government.

C. **Determination to use competitive selection procedure**

The following written determination is required by law prior to the announcement for the need of the services described in this RFP:

By issuing this RFP, the Government has determined (a) that the services to be acquired are a type of service specified in 2 GAR Div. 4 § 3114(a) for competitive selection of services; (b) that a reasonable inquiry has been conducted on the availability of Health insurance services, and the Government does not provide this type of services; (c) that the service provider or providers shall be an independent contractor to the Government; and (d) that the Government has developed, and fully intends to implement, a written plan for utilizing such services as will be included in the contractual statement of work.

D. **All parties to act in good faith**

The Guam Procurement Law and the Guam Procurement Regulations require that all parties involved in the preparation of proposals; the preparation of the RFP; the evaluation and negotiation of proposals; and the performance or administration of contracts to act in good faith.

E. **Liability for costs to prepare proposal**

The Government is not liable for any costs incurred by any offeror in connection with the preparation of its proposal. By submitting a proposal, the offeror expressly waives any right it may have against the Government for any expenses incurred in connection with the preparation of its proposal.

F. **Applicability of Guam Procurement Law and Guam Group Benefits Law**

If any part of this RFP is contrary to the Guam Procurement Law (5 GCA §§ 5001-5908), Guam Procurement Regulations (2 GAR Div. 4 § 1101. - 12601), or Guam Group Benefits Law (4 GCA §§ 4301 – 4308) or contains ambiguous terms, then such portion of the RFP shall be interpreted or resolved in favor of or according to the provisions of these laws and regulations.

G. **Licensing and other statutory requirements**

All offerors must comply with Guam laws and procurement regulations and should provide a copy of a current Certificate of Authority issued by the Insurance Commissioner of Guam at the time of proposal submission. In the event any risks for accident and health is reinsured or transferred by the offeror to a reinsurance company, the reinsurer that assumes the risk must also have a current Certificate of Authority to transact reinsurance business on Guam. Any offeror that submits a proposal without the required copy of Certificate(s) of Authority and insurance license will result in the termination of negotiations with that carrier. The requirements of having a Certificate of Authority by an insurance company and insurance licenses shall be continuous and shall be maintained during the period the carrier maintains an insurance service contract with the government.

H. **Registration as interested party or offeror and fee for RFP**

The RFP is available on-line at the Department's web site without charge at www.hr.doa.guam.gov.

All parties who receive an RFP and who are possibly interested in submitting a proposal must register as an interested party by filling out the "Acknowledgment of Receipt of RFP" form and delivering it to the Government. Only registered companies are assured of receiving any amendments to the RFP and responses to inquiries.

I. **Restrictions against sex offenders**

If a contract is awarded, then the offeror must warrant that no person in its employment who has been convicted of a sex offense under

the provisions of 9 GCA Chapter 25 or of an offense defined in 9 GCA Chapter 28 Article 2, or who has been convicted in any other jurisdiction of an offense with the same elements as heretofore defined, or who is listed on the Sex Offense Registry, shall provide services on behalf of the offeror while on Government property, with the exception of public highways.

If any employee of an offeror is providing services on Government property and is convicted subsequent to an award of a contract, then the offeror warrants that it will notify the Government of the conviction within twenty-four hours of the conviction, and will immediately remove such convicted person from providing services on Government property.

If the offeror is found to be in violation of any of the provisions of this section, then the Government will give notice to the offeror to take corrective action. The offeror shall take corrective action within twenty-four hours of such notice, and the offeror shall notify the Government when action has been taken. If the offeror fails to take corrective steps within twenty-four hours of notice, then the Government in its sole discretion may suspend temporarily the contract until corrective action has been taken.

J. Duration of contract

The duration of any contract resulting from this RFP shall be for one year from October 1, 2012 through September 30, 2013.

K. Confidentiality and proprietary information

Pursuant to the procurement law, after an award of a services contract, the contract and proposal become public record. Proposals that are not awarded a contract remain private and the Government may not disclose them to the public. The full procurement record also becomes public record, including the proposals of awarded offerors except for those portions designated as proprietary or confidential. Offerors must identify in their cover letter what items they deem proprietary and request that those items be maintained in confidence in addition to marking those specific items in their proposal.

L. Time is of the essence

The Government intends for the services requested by the RFP to go into effect on October 1, 2012. An offeror awarded a contract must file the health insurance policy with the Insurance Commissioner of Guam at least forty-five (45) days prior to the policy's effective date of October 1, 2012 and pay the applicable fees. No health insurance policy or endorsement shall become effective unless filed with the Insurance Commissioner for approval at least forty-five (45) days prior to its effective date. According to 22 GCA § 18311, failure to follow this time frame is a crime. Section 18311 provides:

> Any person violating any of the provisions of this article shall be guilty of a misdemeanor, and shall, upon conviction be subject to a fine of not more than one thousand dollars ($1,000.00) if the person convicted is not a natural person, or if the person convicted is a natural person, a fine of not more than five hundred dollars ($500.00) or imprisonment of not more than six (6) months, or both such fine and imprisonment.

Furthermore, the insurance laws prohibit advertisement of any rates unless the rates are filed with the Insurance Commissioner at least forty-five (45) days prior to the effective date of the rates or the advertisement of the rates, whichever comes first. Persons violating this provision are subject to a civil fine of up to $5,000.00 pursuant to 22 GCA § 18504.

Open enrollment is tentatively scheduled to begin on August 15th, 2012. Prior to open enrollment, contracts must be reviewed and approved by the Attorney General and Governor as well. Therefore, the forty-five (45) day period will begin at least forty-five days before August 15, 2012 and should further allow sufficient time for the Attorney General and Governor to review the contracts.

Therefore, time is of the essence, and all registered interested parties and potential offerors are asked to keep the applicable laws in mind, and to act accordingly. The government will provide time frames and deadlines for contract drafting, review and signing by the awarded offeror to avoid any violations of law.

M. Authority of Government's Consultant

The government has contracted with a private consultant, Hay Group, Inc., to assist the government with this procurement. All proposals will be reviewed by the government and its consultant. The consultant is authorized to communicate with any offeror or registered party and to request and obtain information.

N. **Type of contract**

The contract to be awarded is a Fixed Price contract.

O. **Other Information**

a. This solicitation may be cancelled as provided for in the Guam procurement law and regulations.

b. Any proposal may be rejected in whole or in part when in the best interest of the Territory of Guam as provided for in Guam procurement law and regulations

P. **Minimum Wages as Determined by U.S. Department of Labor**

The offeror awarded a contract under this solicitation agrees to comply with Title 5, Guam Code Annotated, Sections 5801 and 5802. In the event that the offeror employs persons whose purpose, in whole or in part, is the direct delivery of service contracted by the Government, then the offeror awarded a contract under this solicitation shall pay such employees, at a minimum, in accordance with the U.S. Department of Labor Wage Determination for Guam and the Northern Marianas Islands in effect on the date of a contract. In the event that the contract is renewed by the Government, the offeror awarded a contract under this solicitation shall pay such employees in accordance with the Wage Determination for Guam and the Northern Marianas Islands promulgated on a date most recent to the renewal date.

The offeror awarded a contract under this solicitation agrees to provide employees whose purpose, in whole or in part, is the direct delivery of service contracted by the Government those mandated health and similar benefits having a minimal value as detailed in the U.S. Department of Labor Wage Determination for Guam and the Northern Marianas Islands, and guarantee such employees a minimum of ten (10) paid holidays per annum per employee.

The current U.S. Department of Labor Wage Determination for Guam and the Northern Marianas Islands is attached hereto as Exhibit K.

Q. **Patient Protection and Affordable Care Act Benefits To Continue**

It is the intent of this RFP, and the contract to result from it, to enter into an agreement that provides for all of the benefits, rights and responsibilities afforded as a result of the Patient Protection and Affordable Care Act (Public Law 111-148), and the regulations promulgated under the authority of the Act, notwithstanding the outcome of any federal court case that is now pending before a court of the United States, or may be brought before a court of the United States concerning this Act.

II. PROPOSAL CONTENTS, REQUIREMENTS AND INSTRUCTIONS

A. Proposal contents and requirements

INSTRUCTIONS CONSISTENT WITH P.L. 31-197.

A qualified proposal shall consist of two independent proposals: an exclusive proposal and a non-exclusive proposal. To be qualified, pursuant to 4 GCA §4202(c), as amended by P.L. 31-197, an offeror shall submit a proposal made up of two parts; first, an exclusive proposal, and second, a non-exclusive proposal, and meet the minimum requirements specified in the RFP.

An **exclusive proposal** means a proposal based upon the assumption that the Government will contract with only one health

insurance provider that is selected by the Negotiating Team from up to three different Health Insurance Providers that all negotiate best and final offers with the Negotiating Team.

A **non-exclusive proposal** means a proposal based upon the assumption that the government will contract with three health insurance providers, that negotiate best and final offers with the Negotiating Team. If only two Health Insurance Providers submit qualified proposals the *Non-exclusive proposal shall* mean a proposal based upon the assumption that the government will contract with two Health Insurance Providers that negotiate best and final offers with the Negotiating Team.

In this RFP, if the context so requires, any reference to 'proposal' is a reference to both the exclusive proposal and the non-exclusive proposal.

All proposals must be in writing and contain the following information:

1. Cover letter. Include the name of the offeror, the location of the offeror's principal place of business and type of business. The offeror shall designate a contact person and include his or her address and contact numbers, including e-mail address, if different from the offeror's. The designated person must be able to answer any questions asked by the Government regarding the offeror's proposal and must be able to negotiate the fee and other contract terms. Obligations committed by such signatures must be fulfilled.

2. Acknowledgment of receipt of amendments. If the Government issues any amendments to the RFP, the offeror must acknowledge receipt of each individual amendment in its cover letter.

3. Description of company. The offeror must provide a brief description of its company, its capabilities and other information which illustrates to the Government the level of expertise with which the company can provide the services requested.

4. Authorized signature. All proposals must be signed with the firm name and by an authorized officer, representative, agent, or employee of the offeror. Proof of authority may be requested by the Government.

5. Administrative and Marketing Guidelines. All offerors are required to review and sign the Administrative and Marketing Guidelines and submit such with their proposal.

6. Consistency with 2 GAR Div. 4, § 3114(f)(2). The Guam Procurement Regulations at 2 GAR Div. 4, § 3114(f)(2) describes the minimum factors the Government must evaluate in proposals. Those minimum factors are:

   (A) the plan for performing the required services to include timelines to conduct the services, and explaining how the services will be performed;

   (B) ability to perform the services as reflected by technical training and education, general experience, specific experience in providing the required services, and the qualifications and abilities of personnel proposed to be assigned to perform the services;

   (C) the personnel, equipment, and facilities to perform the services currently available or demonstrated to be made available at the time of contracting and during the term of any resulting contract; and

   (D) number of years offeror's business has been in existence and a record of past performance of similar work to include a listing of other contracts under which services similar in scope, size or discipline to this RFP have been undertaken with contact names, addresses, and telephone numbers.

   All offerors must substantiate their ability to provide the insurance services requested in this RFP consistent with the minimum factors described in § 3114(f)(2). Please see Exhibit L for a copy of § 3114.

7. Financially Stable. The offeror must demonstrate that it is financially capable to perform the scope of services under

the RFP. At a minimum, a proposal must contain satisfactory responses to the following:

a. Each offeror must provide the most recent audited financial statements of the underwriting insurance company. Please include healthcare insurance financial statements only, if possible.

b. The insurance company or third party administrator must also provide proof that it has errors and omissions insurance that will suitably protect the Government, or proof in the form of a written statement indicating that it is willing to obtain the errors and omissions insurance.

c. If some part or all of the funds of the plan are to be held by an administrator, the administrator must also provide its most recent audited financial statements and proof that it has errors and omissions insurance, or proof in the form of a written statement indicating that it is willing to obtain the errors and omissions insurance.

d. Each offeror must also indicate the amount of any payment obligations for eligible services rendered by the Guam Memorial Hospital, other hospitals, physicians, and other health service providers which are outstanding. The information for each must be separate.

e. Each offeror must indicate the amount of any potential payment obligations which are unpaid pending utilization review.

f. If the offeror contracts with a third party for utilization review services, the offeror must indicate the cost of such services.

8. Submission of Guam business license. All offerors, to include reinsurers and underwriters, must submit a copy of a current Guam business license. If a current license or licenses have not been obtained yet, then they must be obtained and copies submitted prior to conclusion of negotiations, and the cover letter must explain that the offeror does not have a current Guam business license or licenses. If a copy of the required business licenses is not submitted by the time and date that all the terms and conditions of a contract are agreed to between the parties, then negotiations shall terminate and the offeror will be disqualified on the basis of being non-responsible .

9. Submission of cost proposal. All offerors must submit a cost proposal with their exclusive proposal and a cost proposal with their non-exclusive proposal. Please see Exhibit O. All offerors are required to submit fully insured medical and dental premiums and rates at a minimum. This information will be used along with current enrollment information to assist the Government in analyzing the cost portion of the proposal. The cost experience data must include the amounts spent in each of the categories specified in Section 500.3, paragraphs a through i of the group health insurance rules attached as Exhibit T. To assist with the offeror's preparation of its proposal, the government has provided certain information attached to this RFP and designated as Exhibits C, D, E, F, G, H, I, J, and O.

10. Proposed plan design. Copies of the Government's desired plan designs and alternatives are included with this RFP. Offerors must specify in their proposal any component to which they cannot comply and any changes they desire to the proposed plan design.

11. Responses to all questions in Exhibit A and Exhibit B, Parts 1 – 3.. All offerors must answer questions found in Exhibits A and B and attach the responses to both their exclusive and non-exclusive proposals. These answers need to be submitted on the enclosed excel format provided in the RFP package, as well as in PDF format, within the formal response.

12. Submission of disclosure forms. The Guam Procurement Law requires each offeror to make a number of disclosures. Some of the disclosures are required for an offeror to qualify to submit a bid or a proposal. An explanation of each disclosure follows. For the ease of making these required disclosures, the Government is providing sample disclosure forms. There are six (6) disclosure forms labeled Forms A through F, and they are found in Exhibit K. They must be completed and included with the offeror's proposal. Note that a qualified proposal

requires submission of only one set of disclosure forms from an offeror. Failure to complete and submit the forms may disqualify the offeror's proposal as being non-responsive.

a. Affidavit Disclosing Ownership and Commissions (Form A). As a condition of bidding and doing business with the Government, an offeror must disclose in the form of an affidavit the names of all persons owning more than ten percent of the outstanding interest of the offeror's business during the twelve-month period immediately preceding the date the proposals are due, including the percentage owned by each such person or entity. The affidavit must be made between the date of issuance of this RFP and the date that proposals are due, so long as the ownership listing mentioned in the affidavit is for the 365-day period preceding the date the offeror submits the proposal.

The same affidavit must also disclose the identity of anyone who has received or is entitled to receive a commission, gratuity, percentage, brokerage or other compensation or contingent arrangement for procuring a contract with the Government or for assisting the offeror in obtaining business related to this RFP, and the value or amounts. Please note that commissions, gratuities, percentages, contingency fees, or other compensation for the purposes stated herein are prohibited by Guam law, except that this prohibition does not apply to fees payable by the offeror upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the offeror for the purpose of securing business.

b. Affidavit re Non-Collusion (Form B). The offeror must represent that the offer is genuine and not a sham and that the offeror is not in collusion with others, that the offeror has not colluded, conspired, connived or agreed, directly or indirectly, with any other person to put in a sham proposal, to fix the cost of the contract, to secure any advantage against the Government or any person interested in the contract.

c. Affidavit re No Gratuities or Kickbacks (Form C). The offeror must represent that it has not violated, is not violating, and promises that it will not violate, the prohibition against gratuities and kickbacks set forth in the Guam Procurement Law. The prohibition is as follows: It is a breach of ethical standards for any person to offer, give, or agree to give any Government employee or former Government employee, or for any Government employee or former Government employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter, pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal thereof. Further, it shall be a breach of ethical standards for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement of the award of a contract or order.

d. Affidavit re Ethical Standards (Form D). The offeror must represent that it has not knowingly influenced, and promises that it will not knowingly influence, a Government employee to breach any of the ethical standards set out in Guam's procurement code or regulations pertaining to ethics in public contracting.

e. Affidavit re Contingent Fees (Form E). The offeror must represent as a part of its proposal that such offeror has not retained any person or agency to solicit or secure a Government of Guam contract upon an agreement or understanding for a commission, percentage, brokerage, or other contingent fee or arrangement, except for retention of bona fide employees or bona fide established commercial selling agencies for the purpose of securing business.

f. Declaration for Compliance with US DOL Wage Determination (Form F). Offerors are required to declare in non-affidavit form that they are in compliance with 5 GCA § 5801 and § 5802 regarding wage determination, and the current applicable US DOL Wage Determination must be attached to the declaration.

B. Proposal Instructions

1. Inquiries. All questions regarding this RFP must be submitted in writing and received by the Director of Administration no later than **4:00 p.m., June 12, 2012, Guam time.** Only potential offerors who have obtained an RFP and registered may submit written questions. The Government will not respond to inquiries received after the deadline. Oral statements made by the Government are not binding. The Government will respond in writing and send the response via facsimile or electronic mail. Delivery of inquiries to the Government must be in one of the following forms:

Hand-delivered to:
Director, Department of Administration
212 Aspinal Avenue
Governor Manuel F. L. Guerrero Building
Hagatna, Guam 96910

Mailed to:
Director, Department of Administration
P. O. Box 884
Hagatna, Guam 96932

Electronic message (e-mail) to:
Marie.Dufresne@haygroup.com and cc: to leonora.candaso@doa.guam.gov

If an inquiry requires an interpretation of the RFP, then the Government shall prepare a response in the form of an amendment to the RFP. All registered interested parties shall be provided the amendment. For responses which merely guide the inquirer, the Government has the discretion to provide the response to only the inquirer, or to all registered interested parties, depending on the content of the inquiry and response.

2. Sufficiency of proposals. Unnecessarily elaborate brochures or other presentations beyond those sufficient to present a complete and effective proposal are not desired. Elaborate artwork, expensive visual or other presentations are neither necessary nor desired. The Government will look instead for the quality of the information provided. The onus will be on the offeror to convince the Government of the offeror's capability to perform services through the documentation enumerated above in this paragraph. As each offeror will have its own unique operation, its financial ability will be assessed individually based on its audited financial statements, convention form, A. M. Best report, and reinsurance treaties, as may be applicable. Factors that will be taken into consideration include, but are not limited to, the following:

a. Any qualified audit opinion.

b. The ratio of current assets to current liabilities.

c. Adequacy of reserves

d. Ability to generate underwriting gains

e. History of overall profits or losses

f. A. M. Best ratings

g. Reinsurance

h. Experience in health insurance or HMO underwriting

i. Experience in Third Party Administration

j. Risk-based capital report

3. Multiple representations of an insuring company. For the purposes of negotiating the costs and contractual terms, the insurance company shall designate a company representative who shall have full authority to make plan design and rating decision at the negotiation table on behalf of the company.

4. Late proposals. No proposal will be accepted after the deadline for submitting proposals. If a proposal is delivered to the Government of Guam after the deadline for submission, it will be time-stamped and dated by the Government. However, late proposals are considered non-responsive and will not be considered by the Government.

5. Form and number of proposals. Each offeror shall prepare an original and fourteen (14) hard copies of its proposal. Handwritten proposals are not acceptable. Each proposal must be organized, fully assembled and complete. Offerors are reminded of the submission of electronic copies in addition to the hard copies.

6. Where and how to submit proposals. Proposal packages must be sealed and mailed or delivered to the following names and addresses. The Government is not responsible for any delivery costs or postage due. Proposals will not be accepted via facsimile or electronic mail (email) as these two mediums do not allow for the proposal to be sealed or submitted in an original form with multiple copies as required by law. Proposals should be marked "confidential."

   The original and fourteen (14) copies shall be sent to:

   If mailed, to:
   Director, Department of Administration
   P.O. Box 884
   Hagatna, Guam 96932

   If delivered, to:
   Director, Department of Administration
   212 Aspinal Avenue
   Governor Manuel F. L. Guerrero Building
   Hagatna, Guam 96910

   In addition, three (3) copies shall also be sent to:

   Hay Group
   Attn: Marie R. Dufresne, CCP, CBP, GRP
   Senior Principal
   5001 Spring Valley Road
   Suite 800 West
   Dallas, TX 75244

7. Due date and time for proposals. All hard copies of the entire proposal, including a printed copy of the excel file must be received by the Director of the Department of Administration no later than **4:00 p.m., June 27, 2012, Guam time.** The electronic version of the entire proposal must be uploaded by **4:00 p.m., June 28, 2012, Guam time.**

   The electronic version must include the completed Excel file as well as the entire proposal in word format.

   Please note that Guam is one day ahead of the continental United States. The offeror is responsible for submitting the proposals in a timely manner regardless of choice of delivery method. The offeror's transfer of its proposal to the U.S. Post Office or to a delivery company does not constitute receipt by the Government.

III. GENERAL PROCEDURES

A. Receipt and registration of proposals

Proposals (both electronic and hard copies) and modifications to proposals will be time-stamped upon receipt and held in a secure place until the established due date. The Government will keep a Register of Proposals Received identifying the proposals, the names of the offerors, and the number of modifications received, if any, by each offeror. The Register is not open for public inspection until after award of a contract. Proposals of offerors not awarded contracts do not become public records.

B. Opening of proposals

After the deadline for submission of proposals and as soon as practical, the proposals will be unsealed by at least two authorized government representatives who shall be procurement officers for purposes of this RFP as assigned by the Director of Administration. They shall at all times conduct the administration of this procurement together in the presence of each other. Proposals will not be opened publicly, nor disclosed to unauthorized persons.

C. Proposal evaluation and negotiation procedure

See Exhibit V, a flow chart for the evaluation and negotiation procedure set out in this RFP.

1. Phase I. Phase I is the initial screening of all proposals to determine whether the minimum requirements specified in the RFP were met, including submission of qualified proposals as required by P.L. 31-197, submission of all disclosure forms, and whether the proposals were signed as required. The lack of any of the disclosure forms or other information required to be submitted may be cause for a finding of non-responsiveness. Proposals will then be re-sealed and held in safe-keeping by one of the administrators until time for evaluation. If any proposal is determined to be non-responsive by the Government, such offeror shall be notified in writing about the determination.

2. Phase II. Phase II consists of the evaluation of the information provided by the offerors pursuant to Section II of this RFP by the Negotiation Team and the ranking of the offerors based on the evaluation results. A relative weight is assigned to the minimum factors which will be rated on a scale from zero (0) to five (5), with five (5) being the highest possible score.

   The relative total points is derived by multiplying the relative weight by the points assigned by the Negotiation Team (A x B = C). This process will be implemented until all questions and quotes are rated. The cumulative relative weighted points are derived by adding all relative total points assigned by the Team (summation of C). The total cumulative relative weighted points are then multiplied by the factors assigned to each of the three parts, i.e. 40% for Part 1, 30% for Part 2, and 30% for Costs.

   For purposes of evaluations, exclusive proposals will be evaluated and ranked together. Non-exclusive proposals will be evaluated and ranked together.

   The offerors will be ranked in accordance with the number of total points. The three highest ranked offerors will be invited to enter into negotiations with the government. The offerors will be ranked in accordance with the number of total points for each category, and the offeror with the highest number of points will be considered the first ranked for purposes of determining the order of negotiations in Phase III if an invitation to negotiate is extended. The government will negotiate with offerors in accordance with their ranking, beginning with the first ranked, but only to the extent of the offeror's negotiators be available on the dates scheduled by the government for negotiations. Otherwise, the evaluations, the assignment of points, and the ranking of offerors and their proposals is for the government's informational purposes only.

   During the evaluations, the Negotiating Team and the Consultant may conduct discussions with any offeror, either in person or telephonically. Discussions are discretionary to the Negotiation Team and the Consultant. The purposes of such discussions shall be (a) to determine in greater detail the offeror's qualifications; or (b) to explore with the offeror the scope and nature of the required services, the offeror's proposed method of performance, and the relative utility of alternative methods of approach.

Discussions shall not disclose any information derived from proposals submitted by other offerors. If requested by the purchasing agency, the issues clarified during discussion should be put into writing by the offeror and submitted to the Government within three business days of conclusion of discussions, and may be submitted electronically or via facsimile. The Government will provide further instructions as may be necessary.

Prior to the conclusion of discussions with any offeror, its proposal may be modified or withdrawn upon written request by the offeror. The Director of Administration may accept any item or group of items of any offer, unless the offeror qualifies his offer by specific limitation or condition.

If the qualified offeror marked any portion or portions of its proposal as being confidential because the information is proprietary information, then those portions shall be reviewed by the Government to determine whether they contain confidential or proprietary material. If the Government agrees, then the parties shall move on to Phase III. If the Government does not agree, then the Government must issue a written determination regarding the matter explaining why. If the offeror is dissatisfied with the written determination, then it may withdraw its proposal or submit a protest according to the procedures set out in the Guam Procurement Law.

Upon resolution of confidentiality issues, if any, the Government shall notify each registered offeror of the evaluation results to the extent permissible by law via facsimile or email.. The Government will provide further instructions as may be necessary.

3. Phase III. Phase III is the negotiation process. The highest ranked qualified exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching an agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of an exclusive-contract will be set aside for later evaluation and ranking by the Negotiating Team.

The second highest ranked qualified exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching an exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of an exclusive contract will be set aside for later evaluation and ranking by the Negotiating Team.

The third highest ranked qualified exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching an exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of an exclusive contract will be set aside for later evaluation and ranking by the Negotiating Team.

The highest ranked qualified non-exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching a non-exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of a non-exclusive contract will be set aside for later presentation to the Governor as one of up to three non-exclusive plan options..

The second highest ranked qualified non-exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching a non-exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of a non-exclusive contract will be set aside for later presentation to the Governor as one of up to three non-exclusive plan options.

The third highest ranked qualified non-exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching a non-exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of a non-exclusive contract will be set aside for later presentation to the Governor as one of up to three non-exclusive plan options. .

4. Phase IV. Phase IV is the evaluation, ranking and choice of the best and final offer of an exclusive contract for later presentation to the Governor. The Negotiating Team, using those factors set out in this RFP, will evaluate, rank and select the best and final offer of an exclusive contract for presentation to the Governor.

5. Phase V. Phase V is the contract finalization stage, and includes drafting, reviewing and finalizing the one exclusive contract and the three non-exclusive contracts that have been negotiated and are to be presented to the Governor.

6. Phase VI. Phase VI is the contract choice stage. The governor of Guam decides to execute either the exclusive contract or decides to sign each of the non-exclusive contracts. Pursuant to 4 GCA §4301, this choice is exclusively up to the Governor. By law, the contract must also be reviewed and approved by the Department of Revenue & Taxation, Bureau of Budget and Management Research and the Attorney General before the Governor will provide his final approval by signing the contract. No contract is valid and binding until it is signed by the Governor. All finalists acknowledge that only the Governor may bind the Government to this contract and that the issuance of this Request for Proposal does not commit the Government of Guam to award a contract.

At any time during the proposal evaluation and negotiation procedure, an offeror may be requested by the government, the government's consultant or the Negotiations Team to provide clarification, documentation, data, or any other additional information to supplement its proposal. Failure to provide such additional information upon request and by the specified deadline may result in a determination that the offeror is non-responsive or non-responsible, whichever is applicable.

D. Cancellation of RFP or solicitation

The Government may cancel this RFP or solicitation, in whole or in part, at any time, or may reject all proposals so long as the Government makes a written determination that doing so is in the best interest of the Government and a contract has not yet been fully signed. In the event of cancellation or rejection of all proposals, proposals that have been unsealed shall remain the property of the Government and not returned to the respective offerors. A proposal that has not been unsealed (such as late proposals) will be returned to the offeror upon request of the offeror.

E. Rejection of individual proposals

The Government shall have the prerogative to reject proposals in whole or in part when doing so is in the best interest of the Government as provided for in the procurement laws. Reasons for rejection of individual proposals include, but are not limited to, reasons such as: (a) the offeror is non-responsible as determined under 2 GAR Div. 4 § 3116; (b) the proposal ultimately fails to meet the announced requirements of the Government in some material respect notwithstanding opportunity for altering or clarifying the proposal; or (c) the proposed price is clearly unreasonable.

Benita Manglona

BENITA A. MANGLONA, Director
Department of Administration

Date: 6/5/12

EXHIBIT A – Part 1

QUESTIONS TO BE ANSWERED BY OFFEROR

1. Detail any additional plan design features (not already included in this request) and their cost differentials which you feel would improve the current plan position with minimal cost increase.

2. Explain in detail the method which you would use to calculate the Government of Guam's rates in the first year and in subsequent years.

3. How is your retention calculated? Please be specific. Include all components and their % of the annual premiums (or dollar amounts for administration-only quotes).

4. How do you calculate your medical trend factors? What components are considered and used for your calculations? What is your current published and experience trends?

5. How will you reimburse participating providers for medical care? At a minimum, your answer should separately address reimbursements to hospitals, physicians, pharmacies, and off-island providers.

6. How will you reimburse "Non-par" providers of medical care? At a minimum, your answer should separately address reimbursements to hospitals, physicians, pharmacies, and off-island providers.

7. How do you determine reserves for incurred but not reported claims?

8. Are your IBNR reserves actuarially certified?

9. What is your average payment lag for your medical/PPO book of business?

10. Please confirm if there are other charges other than rates, i.e. marketing costs, printing costs, site meetings, etc., assessed to the Government of Guam?

11. Describe how you would assist the Government of Guam in communicating your plan to its employees, retirees, and survivors. Describe how Vendor will assist the Government with the open enrollment process. Describe the materials and services Vendor will supply to initiate and to implement Vendor's program, including level of participation in the Government's open enrollment process. Provide samples of all implementation materials Vendor will supply. Identify which services will be included in the basic fee and which will involve additional costs. All proposed costs shall be identified in Vendor's Price Schedule.

12. Explain how the Government of Guam would benefit by contracting with your company.

13. Provide a detailed list of all providers by specialty area and facility type on Guam, The Philippines and the Mainland that will be available to The Government of Guam employees and retirees, including centers of excellence and their specialties.

    (a) State when the last provider directory was published and how often it is revised.

    (b) Indicate what kinds of communication are provided to the participating providers regarding the benefit plan.

14. How do you define usual, customary and reasonable charges? How do you assign usual, customary and reasonable values to different geographic areas? How frequently are your usual, reasonable and customary charges updated?

15. Under what circumstances do you apply usual, customary and reasonable charges?

16. How are your rates impacted by enrollment threshold? For example, will rates, retention, etc. change with the number of lives in the plan?

17. Please provide a timeline for implementation, considering negotiations are scheduled to be held in early June, and the plan effective date will be October 1, 2012.

18. Disruption Report: A list of the utilized providers is included as Exhibit S. Please provide a network disruption analysis based on the availability of these providers in the Vendor's network.

19. Provide and define in detail Vendor's performance standards for which Vendor will provide a guarantee subject to financial penalty. Include a description of the reporting format which measures these standards.

20. Will you provide a guaranteed overall provider Discount rate? Please provide details of any guarantee and the penalty for non-compliance.

21. Durable Medical Equipment Review - Durable medical equipment review will be performed to evaluate appropriateness of equipment and medical necessity.

22. Discharge Planning - Describe in detail your discharge planning process.

23. High Risk Pregnancy - Describe in detail your case management process for high risk pregnancy.

24. When are Hospice referrals given? Please describe the Hospice process in detail.

25. Disease Management and Wellness Incentive Program – the Government of Guam has a legal requirement to provide a full wellness program which must include:
    - Preventive Care (PPACA)
    - Disease Management
    - A Wellness program
    - Please provide in detail, your proposal for all of these services as well as how each will be administered.

26. The Government is also interested in fully-insured plans for Medicare eligible retirees. Can you provide such product(s) and if so, please provide the coverage area, plan design, and fees associated (fees to be submitted on Exhibit O). Please note, this is an optional plan design and it is not a minimum requirement. This Medicare plan could be either a fully-insured Medicare Advantage group plan, or a Medicare Supplement group plan coupled with a drug plan.

27. Include pricing for the following DENTAL plan alternatives:
    - Annual maximum at $1,500 per person
    - Annual maximum of $2,000 per person

28. Include dental rates for unbundling coverage from the Medical Plan.

EXHIBIT A -Part 2
Questions to be answered by Offeror

1. The name of the offeror and the location of the offeror's principal place of business.

2. If awarded the contract, will you have a customer service office on Guam?

3. References of three other employers for whom services similar in scope, size or discipline to the required services have been provided by the offeror. The name, address, contact person, and telephone number(s) should be provided.

4. The name of the insurance company or companies, including reinsurers, through which this policy will be underwritten. Provide proof that all such insurance companies underwriting the risks are licensed to do business on Guam pursuant to the Insurance Laws of Guam. If any part of the plan would be reinsured, please provide a copy of the face sheet to the reinsurance agreement.

5. The offeror must demonstrate that it has the organizational and technological structure necessary to perform the claim processing and administrative required services. Insurance companies and administrators, if applicable, must submit documentation that there exists an adequate mechanism for maintaining records on enrollees. Demonstrate that there exists an effective program for containing costs for medical services (i.e. Disease Management program administered by the carrier/vendor), hospital confinement, and any other benefits that shall be provided. The Government of Guam requires detailed claim information be remitted to them and their consultants on a monthly basis. Please refer to Exhibit Q for a list of data requirements.

6. The offeror must demonstrate its company's experience and expertise in providing the required services.
   a. Describe claim paying procedures including review of questionable claims and internal fraud controls.
   b. Indicate the location where claims incurred under the proposed contract would be processed.
   c. Provide samples of utilization and claims reports, enrollment reports, premium payment reports, large claim reports, and any other reports you can produce which may be of benefit to the Government of Guam in assessing the experience of the plan. Describe custom reporting capabilities, indicating whether the Government and their consultants will have the ability to create reports using an online tool. In the situation where a special data request cannot be fulfilled using an online data tool, will Vendor generate a special report for the Government – at what cost? And how quickly could the report be available?
   d. Demonstrate that a mechanism exists for coordinating benefits when a person is insured by more than one health insurance plan for the same condition. Describe the Coordination of Benefits and paying procedures

7. The offeror must provide a fully-insured but participating contract rate quote for the current plans and the individually requested benefits in Exhibit G.

8. The offeror must outline its plan for performing the required services.

   a. Describe the manner in which you proposed to handle medical costs and services on-island and
   b. also in the event of an accident or illness which occurs while off-island.
   c. Further, indicate your practice for sending enrolled members off-island for treatment not obtainable on Guam.

9. The offeror must show evidence of the ability of the personnel of the principal insurance company and its local agent, if any, to perform the services required. The technical training, education, experience, and the qualifications and abilities of personnel proposed to be assigned to perform the services should be included. .

10. Identify the person(s) who will be responsible for the Government's account. Provide a résumé or résumés describing that person or persons' qualifications and experience, including the name(s), address(es), telephone number(s), and the position title(s) for such person(s).

11. If Vendor is proposing as a team or joint venture or has included sub-contractors, describe the rationale for selecting the team and the extent to which the team, joint ventures and/or sub-contractors have worked together in the past.

12. Provide a detailed organizational chart that includes all personnel to be assigned to this project, work assignments and job descriptions.

13. Provide the offeror's most recent financial rating status for the following rating agencies: A.M. Best, Standard & Poor's, Fitch, and Moody's. If the offeror's financial rating has changed within the past 12 months for any of the rating agencies, indicate the new rating and the date received. If the rating has not changed within the past 12 months, please indicate.

EXHIBIT B

PRELIMINARY EVALUATION FORM

YES	NO	Description
		1. Was proposal received within the timeframe?
		2) Disclosure Affidavits with original seal: * Disclosing Ownership & Commissions. The affidavit must be made between the date of issuance of this RFP and the date that proposals are due. * Non-Collusion * No Gratuities and Kickbacks * Ethical Standards * Contingent Fees * Declaration for Compliance with US DOL Wage Determination
		3) Acknowledgement of Amendments issued, if any.
		4) Cover letter w/authorized signature, name of offeror location, type of business, and designated person with contact information.
		5) Business License. If no, then cover letter must explain that they do not have one at time of submission.
		6) Cost Proposal.
		7) Original with 14 copies.
		8) Description of company, capabilities, level of expertise the company can provide.
		9) Items marked as proprietary? If government does not agree, government must issue written determination explaining why.
		10) Signed Administrative and Marketing Guidelines.
		11) Signed Reporting Guidelines.
		12) Provided exclusive and non-exclusive proposals.
		13) Current Certificate of Authority for insurer.
		14) Current Certificate of Authority for reinsurer.

EXHIBIT B

Part 1 (40%)

Phase I Evaluation Form
Group Health Insurance Request For-Proposal

All offerors must answer questions found in Exhibit B, Parts 1-3 and attach the responses to both their exclusive and non-exclusive proposals. These answers need to be submitted on the enclosed excel format provided in the RFP package, as well as in PDF format, within the formal response.

POSSIBLE POINTS	EVALUATOR SCORE		(B) RELATIVE WEIGHT	(A)(B) RELATIVE TOTAL
0 - 5		1. Detail any additional plan design features (not already included in this request) and their cost differentials which you feel would improve the current plan position with minimal cost increase.	1	
0 - 5		2. Explain in detail the method which you would use to calculate the Government of Guam's rates in the first year and in subsequent years.	1	
0 - 5		3. How is your retention calculated? Please be specific. Include all components and their % of the annual premiums (or dollar amounts for administration-only quotes).	1	
0 - 5		4. How do you calculate your medical trend factors? What components are considered and used for your calculations? What is your current published and experience trends?	1	
0 - 5		5. How will you reimburse participating providers for medical care? At a minimum, your answer should separately address reimbursements to hospitals, physicians, pharmacies, and off-island providers.	1	
0 - 5		6. How will you reimburse "Non-par" providers of medical care? At a minimum, your answer should separately address reimbursements to hospitals, physicians, pharmacies, and off-island providers.	1	
0 - 5		7. How do you determine reserves for incurred but not reported claims?	1	
0 - 5		8. Are your IBNR reserves actuarially certified?	1	
0 - 5		9. What is your average payment lag for your medical/PPO book of business?	1	
0 - 5		10. Please confirm if there are other charges other than rates, i.e. marketing costs, printing costs, site meetings, etc., assessed to the Government of Guam?	1	
0 - 5		11. Describe how you would assist the Government of Guam in communicating your plan to its employees, retirees, and survivors. Describe how Vendor will assist the Government with the open enrollment process. Describe the materials and services Vendor will supply to initiate and to implement Vendor's program, including level of participation in the Government's open enrollment process. Provide samples of all implementation materials Vendor will supply. Identify which services will be included in the basic fee and which will involve additional costs. All proposed costs shall be identified in Vendor's Price Schedule.	1	

0 - 5		12. Explain how the Government of Guam would benefit by contracting with your company.	1	
0 - 5		13. Provide a detailed list of all providers by specialty area and facility type on Guam, The Philippines and the Mainland that will be available to The Government of Guam employees and retirees, including centers of excellence and their specialties. (a) State when the last provider directory was published and how often it is revised. (b) Indicate what kind of communications are provide to the participating providers regarding the benefit plan.	1	
0 - 5		14. How do you define usual, customary and reasonable charges? How do you assign usual, customary and reasonable values to different geographic areas? How frequently are your usual, reasonable and customary charges updated?	1	
0 - 5		15. Under what circumstances do you apply usual, customary and reasonable charges?	1	
0 - 5		16. How are your rates impacted by enrollment threshold? For example, will rates, retention, etc. change with the number of lives in the plan?	1	
0 - 5		17. Please provide a timeline for implementation, considering negotiations are scheduled to be held in early June, and the plan effective date will be October 1, 2012.	1	
0 - 5		18. Disruption Report: A list of the utilized providers is included as Exhibit S. Please provide a network disruption analysis based on the availability of these providers in the Vendor's network.	1	
0 - 5		19. Provide and define in detail Vendor's performance standards for which Vendor will provide a guarantee subject to financial penalty. Include a description of the reporting format which measures these standards.	1	
0-5		20. Will you provide a guaranteed overall provider Discount rate? Please provide details of any guarantee and the penalty for non-compliance.	1	
0 - 5		21. Durable Medical Equipment Review - Durable medical equipment review will be performed to evaluate appropriateness of equipment and medical necessity.	1	
0 - 5		22. Discharge Planning - Describe in detail your discharge planning process.	1	
0 - 5		23. High Risk Pregnancy - Describe in detail your case management process for high risk pregnancy.	1	
0 - 5		24. When are Hospice referrals given? Please describe the Hospice process in detail.	1	
0 - 5		25. Disease Management and Wellness Incentive Program – the Government of Guam has a legal requirement to provide a full wellness program which must include: o Preventive Care (PPACA) o Disease Management o A Wellness program Please provide in detail your proposal for all of these services as well as how each will be administered.	2	
0 - 5		26. The Government is also interested in fully-insured plans for Medicare eligible retirees. Can you provide such product(s) and if so, please provide the coverage area, plan design, and fees associated (fees to be submitted on Exhibit O). Please note, this is an optional plan design and it is not a	1	

		minimum requirement. This Medicare plan could be either a fully-insured Medicare Advantage group plan, or a Medicare Supplement group plan coupled with a drug plan.		
0-5		27. Include pricing for the following DENTAL plan alternatives: ○ Annual maximum at $1,500 per person ○ Annual maximum of $2,000 per person	1	
0-5		28. Include dental rates for unbundling coverage from the Medical Plan.	1	
		Cumulative Relative Total	29	
		Weight of Part 1	X 40%	
		Total Weighted Points		

EXHIBIT B

Part 2 (30%)

Phase I Evaluation Form
Group Health Insurance Request For-Proposal

All offerors must answer questions found in Exhibit B, Parts 1-3 and attach the responses to both their exclusive and non-exclusive proposals. These answers need to be submitted on the enclosed excel format provided in the RFP package, as well as in PDF format, within the formal response.

(A) POSSIBLE POINTS	(A) X EVALUATOR SCORE		(B) RELATIVE WEIGHT	(C) RELATIVE TOTAL
N/A	N/A	1. The name of the offeror and the location of the offeror's principal place of business.	N/A	
0 - 5		2. If awarded the contract, will you have a customer service office on Guam?	1	
N/A	N/A	3. References of three other employers for whom services similar in scope, size or discipline to the required services have been provided by the offeror. The name, address, contact person, and telephone number(s) should be provided.	NA	
N/A	N/A	4. The name of the insurance company or companies, including reinsurers, through which this policy will be underwritten. Provide proof that all such insurance companies underwriting the risks are licensed to do business on Guam pursuant to the Insurance Laws of Guam. If any part of the plan would be reinsured, please provide a copy of the face sheet to the reinsurance agreement.	N/A	
0 - 5		5. The offeror must demonstrate that it has the organizational and technological structure necessary to perform the claim processing and administrative required services. Insurance companies and administrators, if applicable, must submit documentation that there exists an adequate mechanism for maintaining records on enrollees. Demonstrate that there exists an effective program for containing costs for medical services (i.e. Disease Management program administered by the carrier/vendor), hospital confinement, and any other benefits that shall be provided. The Government of Guam requires detailed claim information be remitted to them and their consultants on a monthly basis. Please refer to Exhibit Q for a list of data requirements.	1	
N/A	N/A	6. The offer must demonstrate its company's experience and expertise in providing the required services.	N/A	
0 - 5		a. Describe claim paying procedures including review of questionable claims and internal fraud controls.	1	
N/A	N/A	b. Indicate the location where claims incurred under the proposed contract would be processed.	N/A	

0 - 5		c. Provide samples of utilization and claims reports, enrollment reports, premium payment reports, large claim reports, and any other reports you can produce which may be of benefit to the Government of Guam in assessing the experience of the plan. Describe custom reporting capabilities, indicating whether the Government and their consultants will have the ability to create reports using an online tool. In the situation where a special data request cannot be fulfilled using an online data tool, will Vendor generate a special report for the Government – at what cost? And how quickly could the report be available?	1	
0 - 5		d. Demonstrate that a mechanism exists for coordinating benefits when a person is insured by more than one health insurance plan for the same condition.	1	
0 - 5		7. The offeror must provide a fully-insured but participating contract rate quote for the current plans and the individually requested benefits in Exhibit G.	1	
0 - 5		8. The offeror must outline its plan for performing the required services.	1	
0 - 5		a. Describe the manner in which you proposed to handle medical costs and services on-island and	1	
0 - 5		b. also in the event of an accident or illness which occurs while off-island.	1	
0 - 5		c. Further, describe your practice for sending enrolled members off-island for treatment not obtainable on Guam.	1	
0 - 5		9. The offeror must show evidence of the ability of the personnel of the principal insurance company and its local agent, if any, to perform the services required. The technical training, education, experience, and the qualifications and abilities of personnel proposed to be assigned to perform the services should be included.	1	
N/A		10. Identify the person(s) who will be responsible for the Government's account. Provide a resume or resumes describing that person or persons' qualifications and experience, including the name(s), address(es), telephone number(s), and the position title(s) for such persons.	N/A	
N/A		11. If vendor is proposing as a team or joint venture or has included sub-contractors, describe the rationale for selecting the team and the extent to which the team, joint ventures and/or sub-contractors have worked together in the past.	N/A	
0 - 5		12. Provide a detailed organizational chart that includes all personnel to be assigned to this project, work assignments and job descriptions.	1	
0 - 5		13. Provide the offeror's most recent financial rating status for the following rating agencies: A.M. Best, Standard & Poor's, Fitch, and Moody's. If the offeror's financial rating has changed within the past 12 months for any of the rating agencies, indicate the new rating and the date received. If the rating has not changed within the past 12 months, please indicate.	1	
		Cumulative Relative Total	13	

Weight of Part 2	X 30%	
Total Weighted Points		

EXHIBIT B
Part 3 – Evaluation of Costs

All offerors must answer questions found in Exhibit B, Parts 1-3 and attach the responses to both their exclusive and non-exclusive proposals. These answers need to be submitted on the enclosed excel format provided in the RFP package, as well as in PDF format, within the formal response.
Costs will be evaluated by the Negotiating Team; the Government's consultants may advise the Negotiating Team based on their review. This portion is worth 30% of the total score.
Process for evaluation of costs:

1. For each plan requested, the total annual premium will be evaluated on a scale of 0 to 5. The total annual premium will be provided by each bidder. The annual premium will be determined by the quoted insured premiums times the current enrollment figures times 12. The lowest cost for each item will receive the highest score from each evaluator, the next lowest cost will receive the second highest score from each evaluator, etc.
2. For each alternative plan design component requested, the cost impact will be evaluated on a scale of 0 to 5. The total annual cost will be determined in the same manner as noted above for fully insured plans. The lowest cost for each item will receive the highest score from each evaluator, the next lowest cost will receive the second highest score from each evaluator, etc.

(A) POSSIBLE POINTS	(A) X EVALUATOR SCORE		(B) RELATIVE WEIGHT	(C) RELATIVE TOTAL
0 - 5		1500 deductible plan: evaluation for total annual premium without adjustments for responses to questions 1 – 8 further detailing plan (Exhibit F Alternative Plan Designs)	8	
0 - 5		2000 deductible plan: evaluation for total annual premium without adjustments for responses to questions 1 – 8 further detailing plan	6	
0 - 5		Dental plan: evaluation for total annual premium without adjustments for responses to questions 27 & 28 (part 1) further detailing plan	3	
0 - 5		Proposal for the same plan details as the $1,500 deductible but with a $1,000 annual deductible and $2,000 annual family deductible – all other plan details remain the same.	1	
0 - 5		Proposal for the same plan details as the $2,000 deductible plan but with a $1,500 annual deductible and $3,000 annual family deductible	1	
0 - 5		Increase annual maximums to unlimited for both plans	1	
0 - 5		Add a 3 month deductible carry-over for all deductible amounts satisfied in the last 3 months of the plan year.	1	
0 - 5		Increase the occupational therapy benefit to 20 visits per year with a $100 maximum benefit per visit	1	
0 - 5		Prescription Drugs: a. Add a fourth drug tier for Specialty Drugs at $60 copayment b. Change the entire drug program to a coinsurance approach with the following design: i. Generic drugs 10% coinsurance ii. Formulary(Preferred Brand) 20% coinsurance iii. Brand 30% coinsurance iv. Specialty Drug 40% coinsurance v. Annual out-of-pocket maximum $2,000/person vi. Mail order (90 day supply) 2 months at above coinsurance	1	

0 - 5		Add a quote(s) for Medicare Advantage and/or a Medicare Supplement Plan with a drug plan for all over age 65 retirees and survivors	1	
0 - 5		The Government of Guam is not required to provide COBRA coverage for employees. However, GovGuam is interested in obtaining a quote to provide a COBRA coverage option for the Government's existing plans. Provide a quote for administering COBRA coverage for the Government's existing plans.	1	
			Cumulative Relative Total	25	
			Weight of Part 3	X 30%	
			Total Weighted Points		

SCORING	TOTAL POINTS
Part 1 Total Weighted Points	
Part 2 Total Weighted Points	+
Part 3 Total Weighted Points	+
Cumulative Total Weighted Points	=

Only for initial ranking: total premiums will be reduced by 4% Business Privilege Tax (BPT) for those organizations not benefiting from a BPT abatement.

EXHIBIT B-2

Phase IV Evaluation Form

Group Health Insurance Request For-Proposal

Exclusive Contract

Final exclusive contract rates will be evaluated by the Negotiating Team; the Government's consultants may advise the Negotiating Team based on their review. For each item below, the total annual premium will be evaluated on a scale of 0 to 5. The total annual premium will be that which the result of final negotiations with each bidder is. The annual premium will be determined by the quoted insured premiums times the current enrollment figures times 12. The vendor with the lowest cost will receive the highest score, etc

For each alternative plan design component requested, the cost impact will be evaluated on a scale of 0 to 5. The total annual cost will be determined in the same manner as noted above for fully insured plans.

POSSIBLE POINTS	(A) EVALUATOR SCORE		(B) RELATIVE WEIGHT	(C) RELATIVE TOTAL
0 - 2		Final Negotiated rates for current medical/drug plan design	7	
0 - 2		Final negotiated rates for current Dental plan design	3	
0 - 2		Final negotiated rate for the same plan details as the $1,500 deductible but with a $1,000 annual deductible and $2,000 annual family deductible – all other plan details remain the same.	1	
0 - 2		Final negotiated rate for the same plan details as the $2,000 deductible plan but with a $1,500 annual deductible and $3,000 annual family deductible	1	
0 - 2		Final negotiated rate for the increase annual maximums to unlimited for both plan options	1	
0 - 2		Final negotiated rate for the additional 3 month deductible carry-over for all deductible amounts satisfied in the last 3 months of the plan year.	1	
0 - 2		Final negotiated rate for the increase to the occupational therapy benefit to 20 visits per year with a $100 maximum benefit per visit	1	
0 - 2		Final negotiated rate for the Prescription Drug plan including: a. Add a fourth drug tier for Specialty Drugs at $60 copayment b. Change the entire drug program to a coinsurance approach with the following design: i. Generic drugs 10% coinsurance ii. Formulary(Preferred Brand) 20% coinsurance iii. Brand 30% coinsurance iv. Specialty Drug 40% coinsurance v. Annual out-of-pocket maximum $2,000/person vi. Mail order (90 day supply) 2 months at above coinsurance	1	
0 - 2		Final negotiated rate for the following DENTAL plan alternatives: o Annual maximum at $1,500 per person o Annual maximum of $2,000 per person	1	
0 - 2		Final negotiated rate for unbundling coverage from the Medical Plan from the Dental	1	

0 - 2		Final negotiated rate for administering COBRA coverage for the Government's existing plans.	1	
0 - 2		Final negotiated guaranteed overall provider Discount rate	1	
0 - 2		Final negotiated Vendor's performance standards for which Vendor will provide a guarantee subject to financial penalty.	1	
0 - 2		Final approaches and negotiated rates for providing assistance with a Disease Management and Wellness program which must include: o Preventive Care (PPACA) o Disease Management o A Wellness program	2	
0 - 2		Final satisfaction with the company's experience and expertise in providing the required services. Including the following:	1	
N/A		a. Claim paying procedures including review of questionable claims and internal fraud controls.	N/A	
N/A		b. Utilization and claims reports, enrollment reports, premium payment reports, large claim reports, and any other reports which may be of benefit to the Government of Guam in assessing the experience of the plan including ad hoc reporting capabilities and costs, if any.	N/A	
N/A		c. Satisfaction that a mechanism exists for coordinating benefits when a person is insured by more than one health insurance plan for the same condition.	N/A	
0 – 2		Satisfaction that the vendor has the organizational and technological structure necessary to perform the claim processing and administrative required services and that an adequate mechanism for maintaining records on enrollees. Satisfaction that the carrier has an effective program for containing costs for medical services (i.e. Disease Management program administered by the carrier/vendor), hospital confinement, and any other benefits that shall be provided.	1	

Cumulative Relative Total	25	
Total Weighted Points		

EXHIBIT C

Government of Guam
FY2012 MEDICAL and DENTAL RATES

Total Premium Rates FY 2012				
Actives (Monthly)		Dental	SC 1500	HSA 2000
Class I	EE	$ 34.00	$ 281.00	$ 150.00
Class II	EE + Spouse	$ 77.00	$ 636.00	$ 316.00
Class III	EE + Child(ren)	$ 62.00	$ 500.00	$ 266.00
Class IV	EE + Family	$ 104.00	$ 862.00	$ 442.00
Retirees (Monthly)		Dental	SC 1500	HSA 2000
Class I	EE	$ 34.00	$ 607.00	$ 512.00
Class II	EE + Spouse	$ 77.00	$ 1,421.00	$ 1,090.00
Class III	EE + Child(ren)	$ 62.00	$ 1,046.00	$ 892.00
Class IV	EE + Family	$ 104.00	$ 1,903.00	$ 1,512.00

Active/ Retiree Rates				
Active/ Retiree (Monthly)		Dental	SC 1500	HSA 2000
Class I	EE	$ 17.00	$ 84.00	$ 7.00
Class II	EE + Spouse	$ 54.00	$ 239.00	$ 111.00
Class III	EE + Child(ren)	$ 43.00	$ 188.00	$ 93.00
Class IV	EE + Family	$ 73.00	$ 323.00	$ 155.00

EXHIBIT D

ENROLLMENT DATA as of September 1, 2011 and October 1, 2011

FY 2011

Enrollment as of 9/1/2011				
Actives		**Dental**	**SC 1500**	**HSA 2000**
Class I	EE	3,362	2,102	1,912
Class II	EE + Spouse	352	310	156
Class III	EE + Child(ren)	1,252	857	485
Class IV	EE + Family	1,017	669	463
Retirees		**Dental**	**SC 1500**	**HSA 2000**
Class I	EE	1,688	1,782	744
Class II	EE + Spouse	282	376	80
Class III	EE + Child(ren)	159	148	35
Class IV	EE + Family	120	105	38

FY 2012

Enrollment as of 10/1/2011				
Actives		**Dental**	**SC 1500**	**HSA 2000**
Class I	EE	3,500	2,152	1,948
Class II	EE + Spouse	395	335	190
Class III	EE + Child(ren)	1,455	990	564
Class IV	EE + Family	1,464	971	631
Retirees		**Dental**	**SC 1500**	**HSA 2000**
Class I	EE	1,758	1,769	832
Class II	EE + Spouse	289	375	95
Class III	EE + Child(ren)	169	152	42
Class IV	EE + Family	187	162	57

EXHIBIT E

CLAIMS DATA through January 2012

Medical Plans

Month	1000 PLAN			1500 PLAN			2000 PLAN		
	Medical Claims Paid	RX Claims Paid	Total Claims Paid	Medical Claims Paid	RX Claims Paid	Total Claims Paid	Medical Claims Paid	RX Claims Paid	Total Claims Paid
October 2009	$ 257	$ 8,258	$ 8,515	$ 54,309	$ 493,421	$ 547,730	$ 3,953	$ 47,530	$ 51,483
November 2009	$ 13,267	$ 8,716	$ 21,983	$ 691,234	$ 517,279	$ 1,208,513	$ 83,353	$ 45,793	$ 129,146
December 2009	$ 19,218	$ 7,397	$ 26,615	$ 1,339,749	$ 543,099	$ 1,882,848	$ 101,870	$ 47,674	$ 149,544
January 2010	$ 46,686	$ 7,064	$ 53,750	$ 1,719,698	$ 572,484	$ 2,292,182	$ 234,034	$ 52,542	$ 286,576
February 2010	$ 62,908	$ 7,014	$ 69,922	$ 1,877,161	$ 552,175	$ 2,429,336	$ 266,255	$ 54,579	$ 320,834
March 2010	$ 36,692	$ 9,867	$ 46,559	$ 2,523,769	$ 692,452	$ 3,216,221	$ 272,794	$ 64,527	$ 337,321
April 2010	$ 29,005	$ 7,592	$ 36,597	$ 2,622,957	$ 626,994	$ 3,249,951	$ 226,678	$ 60,999	$ 287,677
May 2010	$ 28,548	$ 8,436	$ 36,984	$ 2,574,593	$ 714,085	$ 3,288,678	$ 245,627	$ 60,275	$ 305,902
June 2010	$ 15,271	$ 8,955	$ 24,226	$ 2,690,078	$ 732,966	$ 3,423,044	$ 338,596	$ 65,305	$ 403,901
July 2010	$ 27,386	$ 9,849	$ 37,235	$ 2,577,011	$ 701,598	$ 3,278,609	$ 342,727	$ 62,832	$ 405,559
August 2010	$ 20,343	$ 9,804	$ 30,147	$ 2,512,321	$ 742,472	$ 3,254,793	$ 310,776	$ 73,661	$ 384,437
September 2010	$ 41,001	$ 8,755	$ 49,756	$ 2,229,556	$ 869,170	$ 3,098,726	$ 305,139	$ 86,711	$ 391,850
October 2010	$ 31,800	$ -	$ 31,800	$ 3,080,587	$ 794,336	$ 3,874,924	$ 339,300	$ 4,501	$ 343,800
November 2010	$ 16,205	$ -	$ 16,205	$ 2,247,068	$ 1,206,921	$ 3,453,989	$ 535,193	$ 7,768	$ 542,961
December 2010	$ 4,820	$ -	$ 4,820	$ 4,074,984	$ 1,211,385	$ 5,286,369	$ 718,162	$ 9,788	$ 727,950
January 2011	$ -	$ -	$ -	$ 1,617,125	$ 652,262	$ 2,269,387	$ 164,343	$ 14,322	$ 178,665
February 2011	$ -	$ -	$ -	$ 2,404,698	$ 669,576	$ 3,074,274	$ 359,617	$ 18,578	$ 378,195
March 2011	$ -	$ -	$ -	$ 2,320,093	$ 286,838	$ 2,606,931	$ 389,068	$ 11,403	$ 400,471
April 2011	$ -	$ -	$ -	$ 1,965,961	$ 1,080,944	$ 3,046,905	$ 559,314	$ 51,763	$ 611,076
May 2011	$ -	$ -	$ -	$ 2,125,348	$ 720,895	$ 2,846,244	$ 420,610	$ 41,533	$ 462,143
June 2011	$ -	$ -	$ -	$ 2,776,059	$ 762,365	$ 3,538,424	$ 590,058	$ 45,952	$ 636,010
July 2011	$ -	$ -	$ -	$ 2,534,621	$ 673,870	$ 3,208,491	$ 572,015	$ 48,241	$ 620,256
August 2011	$ -	$ -	$ -	$ 2,574,616	$ 781,268	$ 3,355,883	$ 804,936	$ 56,037	$ 860,974
September 2011	$ -	$ -	$ -	$ 2,300,685	$ 814,337	$ 3,115,022	$ 544,852	$ 60,294	$ 605,146
October 2011	$ -	$ -	$ -	$ 48,834	$ 317,467	$ 366,302	$ 11,062	$ 485	$ 11,548
November 2011	$ -	$ -	$ -	$ 475,600	$ 724,044	$ 1,199,644	$ 147,220	$ 10,625	$ 157,846
December 2011	$ -	$ -	$ -	$ 957,487	$ 654,459	$ 1,611,946	$ 341,510	$ 17,070	$ 358,580
January 2012	$ -	$ -	$ -	$ 1,199,688	$ 667,228	$ 1,866,915	$ 432,359	$ 26,471	$ 458,831

*Claims paid amount represent claims paid by the Plan and does not include claims paid by members.

**1000 Plan is no longer available for 2011

***Claims paid represent contract year 10/1/2009 to 9/30/2010, etc.

Dental Plans Claims Paid

Month	1000 DENTAL PLAN	1500 DENTAL PLAN	2000 DENTAL PLAN
October 2009	$ 361	$ 85,520	$ 22,153
November 2009	$ 781	$ 223,958	$ 86,905
December 2009	$ 1,000	$ 168,930	$ 60,752
January 2010	$ 1,577	$ 322,641	$ 113,241
February 2010	$ 1,384	$ 219,330	$ 85,300
March 2010	$ 140	$ 228,427	$ 95,662
Aril 2010	$ 1,484	$ 227,736	$ 82,269
May 2010	$ 359	$ 344,218	$ 138,854
June 2010	$ 2,320	$ 160,973	$ 71,265
July 2010	$ 80	$ 318,372	$ 109,659
August 2010	$ 241	$ 225,096	$ 83,231
September 2010	$ 448	$ 165,780	$ 56,089
October 2010	$ 180	$ 288,356	$ 129,626
November 2010	$ -	$ 392,917	$ 208,835
December 2010	$ 507	$ 458,943	$ 258,073
January 2011	$ -	$ 259,829	$ 143,293
February 2011	$ -	$ 169,436	$ 108,727
March 2011	$ -	$ 275,987	$ 186,244
April 2011	$ -	$ 151,442	$ 98,096
May 2011	$ -	$ 220,341	$ 122,101
June 2011	$ -	$ 220,550	$ 137,245
July 2011	$ -	$ 276,925	$ 147,511
August 2011	$ -	$ 230,618	$ 130,197
September 2011	$ -	$ 244,185	$ 150,604
October 2011	$ -	$ 8,668	$ 5,795
November 2011	$ -	$ 249,714	$ 157,265
December 2011	$ -	$ 202,934	$ 145,575
January 2012	$ -	$ 293,719	$ 161,893

*Claims paid amounts represent claims paid by the Plan and does not include claims paid by members.

**1000 Plan is no longer available for 2011

***Claims paid represent contract year 10/1/2009 to 9/30/2010, etc.

EXHIBIT F

MEDICAL PLAN DESIGN

The following outlines the current core level of benefits with updates required for PPACA required changes, plus the additional alternative plan features requested.

The Government of Guam requests a quote for the following two current plan options:

1. PPO Plan with a $1,500 annual deductible /$3,000 annual family deductible and
2. HSA Plan with a $2,000 annual deductible /$4,000 annual family deductible.

Additional base requirements include:

Disease management program which provides at least the following: quarterly reporting on disease states,

HSA2000		
Important information about your coverage	When you go to **PARTICIPATING Providers** after Deductible is met:	When you go to **NON-PARTICIPATING Providers** after Deductible is met:
Deductible Per Individual Member	$2,000	$4,000
Deductible Per Family The entire family deductible amount of $4,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	$4,000	$12,000
Coverage Maximums Individual member annual maximum	$2,000,000	
Out-of-Pocket Maximums (including deductible) Per Individual member per policy year Per Family per policy year	$4,000 $11,900	No Maximum No Maximum
Any Services in The Phillippines, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

HSA1500		
Important information about your coverage	When you go to PARTICIPATING Providers after Deductible is met:	When you go to NON-PARTICIPATING Providers after Deductible is met:
Deductible Per Individual Member	$1,500	$3,000
Deductible Per Family The entire family deductible amount of $3,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	$3,000	$9,000
Coverage Maximums Individual member annual maximum	$2,000,000	
Out-of-Pocket Maximums (including deductible) Per Individual member per policy year Per Family per policy year	$3,000 $9,000	No Maximum No Maximum
Any Services in The Phillippines, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

See Exhibit R for further details on the current plan designs. In addition, the following plan design provisions must be included in the basic quote:

- Chiropractic doctor visits must be treated the same as any other doctor visit without visit or dollar amount limitation.
- Acupuncture visits must be treated the same as any other doctor visit without visit or dollar amount limitation.
- Claims must be submitted within 24 months of incurred date..

Alternative Plan Designs Requested

Please provide the cost differential for the following on the provided Excel file:

1. Proposal for the same plan details as the $1,500 deductible but with a $1,000 annual deductible and $2,000 annual family deductible – all other plan details remain the same.
2. Proposal for the same plan details as the $2,000 deductible plan but with a $1,500 annual deductible and $3,000 annual family deductible
3. Increase annual maximums to unlimited for both plans
4. Add a 3 month deductible carry-over for all deductible amounts satisfied in the last 3 months of the plan year.
5. Increase the occupational therapy benefit to 20 visits per year with a $100 maximum benefit per visit
6. Prescription Drugs:
    a) Add a fourth drug tier for Specialty Drugs at $60 copayment
    b) Change the entire drug program to a coinsurance approach with the following design:
        i. Generic drugs 10% coinsurance

ii.	Formulary(Preferred Brand)	20% coinsurance
iii.	Brand	30% coinsurance
iv.	Specialty Drug	40% coinsurance
v.	Annual out-of-pocket maximum	$2,000/person
vi.	Mail order (90 day supply)	2 months at above coinsurance

7. Add a quote(s) for Medicare Advantage and/or a Medicare Supplement Plan with a drug plan for all over age 65 retirees and survivors
8. The Government of Guam is not required to provide COBRA coverage for employees. However, GovGuam is interested in obtaining a quote to provide a COBRA coverage option for the Government's existing plans. Provide a quote for adding COBRA coverage to the Government's existing plans.
9. Dental Plan alternatives are also requested including:
    a) Annual Maximum at $1,500
    b) Annual Maximum at $2,000
    c) Dental Plan enrollment unbundled from Medical Plan

Notes:

1) THE ABOVE IS INTENDED TO BROADLY DEFINE ALL MEDICAL PLANS. IN CASE OF DISCREPANCIES BETWEEN THE ABOVE DESCRIPTION AND THE DESIRED CONTRACTUAL LANGUAGE INCLUDED AS A SEPARATE DOCUMENT, THE CONTRACTUAL LANGAUGE SHALL GOVERN.

2) THE NEGOTIATING COMMITTEE RESERVES THE RIGHT TO AMEND OR MODIFY THE BENEFIT PLAN DESIGNS PRIOR TO FINAL CONTRACT NEGOTIATIONS.

3) WHERE NO LIMITATION OR MAXIMUM IS SPECIFIED, NONE MAY BE IMPOSED.

4) THE NEGOTIATING COMMITTEE'S DECISION ON THE INTERPRETATION OF THE BENEFIT PLAN DESIGN SHALL BE FINAL.

EXHIBIT G

NOTES

1 The level of coverage of the benefits must be based on Usual, Customary, and Reasonable (UCR) charges. Enrollees may be assessed copayments and/or deductibles according to plan design.

2. Unless otherwise specified, maximums must be on a per enrollee, per contract period basis. No other maximums or limitations may be imposed besides those stated herein.

3. Carriers must submit their rate calculation approach and substantiating data along with proposals.

4. Current carriers must specify any desired contractual changes when submitting proposals. Prospective carriers must submit their proposed contracts.

5. The audited financial statements must also be submitted along with proposals.

6. In addition to other bona fide legal dependents, the plan must cover children under legal guardianship of the subscriber who meet all other plan requirements. However, the plan may require (i) a court order granting guardianship to the subscriber and (ii) the prior year's tax return identifying the child as a dependent (however, a signed affidavit stating that such child will be so identified on the current year's tax return must be accepted for newly acquired children under guardianship). Further, the plan may provide that such children may only be enrolled during an open enrollment period. Additionally, in accordance with the Patient Protection and Affordable Care Act, dependents with no other source of healthcare must be covered to age 26.

7. The network service area must include Guam and the Philippines.

8. The plan shall accept the exclusions as outlined in the suggested contractual language only; or may include coverage for a listed excluded item as the plan desires.

9. The plan must include coverage for enrolled employees and their enrolled dependents, to the end of the plan year, if the employee is laid off due to workforce reduction by The Government of Guam, provided the employee pays full premium in accordance with the rules applicable to employees on leave without pay.

10. If a carrier does not contract with a dialysis center on Guam (excluding Guam Memorial Hospital (GMH), it must reimburse for dialysis services and supplies provided at such center not less than 70% of what it would have reimbursed to GMH. If a carrier does not contract with the provider of any sole source service on Guam, it must reimburse for the sole source provided by such Guam provider as if sole source provider were a participating provider.

11. Nothing in the carrier's proposal will be incorporated into any contract with GovGuam unless negotiated and specifically agreed to by the Government of Guam.

EXHIBIT H

MEDICAL EXCLUSIONS

Please see the following for a list of the current medical exclusions. Please indicate if any are not applicable to your proposed plans, or if there are any additional exclusions in your proposed plans.

1. No benefits will be paid for Injury or Illness, (a) when the Covered Person is entitled to receive disability benefits or compensation (or forfeits his or her right thereto) under Worker's Compensation or Employer's Liability Law for such Injury or Illness or (b) when Services for an Injury or Illness are rendered to the Covered Person by any federal, state, territorial, municipal or other governmental instrumentality or agency without charge, or (c) when such Services would have been rendered without charge but for the fact that the person is a Covered Person under the Plan.

2. No benefits will be paid if any material statement made in an application for coverage, enrollment of any Dependent or in any claim for benefits is false. Upon identifying any such false statement, Company shall give the Covered Person at least 30 days notice that his or her benefits have been suspended and that his or her coverage is to be terminated. If the false statement is fraudulent or is an intentional misrepresentation of a material fact, such termination shall be retroactive to the date coverage was provided or continued based on such fraudulent statement or intentional misrepresentation of material fact. If the false statement was not a fraudulent statement or intentional misrepresentation of material fact, termination of coverage shall be effective no earlier than the date of the suspension. The Covered Person may dispute any termination of coverage by filing a claim under the grievance procedure provided for in the Agreement. If a grievance is filed, the resolution of the matter shall be in accordance with the outcome of the grievance proceedings. If no grievance is filed for any retroactive termination and the Company paid benefits prior to learning of any such false statement, the Subscriber must reimburse the Company for such payment. Terminations of coverage shall be handled in accordance with the applicable claims procedure requirements of Section 2719 of the PHSA, as added by PPACA. Retroactive terminations of coverage shall not violate the applicable prohibitions on rescissions of Section 2712 of the PHSA, as added by PPACA, and rescissions shall be handled in compliance with PPACA's applicable claim denial requirements.

3. No benefits will be paid for confinement in a Hospital or in a Skilled Nursing Facility if such confinement is primarily for custodial or domiciliary care. (Custodial or domiciliary care includes that care which consists of training in personal hygiene, routine nursing services and other forms of self care. Custodial or domiciliary care also includes supervisory services by a Physician or Nurse for a person who is not under specific medical or surgical treatment to reduce his or her disability and to enable that person to live outside an institution providing such care.) Company and not Covered Person shall be liable if the Company approves the confinement, regardless of who orders the service.

4. No benefits will be paid for nursing and home health aide services provided outside of the home (such as in conjunction with school, vacation, work or recreational activities)

5. No benefits will be paid for private Duty Nursing. This provision does not apply to Home Health Care.

6. No benefits will be paid for Services and supplies not specifically described as covered in the Agreement.

7. No benefits will be paid for special medical reports, including those not directly related to treatment of the Member. (e.g., Employment or insurance physicals, and reports prepared in connection with litigation.)

8. No benefits will be paid for services required by third parties, including but not limited to, physical examinations, diagnostic services and immunizations in connection with obtaining or continuing employment, obtaining or maintaining any license issued by a municipality, state, or federal government, securing insurance coverage, travel, school admissions or attendance, including examinations required to participate in athletics, except when such examinations are considered to be part of an appropriate schedule of wellness services.

9. No benefits will be paid for court ordered services, or those required by court order as a condition of parole or probation.

10. No benefits will be paid for Services and supplies provided to a Covered Person for an Injury or Illness resulting from an attempted suicide by that Covered Person unless resulting from a medical condition (including physical or mental health conditions) or from domestic violence.

11. No benefits will be paid for Services and supplies provided in connection with intentionally self-induced or intentionally self-inflicted injuries or illnesses unless resulting from a medical condition (including physical or mental conditions) or from domestic violence.

12. No benefits will be paid for Services and supplies provided to a Covered Person for Injuries incurred while the person was committing a criminal act.

13. Unless otherwise specifically provided in the Agreement, no benefit will be paid for, or in connection with, airfare and the Company will not pay for the transportation from Guam to any off-island facility, nor for any other non-medical expenses such as taxes, taxis, hotel rooms, etc. In no event will the Company pay for air ambulance or for the transportation of the remains of any deceased person.

14. No benefits will be paid for living expenses for Covered Persons who require, or who of their own accord seek, treatment in locations removed from their home.

15. No benefits will be paid for Services and supplies provided to a dependent of a non-Spouse Dependent. Dependents of non-Spouse Dependents are not eligible for coverage. For example, when a Dependent, other than a Spouse of the Subscriber, has a child, that child is a dependent of a non-Spouse Dependent and is not eligible to become covered under the Plan, unless such child otherwise becomes eligible for enrollment.

16. No benefits will be paid for home uterine activity monitoring.

17. No benefits will be paid for services performed by an immediate family member for which, in the absence of any health benefits coverage, no charge would be made. Immediate family member is defined as parents, spouses, siblings, or children of the insured member.

18. No benefits will be paid for treatment of occupational injuries and occupational diseases, including those injuries that arise out of (or in the course of) any work for pay or profit, or in any way results from a disease or injury which does. If a Member is covered under a Workers' Compensation law or similar law, and submits proof that the Member is not covered for a particular disease or injury under such law, that disease or injury will be considered "nonoccupational" regardless of cause. The Covered Benefits under the Group Health Insurance Certificate for Members eligible for Workers' Compensation are not designed to duplicate any benefit to which they are entitled under Workers' Compensation Law. All sums payable for Workers' Compensation services provided under the Group Health Insurance Certificate shall be payable to, and retained by Company. Each Member shall complete and submit to Company such consents, releases, assignments and other documents reasonably requested by Company in order to obtain or assure reimbursement under the Workers' Compensation Law

19. No benefits will be paid for treatment and services provided by Chiropractors, except as otherwise covered as shown in the Schedule of Benefits.

20. No benefits will be paid for Services and supplies provided for occupational and/or speech therapy except as otherwise covered as shown in the Schedule of Benefits.

21. No benefits will be paid for charges made by a Provider for Services provided through telephone conferences or interviews during which the Covered Person is not seen for treatment.

22. No benefits will be paid for:

1. Drugs or substances not approved by the Food and Drug Administration (FDA), or

2. Drugs or substances not approved by the FDA for treatment of the illness or injury being treated unless empirical clinical studies have proven the benefits of such drug or substance in treating the illness or injury, or

3. Drugs or substances labeled "Caution: limited by federal law to investigational use."

4. Any drug or substance which does not, by federal or state law, require a prescription order (i.e., an over-the-counter (OTC) drug).

5. Any prescription drug for which there is an over-the-counter product which has the identical active ingredient and dosage as the prescription drug. For the purposes of this rider, insulin is not considered an over-the-counter drug.

23. No benefits will be paid for experimental or Investigational Procedures, or ineffective surgical, medical, psychiatric, or dental treatments or procedures, research studies, or other experimental or investigational health care procedures or pharmacological regimes as determined by Company, unless pre-authorized by Company.

Experimental and investigational treatments and procedures are those medical treatments and procedures that have not successfully completed a Phase III trial, have not been approved by the FDA and are not generally recognized as the accepted standard treatment for the disease or condition from which the patient suffers.

Experimental and investigational treatments include off label therapies. Off-label therapies are those medical therapies that use a FDA approved drug or procedure for a nonindicated use. Also, these Experimental or investigational medical and surgical procedures, equipment, and items or medications, are otherwise not covered by Original Medicare or covered under qualifying clinical trials.

24. No benefits will be paid for services or supplies related to Genetic Testing.

25. No benefits will be paid for any item or substance that is available without a Physician's prescription even if prescribed by a Physician, except as otherwise provided herein and except for medicines and supplies Medically Necessary for inpatient care.

26. No benefits will be paid in relation to the Robotic Suite or for Robotic Surgery

27. No benefits will be paid for Services and supplies provided to perform transsexual surgery or to evaluate the need for such surgery. Evaluations and subsequent medications and Services necessary to maintain transsexual status are also excluded from coverage, as are complications or medical sequelae of such surgery or treatment.

28. No benefits will be paid for injuries incurred by the operator of a motorized vehicle while such operator is under the influence of intoxicating alcoholic beverage, controlled drugs, or substances. If a blood alcohol level or the DRAEGER ALCO TEST is available and shows levels that are equal to or exceed 0.08 grams percent (gms%) or that exceed the amount allowed by law as constituting legal intoxication, no benefits will be paid.

29. No benefits will be paid for any medical Service or supply which is available to the Covered Person on Guam and which is paid by or reimbursable through a governmental agency or institution. However, notwithstanding the aforesaid, in no event will the Company consider the availability of benefits under Medicaid or Medically Indigent Program when paying benefits under this Agreement.

30. No benefits will be paid for audiograms, regardless of the reason for such tests.

31. No benefits will be paid for dental services including but not limited to, services related to the care, filling, removal or replacement of teeth and treatment of injuries to or diseases of the teeth, dental services related to the gums, apicoectomy (dental root resection), orthodontics, dental splint and other dental appliances, root canal treatment, soft tissue impactions, alveolectomy, augmentation, and vestibuloplasty, treatment of periodontal disease, false teeth, prosthetic restoration of dental implants, maxillary and mandible implants (osseointegration) and all related services, removal of impacted teeth, bite plates, orthognathic surgery to correct a bit defect. This exclusion does not apply to:

1. Removal of bony impacted teeth, bone fractures, removal of tumors, and biopsy or excision of oral cysts.

2. Emergency Services stabilize an acute injury to sound natural teeth, the jawbone or surrounding structures, if provided within 48 hours of the injury or as required by PPACA to stabilize and treat a PPACA Emergency.

3. Surgical treatment of TMJ as described in the Covered Benefits Section "Temporomandibular Joint Syndrome (TMJ) Services".

4. Dental anesthesia when provided according to the conditions described in the Covered Benefits Section, "Limited General Anesthesia for Dental Procedures".

32. To the extent permitted by PPACA, no benefits will be paid for Services and supplies provided for the purpose of organ transplantation. Unless PPACA requires otherwise, all organ transplants are excluded from coverage, including but not limited to: heart, lung, liver, kidney, pancreas, bone marrow and cornea. Autologous bone marrow transplant (where the donor is also the recipient) is also excluded. Services and supplies directly related to the transplant, such as tissue typing and other pre-operative procedures are excluded as are Services and supplies provided post-operatively which are a consequence of the transplant surgery or the presence of the transplanted organ. This exclusion for post-operative supplies, to include anti-rejection or immunosuppressant medications, and Services continues for the life of the patient. Benefits directly related to the transplant will cease as of the time when it is determine that a transplant will be performed.

33. No benefits will be paid for Services and supplies provided in the course of organ donation whether for a Covered Person who is donating an organ or for someone who is donating an organ for transplantation into a Covered Person.

34. No benefits will be paid in connection with elective abortions unless Medically Necessary.

35. No benefits will be paid for vision care services and supplies, including orthoptics (a technique of eye exercises designed to correct the visual axes of eyes not properly coordinated for binocular vision), lasik, keratoplasty, and radial keratotomy, including related procedures designed to surgically correct refractive errors except as provided in the Covered Benefits section of the Group Health Insurance Certificate.

36. No benefits will be paid for eyeglasses or contact lenses or for Services and supplies in connection with surgery for the purpose of diagnosing or correcting errors in refraction.

37. No benefits will be paid in connection with any injuries sustained while the Covered Person is operating any wheeled vehicle during an organized, off-road, competitive sporting event.

38. No benefits will be paid for personal comfort or convenience items, including those services and supplies not directly related to medical care, such as guest meals and accommodations, barber services, telephone charges, radio and television rentals, homemaker services, travel expenses, take-home supplies.

39. No benefits will be paid in connection with dialysis treatments which would not have been charged in the absence of the Plan.

40. No benefits will be paid for Services and supplies provided for the treatment of/for mental retardation or mental deficiency.

41. No benefits will be paid for hypnotherapy.

42. No benefits will be paid for religious, marital and sex counseling, including services and treatment related to religious counseling, marital/relationship counseling, and sex therapy.

43. No benefits will be paid for cosmetic Surgery, or other services intended primarily to improve the Member's appearance or treatment relating to the consequences of, or as a result of, Cosmetic Surgery. This exclusion does not apply to:

1. Medically Necessary reconstructive surgery as described in the Covered Benefits sections Mastectomy and Reconstructive Breast Surgery or Reconstructive Surgery.

2. surgery to correct the results of injuries causing an impairment;

3. surgery as a continuation of a staged reconstruction procedure, including but not limited to post-mastectomy reconstruction;

4. surgery to correct congenital defects necessary to restore normal bodily functions, including but not limited to, cleft lip and cleft palate.

44. No benefits will be paid for routine foot/hand care, including routine reduction of nails, calluses and corns.

45. Except as otherwise provided in this agreement, no benefit will be paid for specific non-standard allergy services and supplies, including but not limited to, skin titration (wrinkle method), cytotoxicity testing (Bryan's Test), treatment of non-specific candida sensitivity, and urine autoinjections.

46. No benefits will be paid for Services and supplies associated with growth hormone treatment unless the Covered Person is proven to have growth hormone deficiency using accepted stimulated growth hormone analyses and also shows an accelerated growth response to growth hormone treatment. Under no circumstances will growth hormone treatment be covered to treat short stature in the absence of proven growth hormone deficiency.

47. No benefits will be paid for Services and supplies provided for liposuction.

48. No benefits will be paid for weight reduction programs, or dietary supplements, except as pre-authorized by Company for the Medically Necessary treatment of morbid obesity.

49. No benefits will be paid for any drug, food substitute or supplement or any other product, which is primarily for weight reduction even if it is prescribed by a Physician.

50. If for the purpose of weight reduction or aesthetic purposes, no benefits will be paid in connection with gastric bypass, stapling or reversal.

51. No benefits will be paid for surgical operations, procedures or treatment of obesity, except when pre-authorized by Company.

52. No benefits will be paid for the treatment of male or female Infertility, including but not limited to:

1. The purchase of donor sperm and any charges for the storage of sperm;

2. The purchase of donor eggs and any charge associated with care of the donor required for donor egg retrievals or transfers or gestational carriers;

3. Charges associated with cryopreservation or storage of cryopreserved embryos (e.g. office, hospital, ultrasounds, laboratory tests, etc.);

4. Home ovulation prediction kits;

5. Injectable Infertility medications, including but not limited to, menotropins, hCG, GnRH agonists, IVIG;

6. Artificial Insemination, including in vitro fertilization (IVF), gamete intrafallopian tube transfer (GIFT), zygote intrafallopian tube transfer (ZIFT), and intracytoplasmic sperm injection (ICSI), and any advanced reproductive technology ("ART") procedures or services related to such procedures;

7. Any charges associated with care required for ART (e.g., office, Hospital, ultrasounds, laboratory tests, etc.);

8. Donor egg retrieval or fees associated with donor egg programs, including but not limited to fees for laboratory tests;

9. Any charge associated with a frozen embryo transfer including but not limited to thawing charges;

10. Reversal of sterilization surgery; and

11. Any charges associated with obtaining sperm for ART procedures.

53. No benefits will be paid for the purchase or rental of durable or disposable medical equipment and supplies, other than for equipment and supplies used in a Hospital or Skilled Nursing Facility or in conjunction with an approved Hospital or Skilled Nursing Facility confinement or as otherwise noted in the Agreement.

54. No benefits will be paid for household equipment, including but not limited to, the purchase or rental of exercise cycles, water purifiers, hypo-allergenic pillows, mattresses or waterbed, whirlpool or swimming pools, exercise and massage equipment, central or unit air conditioners, air purifiers, humidifiers, dehumidifiers, escalators, elevators, ramps, stair glides, emergency alert equipment, handrails, heat appliances, improvements made to a Member's house or place of business, and adjustments to vehicles.

55. No benefits will be paid for outpatient supplies (except diabetic supplies), including but not limited to, outpatient medical consumable or disposable supplies such as syringes, incontinence pads, and elastic stockings.

56. No benefits will be paid for Services and supplies provided for penile implants of any type.

57. Except for intraocular lens implants, pace makers, heart valves, cardiac stents and as provided herein Exhibit E, no benefits will be paid in connection with any implants or transplants.

58. No benefits will be paid for Services and supplies to correct sexual dysfunction.

59. Except as specifically provided, if a benefit is excluded, all Hospital, surgical, medical treatments, prescription drugs, laboratory services, and x-rays in relation to the excluded benefits are also excluded as of the time it is determined that the benefit is excluded.

60. Except as specifically provided in this Agreement, no benefits will be provided for Services and supplies not ordered by a Physician or not Medically Necessary.

61. Except as specifically provided in this Agreement, no benefits will be provided for the treatment of orthopedic conditions, prosthetic devices or any Services related thereto, including:

1. External devices: Non-orthopedic external prosthetic devices, disposable prosthetic devices, non-orthopedic corrective appliances and prosthetic and orthotic devices and supplies available over-the-counter.

2. Internal devices: Non-orthopedic internal prosthetic devices, except pacemakers, heart valves, intra ocular lenses and stents.

3. Orthopedic footwear: Orthopedic footwear unless attached to an artificial foot or unless attached as a permanent part of a leg brace.

4. Motorized limbs: Motorized artificial limbs.

5. Durable medical equipment: Durable medical equipment, unless specifically covered in this Agreement.

62. No benefits will be paid for temporomandibular joint disorder treatment (TMJ) including treatment performed by prosthesis placed directly on the teeth except as covered in the Covered Benefits Section

63. Except as specifically provided in this Agreement, no benefits will be paid for corrective appliances, artificial aids and durable equipment, including inhalation therapy related equipment.

64. No benefits will be paid for Services for which the Covered Person or Subscriber is not legally obligated to pay.

65. No benefits will be paid for treatment for all relative services, procedures, supplies and medications related to sleeping disorders.

66. No benefits will be paid for recreational, educational, and sleep therapy, including any related diagnostic testing with the exception of diagnostic polysomnograph.

67. No benefit will be paid for ambulance services when used for routine and convenience transportation to receive outpatient or inpatient services, unless deemed medically necessary with prior authorization obtained from Company.

68. Elective or voluntary enhancement procedures, surgeries, services, supplies and medications including, but not limited to, hair growth, hair removal, hair analysis, sexual performance, athletic performance, anti-aging, and mental performance, even if prescribed by a Physician.

69. No benefits will be paid for hospital take-home drugs.

70. No benefits will be paid for fees for any missed appointments or voluntary transfer of records as requested by the Covered Person.

71. No benefits will be paid for educational services and treatment of behavioral disorders, together with services for remedial education including evaluation or treatment of learning disabilities, minimal brain dysfunction, developmental and learning disorders including developmental and learning disorders associated with mental retardation, behavioral training, and cognitive rehabilitation. This includes services, treatment or educational testing and training related to behavioral (conduct) problems, learning disabilities, or developmental delays. Special education, including lessons in sign language to instruct a Member, whose ability to speak has been lost or impaired, to function without that ability, are not covered.

72. No benefits will be paid for Intelligence, IQ, aptitude ability, learning disorders, or interest testing not necessary to determine the appropriate treatment of a psychiatric condition.

73. No benefits will be paid for Psychoanalysis or psychotherapy credited toward earning a degree or furtherance of education or training regardless of diagnosis or symptoms or whether providing or receiving the Service.

74. No benefits will be paid for non-medically necessary services, including but not limited to, those services and supplies:

1. Which are not Medically Necessary, as determined by Company, for the diagnosis and treatment of illness, injury, restoration of physiological functions, or covered preventive services;

2. That do not require the technical skills of a medical, mental health or a dental professional;

3. Furnished mainly for the personal comfort or convenience of the Member, or any person who cares for the Member, or any person who is part of the Member's family, or any Provider;

4. Furnished solely because the Member is an inpatient on any day in which the Member's disease or injury could safely and adequately be diagnosed or treated while not confined;

5. Furnished solely because of the setting if the service or supply could safely and adequately be furnished in a Physician's or a dentist's office or other less costly setting.

75. As required by HIPAA, no source-of-injury exclusion, such as exclusion 4.37 for off-road sporting events, will apply if the accident resulted from an act of domestic violence or a medical condition (including both physical and mental health conditions).

EXHIBIT I

DENTAL PLAN DESIGNS

Offerors should provide proposals for two Dental strategies: 1) The existing plan design, 2) The proposed plan design outlined below.

EXISTING PLAN DESIGN

Dental benefits must include at least the following coverage at participating dentists:

- 100% coverage for diagnostic and preventive services
- 80% coverage for fillings, simple extractions and surgical extractions
- 80% coverage for anesthesia, such as conscious sedation and nitrous oxide/analgesia (laughing gas), for children under age 13
- 50% coverage for endodontics, periodontics and prosthodontics, including crowns and bridges
- $1,000 annual plan maximum (no separate maximums on benefits may be imposed)

PROPOSED PLAN DESIGNS

Provide any cost differential to the insured Dental plan rates above if Medical and Dental plans are unbundled – that is employees may tale Dental without Medical/drug and vice versa.

Cost differential, if any, if employees who take Dental coverage after their initial eligibility (i.e. in future open enrollments) would be restricted to preventive care only for the first year and preventive and basic coverage for the second year, and then eligible for full coverage in year 3 and beyond.

EXHIBIT J

DENTAL EXCLUSIONS

Please see the following for a list of the current dental exclusions. Please indicate if any are not applicable to your proposed plans, or if there are any additional exclusions in your proposed plans.

- Work in progress on the effective date of coverage. Work in progress is defined as:
  - A prosthetic or other appliance, or modification of one, where an impression was made before the patient was covered, or
  - A crown, bridge, or cast restoration for which the tooth was prepared before the patient was covered, or
  - Root canal therapy, if the pulp chamber was opened before the patient was covered.

- Services not specifically listed in the agreement, services not prescribed, performed or supervised by a dentist; services which are not medically or dentally necessary or customarily performed; services that are not indicated because they have a limited or poor prognosis; or services for which there is a less expensive, professionally acceptable alternative.

- Any service unless required and rendered in accordance with accepted standards or dental practice.

- A crown, cast restoration, denture or fixed bridge or addition of teeth to one, if work involves a replacement or modification of a crown, cast restoration, denture or bridge installed less than 5 years ago, or one that replaces a tooth that was missing before the date the enrollee became eligible for services under the plan (including previously extracted or missing teeth).

- Replacement of existing dentures, crowns or fixed bridgework if the existing dentures, crowns or fixed bridgework can be made serviceable.

- Precision attachments, interlocking device, one component of which is fixed to an abutment or abutments the other is integrated into a fixed or removable prosthesis in order to stabilize and/or retain it; or stress breakers, part of a tooth-borne and/or prosthesis designed to relieve the abutment teeth and their supporting tissues from harmful stress .

- Replacement of lost or stolen appliance, or replacement of any appliance damaged while not in the mouth.

- Any service for which the enrollee received benefits under any other coverage offered by the company.

- Spare or duplicate prosthetic devices.

- Services included, related to or required for:
  - Implants;
  - Cosmetic purposes;
  - Services or appliances to change the vertical dimension or to restore or maintain the occlusion, including but not limited to equilibrium, full mouth rehabilitation and restoration for malalignment of teeth;
  - Temporomandibular joint (TMJ) or craniomandibular disorders, myofunctional therapy or the correction or harmful habits;
  - Experimental procedures; and
  - Intentionally self inflicted injury unless resulting from a medical condition (including physical or mental conditions) or from domestic violence.

- Any over the counter drugs or medicine.

- Fluoride varnish.

- Charges for finance charge, broken appointments, completion of insurance forms or reports, providing records, oral hygiene instruction, pit and fissure sealants and dietary instruction, or lack of cooperation on the part of the patient.

- Charges in excess of the amount allowed by the plan for a covered service.
- Any treatment, material, or supplies which are for orthodontic treatment, including extractions for orthodontics.
- Services for which no charge would have been made had the agreement not been in effect.
- All treatments not specifically stated as being covered.
- Surgical grafting procedures.
- General anesthetic, conscious sedation, and other forms of relative analgesia, except as otherwise specifically provided herein.
- Services paid for by Workers' Compensation.
- Charges incurred while confined as an inpatient in hospital unless such charges would have been covered had treatment been rendered in dental office.
- Treatment and/or removal of oral tumors.
- All surgical procedures except for surgical extractions of teeth and periodontal surgeries performed by a dentist.
- Panoramic x-ray or full mouth x-ray if provided less than 3 years from the covered person's last full mouth x-ray; and full mouth x-rays if provided less than three years from Covered Person's last panoramic x-ray.

EXHIBIT K

Form A
AFFIDAVIT DISCLOSING OWNERSHIP and COMMISSIONS

CITY OF _____)
_____) ss.
STATE OF _____)

A. I, the undersigned, being first duly sworn, depose and say that I am an authorized representative of the offeror and that [*please check only one*]:

[ ] The offeror is an individual or sole proprietor and owns the entire (100%) interest in the offering business.

[ ] The offeror is a corporation, partnership, joint venture, or association known as _____[*please state name of offeror company*], and the persons, companies, partners, or joint venturers who have held more than 10% of the shares or interest in the offering business during the 365 days immediately preceding the submission date of the proposal are as follows [*if none, please so state*]:

Name	Address	% of Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____

B. Further, I say that the persons who have received or are entitled to receive a commission, gratuity or other compensation for procuring or assisting in obtaining business related to the bid or proposal for which this affidavit is submitted are as follows [*if none, please so state*]:

Name	Address	Compensation
_____	_____	_____

C. If the ownership of the offering business should change between the time this affidavit is made and the time an award is made or a contract is entered into, then I promise personally to update the disclosure required by 5 GCA §5233 by delivering another affidavit to the Government.

_____
Signature of one of the following:
Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me
this ____ day of _____, 201__.

_____
NOTARY PUBLIC
My commission expires: _____

AG Procurement Form 002 (Rev. Nov. 17, 2005)

EXHIBIT K

Form B
AFFIDAVIT re NON-COLLUSION

CITY OF _____)
) ss.
STATE OF _____)

_____[*state name of affiant signing below*], being first duly sworn, deposes and says that:

1. The name of the offering company or individual is [*state name of company*] _____.

2. The proposal for the solicitation identified above is genuine and not collusive or a sham. The offeror has not colluded, conspired, connived or agreed, directly or indirectly, with any other offeror or person, to put in a sham proposal or to refrain from making an offer. The offeror has not in any manner, directly or indirectly, sought by an agreement or collusion, or communication or conference, with any person to fix the proposal price of offeror or of any other offeror, or to fix any overhead, profit or cost element of said proposal price, or of that of any other offeror, or to secure any advantage against the Government of Guam or any other offeror, or to secure any advantage against the Government of Guam or any person interested in the proposed contract. All statements in this affidavit and in the proposal are true to the best of the knowledge of the undersigned. This statement is made pursuant to 2 GAR Division 4 § 3126(b).

3. I make this statement on behalf of myself as a representative of the offeror, and on behalf of the offeror's officers, representatives, agents, subcontractors, and employees.

_____
Signature of one of the following:
Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me

this _____ day of _____, 201__.

_____
NOTARY PUBLIC
My commission expires _____, _____.

AG Procurement Form 003 (Jul. 12, 2010)

EXHIBIT K

Form C
AFFIDAVIT re NO GRATUITIES or KICKBACKS

CITY OF _____)
) ss.
STATE OF _____)

_____[*state name of affiant signing below*], being first duly sworn, deposes and says that:

1. The name of the offering firm or individual is [*state name of offeror company*] _____. Affiant is _____ [*state one of the following: the offeror, a partner of the offeror, an officer of the offeror*] making the foregoing identified bid or proposal.

2. To the best of affiant's knowledge, neither affiant, nor any of the offeror's officers, representatives, agents, subcontractors, or employees have violated, are violating the prohibition against gratuities and kickbacks set forth in 2 GAR Division 4 § 11107(e). Further, affiant promises, on behalf of offeror, not to violate the prohibition against gratuities and kickbacks as set forth in 2 GAR Division 4 § 11107(e).

3. To the best of affiant's knowledge, neither affiant, nor any of the offeror's officers, representatives, agents, subcontractors, or employees have offered, given or agreed to give, any Government of Guam employee or former Government employee, any payment, gift, kickback, gratuity or offer of employment in connection with the offeror's proposal.

4. I make these statements on behalf of myself as a representative of the offeror, and on behalf of hte offeror's officers, representatives, agents, subcontractors, and employees.

_____
Signature of one of the following:
Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me

this _____ day of _____, 201____.

_____
NOTARY PUBLIC
My commission expires _____, _____.

AG Procurement Form 004 (Jul. 12, 2010)

EXHIBIT K

Form D
AFFIDAVIT re ETHICAL STANDARDS

CITY OF _____)
) ss.
STATE OF _____)

_____[*state name of affiant signing below*], being first duly sworn, deposes and says that:

The affiant is _____ [*state one of the following: the offeror, a partner of the offeror, an officer of the offeror*] making the foregoing identified bid or proposal. To the best of affiant's knowledge, neither affiant nor any officers, representatives, agents, subcontractors or employees of offeror have knowingly influenced any Government of Guam employee to breach any of the ethical standards set forth in 5 GCA Chapter 5, Article 11. Further, affiant promises that neither he or she, nor any officer, representative, agent, subcontractor, or employee of offeror will knowingly influence any Government of Guam employee to breach any ethical standards set forth in 5 GCA Chapter 5, Article 11. These statements are made pursuant to 2 GAR Division 4 § 11103(b).

_____
Signature of one of the following:
Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me
this _____ day of _____, 201__.

_____
NOTARY PUBLIC
My commission expires _____, _____.

EXHIBIT K

Form E
AFFIDAVIT re CONTINGENT FEES

CITY OF _____)
) ss.
STATE OF _____)

_____[*state name of affiant signing below*], being first duly sworn, deposes and says that:

1. The name of the offering company or individual is [*state name of company*] _____.

2. As a part of the offering company's bid or proposal, to the best of my knowledge, the offering company has not retained any person or agency on a percentage, commission, or other contingent arrangement to secure this contract. This statement is made pursuant to 2 GAR Division 4 11108(f).

3. As a part of the offering company's bid or proposal, to the best of my knowledge, the offering company has not retained a person to solicit or secure a contract with the Government of Guam upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies for the purpose of securing business. This statement is made pursuant to 2 GAR Division 4 11108(h).

4. I make these statements on behalf of myself as a representative of the offeror, and on behalf of the offeror's officers, representatives, agents, subcontractors, and employees.

_____
Signature of one of the following:
Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me

this _____ day of _____, 201__.

_____
NOTARY PUBLIC
My commission expires _____, _____.

AG Procurement Form 007 (Jul. 15, 2010)

EXHIBIT K

Form F

DECLARATION re COMPLIANCE WITH U.S. DOL WAGE DETERMINATION

Procurement No.: _____

Name of Offeror Company: _____

I, _____ hereby **certify under penalty of perjury:**

(1) That I am _____ [*please select one: the offeror, a partner of the offeror, an officer of the offeror*] making the bid or proposal in the foregoing identified procurement;

(2) That I have read and understand the provisions of 5 GCA § 5801 and § 5802 which read:

§ 5801. Wage Determination Established.

In such cases where the Government of Guam enters into contractual arrangements with a sole proprietorship, a partnership or a corporation ("contractor") for the provision of a service to the Government of Guam, and in such cases where the contractor employs a person(s) whose purpose, in whole or in part, is the direct delivery of service contracted by the Government of Guam, then the contractor shall pay such employee(s) in accordance with the Wage Determination for Guam and the Northern Mariana Islands issued and promulgated by the U.S. Department of Labor for such labor as is employed in the direct delivery of contract deliverables to the Government of Guam.

The Wage Determination most recently issued by the U.S. Department of Labor at the time a contract is awarded to a contractor by the Government of Guam shall be used to determine wages, which shall be paid to employees pursuant to this Article. Should any contract contain a renewal clause, then at the time of renewal adjustments, there shall be made stipulations contained in that contract for applying the Wage Determination, as required by this Article, so that the Wage Determination promulgated by the U.S. Department of Labor on a date most recent to the renewal date shall apply.

§ 5802. Benefits.

In addition to the Wage Determination detailed in this Article, any contract to which this Article applies shall also contain provisions mandating health and similar benefits for employees covered by this Article, such benefits having a minimum value as detailed in the Wage Determination issued and promulgated by the U.S. Department of Labor, and shall contain provisions guaranteeing a minimum of ten (10) paid holidays per annum per employee.

(3) That the offeror is in full compliance with 5 GCA § 5801 and § 5802, as may be applicable to the procurement referenced herein;

(4) That I have attached the most recent wage determination applicable to Guam issued by the U.S. Department of Labor. [*INSTRUCTIONS - Please attach!*]

_____
Signature

_____
Date

EXHIBIT K

Wage Determination List

See attached

WD 05-2147 (Rev.-13) was first posted on www.wdol.gov on 06/17/2011

REGISTER OF WAGE DETERMINATIONS UNDER THE SERVICE CONTRACT ACT
By direction of the Secretary of Labor

U.S. DEPARTMENT OF LABOR
EMPLOYMENT STANDARDS ADMINISTRATION
WAGE AND HOUR DIVISION
WASHINGTON D.C. 20210

Diane C. Koplewski
Director

Division of
Wage Determinations

Wage Determination No.: 2005-2147
Revision No.: 13
Date Of Revision: 06/13/2011

States: Guam, Northern Marianas, Wake Island

Area: Guam Statewide
Northern Marianas Statewide
Wake Island Statewide

Fringe Benefits Required Follow the Occupational Listing

OCCUPATION CODE - TITLE	FOOTNOTE	RATE
01000 - Administrative Support And Clerical Occupations		
01011 - Accounting Clerk I		12.50
01012 - Accounting Clerk II		13.53
01013 - Accounting Clerk III		15.59
01020 - Administrative Assistant		17.67
01040 - Court Reporter		15.38
01051 - Data Entry Operator I		10.48
01052 - Data Entry Operator II		11.99
01060 - Dispatcher, Motor Vehicle		13.06
01070 - Document Preparation Clerk		12.25
01090 - Duplicating Machine Operator		12.25
01111 - General Clerk I		10.29
01112 - General Clerk II		11.28
01113 - General Clerk III		12.32
01120 - Housing Referral Assistant		17.15
01141 - Messenger Courier		10.12
01191 - Order Clerk I		11.23
01192 - Order Clerk II		12.25
01261 - Personnel Assistant (Employment) I		14.33
01262 - Personnel Assistant (Employment) II		14.90
01263 - Personnel Assistant (Employment) III		16.48
01270 - Production Control Clerk		18.34
01280 - Receptionist		9.67
01290 - Rental Clerk		11.10
01300 - Scheduler, Maintenance		13.75
01311 - Secretary I		13.75
01312 - Secretary II		15.38
01313 - Secretary III		17.15
01320 - Service Order Dispatcher		11.57
01410 - Supply Technician		17.67
01420 - Survey Worker		15.26
01531 - Travel Clerk I		11.61
01532 - Travel Clerk II		12.57
01533 - Travel Clerk III		13.44
01611 - Word Processor I		12.25
01612 - Word Processor II		13.75
01613 - Word Processor III		15.38
05000 - Automotive Service Occupations		
05005 - Automobile Body Repairer, Fiberglass		13.34
05010 - Automotive Electrician		13.06

05040 - Automotive Glass Installer	12.10
05070 - Automotive Worker	12.10
05110 - Mobile Equipment Servicer	8.59
05130 - Motor Equipment Metal Mechanic	13.06
05160 - Motor Equipment Metal Worker	12.10
05190 - Motor Vehicle Mechanic	13.06
05220 - Motor Vehicle Mechanic Helper	10.12
05250 - Motor Vehicle Upholstery Worker	12.10
05280 - Motor Vehicle Wrecker	12.10
05310 - Painter, Automotive	12.37
05340 - Radiator Repair Specialist	12.10
05370 - Tire Repairer	7.81
05400 - Transmission Repair Specialist	12.10
07000 - Food Preparation And Service Occupations	
07010 - Baker	10.47
07041 - Cook I	9.54
07042 - Cook II	11.78
07070 - Dishwasher	7.25
07130 - Food Service Worker	7.78
07210 - Meat Cutter	11.86
07260 - Waiter/Waitress	7.59
09000 - Furniture Maintenance And Repair Occupations	
09010 - Electrostatic Spray Painter	14.38
09040 - Furniture Handler	8.85
09080 - Furniture Refinisher	14.38
09090 - Furniture Refinisher Helper	10.66
09110 - Furniture Repairer, Minor	12.51
09130 - Upholsterer	14.38
11000 - General Services And Support Occupations	
11030 - Cleaner, Vehicles	8.23
11060 - Elevator Operator	8.23
11090 - Gardener	10.99
11122 - Housekeeping Aide	8.33
11150 - Janitor	8.23
11210 - Laborer, Grounds Maintenance	9.14
11240 - Maid or Houseman	7.25
11260 - Pruner	8.23
11270 - Tractor Operator	10.33
11330 - Trail Maintenance Worker	9.14
11360 - Window Cleaner	9.14
12000 - Health Occupations	
12010 - Ambulance Driver	15.81
12011 - Breath Alcohol Technician	15.81
12012 - Certified Occupational Therapist Assistant	21.70
12015 - Certified Physical Therapist Assistant	21.70
12020 - Dental Assistant	13.20
12025 - Dental Hygienist	29.85
12030 - EKG Technician	23.96
12035 - Electroneurodiagnostic Technologist	23.96
12040 - Emergency Medical Technician	15.81
12071 - Licensed Practical Nurse I	14.14
12072 - Licensed Practical Nurse II	15.81
12073 - Licensed Practical Nurse III	17.63
12100 - Medical Assistant	11.54
12130 - Medical Laboratory Technician	14.14
12160 - Medical Record Clerk	11.82
12190 - Medical Record Technician	13.59
12195 - Medical Transcriptionist	14.14
12210 - Nuclear Medicine Technologist	34.75
12221 - Nursing Assistant I	10.03
12222 - Nursing Assistant II	11.30

12223 - Nursing Assistant III		12.31
12224 - Nursing Assistant IV		13.84
12235 - Optical Dispenser		15.81
12236 - Optical Technician		14.14
12250 - Pharmacy Technician		13.41
12280 - Phlebotomist		13.84
12305 - Radiologic Technologist		22.64
12311 - Registered Nurse I		20.70
12312 - Registered Nurse II		25.32
12313 - Registered Nurse II, Specialist		25.32
12314 - Registered Nurse III		30.64
12315 - Registered Nurse III, Anesthetist		30.64
12316 - Registered Nurse IV		36.72
12317 - Scheduler (Drug and Alcohol Testing)		19.59
13000 - Information And Arts Occupations		
13011 - Exhibits Specialist I		15.06
13012 - Exhibits Specialist II		18.66
13013 - Exhibits Specialist III		22.83
13041 - Illustrator I		15.06
13042 - Illustrator II		18.66
13043 - Illustrator III		22.83
13047 - Librarian		20.66
13050 - Library Aide/Clerk		12.00
13054 - Library Information Technology Systems Administrator		18.66
13058 - Library Technician		15.06
13061 - Media Specialist I		13.46
13062 - Media Specialist II		15.06
13063 - Media Specialist III		16.80
13071 - Photographer I		12.82
13072 - Photographer II		14.32
13073 - Photographer III		17.75
13074 - Photographer IV		21.73
13075 - Photographer V		26.30
13110 - Video Teleconference Technician		12.91
14000 - Information Technology Occupations		
14041 - Computer Operator I		13.65
14042 - Computer Operator II		15.76
14043 - Computer Operator III		17.56
14044 - Computer Operator IV		19.50
14045 - Computer Operator V		21.81
14071 - Computer Programmer I	(see 1)	15.73
14072 - Computer Programmer II	(see 1)	19.50
14073 - Computer Programmer III	(see 1)	23.84
14074 - Computer Programmer IV	(see 1)	
14101 - Computer Systems Analyst I	(see 1)	24.23
14102 - Computer Systems Analyst II	(see 1)	
14103 - Computer Systems Analyst III	(see 1)	
14150 - Peripheral Equipment Operator		13.65
14160 - Personal Computer Support Technician		19.50
15000 - Instructional Occupations		
15010 - Aircrew Training Devices Instructor (Non-Rated)		24.23
15020 - Aircrew Training Devices Instructor (Rated)		29.32
15030 - Air Crew Training Devices Instructor (Pilot)		33.30
15050 - Computer Based Training Specialist / Instructor		24.23
15060 - Educational Technologist		22.82
15070 - Flight Instructor (Pilot)		33.30
15080 - Graphic Artist		20.47
15090 - Technical Instructor		17.65
15095 - Technical Instructor/Course Developer		21.58
15110 - Test Proctor		13.87

15120 - Tutor	13.87
16000 - Laundry, Dry-Cleaning, Pressing And Related Occupations	
16010 - Assembler	8.08
16030 - Counter Attendant	8.08
16040 - Dry Cleaner	9.34
16070 - Finisher, Flatwork, Machine	8.08
16090 - Presser, Hand	8.08
16110 - Presser, Machine, Drycleaning	8.08
16130 - Presser, Machine, Shirts	8.08
16160 - Presser, Machine, Wearing Apparel, Laundry	8.08
16190 - Sewing Machine Operator	9.86
16220 - Tailor	10.33
16250 - Washer, Machine	8.46
19000 - Machine Tool Operation And Repair Occupations	
19010 - Machine-Tool Operator (Tool Room)	14.49
19040 - Tool And Die Maker	18.20
21000 - Materials Handling And Packing Occupations	
21020 - Forklift Operator	12.49
21030 - Material Coordinator	18.34
21040 - Material Expediter	18.34
21050 - Material Handling Laborer	10.65
21071 - Order Filler	9.66
21080 - Production Line Worker (Food Processing)	12.49
21110 - Shipping Packer	13.33
21130 - Shipping/Receiving Clerk	13.33
21140 - Store Worker I	13.23
21150 - Stock Clerk	18.58
21210 - Tools And Parts Attendant	12.49
21410 - Warehouse Specialist	12.49
23000 - Mechanics And Maintenance And Repair Occupations	
23010 - Aerospace Structural Welder	20.69
23021 - Aircraft Mechanic I	19.70
23022 - Aircraft Mechanic II	20.69
23023 - Aircraft Mechanic III	21.74
23040 - Aircraft Mechanic Helper	13.70
23050 - Aircraft, Painter	18.50
23060 - Aircraft Servicer	16.09
23080 - Aircraft Worker	17.38
23110 - Appliance Mechanic	14.49
23120 - Bicycle Repairer	9.74
23125 - Cable Splicer	15.43
23130 - Carpenter, Maintenance	13.00
23140 - Carpet Layer	13.55
23160 - Electrician, Maintenance	14.99
23181 - Electronics Technician Maintenance I	14.72
23182 - Electronics Technician Maintenance II	15.05
23183 - Electronics Technician Maintenance III	18.31
23260 - Fabric Worker	12.60
23290 - Fire Alarm System Mechanic	15.43
23310 - Fire Extinguisher Repairer	11.67
23311 - Fuel Distribution System Mechanic	15.43
23312 - Fuel Distribution System Operator	13.01
23370 - General Maintenance Worker	11.95
23380 - Ground Support Equipment Mechanic	19.70
23381 - Ground Support Equipment Servicer	16.09
23382 - Ground Support Equipment Worker	17.38
23391 - Gunsmith I	11.67
23392 - Gunsmith II	13.55
23393 - Gunsmith III	15.43
23410 - Heating, Ventilation And Air-Conditioning Mechanic	15.76

23411 - Heating, Ventilation And Air Contditioning Mechanic (Research Facility)	16.55
23430 - Heavy Equipment Mechanic	15.15
23440 - Heavy Equipment Operator	13.73
23460 - Instrument Mechanic	15.43
23465 - Laboratory/Shelter Mechanic	14.49
23470 - Laborer	10.65
23510 - Locksmith	14.49
23530 - Machinery Maintenance Mechanic	17.38
23550 - Machinist, Maintenance	15.43
23580 - Maintenance Trades Helper	9.92
23591 - Metrology Technician I	15.43
23592 - Metrology Technician II	16.41
23593 - Metrology Technician III	17.37
23640 - Millwright	15.43
23710 - Office Appliance Repairer	14.38
23760 - Painter, Maintenance	13.55
23790 - Pipefitter, Maintenance	15.32
23810 - Plumber, Maintenance	14.38
23820 - Pneudraulic Systems Mechanic	15.43
23850 - Rigger	15.43
23870 - Scale Mechanic	13.55
23890 - Sheet-Metal Worker, Maintenance	15.21
23910 - Small Engine Mechanic	13.55
23931 - Telecommunications Mechanic I	19.01
23932 - Telecommunications Mechanic II	19.76
23950 - Telephone Lineman	18.24
23960 - Welder, Combination, Maintenance	14.66
23965 - Well Driller	15.43
23970 - Woodcraft Worker	15.43
23980 - Woodworker	11.67
24000 - Personal Needs Occupations	
24570 - Child Care Attendant	10.09
24580 - Child Care Center Clerk	12.58
24610 - Chore Aide	12.43
24620 - Family Readiness And Support Services Coordinator	12.44
24630 - Homemaker	16.12
25000 - Plant And System Operations Occupations	
25010 - Boiler Tender	15.43
25040 - Sewage Plant Operator	14.49
25070 - Stationary Engineer	15.43
25190 - Ventilation Equipment Tender	10.73
25210 - Water Treatment Plant Operator	14.49
27000 - Protective Service Occupations	
27004 - Alarm Monitor	10.90
27007 - Baggage Inspector	7.35
27008 - Corrections Officer	12.05
27010 - Court Security Officer	12.05
27030 - Detection Dog Handler	10.90
27040 - Detention Officer	12.05
27070 - Firefighter	12.05
27101 - Guard I	7.37
27102 - Guard II	10.90
27131 - Police Officer I	12.05
27132 - Police Officer II	13.40
28000 - Recreation Occupations	
28041 - Carnival Equipment Operator	9.53
28042 - Carnival Equipment Repairer	10.08
28043 - Carnival Equpment Worker	7.78
28210 - Gate Attendant/Gate Tender	13.18

28310 - Lifeguard		11.01
28350 - Park Attendant (Aide)		14.74
28510 - Recreation Aide/Health Facility Attendant		10.76
28515 - Recreation Specialist		18.26
28630 - Sports Official		11.74
28690 - Swimming Pool Operator		17.71
29000 - Stevedoring/Longshoremen Occupational Services		
29010 - Blocker And Bracer		15.20
29020 - Hatch Tender		15.20
29030 - Line Handler		15.20
29041 - Stevedore I		14.22
29042 - Stevedore II		16.25
30000 - Technical Occupations		
30010 - Air Traffic Control Specialist, Center (HFO)	(see 2)	35.77
30011 - Air Traffic Control Specialist, Station (HFO)	(see 2)	24.66
30012 - Air Traffic Control Specialist, Terminal (HFO)	(see 2)	27.16
30021 - Archeological Technician I		17.49
30022 - Archeological Technician II		19.56
30023 - Archeological Technician III		24.21
30030 - Cartographic Technician		23.18
30040 - Civil Engineering Technician		21.93
30061 - Drafter/CAD Operator I		17.49
30062 - Drafter/CAD Operator II		19.56
30063 - Drafter/CAD Operator III		20.74
30064 - Drafter/CAD Operator IV		24.21
30081 - Engineering Technician I		14.62
30082 - Engineering Technician II		16.41
30083 - Engineering Technician III		18.36
30084 - Engineering Technician IV		22.34
30085 - Engineering Technician V		27.83
30086 - Engineering Technician VI		33.66
30090 - Environmental Technician		21.10
30210 - Laboratory Technician		20.74
30240 - Mathematical Technician		23.34
30361 - Paralegal/Legal Assistant I		19.06
30362 - Paralegal/Legal Assistant II		21.53
30363 - Paralegal/Legal Assistant III		26.35
30364 - Paralegal/Legal Assistant IV		30.80
30390 - Photo-Optics Technician		21.93
30461 - Technical Writer I		22.17
30462 - Technical Writer II		27.10
30463 - Technical Writer III		32.79
30491 - Unexploded Ordnance (UXO) Technician I		22.74
30492 - Unexploded Ordnance (UXO) Technician II		27.51
30493 - Unexploded Ordnance (UXO) Technician III		32.97
30494 - Unexploded (UXO) Safety Escort		22.74
30495 - Unexploded (UXO) Sweep Personnel		22.74
30620 - Weather Observer, Combined Upper Air Or Surface Programs	(see 2)	20.74
30621 - Weather Observer, Senior	(see 2)	23.00
31000 - Transportation/Mobile Equipment Operation Occupations		
31020 - Bus Aide		8.15
31030 - Bus Driver		9.69
31043 - Driver Courier		8.97
31260 - Parking and Lot Attendant		7.25
31290 - Shuttle Bus Driver		9.99
31310 - Taxi Driver		8.21
31361 - Truckdriver, Light		8.97
31362 - Truckdriver, Medium		11.61
31363 - Truckdriver, Heavy		12.48
31364 - Truckdriver, Tractor-Trailer		12.48

99000 - Miscellaneous Occupations	
99030 - Cashier	7.46
99050 - Desk Clerk	9.70
99095 - Embalmer	22.74
99251 - Laboratory Animal Caretaker I	16.24
99252 - Laboratory Animal Caretaker II	17.04
99310 - Mortician	22.74
99410 - Pest Controller	13.28
99510 - Photofinishing Worker	11.95
99710 - Recycling Laborer	10.76
99711 - Recycling Specialist	16.27
99730 - Refuse Collector	10.24
99810 - Sales Clerk	8.95
99820 - School Crossing Guard	15.03
99830 - Survey Party Chief	20.30
99831 - Surveying Aide	11.54
99832 - Surveying Technician	15.00
99840 - Vending Machine Attendant	20.19
99841 - Vending Machine Repairer	23.57
99842 - Vending Machine Repairer Helper	20.19

ALL OCCUPATIONS LISTED ABOVE RECEIVE THE FOLLOWING BENEFITS:

HEALTH & WELFARE: $3.59 per hour or $143.60 per week or $622.27 per month

VACATION: 2 weeks paid vacation after 1 year of service with a contractor or successor; and 4 weeks after 3 years. Length of service includes the whole span of continuous service with the present contractor or successor, wherever employed, and with the predecessor contractors in the performance of similar work at the same Federal facility. (Reg. 29 CFR 4.173)

HOLIDAYS: A minimum of ten paid holidays per year, New Year's Day, Martin Luther King Jr's Birthday, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day, and Christmas Day. (A contractor may substitute for any of the named holidays another day off with pay in accordance with a plan communicated to the employees involved.) (See 29 CFR 4174)

THE OCCUPATIONS WHICH HAVE NUMBERED FOOTNOTES IN PARENTHESES RECEIVE THE FOLLOWING:

1) COMPUTER EMPLOYEES: Under the SCA at section 8(b), this wage determination does not apply to any employee who individually qualifies as a bona fide executive, administrative, or professional employee as defined in 29 C.F.R. Part 541. Because most Computer System Analysts and Computer Programmers who are compensated at a rate not less than $27.63 (or on a salary or fee basis at a rate not less than $455 per week) an hour would likely qualify as exempt computer professionals, (29 C.F.R. 541. 400) wage rates may not be listed on this wage determination for all occupations within those job families. In addition, because this wage determination may not list a wage rate for some or all occupations within those job families if the survey data indicates that the prevailing wage rate for the occupation equals or exceeds $27.63 per hour conformances may be necessary for certain nonexempt employees. For example, if an individual employee is nonexempt but nevertheless performs duties within the scope of one of the Computer Systems Analyst or Computer Programmer occupations for which this wage determination does not specify an SCA wage rate, then the wage rate for that employee must be conformed in accordance with the

conformance procedures described in the conformance note included on this wage determination.

Additionally, because job titles vary widely and change quickly in the computer industry, job titles are not determinative of the application of the computer professional exemption. Therefore, the exemption applies only to computer employees who satisfy the compensation requirements and whose primary duty consists of:

(1) The application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software or system functional specifications;

(2) The design, development, documentation, analysis, creation, testing or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications;

(3) The design, documentation, testing, creation or modification of computer programs related to machine operating systems; or

(4) A combination of the aforementioned duties, the performance of which requires the same level of skills. (29 C.F.R. 541.400).

2) AIR TRAFFIC CONTROLLERS AND WEATHER OBSERVERS - NIGHT PAY & SUNDAY PAY: If you work at night as part of a regular tour of duty, you will earn a night differential and receive an additional 10% of basic pay for any hours worked between 6pm and 6am. If you are a full-time employed (40 hours a week) and Sunday is part of your regularly scheduled workweek, you are paid at your rate of basic pay plus a Sunday premium of 25% of your basic rate for each hour of Sunday work which is not overtime (i.e. occasional work on Sunday outside the normal tour of duty is considered overtime work).

HAZARDOUS PAY DIFFERENTIAL: An 8 percent differential is applicable to employees employed in a position that represents a high degree of hazard when working with or in close proximity to ordinance, explosives, and incendiary materials. This includes work such as screening, blending, dying, mixing, and pressing of sensitive ordance, explosives, and pyrotechnic compositions such as lead azide, black powder and photoflash powder. All dry-house activities involving propellants or explosives. Demilitarization, modification, renovation, demolition, and maintenance operations on sensitive ordnance, explosives and incendiary materials. All operations involving regrading and cleaning of artillery ranges.

A 4 percent differential is applicable to employees employed in a position that represents a low degree of hazard when working with, or in close proximity to ordance, (or employees possibly adjacent to) explosives and incendiary materials which involves potential injury such as laceration of hands, face, or arms of the employee engaged in the operation, irritation of the skin, minor burns and the like; minimal damage to immediate or adjacent work area or equipment being used. All operations involving, unloading, storage, and hauling of ordance, explosive, and incendiary ordnance material other than small arms ammunition. These differentials are only applicable to work that has been specifically designated by the agency for ordance, explosives, and incendiary material differential pay.

** UNIFORM ALLOWANCE **

If employees are required to wear uniforms in the performance of this contract (either by the terms of the Government contract, by the employer, by the state or local law, etc.), the cost of furnishing such uniforms and maintaining (by laundering or dry cleaning) such uniforms is an expense that may not be borne by an employee where such cost reduces the hourly rate below that required by the wage determination. The Department of Labor will accept payment in accordance with the following standards as compliance:

The contractor or subcontractor is required to furnish all employees with an adequate number of uniforms without cost or to reimburse employees for the actual

cost of the uniforms. In addition, where uniform cleaning and maintenance is made the responsibility of the employee, all contractors and subcontractors subject to this wage determination shall (in the absence of a bona fide collective bargaining agreement providing for a different amount, or the furnishing of contrary affirmative proof as to the actual cost), reimburse all employees for such cleaning and maintenance at a rate of $3.35 per week (or $.67 cents per day). However, in those instances where the uniforms furnished are made of "wash and wear" materials, may be routinely washed and dried with other personal garments, and do not require any special treatment such as dry cleaning, daily washing, or commercial laundering in order to meet the cleanliness or appearance standards set by the terms of the Government contract, by the contractor, by law, or by the nature of the work, there is no requirement that employees be reimbursed for uniform maintenance costs.

The duties of employees under job titles listed are those described in the "Service Contract Act Directory of Occupations", Fifth Edition, April 2006, unless otherwise indicated. Copies of the Directory are available on the Internet. A links to the Directory may be found on the WHD home page at http://www.dol.gov/esa/whd/ or through the Wage Determinations On-Line (WDOL) Web site at http://wdol.gov/.

REQUEST FOR AUTHORIZATION OF ADDITIONAL CLASSIFICATION AND WAGE RATE {Standard Form 1444 (SF 1444)}

Conformance Process:

The contracting officer shall require that any class of service employee which is not listed herein and which is to be employed under the contract (i.e., the work to be performed is not performed by any classification listed in the wage determination), be classified by the contractor so as to provide a reasonable relationship (i.e., appropriate level of skill comparison) between such unlisted classifications and the classifications listed in the wage determination. Such conformed classes of employees shall be paid the monetary wages and furnished the fringe benefits as are determined. Such conforming process shall be initiated by the contractor prior to the performance of contract work by such unlisted class(es) of employees. The conformed classification, wage rate, and/or fringe benefits shall be retroactive to the commencement date of the contract. {See Section 4.6 (C)(vi)} When multiple wage determinations are included in a contract, a separate SF 1444 should be prepared for each wage determination to which a class(es) is to be conformed.

The process for preparing a conformance request is as follows:

1) When preparing the bid, the contractor identifies the need for a conformed occupation(s) and computes a proposed rate(s).

2) After contract award, the contractor prepares a written report listing in order proposed classification title(s), a Federal grade equivalency (FGE) for each proposed classification(s), job description(s), and rationale for proposed wage rate(s), including information regarding the agreement or disagreement of the authorized representative of the employees involved, or where there is no authorized representative, the employees themselves. This report should be submitted to the contracting officer no later than 30 days after such unlisted class(es) of employees performs any contract work.

3) The contracting officer reviews the proposed action and promptly submits a report of the action, together with the agency's recommendations and pertinent information including the position of the contractor and the employees, to the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, for review. (See section 4.6(b)(2) of Regulations 29 CFR Part 4).

4) Within 30 days of receipt, the Wage and Hour Division approves, modifies, or

disapproves the action via transmittal to the agency contracting officer, or notifies the contracting officer that additional time will be required to process the request.

5) The contracting officer transmits the Wage and Hour decision to the contractor.

6) The contractor informs the affected employees.

Information required by the Regulations must be submitted on SF 1444 or bond paper.

When preparing a conformance request, the "Service Contract Act Directory of Occupations" (the Directory) should be used to compare job definitions to insure that duties requested are not performed by a classification already listed in the wage determination. Remember, it is not the job title, but the required tasks that determine whether a class is included in an established wage determination. Conformances may not be used to artificially split, combine, or subdivide classifications listed in the wage determination.

EXHIBIT L

COPY OF 2 GAR DIV. 4 § 3114

§3114. Competitive Selection Procedures for Services Specified in §2112 (Authority to Contract for Certain Services and Approval of Contracts) of these Regulations.

(a) **Application.** The provisions of this Section apply to every procurement of the services of accountants, physicians, lawyers, dentists, and other professionals as specified in §2112 (Authority to Contract for Certain Services and Approval of Contracts) of these Regulations.

(b) **Conditions for use of Competitive Selection Procedures.** Except as authorized under 5 GCA §5214 (Sole Source Procurement) or 5 GCA §5215 (Emergency Procurement) of the Guam Procurement Act, competitive selection procedures shall be used for all procurement of the services listed in Section 3114(a) (Application) in excess of $5,000. Any procurement of such services not in excess of this amount may be procured in accordance with Section 3111 (Small Purchases) of this Chapter.

(c) **Determination Required Prior to Use of Competitive Selection Procedures.** For the purposes of procuring the services specified in § 3114 (a) (Application), any using agency of the territory may act as a Purchasing Agency except as otherwise provided by law. (The Purchasing Agency shall consult with the Chief Procurement Officer or a designee of such office when procuring such services). However, the Chief Procurement Officer may, in his or her discretion, procure services for a using agency when requested. In either case, the head of the using agency or a designee of such officer shall determine in writing, prior to announcing the need for any such services:

(1) that the services to be acquired are services specified in §3114(a);

(2) that a reasonable inquiry has been conducted, which shall include requesting the appropriate Personnel Services Department to report on the availability of such personnel, and the territory does not have the personnel nor resources to perform the services required under the proposed contract;

(3) the nature of the relationship to be established between the using agency and the contractor by the proposed contract; and

(4) that the using agency has developed, and fully intends to implement, a written plan for utilizing such services which will be included in the contractual statement or work.

(d) **Statement of Qualifications.** When the services specified in §3114(a) (Application) are needed on a recurring basis, the Procurement Officer shall actively solicit persons engaged in providing such services to submit annual statements of qualifications in a prescribed format which shall include the following information:

(1) technical education and training;

(2) general or special experience, certifications, licenses, and membership in professional associations, societies, or boards;

(3) an expression of interest in providing a particular service specified in § 3114(a); and

(4) any other pertinent information requested by the Procurement Officer.
Persons may amend statements of qualifications at any time by filing a new statement.

(e) **Public Notice in Competitive Selection Procedures.** Notice of the need for services specified in Section 3114(a) (Application) be made by the Procurement Officer in the form of a Request for Proposals at least ten (10) days before the proposals are due. Adequate public notice shall be given as provided in §3109(f) (Public Notice), and additionally shall consist of distributing Requests for Proposals to persons interested in performing the services required by the proposed contract.

(f) **Request for Proposals.**

(1) **Contents.** The Request for Proposals shall be in the form specified by the Procurement Officer and contain at least the following information:

(A) the type of services required;

(B) a description of the work involved;

(C) an estimate of when and for how long the services will be required;

(D) the type of contract to be used;

(E) a date by which proposals for the performance of the services shall be submitted;

(F) a statement that the proposals shall be in writing;

(G) a statement that offerors may designate those portions of the proposals which contain trade secrets or other proprietary data which may remain confidential;

(H) a statement of the minimum information that the proposal shall contain, to include:

(i) the name of the offeror, the location of the offeror's principal place of business and, if different, the place of performance of the proposed contract;

(ii) if deemed relevant by the Procurement Officer, the age of the offeror's business and average number of employees over a previous period of time, as specified in the Request for Proposals;

(iii) the abilities, qualifications, and experience of all persons who would be assigned to provide the required services;

(iv) a listing of other contracts under which services similar in scope, size, or discipline to the required services were performed or undertaken within a period of time, as specified in the Request for Proposals;

(v) a plan giving as much detail as is practical explaining how the services will be performed; and

(vi) the factors to be used in the evaluation and selection process and their importance.

(2) **Evaluation.** Proposals shall be evaluated only on the basis of evaluation factors stated in the Request for Proposals. The following factors may be appropriate to use in conducting the evaluation. The relative importance of these and other factors will vary according to the type of services being procured. The minimum factors are:

(A) the plan for performing the required services;

(B) ability to perform the services as reflected by technical training and education, general experience, specific experience in providing the required services, and the qualifications and abilities of personnel proposed to be assigned to perform the personnel proposed to be assigned to perform the services;

(C) the personnel, equipment, and facilities to perform the services currently available or demonstrated to be made available at the time of contracting, and

(D) a record of past performance of similar work.

(g) **Pre-Proposal Conferences** . Pre-proposal conferences, as appropriate, may be conducted in accordance with §3109(h) (Pre-Bid Conferences). Such a conference may be held anytime prior to the date established for submission of proposals.

(h) **Receipt and Handling of Proposals.**

(1) **Registration.** Proposals and modifications shall be time-stamped upon receipt and held in a secure place until the established due date. Proposals shall not be opened publicly nor disclosed to unauthorized persons, but shall be opened in the presence of two or more procurement officials. A Register of Proposals shall be established which shall include for all proposals, the name of each offeror, the number of modifications received, if any, and a description sufficient to identify the services offered. The Register of Proposals shall be opened to public inspection only after award of the contract. Proposals of offerors who are not awarded the contract shall not be opened to public inspection.

(2) **Requests of Nondisclosure of Data.** If the offeror selected for award has requested in writing the nondisclosure of trade secrets and other proprietary data so identified, the head of the agency conducting the procurement or a designee of such office shall examine the request in the proposal to determine its validity prior to entering negotiations. If the parties do not agree as to the disclosure of data in the contract, the head of the agency conducting the procurement or a designee of such officer shall inform the offeror in writing what portion of the proposal will be disclosed and that, unless the offeror withdraws the proposals or protests under 5 GCA Chapter 5 Article 9 (Legal and Contractual Remedies) of the Guam Procurement Act, the proposal will be so disclosed.

(i) **Discussion.**

(1) **Discussions Permissible.** The head of the agency conducting the procurement or a designee of such officer shall evaluate all proposals submitted and may conduct discussions with any offeror. The purposes of such discussions shall be to:

(A) determine in greater detail such offeror's qualifications, and

(B) explore with the offeror the scope and nature of the required services, the offeror's proposed method of performance, and the relative utility of alternative methods of approach.

(2) **No Disclosure of Information.** Discussions shall not disclose any information derived from proposals submitted by other offerors, and the agency conducting the procurement shall not disclose any information contained in any proposals until after award of the proposed contract has been made. The proposal of the offeror awarded the contract shall be opened to public inspection except as otherwise provided in the contract. (See §3114(h)(1), Receipt and Handling of Proposals, Registration).

(3) **Modification or Withdrawal of Proposals.** Proposals may be modified or withdrawn at any time prior to the conclusion of discussions.

(j) **Selection of the Best Qualified Offerors** . After conclusion of validation of qualifications, evaluation, and discussion as provided in §3114(i) (Discussions), the head of the agency conducting the procurement or a designee of such officer shall select, in the order of their respective qualification ranking, no fewer than three acceptable offerors (or such lesser number if less than three acceptable
proposals were received) deemed to be the best qualified to provide the required services.

(k) **Submission of Cost or Pricing Data.** The offeror determined to be best qualified shall be required to submit cost or pricing data to the head of the agency conducting the procurement at a time specified prior to the commencement of negotiations in accordance with §3118 (Cost or Pricing Data) of these Regulations.

(l) **Negotiation and Award of Contract.**

(1) **General.** The head of the agency conducting the procurement or a designee of such officer shall negotiate a contract with the best qualified offeror for the required services at compensation determined in writing to be fair and reasonable.

(2) **Elements of Negotiation.** Contract negotiations shall be directed toward:

(A) making certain that the offeror has a clear understanding of the scope of work, specifically, the essential requirements involved in providing the required services;

(B) determining that the offeror will make available the necessary personnel and facilities to perform the services within the required time; and

(C) agreeing upon compensation which is fair and reasonable, taking into account the estimated value of the required services, and the scope, complexity, and nature of such services.

(3) **Successful Negotiation of Contract with Best Qualified Offeror.** If compensation, contract requirements, and contract documents can be agreed upon with the best qualified offeror, the contract shall be awarded to that offeror.

(4) **Failure to Negotiate Contract With Best Qualified Offeror.**

(A) If compensation, contract requirements, or contract documents cannot be agreed upon with the best qualified offeror, a written record stating the reasons therefore shall be placed in the file and the head of the agency conducting procurement or a designee of such officer shall advise such offeror of the termination of negotiations which shall be confirmed by written notice within three days.

(B) Upon failure to negotiate a contract with the best qualified offeror, the head of the agency conducting the procurement or the designee of such officer may enter into negotiations with the next most qualified offeror. If compensation, contract requirements, and contract documents can be agreed upon, then the contract shall be awarded to that offeror. If negotiations again fail, negotiations shall be terminated as provided in Subsection 3114(l)(4)(a) of this Section and commence with the next qualified offeror.

(5) **Notice of Award.** Written notice of award shall be public information and made a part of the contract file.

(6) **Failure to Negotiate Contract with Offerors Initially Selected as Best Qualified.** Should the head of the agency conducting the procurement or a designee of such officer be unable to negotiate a contract with any of the offerors initially selected as the best qualified offerors, offers may be resolicited or additional offerors may be selected based on original, acceptable submissions in the order of their respective qualification ranking and negotiations may continue in accordance with Subsection 3114(l)(4) of this Section until an agreement is reached and the contract awarded.

(m) **Memorandum of Evaluation and Negotiation.** At the conclusion of negotiations resulting in the award of the contract, the head of the agency conducting the procurement or a designee of such officer shall prepare a memorandum setting forth the basis of award including:

(1) how the evaluation factors stated in the Request for Proposals were applied to determine the best qualified offerors; and

(2) the principal elements of the negotiations including the significant considerations relating to price and the other terms of the contract. All memoranda shall be included in the contract file and be available for public inspection.

(n) **Approval of Contracts for Legal Services.** As provided by §2111 (Authority to Contract for Certain Service, Approval of Contracts for Legal Services) of these Regulations, no contract for the services of legal counsel may be awarded without the approval of the Attorney General.

(o) **Reports.** The head of each using agency shall submit annually to the Chief Procurement Officer a listing of all contracts awarded under §3114 of these Regulations in the preceding fiscal year. The report shall identify the parties to the contract, the contract amount, duration, and the services to be performed thereunder.

EXHIBIT M

GOVERNMENT OF GUAM
ADMINISTRATIVE PROCEDURES

A. Good Faith Negotiations

Both teams shall be fully committed to good faith negotiations. Both teams shall carefully and respectfully listen to the other and shall make best efforts to reach satisfactory agreements on all issues. Both teams shall fully cooperate in providing any clarification or documentation reasonably requested by the other. If one team disagrees with a position taken by the other, the disagreeing team will detail its concerns, which will be duly considered and responded to by the other team.

B. Expenses

The Government will make every effort to secure a site conducive to negotiations on Government facilities. In the event such arrangements cannot be made, the offerors will make such arrangements. If arrangements are made by the offeror, expenses relating to the accommodations for the negotiations site are the responsibility of the offeror. The site will include basic office equipment and a caucus room for both parties. Equipment includes a flip chart or white board, access to a telephone, facsimile machine and a photocopier machine. The offeror will advise the Government of Guam of the negotiation site for the approval of the Government.

C. Confidentiality

1. During the course of the negotiations, no matters regarding the negotiations shall be discussed with anyone except members of the negotiating teams or officials of either the Government of Guam or the Insurance Company who are directly involved with the negotiations.

2. Utmost care shall be taken to ensure that no other person gains access to any negotiation information or materials.

D. Media/Ex Parte Communications

If any communications are to be made to the media or other persons outside those immediately involved in the negotiations, such communications shall be prepared and presented jointly by the negotiating teams. Further, except for necessary information on benefits and administration, no carrier shall release any information to the media, or to any enrollee or other person regarding any aspect of the plan, including its profitability or the reasons for rate or benefit changes, without the Government of Guam's written approval.

E. Copies

If one team submits a document to the other team, the submitting team shall, at the same time, provide a copy of such document to each member of the other team.

F. Caucusing

1. Either team may call a caucus at any time. However, both teams shall make best efforts to consolidate issues to discuss during caucuses and to use the designated caucus times rather than interrupting the negotiations.

2. The team calling the caucus may remain in the negotiating room and the other team will excuse itself, unless otherwise agreed.

G. Negotiated Changes

Negotiated contractual changes shall be noted during the negotiations and, if needed, taped at the conclusion of the negotiations.

H. Tape Recording

1. In general, the negotiations will not be tape recorded, except that agreements reached during the negotiations may be taped at the conclusion of the negotiations.

2. Notwithstanding the provisions of paragraph H.1 above, either team shall be entitled to tape sections or all of the negotiations, if they so desire, provided they notify the other team before they begin the taping.

I. Allotted Time

Each offeror's negotiations shall be concluded within three days. If additional time is requested by the plan, such may be granted by the Government of Guam's team at its sole option.

J. Impasses

1. If the teams cannot reach an agreement on a particular issue, that issue shall be set aside, if at all possible, and the negotiations proceeded with. Such issue may be revisited at a later stage in the negotiations.

2. If an agreement is not reached on all issues by the close of the negotiations, the Government of Guam's team will recommend against contracting with such Insurance Company.

K. Approval by the Governor

All written or taped agreements made by the Government of Guam's negotiating team are subject to the final approval by the Governor of Guam.

L. Other Approval

Each insurance company shall have a final decision maker at the negotiating table at all times. However, if the commitments made require approval from a company officer or board not at the negotiating table, the Insurance Company shall disclose the officer's name and title or the name of the board on the following line:

_____.

M. Marketing

The plan selected shall comply with the Government of Guam's Marketing Guidelines (Exhibit N). No plan shall market its proposed plan to Government of Guam employees or retirees or dependents thereof prior to receiving written approval from the Director of the Department of Administration.

N. Agreement to Administrative Procedures

The Government of Guam and the Insurance Company shall adhere to these administrative procedures, which are pertinent to the Group Health Insurance Negotiations.

Insurance Company: _____

Print/Signature/Date: _____

EXHIBIT N
GOVERNMENT OF GUAM
MARKETING GUIDELINES FOR HEALTH INSURANCE CARRIERS

These marketing guidelines apply to all Health insurance carriers contracting with or intending to contract with the Government of Guam.

A. MARKETING MATERIALS

1. Each carrier shall prepare a Government of Guam plan brochure, setting forth the benefits and conditions of the plan, for distribution to subscribers and prospective subscribers.

2. Each carrier may prepare other marketing materials, including newspaper and other media advertising copy, in addition to those required in paragraphs 1 above.

3. All marketing materials must be submitted to the Government of Guam's Director of the Department of Administration or his or her designee with a written statement signed by an appropriate officer of the carrier certifying that the materials have been prepared in accordance with these guidelines.

4. The Government of Guam's Director of the Department of Administration must approve the content of all marketing materials in writing. Such written approval, however, does not guarantee the carrier that its marketing materials will be free from future scrutiny or that the carrier will not attract penalties should the marketing materials later be determined to be out of compliance with these guidelines.

5. Marketing materials which have not been approved for content may not be distributed or displayed. Further, no marketing materials may be distributed or displayed prior to the date specified in writing by the Director of the Department of Administration. No marketing materials will be approved for distribution or display prior to the conclusion of negotiations with all carriers.

6. Once approved for content and distribution and display, all marketing materials, excluding newspaper and other media advertising copy, must be made available to the Government of Guam subscribers, prospective subscribers, agencies and departments as quickly as possible.

B. MARKETING STANDARDS

1. All marketing materials, including newspaper and other media advertising and open enrollment presentations, must be truthful and not misleading.

2. All marketing materials must be worded simply, clearly and concisely so that they are readily understandable.

3. All marketing materials must contain sufficient detail to ensure accuracy.

4. At least the plan brochure should contain a statement that full details of the plan are contained in the carrier's contract with the Government of Guam.

5. If an insurance company markets wrongful products, benefits or advertises in their brochure incorrect information, the insurance company must place at least 2 media advertisements, in addition to giving memos to all enrollees, satisfactory to DOA, of correct version. Plans must also prepare an insert of corrected information and include it in all brochures, if not already corrected the language in the brochure.

C. PENALTIES FOR NON-COMPLIANCE

1. Failure to conform to these guidelines may result in corrective action by the Department of Administration. Such corrective action will be appropriate to the circumstances. For example, if a carrier indicates benefits or other plan provisions that are more favorable to enrollees than those specified in the Government of Guam contract, the carrier will be required to provide those more generous benefits or provisions without additional compensation for the entire contract year(s).

2. Interpretation and enforcement of these guidelines shall be at the sole discretion of the Director of the Department of Administration. The Government of Guam shall have no liability with regard to the alleged or actual failure to enforce these guidelines.

D. EXPENSES

1. A Personnel/Payroll Officers meeting will be conducted prior to the Open Enrollment Period. The purpose of this meeting is to advise all department representatives of the benefits available and premiums for the Health insurance program. The insurance company awarded the contract will secure and absorb the cost of the Personnel/Payroll Officers Meeting. Specifications will be provided by the Government.

2. All expenses involved in the preparation and distribution of marketing materials shall be born by the respective carrier. The Government of Guam shall have no liability with regard to any marketing materials or any costs which may be incurred because of any alleged or actual delay in the approval or a carrier's marketing materials.

E. AGREEMENT TO MARKETING GUIDELINES

By signing below, the offeror agrees to comply with the Marketing Guidelines.

Insurance Company: _____

Print/Signature/Date _____

FORM GHI-1

EXHIBIT O

GOVERNMENT OF GUAM
GROUP HEALTH INSURANCE PROGRAM
PREMIUM AND RETENTION QUOTATION
FOR CONTRACT YEAR _____ TO _____

Please see Excel File for Pricing Templates – these must be completed and returned via Excel file as well as PDF file.

Instructions for Completing Form GHI-1

Premium and Retention Quotations

Instruction

1. Compute the expected annual premium, using the monthly premium rates entered on the form and your estimate of the employees in the various classes you enter in space 2.

2. Enter the percent of premiums you expect to use to pay for hospital, surgical, medical and similar services.

3. Subtract the percent in 2 from 100.

4. Show the percent of total premiums to be used for each of the various expense categories listed. Show if you will incur no expense in a category.

5. A brief explanation of the method of calculating the items shown should be furnished. An additional page may be used if desired. Where the expense has to be charged to the plan based on cost accounting techniques, as in item E, the method to allocate significant expense categories to the Government of Guam plan should be explained.

6. Some of the expenses listed in item 4 will not ordinarily change proportionally if the premium is more or less than expected. This question is designed to get an understanding of this effect in your organization.

7. Many companies allow interest to a group policyholder on the difference between premiums received and the total of expenses incurred and claims paid. You should indicate if you would allow this interest and the rate applicable for the contract year you are bidding on. If you will allow interest only on part of the funds, such as an unrevealed claim reserve, you should show what funds you do allow interest on.

Exhibit O

Premium and Retention Quotation for
Contract Year October 2012 to September 2013

GovGuam 2000 Plan

Monthly Premium Proposed

Class	Active Employees	Retired Employees below age 65	Retired Employees above age 65
I. Single			
II. Single + Spouse			
III. Single + Child(ren)			
IV. Single + Family			

1. Anticipated total premium in contract year	
2. Percent of premium to be used to pay incurred claims (assumes _____ employees in Class I; ____ employees in Class II; _____ employees in Class III; and _____ employees in Class IV or refunds to employees	
3. Balance of premium, in percent	
4. Disposition of balance of premium, in percent:	
A. Commissions	None
B. Administrative Services or other fees	
C. Claim payment expense	
D. Reinsurance expense	
E. General and overhead Expense	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
I. Profit	
J. Total (must equal 3 above)	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
5. Please explain how items 4C, D, E, G, H and I are computed	
6. How will these expenses in percentages be affected if employees covered are 25% more or less than shown in 2?	
7. Will interest be allowed on unrevealed claim reserves and other funds of the Government of Guam held by the undersigned?	
If yes, at what rate?	

Exhibit O

Premium and Retention Quotation for
Contract Year October 2012 to September 2013

GovGuam 1500 Plan

Monthly Premium Proposed

Class	Active Employees	Retired Employees below age 65	Retired Employees above age 65
I. Single			
II. Single + Spouse			
III. Single + Child(ren)			
IV. Single + Family			

1. Anticipated total premium in contract year	
2. Percent of premium to be used to pay incurred claims (assumes _____ employees in Class I; ____ employees in Class II; _____ employees in Class III; and _____ employees in Class IV or refunds to employees	
3. Balance of premium, in percent	
4. Disposition of balance of premium, in percent:	
A. Commissions	None
B. Administrative Services or other fees	
C. Claim payment expense	
D. Reinsurance expense	
E. General and overhead Expense	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
I. Profit	
J. Total (must equal 3 above)	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
5. Please explain how items 4C, D, E, G, H and I are computed	
6. How will these expenses in percentages be affected if employees covered are 25% more or less than shown in 2?	
7. Will interest be allowed on unrevealed claim reserves and other funds of the Government of Guam held by the undersigned?	
If yes, at what rate?	

Exhibit O

Premium and Retention Quotation for
Contract Year October 2012 to September 2013

GovGuam Dental

Monthly Premium Proposed

Class	Active Employees	Retired Employees below age 65	Retired Employees above age 65
I. Single			
II. Single + Spouse			
III. Single + Child(ren)			
IV. Single + Family			

I. Anticipated total premium in contract year	
2. Percent of premium to be used to pay incurred claims (assumes _____ employees in Class I; ___ employees in Class II; _____ employees in Class III; and _____ employees in Class IV or refunds to employees	
3. Balance of premium, in percent	
4. Disposition of balance of premium, in percent:	
A. Commissions	None
B. Administrative Services or other fees	
C. Claim payment expense	
D. Reinsurance expense	
E. General and overhead Expense	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
I. Profit	
J. Total (must equal 3 above)	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
5. Please explain how items 4C, D, E, G, H and I are computed	
6. How will these expenses in percentages be affected if employees covered are 25% more or less than shown in 2?	
7. Will interest be allowed on unrevealed claim reserves and other funds of the Government of Guam held by the undersigned?	
If yes, at what rate?	

Exhibit Q

Premium and Retention Quotation for

Contract Year October 2012 to September 2013

Alternative Plan Design I (1000 Deductible Plan)

Monthly Premium Proposed

Class	Active Employees	Retired Employees below age 65	Retired Employees above age 65
I. Single			
II. Single + Spouse			
III. Single + Child(ren)			
IV. Single + Family			

1. Anticipated total premium in contract year	
2. Percent of premium to be used to pay incurred claims (assumes _____ employees in Class I; ___ employees in Class II; _____ employees in Class III; and ____ employees in Class IV or refunds to employees	
3. Balance of premium, in percent	
4. Disposition of balance of premium, in percent:	
A. Commissions	None
B. Administrative Services or other fees	
C. Claim payment expense	
D. Reinsurance expense	
E. General and overhead Expense	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
I. Profit	
J. Total (must equal 3 above)	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
5. Please explain how items 4C, D, E, G, H and I are computed	
6. How will these expenses in percentages be affected if employees covered are 25% more or less than shown in 2?	
7. Will interest be allowed on unrevealed claim reserves and other funds of the Government of Guam held by the undersigned?	
If yes, at what rate?	

Exhibit O

Premium and Retention Quotation for
Contract Year October 2012 to September 2013

Alternative Plan Design 2 (1500 Deductible Plan)

Monthly Premium Proposed

Class	Active Employees	Retired Employees below age 65	Retired Employees above age 65
I. Single			
II. Single + Spouse			
III. Single + Child(ren)			
IV. Single + Family			

1. Anticipated total premium in contract year	
2. Percent of premium to be used to pay incurred claims (assumes _____ employees in Class I; ___ employees in Class II; _____ employees in Class III; and ____ employees in Class IV or refunds to employees	
3. Balance of premium, in percent	
4. Disposition of balance of premium, in percent:	
A. Commissions	None
B. Administrative Services or other fees	
C. Claim payment expense	
D. Reinsurance expense	
E. General and overhead Expense	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
I. Profit	
J. Total (must equal 3 above)	
F. Gross receipts tax	
G. Increase in Returnable reserves	
H. Charges for risks or contingencies	
5. Please explain how items 4C, D, E, G, H and I are computed	
6. How will these expenses in percentages be affected if employees covered are 25% more or less than shown in 2?	
7. Will interest be allowed on unrevealed claim reserves and other funds of the Government of Guam held by the undersigned?	
If yes, at what rate?	

Exhibit Q

Premium and Retention Quotation for

Contract Year October 2012 to September 2013

Alternative Plan Design Components #3 to #7				
Plan Design Alternative	Cost Impact			
	1000 Deductible Plan	1500 Deductible Plan	2000 Deductible Plan	Dental Plan
3. Increase annual maximums to unlimited for both plans				
4. Add a 3 month deductible carry-over for all deductible amounts satisfied in the last 3 months of the plan year.				
5. Increase the occupational therapy benefit to 20 visits per year with a $100 maximum benefit per visit				
6. Prescription Drugs: a. Add a fourth drug tier for Specialty Drugs at $60 copayment				
b. Change the entire drug program to a coinsurance approach with the following design: i. Generic drugs 10% coinsurance ii. Formulary(Preferred Brand) 20% coinsurance iii. Brand 30% coinsurance iv. Specialty Drug 40% coinsurance v. Annual out-of-pocket maximum $2,000/person vi. Mail order (90 day supply) 2 months at above coinsurance				
7. Add a quote(s) for Medicare Advantage and/or a Medicare Supplement Plan with a drug plan for all over age 65 retirees and survivors				
8. The Government of Guam is not required to provide COBRA coverage for employees. However, GovGuam is interested in obtaining a quote to provide a COBRA coverage option for the Government's existing plans. Provide a quote for adding COBRA coverage to the Government's existing plans.				
9. Dental Plan alternatives are also requested including:				
a) Annual Maximum at $1,500 b) Annual Maximum at $2,000 c) Dental Plan enrollment unbundled from Medical Plan				

EXHIBIT P

COMPLIANCE WITH PUBLIC LAW 30-93

REPORTING GUIDELINES FOR HEALTH INSURANCE CARRIERS

These reporting guidelines apply to all health insurance carriers (including health insurance companies and health maintenance organizations) contracting with or intending to contract with the Government of Guam.

A. Monthly REPORTING

Each carrier shall provide the following data on a monthly claims paid basis, in electronic format, to The Government of Guam and the Consultant representing the Government of Guam:

1. Paid claims by month, separated by Medical and Rx (not incurred)
2. Enrollment by month, by plan, by class/tier (employees only, and also including dependents) and any other subgroup levels as needed by the Government
3. Total paid premium by month
4. Large claim information (dollar amounts, by plan, and diagnosis, not including any personal identifiers)
5. Claims by type of service (i.e. hospital, physician, ER, etc.)
6. Top Rx usage (highest utilized drugs)
   Utilization information (average cost of hospital stay, # of physician visits, etc.)

The penalty for non-compliance is 2.5% of monthly premiums. This amount will be refunded to the Government of Guam for each quarter the above data is not provided as spelled out in Public Law 30-93.

AGREEMENT TO REPORTING GUIDELINES

By signing below, the offeror agrees to comply with the reporting guidelines and that this agreement will be incorporated as an addendum into the contract.

Health Plan:_____

Signature:_____

Title:_____

Date:_____

EXHIBIT Q

GOVERNMENT OF GUAM
Data Requirements

Subject to PL 30-93, the Offeror must satisfy at a minimum the monthly data requirements outlined below:

1. A unique contract identifier that links detailed demographic, claims utilization, and cost information
2. Enrollment by Plan, Tier/Class, Employment Status, and other Subgroups as required by the Government
3. Patient demographics including date of birth, gender, and relationship to subscriber
4. Medical, Dental, and Vision claims by line detail, including:
   a. Diagnosis code (ICD9 or ICD10)
   b. Procedure codes (CPT, HCPC, CDT)
   c. Revenue codes
   d. Service dates
   e. Service provider, including:
      i. Name
      ii. Tax ID
      iii. Provider ID
      iv. Specialty code
      v. City
      vi. State
      vii. Zip code
   f. Plan payments
   g. Member payment responsibility, including:
      i. Copay
      ii. Coinsurance
      iii. Deductible
   h. Claim paid date
   i. Type of bill
   j. Facility type
5. Prescription Drug claims by line detail, including:
   a. NDC codes
   b. Formulary tier identifier
   c. Pharmacy, including:
      i. Name
      ii. Provider ID
      iii. City
      iv. State
      v. Zip code
   d. Plan payments
   e. Member payment responsibilities, including:
      i. Copay
      ii. Coinsurance
      iii. Deductible
   f. Claim paid date
   g. Injectable drug indicator
   h. GPI number
   i. Ingredient cost
   j. Dispensing fee
   k. Rebate
6. Any other detailed demographic, claims utilization, or cost information requested by the Invitation to Bid (ITB) negotiation team for the fiscal year following the current fiscal year.

Exhibit R

Medical Schedule of Benefits
SC 1500

FY 2012	SC1500	Calvo's SelectCare - GovGuam Plan
Your Benefits	PARTICIPATING Providers After the Deductible is met	NON-PARTICIPATING Providers After the Deductible is met
Deductible Per Individual Member	$1,500	$3,000
Deductible Per Family	$3,000	$9,000
COVERAGE MAXIMUMS Individual member annual maximum	$2,000,000	
OUT OF POCKET MAXIMUMS (including deductible) Per Individual member per policy year Per Family per policy year	$3,000 $9,000	No Maximum No Maximum
Any Services in PI, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Deductible and Co-Pay do not apply to these benefits when you go to a Participating Provider		
Your Benefits	PARTICIPATING Providers Deductible does not apply to this benefit	NON-PARTICIPATING Providers After the Deductible is met
Preventive Services (Out-Patient Only) In accordance with the guidelines established by the U.S. Preventive Services Task Force (USPSTF) Grades A and B recommendations	Plan pays 100%	Not Covered
IMMUNIZATIONS / VACCINATIONS In accordance with the guidelines established by the U.S. Preventive Services Task Force (USPSTF) Grades A and B recommendations	Plan pays 100%	Not Covered
Pre-Natal Care Including Routine Labs and 1st Ultarsound	Plan pays 100%	Not Covered
WELL-BABY CARE For children up to age two. Maximum 5 visits per member per plan year	Plan pays 100%	Not Covered

Deductible does not apply to these benefits when you go to a Participating Provider		
Your Benefits	PARTICIPATING Providers Deductible does not apply to this benefit	NON-PARTICIPATING Providers After the Deductible is met
ANNUAL EYE EXAM $50 Per Member per Plan Year	$20 Member Co-Payment Covered in Guam only	Not Covered
OUTPATIENT PHYSICIAN CARE & SERVICES 1. Primary Care visits 2. Specialist Care Visits 3. Voluntary Second Surgical Opinion 4. Home Health Care Visit 5. Hospice Care in Guam only, maximum180 days at a maximum of $100 per day. (Pre-Cert required) 6. Outpatient Laboratory 7. X-Ray Services 8. Injections	$20 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $20 Member Co-Payment $20 Member Co-Payment $20 Member Co-Payment	Plan pays 70%* Member pays 30% Plan pays 70%* Member pays 30% Plan pays 70%* Member pays 30% Plan pays 70%* Member pays 30% Not Covered Plan pays 70%* Member pays 30% Plan pays 70%* Member pays 30% Plan pays 70%* Member pays 30%
PRESCRIPTION DRUGS Limited to generics only, unless otherwise specified by your doctor 1. Formulary generic drugs per prescription unit 2. Formulary brand name drugs per prescription unit 3. Mail Order 4. Non-Formulary (Medically Necessary Only and Pre-Certification Required)	$15 Member Co-Payment (30 day supply) $30 Member Co-Payment (30 day supply) $5 Member Co-Payment $30 Member Co-Payment (30 day supply)	Plan pays 50% of Average Wholesale Price

Deductible must be met for the following services		
Your Benefits	PARTICIPATING Providers After the Deductible is met	NON-PARTICIPATING Providers After the Deductible is met
ACUPUNCTURE 10 visits at $50 per visit per member per plan year	Plan pays 80% Member pays 20%	Not Covered
AIDS TREATMENT Exclusive of Experimental drugs	Plan pays 80% Member pays 20%	Not Covered
AIRFARE Benefit to Centers of Excellence Only For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)	Plan pays 100%	Not Covered
ALLERGY TESTING/TREATMENT $500 per member per plan year	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
AMBULATORY SURGI-CENTER CARE (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
BLOOD & BLOOD DERIVATIVES	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
BREAST RECONSTRUCTIVE SURGERY (In accordance with 1998 W.H.C.R.A)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%

Exhibit R

Medical Schedule of Benefits
SC 1500 (cont'd.)

Deductible must be met for the following services		
Your Benefits	PARTICIPATING Providers After the Deductible is met	NON-PARTICIPATING Providers After the Deductible is met
CARDIAC SURGERY	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
CATARACT SURGERY Includes lens Implant. Outpatient Only	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
CHEMICAL DEPENDENCY	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CHEMOTHERAPY BENEFIT	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
CHIROPRACTIC CARE 20 Visits per Plan Year. Maximum $25 per visit.	Plan pays 80% Member pays 20%	Not Covered
CONGENITAL ANOMALY DISEASES COVERAGE	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
DIAGNOSTIC TESTING MRI, CT scan, and other diagnostic procedures;(Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
DURABLE MEDICAL EQUIPMENT (DME) Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)	Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
ELECTIVE SURGERY (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
EMERGENCY CARE 1. On/Off Island emergency facility, physician services, laboratory, X-rays. 2. Ambulance Services (Ground Transportation Only)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
END STAGE RENAL DISEASE / HEMODIALYSIS	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
HEARING AIDS Maximum $500 per member	Plan pays 80% Member pays 20%	Not Covered
HOSPITALIZATION & INPATIENT BENEFITS 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication. 3. Physician's hospital services.	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
IMPLANTS Limited to cardiac pacemakers, heart valves, stents, Intraocular lenses, orthopedic internal prosthetic devices; (Limitations apply, please refer to contract)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
INHALATION THERAPY	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
MATERNITY CARE Labor and Delivery	Plan pays 80% Member pays 20%.	Plan pays 50% Member pays 50%
MENTAL HEALTH CARE	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
NUCLEAR MEDICINE (Pre-Certification required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
OCCUPATIONAL THERAPY 10 Visits per Plan Year. Maximum $100 per visit.	Plan pays 80% Member pays 20%	Not Covered
ORTHOPEDIC CONDITIONS Internal and External Prosthesis	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
PHYSICAL THERAPY (Pre-Certification required)	Plan pays 80% for the first 20 visits and 50% thereafter	Plan pays 70%* Member pays 30%
RADIATION THERAPY (Pre-Certification required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
SKILLED NURSING FACILITY (Pre-Certification required) Maximum 60 days per member per plan year	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
SPECIALTY DRUGS (Pre-Certification Required)	Plan pays 80% of AWP	Not Covered
STERILIZATION PROCEDURES 1. Tubal Ligation 2. Vasectomy (Outpatient Only)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
WELLNESS & FITNESS BENEFIT 1. Wellness Benefit at SDA Wellness Center (Pre-certification required)	Plan pays 80% of the first $200. Member pays 20% of the first $200. Plan pays 50% of charges thereafter	Not Covered
2. Fitness Benefit ° Kontendas Gym ° Paradise Fitness Center	Free access to the Gym per member for the plan year	

*Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

Exhibit R

Medical Schedule of Benefits
HSA2000

FY 2012 HSA2000	Calvo's SelectCare - GovGuam Plan	
Your Benefits	PARTICIPATING Providers After the Deductible is met	NON-PARTICIPATING Providers After the Deductible is met
Deductible Per Individual Member	$2,000	$4,000
Deductible Per Family The entire family deductible amount of $4,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	$4,000	$12,000
COVERAGE MAXIMUMS Individual member annual maximum	$2,000,000	
OUT OF POCKET MAXIMUMS (including deductible) Per Individual member per policy year Per Family per policy year	$4,000 $11,900	No Maximum No Maximum
Any Services in PI, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Deductible and Co-Pay do not apply to these benefits when you go to a Participating Provider		
Your Benefits	PARTICIPATING Providers Deductible does not apply to this benefit	NON-PARTICIPATING Providers After the Deductible is met
Preventive Services (Out-Patient Only) In accordance with the guidelines established by the U.S. Preventive Services Task Force Grades A and B recommendations	Plan pays 100%	Not Covered
IMMUNIZATIONS / VACCINATIONS In accordance with the guidelines established by the U.S. Preventive Services Task Force Grades A and B recommendations	Plan pays 100%	Not Covered
Pre-Natal Care including Routine Labs and 1st Ultrasound	Plan pays 100%	Not Covered
WELL-BABY CARE For children up to age two. Maximum 5 visits per member per plan year	Plan pays 100%	Not Covered

Deductible must be met for the following services		
What Calvo's SelectCare Covers... **Your Benefits**	PARTICIPATING Providers After the Deductible is met	NON-PARTICIPATING Providers After the Deductible is met
ACUPUNCTURE 10 visits at $50 per visit per member per plan year	Plan pays 80% Member pays 20%	Not Covered
AIDS TREATMENT Exclusive of Experimental drugs	Plan pays 80% Member pays 20%	Not Covered
AIRFARE Benefit to Centers of Excellence Only For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)	Plan pays 100%	Not Covered
ALLERGY TESTING/TREATMENT $500 per member per plan year	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
AMBULATORY SURGI-CENTER CARE (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
ANNUAL REFRACTION EYE EXAM $50 Per Member per Plan Year	$20 Member Co-Payment Covered in Guam only	Not Covered
BLOOD & BLOOD DERIVATIVES	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
BREAST RECONSTRUCTIVE SURGERY (In accordance with 1998 W.H.C.R.A)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CARDIAC SURGERY	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CATARACT SURGERY Includes lens Implant. Outpatient Only	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CHEMICAL DEPENDENCY	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CHEMOTHERAPY BENEFIT	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
CHIROPRACTIC CARE 20 Visits per Plan Year. Maximum $25 per visit.	Plan pays 80% Member pays 20%	Not Covered
CONGENITAL ANOMALY DISEASES COVERAGE	Plan pays 80% Member pays 20%	Not Covered
DIAGNOSTIC TESTING MRI, CT scan, and other diagnostic procedures; (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
DURABLE MEDICAL EQUIPMENT (DME) Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)	Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
ELECTIVE SURGERY (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
EMERGENCY CARE 1. On/Off Island emergency facility, physician services, laboratory, X-rays. 2. Ambulance Services (Ground Transportation Only)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
END STAGE RENAL DISEASE / HEMODIALYSIS	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%

Exhibit R

Medical Schedule of Benefits
HSA 2000 (cont'd.)

Deductible must be met for the following services		
What Calvo's SelectCare Covers... Your Benefits	PARTICIPATING Providers After the Deductible is met	NON-PARTICIPATING Providers After the Deductible is met
HEARING AIDS Maximum $500 per member	Plan pays 80% Member pays 20%	Not Covered
HOSPITALIZATION & INPATIENT BENEFITS 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication. 3. Physician's hospital services.	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
IMPLANTS Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices; (Limitations apply, please refer to contract)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
INHALATION THERAPY	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
MATERNITY CARE Labor and Delivery	Plan pays 80% Member pays 20%.	Plan pays 70% Member pays 30%
MENTAL HEALTH CARE	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
NUCLEAR MEDICINE (Pre-Certification required)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
OCCUPATIONAL THERAPY 10 Visits per Plan Year. Maximum $100 per visit.	Plan pays 80% Member pays 20%	Not Covered
ORTHOPEDIC CONDITIONS Internal and External Prosthesis	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
OUTPATIENT PHYSICIAN CARE & SERVICES 1. Primary Care visits 2. Specialist Care Visits 3. Voluntary Second Surgical Opinion 4. Home Health Care Visit 5. Hospice Care in Guam only, maximum180 days at a maximum of $100 per day. (Pre-Cert required) 6. Outpatient Laboratory 7. X-Ray Services 8. Injections	$20 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $40 Member Co-Payment $20 Member Co-Payment $20 Member Co-Payment $20 Member Co-Payment	Plan pays 50%* Member pays 50% Plan pays 50%* Member pays 50% Plan pays 50%* Member pays 50% Plan pays 50%* Member pays 50% Not Covered Plan pays 50%* Member pays 50% Plan pays 50%* Member pays 50% Plan pays 50%* Member pays 50%
PHYSICAL THERAPY (Pre-Certification required)	Plan pays 80% for the first 20 visits and 50% thereafter	Plan pays 50%* Member pays 50%
PRESCRIPTION DRUGS Limited to generics only, unless otherwise specified by your doctor 1. Formulary generic drugs per prescription unit 2. Formulary brand name drugs per prescription unit 3. Mail Order 4. Non-Formulary (Medically Necessary Only and Pre-Certification Required)	$15 Member Co-Payment (30 day supply) $30 Member Co-Payment (30 day supply) $5 Member Co-Payment $30 Member Co-Payment (30 day supply)	Plan pays 50% of Average Wholesale Price
RADIATION THERAPY (Pre-Certification required)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
SKILLED NURSING FACILITY (Pre-Certification required) Maximum 60 days per member per plan year	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
SPECIALTY DRUGS (Pre-Certification Required)	Plan pays 80% of AWP	Not Covered
STERILIZATION PROCEDURES 1. Tubal Ligation 2. Vasectomy (Outpatient Only)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
WELLNESS & FITNESS BENEFIT 1. Wellness Benefit at SDA Wellness Center (Pre-certification required)	Plan pays 80% of the first $200. Member pays 20% of the first $200. Plan pays 50% of charges thereafter	Not Covered
2. Fitness Benefit ° Kontendas Gym ° Paradise Fitness Center	Free access to the Gym per member for the plan year	

*Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

Exhibit R

Dental Schedule of Benefits
Dental 1000

Calvo's SelectCare - GovGuam Plan

FY 2012

Dental Benefits

Subject to the Specific limitations which are contained in the Group Health Certificate, SelectCare pays: **Your Benefits**	SelectCare covers at **PARTICIPATING Providers**	SelectCare covers at **NON-PARTICIPATING Providers**
DIAGNOSTIC & PREVENTIVE CARE 1. Caries Susceptibility Test 2. Exams (including Treatment Plan) (Once every 6 months) 3. Fluoride Treatment (Annually for children age 19 & under) 4. Prophylaxis (Cleaning and polishing of teeth) once every 6 months 5. Sealants (For permanent molars of children age 15 & under) 6. Space maintainers (For children age 15 & under) includes adjustments within 6 months of installation 7. Study Models 8. X-rays (Bite Wing Maximum of 4 per Plan Year) 9. X-rays (Full Mouth, once every 3 years)	100% of Eligible Expenses	70% of Eligible Expenses
BASIC & RESTORATIVE CARE General Services 1. Emergency Services (during office hours). 2. Pulp Treatment. 3. Routine Fillings (amalgram and composite resin). 4. Simple Extractions. 5. Complicated Extractions. 6. Extraction of impacted teeth. 7. Periodontal Prophylaxis (cleaning and polishing once every six months) 8. Periodental Treatment 9. Pulpotomy & Root Canals/Endodontic Surgery & Care 10. Conscious Sedation and Nitrous Oxide for children under the age of 13.	80% of Eligible Expenses	70% of Eligible Expenses
MAJOR & REPLACEMENT CARE Fixed Prosthetics 1. Crowns and Bridges 2. Gold Inlays & Onlays 3. Replacement of Crown Restoration (limited once every 5 years) Removable Prosthetics 1. Full Dentures (Once every 5 years) 2. Partial Dentures (Once every 5 years) 3. Each anesthesia, but only if medically or dentally necessary 4. Relines 5. Denture Repair	50% of Eligible Expenses	35% of Eligible Expenses
Deductible	None	None
Registration Fee per visit to Dentist	None	None
Coverage Maximums Per Member per Plan Year	$1,000	

Terms:

1. Unused balances are not transferable to the following year.
2. Charges for Non-participating Providers are limited to the lesser of actual charges of the Company's determination of the usual, customary and resonable charge in geographic location where the service was rendered, unless otherwise provided in the agreement.
3. The Covered member pays any excess above Eligible Charges.

EXHIBIT S

List of most utilized Physicians

PRVNO	NAME	CITY	STATE	ZIPCODE
960001716	SEVENTH DAY ADVENTIST CLINIC	TAMUNING	GU	969310000
990240499	DIAGNOSTIC LABORATORY SERVICES	AIEA	HI	967010000
660641389	LABTECH, INC.	TAMUNING	GU	969310000
960001695	GUAM MEMORIAL HOSPITAL	TAMUNING	GU	969110000
660653667	AMERICAN MEDICAL CENTER, LLC	UPPER TUMON	GU	969110000
660487869	PMC ISLA HEALTH SYSTEMS	TAMUNING	GU	969110000
660549898	GUAM RADIOLOGY CONSULTANTS	TAMUNING	GU	969130000
660502306	THE DOCTORS' CLINIC	TAMUNING	GU	969310000
943320953	PACIFIC MEDICAL GROUP	TAMUNING	GU	969310000
552556495	METROPOLITAN BANK & TRUST	AMORSOLO ST. LEGASPI VILLAGE	ML	0
660527805	CV ALEGRIA, DDS, INC.	DEDEDO	GU	969120000
660683564	CANCER CENTER OF GUAM	TAMUNING	GU	969310000
942825915	SPECTRA LABORATORIES	MILPITAS	CA	950360790
660588009	PEDIATRIC DENTAL CENTER	AGANA	GU	969320000
960001716	SEVENTH DAY ADVENTIST DENTAL	TAMUNING	GU	969110000
660529756	ISA DENTAL CLINIC	TAMUNING	GU	969110000
660608843	ORDOT DENTAL CLINIC, LLP	HAGATNA	GU	969320000
660577911	EDGARDO C. HIDALGO, MD	TAMUNING	GU	969110000
660626856	PATRICK SANTOS, M.D.	TAMUNING	GU	969310779
660646006	MARIA B. BLANCAFLOR, MD	TAMUNING	GU	969310000
660553954	ISLAND EYE CENTER	TAMUNING	GU	969310000
510042263	ST LUKES MEDICAL CENTER	QUEZON CITY	PI	0
660712984	GUAM SPECIALIST GROUP PLLC	TAMUNING	GU	969130000
980097514	TIMOTHY P. BRADY, DDS	TAMUNING	GU	969110000
660559529	ROBERT J. YANG, D.M.D.	TUMON	GU	969110000
660598381	MICHAEL A. FERNANDEZ, DDS	DEDEDO	GU	969290000
660560304	BEN MALABANAN, JR, DDS, INC.	TAMUNING	GU	969130000
660636599	PARADISE SMILES	TAMUNING	GU	969110000
980424343	HEALTH SERVICES OF THE PACIFIC	TAMUNING	GU	969130000
660678843	RAMEL A. CARLOS, MD	TAMUNING	GU	969310000
660649682	HEALTH PARTNERS, L.L.C.	TAMUNING	GU	969130000
990334225	HAWAII PATHOLOGISTS LABORATORY, LLP	HONOLULU	HI	968130000
660647034	HAFA ADAI FAMILY DENTAL, PC	TAMUNING	GU	969310000
91401178	ALIX CHENET, M.D.	DEDEDO	GU	969120000
660724633	EXPRESSCARE HEALTH & SKIN CENTER, PLLC	HAGTANA	GU	969320000
660700432	THE PEDIATRIC & ADOLESCENTS CLINIC, INC.	TAMUNING	GU	969130000
660652771	ISLA PEDIATRICS, PC	TAMUNING	GU	969130000
660515580	GENTLE CARE DENTAL ASSOC.	TAMUNING	GU	969110000
660525145	GCIC DENTAL OFFICE	AGANA	GU	969100000
262190719	DONALD PRESTON, M.D.	DEDEDO	GU	969120000
880496272	NATIONAL HEALTH BENEFITS CORPORATION	SCOTTSDALE	AZ	852550000
660554831	ANNIE U. BORDALLO, MD	TAMUNING	GU	969110000
660583826	PARADISE HOME CARE	HAGATNA	GU	969100000
600601583	TERESA DAMIAN BORJA, M.D.	TAMUNING	GU	969130000
660650605	RICARDO M. TERLAJE, MD	GMF BARRIGADA	GU	969215566
534567516	GREGORY J. MILLER, DC	HARMON	GU	969120000
660611401	GLADYS M. LINSANGAN, M.D.	TUMON	GU	969130000
86344069	TOM VELORIA, DDS	TAMUNING	GU	969310000
980033585	BRUCE R. REYNOLDS, DDS,PDC	AGANA	GU	969320000
660529204	PACIFIC RADIOLOGY	TAMUNING	GU	969130000

EXHIBIT T

GOVERNMENT OF GUAM GROUP

HEALTH INSURANCE
RULES AND REGULATION

APRIL, 1986

100.0 STATUTORY AUTHORITY:

100.1 Pursuant to the authority vested in the Director of Administration by Section 4302 (b), Title 4 of the Guam Code Annotated, as amended by Public Law 18-17:52, the following rules and regulations are promulgated setting forth the information the Director of Administration requires from the companies or legal entities interest in providing health care coverage and the method by which such information shall be reported.

In accordance with that authority, all information and documentation required to be submitted under these rules and regulations shall be confidential and may not be disclosed or released by the Government of Guam without the prior written approval of the carrier. Note, however, that audited financial statements acquired by the Government of Guam pursuant to Section 4302(a), Title 4 of the Guam Code Annotated, shall be public records.

200.0 PURPOSE AND POLICY:

200.1 The purpose of these rules and regulations is to set up the standardization of the information the Director of Administration shall require from all existing or prospective carriers that desire to provide or continue to provide health care services to the Government of Guam active employees, retired employees, survivors of retired employees and covered dependents thereof.

The government is cognizant that not all carriers, insurance companies or legal entities operate on the same fiscal year or maintain universal fiscal, utilization, claim or similar health care industry required data. Consequently, each carrier shall make a good faith effort to supply the information required under these rules and regulations. If the carrier is unable to comply with a particular requirement, it shall submit a written statement to the Director of Administration prior to the deadline established in Section 300.1 explaining how it was not able to comply and what information it submitted in an effort to satisfy the requirements under these rules and regulations. The negotiating team shall review the documentation and determine whether the carrier has complied with the requirements. Nothing in these rules and regulations shall restrict the negotiating team from requiring additional information in order to ensure that uniform information is provided by each carrier.

200.2 By statue, the negotiating team has the authority to recommend for the scope and content of the Government of Guam group health/dental insurance programs.

200.3 The Director of Administration and the negotiating team are committed to the concept of providing Government of Guam enrollees with comprehensive health benefit plan and ensuring that such benefits are delivered efficiently and economically for all participants in the plan.

200.4 It is the policy of the Government of Guam to provide its enrollees to be covered by health benefits plan to be covered by health benefits plan under a minimum benefits package arrangement. The minimum benefits package is to be used uniformly when soliciting bids from any interested carriers authorized to provide these services pursuant to applicable laws. All benefits in any proposal are to be at least equal to those of the Government of Guam standard medical expense plan as mandated by Section 4302(d), Title 4 of the Guam Code Annotated. The carrier may propose additional benefits.

200.5 The minimum benefit package will be made available to all lawfully authorized carriers interested in providing coverage for the medical expenses of the Government of Guam enrollees.

200.6 The negotiating team shall require sufficient data from each carrier making a bid to be satisfied that the Government of Guam and its enrollees shall receive good value for their premium payments. In addition, each carrier that submits a proposal which has previously provided coverage for the Government of Guam enrollees shall provide reports of its past financial experience of the plan. All procedural and regulatory requirements shall be complied with on or before the deadline described in Section 300.1, unless the Director of Administration or the negotiating team determines that it is in the best interest of the enrollees to grant a waiver.

300.0 DEADLINE FOR SUBMISSION OF PROPOSAL:

300.1 All information required to be submitted by carriers under these rules and regulations shall be submitted no later than ten (10) days prior to the scheduled negotiation or within ten (10) days upon receipt of subsequent written notice of the Director of Administration. If a carrier fails to submit the required information, in part or in whole, the negotiating team need not negotiate or consider the carrier's proposal unless it determines that it is in the best interest of the Government to do so.

400.0 GENERAL BIDDING AND OPERATIONAL REQUIREMENTS:

400.1 Each carrier seeking to contract or continue to contract with the Government of Guam under the group health insurance plan shall provide the information in Section 500 of these rules and regulations and shall also furnish to the negotiating team or Director of Administration, as the case may be; information in writing on the points listed below. If the carrier is currently providing health benefits to GovGuam enrollees, any changes contained in its proposal set forth in items C and E of this paragraph shall be reported in writing to the negotiating team.

A. A written statement to the negotiating team affirming the financial capacity of the plan to provide the proposed benefits. At a minimum, this demonstration shall include the carrier's audited profit and loss

statement sheet and balance sheet for its preceding fiscal year.

If the company is not organized in the United States or Guam, the annual statements of its United States department shall be submitted to the Director of Administration. If the benefits are guaranteed in whole or in part by an insurance company, the post recent "convention form" of annual statement is to be furnished.

If some part or all of the funds of the plan are to be held by an administrator for such purposes as paying claims or refunds, the administrator is to indicate in writing to the negotiating team if he or she is willing to provide a fidelity bond and errors and omissions insurance that will suitably protect the Government of Guam in the event a contract is made with the administrator. The audited financial statements of the administrator for the most recent twelve (12) month period are also to be furnished to the Director of Administration.

B. Carriers will be required to submit documentation to the Director of Administration that there exists an adequate mechanism for maintaining records on enrollees. The above-mentioned administrator or carrier shall provide a written statement to the negotiating team stating whether or not funds received from the Government of Guam have been maintained in a separate fiduciary account prior to payments made pursuant to its contractual obligation.

C. Documentation to the Director of Administration that the carrier has an effective program for containing costs for medical services, hospital confinements and any other benefits shall be provided. This includes, but is not limited to, arrangements for:

1. Effective peer review and utilization review mechanisms for monitoring health care costs. This includes pre-admission authorization of the need for and allowable period of hospitalization, and ongoing review of hospital confinements that exceed the pre-authorized periods. Carrier shall be required to submit to the Director of Administration the most recent peer review and utilization report of the Government of Guam's account, but no later than 30 days after the date of the report.

2. A mechanism for coordinating benefits when a person is insured by more than one health insurance plan for the same condition, to at least keep benefits from exceeding covered expenses incurred.

D. Each carrier shall submit to the Director of Administration statistical report(s) showing utilization and claims data on the Government of Guam enrollees covered thereunder. If the plan's premium is community-rated, then the carrier shall provide some indication of the percentage the Government of

Guam enrollees group represents of the total community covered by the carrier and the percentage of claims and expenses of the carrier incurred by the Government of Guam enrollees. The method of making this allocation is to be equitable and is to be explained to the Director of Administration. Each carrier shall provide specific information about the portion of costs due to specific benefits. These benefits shall include but are not limited to hospitalization, physical examinations and mental care in and outside the hospital. Each carrier shall also provide enrollment information by age and sex of member, separately for enrollees.

E. Each carrier shall set forth in writing to the Director of Administration the manner in which it handles medical costs and services provided to an enrolled individual in the event of an accident or illness which occurs while off-island, whether in a state of the United States or a foreign country. The carrier shall also indicate its practice for sending enrollees to a state or foreign country for treatment not obtainable in Guam.

500.0 RATES AND RETENTIONS:

500.1 Each carrier shall include in its proposal to the Director of Administration Form GHI-1. Each carrier shall identify whether the rate which will be proposed represents a community rate (actuarially factored if necessary for difference time periods or benefits provisions), or an experience rate based on past claims/benefits adjusted or anticipated experience of the Government of Guam's group. The Director of Administration requires each carrier to factor out the results of the Government of Guam's group when the premium rate structure was based on the total experience of all covered individuals in Guam.

500.2 Each carrier shall submit an explanation to the Director of Administration of how adverse or favorable experience of the GovGuam plan will be reflected in future rates. The plan is ordinarily to be based on the experience of the GovGuam enrollees covered by the carrier under their program. If applicable, the plan must demonstrate and explain differences in assumptions between the Government of Guam program and the community or prospective rated groups.

500.3 If a plan is not experience rated, the carrier must identify the assumptions used to derive the monthly premium rate for or the portion of it due to at least each of the following, plus such others as the carrier considers appropriate. However, whether carrier is experience rated or is not experience rated, it will be required, where applicable, to submit data on the following:

a. Capitation rate for physician's services
b. Off-island referrals
c. Hospitalization
d. Prescription drugs
e. Administrative expenses

f. Specialist referrals (on-island)

g. Physical examinations

h. Maternity and obstetrical benefits

i. Savings from Medicare, coordination of benefits (COB), discounts from PPOs or others.

Each Carrier shall submit additional information to the Director of Administration about features of or conditions developing with its program that warrant consideration by the negotiating team. This could be because of such reasons as actual or potential excessive utilization of the benefit(s) or because new medical developments may warrant changing a benefit. It is expected that the items which will require evaluation of emerging experience will be investigated and reviewed by the consulting actuary of the Government of Guam, who will verify relevant factors such as the reasonableness of trend factors, claim or service costs, and expense charges, and make such necessary recommendations to the negotiating team and the Director of Administration.

500.4 The Director of Administration in concert with the negotiating team may from time-to-time establish the premium categories. Each carrier shall submit its proposal in the following premium class categories, and each carrier in order to contract under the group health insurance program shall provide coverage for each premium class category below as defined in existing contract of participating carriers:

CLASS I	-	Single employees
CLASS II and III	-	Employee and family

500.5 The following item are required:

A. Each Carrier shall submit as part of its proposal For GHI-1.

B. Each Carrier that has previously contracted with the Government of Guam under the group health insurance program must submit Form GHI-2 for the previous contract year. In addition, each Carrier shall submit as far as practicable, a current or updated Form GHI-2.

600.0 OTHER PROVISIONS:

600.1 Severability Clause: If any provision of these rules and regulations, or any rule, regulation or order promulgated hereunder, or the application of any such rule, regulation or order to any person or circumstances shall be held invalid, by a court of competent jurisdiction, the remainder of these rules and regulations or orders to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

600.2 Superceding Clause: These rules and regulations supercede any and all subsequent contracts between the Government and a carrier for the provision of health care service and coverages to Government of Guam employees and retirees; and all administrative rules, regulations, directives, orders and provisions affecting

these rules and regulations at the time these rules and regulations are lawfully promulgated under the Administrative Adjudication Law of Guam, and furthermore, that these rules and regulations may be subordinated to legislative laws enacted subsequent to the date of promulgation of these rules and regulations.

700.0 DEFINITIONS:

"Benefits" means hospital services, professional services and other authorized health care services. Alternatively, "benefits" means the various coverages provided by a carrier under the health benefit plan of the Government of Guam.

"Carriers" means a voluntary association, corporation, partnership, or other nongovernmental organization which is engaged in providing, paying for, or reimbursing all or part of the cost of health benefits under group insurance policies and contracts, or under medial or hospital service agreements, in consideration of premiums or other periodic charges payable to the carrier.

"Community rating system" (Community rate) means a system of fixing rates of payments for health services. Under such a system, rates of payments may be determined on a per person or per family basis and may very with the number of persons in a family, and rates must be equivalent for all individuals and for all families of similar composition. This does not preclude changes in the rates of payments for health services based on a community rating system which are established for new enrollments or re-enrolments and which changes do not apply to existing contracts until the renewal of such contracts.

"Days" means calendar days unless otherwise specified.

"Director of Administration" means the Director of the Department of "Administration.

"Enrollee" means a subscriber or a dependent of a subscriber who is entitled to receive health services under a health insurance contract.

"Enrollment" means the process of converting an eligible population having the HMO or indemnity option to the HMO subscriber population or vice versa; alternatively, the aggregate of subscribers to an HMO or indemnity insurance.

"Subscriber" means an individual who enters into a health service contract, or on whose behalf a health maintenance contract is entered into, with a licensed health maintenance organization or a health insurance carrier and to whom evidence of coverage is issued. "The subscriber is differentiated from the enrollees, who are defined as anyone covered under the contract.

"Utilization review" means prospective, concurrent and retrospective review and analysis of date related to utilization of health care resources in terms of cost, effectiveness, efficiency, control and quality.

EXHIBIT U

GOVERNMENT OF GUAM
MANDATORY CONTRACT PROVISIONS
FY 2013 GROUP HEALTH INSURANCE PROGRAM

PPACA Requirements

Offerors must comply with the PPACA requirements for summary of benefits and uniform glossary of terms included on the following website: http://www.cciio.cms.gov/resources/other/index.html#sbcug

It is the intent of this contract to provide all of the benefits, rights and responsibilities afforded as a result of the Patient Protection and Affordable Care Act (Public Law 111-148), and the regulations promulgated under the authority of this Act, notwithstanding the outcome of any federal court case that is now pending before a court of the United States, or may be brought before a court of the United States concerning this Act.

Ethical Standards
With respect to this Contract and any other contract the Contractor may have, or wish to enter into, with any government of Guam agency, Contractor represents that it has not knowingly influenced, and promises that it will not knowingly influence, any government employee to breach any of the ethical standards set forth in the Guam Procurement Law and in any of the Guam Procurement Regulations.

Prohibition against Gratuities and Kickbacks
With respect to this Contract and any other contract that Contractor may have, or wish to enter into, with any government of Guam agency, Contractor represents that it has not violated, is not violating, and promises that it will not violate the prohibition against gratuities and kickbacks set forth in the Guam Procurement Law and Guam Procurement Regulations.

Prohibition against Contingent Fees
Contractor represents that it has not retained any person or agency upon an agreement or understanding for a percentage, commission, brokerage, or other contingent arrangement, except for retention of bona fide employees or bona fide established commercial selling agencies, to solicit or secure this Contract or any other contract with the government of Guam or its agencies.

Minimum Wages as Determined by U.S. Department
Contractor agrees to comply with Title 5, Guam Code Annotated, Sections 5801 and 5802. In the event that Contractor employs persons whose purpose, in whole or in part, is the direct delivery of service contracted by the Government, then the Contractor shall pay such employees, at a minimum, in accordance with the U.S. Department of Labor Wage Determination for Guam and the Northern Marianas Islands in effect on the date of this contract. In the event that this contract is renewed by the Government and the Contractor, at the time of the renewal, Contractor shall pay such employees in accordance with the Wage Determination for Guam and the Northern Marianas Islands promulgated on a date most recent to the renewal date. Contractor agrees to provide employees whose purpose, in whole or in part, is the direct delivery of service contracted by the Government those mandated health and similar benefits having a minimal value as detailed in the U.S. Department of Labor Wage Determination for Guam and the Northern Marianas Islands, and guarantee such employees a minimum of ten (10) paid holidays per annum per employee.

Restriction Against Contractor Employing Sex Offenders to Work at Government of Guam Venues
The contractor warrants that no person convicted of a sex offense under the provisions of Chapter 25 of Title 9 Guam Code Annotated, or an offense as defined in Article 2 of Chapter 28, Title 9 Guam Code Annotated, in Guam, or an offense in any jurisdiction which includes, at a minimum, all of the elements of said offenses, or who is listed on the Sex Offender Registry, shall work for the contractor on property of the government of Guam other than a public highway. Further, the contractor warrants that if any person providing services on behalf of the contractor is convicted of a sex offense under the provisions of Chapter 25 of Title 9 Guam Code Annotated or an offense as defined in Article 2 of Chapter 28, Title 9 Guam Code Annotated or an offense in another jurisdiction with, at a minimum, the same elements as such offenses, or who is listed on the Sex Offender Registry, that such person will be immediately removed from working at such agency and that the administrator of said agency be informed of such within twenty-four (24) hours of such conviction.

Mandatory Disputes Resolution

(1) All controversies between the territory and the contractor which arise under, or are by virtue of, this contract and which are not resolved by mutual agreement, shall be decided by the Procurement Officer in writing, within 60 days after written request by the contractor for a final decision concerning the controversy; provided, however, that if the Procurement Officer does not issue a written decision within 60 days after written request for a final decision, or within such longer period as may be agreed upon by the parties, then the contractor may proceed as if an adverse decision had been received.

(2) The Procurement Officer shall immediately furnish a copy of the decision to the contractor, by certified mail, return receipt requested, or by any other method that provides evidence of receipt.

(3) Any such decision shall be final and conclusive, unless fraudulent, or the contractor appeals the decision administratively pursuant to Title 5 Guam Code Annotated, Section 5427(e) and 5706.

(4) The contractor shall comply with any decision of the Procurement Officer and proceed diligently with performance of this contract pending final resolution pursuant to law of any controversy arising under, or by virtue of, this contract, except where there has been a material breach of the contract by the territory; provided, however, that in any event the contractor shall proceed diligently with the performance of the contract where the Chief Procurement Officer, the Director of Public Works, or the head of a Purchasing Agency has made a written determination that continuation of work under the contract is essential to the public health and safety.

Participating Contract

A fully participating contract will be implemented effective 10/1/13 that allows for an annual accounting settlement – no later than 4/1/15 – which will produce either a positive or negative balance after accounting for Incurred claims and guaranteed retention. This surplus will be returned to GovGuam either toward reducing any needed rate increase or in cash. Under this agreement, GovGuam will not be eligible for any potential MLR rebate in addition to this surplus calculation, unless not permitted by Healthcare Reform final regulations. If the result is a deficit, the amount of the deficit will be added to any needed rate increase for FY 2016 provided Select Care continues to be the insurance provider.

Guaranteed Renewability of Health Insurance Coverage

In the event that the government invokes the protection afforded by the Health Insurance Portability and Accountability Act of 1996, as amended, found at Section 2712 of the Public Health Services Act, and its regulations, for the guaranteed renewability of health insurance coverage the parties agree that coverage would be continued until a new contract is in place with the first ninety (90) days of coverage guaranteed at the same rate and plan designs.

Government of Guam Health Insurance Plan RFP and Negotiations Process

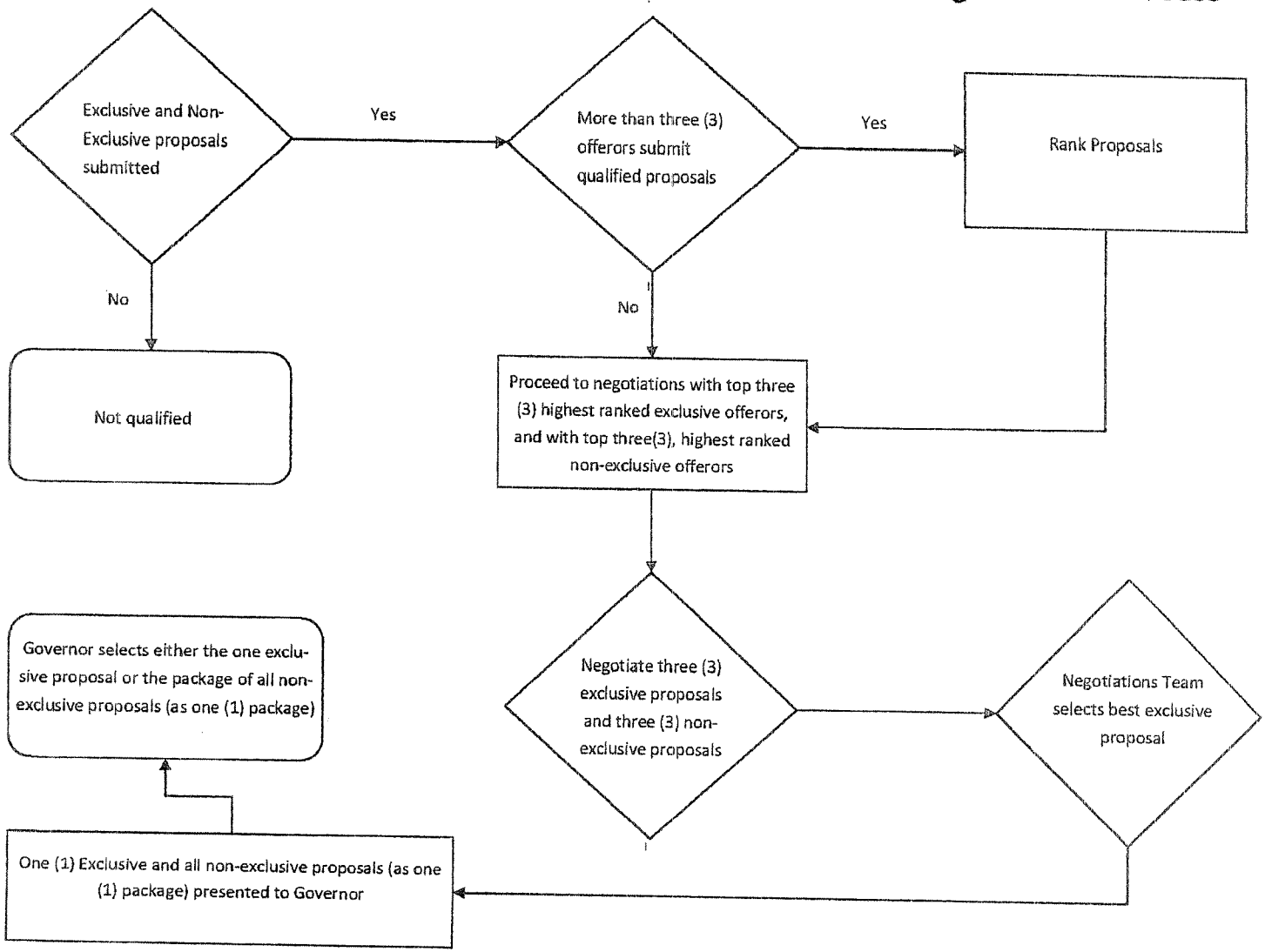

EXHIBIT V

Exhibit B

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

GOVERNMENT OF GUÅHAN
(GUBETNAMENTON GUÅHAN)

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)

DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Mangiona
Director
Anthony C. Blaz
Deputy Director

HRD No.: OG-12-0525

JUN 2 1 2012

Reference: DOA/HRD-RFP-GHI-13-001

Dear Prospective Offerors:

The Government of Guam is in receipt of inquiries posed pursuant to the above mentioned RFP. The government provides the following responses:

1. Please provide membership/enrollment and plan benefit design information that corresponds to the claims experience data that was provided as part of the RFP.

   See attached.

2. Define "minimal" cost increase as stated on Exhibit A. item #1. How are PPACA mandated benefits going to be affected by this requirement?

   PPACA mandated benefits have already been included in the required plan designs. We are looking for any other changes which might make the plan design more attractive but will not significantly raise the costs.

3. Provide situation where the error and omission insurance will apply as required by the RFP.

   The Government of Guam requests this insurance coverage to protect employees and retirees in the event that the negligence of officers, directors or agents of the health care insurance provider threaten the solvency of the company. Maintenance of errors and omissions insurance is considered a prudent business practice that ultimately protects clients of the health care insurance provider.

4. Is the government still going to offer two medical and one dental plan for next year's contract?

   The intention is to offer the same 2 medical/drug plans and one dental plan as currently in place but with some potential feature changes as noted in RFP request.

5. How will individuals/members choose which carrier they want in case multiple carriers were selected? Similarly, how will members choose plans being offered by the selected carried(s)?

We cannot comment on what factors members will use to select a carrier in the case where multiple carriers are awarded the contract. Similarly, we cannot comment on how members will select the plans being offered by the selected carrier. However, pricing in the past has played a deciding factor in the overall decision.

6. How is the government going to ensure benefit parity among carriers?

   GovGuam expects parity of benefits between competing companies with regard to the core benefit plan being solicited. It is possible, with regard to alternative designs being sought, that negotiated agreements may differ as to these alternatives depending upon what is agreed upon between parties in negotiation.

7. Please provide detailed claims experience, membership and plan benefit design information for contract years 10/1/2007 - 9/30/2008, 10/1/2008 - 9/30/2009 and 10/1/2009 - 9/30/2010.

   Prior data is not available.

8. Are the current dental plans bundled with medical, i.e. a member cannot enroll under dental without medical coverage and vice versa.

   Current Dental Plans are bundled as you defined.

9. Please clarify your requirement for a 3 month deductible carryover for all deductibles amounts satisfied in the last 3 months of the plan year.

   Three month carry over means that if a member satisfies their annual deductible in the last 3 months of the plan year, they will be allowed to carry over that portion (e.g. have it counted twice) toward the following year's deductible.

10. Define a "duly authenticated" reinsurance agreement or treaty between the insurer and the reinsurer. Is a draft treaty going to be acceptable as part of the bid process?

    A duly authenticated reinsurance agreement or treaty is a contract that is signed by authorized officers of the reinsurer or authorized officers of a reinsurance broker. A draft treaty is not binding on the reinsurer and is not acceptable as part of the bid process.

11. Based on the RFP submission deadline of June 27, 2012, when will negotiations, carrier selections and open enrollment going to commence?

    The tentative timeline for negotiations is early to mid July. Carrier selection should be finalized by late July. Open Enrollment will commence in September.

12. Clarification on minimum requirement under 2 GAR Div. 4 § 3114 (fl!2J under " .... services similar in scope" in item # D. Is the word "services" referring to types of clients/groups or to the types of health plans and/or medical/dental services?

    Depending upon the prospective offeror's experience, "services similar in scope" could be either types of clients or groups, or types of health plans and/or medical/dental services, or both.

    Please refer to Amendment IV.

13. Will GovGuam consider alternative plans not listed on page 40? How will you evaluate a "creative" plan proposal?

    In Exhibit A #1 there is a question asking for additional plan design alternatives from each proposer. However, we are looking to keep these at minimal cost levels as well as set-up as time this year is very short between contract and enrollment. This is a values question that the Negotiating team can score as appropriate.

14. For the alternative drug program design described on pages 40-41, is the annual out-of-pocket maximum of $2,000/person separate from the annual OOP maximum for other medical benefits, that is, only the prescription drug claims accumulate towards the $2,000 OOP maximum?

    Yes.

15. Please provide membership (employee and dependent) data similar in format to Exhibit D on page 36 i.e. by actives/retirees, by plan and by class.

    Please see attached. Enrollment is available by membership (employee and dependent) and by plan for FY 10 and FY12 only.

16. Please provide member months data by actives/retirees, by plan and by class on a monthly basis for FY 2011 and FY 2012.

    Not available.

17. The Claims Data through January 2012 given in Exhibit E are inconsistent. The October 2011 figures are abnormally low compared to the October 2010 figures if both are on a paid month basis. Please explain what the monthly figures represent. For example, for the 1500 plan, what does October 2009, October 2010 and October 2011 figures include and as of what paid dates were each compiled?

    Please refer to Amendment #3 which is a revised chart for this exhibit. The claims are Paid claims for each month for the FY beginning 10/1/2011 through 1/31/12.

18. Can the claims data for FY 2010, extracted in 2012, be provided as well?

    No.

19. On Exhibit F, can you provide clarification on the disease management program requirement? What is the information required for quarterly reports?

    We are interested in what your reports include as we have no specific requirements at this point.

20. On Exhibit I, for the proposed plan design for dental, the last paragraph that says preventive care for first year etc., is this only for the existing plan design?

    This section applies to the unbundled arrangement in an effort to provide some protection from adverse selection with people coming in and out each year as they need care.

21. Is there membership data available for the Medicare Advantage/Supplement Plan including number of eligible retirees by age?

    See attached.

22. Questions regarding the files from the Secure File Transfer Site:

    a. Can a field description be provided? In particular, CLMPRE doesn't seem to be the Claim Paid Year as described last year. What do Claim Types 0 - 4 in Column J represent?

       See attached.

    b. Please explain in detail what the fields EEPMT and EERESP signify. What is the difference between the two fields?

       See attached.

    c. Please confirm that the database lists PAID CLAIMS only. Can you provide outstanding claims data for FY 2011 and FY 2012?

       Paid claims for the Fiscal years noted are included. Please note that there are two columns on the files which represent paid claims - The two columns for paid claims are labeled:
       - **PRVPMT = Payments made on behalf of the plan to Providers and**
       - **EEPMT = Payments made on behalf of the plan directly to employees who had paid the bills and were now getting reimbursed (these are not copayments, deductibles amounts, etc.**

    d. Can data on incurred date that includes day and month of incurral be provided?

       No because interpretation is that this would provide data which could cause a problem with HIPPA compliance

23. Since the contract renews on a yearly basis, will issuers be allowed to impose a l -year claim submission period consistent with FY 2012 and prior contracts?

    This may be subject to negotiations.

24. How does the GovGuam health plan intend to use its 2011 MLR rebates?

    This has no impact on this RFP so no information on this is being provided.

25. Under Exhibit S, List of Most Utilized Physicians, would it be possible to receive the dollar amount paid to each of these providers in 2011 and 2012?

    This type of detail is included on the detailed claims files which you can download from the Secure Web Site.

26. Under page 4 of the RFP pertaining to Reinsurance Proposals, is it the intent of the Government of Guam to have the proposal contain a fully executed and authenticated reinsurance treaty prior to being selected or awarded a contract?

An insurer's capital and surplus may be adequate to insure the health insurance risks of employees of Government of Guam. Otherwise, the fully executed and authenticated reinsurance treaty should be in place prior to being selected or awarded a contract.

27. Although, the claims data provided includes one complete year and one incomplete year - only 4 months of data, is it possible to obtain three complete years of claims data? Ideally, we would have an update to the current year. The format that has been provided is acceptable with the inclusion of service date by claim.

    This is all the data currently available.

28. Can we be provided with the plan design for the experience that is provided for each contract year?

    See attached.

29. Page 4 and several parts of the RFP reference that the questionnaire and pricing information must be submitted on excel and PDF format; however, page 16 references that the entire proposal must be submitted in an excel and word format. Please clarify as some documents that require signatures can only be submitted in a PDF format rather than a word format.

    The electronic version must include the completed Excel file as well as the entire proposal in PDF format. Please refer to Amendment IV.

30. May we include the exclusive and non-exclusive proposals in one binder?

    Yes. Please ensure that each binder holds one set of both proposals.

31. Page 10, Section L: Time is of the essence references that Open enrollment is tentatively schedule to start August 15th 2012; however, it also states that insurance laws prohibit advertisements of any rates unless the rates are filed with the Insurance Commissioner at least 45 days prior to effective date or advertisement of rates, This suggests that negotiations will be concluded prior to July 1 st, Is this a reasonable time table?

    In past years, Department of Revenue and Taxation has accelerated review and approval of insurance rates and contract, once negotiated with health insurance providers, so that rates could be published and enrollment commence on time.

32. In prior RFPs, carriers were required to submit a proposed contract. Shouldn't this be required to expedite review by the negotiating team and meet the deadlines stated above (question 3)?

    Please refer to Exhibit G, page 42, item 4. Please submit your proposed contract specifying any desired contractual language. Additionally, please take note of Exhibit U, Mandatory contract provisions.

33. The RFP references that it will be conducted in compliance with Federal and Guam laws, If PPACA is overturned by the Supreme Court, then, will GovGuam allow the removal of the requirements that were put in place by the law?

    No.

34. Some documents required by the RFP are quite large, such as the annual statements, May we just provide electronic versions of such documents, or is the actual document required for each binder?

The actual document is required.

35. Will there be additional time allotted for clarifications once the replies are provided?

    No

36. Will everyone get a copy of the responses provided' to the other carriers' inquiries regarding the RFP?

    Yes

37. Several of the questions in the evaluation forms found in Exhibit B do not have any value assigned to it. It would appear as if GovGuam completely disregards the importance of a company's experience in and record of providing the required services. Is this GovGuam's intent and why?

    These will be carefully reviewed and considered by the Negotiating committee but the committee felt the differences were not significant and clear enough to be "valued".

38. As per part 2 of Exhibit B, no value was assigned to the question regarding the location of the offeror's principal place of business. It would appear as if GovGuam neglects to consider how the offeror's location of business is key to providing the required services. Is this GovGuam's intent and why?

    These will be carefully reviewed and considered by the Negotiating committee but the committee felt the differences were not significant and clear enough to be "valued".

39. If a COBRA extension of coverage is provided, will it be required to comply with federal regulations concerning COBRA?

    Yes.

40. Adding chiropractic and acupuncture benefits without limitations will increase utilization and cost. Is this the true desire of GovGuam?

    It is a requested option only and not a requirement.

41. On page 40, the RFP states that claims must be submitted within 24 months of the incurred date(s). This is contradictory to the Prompt Payment Act and the external appeal regulations outlined by federal laws. Is this GovGuam's intent?

    GovGuam's intent is to negotiate a contract in which insured persons have 24 months from the date of incurred service to submit a claim. The Prompt Payment Act, 5 GCA §§ 22501-22507, and federally imposed external appeal regulations, are not implicated by this intent.

Sincerely,

Benita Manglona

BENITA A. MANGLONA, Director
Department of Administration

Attachments

Attachments for Inquiries posed to the Government of Guam
FY2013 Health Insurance Request for Proposal

#1

Fiscal Year	Plan			
FY2010 (as of 12.31.2009)	**1000 Plan**	**1500 Plan**	**2000 Plan**	**Dental**
ACTIVE				
Class I	15	2514	1331	3168
Class II	2	396	138	388
Class III	3	709	332	970
Class IV	1	844	355	1065
Class V	0	527	177	678
RETIREE				
Class I	34	1954	475	1600
Class II	4	432	61	293
Class III	0	131	19	130
Class IV	0	122	27	125
Class V	2	76	5	77
FY2011 (as of 9.1.2011)		**1500 Plan**	**HSA2000 Plan**	**Dental**
ACTIVE				
Class I		2102	1912	3362
Class II		310	156	352
Class III		857	485	1252
Class IV		669	463	1017
RETIREE				
Class I		1782	744	1688
Class II		376	80	282
Class III		148	35	159
Class IV		105	38	120
FY2012 (as of 10.1.2011)		**1500 Plan**	**HSA2000**	**Dental**
ACTIVE				
Class I		2152	1948	3500
Class II		335	190	395
Class III		990	564	1455
Class IV		971	631	1464
RETIREE				
Class I		1769	832	1758
Class II		375	95	289
Class III		152	42	169
Class IV		162	57	187

Class I (employee/retiree only)
Class II (employee/retiree + spouse)
Class III (employee + child (ren))
Class IV/V (employee + spouse + child(ren)

#15

Plan/Year	Number of Subscribers	Number of Dependents
FY2012 (as of 6.2.12)		
HSA2000	4307	3927
SC1500	6854	7222
PHIL 1000	NA	NA
FY2011	**Information not available**	
FY2010		
2000 Plan	3395	3031
1500 Plan	8430	8256
PHIL1000 Plan	71	21

Please note that number of subscribers noted on the above tables may vary slightly due to the dates the enrollment figures were captured.

#21

Number of Retirees -On-Island - 65 and Over		Age 65- 69	Age 70-79	Age 80-89	Age 90-102
Defined Benefit	**3049**	905	1441	651	52
Defined Contribution	**205**	99	94	11	1

Number of Retirees Participating in Reimbursement Program	Active 2012	Pending Document Updates	Total **Known** Eligible for Medicare
Defined Benefit	836	197	1033
Defined Contribution	23	4	27
	859	201	1060

#22

Heading	Description
CLMPRE	Claim paid year
CLMNO	Unique identifier - claim number
GRPNO	Group number - employee status/plan identifier
EMPNO	Unique employee identifier
DEPNO	Dependent number identifier
YOB	Birth year
GENDER	
SPOUSE	
CHILD	
CLMTP	Claim type: medical, dental, or vision
OCCDT	Occurred date
PDDT	Paid date
CHGAMT	Charged amount
UCRAMT	Usual and customary amount
PRVPMT	Provider payment
EEPMT	Employee payment
EERESP	Employee responsibility
DIAG1	Diagnosis code
PROCCD	Provider code
POS	Facility code
NAME	Provider name
PRVNO	Provider number
CITY	Provider city
STATE	Provider state
ZIPCODE	Provider zip code
PRVSUF	

FY 2010

GovGuam 2000

Schedule of Benefits

Important information about your coverage	When you go to PARTICIPATING Providers after Deductible is met:	When you go to NON-PARTICIPATING Providers after Deductible is met:
DEDUCTIBLE PER INDIVIDUAL MEMBER	$2,000	$4,000
DEDUCTIBLE PER FAMILY The entire family deductible amount of $6,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses.	$6,000	$12,000
COVERAGE MAXIMUMS		
• Individual member lifetime maximum for care on Guam	$1 Million	
• Individual member annual maximum for care Off-island	$100,000	
OUT-OF-POCKET MAXIMUMS (Including deductible)		
• Per Individual member per policy year	$4,000	No Maximum
• Per Family per policy year	$12,000	No Maximum
ANY SERVICES IN THE PHILIPPINES, HAWAII & THE U.S. MAINLAND **(Pre-Certification Required)**	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Benefits: Deductible does not apply when you go to Participating Providers		PARTICIPATING Providers Deductible does not apply to this benefit	NON-PARTICIPATING Providers after Deductible is met:
ANNUAL EXAMS (Routine) - Per Service Annual Physical Exam includes Gynecological Exam, Mammogram and Labs. ($300 per member per plan year)		$20 Member Co-Payment	Not Covered
ANNUAL EYE EXAM $50 per member per plan year.		$20 Member Co-Payment Covered in Guam Only	Not Covered
IMMUNIZATIONS (Routine) U.S. Public Health schedule of immunizations up to 16 years of age.		$20 Member Co-Payment	Plan 60% Member 60%
PHYSICIAN CARE & OUTPATIENT BENEFITS- Per Service			
1. Primary Care visits		$20 Member Co-Payment	Plan 60% Member 60%
2. Specialist Care visits		$40 Member Co-Payment	Plan 60% Member 60%
3. Voluntary Second Surgical Opinion		$40 Member Co-Payment	Plan 60% Member 60%
4. Home Health Care Visit		$40 Member Co-Payment	Plan 60% Member 60%
5. Hospice Care In GUAM ONLY with a Maximum 180 days at a maximum of $100 per day. **(Pre-Certification Required)**		$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory		$20 Member Co-Payment	Plan 60% Member 60%
7. X-Ray Services		$20 Member Co-Payment	Plan 60% Member 60%
8. Injections		$20 Member Co-Payment	Plan 60% Member 60%
PRESCRIPTION DRUGS (Including Birth Control Pills) Limited to generics only, unless specified by your doctor.			
1. Formulary generic drugs per prescription unit	(30 Day Supply)	$15 Member Co-Payment	Plan pays 60% of Average Wholesale Price
2. Formulary brand name drugs per prescription unit	(30 Day Supply)	$30 Member Co-Payment	
3. Mail Order		$5 Member Co-Payment	
4. Non-Formulary **(Medically Necessary Only and Pre-Certification Required)**	(30 Day Supply)	$30 Member Co-Payment	
WELL-BABY CARE For children up to age two. Maximum 5 visits per member per plan year.		Plan 80% Member 20%	Plan 60% Member 60%

Benefits: Deductible must be met when you go to Participating & NON-Participating Providers	When you go to PARTICIPATING Providers after Deductible is met:	When you go to NON-PARTICIPATING Providers after Deductible is met:
ACUPUNCTURE 10 visits at $50 per visit per plan year.	Plan 80% Member 20%	Not Covered
AIDS TREATMENT Exclusive of Experimental drugs.	Plan 80% Member 20%	Not Covered
AIRFARE Benefit to Centers of Excellence Only For members who meet qualifying conditions, SelectCare provides roundtrip airfare.	Plan pays 100%	Not Covered
ALLERGY TESTING/TREATMENT $500 per Plan Year per Covered Person.	Plan 80% Member 20%	Plan 60% Member 60%
AMBULATORY SURGI-CENTER CARE **(Pre-Certification Required)**	Plan 80% Member 20%	Plan 60% Member 60%
BLOOD & BLOOD DERIVATIVES $25,000 per plan year.	Plan 80% Member 20%	Plan 60% Member 60%
BREAST RECONSTRUCTIVE SURGERY (In accordance with 1998 W.H.C.R.A)	Plan 80% Member 20%	Plan 60% Member 60%

This booklet is designed to provide general information about the **Calvo's SelectCare** plans offered to Government of Guam employees, retirees and survivors. In the event of

Benefits: Deductible must be met when you go to Participating & NON-Participating Providers	When you go to PARTICIPATING Providers (after deductible is met)	When you go to NON-PARTICIPATING Providers (after deductible is met)
CARDIAC SURGERY $25,000 per plan year.	Plan 80% Member 20%	Plan 50%* Member 50%
CATARACT SURGERY Includes Lens Implant. Outpatient only.	Plan 80% Member 20%	Plan 50%* Member 50%
CHEMICAL DEPENDENCY $8,000 per member per plan year. Lifetime Maximum $16,000.	Plan 80% Member 20%	Plan 50%* Member 50%
CONGENITAL ANOMALY DISEASES COVERAGE	Plan 80% Member 20%	Not Covered
DIAGNOSTIC TESTING MRI, CT scan, and other diagnostic procedures. Limited to one test per plan year per anatomical region. **(Pre-Certification Required)**	Plan 80% Member 20%	Plan 50%* Member 50%
DURABLE MEDICAL EQUIPMENT (DME) Purchase or rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician. **(Pre-Certification Required)**	Plan pays 80% Member pays 20% of the total rental cost or purchase	Not Covered
ELECTIVE SURGERY **(Pre-Certification Required)**	Plan 80% Member 20%	Plan 50%* Member 50%
EMERGENCY CARE 1. On/Off Island emergency facility, physician services, laboratory, X-rays. 2. Ambulance Services. (Ground Transportation Only)	Plan 80% Member 20%	Plan 50%* Member 50%
HOSPITALIZATION & INPATIENT BENEFITS 1. Room & board for a semi-private room, intensive care, coronary care and surgery. 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication. 3. Physician's hospital services.	Plan 80% Member 20%	Plan 50%* Member 50%*
IMPLANTS Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices. **(Limitations apply, please refer to contract)**	Plan 80% Member 20%	Plan 50%* Member 50%
INHALATION THERAPY	Plan 80% Member 20%	Plan 50%* Member 50%
MATERNITY CARE Pre-natal care and Delivery.	Plan 80% Member 20%	Plan 50%* Member 50%
MATERNITY CARE For Non-Spouse Dependents Outpatient care only. Maximum $500 per plan year.	Plan 80% Member 20%	Plan 50%* Member 50%
MENTAL HEALTH CARE	Plan 80% Member 20%	Plan 50%* Member 50%
NUCLEAR MEDICINE Maximum $25,000 per plan year. **(Pre-Certification required)**	Plan 80% Member 20%	Plan 50%* Member 50%
ORTHOPEDIC CONDITIONS Internal and External Prosthesis. Maximum $25,000 per plan year for Chronic Conditions and related services.	Plan 80% Member 20%	Plan 50%* Member 50%
PHYSICAL THERAPY **(Pre-Certification required)**	Plan pays 80% for the first 20 visits and 50% thereafter	Plan 50%* Member 50%
RADIATION THERAPY Maximum $25,000 per plan year. **(Pre-Certification required)**	Plan 80% Member 20%	Plan 50%* Member 50%
SKILLED NURSING FACILITY Maximum 60 days per plan year. **(subject to pre-approval by Plan)**	Plan 80% Member 20%	Plan 50%* Member 50%
STERILIZATION PROCEDURES 1. Tubal Ligation. 2. Vasectomy. (Outpatient Only)	Plan 80% Member 20%	Plan 50%* Member 50%
WELLNESS BENEFIT AT SDA Wellness Center **(Pre-certification required)**	Plan pays 80% of the first $200. Member pays 20% of the first $200. Plan pays 50% of charges thereafter.	Not Covered

Benefits not covered by the Plan:

CHIROPRACTIC CARE	Not Covered
END STAGE RENAL DISEASE / HEMODIALYSIS	Not Covered
HEARING AIDS	Not Covered

Off-Island
***Full Time Students residing Off-Island are covered for emergency services only.

* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

GovGuam 1500

Schedule of Benefits

Important information about your coverage	PARTICIPATING Providers after Deductible is met:	NON-PARTICIPATING Providers after Deductible is met:
DEDUCTIBLE PER INDIVIDUAL MEMBER	$1,500	$3,000
DEDUCTIBLE PER FAMILY The entire family deductible amount of $4,500 must be satisfied by one or more family members before the plan begins to pay for any covered expenses.	$4,500	$9,000
COVERAGE MAXIMUMS		
• Individual member lifetime maximum for care on Guam.		$1 Million
• Individual member annual maximum for care Off-island.		$300,000
OUT-OF-POCKET MAXIMUMS (including deductible)		
• Per Individual member per policy year.	$3,000	No Maximum
• Per Family per policy year.	$9,000	No Maximum
ANY SERVICES IN THE PHILIPPINES, HAWAII & THE U.S. MAINLAND **(Pre-Certification Required)**	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare.	

Benefits: Deductible does not apply when you go to Participating Providers	PARTICIPATING Providers Deductible does not apply to this benefit:	NON-PARTICIPATING Providers after Deductible is met:
ANNUAL EXAMS (Routine) - Per Service Annual Physical Exam includes Gynecological Exam, Mammogram and Labs. ($300 per member per plan year)	$10 Member Co-Payment	Not Covered
ANNUAL EYE EXAM $50 per member per plan year.	$10 Member Co-Payment Covered in Guam Only	Not Covered
IMMUNIZATIONS (Routine) U.S. Public Health schedule of immunizations up to 16 years of age.	$10 Member Co-Payment	Plan 70% Member 30%
PHYSICIAN CARE & OUTPATIENT BENEFITS- Per Service		
1. Primary Care visits	$10 Member Co-Payment	Plan 70% Member 30%
2. Specialist Care visits	$10 Member Co-Payment	Plan 70% Member 30%
3. Voluntary Second Surgical Opinion	$10 Member Co-Payment	Plan 70% Member 30%
4. Home Health Care Visit	$10 Member Co-Payment	Plan 70% Member 30%
5. Hospice Care in GUAM ONLY with a Maximum 180 days at a maximum of $100 per day. **(Pre-Certification Required)**	$10 Member Co-Payment	Not Covered
6. Outpatient Laboratory	$10 Member Co-Payment	Plan 70% Member 30%
7. X-Ray Services	$10 Member Co-Payment	Plan 70% Member 30%
8. Injections	$10 Member Co-Payment	Plan 70% Member 30%
PRESCRIPTION DRUGS (Including Birth Control Pills) Limited to generics only, unless specified by your doctor.		
1. Formulary generic drugs per prescription unit (30 Day Supply)	$10 Member Co-Payment	Plan pays 70% of Average Wholesale Price
2. Formulary brand name drugs per prescription unit (30 Day Supply)	$20 Member Co-Payment	
3. Mail Order	$5 Member Co-Payment	
4. Non-Formulary **(Medically Necessary Only and Pre-Certification Required)** (30 Day Supply)	$20 Member Co-Payment	
WELL-BABY CARE For children up to age two. Maximum 5 visits per member per plan year.	Plan 80% Member 20%	Plan 70% Member 30%

Benefits: Deductible must be met when you go to Participating & NON-Participating Providers	PARTICIPATING Providers after Deductible is met:	NON-PARTICIPATING Providers after Deductible is met:
ACUPUNCTURE 10 visits at $50 per visit per member per plan year.	Plan 80% Member 20%	Not Covered
AIDS TREATMENT Exclusive of Experimental drugs.	Plan 80% Member 20%	Not Covered
AIRFARE Benefit to Centers of Excellence Only For members who meet qualifying conditions, SelectCare provides roundtrip airfare.	Plan pays 100%	Not Covered
ALLERGY TESTING/TREATMENT $500 per member per plan year.	Plan 80% Member 20%	Plan 70% Member 30%
AMBULATORY SURGI-CENTER CARE **(Pre-Certification Required)**	Plan 80% Member 20%	Plan 70% Member 30%
BLOOD & BLOOD DERIVATIVES $50,000 per member per plan year.	Plan 80% Member 20%	Plan 70% Member 30%
BREAST RECONSTRUCTIVE SURGERY (In accordance with 1998 W.H.C.R.A)	Plan 80% Member 20%	Plan 70% Member 30%

This booklet is designed to provide general information about the **Calvo's SelectCare** plans offered to Government of Guam employees, retirees and survivors. In the event of a discrepancy between this booklet and the contract, the terms of the contract will prevail.

Benefits: Participant's Share When You Go to Participating & Non-Participating Providers	Participating Provider (PPO Deductible Does Not Apply)	Non-Participating Provider (PPO Deductible Does Not Apply)
CARDIAC SURGERY $50,000 per member per plan year.	Plan 80% Member 20%	Plan 70% Member 30%
CATARACT SURGERY Includes Lens Implant. Outpatient only.	Plan 80% Member 20%	Plan 70% Member 30%
CHEMICAL DEPENDENCY $8,000 per member per plan year. Lifetime Maximum $16,000.	Plan 80% Member 20%	Plan 70% Member 30%
CHIROPRACTIC CARE 20 visits per plan year. Maximum $25 per visit.	Plan 80% Member 20%	Not Covered
CONGENITAL ANOMALY DISEASES COVERAGE	Plan 80% Member 20%	Not Covered
DIAGNOSTIC TESTING MRI, CT scan, and other diagnostic procedures. Limited to one test per plan year per anatomical region. **(Pre-Certification Required)**	Plan 80% Member 20%	Plan 70% Member 30%
DURABLE MEDICAL EQUIPMENT (DME) Purchase or rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician. **(Pre-Certification Required)**	Plan pays 80% Member pays 20% of the total rental cost or purchase	Not Covered
ELECTIVE SURGERY **(Pre-Certification Required)**	Plan 80% Member 20%	Plan 70% Member 30%
EMERGENCY CARE 1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)	Plan 80% Member 20%	Plan 70% Member 30%
HEMODIALYSIS ASSOCIATED WITH END STAGE RENAL DISEASE	Plan 80% Member 20%	Plan 70% Member 30%
HEARING AIDS Maximum $500 per member per plan year.	Plan 80% Member 20%	Not Covered
HOSPITALIZATION & INPATIENT BENEFITS 1. Room & board for a semi-private room, intensive care, coronary care and surgery. 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication. 3. Physician's hospital services.	Plan 80% Member 20%	Plan 70% Member 30%
IMPLANTS Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices. **(Limitations apply, please refer to contract)**	Plan 80% Member 20%	Plan 70% Member 30%
INHALATION THERAPY	Plan 80% Member 20%	Plan 70% Member 30%
MATERNITY CARE Pre-natal care and Delivery.	Plan 80% Member 20%	Plan 70% Member 30%
MATERNITY CARE For Non-Spouse Dependents Outpatient care only. Maximum $500 per member per plan year.	Plan 80% Member 20%	Not Covered
MENTAL HEALTH CARE	Plan 80% Member 20%	Plan 70% Member 30%
NUCLEAR MEDICINE Maximum $25,000 per member per plan year. **(Pre-Certification required)**	Plan 80% Member 20%	Plan 70% Member 30%
ORTHOPEDIC CONDITIONS Internal and External Prosthesis. Maximum $50,000 per plan year for Chronic Conditions and related services.	Plan 80% Member 20%	Plan 70% Member 30%
PHYSICAL THERAPY **(Pre-Certification required)**	Plan pays 80% for the first 20 visits and 50% thereafter	Plan 70% Member 30%
RADIATION THERAPY Maximum $25,000 per member per plan year. **(Pre-Certification required)**	Plan 80% Member 20%	Plan 70% Member 30%
SKILLED NURSING FACILITY Maximum 60 days per member per plan year. **(subject to pre-approval by Plan)**	Plan 80% Member 20%	Plan 70% Member 30%
STERILIZATION PROCEDURES 1. Tubal Ligation 2. Vasectomy (Outpatient Only)	Plan 80% Member 20%	Plan 70% Member 30%
WELLNESS BENEFIT AT SDA Wellness Center **(Pre-certification required)**	Plan pays 80% of the first $200 Member pays 20% of the first $200 Plan pays 50% of charges thereafter	Not Covered

Off-Island
**Full Time Students residing Off-Island are covered for emergency services only.

* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

Schedule of Benefits

Important Information About Your Coverage	PARTICIPATING Providers After Deductible is met:	NON-PARTICIPATING Providers After Deductible is met:
DEDUCTIBLE PER INDIVIDUAL MEMBER	$1,000	$3,000
DEDUCTIBLE PER FAMILY	$3,000	$9,000
COVERAGE MAXIMUMS		
• Individual member lifetime maximum for care on Guam.	$1 Million	
• Individual member annual maximum for care Off-island.	$300,000	
OUT-OF-POCKET MAXIMUMS (Including deductible)		
• Per Individual member per policy year.	$3,000	No Maximum
• Per Family per policy year.	$6,000	No Maximum
ANY SERVICES IN THE PHILIPPINES, HAWAII & THE U.S. MAINLAND (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Benefits: Deductible does not apply when you go to Participating Providers		PARTICIPATING Providers Deductible does not apply for this Benefit	NON-PARTICIPATING Providers After Deductible is met:
ANNUAL EXAMS (Routine) - Per Service Annual Physical Exam includes Gynecological Exam, Mammogram and Labs. ($300 per member per plan year)		$10 Member Co-Payment	Not Covered
ANNUAL EYE EXAM $50 per member per plan year.		$10 Member Co-Payment **Covered in Guam Only**	Not Covered
IMMUNIZATIONS (Routine) U.S. Public Health schedule of immunizations up to 16 years of age.		$10 Member Co-Payment	Plan 70% Member 30%
PHYSICIAN CARE & OUTPATIENT BENEFITS- Per Service			
1. Primary Care visits		$10 Member Co-Payment	Plan 70% Member 30%
2. Specialist Care visits		$10 Member Co-Payment	Plan 70% Member 30%
3. Voluntary Second Surgical Opinion		$10 Member Co-Payment	Plan 70% Member 30%
4. Home Health Care Visit		$10 Member Co-Payment	Plan 70% Member 30%
5. Hospice Care in GUAM ONLY with a Maximum 180 days at a maximum of $100 per day. **(Pre-Certification Required)**		$10 Member Co-Payment	Not Covered
6. Outpatient Laboratory		$10 Member Co-Payment	Plan 70% Member 30%
7. X-Ray Services		$10 Member Co-Payment	Plan 70% Member 30%
8. Injections		$10 Member Co-Payment	Plan 70% Member 30%
PRESCRIPTION DRUGS (Including Birth Control Pills) Limited to generics only, unless specified by your doctor.			
1. Formulary generic drugs per prescription unit	(30 Day Supply)	$10 Member Co-Payment	Plan pays 70% of Average Wholesale Price
2. Formulary brand name drugs per prescription unit	(30 Day Supply)	$20 Member Co-Payment	
3. Mail Order		$5 Member Co-Payment	
4. Non-Formulary **(Medically Necessary Only and Pre-Certification Required)**	(30 Day Supply)	$20 Member Co-Payment	
WELL-BABY CARE For children up to age two. Maximum 5 visits per member per plan year.		Plan 80% Member 20%	Plan 70% Member 30%

Benefits: Deductible must be met when you go to Participating & NON-Participating Providers	PARTICIPATING Providers after Deductible is met:	NON-PARTICIPATING Providers after Deductible is met:
ACUPUNCTURE 10 visits at $50 per visit per member per plan year.	Plan 80% Member 20%	Not Covered
AIDS TREATMENT Exclusive of Experimental drugs.	Plan 80% Member 20%	Not Covered
AIRFARE Benefit to Centers of Excellence Only For members who meet qualifying conditions, SelectCare provides roundtrip airfare.	Plan pays 100%	Not Covered
ALLERGY TESTING/TREATMENT $500 per member per plan year.	Plan 80% Member 20%	Plan 70% Member 30%
AMBULATORY SURGI-CENTER CARE (Pre-Certification Required)	Plan 80% Member 20%	Plan 70% Member 30%
BLOOD & BLOOD DERIVATIVES $50,000 per member per plan year.	Plan 80% Member 20%	Plan 70% Member 30%
BREAST RECONSTRUCTIVE SURGERY (In accordance with 1998 W.H.C.R.A)	Plan 80% Member 20%	Plan 70% Member 30%

This booklet is designed to provide general information about the **Calvo's SelectCare** plans offered to Government of Guam employees, retirees and survivors. In the event of

Benefits	In-Network	Out-of-Network
CARDIAC SURGERY $50,000 per member per plan year.	Plan 80% Member 20%	Plan 70%* Member 30%
CATARACT SURGERY Includes Lens Implant. Outpatient only.	Plan 80% Member 20%	Plan 70%* Member 30%
CHEMICAL DEPENDENCY $8,000 per member per plan year. Lifetime Maximum $16,000.	Plan 80% Member 20%	Plan 70%* Member 30%
CHIROPRACTIC CARE 20 visits per plan year. Maximum $25 per visit.	Plan 80% Member 20%	Not Covered
CONGENITAL ANOMALY DISEASES COVERAGE	Plan 80% Member 20%	Not Covered
DIAGNOSTIC TESTING MRI, CT scan, and other diagnostic procedures. Limited to one test per plan year per anatomical region. **(Pre-Certification Required)**	Plan 80% Member 20%	Plan 70%* Member 30%
DURABLE MEDICAL EQUIPMENT (DME) Purchase or rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician. **(Pre-Certification Required)**	Plan pays 80% Member pays 20% of the total rental cost or purchase	Not Covered
ELECTIVE SURGERY **(Pre-Certification Required)**	Plan 80% Member 20%	Plan 70%* Member 30%
EMERGENCY CARE 1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)	Plan 80% Member 20%	Plan 70%* Member 30%
HEMODIALYSIS ASSOCIATED WITH END STAGE RENAL DISEASE	Plan 80% Member 20%	Plan 70%* Member 30%
HEARING AIDS Maximum $500 per member per plan year.	Plan 80% Member 20%	Not Covered
HOSPITALIZATION & INPATIENT BENEFITS 1. Room & board for a semi-private room, intensive care, coronary care and surgery. 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication. 3. Physician's hospital services.	Plan 80% Member 20%	Plan 70%* Member 30%
IMPLANTS Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices. **(Limitations apply, please refer to contract)**	Plan 80% Member 20%	Plan 70%* Member 30%
INHALATION THERAPY	Plan 80% Member 20%	Plan 70%* Member 30%
MATERNITY CARE Pre-natal care and Delivery.	Plan 80% Member 20%	Plan 70%* Member 30%
MATERNITY CARE For Non-Spouse Dependents Outpatient care only. Maximum $500 per member per plan year.	Plan 80% Member 20%	Not Covered
MENTAL HEALTH CARE	Plan 80% Member 20%	Plan 70%* Member 30%
NUCLEAR MEDICINE Maximum $25,000 per member per plan year. **(Pre-Certification required)**	Plan 80% Member 20%	Plan 70%* Member 30%
ORTHOPEDIC CONDITIONS Internal and External Prosthesis. Maximum $50,000 per plan year for Chronic Conditions and related services.	Plan 80% Member 20%	Plan 70%* Member 30%
PHYSICAL THERAPY **(Pre-Certification required)**	Plan pays 80% for the first 20 visits and 50% thereafter	Plan 70%* Member 30%
RADIATION THERAPY Maximum $25,000 per member per plan year. **(Pre-Certification required)**	Plan 80% Member 20%	Plan 70%* Member 30%
SKILLED NURSING FACILITY Maximum 60 days per member per plan year. **(subject to pre-approval by Plan)**	Plan 80% Member 20%	Plan 70%* Member 30%
STERILIZATION PROCEDURES 1. Tubal Ligation 2. Vasectomy (Outpatient Only)	Plan 80% Member 20%	Plan 70%* Member 30%
WELLNESS BENEFIT AT SDA Wellness Center **(Pre-certification required)**	Plan pays 80% of the first $200. Member pays 20% of the first $200. Plan pays 50% of charges thereafter.	Not Covered

f-Island

*Full Time Students residing Off-Island are covered for emergency services only.

* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

FY 2011

GovGuam

PPOA 2000

Schedule of Benefits

Important Information about your Coverage	Plan Pays	You Pay
Deductible Per Individual Member	$2,000	$4,000
Deductible Per Family The entire family deductible amount of $6,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	$6,000	$12,000
Coverage Maximums Individual member annual maximum	$750,000	
Out-of-Pocket Maximums (including deductible)		
• Per Individual member per policy year	$4,000	No Maximum
• Per Family per policy year	$11,900	No Maximum
Any Services In The Philippines, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Your Benefits	What Calvo's SelectCare Covers	You Pay
Acupuncture 10 visits at $50 per visit per member per plan year	Plan 80% Member 20%	Not Covered
AIDS Treatment Exclusive of Experimental drugs	Plan 80% Member 20%	Not Covered
AIRFARE Benefit to Centers of Excellence Only For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)	Plan pays 100%	Not Covered
Allergy Testing/Treatment $500 per member per plan year	Plan 80% Member 20%	Plan 50%* Member 50%
Ambulatory Surgi-Center Care (Pre-Certification Required)	Plan 80% Member 20%	Plan 50%* Member 50%
Annual Refraction Eye Exam $50 per member per plan year	$20 Member Co-Payment Covered in Guam only	Not Covered
Blood & Blood Derivatives $50,000 per member per plan year	Plan 80% Member 20%	Plan 50%* Member 50%
Breast Reconstructive Surgery (In accordance with 1998 W.H.C.R.A)	Plan 80% Member 20%	Plan 50%* Member 50%
Cardiac Surgery $50,000 per member per plan year	Plan 80% Member 20%	Plan 50%* Member 50%
Cataract Surgery Includes Lens implant. Outpatient only	Plan 80% Member 20%	Plan 50%* Member 50%
Chemical Dependency	Plan 80% Member 20%	Plan 50%* Member 50%
Chemotherapy Benefit	Plan 80% Member 20%	Plan 50%* Member 50%
Chiropractic Care 20 visits per Plan Year. Maximum $25 per visit	Plan 80% Member 20%	Not Covered
Congenital Anomaly Diseases Coverage	Plan 80% Member 20%	Not Covered
Diagnostic Testing MRI, CT scan, and other diagnostic procedures. Limited to one test per member per plan year per anatomical region (Pre-Certification Required)	Plan 80% Member 20%	Plan 50%* Member 50%
Durable Medical Equipment (DME) Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)	Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
Elective Surgery (Pre-Certification Required)	Plan 80% Member 20%	Plan 50%* Member 50%
Emergency Care 1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)	Plan 80% Member 20%	Plan 50%* Member 50%
End Stage Renal Disease/Hemodialysis	Plan 80% Member 20%	Plan 50%* Member 50%
Hearing Aids Maximum $500 per member per plan year	Plan 80% Member 20%	Not Covered
Hospitalization & Inpatient Benefits 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication 3. Physician's hospital services	Plan 80% Member 20%	Plan 50%* Member 50%
Immunizations (Routine) U.S. Public Health schedule of immunizations up to 18 years of age **Deductible for Participating Providers does not apply for this benefit**	Plan pays 100%	Plan 50%* Member 50%

Medical Benefits	Plan Pays	You Pay
Implants Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices **(Limitations apply, please refer to contract)**	Plan 80% Member 20%	Plan 50%* Member 50%
Inhalation Therapy	Plan 80% Member 20%	Plan 50%* Member 50%
Maternity Care Pre-natal care and Delivery	Plan 80% Member 20%	Plan 50%* Member 50%
Maternity Care For Non-spouse Dependents Outpatient care only. Maximum $500 per member per plan year	Plan 80% Member 20%	Plan 50%* Member 50%
Mental Health Care	Plan 80% Member 20%	Plan 50%* Member 50%
Nuclear Medicine Maximum $25,000 per member per plan year **(Pre-Certification required)**	Plan 80% Member 20%	Plan 50%* Member 50%
Orthopedic Conditions Internal and External Prosthesis Maximum $50,000 per member per plan year for Chronic Conditions and related services	Plan 80% Member 20%	Plan 50%* Member 50%
Outpatient Physician Care & Services		
1. Primary Care visits	$20 Member Co-Payment	Plan 50%* Member 50%
2. Specialist Care Visits	$40 Member Co-Payment	Plan 50%* Member 50%
3. Voluntary Second Surgical Opinion	$40 Member Co-Payment	Plan 50%* Member 50%
4. Home Health Care Visit	$40 Member Co-Payment	Plan 50%* Member 50%
5. Hospice Care in Guam only, maximum180 days at a maximum of $100 per member per plan year **(Pre-Certification required)**	$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory	$20 Member Co-Payment	Plan 50%* Member 50%
7. X-Ray Services	$20 Member Co-Payment	Plan 50%* Member 50%
8. Injections	$20 Member Co-Payment	Plan 50%* Member 50%
Physical Therapy **(Pre-Certification required)**	Plan pays 80% for the first 20 visits and 50% thereafter	Plan 50%* Member 50%
Preventive Services (Routine) Annual Physical Exam Includes Gynecological Exam, Mammogram and Labs (In accordance with the guidelines established by the U.S. Preventive Services Task Force with a Grade A or B) **Deductible for Participating Providers does not apply for this benefit**	Plan pays 100%	Not Covered
Prescription Drugs (Including Birth Control Pills) Limited to generics only, unless specified by your doctor		
1. Formulary generic drugs per prescription unit (30 day supply)	$15 Member Co-Payment	Plan pays 50% of Average Wholesale Price
2. Formulary brand name drugs per prescription unit (30 day supply)	$30 Member Co-Payment	
3. Mail Order	$5 Member Co-Payment	
4. Non-Formulary **(Pre-Certification and prior approval by plan is required)** (30 day supply)	$30 Member Co-Payment	
Radiation Therapy Maximum $25,000 per member per plan year **(Pre-Certification required)**	Plan 80% Member 20%	Plan 50%* Member 50%
Skilled Nursing Facility Maximum 60 days per member per plan year **(subject to pre-approval by Plan)**	Plan 80% Member 20%	Plan 50%* Member 50%
Specialty Drugs **(Pre-Certification and prior approval from SelectCare is required)**	Plan pays 80% of AWP	Not Covered
Sterilization Procedures 1. Tubal Ligation 2. Vasectomy (Outpatient Only)	Plan 80% Member 20%	Plan 50%* Member 50%
Well-Baby Care For children up to age two. Maximum 5 visits per member per plan year **Deductible for Participating Providers does not apply for this benefit**	Plan 80% Member 20%	Plan 50%* Member 50%

Additional Benefits - What Calvo's SelectCare covers		
Wellness & Fitness Benefit 1. Wellness Benefit at SDA Wellness Center **(Pre-certification required)**	Plan pays 80% of the first $200. Member pays 20% of the first $200. Plan pays 50% of charges thereafter	Not Covered
2. Fitness Benefit • Kontendas Gym • Paradise Fitness Center	Free access to the Gym for the plan year	

Off-Island

* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

This booklet is designed to provide general information about the **Calvo's SelectCare** plans offered to Government of Guam employees, retirees and survivors

GovGuam

SC1500

Schedule of Benefits

Important Information about your coverage	Non-Participating Providers after Deductible is met	Participating Providers after Deductible is met
Deductible Per Individual Member	$1,500	$3,000
Deductible Per Family The entire family deductible amount of $4,500 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	$4,500	$9,000
Coverage Maximums Individual member annual maximum	$750,000	
Out-of-Pocket Maximums (including deductible)		
• Per individual member per policy year	$3,000	No Maximum
• Per Family per policy year	$9,000	No Maximum
Any Services in The Philippines, Hawaii & the U.S. Mainland **(Pre-Certification Required)**	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Your Benefits (Deductible does not apply to these benefits when you go to our Participating Providers)		Participating Providers after Deductible is met	Non-Participating Providers after Deductible is met
Annual Refraction Eye Exam $50 per member per plan year		$20 Member Co-Payment Covered in Guam only	Not Covered
Immunizations (Routine) U.S. Public Health schedule of Immunizations up to 18 years of age		Plan pays 100%	Plan 70%* Member 30%
Outpatient Physician Care & Services			
1. Primary Care visits		$20 Member Co-Payment	Plan 70%* Member 30%
2. Specialist Care Visits		$40 Member Co-Payment	Plan 70%* Member 30%
3. Voluntary Second Surgical Opinion		$40 Member Co-Payment	Plan 70%* Member 30%
4. Home Health Care Visit		$40 Member Co-Payment	Plan 70%* Member 30%
5. Hospice Care in Guam only, maximum180 days at a maximum of $100 per member per plan year **(Pre-Certification required)**		$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory		$20 Member Co-Payment	Plan 70%* Member 30%
7. X-Ray Services		$20 Member Co-Payment	Plan 70%* Member 30%
8. Injections		$20 Member Co-Payment	Plan 70%* Member 30%
Prescription Drugs (Including Birth Control Pills) Limited to generics only, unless specified by your doctor			Plan pays 50% of Average Wholesale Price
1. Formulary generic drugs per prescription unit	(30 day supply)	$15 Member Co-Payment	
2. Formulary brand name drugs per prescription unit	(30 day supply)	$30 Member Co-Payment	
3. Mail Order		$5 Member Co-Payment	
4. Non-Formulary **(Pre-Certification and prior approval by plan is required)**	(30 day supply)	$30 Member Co-Payment	
Preventive Services (Routine) Annual Physical Exam includes Gynecological Exam, Mammogram and Labs (In accordance with the guidelines established by the U.S. Preventive Services Task Force with a Grade A or B)		Plan pays 100%	Not Covered
Well-Baby Care For children up to age two. Maximum 5 visits per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%

Your Benefits What Calvo's SelectCare covers	Participating Providers after Deductible is met	Non-Participating Providers after Deductible is met
Acupuncture 10 visits at $50 per visit per member per plan year	Plan 80% Member 20%	Not Covered
AIDS Treatment Exclusive of Experimental drugs	Plan 80% Member 20%	Not Covered
AIRFARE Benefit to Centers of Excellence Only For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)	Plan pays 100%	Not Covered
Allergy Testing/Treatment $500 per member per plan year	Plan 80% Member 20%	Plan 70%* Member 30%
Ambulatory Surgi-Center Care (Pre-Certification Required)	Plan 80% Member 20%	Plan 70%* Member 30%
Blood & Blood Derivatives $50,000 per member per plan year	Plan 80% Member 20%	Plan 70%* Member 30%
Breast Reconstructive Surgery (In accordance with 1998 W.H.C.R.A)	Plan 80% Member 20%	Plan 70%* Member 30%
Cardiac Surgery $50,000 per member per plan year	Plan 80% Member 20%	Plan 70%* Member 30%
Cataract Surgery Includes Lens Implant. Outpatient only	Plan 80% Member 20%	Plan 70%* Member 30%

Your Benefit	What Calvo's SelectCare covers	Participating Provider (In-Network)	Non-Participating Provider (Out-of-Network)
Chemical Dependency		Plan 80% Member 20%	Plan 70%* Member 30%
Chemotherapy Benefit		Plan 80% Member 20%	Plan 70%* Member 30%
Chiropractic Care 20 visits per member per plan year. Maximum $25 per visit		Plan 80% Member 20%	Not Covered
Congenital Anomaly Diseases Coverage		Plan 80% Member 20%	Plan 70%* Member 30%
Diagnostic Testing MRI, CT scan, and other diagnostic procedures. Limited to one test per member per plan year per anatomical region **(Pre-Certification Required)**		Plan 80% Member 20%	Plan 70%* Member 30%
Durable Medical Equipment (DME) Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician **(Pre-Certification Required)**		Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
Elective Surgery **(Pre-Certification Required)**		Plan 80% Member 20%	Plan 70%* Member 30%
Emergency Care 1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)		Plan 80% Member 20%	Plan 70%* Member 30%
End Stage Renal Disease/Hemodialysis		Plan 80% Member 20%	Plan 70%* Member 30%
Hearing Aids Maximum $500 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
Hospitalization & Inpatient Benefits 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication 3. Physician's hospital services		Plan 80% Member 20%	Plan 70%* Member 30%
Implants Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices **(Limitations apply, please refer to contract)**		Plan 80% Member 20%	Plan 70%* Member 30%
Inhalation Therapy		Plan 80% Member 20%	Plan 70%* Member 30%
Maternity Care Pre-natal care and Delivery		Plan 80% Member 20%	Plan 70%* Member 30%
Maternity Care For Non-spouse Dependents Outpatient care only. Maximum $500 per member per plan year		Plan 80% Member 20%	Not Covered
Mental Health Care		Plan 80% Member 20%	Plan 70%* Member 30%
Nuclear Medicine Maximum $25,000 per member per plan year **(Pre-Certification required)**		Plan 80% Member 20%	Plan 70%* Member 30%
Orthopedic Conditions Internal and External Prosthesis Maximum $50,000 per member per plan year for Chronic Conditions and related services		Plan 80% Member 20%	Plan 70%* Member 30%
Physical Therapy **(Pre-Certification required)**		Plan pays 80% for the first 20 visits and 50% thereafter	Plan 70%* Member 30%
Radiation Therapy Maximum $25,000 per member per plan year **(Pre-Certification required)**		Plan 80% Member 20%	Plan 70%* Member 30%
Skilled Nursing Facility Maximum 60 days per member per plan year **(subject to pre-approval by Plan)**		Plan 80% Member 20%	Plan 70%* Member 30%
Specialty Drugs **(Pre-Certification and prior approval from SelectCare is required)**		Plan pays 80% of AWP	Not Covered
Sterilization Procedures 1. Tubal Ligation 2. Vasectomy (Outpatient Only)		Plan 80% Member 20%	Plan 70%* Member 30%

Additional Benefits	What Calvo's SelectCare covers	
Wellness & Fitness Benefit 1. Wellness Benefit at SDA Wellness Center **(Pre-certification required)**	Plan pays 80% of the first $200. Member pays 20% of the first $200. Plan pays 50% of charges thereafter	Not Covered
2. Fitness Benefit • Kontendas Gym • Paradise Fitness Center	Free access to the Gym for the plan year	

Off-Island

* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

FY 2018
GovGuam
2000

Deductible Per Individual Member	$2,000	$4,000
Deductible Per Family The entire family deductible amount of $4,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	$4,000	$12,000
Coverage Maximums Individual member annual maximum		$2,000,000
Out of Pocket Maximums (including deductible) Per Individual member per policy year Per Family per policy year	$4,000 $11,900	No Maximum No Maximum
Any Services in the Philippines, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Preventive Services (Out-Patient Only) In accordance with the guidelines established by the U.S. Preventive Services Task Force (USPSTF) Grades A and B recommendations	Plan pays 100%	Not Covered
Immunizations/Vaccinations In accordance with the guidelines established by the U.S. Preventive Services Task Force (USPSTF) Grades A and B recommendations	Plan pays 100%	Not Covered
Pre-Natal Care including Routine Labs and 1st Ultrasound	Plan pays 100%	Not Covered
Well-baby Care For children up to age two. Maximum 5 visits per member per plan year	Plan pays 100%	Not Covered

Acupuncture 10 visits at $50 per visit per member per plan year	Plan pays 80% Member pays 20%	Not Covered
AIDS Treatment Exclusive of Experimental drugs	Plan pays 80% Member pays 20%	Not Covered
Airfare Benefit to Centers Of Excellence only For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)	Plan pays 100%	Not Covered
Allergy Testing/Treatment $500 per member per plan year	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Ambulatory Surgi-center Care (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Annual Refraction Eye Exam $50 Per Member per Plan Year	$20 Member Co-Payment Covered in Guam only	Not Covered
Blood & Blood Derivatives	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Breast Reconstructive Surgery (In accordance with 1998 W.H.C.R.A)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Cardiac Surgery	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Cataract Surgery Includes lens Implant. Outpatient Only	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Chemical Dependency	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Chemotherapy Benefit	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Chiropractic Care 20 Visits per Plan Year. Maximum $25 per visit	Plan pays 80% Member pays 20%	Not Covered
Congenital Anomaly Diseases Coverage	Plan pays 80% Member pays 20%	Not Covered
Diagnostic Testing MRI, CT scan, and other diagnostic procedures (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Durable Medical Equipment (DME) The lesser amount between the Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)	Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
Elective Surgery (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%

This booklet is designed to provide general information about the Calvo's SelectCare plans offered to Government of Guam employees, retirees and survivors.
In the event of a discrepancy between this booklet and the contract, the terms of the contract will prevail

Emergency Care 1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
End Stage Renal Disease / Hemodialysis	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Hearing Aids Maximum $500 per member per plan year	Plan pays 80% Member pays 20%	Not Covered
Hospitalization & Inpatient Benefits 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication 3. Physician's hospital services	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Implants Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices; **(Limitations apply, please refer to contract)**	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Inhalation Therapy	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Maternity Care Labor and Delivery	Plan pays 80% Member pays 20%	Plan pays 70% Member pays 30%
Mental Health Care	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Nuclear Medicine **(Pre-Certification Required)**	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Occupational Therapy 10 Visits per Plan Year. Maximum $100 per visit **(Pre-Certification Required)**	Plan pays 80% Member pays 20%	Not Covered
Orthopedic Conditions Internal and External Prosthesis	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Outpatient Physician Care & Services		
1. Primary Care visits	$20 Member Co-Payment	Plan pays 50%* Member pays 50%
2. Specialist Care Visits	$40 Member Co-Payment	Plan pays 50%* Member pays 50%
3. Voluntary Second Surgical Opinion	$40 Member Co-Payment	Plan pays 50%* Member pays 50%
4. Home Health Care Visit	$40 Member Co-Payment	Plan pays 50%* Member pays 50%
5. Hospice Care in Guam only, maximum180 days at a maximum of $100 per day (Pre-Certification Required)	$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory	$20 Member Co-Payment	Plan pays 50%* Member pays 50%
7. X-Ray Services	$20 Member Co-Payment	Plan pays 50%* Member pays 50%
8. Injections (Does not include those on the Specialty Drugs List and Orthopedic injections)	$20 Member Co-Payment	Plan pays 50%* Member pays 50%
Physical Therapy **(Pre-Certification Required)**	Plan pays 80% for the first 20 visits and 50% thereafter	Plan pays 50%* Member pays 50%
Prescription Drugs		
1. Formulary generic drugs per prescription unit	$15 Member Co-Payment (30 day supply)	Plan pays 50% of Average Wholesale Price
2. Formulary brand name drugs per prescription unit	$30 Member Co-Payment (30 day supply)	
3. Mail Order	$5 Member Co-Payment	
4. Non-Formulary (Medically Necessary Only and Pre-Certification Required)	$30 Member Co-Payment (30 day supply)	
Radiation Therapy **(Pre-Certification Required)**	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Skilled Nursing Facility Maximum 60 days per member per plan year **(Pre-Certification Required)**	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Specialty Drugs Maximum Co-insurance from member is limited to $250 per fill **(Pre-Certification Required)**	Plan pays 80% of AWP	Not Covered
Sterilization Procedures 1. Tubal Ligation 2. Vasectomy (Outpatient Only)	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%

Additional benefits when Calvo's SelectCare covers:		
Wellness & Fitness Benefit 1. Wellness Benefit at a Wellness Center **(Pre-Certification Required)**	Plan pays 80% of the first $200 Member pays 20% of the first $200 Plan pays 50% of charges thereafter	
2. Fitness Benefit Kontendas Gym Paradise Fitness Center Synergy Fitness Studios	Free access to the Gym per member for the plan year	Not Covered

Off-Island *Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

This booklet is designed to provide general information about the **Calvo's SelectCare** plans offered to Government of Guam employees, retirees and survivors.
In the event of a discrepancy between this booklet and the contract, the terms of the contract will prevail.

GovGuam
SC1500

Schedule of Benefits

Your Benefits: What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met	NON-PARTICIPATING Providers after Deductible is met
Deductible Per Individual Member	$1,500	$3,000
Deductible Per Family If a member meets their $1,500, the plan begins to pay for covered services for that individual	$3,000	$9,000
Coverage Maximums Individual member annual maximum	$2,000,000	
Out of Pocket Maximums (including deductible) Per Individual member per policy year Per Family per policy year	$3,000 $9,000	No Maximum No Maximum
Any Services in the Philippines, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Deductible and Co-Pay do not apply to these benefits when you go to a Participating Provider	PARTICIPATING Providers	NON-PARTICIPATING Providers
Preventive Services (Out-Patient Only) In accordance with the guidelines established by the U.S. Preventive Services Task Force (USPSTF) Grades A and B recommendations	Plan pays 100%	Not Covered
Immunizations/Vaccinations In accordance with the guidelines established by the U.S. Preventive Services Task Force (USPSTF) Grades A and B recommendations	Plan pays 100%	Not Covered
Pre-Natal Care including Routine Labs and 1st Ultrasound	Plan pays 100%	Not Covered
Well-baby Care For children up to age two. Maximum 5 visits per member per plan year	Plan pays 100%	Not Covered

Deductible does not apply to these benefits when you go to a Participating Provider	PARTICIPATING Providers	NON-PARTICIPATING Providers after Deductible is met
Annual Eye Exam $50 Per Member per Plan Year	$20 Member Co-Payment Covered in Guam only	Not Covered
Outpatient Physician Care & Services		
1. Primary Care visits	$20 Member Co-Payment	Plan pays 70%* Member pays 30%
2. Specialist Care Visits	$40 Member Co-Payment	Plan pays 70%* Member pays 30%
3. Voluntary Second Surgical Opinion	$40 Member Co-Payment	Plan pays 70%* Member pays 30%
4. Home Health Care Visit	$40 Member Co-Payment	Plan pays 70%* Member pays 30%
5. Hospice Care in Guam only, maximum180 days at a maximum of $100 per day (Pre-Certification Required)	$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory	$20 Member Co-Payment	Plan pays 70%* Member pays 30%
7. X-Ray Services	$20 Member Co-Payment	Plan pays 70%* Member pays 30%
8. Injections (Does not include those on the Specialty Drugs List and Orthopedic Injections)	$20 Member Co-Payment	Plan pays 70%* Member pays 30%
Prescription Drugs		
1. Formulary generic drugs per prescription unit	$15 Member Co-Payment (30 day supply)	Plan pays 50% of Average Wholesale Price
2. Formulary brand name drugs per prescription unit	$30 Member Co-Payment (30 day supply)	
3. Mail Order	$5 Member Co-Payment	
4. Non-Formulary (Medically Necessary Only and Pre-Certification Required)	$30 Member Co-Payment (30 day supply)	

Deductible must be met for the following services	PARTICIPATING Providers after Deductible is met	NON-PARTICIPATING Providers after Deductible is met
Acupuncture 10 visits at $50 per visit per member per plan year	Plan pays 80% Member pays 20%	Not Covered
AIDS Treatment Exclusive of Experimental drugs	Plan pays 80% Member pays 20%	Not Covered
Airfare Benefit to Centers of Excellence only For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)	Plan pays 100%	Not Covered
Allergy Testing/Treatment $500 per member per plan year	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Ambulatory Surgi-center Care (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Blood & Blood Derivatives	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%

Deductible must be met for the following services	Participating Providers (In-Network)	Non-Participating Providers (Out-of-Network)
Breast Reconstructive Surgery (In accordance with 1998 W.H.C.R.A)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Cardiac Surgery	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Cataract Surgery Includes lens implant. Outpatient Only	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Chemical Dependency	Plan pays 80% Member pays 20%	Plan pays 50%* Member pays 50%
Chemotherapy Benefit	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Chiropractic Care 20 Visits per Plan Year. Maximum $25 per visit	Plan pays 80% Member pays 20%	Not Covered
Congenital Anomaly Diseases Coverage	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Diagnostic Testing MRI, CT scan, and other diagnostic procedures (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Durable Medical Equipment (DME) The lesser amount between the Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)	Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
Elective Surgery (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Emergency Care 1. On/Off Island emergency facility, physician services, laboratory, X-rays. 2. Ambulance Services (Ground Transportation Only)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
End Stage Renal Disease / Hemodialysis	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Hearing Aids Maximum $500 per member per plan year	Plan pays 80% Member pays 20%	Not Covered
Hospitalization & Inpatient Benefits 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication 3. Physician's hospital services	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Implants Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices; (Limitations apply, please refer to contract)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Inhalation Therapy	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Maternity Care Labor and Delivery	Plan pays 80% Member pays 20%	Plan pays 50% Member pays 50%
Mental Health Care	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Nuclear Medicine (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Occupational Therapy 10 Visits per Plan Year. Maximum $100 per visit (Pre-Certification Required)	Plan pays 80% Member pays 20%	Not Covered
Orthopedic Conditions Internal and External Prosthesis	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Physical Therapy (Pre-Certification Required)	Plan pays 80% for the first 20 visits and 50% thereafter	Plan pays 70%* Member pays 30%
Radiation Therapy (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Skilled Nursing Facility Maximum 60 days per member per plan year (Pre-Certification Required)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%
Specialty Drugs Maximum Co-insurance from member is limited to $250 per fill (Pre-Certification Required)	Plan pays 80% of AWP	Not Covered
Sterilization Procedures 1. Tubal Ligation 2. Vasectomy (Outpatient Only)	Plan pays 80% Member pays 20%	Plan pays 70%* Member pays 30%

Additional Benefits: What Calvo's SelectCare covers		
Wellness & Fitness Benefit 1. Wellness Benefit at a Wellness Center (Pre-Certification Required)	Plan pays 80% of the first $200 Member pays 20% of the first $200 Plan pays 50% of charges thereafter	Not Covered
2. Fitness Benefit Kontendas Gym Paradise Fitness Center Synergy Fitness Studios	Free access to the Gym per member for the plan year	

Off-Island *Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

This booklet is designed to provide general information about the Calvo's SelectCare plans offered to Government of Guam employees, retirees and survivors. In the event of a discrepancy between this booklet and the contract, the terms of the contract will prevail.

Exhibit C

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

GOVERNMENT OF GUÅHAN
(GUBETNAMENTON GUÅHAN)

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)

DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

HRD No.: **OG-12-0556**

AUG 03 2012

Frank Campillo
SelectCare Health Plan
Plan Administrator
P.O. Box FJ
Hagatna, Guam 96932

Subject: Notification of Ranking and Invitation to Negotiations
RE: Government of Guam Health Insurance Program DOA/HRD-RFP-GHI-13-001

Hafa Adai Mr. Campillo:

This is to advise you that the government has concluded Phase II, evaluation of information.

Pursuant to the RFP, the government must negotiate with the top three highest ranked exclusive and non-exclusive offerors. Your company has ranked amongst the top three for the exclusive plan, and therefore, this is to invite your company to Phase III, the negotiation process.

Negotiation with your company has been scheduled at 9:00 a.m., August 6, 2012. Please be prepared to present a 20 minute overview of your company at the commencement of the negotiation proceedings. As noted in our previous memo dated July 5, 2012, these dates may be subject to change and notification may be given within a day notice. Your cooperation and understanding is requested if such event should occur.

As previously stated, the government was unable to secure a site for the negotiation. Therefore, please advise our office of the venue selected by your company as instructed in the Administrative Procedures of the RFP. Please note that the government has approximately 21 members who will be in attendance.

We look forward to meeting with your company and concluding a successful negotiation. Please note that nothing in this memo is meant to confer a right to be awarded a contract or a right to enter into a contract with the government of Guam. Should you have any questions, please contact the Employee Benefits Branch, Human Resources Division at 671-475-1103/1179. *Si Yu'us Ma'ase.*

Senseramente,

Benita Manglona

BENITA A. MANGLONA, Director

Exhibit D

Pacific Daily News, Thursday, August 9, 2012 guampdn.com

TakeCare | P.O. Box 6578 Tamuning, Guam 96931
Telephone: (671) 646-6956 .Fax (671) 647-3520

Open Letter to Government of Guam Employees:

On August 8, 2012, TakeCare Insurance Company, Inc. ("TakeCare") filed a protest against the actions of the Government of Guam's Department of Administration ("DOA") and the Health Insurance Negotiating Team ("Negotiating Team") during the procurement process to select health insurance providers for Government of Guam employees. The protest became necessary because DOA and the Negotiating Team failed to properly promulgate rules of procedure as required by the Guam Legislature, and then violated in material respects the unauthorized rules of procedure that they purported to follow in such a way to discriminate against TakeCare.

TakeCare regrets having to file a protest, but has been compelled to do so as a consequence of the discriminatory and chaotic actions of DOA and the Negotiating Team. For instance, during the procurement process, TakeCare was advised in writing that it was one of the top three bidders, and negotiations with TakeCare were scheduled to commence the next day. However, the next morning, DOA and the Negotiating Team cancelled the scheduled negotiations, and thereafter advised TakeCare that it had re-ranked the proposals and that TakeCare would not be allowed to negotiate any health insurance plan. In simple terms, after carefully reviewing TakeCare's application, and finding TakeCare to be fully qualified, DOA and the Negotiating Team are now refusing to even negotiate with TakeCare.

These actions and others of DOA and the Negotiating Team are in violation of Guam's procurement laws and, more importantly, not in the interest of the Government of Guam employees.

TakeCare is 100% represented and underwritten locally by and for the people of Guam. Negotiating with all four of Guam's health care insurers ultimately promotes maximum competition. Reducing the number of offerors produces anti competitive results since it eliminates competition.

After 40 years of doing business in Guam, and with over 250 employees, TakeCare is one of the largest domestic health insurance companies in Guam providing health insurance to the private sector and federal employees as well as operates and provides exclusive access to one of the largest medical, dental and specialty clinics, FHP, ensuring the highest quality national standards are provided to our island residents. Given such a legacy, to suggest that TakeCare not be allowed to offer health insurance to Government of Guam employee is not in the spirit of the law passed by the Guam Legislature, which was intended to foster and encourage competition.

Therefore, TakeCare will pursue its protest, a full copy of which may be found on our website at www.takecareasia.com. By doing so, we seek to provide Government of Guam employees with more choice in health insurance coverage and broader access to quality health care clinics and providers.

Regards,

Joseph Husslein
President / CEO

Exhibit E

LAW OFFICES
MAIR, MAIR, SPADE & THOMPSON, L.L.C.
238 A.F.C. FLORES STREET
SUITE 801, DNA BUILDING
HAGÅTÑA, GUAM 96910

TELEPHONE (671) 472-2089/90
FACSIMILE (671) 477-5206

August 8, 2012

RECEIVED
DEPT OF ADMIN
AUG -8 PM 1:20
DIRECTOR'S OFFICE

VIA HAND DELIVERY

Ms. Benita Manglona
Director, Department of Administration
Chairperson, Government of Guam Negotiating Team
GOVERNMENT OF GUAM
212 Aspinall Avenue
Governor Manuel F.L. Guerrero Building
Hagåtña, Guam 96910

Re: **PROTEST BY TAKECARE INSURANCE COMPANY, INC. OF GOVERNMENT OF GUAM REQUEST FOR PROPOSAL DOA/HRD-RFP-GHI-13-001**

Dear Ms. Manglona:

Our office represents TakeCare Insurance Company, Inc. ("TakeCare"), an offeror that responded to Government of Guam Request for Proposal DOA/HRD-RFP-GHI-13-001 (the "RFP"). This letter shall constitute a formal protest of this RFP by TakeCare pursuant to 5 G.C.A. §5425 and 2 G.A.R. §9101 ("Protest"). TakeCare's address is Baltej Pavilion, Suite 308, 415 Chalan San Antonio, Tamuning, Guam 96913. Jeffrey P. Larsen is TakeCare's Chief Operations Officer and the individual designated as the contact person to communicate with the Government of Guam on TakeCare's proposal in response to the RFP. Mr. Larsen's email address is jeffrey.larsen@takecareasia.com and his telephone number is 300-7107 or 646-6956 ext. 7107. Pursuant to 2 G.A.R. §9101(c)(1), this Protest is being filed in duplicate.

SUMMARY OF PROTEST

TakeCare protests the method of source selection on the following grounds: (1) the Government of Guam Health Insurance Negotiating Team (the "Negotiating Team") failed to adopt rules of procedure as required by the Guam Legislature; (2) the rules of procedure used by the Negotiating Team were unclear and inadequate; (3) the Department of Administration ("DOA") and the Negotiating Team failed to follow the RFP General

Procedures; (4) DOA and the Negotiating Team improperly retracted TakeCare's ranking and re-ranked TakeCare; (5) DOA and the Negotiating Team improperly reversed a finding that Offeror No. 2 was nonresponsive; (6) DOA and the Negotiating Team may negotiate with more than three offerors; (7) DOA and the Negotiating Team evaluators improperly changed ranking scores; (8) DOA and the Negotiating Team refused to identify the evaluators who ranked the offerors; (9) DOA and the Negotiating Team erroneously ranked TakeCare in violation of the law; and (10) DOA and the Negotiating Team acted in bad faith.

Finally, TakeCare reserves its right to supplement and modify the grounds for this Protest, as its investigation is ongoing.

REQUEST FOR DOCUMENTS

Pursuant to 2 G.A.R. §9101(f), TakeCare requests all documents related to the RFP, including, but not limited to the following:

(1) the complete procurement file, proposals of all offerors, evaluations of all offerors and all supporting documents;
(2) the responses of all offerors and any communications between any offeror and any representative of the Government of Guam;
(3) any documents relating to the scoring of offerors or ranking of offerors;
(4) any documents relating to the disqualification of any offeror or any modification or retraction of a disqualification;
(5) any documents relating to any finding that an offeror was nonresponsive or any modification or retraction of a nonresponsive offer;
(6) any documents relating to promulgation, pursuant to the Administrative Adjudication Law ("AAL"), by DOA, the Negotiating Team or any agency of the Government of Guam of any procedures regarding the bidding or evaluation process;
(7) any audio records, minutes or notes of meetings of government officials or any member of the Negotiating Team relating to the evaluation process, discussion of that process or ranking of offerors;
(8) the draft of the critical letter referred to in DOA's Evaluation Memorandum provided to TakeCare;

(9) all communications and transmittals between DOA, the Negotiating Team and Offeror No. 2;
(10) any documents relating to the selection of an offeror to negotiate with the Negotiating Team, including any correspondence sent to an offeror invited to negotiate;
(11) any documents related to TakeCare's August 7, 2012 letter to DOA requesting reconsideration;
(12) a copy of the memorandum referred to by Assistant Attorney General John Weisenberger in his July 27, 2012 email to Attorney June Mair;
(13) any and all versions, including all drafts, prepared of the Evaluation Memorandum provided to TakeCare on August 6, 2012; and
(14) any and all contracts or agreements between the Hay Group and the Government of Guam and/or DOA for consulting services, including but not limited to consulting services for the fiscal year 2013 Group Health Insurance program.

REQUEST FOR STAY

Further, as provided by 2 G.A.R. §9101(c), TakeCare requests that the procurement be stayed and that no award of the Government of Guam Group Health Insurance contract(s) be made until the resolution of this Protest.

FACTUAL BACKGROUND

A. Issuance of RFP and Timely Submission of Proposal by TakeCare

On June 5, 2012, DOA issued the subject RFP.[1] Prospective offerors were required to register as an interested party by completing the "Acknowledgement of Receipt of RFP" and submitting the Acknowledgement by 4:00 p.m., June 11, 2012. Proposals in response to the RFP were required to be submitted to the Director of DOA no later than 4:00 p.m.,

[1] In addition to the exhibits referred to in this Protest, TakeCare is submitting under seal the RFP, TakeCare's July 27, 2012 proposal and TakeCare's August 1, 2012 response to the July 31, 2012 request for clarification, which documents are attached and incorporated herein by this reference. TakeCare's proposal and responses are confidential and proprietary information and are not to be disclosed to third parties.

June 27, 2012. An electronic version of the proposal was required to be uploaded to a secure data site no later than 4:00 p.m., June 28, 2012.[2]

The RFP required that an offeror submit a proposal made up of two parts—an exclusive proposal and a non-exclusive proposal. RFP, p. 3; *See* Public Law 31-197 (codified at 4 G.C.A. § 4302(c)) ("P.L. 31-197"). A copy of P.L. 31-197 is attached hereto and incorporated herein as Exhibit A. Specifically, the RFP provided:

> A qualified proposal shall consist of two independent proposals: an exclusive proposal and a non-exclusive proposal. To be **qualified,** pursuant to 4 GCA § 4202(c)[sic], as amended by P.L. 31-197, an offeror shall submit a proposal made up of two parts; first, an exclusive proposal, and second, a non-exclusive proposal, and meet the minimum requirements specified in the RFP.

RFP, p. 11. With regard to the proposal evaluation and negotiation procedures, the RFP states:

> For purposes of evaluations, exclusive proposals will be evaluated and ranked together. Non-exclusive proposals will be evaluated and ranked together.
>
> The offerors will be ranked in accordance with the number of total points. The three highest ranked offerors will be invited to enter into negotiations with the government. The offerors will be ranked in accordance with the number of total points for each category, and the offeror with the highest number of points will be considered the first ranked for purposes of determining the order of negotiations in Phase III if an invitation to negotiate is extended. The government will negotiate with offerors in accordance with their ranking, beginning with the first ranked, but only to the extent of the

---

[2] On June 12, 2012, DOA issued Amendment I to the RFP, amending Exhibit E, Claims Data through January 2012 for the Medical and Dental Plans and pages 37 – 38 of the RFP. On June 18, 2012, DOA issued Amendment II to the RFP, amending the excel file for Exhibit B, Parts 1 and 2, of the RFP. That same date, DOA issued Amendment III to the RFP, which was an amendment to the June 12, 2012 Amendment I. On June 21, 2012, DOA issued Amendment IV to the RFP, amending page 12, number 6 and page 16, number 7. That same date, DOA issued a Response to inquiries posed by prospective offerors. Further, on that day, DOA issued a correction to Response #40.

> offeror's negotiators be available on the dates scheduled with the government for negotiations.

RFP, p. 17.

On June 27, 2012, TakeCare timely submitted both its exclusive and non-exclusive proposal (the "TakeCare Proposal") in response to the RFP.[3] Likewise, on that same date, TakeCare timely submitted an electronic version of the TakeCare Proposal in compliance with the requirements of the RFP.

B. Notice by DOA of Completion of Phase I and Phase II of the RFP Process

On July 5, 2012, Benita Manglona, the Director of DOA, issued a letter to Jeffrey Larsen, Chief Operations Officer of TakeCare, discussing DOA's Preliminary Review of the proposals submitted and its completion of the Phase I evaluation required by the RFP (the "July 5, 2012 letter"). A copy of the July 5, 2012 letter is attached hereto and incorporated herein as Exhibit B. The July 5, 2012 letter stated the following:

> We have now proceeded to Phase II, Evaluation of Information by the Negotiating Team. In the event your company meets all the criteria and is ranked as one of the top three (3) highest rated exclusive and/or non-exclusive offeror, you will receive notification from our office inviting your company to proceed with Phase III, Negotiating Process.

See Exhibit B.

C. Conclusion of Evaluation, Ranking and Notice to Negotiate

In accordance with the RFP and her July 5, 2012 letter, Ms. Manglona issued a letter to Mr. Larsen advising him that the government had concluded Phase II, Evaluation of Information, on July 26, 2012 (the "July 26, 2012 letter"). A copy of the July 26, 2012 letter is attached hereto and incorporated herein as Exhibit C. The letter informed TakeCare of the following:

> Your company has ranked amongst the top three for both the exclusive and non-exclusive plans, and therefore, this is to invite your company to Phase III, the Negotiations Process.

---

[3] A copy of TakeCare's Proposal is attached and submitted under seal.

See Exhibit C. The July 26, 2012 letter further informed TakeCare that "Negotiation with your company is scheduled to commence at 9:00 a.m., July 27, 2012." *See* Exhibit C. Despite the short notice, pursuant to the instructions of the Negotiating Team, TakeCare arranged several meeting rooms at the Guam Hilton Hotel to provide a venue for the negotiations.

D. Cancellation of Negotiations and Retraction of Notice to Negotiate

Although TakeCare was prepared to move forward with negotiations the morning of July 27, 2012, Assistant Attorney General John Weisenberger and Ms. Manglona verbally informed TakeCare that negotiations with TakeCare were being cancelled and that DOA's July 26, 2012 letter inviting TakeCare to negotiate was being withdrawn. Attorney Weisenberger told a room full of TakeCare representatives that it was his fault that the negotiations were being cancelled because he had not noticed certain issues on several proposals, including TakeCare's proposal, during the evaluation of the proposals.

In response to Mr. Larsen's inquiry as to whether TakeCare was being "disqualified" from the process, Ms. Manglona assured TakeCare that it was not being disqualified. In further response to a request by TakeCare's attorney June Mair, Attorney Weisenberger informed TakeCare that he would be providing TakeCare with a memorandum concerning the matter later that day which would contain the reasons for the cancellation of the negotiations. Attorney Weisenberger also agreed to discuss the cancellation with TakeCare's attorney via telephone that day.

Later during the day of July 27, 2012, Attorney Weisenberger telephoned Attorney Mair. He explained that in his opinion some of TakeCare's responses to the RFP were nonresponsive but that he had not seen the responses before the Negotiating Team ranked the proposals, concluded Phase II, and sent a written invitation to TakeCare to negotiate. He told Attorney Mair that he could have delivered the memorandum with the reasons for the withdrawal of the letter to Mr. Larsen that morning, but he decided not to so that he could review the other proposals as well to determine if such proposals also included nonresponsive responses.

Attorney Weisenberger further told Attorney Mair that he wanted to ensure that all of the offerors were presenting proposals for the same product, and that under his review, another offeror that had been left out would consequently be allowed to "come back in" to the procurement process. He informed Attorney Mair that there would be four, instead of three offerors, and that the subsequent review could result in a re-ranking and possibly a rejection, depending on what he found. However, regardless of the re-ranking, in response to her specific question about how many carriers would be allowed to negotiate, he said that negotiations would take place with all responsive carriers. During the telephone

conversation, Attorney Weisenberger again stated that he would provide Attorney Mair with a copy of the memorandum to TakeCare later that day.

Although TakeCare representatives, including its attorney, were informed by Attorney Weisenberger that it would be provided with a memorandum concerning the sudden cancellation of negotiations later that day (July 27, 2012), no memorandum was delivered to TakeCare. Instead, Attorney Weisenberger sent an e-mail correspondence to Attorney Mair after his telephone conversation with her stating:

> I reviewed the memorandum we discussed concerning issues that have been raised by my review of the proposed TakeCare contract submitted with its offer to the government of Guam in the matter referenced above. In light of the fact that a review is being done of all proposals to assure that each proposal is responsive to the RFP, and that some of the items on my proposed memorandum may rise to the level of being a material discrepancy from the Request for Proposals, I am not able to provide it to you at this time.

A copy of the July 27, 2012 e-mail correspondence is attached hereto and incorporated herein as Exhibit D.

Additionally on July 27, 2012, Ms. Manglona issued a letter to TakeCare addressed to Mr. Larsen, which stated the following:

> This is to officially advise you the government is retracting its letter dated July 28, 2012 on the above referenced issue. The government is currently in Phase II, Evaluation of Information, and will further advise you of TakeCare's status upon further review of the submitted proposal.

A copy of Ms. Manglona's July 27, 2012 letter to Mr. Larsen is attached hereto and incorporated herein as Exhibit E.

E. The Negotiating Team Requests Clarification of TakeCare's Proposal

On July 31, 2012, Ms. Manglona, on behalf of the Negotiating Team, issued a letter to TakeCare addressed to Mr. Larsen requesting clarification of TakeCare's proposal. Mr. Larsen received Ms. Manglona's letter via email at exactly 10:53 a.m. on July 31, 2012. The Negotiating Team requested clarification of three issues, and required TakeCare to respond with less than 24 hours notice, by 9:00 a.m. on August 1, 2012. A copy of the July 31, 2012 letter is attached hereto and incorporated herein as Exhibit F. Although

TakeCare, through both a telephonic and email request to Ms. Manglona, requested an additional day to respond to the July 31, 2012 letter, Ms. Manglona denied the request.

F. TakeCare Timely Responds to the July 31, 2012 Letter

The following morning on August 1, 2012, TakeCare timely submitted its response to Ms. Manglona's July 31, 2012 letter, including the requested clarifications, from the Negotiating Team prior to 9:00 a.m.[4] A copy of TakeCare's August 1, 2012 response, without attachments, is attached hereto and incorporated herein as Exhibit G. As noted in the August 1, 2012 response, TakeCare disputed the Negotiating Team's assertion that the TakeCare proposal in response to the RFP was nonresponsive in any way, much less in any material way.

G. TakeCare is Informed that It Failed to Rank as One of the Top Three Offerors in Either the Exclusive or Non-Exclusive Plan Proposals

On August 3, 2012, Ms. Manglona issued a letter to TakeCare addressed to Mr. Larsen stating that the government had concluded its review of the proposals received. A copy of the August 3, 2012 letter from Ms. Manglona is attached hereto and incorporated herein as Exhibit H. Ms. Manglona stated in the August 3, 2012 letter that:

> The RFP, as required by Public Law 30-93[5] requires the negotiation team to negotiate for an exclusive and non-exclusive plan with the top three highest rated offerors for both categories. Your company did not place amongst the top three in the overall rating. Negotiations are now underway.

See Exhibit H.

H. DOA Requests a Meeting with TakeCare to Discuss the RFP Evaluation

After providing TakeCare with the August 3, 2012 letter, Ms. Manglona left a message for Mr. Larsen informing him that she, along with Attorney Weisenberger and a representative from the Hay Group, wanted to meet with TakeCare to discuss the RFP

---

[4] A copy of TakeCare's August 1, 2012 response is attached and submitted under seal.

[5] The citation to Public Law 30-93 is incorrect. Public Law 30-93 repeals the continuing clause requirement of 4 G.C.A. §4301(g) and repeals and re-enacts 4 G.C.A. §4302(g), which requires health insurance companies contracting with the government of Guam to provide certain detailed claims utilization. Public Law 30-93 does not address the ranking of offerors.

evaluation on Monday, August 6, 2012. Mr. Larsen confirmed a meeting with Ms. Manglona for August 6, 2012 at 2:00 p.m.

On August 6, 2012, Mr. Larsen, Timothy Ogata, TakeCare's Health Plan Administrator, and Dana Gutierrez, an attorney for TakeCare, met with Ms. Manglona, Attorney Weisenberger and Marie Dufresne of the Hay Group. At the start of the meeting, Attorney Weisenberger provided TakeCare with a draft Evaluation Memorandum for review. A copy of the draft Evaluation Memorandum is attached hereto and incorporated herein as Exhibit I. Attorney Weisenberger stated that although the Evaluation Memorandum was a draft, it was close to being in final form.

During the meeting, Attorney Weisenberger informed TakeCare that at the time negotiations were scheduled with TakeCare, he determined that it was necessary for the Negotiating Team to go back and "competently" review the offers, as up until that point, the Negotiating Team had not reviewed the offers competently. He further stated that this would be the third time, presumably, the Negotiating Team needed to check if offers were responsive. Attorney Weisenberger noted that the failure on the part of the Negotiating Team, if there was a failure at all, was to properly assess the responsiveness of proposals. In response to TakeCare's verbal request for DOA and the Negotiating Team to reconsider its decision, Attorney Weisenberger noted that although he had no idea if it could be done or if the Government was considering it, the Government "could decide to set this whole process aside."

DISCUSSION

A. General Legal Principles of Government Contracting

The law governing procurement of government contracts sets forth certain basic principles. First, "[t]he dictates of public policy require that all responsible bidders shall have the opportunity to compete, and accordingly devices or unreasonable actions by authorities which are designed or tend to limit the list of qualified bidders are presumed to be injurious to the taxpayer and are illegal." 10 Eugene McQuillan, *The Law of Municipal Corporations* §29.44 (3rd ed. Rev. 1990).

Second, agency discretion in awarding contracts "must be exercised fairly and reasonably within the spirit of the law." McQuillan, §29.72 (Awarding Contracts; discretion).

Third, minor variances will not invalidate a bid. *Id.*, §29.65. Mere irregularities in the form of a bid will not justify its rejection. *Id.*, §29.78.

Fourth, the purpose of competitive bidding is to enable a public contracting authority to obtain the best work at the lowest possible price while guarding against favoritism and fraud. Cedar Bay Constr. Inc. v. Fremont, 552 N.E.2d 202 (Ohio 1990).

Finally, case law makes it plain that agencies cannot simply make up rules as they go along. "Members of the public, and others affected thereby, should not be subjected to critical agency rules and regulations that are known only by agency personnel." Hallmark Cards, Inc. v. Kansas Dept. Of Commerce And Housing, 88 P.3d 250, 257 (Kan. App. 2004). "If a state agency suddenly applies a new (but unpromulgated) generally applicable policy, even *within* a case-specific adjudication, the agency may be at fault for failure to promulgate the new policy." Degraffenreid v. State Bd. of Mediation, (Slip. Op.) --- S.W.2d ---, 2012 WL 1499890 (Mo. Ct. App. May 1, 2012), reh'g and/or transfer denied (May 29, 2012).

These and other essential principles guide our analysis of the multiple transgressions that occurred in the instant procurement.

B. The Negotiating Team Failed To Promulgate New Rules of Procedure

Public Law 31-197 mandates that "[t]he Negotiating Team *shall* develop its rules of procedure in accordance with the Administrative Adjudication Law." Under the AAL, the word "rule" means "any rule, regulation, standard, classification, procedure or requirement of any agency designed to have or having the effect of law or interpreting, supplementing or implementing any law enforced or administered by it . . ." 5 G.C.A. §9107.

Promulgation of rules and procedures pursuant to the AAL requires publication, hearing, and transmittal to the Legislature with an economic impact statement. 5 G.C.A. §9301 *et. seq.* All rules and procedures developed in accordance with the AAL must be published. 5 G.C.A. §9305. The method of developing rules and procedures set forth in the AAL is "the only lawful method of adopting and promulgating administrative rules and regulations." 5 G.C.A. §9311.

The Negotiating Team failed to develop any rules or procedures pursuant to the AAL as required by P.L. 31-197. In particular, no rules or procedures were developed by the Negotiating Team pursuant to the AAL regarding:

(1) the procedures to determine the minimum qualifications for proposals to be submitted for health insurance coverage;
(2) the procedures to rank offers;
(3) the procedures to determine when an offer is nonresponsive;

(4) the procedures to reject an offer as nonresponsive;
(5) the procedures to reverse or modify a finding that an offer is nonresponsive and should be rejected;
(6) the procedures to notify an offeror that it was qualified and selected as one of the top three offerors;
(7) the procedures to negotiate with an offeror;
(8) the procedures to reverse or modify a finding that an offeror was qualified and selected as one of the top three offerors;
(9) the procedures to insure that the individual Negotiating Team member rankings were conducted in such a manner so as not to improperly influence each other;
(10) the procedures pertaining to when and how individual Negotiating Team members could disclose their rankings to each other;
(11) the procedures pertaining to when or how individual Negotiating Team members could correct or modify their rankings; and
(12) the procedures relating to the disclosure of the identity of individual Negotiating Team members so that offerors could challenge their participation in the process because of potential or actual conflicts of interest.

"Administrative agencies and their executive officers are creatures of statute and delegates of the Legislature . . . They have no general or common-law powers but only such as have been conferred upon them by the law expressly or by implication." Ada v. GTA, 1999 Guam 10, ¶11. The Negotiating Team's authority to negotiate with potential health care offerors pursuant to P.L. 31-197 is conditioned upon it first developing "rules of procedure in accordance with the Administrative Adjudication Law."

As one court has recently cautioned, "[t]he effect of an agency's failure to promulgate a regulation in accordance with these various statutory requirements is to have the regulation declared a nullity." Borough of Bedford v. Com., Dept. of Envtl. Prot., 972 A.2d 53, 62 (Pa. Commonwealth Ct. 2009). Where the statute itself contains a clear command that the agency proceed by rulemaking, failure to promulgate regulations specifying comprehensive and complete standards coupled with an application of informal standards on a case-by-case basis, may lead to the agency action being stricken as arbitrary, capricious, and otherwise not in accordance with law. *See, e.g.*, Ethyl Corp. v. E.P.A., 306 F.3d 1144, 1149–50 (D.C. Cir. 2002).

Inasmuch as the Negotiating Team has not developed *any* rules of procedure in accordance with the AAL, much less those involving the issues in dispute in this bid

protest, all of its negotiations are *ultra vires* and void. The solicitation should be cancelled pursuant to 2 G.A.R. §9105, and all proposals should be rejected in whole pursuant to 2 G.A.R. §3115. *See also* 5 G.C.A. §5451 ("If prior to award it is determined that a solicitation or proposed award of a contract is in violation of law, then the solicitation or proposed award shall be: (a) cancelled; or (b) revised to comply with the law.").

C. The Rules of Procedure used by the Negotiating Team were Unclear and Inadequate

Instead of properly promulgating rules of procedure pursuant to the AAL, the Negotiating Team instead attached "General Procedures" to the RFP. A copy of the General Procedures is attached hereto and incorporated herein as Exhibit J. These rules of procedure are null and void because they were not promulgated pursuant to the AAL. In addition, the General Procedures are also unclear and inadequate.

For instance, the General Procedures: (1) Do not explain whether the evaluators individually or collectively assign weight on a scale from 0 to 5 in Phase II; (2) Do not explain how the relative points are derived by multiplying the relative weight by the points assigned by the Negotiating Team; (3) Do not explain the minimum factors which will be rated; and (4) Do not explain "each category" to be ranked. In addition, certain sentences in Phase II of the General Procedures are simply incomprehensible. All of these problems could have been corrected had the Negotiating Team simply complied with the law and the Negotiating Team promulgated the General Procedures pursuant to the AAL.

As shall be discussed below, in the absence of clear procedures, the Negotiating Team was merely "making it up as they went along," acting in an arbitrary and capricious manner, and denying TakeCare due process of law.

D. DOA and the Negotiating Team Failed to Follow the RFP Requirements and Procedures

In addition to DOA and the Negotiating Team not having the General Procedures approved pursuant to the AAL, they also failed to follow the General Procedures. As reflected in the draft Evaluation Memorandum, DOA and the Negotiating Team: (1) Failed to require Offeror No. 2 to submit a proposed contract as required by the RFP; and (2) Only allowed TakeCare one day to clarify its offer when the General Procedures require that TakeCare be given three days to do so. *See* RFP, p. 42; Exhibit I, p. 2; and Exhibit J, p. 18.

"It has become axiomatic that an agency is bound by its own regulations." Service v. Dulles, 354 U.S. 363, 77 S.Ct. 1152, 1 L.Ed.2d 1403 (1957). Administrative rules and regulations have the force and effect of law, and an administrative agency must follow its

own rules and regulations or face reversal of its action. RME Petroleum Co. v. Wyoming Dept. of Revenue, 150 P.3d 673 (Wyo. 2007).

An agency's action in violation of its own rule or regulation, which causes prejudice to the party against whom the agency has acted, is subject to vacation pursuant to the Administrative Procedure Act, when a violation of a rule of internal administrative procedure impacts a substantial right. Pollock v. Patuxent Inst. Bd. of Review, 374 Md. 463, 823 A.2d 626 (2003). *See also* Henry v. Corp. Comm'n of State of Okl., 825 P.2d 1262, 1267 (Okla. 1990) ("The Commission's failure to follow its own procedural rule vitiate such actions where prejudice results.").

Our Supreme Court has made it plain that where a procurement procedure is contrary to the law, the procedure must be invalidated and the proposed award cancelled. Fleet Servs. Inc. v. DOA, 2006 Guam 6, ¶¶2, 36 (citing 5 G.C.A. §5451).

E. Retracting and Re-Ranking of TakeCare

DOA and the Negotiating Team improperly retracted TakeCare's ranking and re-ranked TakeCare. On July 5, 2012 the Negotiating Team reviewed the submitted proposals and had completed the Phase I evaluation required by the RFP. *See* Exhibit B. By July 26, 2012, the Negotiating Team had concluded its evaluation of information under Phase II, and informed TakeCare that it "ranked amongst the top three for both the exclusive and non-exclusive plans," and therefore was invited to the "Negotiations Process" under Phase III. *See* Exhibit C. The July 26, 2012 letter further informed TakeCare that "[n]egotiation with your company is scheduled to commence at 9:00 a.m., July 27, 2012." *See* Exhibit C.

On the morning of July 27, 2012, however, Attorney Weisenberger and Ms. Manglona verbally informed TakeCare that negotiations scheduled with TakeCare were cancelled that the July 26, 2012 negotiation letter was withdrawn because issues had arisen regarding the evaluation of proposals. As noted above, the Negotiating Team had not promulgated any rules of procedure to follow when conducting what Ms. Manglona later referred to as a "retraction," and, as discussed below, there are no rules of procedure authorizing such an action. In response to Mr. Larsen's inquiry concerning whether TakeCare was "disqualified" from the process, Ms. Manglona assured TakeCare that it was "not disqualified."

In an email sent by Attorney Weisenberger to TakeCare that same day, Attorney Weisenberger represented that he had some "issues" based on his "review of the proposed TakeCare contract." *See* Exhibit D. Attorney Weisenberger further represented that "a review is being done of all proposals to assure that each proposal is responsive to the RFP." *See* Exhibit D. Later that day, Ms. Manglona issued a letter to TakeCare stating

that DOA retracted "its letter dated July 26, 2012" and that the Government of Guam was "currently in Phase II, Evaluation of Information." *See* Exhibit E. Finally, TakeCare received notice on August 3, 2012 that the Government of Guam had concluded its review of the proposals received and that TakeCare "did not place amongst the top three in the overall rating." *See* Exhibit H. In addition, TakeCare was further notified that the negotiations were "now underway." *See* Exhibit H.

Guam's procurement regulations related to competitive selection provide that after a request for proposal issues, submitted proposals are then to "be evaluated only on the basis of evaluation factors stated in the Request for Proposals." 2 G.A.R. §3114(f)(2). Next, "[t]he head of the agency conducting the procurement or a designee of such officer shall evaluate all proposals submitted and may conduct discussions with any offeror." 2 G.A.R. §3114(i)(1). These discussions are meant to "determine in greater detail such offeror's qualifications," as well as to "explore with the offeror the scope and nature of the required services, the offeror's proposed method of performance, and the relative utility of alternative methods of approach." *Id.*

Thereafter, "[a]fter conclusion of validation of qualifications, evaluation, and discussion as provided in §3114(i) (Discussion), the head of the agency conducting the procurement or a designee of such officer shall select, in the order of their respective qualification ranking, no fewer than three acceptable offerors (or such lesser number if less than three acceptable proposals were received) deemed to be the best qualified to provide the required services." 2 G.A.R. § 3114(j).

Accordingly, as the regulations reveal, there is no authorization under Guam procurement law that permits agencies to engage in the unsanctioned "retraction" and re-ranking of TakeCare after the agency has completed its Phase I evaluation of the proposals, completed Phase II of its evaluation, and then ranked TakeCare "amongst the top three." To the contrary, under Guam law, DOA and the Negotiating Team were required to have fully and thoroughly evaluated all proposals submitted and to have conducted any necessary discussions with TakeCare *prior to ranking*. 2 G.A.R. §3114(i)(1), 2 G.A.R. §3114(j) (emphasis added). Only after the "conclusion of validation of qualifications, evaluation" and discussions with the offeror can the agency select its most qualified offers. 2 G.A.R. §3114(j). Thus, DOA and the Negotiating Team violated these regulatory provisions when it issued its retraction to negotiate with TakeCare.

F. Reversal of Finding That Offeror No. 2 Was Nonresponsive

DOA and the Negotiating Team initially found Offeror No. 2 to be nonresponsive, but then ruled otherwise to avoid embarrassment by a critical letter. Specifically, on July 23, 2012 the Negotiating Team concluded that Offeror No. 2 was nonresponsive. *See* Exhibit I, p.2. The next day, on July 24, 2012, a Negotiating Team member threatened to

place a draft letter in the procurement file that was very critical of that "decision and the process." *See* Exhibit I, pp. 2-3. The Negotiating Team on July 25, 2012, in exchange for an agreement that the critical letter not be placed in the record, voted to allow the Hay Group to conduct an evaluation, which eventually resulted in Offeror No. 2 being allowed to amend its proposal on July 31, 2012. *See* Exhibit I. The fact that the Negotiating Team took this action to avoid critical comments about it being placed in the record, and then permitted Offeror No. 2 to submit an amended proposal, is disturbing to say the least.

Such conduct is also in violation of Guam Procurement Law. Pursuant to the RFP, under the Section titled "Special Reminder to Prospective Offerors," "[a]ll hard copies of proposals must be received by the Director of the Department of Administration no later than **4:00 p.m., June 27, 2012, Guam time**." RFP, p. 5 (emphasis in original). Moreover, "[h]ard copies of the entire proposal (including hard copies of the Questionnaire and Pricing portions) must be received by the due date." *Id.* In addition, "[a]n electronic version of the proposal must be uploaded to the secure Data site no later than **4:00 p.m., June 28, 2012, Guam time**." *Id.* (emphasis in original). This Section expressly provides that "[c]ompliance" with these deadlines are "mandatory." *Id.* at 3.

The RFP again reflects this deadline and expressly requires that "[a]ll hard copies of the entire proposal, including a printed copy of the excel file must be received by the Director of the Department of Administration no later than **4:00 p.m., June 27, 2012, Guam time**" and with the electronic version of the proposal to be "uploaded by **4:00 p.m., June 28, 2012, Guam time**." RFP, p. 16 (emphasis in original). In addition, the RFP further provides that "[n]o proposal will be accepted after the deadline for submitting proposals." *Id.* Thus, "[i]f a proposal is delivered to the Government of Guam after the deadline for submission, it will be time-stamped and dated by the Government" and "are considered non-responsive and will not be considered by the Government." RFP, p. 16.

In this instance, DOA and the Negotiating Team permitted Offeror No. 2 to submit a proposal after the time to file such proposals had expired. Such conduct by DOA and the Negotiating Team clearly violated the RPF procedures, which prohibited the consideration of an Offeror's amended proposal, and instead required the Negotiating Team to consider the proposal as "non-responsive."[6]

---

[6] It should also be noted that at the time the Negotiation Team considered allowing Offeror No. 2 an opportunity to submit an amended proposal, aside from nine (9) other issues of non-conformance, Offeror No. 2's proposal "lacked a copy of a proposed contract," a document that was required to be submitted under the RFP. *See* Exhibit I; *See also* RFP, p. 42 (requiring that an offeror "submit their proposed contracts").

G. Failure To Separately Rank Exclusive And Non-Exclusive Proposals

Public Law 31-197 requires that the Negotiating Team "solicit both exclusive and non-exclusive proposals" from each offeror. Thereafter, Public Law 31-225 ("P.L. 31-225") clarified that "exclusive" proposals were to be based on an assumption that the government would contract with only one health care plan insurer. A copy of P.L. 31-225 is attached hereto and incorporated herein as Exhibit K. In contrast, "non-exclusive" proposals were to be based on an assumption that the government would contract with only three health insurance providers.

DOA and the Negotiating Team are then required to separately evaluate and rank proposed exclusive and non-exclusive plans. In simple terms, there should have been *at least* three ranked offerors for an exclusive plan, and three separately ranked offerors for the non-exclusive plan. RFP, p. 17. The RFP further provides that offerors will be ranked in accordance with the number of total points for each category, and the offeror with the highest number of points will be considered the first ranked for purposes of determining the order of negotiations in Phase III. RFP, p. 17.

TakeCare submitted its proposals for both its exclusive and non-exclusive plans to DOA on July 27, 2012. As noted above, DOA and the Negotiating Team should have separately ranked TakeCare's proposals for its exclusive and non-exclusive plans. However, on August 3, 2012, TakeCare was notified of its ranking only for its "exclusive plan" and told that its "overall rating" was not "amongst the top three." *See* Exhibit H. TakeCare has never been advised of its individual rankings for each of its proposed plans: exclusive and non-exclusive. In fact, to TakeCare's knowledge, the Negotiating Team has not individually ranked the plans separately, *i.e.*, identified the top three offerors for an exclusive plan, and then identified the top three offerors for a non-exclusive plan. As such, DOA and the Negotiating Team have failed to properly evaluate and rank the proposals submitted for the exclusive and non-exclusive plans in conformance with the RFP procedures and Guam law.

H. Negotiating Team May Negotiate With More Than Three Offerors

DOA and the Negotiating Team concluded that TakeCare and Offeror No. 4 were in a "virtual tie." *See* Exhibit I, p. 6. However, Attorney Weisenberger advised the Negotiating Team that they could "only" negotiate with three offerors. TakeCare respectfully submits that this advice is in error, especially as it relates to non-exclusive plans.

Public Law 31-197 states that the Negotiating Team "shall solicit both exclusive and non-exclusive proposals from each Health Insurance Provider and enter into negotiations with the top three (3) ranked Health Insurance Providers . . ." Nothing in P.L.

31-197 prohibits the Negotiating Team from negotiating with more than three offerors. P.L. 31-197 merely requires the Negotiating Team to negotiate with a minimum of three offerors.

Subsequent to the enactment of P.L. 31-197, P.L. 31-225 clarified that the Negotiating Team could negotiate an exclusive plan with "up to three different health insurance providers." *See* Exhibit K. However, P.L. 31-225 placed no such ceiling on the number of offerors for non-exclusive providers with whom the Negotiating Team could negotiate. Thus, under Guam law, the Negotiating Team was certainly not prohibited from negotiating with more than three insurers offering to provide non-exclusive plans.

Guam's procurement regulations provide that the policies underlying Guam's Procurement Law include the following: providing for increased public confidence in the procedure followed in public purchasing; exercising fair and equitable treatment of all persons who deal with the procurement system of this territory; providing for increased economy in procurement activities and to maximize to the fullest extent practicable the purchasing value of public funds; and fostering effective broad-based competition within the free enterprise system. 2 G.A.R. §1102.

There are only four major health care insurers in Guam, namely Calvo's SelectCare, TakeCare, StayWell and NetCare. Negotiating with all four of Guam's major health care insurers ultimately promotes maximum competition. Reducing the number of offerors produces anticompetitive results since it eliminates competition. Under Guam's procurement regulations, anticompetitive practices are prohibited. *See* 2 G.A.R. §3126(a). Moreover, allowing the four major health insurers to negotiate with the Government of Guam promotes fair and open competition, which would reduce "the opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically." Model Procurement Code Official Commentary No. 3 to MPC §3-201.

I. Negotiating Team Evaluators Improperly Changed Scores

According to DOA's Evaluation Memorandum provided to TakeCare on Monday, August 6, 2012, after the ranking of the various offerors, it appears the evaluators reviewed each other's scores, and then one member amended his/her scores because he/she supposedly transposed results for one of his/her scores incorrectly; and another had "misunderstood" the directions for scoring. *See* Exhibit I, pp. 5-6. One evaluator had allegedly given offerors identical scores despite having different rates. There are no rules or procedures permitting evaluators to review each other's scores and then amend them. Doing so results in evaluators influencing each other, and allows evaluators to adjust their scores so as to improperly influence the ranking results.

J. The Identity of the Evaluators May Not be Concealed

DOA and the Negotiating Team have refused to identify the evaluators who concluded that TakeCare was not among the top three offerors. With respect to Government of Guam employees, Guam procurement law provides that "[i]t shall be a breach of ethical standards for any employee to participate directly or indirectly in a procurement when the employee knows that: (i) the employee or any member of the employee's immediate family has a financial interest pertaining to the procurement; (ii) a business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or (iii) any other person, business, or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement." 2 G.A.R. §11105(a)(1); *See also* 5 G.C.A. §5628(a).

Guam procurement law further provides that "[u]pon discovery of an actual or potential conflict of interest, an employee shall promptly file a written statement of disqualification and shall withdraw from further participation in the transaction involved." 2 G.A.R. §11105(a)(3); *See also* 5 G.C.A. §5628(c). With respect to non-employees, the law provides that "[a]ny effort to influence any public employee to breach the standards of ethical conduct set forth in this Section and §§ 5628 through 5633 of this Chapter is also a breach of ethical standards." *See also* 2 G.A.R. §11103. As a result, the Negotiating Team members with conflicts of interest should have disqualified themselves from consideration of, and further participation in, the instant procurement.

However, TakeCare can hardly challenge an evaluator as being biased or having a conflict of interest if his/her identify is unknown. The refusal of DOA and the Negotiating Team to identify the evaluators denies TakeCare its due process right to challenge evaluators who should be disqualified under Guam law.

K. TakeCare Was Erroneously Ranked in Violation of the Law

Aside from the procedural deficiencies discussed above, the determination that "TakeCare did not place amongst the top three in the overall rating" is without merit. The RFP requires that DOA consider the following factors in its evaluation of each proposal: (1) any qualified audit opinion; (2) the ratio of current assets to current liabilities; (3) adequacy of reserves; (4) ability to generate underwriting gains; (5) history of overall profits or losses; (6) A.M. Best ratings; (7) reinsurance; (8) experience in health insurance or HMO underwriting; (9) experience in third-party administration; and (10) risk-based capital report. RFP, pp. 15-16.

In addition, the proposal must at a minimum demonstrate the following: (1) the plan for performing the required services; (2) ability to perform the services as reflected by technical training and education, general experience, specific experience in providing the required services, and the qualifications and abilities of personnel proposed to be assigned to perform the personnel proposed to be assigned to perform the services; (3) the personnel, equipment, and facilities to perform the services currently available or demonstrated to be made available at the time of contracting, and record of past performance of similar work. 2 G.A.R. §3114(f)(2).

Based on the factors listed above, TakeCare sufficiently satisfies the selection criteria. For instance, TakeCare's predecessor in interest provided health care to Government of Guam employees for several years, much longer than other offerors. In addition, TakeCare has a much larger group of subscribers than other offerors. TakeCare also is the only offeror that has its own clinic, which is centrally located in the village of Tamuning. TakeCare has for several years provided health insurance to federal employees in Guam. Therefore, TakeCare is fully capable of performing the required services outlined in the RFP, and has broad experience in doing so. TakeCare also has the personnel and facilities to provide the services outlined in the RFP, and has provided these services in the past. Accordingly, TakeCare's exclusion as a top three offeror is completely without merit.

L. DOA and the Negotiating Team Have Acted in Bad Faith

Pursuant to Guam Procurement Law, "all parties involved in the negotiation, performance, or administration of territorial contracts to act in good faith." 5 G.C.A. §5003. The procurement regulations also "require all parties involved in the negotiation, performance, or administration of territorial contracts to act in good faith." 2 G.A.R. §1105. The RFP, itself, contains a provision requiring that "all parties involved in . . . the evaluation and negotiation of proposals . . . act in good faith." RFP, p. 9.

Under similar circumstances, courts have held that the arbitrary elimination of a vendor from the evaluation process, "without notice and without first conducting face-to-face negotiations, was clearly unreasonable." Sequoia Voting Sys., Inc. v. Ohio Secy. of State, 796 N.E.2d 598, 605-06 (Ohio Ct. Claims 2003).

During this procurement, DOA and the Negotiating Team have not acted in good faith. The Negotiating Team has failed to adopt rules of procedure as required by the Guam Legislature; the rules of procedure used by the Negotiating Team were unclear and inadequate; they failed to follow the RFP General Procedures; they improperly retracted TakeCare's ranking and re-ranked TakeCare; they improperly reversed a finding that Offeror No. 2 was nonresponsive; they declined to negotiate with more than three offerors;

they improperly changed scores; they refused to identify the evaluators who ranked the offerors; and they erroneously ranked TakeCare in violation of the law.

CONCLUSION

For the reasons set forth herein, TakeCare respectfully requests that DOA cancel the solicitation and that all proposals be rejected in whole pursuant to 2 G.A.R. §3115. In addition, TakeCare also requests all information and documents requested herein. Further, TakeCare requests that the instant procurement be stayed and that no award of the Government of Guam Group Health Insurance contract(s) be made until the resolution of this Protest.

Best regards,

for DAVID A. MAIR

CONCURRENCE:

TAKECARE INSURANCE COMPANY, INC.

By: _____
JEFFREY P. LARSEN
Chief Operating Officer

Attachments

EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

2012 APR -9 PM 4:14

Office of the Governor of Guam

April 5, 2012

31-12-1456 eam

Office of the Speaker
Judith T. Won Pat, Ed. D.
Date 4/9/12
Time 11:58AM
Received by

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'trentai Unu Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

Dear Madame Speaker:

Transmitted herewith is Substitute Bill No. 435-31 (COR) **"AN ACT TO AMEND § 4302(c) OF ARTICLE 3, CHAPTER 4, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO NEGOTIATING AND PROCURING HEALTH INSURANCE SERVICES FOR THE GOVERNMENT OF GUAM"**, which lapsed into law **without** the signature of *I Maga'lahen Guåhan* on March 30, 2012. The legislation is now designated as Public Law 31-197.

Although I concur with the underlying precept of ensuring that the Government of Guam receives the best price for group health insurance, Bill 435 does nothing to accomplish that purpose. It only succeeds to needlessly increase the workload on the negotiating team without any corresponding financial benefit to the government.

Under existing law the negotiating team is tasked with negotiating the best proposal. Bill 435, however, now requires the negotiating team to negotiate six proposals – two offers (exclusive and non-exclusive) from three Health Insurance Providers. In a recent radio interview, the bill's primary author said that the intent of allowing multiple negotiations was to enable the negotiating team to pit one offer against another, to negotiate down the price. By law, this cannot happen.

Guam law expressly prohibits pre-award disclosure of information contained in any proposal. Thus, despite public statements by certain legislators, the negotiating team does not have the authority to disclose to any Health Insurance Provider the ongoing discussions with its competitors. Instead, the negotiating team will by legal necessity have to negotiate six proposals with three different parties without any regard to the status of the other negotiations.

Based upon prior experience, we already know that multiple negotiations does nothing more than cause needless delay in an already lengthy negotiation process. In at least one recent instance, the delay was in excess of a year. Clearly, the promise of increased competition and a reduction in price through Bill 435 is nothing more than illusory; it is a placebo without any real benefit.

Senseramente,

EDDIE BAZA CALVO

Attachment: copy of Bill

1456

Ricardo J. Bordallo Governor's Complex • Adelup, Guam 96910
Tel: (671) 472-8931/6 • Fax: (671) 477-4826 • www.governor.guam.gov

EXHIBIT A

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'LAHEN GUÅHAN*

This is to certify that substitute Bill No. 435-31 (COR), "AN ACT TO *AMEND* § 4302(c) OF ARTICLE 3, CHAPTER 4, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO NEGOTIATING AND PROCURING HEALTH INSURANCE SERVICES FOR THE GOVERNMENT OF GUAM", was on the 19th day of March, 2012, duly and regularly passed.

Judith T. Won Pat, Ed.D.
Speaker

Attested:

Rory J. Respicio
Acting Legislative Secretary

This Act was received by *I Maga'lahen Guåhan* this 19 day of March, 2012, at 7:40 o'clock P.M.

Assistant Staff Officer
Maga'lahi's Office

APPROVED:

EDWARD J.B. CALVO
I Maga'lahen Guåhan

Date: MAR 2 8 2012

Public Law No. 31-197

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) Regular Session

Bill No. 435-31 (COR)
As substituted by Committee on Youth, Cultural Affairs, Procurement, General Government Operations and Public Broadcasting and amended on the Floor.

Introduced by:

v. c. pangelinan
Judith P. Guthertz, DPA
B. J.F. Cruz
T. C. Ada
V. Anthony Ada
F. F. Blas, Jr.
Chris M. Dueñas
Sam Mabini, Ph.D.
T. R. Muña Barnes
Adolpho B. Palacios, Sr.
R. J. Respicio
Dennis G. Rodriguez, Jr.
M. Silva Taijeron
Aline A. Yamashita, Ph.D.
Judith T. Won Pat, Ed.D

AN ACT TO *AMEND* § 4302(c) OF ARTICLE 3, CHAPTER 4, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO NEGOTIATING AND PROCURING HEALTH INSURANCE SERVICES FOR THE GOVERNMENT OF GUAM.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. §4302(c), Article 3, Chapter 4, Title 4 of the Guam Code Annotated is hereby *amended* to read as follows:

"(c) The Government of Guam Health Insurance Negotiating Team shall consist of the Director of Administration, who *shall* be Chairperson; the Administrator of the Department of Integrated Services for Individuals with Disabilities (DISID), or his or her designee; the Director of the Bureau of Budget and Management Research, or his or her designee; an employee

representative from the Judicial Branch to be appointed by the Chief Justice of the Supreme Court of Guam; an employee representative of the Legislative Branch to be appointed by the Speaker of *I Liheslaturan Guåhan*; the Superintendent of the Department of Education, or his or her designee; the Director of the Government of Guam Retirement Fund, or his or her designee; a retiree who is a member of the Government of Guam Retirement Fund to be appointed by the Board of Trustees of the Government of Guam Retirement Fund; one (1) member of the general public, appointed by *I Maga'låhen Guåhan,* who is not an employee of the government of Guam, not an employee of a health insurance company, hospital, or medical provider, or not an appointee by the Governor to any government agency, board or commission, and who shall affirm by affidavit that he or she agrees to comply with all provisions in Chapter 15 of Title 4 of the Guam Code Annotated, also known as the Standard of Conduct for Elected Officers, Appointed Officers, and Public Employees of the government of Guam; the Chairperson of the Committee on Health or the successor committee of *I Liheslaturan Guåhan*, or his or her designee, who shall sit as an ex-officio non-voting member; and the Chairperson of the Committee on Appropriations, or the successor committee of *I Liheslaturan Guåhan,* or his or her designee, who shall sit as an ex-officio non-voting member. The Negotiating Team *shall* examine the financial information of the prepaid health insurance companies, health care providers or other legal entities for the purpose of developing the most economical and beneficial health plan for the Government of Guam employees and retirees. The Negotiating Team may obtain technical support from other financial and health-related agencies. The Negotiating Team *shall* develop its rules of

procedure in accordance with the Administrative Adjudication Law. The Negotiating Team shall develop minimum qualification for proposals to be submitted for health insurance coverage. The Negotiating Team shall also develop a ranking system to rank the proposals. The Negotiating Team with the approval of *I Maga'låhi* is authorized to contract an actuary competent to develop proposed health insurance rates or other recognized expert to train and/or advise the Negotiating Team. Notwithstanding any other provision of law, each Fiscal Year, the Negotiating Team *shall* solicit both exclusive and non-exclusive proposals from each Health Insurance Provider and enter into negotiations with the top three (3) ranked Health Insurance Providers submitting qualified proposals for health insurance coverage for qualified active employees and qualified retirees of the government of Guam.

(1) The Director of the Department of Administration shall plan, and implement prior to discussions for the 2011-2012 Fiscal Year, an expanded competitive Request for Proposal process. The Director shall announce in publications of general circulation in Guam, in top publications nationally and in leading publications internationally, a Request for Proposal from Health Care Insurance Providers for health insurance coverage for qualified active employees and qualified retirees of the government of Guam.

(A) Health Care Insurance Providers that respond and express interest in providing coverage to qualified active employees and retirees shall, if selected, maintain a bona-fide office and operations base in Guam and possess a business privilege license to do business in Guam.

(2) The negotiating team upon selection and review of the best available proposals by participating healthcare respondents/providers which reflect the most economical and beneficial healthcare insurance proposal plan for Government of Guam employees and retirees, shall forward the accepted proposals to *I Maga'lahen Guåhan* for consideration, and to *I Liheslaturan Guåhan* for final approval *no later than* July 31, and *prior* to the annual Legislative Sessions wherein the upcoming Fiscal Year Budget for the Government of Guam is before *I Liheslaturan Guåhan* for consideration;

(3) Within one hundred eighty (180) days of this Act, the Director of the Department of Administration shall issue a Request For Proposal from qualified individuals or firms to conduct a feasibility study for a non-profit public healthcare care insurance option for Guam.

The RFP shall call for a plan that provides for a level playing field with current and future private insurers, and the non-profit public healthcare care insurance option which pays for care from individual premiums and copayments not of the General Fund of the Government of Guam."

Section 2. Severability. *If* any provisions of this Act or the application thereof to any person or circumstance is held invalid, such invalidity *shall not* affect any other provision or application of this Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

Government of Guam
(Gubetnomention Guahan)
Department of Administration
(Dipattamenton Atmenestration)
Post Office Box 884 Hagatña, Guam 96932
Tel: (671) 475-1101/1250 * Fax: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

HRD No.: **OG-12-0549B**

JUL 5 2012

Jeffrey Larsen, Chief Operations Officer
Takecare Insurance
P.O. Box 6578
Tamuning, Guam 96931

Reference: **Government of Guam Request for Proposal DOA/HRD-RFP-GHI-13-001 Preliminary Review**

Hafa Adai Mr. Larsen:

This is to confirm receipt of your company's proposal in response to the above mentioned RFP.

Our office has conducted the Phase I evaluation, initial screening of your company's proposal to ensure compliance of documents as required in the RFP. We have now proceeded to Phase II, Evaluation of Information by the Negotiating Team. In the event your company meets all the criteria and is ranked as one of the top three (3) highest rated exclusive and/or non-exclusive offeror, you will receive notification from our office inviting your company to proceed with Phase III, Negotiation Process.

Negotiations are scheduled to commence on July 23 through August 10. At this time, we are unable to advise you of your specific negotiations dates, however, our office will make best efforts to advise you of such by July 19. Please note that these dates are subject to change and every effort to accommodate these changes is required. Notice may be given within a day of any changes to the negotiations schedule.

Please note that pursuant to Exhibit M, Administrative Procedures, item B, of the RFP, the government is unable to secure a site for the negotiations period. Offeror(s) are hereby advised to make proper accommodations in the event they are invited to proceed to Phase III, therefore, please ensure that all necessary arrangements are made to include the venue and personnel who will be in attendance. The government has approximately 21 members who will be present at the negotiations.

Please note that nothing in this memo is meant to confer a right to be awarded a contract or a right to enter into a contract with the government. This memo is simply for informational purposes only.

Should you have any questions, please contact the Employee Benefits Branch, HR Division at 671-475-1103. *Si Yu'us Ma'ase'.*

Senseramente,

Benita Manglona

BENITA A. MANGLONA, Director
Department of Administration

EXHIBIT B

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

GOVERNMENT OF GUÅHAN
(GUBETNAMENTON GUÅHAN)

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)

DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

HRD No.: OG-12-0556a

JUL 26 2012

Jeffrey Larsen
Chief Operations Officer
TakeCare Insurance Company, Inc.
P.O. Box 6578
Tamuning, Guam 96913

Hafa Adai Mr. Larsen:

This is to advise you that the government has concluded Phase II, Evaluation of Information.

Pursuant to the RFP, the government must negotiate with the top three highest ranked exclusive and non-exclusive offerors. Your company has ranked amongst the top three for both the exclusive and non-exclusive plans, and therefore, this is to invite your company to Phase III, the Negotiations Process.

Negotiation with your company is scheduled to commence at 9:00 a.m., July 27, 2012. Please be prepared to present a 20 minute overview of your company at the commencement of the negotiation proceedings. As noted in our previous memo dated July 5, 2012, these dates are subject to change and notification of such change may be given within a day notice.

As previously stated, the government was unable to secure a site for the negotiation. Therefore, please advise our office of the venue selected by your company as instructed in the Administrative Procedures of the RFP. Please note that the government has approximately 21 members who will be in attendance. Your cooperation in meeting these accommodations is requested.

We look forward to meeting with your company and concluding a successful negotiation. Please note that nothing in this memo is meant to confer a right to be awarded a contract or a right to enter into a contract with the government of Guam. Should you have any questions, please contact the Employee Benefits Branch, Human Resources Division at 671-475-1103/1179. Si Yu'us Ma'ase.

Sanseramente,

Benita Manglona

BENITA A. MANGLONA, Director
Department of Administration

EXHIBIT C

Subject: FW: Proposed memorandum re Contract Review;DOA/HRD-RFP-GHI-13-001.

From: John Weisenberger [mailto:j.weisenberger.ag@guamattorneygeneral.com]
Sent: Friday, July 27, 2012 11:34 AM
To: June Mair
Cc: benita.manglona@doa.guam.gov
Subject: Proposed memorandum re Contract Review;DOA/HRD-RFP-GHI-13-001.

Hi June,

I reviewed the memorandum we discussed concerning issues that have been raised by my review of the proposed TakeCare contract submitted with its offer to the government of Guam in the matter referenced above. In light of the fact that a review is being done of all proposals to assure that each proposal is responsive to the RFP, and that some of the items on my proposed memorandum may rise to the level of being a material discrepancy from the Request for Proposals, I am not able to provide it to you at this time.

The Negotiating Team wishes to be fair with all offerors. I will communicate contract concerns with TakeCare as soon as I am able. In the meantime, the Negotiating Team will complete its review of responsiveness for all offers as soon as possible and advise offerors as appropriate and necessary.

Thank You again for your patience while we take every measure necessary to conduct this solicitation pursuant to the law and regulations. John.

John M. Weisenberger
Assistant Attorney General

Office of the Attorney General
287 West O' Brien Drive
Hagatna, Guam 96910
Telephone Number: (671) 475-3324, extension 3097
Facsimile Number: (671) 472-2493
Email: j.weisenberger.ag@guamattorneygeneral.com
URL: www.guamattorneygeneral.com

EXHIBIT D

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

GOVERNMENT OF GUÅHAN
(GUBETNAMENTON GUÅHAN)

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)

DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

HRD No.: **OG-12-599**

JUL 27 2012

Jeffrey Larsen, Chief Operations Officer
Takecare Insurance
P.O. Box 6578
Tamuning, Guam 96931

Reference: **Government of Guam Request for Proposal DOA/HRD-RFP-GHI-13-001 Retracting letter (HRD No. OG-12-0556a) dated July 26, 2012 inviting TakeCare to Phase III, Negotiations Process**

Hafa Adai Mr. Larsen:

This is to officially advise you the government is retracting its letter dated July 26, 2012 on the above referenced issue. The government is currently in Phase II, Evaluation of Information, and will further advise you of TakeCare's status upon further review of the submitted proposal.

We apologize for any inconvenience and appreciate your understanding.

Senseramente,

Benita Manglona

BENITA A. MANGLONA, Director
Department of Administration

EXHIBIT E

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

GOVERNMENT OF GUÅHAN
(GUBETNAMENTON GUÅHAN)

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)

DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

HRD No.: **OG-12-0605B**

July 31, 2012

Jeffrey Larson
Chief Operations Officer
TakeCare Insurance Company, Inc.
P.O. Box 6578
Tamuning, GU 96913

Re: Government of Guam Request for Proposal; DOA/HRD-RFP-GHI-13-001.

Hafa Adai Mr. Larson:

The proposal submitted by TakeCare Insurance Company, Inc. (TakeCare) for the Request for Proposal (RFP) referenced above is found by the Negotiating Team to be non-responsive for the following reasons:

1. The RFP at Exhibit R states the types of benefits that are subject to the deductible and the types of benefits not subject to the deductible. These benefits are different as to the 2000 plan and the 1500 plan. Further, the 1500 plan is a traditional PPO plan.

   TakeCare's proposal does not provide enough detail regarding the types of benefits subject to the deductible. As well, the TakeCare proposal does not describe that the 1500 plan is a traditional PPO plan with regard to the family deductible.

2. The RFP requires the offeror to submit a quote for a 1500 plan and a 2000 plan providing for Out of Pocket Maximums (including deductible) for an individual member of $4000 and for a family of $11,900 (p. 39 and 40, Exhibit F).

   TakeCare's proposal, in the Medical Policy, provides for Out of Pocket Maximums excluding the deductible.

3. The RFP requires a plan for prenatal care that is 100% paid in-network only and requires routine labs and the 1st ultrasound procedure.

   TakeCare's proposal would place a $20 co-payment on these services in-network.

The TakeCare proposal fails to conform to the RFP in these material respects. The Negotiating Team, pursuant to Guam procurement law, requests that TakeCare clarify its proposal no later than 9:00 A.M., Guam time, Wednesday, August 1, 2012, by confirming, in writing, that its proposal is amended to comply with the plan requirements enumerated above. No further clarifications or amendments to the submitted proposal will be considered.

Please contact Marie Dufresne, Hay Group, at 469-855-4392 or Bob Russell, Hay Group, at 214-235-6569, between 8:00 a.m. and 7:00 p.m., Guam time, if you have any questions concerning this opportunity. Be advised that time is of the essence in this matter.

Sepseramente,

Benita Manglona
Chairperson, Government Negotiating Team

EXHIBIT F

TakeCare | P.O. Box 6578 Tamuning, Guam 96931
Telephone: (671) 646-6956 Fax (671) 647-3520

ADMINISTRATIVE CONFIDENTIAL

August 1, 2012

Via Hand Delivery:

Ms. Benita Manglona
Director, Department of Administration and
Chairperson, Government Negotiation Team
212 Aspinal Avenue
Governor Manuel F.L. Guerrero Building
Hagatna, Guam 96910

Via Email :

Attn: Marie Dufresne
Marie.Dufresne@haygroup.com
Hay Group
5001 Spring Valley Road
Suite 800 West
Dallas, TX 75244

RE: **TAKECARE'S RESPONSES TO GOVERNMENT OF GUAM LETTER DATED JULY 31, 2012 RELATING TO PROCUREMENT No. DOA/HRD-RFP-GHI-13-001 (HRD No: OG-12-0605B)**

Dear Ms. Manglona:

TakeCare Insurance Company, Inc. ("TakeCare") hereby responds to your letter dated July 31, 2012 relative to the Government of Guam's Procurement No. DOA/HRD-RFP-GHI-13-001 ("the RFP"). The following responses are provided to clarify specific provisions of TakeCare's proposal in response to the RFP. The responses are set forth in the same order and numbered paragraphs as set forth in your letter.

1. Accompanying this letter are revised Schedule of Benefits ("SOBs") for the 1500 and 2000 plans. The revisions clarify which benefits will be subjected to the plan deductibles and which will not be subject to the plan deductibles. Those benefits which are not subject to the plan deductibles are conspicuously qualified by the following language: **"(Not Subject to Deductible)."** The SOBs also include a footnote that states, **"Unless a benefit specifically states, 'Not Subject to Deductible,' the benefit is subject to the deductible."** Furthermore, TakeCare confirms that its proposed 1500 plan is a PPO plan. Copies of the SOBs for the 1500 plan and the 2000 plan are attached hereto and incorporated herein by this reference.

EXHIBIT G

TakeCare | P.O. Box 6578 Tamuning, Guam 96931
Telephone: (671) 646-6956 Fax (671) 647-3520

The re-submitted SOBs clarify how the deductibles for the plans will be administered. These clarifications were devised based upon a discussion TakeCare had with the Hay Group to clarify these issues. Under the 1500 plan, coverage for an individual family member meeting the individual deductible will immediately commence even though the family deductible was not satisfied, subject to the applicable limitations on the plan. Consider this example by way of illustration: An individual family member under the 1500 plan paid a total of $1,750 of paid and incurred benefit expenses. Another individual family member has $1,000 worth of paid and incurred benefit expenses. TakeCare will cover benefits for the individual family member that met the 1500 individual plan deductible although the total paid and incurred benefit expenses for both family members is only $2,750, which is less than the $3,000 family deductible under the plan. TakeCare will commence coverage for the other individual family member with $1,000 worth of paid and incurred benefit expenses when this particular individual family member either meets the 1500 individual deductible or the family deductible is met.

In contrast under the 2000 plan, coverage for individual or family members will not commence unless the entire family plan deductible amount of $4,000 is satisfied by one or more family members. Consider this example by way of illustration: An individual family member under the 2000 plan paid a total amount of $2,500 of paid and incurred benefit expenses and another individual family member has $1,000 worth of paid and incurred benefit expenses. TakeCare will not pay and cover any benefits for any individual family member since both family members accumulated only a total of $3,500, which is less than the $4,000 family deductible under the plan, even though one individual family member met the individual plan deductible. TakeCare will commence coverage for all individual family members when the family deductible is met.

2. TakeCare revised the attached SOBs and the Medical Policy to clarify that the plan deductibles are included in the calculation of out-of-pocket maximums. A copy of the revised Medical Policy is also attached hereto and incorporated herein by this reference.

3. TakeCare revised the SOBs to clarify that the plans will cover 100% of pre-natal and post natal care under the participating provider benefit. Likewise, the TakeCare plans will cover 100% of laboratory services.

It has been our intention by this letter to respond to the Negotiating Team's requests for clarification, despite being given less than twenty-four hours to do so, and our reasonable request for a one-day extension denied. However, TakeCare disputes your assertion that its proposal in response to the RFP is non-responsive in any way, much less in any material way. Your letter to TakeCare dated July 26, 2012, scheduling negotiations confirms that TakeCare's response was indeed responsive.

TakeCare has responded to your inquiries in as prompt a manner as possible and in doing so provides the Negotiating Team with assurances of TakeCare's good faith compliance with the RFP as well as applicable law and regulation. TakeCare, however, respectfully must inform you that your letters of July 27 and 31, 2012, are not in compliance with the procedures set forth in the RFP or applicable law and regulation, none of which authorize the Director of the Department of Administration or the Negotiating Team to unilaterally and without prior notice or prior hearing to retract written notice of the conclusion of

TakeCare™ | P.O. Box 6578 Tamuning, Guam 96931
Telephone: (671) 646-6956 Fax (671) 647-3520

Phase II, Evaluation of Information; or to deprive a previously ranked offeror of its ranking without the same due process. TakeCare respectfully suggests that any such action by the Director of the Department of Administration or the Negotiating Team is in excess of his/her/its statutorily authorized powers and a denial of due process of law. Therefore, to the extent that TakeCare is prejudiced in connection with the negotiating process or the resulting award by your letters of July 27 and 31, 2012, or any unauthorized actions by either the Director of the Department of Administration or the Negotiating Team, TakeCare reserves its right under Guam Procurement Law to protest at the appropriate time and in the proper forum.

I will welcome any further questions or request for additional information you may have regarding this response letter.

Sincerely,

Jeffrey Larsen
Chief Operations Officer
TakeCare Insurance Company, Inc.
P.O. Box 6578
Tamuning, Guam 96913
(671)300-7107
Jeffrey.Larsen@takecareasia.com

cc w/ enclosures:
Joseph Husslein, President and CEO – TakeCare Insurance Company, Inc.
Timothy Ogata, Health Plan Administrator – TakeCare Insurance Company, Inc.
June S. Mair, Esq.

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

GOVERNMENT OF GUÅHAN
(GUBETNAMENTON GUÅHAN)

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)

DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

HRD No.: OG-12-0557

AUG 03 2012

Jeffrey Larsen, Chief Operations Officer
Takecare Insurance
P.O. Box 6578
Tamuning, Guam 96931

Subject: **Notification of Ranking – Exclusive Plan**
RE: **Government of Guam Health Insurance Program DOA/HRD-RFP-GHI-13-001**

Hafa Adai Mr. Larsen:

We want to take this opportunity to thank you for your interest in the Government of Guam's Group Health Insurance Request for Proposal.

This is to advise you that the Government of Guam has concluded its review of the proposals received. The RFP, as required by Public Law 30-93 requires the negotiation team to negotiate for an exclusive and non-exclusive plan with the top three highest rated offerors for both categories. Your company did not place amongst the top three in the overall rating. Negotiations are now underway.

Should negotiations fail with any one of these three offerors, the Government of Guam will proceed to negotiations with the next highest ranked proposer. We will advise you in the event this situation occurs.

Once again, thank you for your interest and we look forward in receiving future proposals from your company. *Si Yu's Ma'ase.*

Senseramente,

Benita Manglona

BENITA A. MANGLONA, Director
Department of Administration

EXHIBIT H

SUBJECT: Evaluation Memorandum

The evaluation of proposals for the solicitation of group health insurance for employees and retirees was conducted by the Negotiating Team (Team) as required by statute. The members of the Team are #1 ___, #2 ___, #3___, #4___, #5___, #6___, #7___, # 8___, and #9 ___.

During the evaluation process several members designated alternative representatives if the member was not able to be present. ___served as alternate for___, and ___and ___served as alternates for ___.

Also in attendance during a part, or all, of the evaluation process were non-voting members of the Team. Alicia Cruz attended all evaluation meetings on behalf of the Department of Revenue and Taxation. John Carlos was present for the Department of Revenue and Taxation. Dr. Larry Lizama was present for the Guam Memorial Hospital Authority. Senator Dennis Rodriguez was present. Ron Teehan was present for Senator Dennis Rodriguez.

The Hay Group, retained by the Department of Administration (DOA) on behalf of the Team to provide actuary and other training and advice in the solicitation of group health insurance was represented at different times by Bob Russell, Justin Caruthers and Marie Dufresne. DOA staff from the Human Resource Division assisted with the evaluation process, to include Leonora Candaso, Adrian Peregrino, Shane Ngata and Teresita Delos Reyes. Assistant Attorney General John Weisenberger was legal counsel to the Team.

On the first day of the evaluation process there was a written record of the proceedings kept. On the remaining days of the process, there was an attempt to keep both a written record and an audio record of the proceedings. The audio record is understandable and believed to be complete after July 18, 2012.

The evaluation of proposals began on July 18, 2012 and concluded on August 2, 2012. The Team met on July 18, July 19, July 23, July 24, July 25, July 26, July 27, July 30, July 31, August 1, and August 2, 2012.

I. Evaluation and Scoring of Parts I and II.

There were four offers received and evaluated, from #1 ___, #2 ___,#3 TakeCare Insurance (TakeCare), and # 4 ___. On July 18 and 19, 2012, the Team, in a discussion led by the Hay Group, reviewed and considered responses by the four offerors to the questions asked in Exhibit B, Part I and Exhibit B, Part II of the RFP. There were a total of 40 different responses to be discussed and considered. At the conclusion of the discussion on these Part 1 and Part 2 questions, Team members scored each answer by each offeror to complete the Exhibit B, Part 1 and Part 2 Evaluation Form.

II. Initial Responsiveness Considerations and Decisions.

EXHIBIT I

On July 23, 2012, the Team was apprised by legal counsel that one proposal, by #2 ___, appeared not to meet the minimum requirements of the Request for Proposals (RFP) in that it 1) did not contain a proposed contract, and 2) the deductible for both the 1500 Plan and the 2000 Plan were not those requested by the RFP (#2 ___ proposal had a 1500 Plan deductible of 1500/4500, and a 2000 Plan deductible of 2000/6000).

A discussion ensued about this revelation. Legal counsel advised that the proposals were intended to be reviewed during Phase I of the process for a determination of responsiveness to the RFP. The apparent failure of # 2 ___to meet minimum requirements was not recognized by the consultants, DOA representatives or Team members prior to this time.

During a break for lunch on July 23, 2012, the Hay Group was requested to make a review of proposals and determine whether additional discrepancies from the announced requirements of the RFP could be identified within any of the four proposals being evaluated. When the Team reconvened, the Hay Group presented a listing of discrepancies identified to that point. After a discussion by the Team of all of the discrepancies identified by Hay Group within the four proposals, and a consideration of which of these deviations from the RFP would be considered a failure to meet the requirements of the RFP in a material respect, it was decided by consensus that many of the matters discussed were minor and could be resolved during negotiations with an offeror. There were three discrepancies of # 2 ___that were considered serious enough to rise to the level of material omissions from the RFP. These were: 1) the RFP did not contain a proposed contract, 2) the deductible for both the 1500 Plan and the 2000 Plan were not those requested by the RFP (# 2 ___ proposal had a 1500 Plan deductible of 1500/4500, 2000 Plan deductible of 2000/6000), and 3) the calculation for the Out of Pocket Maximum did not include the deductible.

Legal counsel advised the Team that procurement law and regulations provides that a non-responsive offer,that is, one that offers to sell to the government a supply or service that is materially different from the supply or service that the government is soliciting, may be rejected as non-responsive. In addition, in the case of a solicitation concerning proposals (as opposed to bids), a non-responsive offeror may be given an opportunity to correct the offer if it is in the interest of the Territory to do so. A discussion ensued among the Team members with regard to the failure of # 2 ___to make an offer that met the minimum requirements of the RFP in the three ways set out above. A motion was made, and seconded, to grant to # 2 ___ an opportunity to amend or correct its proposal and bring it in line with the RFP. The motion failed by a 4-5 vote. The meeting of July 23, 2012 ended with the decision of the Team being to reject the # 2 ___ proposal as non-responsive.

On July 24, 2012, the Team again took up the question of # 2's ___ non-responsiveness. Senator Rodriguez, through his representative, provided a letter to the Team seeking information about the decision to reject one offeror. In addition, members of the Team again discussed the propriety of the rejection of one proposal as opposed to

the option of allowing a correction of the items cited. One member of the Team considered placing into the record of the procurement a letter that was in draft form that was very critical of the decision and the process. A motion was made, and seconded, to provide that, 1) in exchange for a decision not to place a letter critical of the Team decision in the record, that 2) the Hay Group would prepare an economic impact review if # 2's ____ proposal is considered nonresponsive and rejected, and 3) after considering the Hay Group report, the Team would take up again the question of granting # 2 ___ an opportunity to amend its proposal. This motion passed by a 8-1 vote.

On July 25, 2012, the Hay Group presented its Memo titled "Analysis Requested by the Negotiating Team." After a discussion about the memorandum from the Hay Group and the merits of either rejecting the #2 ___ proposal or allowing the proposal to be amended, a motion was made and seconded to send a letter to #2 ___ requesting that it clarify its proposal with regard to the three items found to be non-responsive. The motion failed by a 5-2 vote with two abstentions.

III. Complete Evaluation of Three Offerors.

At the conclusion of the decision to reject #2 ___ on the basis of non-responsiveness, each individual member of the Team worked with the Hay Group representatives to enter their own scores for each of the three remaining offerors into a single computer Excel program, contained on the Hay Computer. The result was a compilation of all nine Team members scores of Part 1 and Part 2. These results were checked and confirmed by DOA representatives for completeness and accuracy. Totals of these cumulative results of Part 1 and Part 2 were not compiled by Hay Group, nor were the cumulative results provided to the Team members.

The scoring of offers for Part 3, as provided in the RFP, is determined and decided by comparing the rates of the various offers and scoring the offers based upon lowest to highest rates being offered. The Team then proceeded to complete Exhibit B, Part 3 of the RFP, the evaluation of proposed rates of the three remaining offerors, #1 ___, #3 ~~Aetna~~, and #4 ___. As with Parts 1 and 2, the Hay Group provided information about the rates proposed from three offerors. There was a discussion about various rates and alternative proposal rates among the Team and with the Hay Group. Each team member proceeded to score the rates and complete Exhibit B, Part 3 for the three offerors.

Each individual member of the Team worked with the Hay Group representatives to enter their own scores for the three offerors for Part 3 into a single computer Excel program, contained on the Hay Computer. The result was a compilation of all nine Team members for Part 1, Part 2, and Part 3. These results were checked and confirmed by DOA representatives for completeness and accuracy.

On July 26, 2012, the Hay Group presented the results of the compiled cumulative totals for Parts 1, 2 and 3. These results showed that, for the Exclusive offers, # 1 ____ was ranked number 1, # 3 TakeCare was ranked number 2, and # 4 ___ was ranked

number 3. These results showed that for the Non-exclusive offers # 1 ___ was ranked number 1, # 3 TakeCare was ranked number 2, and # 4 ___ was ranked number 3. A discussion ensued about the need to immediately schedule negotiations for Exclusive offers with the offerors, to begin on Friday June 27. The Team was advised that the highest ranked offeror, # 1___, was not available on July 27 (and would not be available until Tuesday, July 31). Further, the Team was advised that Marie Dufresne of the Hay Group would not arrive on Guam until August 1st. A motion to send each offeror the ranking of all offerors in the event that the Team decided to go out of order failed to gain a second. A motion to begin negotiations with the #2 ranked offeror, # 3 TakeCare was seconded and passed, 8 in favor and 1 against. The Director of Administration was advised to send a letter to # 2 ___ that its offer was being rejected as non-responsive, and to send a letter to # 3 TakeCare inviting it to begin negotiations on July 27, 2012.

IV. Additional Offer Found Non-Responsive.

After extending an invitation to negotiate, but prior to initiating negotiations with # 3 TakeCare, on July 27, 2012, it was determined by legal counsel that there was at least one provision of the #3 TakeCare offer that was non-responsive for a provision that was exactly the same as a provision from #4___, and for which the offer of #2___had been rejected as non-responsive. The #3 TakeCare offer was found to have, as a provision in its offer, that the calculation for the Out of Pocket Maximum did not include the deductible amount. Legal counsel advised the Negotiating Team that it would be improper to initiate negotiations with an offeror who may be considered non-responsive when another offeror was already rejected for this same reason. It was determined by legal counsel that both the letter to #3 TakeCare, extending an offer to negotiate, and the letter to # 2___, advising that its offer had been rejected, were to be withdrawn, and that a thorough review of all four offers for responsiveness was to be completed prior to any further action, or completion of the evaluation process.

On Monday, July 30, 2012, the Hay Group presented the Team a revised listing of all discrepancies from the RFP by any of the four offerors. It was determined, as follows:

Offeror # 3 TakeCare had the following material omissions in its offer:

1. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
2. The Medical Policy provided with the proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
3. The proposal placed a co-payment on services that were to be covered 100% by the plans

Offeror # 2 ___had the following material omissions in its offer:

1. The proposal lacked a copy of a proposed contract.

2. The proposal was for a plan with a $1500 annual deductible/$4500 annual family deductible, and an HSA plan with a $2000 annual deductible/$6000 annual family deductible.
3. The proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
4. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
5. The proposal specifically listed airfare as an exclusion.
6. The proposal would raise mail-order co-pay to $15.00.
7. The proposal lists chiropractic care as excluded.
8. The proposal fails to list exclusions consistent with the RFP.
9. The proposal listed policy assumptions concerning #s of employees required to participate in the plan; conditions for re-rating the plan after a contract is executed; and assumption about exclusion of retirees, among other ineligible assumptions.
10. The proposal is unclear or fails to confirm that it is intended for a fully participating contract.

Offeror # 4 ___and offeror # 1 ___ proposals were determined to be in conformance with the RFP in all material respects. A motion was made, and seconded, to allow #3 TakeCare and #2 ___ an opportunity to amend their respective proposals to conform to the RFP, with the clarification that no further amendments to the submitted proposal would be considered. These offerors were to be given until 9:00 a.m. August 1, 2012 to respond. After discussion, the motion passed, 4 in favor, 3 opposed, 1 abstaining and 1 absent. Letters to # 3 TakeCare and # 2 ___ were delivered at 10:45 a.m. on July 31, 2012.

On August 1, 2012, by 9:00 a.m. both #3 TakeCare and # 2 ___ had responded in writing that their respective offers were amended as requested, with the result that the proposals would be in all material respects consistent with the RFP.

V. Evaluation Process Completed for Four Responsive Offers.

On August 1, 2012, the Team completed the evaluation and ranking of four offers. As the Team had already completed the ranking of three offerors, #3 TakeCare, #1___, and # 4 ___ for Part 1 and Part 2, the first step was to complete the ranking of offeror # 2___, for Part 1 and Part 2. The Team members completed Exhibit B Part 1 and Part 2 score sheets for # 2___, and the Hay Group representatives entered the scores for the fourth offeror into a single computer Excel program, contained on the Hay Computer.

The scoring of offers for Part 3, as provided in the RFP, is determined and decided by comparing the rates of the various offers and scoring the offers based upon lowest to highest rates being offered. Therefore, the scoring of offers initially completed by the Team for only three offers was irrelevant. It was necessary for the team to re-score every offer for Part 3. As before, the rates of the four offerors were presented by

the Hay Group for the eleven options being scored. The Team completed Exhibit B Part 3, Evaluation of Costs for the four offerors. Each individual member of the Team worked with the Hay Group representative to enter their own scores for Part 3 into a single computer Excel program, contained on the Hay Computer.

Subsequent to the entry of all Team scores for Part 3, a separate cross check of all entered data was conducted by representative of DOA. The data previously entered for Parts 1 and 2, for offerors #1___, #3 TakeCare, and #4___ had been cross checked previously. The data entered for Parts 1 and 2 for offeror # 2 ____, and the data entered for Part 3, for all four offerors was checked and confirmed.

The results of the evaluation of Exclusive offers, based upon the scoring of Part 1, Part 2, and Part 3[1] are:

- # 1___ 679.9 (ranked first)
- # 2 ___ 604.3 (ranked second)
- # 3 TakeCare 566.5 (ranked fourth)
- # 4 ___ 568.5 (ranked third)

The result of the evaluation of Non-exclusive offers, based upon the scoring of Part 1, Part2, and Part 3 are:

- #1 ___ 696.2 (ranked first)
- #2 ___ 597.6 (ranked second)
- #3 TakeCare 526.7 (ranked fourth)
- #4 ___ 583.4 (ranked third)

On August 2, 2012, the Team gathered to review the results of the evaluation scoring of the four offers. As to the Exclusive offers, there was a discussion about the 'virtual tie' between the third and fourth ranked offeror. Legal counsel distributed copies of relevant law and information about the intent of the legislature to increase competitiveness in the acquisition of health insurance. Ultimately, legal counsel advised the Team that the group health insurance law was clear that negotiations could be conducted with up to three offerors only.

VI. Recommendations.

Based upon the evaluation process and results reported above:

[1] One Team member had transposed results for one of its scores in Part 3 incorrectly and corrected this on August 2, 2012. One Team member had misunderstood the directions for scoring Part 3, and had given some offerors identical scores even though the quoted rates for certain options were different among the four offerors. This Team member rescored Part 3, following the direction given in the RFP, scoring the offers consistent with the quoted rates and the rule that the lowest quote received the highest score, etc.

It is recommended that, as to Exclusive offers, the Director of Administration invite #1 ___, the highest ranked offer, # 2___, the 2nd highest ranked offeror, and #4___, the 3rd highest ranked offeror to negotiate a best and final offer for anexclusive contract, in the order in which each is ranked.

It is recommended that, as to Exclusive offers, the Director of Administration advise #3 TakeCare, the 4th ranked offeror of its ranking, and request that it remain available to negotiate for a possible Exclusive contract in the event that the government is not able to agree upon a best and final offer with one of the top three ranked offerors.

It is recommended that, as to Non-exclusive offers, the Director of Administration invite #1___, the highest ranked offer, # 2___, the 2nd highest ranked offeror, and #4___, the 3rd highest ranked offeror to negotiate a best and final offer for a Non-exclusive contract, in the order in which each is ranked.

It is recommended that, as to Non-exclusive offers, the Director of Administration advise #3 TakeCare, the 4th ranked offeror of its ranking, and request that it remain available to negotiate for a possible Non-exclusive contract in the event that the government is not able to agree upon a best and final offer with one of the top three ranked offerors.

Signed: [To Be Executed by Team Members once assembled and approved]

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

DEPARTMENT OF ADMINISTRATION

Procurement No.: . **DOA/HRD-RFP-GHI-13-001**

FY 2013 GROUP HEALTH INSURANCE PROGRAM
REQUEST FOR PROPOSAL
(RFP)

EXHIBIT J

III. GENERAL PROCEDURES

A. Receipt and registration of proposals

Proposals (both electronic and hard copies) and modifications to proposals will be time-stamped upon receipt and held in a secure place until the established due date. The Government will keep a Register of Proposals Received identifying the proposals, the names of the offerors, and the number of modifications received, if any, by each offeror. The Register is not open for public inspection until after award of a contract. Proposals of offerors not awarded contracts do not become public records.

B. Opening of proposals

After the deadline for submission of proposals and as soon as practical, the proposals will be unsealed by at least two authorized government representatives who shall be procurement officers for purposes of this RFP as assigned by the Director of Administration. They shall at all times conduct the administration of this procurement together in the presence of each other. Proposals will not be opened publicly, nor disclosed to unauthorized persons.

C. Proposal evaluation and negotiation procedure

See Exhibit V, a flow chart for the evaluation and negotiation procedure set out in this RFP.

1. Phase I. Phase I is the initial screening of all proposals to determine whether the minimum requirements specified in the RFP were met, including submission of qualified proposals as required by P.L. 31-197, submission of all disclosure forms, and whether the proposals were signed as required. The lack of any of the disclosure forms or other information required to be submitted may be cause for a finding of non-responsiveness. Proposals will then be re-sealed and held in safe-keeping by one of the administrators until time for evaluation. If any proposal is determined to be non-responsive by the Government, such offeror shall be notified in writing about the determination.

2. Phase II. Phase II consists of the evaluation of the information provided by the offerors pursuant to Section II of this RFP by the Negotiation Team and the ranking of the offerors based on the evaluation results. A relative weight is assigned to the minimum factors which will be rated on a scale from zero (0) to five (5), with five (5) being the highest possible score.

   The relative total points is derived by multiplying the relative weight by the points assigned by the Negotiation Team (A x B = C). This process will be implemented until all questions and quotes are rated. The cumulative relative weighted points are derived by adding all relative total points assigned by the Team (summation of C). The total cumulative relative weighted points are then multiplied by the factors assigned to each of the three parts, i.e. 40% for Part 1, 30% for Part 2, and 30% for Costs.

   For purposes of evaluations, exclusive proposals will be evaluated and ranked together. Non-exclusive proposals will be evaluated and ranked together.

   The offerors will be ranked in accordance with the number of total points. The three highest ranked offerors will be invited to enter into negotiations with the government. The offerors will be ranked in accordance with the number of total points for each category, and the offeror with the highest number of points will be considered the first ranked for purposes of determining the order of negotiations in Phase III if an invitation to negotiate is extended. The government will negotiate with offerors in accordance with their ranking, beginning with the first ranked, but only to the extent of the offeror's negotiators be available on the dates scheduled by the government for negotiations. Otherwise, the evaluations, the assignment of points, and the ranking of offerors and their proposals is for the government's informational purposes only.

   During the evaluations, the Negotiating Team and the Consultant may conduct discussions with any offeror, either in person or telephonically. Discussions are discretionary to the Negotiation Team and the Consultant. The purposes of such discussions shall be (a) to determine in greater detail the offeror's qualifications; or (b) to explore with the offeror the scope and nature of the required services, the offeror's proposed method of performance, and the relative utility of alternative methods of approach.

Discussions shall not disclose any information derived from proposals submitted by other offerors. If requested by the purchasing agency, the issues clarified during discussion should be put into writing by the offeror and submitted to the Government within three business days of conclusion of discussions, and may be submitted electronically or via facsimile. The Government will provide further instructions as may be necessary.

Prior to the conclusion of discussions with any offeror, its proposal may be modified or withdrawn upon written request by the offeror. The Director of Administration may accept any item or group of items of any offer, unless the offeror qualifies his offer by specific limitation or condition.

If the qualified offeror marked any portion or portions of its proposal as being confidential because the information is proprietary information, then those portions shall be reviewed by the Government to determine whether they contain confidential or proprietary material. If the Government agrees, then the parties shall move on to Phase III. If the Government does not agree, then the Government must issue a written determination regarding the matter explaining why. If the offeror is dissatisfied with the written determination, then it may withdraw its proposal or submit a protest according to the procedures set out in the Guam Procurement Law.

Upon resolution of confidentiality issues, if any, the Government shall notify each registered offeror of the evaluation results to the extent permissible by law via facsimile or email.. The Government will provide further instructions as may be necessary.

3. Phase III. Phase III is the negotiation process. The highest ranked qualified exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching an agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of an exclusive-contract will be set aside for later evaluation and ranking by the Negotiating Team.

The second highest ranked qualified exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching an exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of an exclusive contract will be set aside for later evaluation and ranking by the Negotiating Team.

The third highest ranked qualified exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching an exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of an exclusive contract will be set aside for later evaluation and ranking by the Negotiating Team.

The highest ranked qualified non-exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching a non-exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of a non-exclusive contract will be set aside for later presentation to the Governor as one of up to three non-exclusive plan options..

The second highest ranked qualified non-exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching a non-exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of a non-exclusive contract will be set aside for later presentation to the Governor as one of up to three non-exclusive plan options.

The third highest ranked qualified non-exclusive offeror will be invited to negotiate and discuss benefit plan designs with the Negotiating Team, with the intention of reaching a non-exclusive agreement with the government. If an agreement that is fair and reasonable as to rates, other contract terms and contract documents can be reached, this best and final offer of a non-exclusive contract will be set aside for later presentation to the Governor as one of up to three non-exclusive plan options. .

4. Phase IV. Phase IV is the evaluation, ranking and choice of the best and final offer of an exclusive contract for later presentation to the Governor. The Negotiating Team, using those factors set out in this RFP, will evaluate, rank and select the best and final offer of an exclusive contract for presentation to the Governor.

5. Phase V. Phase V is the contract finalization stage, and includes drafting, reviewing and finalizing the one exclusive contract and the three non-exclusive contracts that have been negotiated and are to be presented to the Governor.

6. Phase VI. Phase VI is the contract choice stage. The governor of Guam decides to execute either the exclusive contract or decides to sign each of the non-exclusive contracts. Pursuant to 4 GCA §4301, this choice is exclusively up to the Governor. By law, the contract must also be reviewed and approved by the Department of Revenue & Taxation, Bureau of Budget and Management Research and the Attorney General before the Governor will provide his final approval by signing the contract. No contract is valid and binding until it is signed by the Governor. All finalists acknowledge that only the Governor may bind the Government to this contract and that the issuance of this Request for Proposal does not commit the Government of Guam to award a contract.

At any time during the proposal evaluation and negotiation procedure, an offeror may be requested by the government, the government's consultant or the Negotiations Team to provide clarification, documentation, data, or any other additional information to supplement its proposal. Failure to provide such additional information upon request and by the specified deadline may result in a determination that the offeror is non-responsive or non-responsible, whichever is applicable.

D. Cancellation of RFP or solicitation

The Government may cancel this RFP or solicitation, in whole or in part, at any time, or may reject all proposals so long as the Government makes a written determination that doing so is in the best interest of the Government and a contract has not yet been fully signed. In the event of cancellation or rejection of all proposals, proposals that have been unsealed shall remain the property of the Government and not returned to the respective offerors. A proposal that has not been unsealed (such as late proposals) will be returned to the offeror upon request of the offeror.

E. Rejection of individual proposals

The Government shall have the prerogative to reject proposals in whole or in part when doing so is in the best interest of the Government as provided for in the procurement laws. Reasons for rejection of individual proposals include, but are not limited to, reasons such as: (a) the offeror is non-responsible as determined under 2 GAR Div. 4 § 3116; (b) the proposal ultimately fails to meet the announced requirements of the Government in some material respect notwithstanding opportunity for altering or clarifying the proposal; or (c) the proposed price is clearly unreasonable.

Benita Manglona

BENITA A. MANGLONA, Director
Department of Administration

Date: 6/5/12

EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

31-12-1625
Office of the Speaker
Judith T. Won Pat, Ed. D.
Date 4/19/12
Time 4:37PM
Received by

June 18, 2012

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'trentai Unu Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

2012 JUN 19 PM 5:04

Dear Madame Speaker:

Transmitted herewith is Bill No. 460-31 (COR) "AN ACT TO *AMEND* §4301.1 OF ARTICLE 3, CHAPTER 4, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO NEGOTIATING AND PROCURING HEALTH INSURANCE SERVICES FOR THE GOVERNMENT OF GUAM", which I signed into law on June 15, 2012 as **Public Law 31-225.**

Senseramente,

RAY TENORIO
I Maga'låhen Guåhan para pa'go
Acting Governor of Guam

Attachment: copy of Bill

1625

EXHIBIT K

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'LAHEN GUÅHAN*

This is to certify that **substitute Bill No. 460-31 (COR), "AN ACT TO *AMEND* §4301.1 OF ARTICLE 3, CHAPTER 4, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO NEGOTIATING AND PROCURING HEALTH INSURANCE SERVICES FOR THE GOVERNMENT OF GUAM",** was on the 4th day of June, 2012, duly and regularly passed.

Judith T. Won Pat, Ed.D.
Speaker

Attested:

Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahen Guåhan* this 7th day of June, 2012, at 1:10 o'clock P.M.

J. Dela Rosa
Assistant Staff Officer
Maga'lahi's Office

APPROVED:

RAYMOND S. TENORIO
Acting Governor of Guam

Date: JUN 15 2012

Public Law No. 31-225

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) Regular Session

Bill No. 460-31 (COR)
As substituted by the Committee on Youth, Cultural Affairs, Procurement, General Government Operations, and Public Broadcasting.

Introduced by:

V. C. Pangelinan
B. J.F. Cruz
T. C. Ada
V. Anthony Ada
F. F. Blas, Jr.
Chris M. Dueñas
Judith P. Guthertz, DPA
Sam Mabini, Ph.D.
T. R. Muña Barnes
Adolpho B. Palacios, Sr.
Dennis G. Rodriguez, Jr.
R. J. Respicio
M. Silva Taijeron
Aline A.Yamashita, Ph.D.
Judith T. Won Pat, Ed.D.

AN ACT TO *AMEND* §4301.1 OF ARTICLE 3, CHAPTER 4, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO NEGOTIATING AND PROCURING HEALTH INSURANCE SERVICES FOR THE GOVERNMENT OF GUAM.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. §4301.1 of Article 3, Chapter 4, Title 4 of the Guam Code Annotated, is hereby *amended* to include new definitions as follows:

"(e) *Exclusive proposal* means a proposal based upon the assumption that the government will contract with *only* one (1) health

insurance provider that is selected by the negotiating team from up to three (3) different health insurance providers that all negotiate best and final offers with the negotiating team.

(f) *Non-exclusive proposal* means a proposal based upon the assumption that the government will contract with three (3) health insurance providers that negotiate best and final offers with the negotiating team. *If* only two (2) health insurance providers submit qualified proposals then *non-exclusive proposal shall* mean a proposal based upon the assumption that the government will contract with two (2) health insurance providers that negotiate best and final offers with the negotiating team.

(g) *Qualified proposal* means a proposal from a health care provider that submits both an exclusive and a non-exclusive proposal and meets the minimum requirements specified in the RFP in response to any request for proposals for the Government of Guam Health Insurance Program."

Section 2. Severability. *If* any provisions of this Act or the application thereof to any person or circumstance is held invalid, such invalidity *shall not* affect any other provision or application of this Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

Exhibit F

Frank Campillo

From: Leonora P. Candaso [leonora.candaso@doa.guam.gov]
Sent: Thursday, August 09, 2012 4:18 PM
To: frank campillo
Cc: Dufresne, Marie; John Weisenberger; Manglona, Benita
Subject: Advising of protest filed
Attachments: to Selectcare re stay protest.pdf

Dear Mr. Campillo:

Please find attached a memo regarding the status of the FY13 Group Health Negotiations in reference to a filed protest.

Regards,

Leonora Candaso
Department of Administration
Human Resources Division, Employee Benefits Branch
671-475-1103/1179/1296
leonora.candaso@doa.guam.gov

Exhibit 3

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

GOVERNMENT OF GUÅHAN
(GUBETNAMENTON GUÅHAN)

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)

DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

HRD No. **OG-12-0672C**

September 7, 2012

Frank Campillo
Plan Administrator
SelectCare Health Plan
115 Chalan Santo Papa
Hagatna, Guam 96932

Subject: SelectCare Protest of August 21, 2012 in Request for Proposals DOA/HRD-RFP-GHI-13-001.

Dear Mr. Campillo,

On behalf of the Negotiating Team for the Government of Guam in the solicitation of group health insurance as referenced above, I take this opportunity to communicate to you the decision of the Negotiating Team in response to the protest of SelectCare Health Plan. Initially, allow me to state that, on behalf of government employees and retirees, it is greatly appreciated that SelectCare Health Plan has taken the time, effort and expense to participate in this solicitation of services. Although it has become difficult to bring this process to a successful conclusion, I nonetheless appreciate the efforts of your company to engage with us in this matter.

After very careful review of the facts and the interests of all that are involved, the Negotiating Team has come to the conclusions set out here.

NOTICE OF DECISION

To: TakeCare Insurance Company, filed written protest on August 8, 2012.
SelectCare Insurance Company, filed written protest on August 21, 2012.
Island Home Insurance Company, filed written protest on August 23, 2012.

From: Director, Department of Administration, on behalf of Government of Guam Negotiating Team for FY 2013 Group Health Insurance Solicitation

Re: Protest of Government of Guam Request for Proposals DOA/HRD-RFP-GHI-13-001.

I. Protests Filed.

A. TakeCare Insurance Company filed a written protest with the Director of Administration on August 8, 2012. That protest asserted the following allegations:

1. The government failed to adopt rules as required by 4 GCA §4302(c).
2. The rules of procedure used in the RFP were unclear and inadequate.
3. The government failed to follow the General Rules stated in the RFP.
4. The government improperly retracted ranking of offerors and re-ranked offerors.
5. The government improperly reversed a finding that offeror #2 was nonresponsive.
6. The government wrongly interpreted the law as limiting negotiations to be with only three offerors.
7. The evaluators improperly changed scores.
8. The government refused to identify the evaluators.
9. The government erroneously ranked in violation of the law.
10. The government acted in bad faith.

B. SelectCare Insurance Company filed a written protest with the Director of Administration on August 21, 2012. That protest asserted the following allegations:

1. The government failed to reject proposals that were found to contain material omissions.
2. The government evaluated proposals that are materially deficient and nonresponsive.
3. The government contravened the deadline for submission of proposals as stated in the RFP by allowing amendment of proposals after the deadline.
4. The government failed to ensure a fair and equitable treatment of all persons who deal with the procurement system, and failed to provide safeguards for the maintenance of a procurement system of quality and integrity.

C. Island Home Insurance Company filed a written protest with the Director of Administration on August 23, 2012. That protest asserted the following allegations:

1. The government failed to act in good faith.
2. The government failed to negotiate fairly.
3. The government released confidential information, an evaluation memorandum, to only one offeror.
4. The government improperly allowed two offerors to revise offers after the submission deadline in order to bring them into conformance with the RFP to the prejudice of other offerors.

II. Decision.

On September 6, 2012 the Negotiating Team decided the protests.[1] For the reasons stated herein, the Negotiating Team has determined that, within these protests there are meritorious claims and will cancel this solicitation.[2] The basis for the decision of the Negotiating Team to cancel this solicitation is 1) the failure of the government to follow the General Procedures set out in the Request For Proposals DOA/HRD-RFP-GHI-13-001, beginning at page 17, Section III; more specifically, the failure of the government to determine both the responsiveness of proposals[3] and the qualification of proposals[4] during Phase I of the Proposal Evaluation and Negotiation Procedure, as required by the Request for

[1] Pursuant to 4 GCA § 5425(c) and 2 GAR, Div. 4 § 9101(g).
[2] Pursuant to 5 GCA §§ 5451(a) and 5225; and 2 GAR, Div. 4 §§ 9104, 9105(a) (1), and 3115(d).
[3] As required by 2 GAR, Div. 4 §3115(e).
[4] As required by 4 GCA § 4302(c).

Proposals;[5] and 2) the release of a draft copy of the Evaluation Memorandum to only two offerors, to the detriment of other offerors.

For the reasons stated herein, this solicitation is to be cancelled. There is no basis to enter into negotiations with only two offerors

III. Factual Background.

A. Public Law 24-143:22 repealed and reenacted 4 GCA § 4302(c). Within this reenactment was both the establishment, for the first time, of a Negotiating Team to conduct the solicitation of group health insurance for government employees and retirees, and the requirement that the Negotiating Team "shall develop its rules of procedure in accordance with the Administrative Adjudication Act." From the date of its enactment, on February 27, 1998, to the present, the rules of procedure required by law were not developed, nor were these enacted pursuant to the Administrative Adjudication Act.

B. The Department of Administration ("DOA") on behalf of the Government of Guam Negotiating Team ("Negotiating Team") published its Request for Proposals DOA/HRD-RFP-GHI-13-001 ("RFP") on June 5, 2012, soliciting proposals to provide group health insurance services to government of Guam ("GovGuam") employees and retirees for Fiscal Year 2013. Hard copies of proposals were due from offerors on June 27, 2012 and electronic versions of these proposals were due on June 28, 2012. Four proposals were received in a timely manner.

As provided in the RFP, Phase I of the Proposal Evaluation and Negotiation Procedures was to commence immediately.

> "Phase I is the initial screening of all proposals to determine whether the minimum requirements specified in the RFP were met, including submission of qualified proposals as required by P.L. 31-197, submission of all disclosure forms, and whether the proposals were signed as required. The lack of any of the disclosure forms or other information required to be submitted may be cause for a finding on non-responsiveness. Proposals will then be re-sealed and held in safe-keeping by one of the administrators until the time for evaluation. If any proposal is determined to be non-responsive by the Government, such offeror shall be notified in writing about the determination."

Quoting from the RFP at page 17, Section III., General Procedures, C. 1.

On June 28, 2012, DOA staff conducted an internal review of the four proposals consistent with the checklist provided in the RFP at Exhibit B, page 24. Each submitted proposal was cleared for the items listed on the checklist after review by DOA staff. See **Exhibit A**, attached.[6] Subsequent investigation has failed to confirm whether there was any further review, by either the DOA Director, DOA staff, Hay Group consultants or the Negotiating Team of the four proposals received as of June 27, to confirm that the proposals were in material compliance with the requirements of the RFP. It must be concluded that this review, intended to assure that the proposals received were both responsive to the RFP and qualified as this term is defined in the GovGuam group health insurance program at 4 GCA §4301.1(g), was not conducted during Phase I.

---

[5] See RFP at page 17, Section III, General Procedures, C.1.
[6] Exhibit A comprised of three completed Preliminary Evaluation Forms.

On July 5, 2012, DOA issued a letter to three of the offerors, advising each that its proposal had been reviewed and that the evaluation process would be initiated.[7] These offerors were advised in writing that the evaluation and negotiation process had moved to Phase II. See RFP, at page 17, Phase II. The members of the Negotiating Team were invited to review the proposals submitted by the four offerors at DOA in anticipation of the actual evaluation of each offeror. Between July 3 and July 16, 2012 members of the Negotiating Team had the opportunity to review proposals.

Beginning on July 18, 2012 and continuing until August 2, 2012, the Negotiating Team conducted its evaluation of the four proposals. That process and the events that occurred in the process are set out in the Evaluation Memorandum which the Negotiating Team reviewed, discussed and finalized on August 8, 2012. A copy of the Evaluation Memorandum is attached hereto and marked as **Exhibit B**.[8] The facts set out in the Evaluation Memorandum are adopted and incorporated herein by reference.

It is documented that first one proposal, and then a second proposal were determined, subsequent to the declared completion of Phase I, to not meet the minimum requirement of the RFP and be were not qualified proposals as that term is defined by 4 GCA §4301.1(g).[9] Further documented are those efforts by the Negotiating Team to reach a decision whether or not to allow these offerors the opportunity to bring those proposals into compliance with the RFP minimum qualifications. This process of determining whether a proposal is qualified and responsive did not occur as required by the procedure set out in the RFP. Events that took place to evaluate and determine whether or not an offeror would be allowed to amend its proposal occurred subsequent to Phase I.[10] The result is a process that is not consistent with the procedures as provided for in the RFP. See RFP, page 17, Section III., C., Phase II. See Evaluation Memorandum, **Exhibit B.**

Phase II was initiated and the evaluation of four proposals was undertaken. Prior to the completion of the evaluation process, it was determined that one offer appeared to be non-responsive and unqualified for at least two material reasons. At the request of the Negotiating Team, the consultant was requested to review the offers and determine whether, and to what extent, there were other material deviations from the RFP by any offeror. Subsequently, the Negotiating Team was apprised of a number of issues with several of the four proposals. It was decided that only the one offeror, however, had material deviations from the RFP in its plan. Other deviations identified by the consultant at this time were considered by the consultant and the Negotiating Team to be non-material and able to be resolved during negotiation with the respective offerors.

The Negotiating Team initially determined to reject the one offeror, during Phase II, for submitting a proposal that was non-responsive and not qualified. After doing so, the Negotiating Team completed the evaluation of three remaining proposals and determined an ultimate ranking of the three. The top ranked offeror was not available to commence negotiations on July 27, 2012. The second ranked offeror was invited to join the Negotiating Team in negotiation of an exclusive contract.

After the invitation to negotiate was extended in writing to the second-ranked offeror, it was determined that this offeror may have submitted a non-responsive and unqualified offer, and for a reason that was identical to one of the discrepancies that made up the basis for previously rejecting an offeror. As a result of the prior rejection of one offeror for being non-responsive and unqualified, and the determination that another offer was likely non-responsive,[11] it was determined that it would be unfair and

---

[7] The remaining offeror received a letter raising a concern about its assertions of proprietary materials in the offer.
[8] The Evaluation Memorandum has been approved by the Negotiating Team, but not yet signed.
[9] And, as used in the RFP at page 17, Section III. General Procedures, C., Phase I.
[10] See 2 GAR, Div. 4 §3115(e) (3) (B), permitting amendment of proposals when in the interest of the Territory.
[11] For one or more of the same reasons for rejecting the other non-responsive offeror.

improper to allow negotiations to commence with any offeror, under these circumstances, until such time as a thorough and competent review of all four proposals was completed by the consultant, on behalf of DOA and the Negotiating Team, to determine responsiveness to material RFP requirements. The Director of Administration withdrew both the letter rejecting one offeror, and the letter inviting a second offeror to conduct negotiations.

A second review of all four offers was conducted subsequent to Phase I, to determine whether the offers were qualified and responsive. This resulted in a determination that two offers were unqualified and non-responsive. After deliberation, the Negotiating Team decided to provide each of these offerors an opportunity to indicate, in writing, that its proposal was amended in stated specific ways to comply with the RFP. Neither offeror was permitted to amend its offer in any other respect, to include quoted rates for insurance. These two offerors each submitted a timely, written assurance to the Negotiating Team that its offer was amended to comply with the RFP in all material respects.

Based upon the written assurances received, the Negotiation Team proceeded to complete the evaluation of all four offerors. See Evaluation Memorandum, **Exhibit B**. The evaluation and ranking of the four offerors resulted in ranking of four offerors for the exclusive contract and four offerors for the non-exclusive contract. The three top ranked offerors for the exclusive contract were provided written invitations to negotiate an exclusive contract. The fourth ranked offeror was provided written notice of its ranking and requested to remain available in the event that an agreement is not reached with one of the other offerors.

On August 6, 2012, the Director of Administration, a representative of the Hay Group and an Assistant Attorney General met with representatives of the fourth ranked offeror. A draft copy of the Negotiation Memorandum, with redacted information, was provided to representatives of the fourth ranked offeror. A copy of the draft Evaluation Memorandum provided to the fourth ranked offeror is attached as **Exhibit C.**

The top ranked offeror was not available to commence negotiations on August 7, 2012. The second ranked offeror began negotiations with the Negotiating Team on August 7, 2012. A draft copy of the Negotiation Memorandum, with redacted information, was provided to the second ranked offeror at the time that negotiations commenced.[12] A copy of the draft Evaluation Memorandum provided to the second ranked offeror is attached as **Exhibit D.** These negotiations continued until Noon on August 8, 2012. At 1:30 p.m. the Negotiating Team was advised that a protest was filed in this solicitation. An automatic stay was initiated by the protest, and the negotiations were discontinued.

IV. Response to Protests.

A. In response to I.A.3., 4 and 5 of Section I, above:

The offerors have a reasonable expectation that the process set out in the RFP will be followed. Recent amendments to the Group Health Insurance Program legislation required that the Negotiating Team solicit both offers that would lead to an exclusive contract for insurance with one vendor and offers that would lead to non-exclusive contracts for insurance with three vendors. See P.L. 31-197, signed into law on March 28, 2012, amending 4 GCA §4302(c). Three terms of art in the amended language of §4302(c) were subsequently defined in the law. P.L. 31-225, signed into law on June 15, 2012, added three important definitions to the Group Health Insurance Program law. Of importance here is the definition for a qualified proposal. A qualified proposal is "a proposal from a health care provider that submits both an exclusive and a non-exclusive proposal and meets the minimum requirements specified

[12] The initiation of a protest by one offeror resulted in draft copies not being made available to two offerors.

in the RFP in response to any requests for proposals for the Government of Guam Health Insurance Program." 4 GCA §4301.1(g).

The RFP in this solicitation was developed after taking into account these amendments to the applicable law. The Negotiating Team established that the time and the place to determine whether or not a proposal was a qualified proposal, was in Phase I of the six phase procedure set out in the RFP. To quote again from the RFP at page 17, found at Section III, C. Proposal Evaluation and Negotiation Procedure:

> "Phase I is the initial screening of all proposals to determine whether the minimum requirements specified in the RFP were met, including submission of qualified proposals as required by P.L. 31-197, submission of all disclosure forms, and whether the proposals were signed as required. The lack of any of the disclosure forms or other information required to be submitted may be cause for a finding of non-responsiveness. Proposals will then be re-sealed and held in safe-keeping by one of the administrators until the time for evaluation. If any proposal is determined to be non-responsive by the Government, such offeror shall be notified in writing about the determination." [Emphasis added.]

A determination of whether proposals were responsive and qualified did not take place in Phase I. The failure to review all four proposals in Phase I has resulted in a convoluted process that is inconsistent with the process set out in the RFP.[13] This has resulted in confusion on the part of offerors and a lack of any confidence that the process has been fair, impartial and free from inappropriate influence or manipulation.

Additionally, although the RFP in Phase II permitted for discussions with offerors and for offerors to modify their proposals, there was a time frame in which that process could occur. The RFP permitted discussions in keeping with 2 GAR Division 4 § 3114 (i) to take place in Phase II for the purpose of (a) determining in greater detail the offeror's qualifications; or (b) to explore with the offeror the scope of nature of the required services, the offeror's proposed method of performance, and the relative utility of alternative methods of approach. See RFP, page 18, Section III., C. Phase II. However, the law as set forth in 3114 (j) states that the selection of the highest ranked offerors takes place "[a]fter conclusion of validation of qualifications, evaluation and discussions as provided in 3114 (i) (Discussions)". So, in this procurement, where there was a ranking of offerors, a written notification letter to offerors as to their ranking, an invitation to negotiate, and then errors found, the Negotiating Team, in keeping with the requirement of § 3115 (e) (3) (B) flexibility, proceeded with the discussion process and permitted proposals to be modified. It was questionably too late in the Phase II process for that to occur.

Prior to the passing of any opportunity for altering or clarifying the proposal, § 3115 (e) (3) (B) (ii) would not permit the failure of a proposal to meet the announced requirements of the territory in some material respect to be a valid reason for rejecting the proposal. The unique nature of the services being procured and P.L. 31-197 requirements that only "qualified proposals meeting the minimum requirements of the RFP" emphasize how the failure for Phase I to have been appropriately concluded causes a cloud to occur over the processes that then took place after Phase I.

Cancellation is the proper remedy in these circumstances. "If prior to award it is determined that a solicitation ...is in violation of law, then the solicitation ... shall be (a) cancelled, or (b) revised to comply

---

[13] It is worth noting that DOA staff conducted the review required by Exhibit A, Preliminary Evaluation Form, page 24 of the RFP, but were not required or requested to conduct any further review of material RFP requirements, like those found wanting during later phases of the process.

with the law." 5 GCA §5451. See also 2 GAR, Div. 4 §9105. The only fair and equitable course in the circumstances of this solicitation is to cancel and re-solicit for proposals. It is not possible at this stage to revise the solicitation to comply with the law.

B. In response to I.B. 4 and I.C.2 and 3 of Section I, above:

The government made a copy of a draft Evaluation Memorandum available to two offerors, Offeror #2[14] and Offeror #3[15]. Although it was the intention of the government to make this document available to Offeror #1 and Offeror #4, it did not do so[16]. This created an appearance of bias in the procurement process, even though none may have been intended. This may have presented two offerors with information that gave those offerors an advantage, or at the least, the appearance of an advantage over other offerors. This circumstance supports the need to cancel the procurement.

C. In response to I.A.1 and 2, and I.B.4 in Section I, above:

The government does not concede that a failure to adopt rules as required by 4 GCA §4302(c) has in any way resulted in a basis for cancelling this solicitation. This provision was added to the group health insurance law by Public Law 24-143. The authority of the Negotiating Team to negotiate with potential health care offerors, as provided for in §4302(c), is not conditioned upon it first developing "rules of procedure in accordance with the Administrative Adjudication Law" as has been asserted. The language of law itself provides for no such condition. See, *Carlson v. Perez,* 2007 Guam 6, ¶40.

Further, there are adequate rules imposed upon the procurement process itself by virtue of both Group health Insurance Program laws found at 4 GCA §§4301, et seq., and by the Procurement Act and Procurement Regulations. These laws and regulations were specifically cited as controlling authority for this solicitation. The RFP at page 8, Section I., General Information, Part B states:

> "B. General authority for procurement
>
> The Government is issuing this Request for Proposal (RFP) subject to the competitive selection procedures for professional services found in the Guam Procurement Law (5 GCA § 5001, *et seq.*) and its regulations (2 GAR Div. 4 § 1101, *et seq.*) Specifically, the procedure for this RFP is found at 2 GAR Div. 4, § 3114 and its subsections. Section 3114 is quoted in its entirety in Exhibit F. There may be additional provisions of the Guam Procurement Regulations found at 2 GAR, Div. 4. §§1104 -12601 applicable to the procurement that are not duplicated in Exhibit F. Furthermore, Title 4 GCA §§ 4301 and 4302 require the acquisition of group health insurance for government employees, retirees and survivors by virtue of a Request for Proposal."

---

[14] Offeror # 2 had gone from being the second highest ranked offeror on the exclusive proposals and the third highest ranked offeror on the non-exclusive proposals to being the fourth ranked offeror as to both proposals. Offeror #2 met with DOA, the Hay Group and Legal Counsel on August 6, 2012. In that meeting, without consulting with the rest of the Negotiating Team, the Draft Evaluation Memorandum (with offeror information redacted) was provided to Offeror #2 because it set forth with clarity the ranking process that took place in compliance with the RFP, that resulted in Offeror #2's movement in position.

[15] Offeror # 3 was provided a copy of the draft Evaluation Memorandum on August 7, 2012 at the negotiating meeting.

[16] Offeror #2 filed a protest on August 8, 2012, and there was no further distribution of the draft Evaluation Memorandum to the Offeror #1 and #4.

Finally, the rules of procedure called for by P.L. 24-143 are, for all purposes, internal rules of the Negotiating Team, solely affecting internal policy, internal Team organization and internal procedures that do not directly affect the rights of or procedures available to the public. See the definition of 'Rule' found within the Administrative Adjudication Law which makes this distinction, as compared to rules that have the effect of interpreting, supplementing or implementing any law enforced by or implemented by the rule. 5 GCA §9107.

D. In response to I.B.1, 2 and 3, and I.C.4, in Section I, above:

The government does not concede that the steps taken to permit certain offerors to amend a proposal that was non-responsive were inappropriate or contrary to law. The timing for these actions was inappropriate. However, had the deficiencies found with two proposals been identified in Phase I, as required by the RFP, the government is permitted in the instance when source selection is determined with proposals (as opposed to bids), to seek amendment of a proposal when it is in the interest of the Territory to do so. The relevant regulations provide:

> After opening, but prior to award, all bids or proposals may be rejected in whole or in part when the Chief Procurement Officer, the Director of Public Works, or the head of a Purchasing Agency determines in writing that such action is in the territory's best interest ..."

2 GAR, Div. 4 §3115(d) (2) (A).

> **Proposals.** As used in this Subsection, *proposal* means any offer submitted in response to any solicitation, including an offer under §3111 (Small Purchases), except a bid as defined in Subsection 3115(e) (3) (a) of this Section. Unless the solicitation states otherwise, proposals need not be unconditionally accepted without alteration or correction, and the territory's stated requirements may be revised or clarified after proposals are submitted. This flexibility must be considered in determining whether reasons exist for rejecting all or any part of a proposal.

2 GAR, Div. 4 §3115(e) (3) (B).

Consistent with the guidance provided by the regulation, the Negotiating Team recognized the clearly expressed policy of the Guam legislature to increase competition, seeking up to three exclusive and non-exclusive best and final offers, leading to one exclusive contract and three non-exclusive contracts, for the FY 2013 solicitation process, as powerful indications of the interest of the Territory to permit modifications of proposals in these circumstances, and as permitted by law. Recent enactments by the Guam legislature reveal a sustained effort to increase competition and reduce the costs of health insurance for government employees and retirees. See P.L. 24-143; P.L. 30-208:1; P.L. 30-227:1; P.L. 31-24:1; and P.L. 31-197. In light of the direction given by the legislature, the Negotiating Team understood that it is in the interest of the Territory to permit amendment of proposals in order to provide for up to three competitive proposals during the negotiation phase.

E. In response to I.A.6, in Section I, above:

The government does not concede that it has wrongly interpreted the law and asserts that negotiations are permitted with up to three offerors for both the exclusive proposal and the non-exclusive proposal, but not more than three offerors. The group health insurance law for government employees and retirees has been amended numerous times in the recent past, specifically in regard to the acquisition of health insurance. The relevant portions of this law that establish how many offerors that the

government of Guam is permitted to negotiate with is set out here, in relevant part, in the chronological order in which each was adopted.

§ 4301. Group Insurance.

"(a) ***I Maga'lahi* (the Governor) is authorized to enter contracts and reject proposals,** with the written concurrence of the Speaker of *I Liheslaturan Guåhan* (the Guam Legislature) or the Presiding Judge of the Superior Court of Guam whose consents may be withheld in their sole discretion, **with one (1) or more insurance companies,** authorized to do business in Guam, for group insurance, including, but *not limited to,* hospitalization, medical care, life and accident, for all employees *or* separate groups of employees of the government of Guam..." [Emphasis added in **bold.]**

4 GCA §4301(a). [As amended by P.L. 24-143:19 (March 1998)]

§ 4302 (c).

"... Notwithstanding any other provision of law, **each Fiscal Year, the Negotiating Team *shall* solicit both exclusive and non-exclusive proposals** from each Health Insurance Provider **and enter into negotiations with the top three (3) ranked Health Insurance Providers submitting qualified proposals** for health insurance coverage for qualified active employees and qualified retirees of the government of Guam." [Emphasis added in **bold.**]

4 GCA § 4302(c). [Added by P.L. 31-197 (March 2012)]

§ 4301.1 Definitions.

"(e) *Exclusive proposal* means a proposal based upon the assumption that the government will **contract with *only* one (1) health insurance provider that is selected by the negotiating team from up to three (3) different health insurance providers** that all negotiate best and final offers with the negotiating team.

(f) *Non-exclusive proposal* means a proposal based upon the assumption that the government **will contract with three (3) health insurance providers that negotiate best and final offers with the negotiating team.** *If* only two (2) health insurance providers submit qualified proposals then *nonexclusive proposal shall* mean a proposal based upon the assumption that the government will contract with two (2) health insurance providers that negotiate best and final offers with the negotiating team. [Emphasis added in **bold.**]

4 GCA § 4301.1 (e) and (f). [Added by P.L. 31-225:1 (June 2012)]

It is worth noting that with the passage of P.L. 31-197, the policy for the solicitation of group health insurance for government employees and retirees took a significant departure from past practice, requiring the solicitation of both exclusive and non-exclusive proposals. In addition, P.L. 31-197 added clarification that the Negotiating Team had a heightened responsibility for the development of the health insurance plan and the acquisition of group health insurance. However, it appears clear that the law requires that the Negotiating Team is to enter into negotiations with the top three ranked Health Care Providers who submit qualified proposals.

The Negotiating Team is to solicit both exclusive and non-exclusive proposals, and enter into negotiations with the top three ranked offerors of exclusive proposals, and the top three ranked offerors of non-exclusive proposals. There is nothing in the definitions of either the exclusive proposal or the non-

exclusive proposal, added by P.L. 31-225, that take away, diminish or obscure what is stated clearly in 4 GCA §4302(c), as added by P.L. 31-197, concerning the number of offerors to negotiate with. The Guam Supreme Court has held:

> "[I]t is a cardinal rule of statutory construction that courts must look first to the language of the statute itself." *Sumitomo Const., Co., Ltd. v. Gov 't of Guam*, 2001 Guam 23 ¶ 17. "The plain meaning rule for statutory interpretation provides that 'if the language of a statute is clear and there is no ambiguity, then there is no need to "interpret" the language by resorting to the legislative history or other extrinsic aids.'" *People v. Angoco*, 1998 Guam 10 ¶ 5. Recently, this court has stated that "'[i]f there is no ambiguity in the language, we presume the Legislature meant what it said, and the plain meaning of the statue governs.'" *People v. Tennessen*, 2010 Guam 12 ¶ 18 (quoting *Curle v. Super. Ct.* (Gleason), 16 P.3d 166,170 (Cal. 2001))."

Attorney General of Guam v. Gutierrez, 2011 Guam 10 ¶ 26. There is no need to interpret the statement 'enter into negotiations with the top three exclusive and non-exclusive proposals.' This statement is clear and precise.

F. In response to I.A.7, in Section I, above:

The government did not improperly change scores during the evaluation process. As stated in the Evaluation Memorandum, a process was undertaken to confirm that scores from individual evaluators were properly entered onto the Hay Group computer Excel spreadsheet. The scoring for Part 3 of the evaluation process involved quoted rates from offerors concerning different versions of health or dental insurance. There were specified rules imposed upon this scoring. The score sheet states: "The lowest cost for each item will receive the highest score from each evaluator, the next lowest cost will receive the second highest score from each evaluator, etc." See RFP at page 31, last page of Exhibit B.

The Hay consultant, in reviewing the Excel spreadsheet for the Part 3 scores (pertaining to costs) noted that two evaluators had entered scores that were inconsistent with this RFP rule, that is, the scores did not follow the rule quoted above. Each of those evaluators were taken aside from the remainder of the Team and requested to review scores for Part 3. One evaluator had transposed scores from a score sheet to the Excel program and corrected the scores that had been entered onto the Hay Group Excel spreadsheet. One evaluator had misunderstood the scoring process and the rule imposed. The scores on this evaluators score sheets were not consistent with the rule. This evaluator was accorded the opportunity to re-score the entire Part 3 in accordance with the imposed rule. Having rescored, following the imposed rule, the evaluator worked with the Hay consultant to enter the scores into the Hay Group computer Excel spreadsheet.

All of the scores on the score sheets of the individual evaluators and all of the scores entered into the Hay Group Excel spreadsheet reflect the determination of the proper score to be given each item as each individual evaluator chose. No evaluator was influenced or told how to score a proposal, but for the rules imposed by the RFP. There has been no improper changing of scores.

G. In response to I.A.8, in Section I, above:

The government does not refuse to identify the members of the Negotiating Team. The members of the Negotiating Team are identified on the Evaluation Memorandum approved by the Negotiating Team, and are identified in materials to be released in response to these protests and a Sunshine Act of 1999 request. The scoring sheets and other evaluation materials identify the individual members of the Negotiating Team and the scoring by each evaluator. Only in the draft Evaluation Memorandum provided to Offeror # 3, and then Offeror #2 were names of evaluators not included.

H. In response to I.A.9, in Section I, above:

The government denies that it erroneously ranked any proposal in violation of law. The evaluation and ranking of each offeror was completed by each evaluator consistent with law and the RFP.

I. In response to I.A.10 and I.C.1, in Section I, above:

The government has conceded to errors in the subject solicitation. Those errors were not committed in any bad faith. In fact, the Negotiating Team, the Department of Administration staff and the Hay Group consultants acted in abundant good faith attempting to complete a complex procurement, always with a view toward giving each offeror an opportunity, within the law, to compete for and gain the government's health insurance business. This response is intended to be frank and as transparent with regard to the mistakes made, as is permitted within the procurement law. However, no mistake was made in order to give the government an advantage over the offerors, to give one offeror an advantage over another, or to place any offeror at a disadvantage. They were just mistakes. There is no bad faith on the part of any individual or entity associated with the government concerning this solicitation.

V. Appeal Available.

Pursuant to Title 5 of the Guam Code Annotated, Chapter 5, at Section 5425(e), you have the right to appeal this decision. There are specific timelines that apply to the appeal right.

This Notice of Decision is approved by the Negotiating Team and issued by the Director of Administration in her role as the Chairperson.

Benita Manglona Dated: 9/7/12

Benita Manglona, Chairperson

Negotiating Team for FY2013 Health Insurance Contract

Again, I wish to restate that the involvement and efforts of SelectCare Health Plan to participate in the solicitation for group health insurance services for government employees, retirees and their families is greatly appreciated. I personally look forward to the opportunity to engage with the staff and management of SelectCare Health Plan in the near future on behalf of the Negotiating Team and the Government of Guam. Thank You.

Sincerely,

Benita Manglona

Benita Manglona
Director of Administration.

Attachments

cc: Kentaro Kita, Chief Operating Officer, Tokio Marine Pacific Insurance, Ltd.

Notice of Decision

Request for Proposal DOA/HRD-RFP-GHI-13-001 Protests

EXHIBIT A

Preliminary Evaluation Form

number 3. These results showed that for the Non-exclusive offers # 1 ___ was ranked number 1, # 3 was ranked number 2, and # 4 ___ was ranked number 3. A discussion ensued about the need to immediately schedule negotiations for Exclusive offers with the offerors, to begin on Friday June 27. The Team was advised that the highest ranked offeror, # 1___, was not available on July 27 (and would not be available until Tuesday, July 31). Further, the Team was advised that Marie Dufresne of the Hay Group would not arrive on Guam until August 1st. A motion to send each offeror the ranking of all offerors in the event that the Team decided to go out of order failed to gain a second. A motion to begin negotiations with the #2 ranked offeror, # 3 was seconded and passed, 8 in favor and 1 against. The Director of Administration was advised to send a letter to # 2 ___ that its offer was being rejected as non-responsive, and to send a letter to # 3 inviting it to begin negotiations on July 27, 2012.

IV. Additional Offer Found Non-Responsive.

After extending an invitation to negotiate, but prior to initiating negotiations with # 3 on July 27, 2012, it was determined by legal counsel that there was at least one provision of the #3 offer that was non-responsive for a provision that was exactly the same as a provision from #2___, and for which the offer of #2___had been rejected as non-responsive. The #3 offer was found to have, as a provision in its offer, that the calculation for the Out of Pocket Maximum did not include the deductible amount. Legal counsel advised the Negotiating Team that it would be improper to initiate negotiations with an offeror who may be considered non-responsive when another offeror was already rejected for this same reason. It was determined by legal counsel that both the letter to #3 , extending an offer to negotiate, and the letter to # 2 , advising that its offer had been rejected, were to be withdrawn, and that a thorough review of all four offers for responsiveness was to be completed prior to any further action, or completion of the evaluation process.

On Monday, July 30, 2012, the Hay Group presented the Team a revised listing of all discrepancies from the RFP by any of the four offerors. It was determined, as follows:

Offeror # 3 had the following material omissions in its offer:

1. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
2. The Medical Policy provided with the proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
3. The proposal placed a co-payment on services that were to be covered 100% by the plans

Offeror # 2 ___had the following material omissions in its offer:

1. The proposal lacked a copy of a proposed contract.

2. The proposal was for a plan with a $1500 annual deductible/$4500 annual family deductible, and an HSA plan with a $2000 annual deductible/$6000 annual family deductible.
3. The proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
4. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
5. The proposal specifically listed airfare as an exclusion.
6. The proposal would raise mail-order co-pay to $15.00.
7. The proposal lists chiropractic care as excluded.
8. The proposal fails to list exclusions consistent with the RFP.
9. The proposal listed policy assumptions concerning #s of employees required to participate in the plan; conditions for re-rating the plan after a contract is executed; and assumption about exclusion of retirees, among other ineligible assumptions.
10. The proposal is unclear or fails to confirm that it is intended for a fully participating contract.

Offeror # 4 ___and offeror # 1 ___ proposals were determined to be in conformance with the RFP in all material respects. A motion was made, and seconded, to allow #3 and #2 __ an opportunity to amend their respective proposals to conform to the RFP, with the clarification that no further amendments to the submitted proposal would be considered. These offerors were to be given until 9:00 a.m. August 1, 2012 to respond. After discussion, the motion passed, 4 in favor, 3 opposed, 1 abstaining and 1 absent. Letters to # 3 and # 2 were delivered at 10:45 a.m. on July 31, 2012.

On August 1, 2012, by 9:00 a.m. both #3 and # 2 ___ had responded in writing that their respective offers were amended as requested, with the result that the proposals would be in all material respects consistent with the RFP.

V. Evaluation Process Completed for Four Responsive Offers.

On August 1, 2012, the Team completed the evaluation and ranking of four offers. As the Team had already completed the ranking of three offerors, #3 #1___, and # 4 ___ for Part 1 and Part 2, the first step was to complete the ranking of offeror # 2 . for Part 1 and Part 2. The Team members completed Exhibit B Part 1 and Part 2 score sheets for # 2___, and the Hay Group representatives entered the scores for the fourth offeror into a single computer Excel program, contained on the Hay Computer.

The scoring of offers for Part 3, as provided in the RFP, is determined and decided by comparing the rates of the various offers and scoring the offers based upon lowest to highest rates being offered. Therefore, the scoring of offers initially completed by the Team for only three offers was irrelevant. It was necessary for the team to re-score every offer for Part 3. As before, the rates of the four offerors were presented by

the Hay Group for the eleven options being scored. The Team completed Exhibit B Part 3, Evaluation of Costs for the four offerors. Each individual member of the Team worked with the Hay Group representative to enter their own scores for Part 3 into a single computer Excel program, contained on the Hay Computer.

Subsequent to the entry of all Team scores for Part 3, a separate cross check of all entered data was conducted by representative of DOA. The data previously entered for Parts 1 and 2, for offerors #1 __, #3 __, and #4___ had been cross checked previously. The data entered for Parts 1 and 2 for offeror # 2 _____, and the data entered for Part 3, for all four offerors was checked and confirmed.

The results of the evaluation of Exclusive offers, based upon the scoring of Part 1, Part 2, and Part 3[1] are:

- # 1 _ 679.9 (ranked first)
- # 2 ___ 604.3 (ranked second)
- # 3 566.5 (ranked fourth)
- # 4 ___ 568.5 (ranked third)

The result of the evaluation of Non-exclusive offers, based upon the scoring of Part 1, Part2, and Part 3 are:

- #1 _ 696.2 (ranked first)
- #2 ___ 597.6 (ranked second)
- #3 526.7 (ranked fourth)
- #4 ____ 583.4 (ranked third)

On August 2, 2012, the Team gathered to review the results of the evaluation scoring of the four offers. As to the Exclusive offers, there was a discussion about the 'virtual tie' between the third and fourth ranked offeror. Legal counsel distributed copies of relevant law and information about the intent of the legislature to increase competitiveness in the acquisition of health insurance. Ultimately, legal counsel advised the Team that the group health insurance law was clear that negotiations could be conducted with up to three offerors only

VI. Recommendations.

Based upon the evaluation process and results reported above:

---

[1] One Team member had transposed results for one of its scores in Part 3 incorrectly and corrected this on August 2, 2012. One Team member had misunderstood the directions for scoring Part 3, and had given some offerors identical scores even though the quoted rates for certain options were different among the four offerors. This Team member rescored Part 3, following the direction given in the RFP, scoring the offers consistent with the quoted rates and the rule that the lowest quote received the highest score, etc.

It is recommended that, as to Exclusive offers, the Director of Administration invite #1 ___, the highest ranked offer, # 2___, the 2nd highest ranked offeror, and #4___, the 3rd highest ranked offeror to negotiate a best and final offer for anexclusive contract, in the order in which each is ranked.

It is recommended that, as to Exclusive offers, the Director of Administration advise #3 the 4th ranked offeror of its ranking, and request that it remain available to negotiate for a possible Exclusive contract in the event that the government is not able to agree upon a best and final offer with one of the top three ranked offerors.

It is recommended that, as to Non-exclusive offers, the Director of Administration invite #1___, the highest ranked offer, # 2___, the 2nd highest ranked offeror, and #4___, the 3rd highest ranked offeror to negotiate a best and final offer for a Non-exclusive contract, in the order in which each is ranked.

It is recommended that, as to Non-exclusive offers, the Director of Administration advise #3 , the 4th ranked offeror of its ranking, and request that it remain available to negotiate for a possible Non-exclusive contract in the event that the government is not able to agree upon a best and final offer with one of the top three ranked offerors.

Signed: [To Be Executed by Team Members once assembled and approved]

Notice of Decision

Request for Proposal DOA/HRD-RFP-GHI-13-001 Protests

EXHIBIT D

Evaluation Memorandum to Offeror #2

SUBJECT: Evaluation Memorandum

The evaluation of proposals for the solicitation of group health insurance for employees and retirees was conducted by the Negotiating Team (Team) as required by statute. The members of the Team are #1 __, #2 ___, #3___, #4___, #5___, #6___, #7___, # 8___, and #9 ___.

During the evaluation process several members designated alternative representatives if the member was not able to be present. ___served as alternate for___, and ___and ___served as alternates for ___.

Also in attendance during a part, or all, of the evaluation process were non-voting members of the Team. Alicia Cruz attended all evaluation meetings on behalf of the Department of Revenue and Taxation. John Carlos was present for the Department of Revenue and Taxation. Dr. Larry Lizama was present for the Guam Memorial Hospital Authority. Senator Dennis Rodriguez was present. Ron Teehan was present for Senator Dennis Rodriguez.

The Hay Group, retained by the Department of Administration (DOA) on behalf of the Team to provide actuary and other training and advice in the solicitation of group health insurance was represented at different times by Bob Russell, Justin Caruthers and Marie Dufresne. DOA staff from the Human Resource Division assisted with the evaluation process, to include Leonora Candaso, Adrian Peregrino, Shane Ngata and Teresita Delos Reyes. Assistant Attorney General John Weisenberger was legal counsel to the Team.

On the first day of the evaluation process there was a written record of the proceedings kept. On the remaining days of the process, there was an attempt to keep both a written record and an audio record of the proceedings. The audio record is understandable and believed to be complete after July 18, 2012.

The evaluation of proposals began on July 18, 2012 and concluded on August 2, 2012. The Team met on July 18, July 19, July 23, July 24, July 25, July 26, July 27, July 30, July 31, August 1, and August 2, 2012.

I. Evaluation and Scoring of Parts I and II.

There were four offers received and evaluated, from #1 ___, #2 , #3___ and # 4 ___. On July 18 and 19, 2012, the Team, in a discussion led by the Hay Group, reviewed and considered responses by the four offerors to the questions asked in Exhibit B, Part I and Exhibit B, Part II of the RFP. There were a total of 40 different responses to be discussed and considered. At the conclusion of the discussion on these Part 1 and Part 2 questions, Team members scored each answer by each offeror to complete the Exhibit B, Part 1 and Part 2 Evaluation Form.

II. Initial Responsiveness Considerations and Decisions.

On July 23, 2012, the Team was apprised by legal counsel that one proposal, by #2 appeared not to meet the minimum requirements of the Request for Proposals (RFP) in that it 1) did not contain a proposed contract, and 2) the deductible for both the 1500 Plan and the 2000 Plan were not those requested by the RFP (#2 proposal had a 1500 Plan deductible of 1500/4500, and a 2000 Plan deductible of 2000/6000).

A discussion ensued about this revelation. Legal counsel advised that the proposals were intended to be reviewed during Phase I of the process for a determination of responsiveness to the RFP. The apparent failure of # 2 to meet minimum requirements was not recognized by the consultants, DOA representatives or Team members prior to this time.

During a break for lunch on July 23, 2012, the Hay Group was requested to make a review of proposals and determine whether additional discrepancies from the announced requirements of the RFP could be identified within any of the four proposals being evaluated. When the Team reconvened, the Hay Group presented a listing of discrepancies identified to that point. After a discussion by the Team of all of the discrepancies identified by Hay Group within the four proposals, and a consideration of which of these deviations from the RFP would be considered a failure to meet the requirements of the RFP in a material respect, it was decided by consensus that many of the matters discussed were minor and could be resolved during negotiations with an offeror. There were three discrepancies of # 2 that were considered serious enough to rise to the level of material omissions from the RFP. These were: 1) the RFP did not contain a proposed contract, 2) the deductible for both the 1500 Plan and the 2000 Plan were not those requested by the RFP (# 2 proposal had a 1500 Plan deductible of 1500/4500, 2000 Plan deductible of 2000/6000), and 3) the calculation for the Out of Pocket Maximum did not include the deductible.

Legal counsel advised the Team that procurement law and regulations provides that a non-responsive offer, that is, one that offers to sell to the government a supply or service that is materially different from the supply or service that the government is soliciting, may be rejected as non-responsive. In addition, in the case of a solicitation concerning proposals (as opposed to bids), a non-responsive offeror may be given an opportunity to correct the offer if it is in the interest of the Territory to do so. A discussion ensued among the Team members with regard to the failure of # 2 to make an offer that met the minimum requirements of the RFP in the three ways set out above. A motion was made, and seconded, to grant to # 2 an opportunity to amend or correct its proposal and bring it in line with the RFP. The motion failed by a 4-5 vote. The meeting of July 23, 2012 ended with the decision of the Team being to reject the # 2 proposal as non-responsive.

On July 24, 2012, the Team again took up the question of # 2's non-responsiveness. Senator Rodriguez, through his representative, provided a letter to the Team seeking information about the decision to reject one offeror. In addition, members

of the Team again discussed the propriety of the rejection of one proposal as opposed to the option of allowing a correction of the items cited. One member of the Team considered placing into the record of the procurement a letter that was in draft form that was very critical of the decision and the process. A motion was made, and seconded, to provide that, 1) in exchange for a decision not to place a letter critical of the Team decision in the record, that 2) the Hay Group would prepare an economic impact review if # 2's proposal is considered nonresponsive and rejected, and 3) after considering the Hay Group report, the Team would take up again the question of granting # 2 an opportunity to amend its proposal. This motion passed by an 8-1 vote.

On July 25, 2012, the Hay Group presented its Memo titled "Analysis Requested by the Negotiating Team." After a discussion about the memorandum from the Hay Group and the merits of either rejecting the #2 proposal or allowing the proposal to be amended, a motion was made and seconded to send a letter to #2 requesting that it clarify its proposal with regard to the three items found to be non-responsive. The motion failed by a 5-2 vote with two abstentions.

III. Complete Evaluation of Three Offerors.

At the conclusion of the decision to reject #2 on the basis of non-responsiveness, each individual member of the Team worked with the Hay Group representatives to enter their own scores for each of the three remaining offerors into a single computer Excel program, contained on the Hay Computer. The result was a compilation of all nine Team members scores of Part 1 and Part 2. These results were checked and confirmed by DOA representatives for completeness and accuracy. Totals of these cumulative results of Part 1 and Part 2 were not compiled by Hay Group, nor were the cumulative results provided to the Team members.

The scoring of offers for Part 3, as provided in the RFP, is determined and decided by comparing the rates of the various offers and scoring the offers based upon lowest to highest rates being offered. The Team then proceeded to complete Exhibit B, Part 3 of the RFP, the evaluation of proposed rates of the three remaining offerors, #1 ___, #3 ___, and #4 ___. As with Parts 1 and 2, the Hay Group provided information about the rates proposed from three offerors. There was a discussion about various rates and alternative proposal rates among the Team and with the Hay Group. Each team member proceeded to score the rates and complete Exhibit B, Part 3 for the three offerors.

Each individual member of the Team worked with the Hay Group representatives to enter their own scores for the three offerors for Part 3 into a single computer Excel program, contained on the Hay Computer. The result was a compilation of all nine Team members for Part 1, Part 2, and Part 3. These results were checked and confirmed by DOA representatives for completeness and accuracy.

On July 26, 2012, the Hay Group presented the results of the compiled cumulative totals for Parts 1, 2 and 3. These results showed that, for the Exclusive offers, # 1 ___

was ranked number 1, # 3 ___ was ranked number 2, and # 4 ___ was ranked number 3. These results showed that for the Non-exclusive offers # 1 ___ was ranked number 1, # 4 ___ was ranked number 2, and # 3 ___ was ranked number 3. A discussion ensued about the need to immediately schedule negotiations for Exclusive offers with the offerors, to begin on Friday June 27. The Team was advised that the highest ranked offeror, # 1___, was not available on July 27 (and would not be available until Tuesday, July 31). Further, the Team was advised that Marie Dufresne of the Hay Group would not arrive on Guam until August 1st. A motion to send each offeror the ranking of all offerors in the event that the Team decided to go out of order failed to gain a second. A motion to begin negotiations with the 2nd ranked offeror, # 3 ___ was seconded and passed, 8 in favor and 1 against. The Director of Administration was advised to send a letter to # 2 ___ that its offer was being rejected as non-responsive, and to send a letter to # 3 ___ inviting it to begin negotiations on July 27, 2012.

IV. Additional Offer Found Non-Responsive.

After extending an invitation to negotiate, but prior to initiating negotiations with # 3___, on July 27, 2012, it was determined by legal counsel that there was at least one provision of the #3 ___offer that was non-responsive for a provision that was exactly the same as a provision from #2 ___ and for which the offer of #2 ___ had been rejected as non-responsive. The #3 ___offer was found to have, as a provision in its offer, that the calculation for the Out of Pocket Maximum did not include the deductible amount. Legal counsel advised the Negotiating Team that it would be improper to initiate negotiations with an offeror who may be considered non-responsive when another offeror was already rejected for this same reason. It was determined by legal counsel that both the letter to #3 ___, extending an offer to negotiate, and the letter to # 2. ___, advising that its offer had been rejected, were to be withdrawn, and that a thorough review of all four offers for responsiveness was to be completed prior to any further action, or completion of the evaluation process.

On Monday, July 30, 2012, the Hay Group presented the Team a revised listing of all discrepancies from the RFP by any of the four offerors. It was determined, as follows:

Offeror # 3 ___ had the following material omissions in its offer:

1. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
2. The Medical Policy provided with the proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
3. The proposal placed a co-payment on services that were to be covered 100% by the plans

Offeror # 2 had the following material omissions in its offer:

1. The proposal lacked a copy of a proposed contract.
2. The proposal was for a plan with a $1500 annual deductible/$4500 annual family deductible, and an HSA plan with a $2000 annual deductible/$6000 annual family deductible.
3. The proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
4. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
5. The proposal specifically listed airfare as an exclusion.
6. The proposal would raise mail-order co-pay to $15.00.
7. The proposal lists chiropractic care as excluded.
8. The proposal fails to list exclusions consistent with the RFP.
9. The proposal listed policy assumptions concerning #s of employees required to participate in the plan; conditions for re-rating the plan after a contract is executed; and assumption about exclusion of retirees, among other ineligible assumptions.
10. The proposal is unclear or fails to confirm that it is intended for a fully participating contract.

Offeror # 4 ___ and offeror # 1 ___ proposals were determined to be in conformance with the RFP in all material respects. A motion was made, and seconded, to allow #3 ___ and #2 ___ an opportunity to amend their respective proposals to conform to the RFP, with the clarification that no further amendments to the submitted proposal would be considered. These offerors were to be given until 9:00 a.m. August 1, 2012 to respond. After discussion, the motion passed, 4 in favor, 3 opposed, 1 abstaining and 1 absent. Letters to # 3 ___ and # 2 ___ were delivered at 10:45 a.m. on July 31 2012.

On August 1, 2012, by 9:00 a.m. both #3 ___ and # 2 ___ had responded in writing that their respective offers were amended as requested, with the result that the proposals would be in all material respects consistent with the RFP.

V. Evaluation Process Completed for Four Responsive Offers.

On August 1, 2012, the Team completed the evaluation and ranking of four offers. As the Team had already completed the ranking of three offerors, #3 ___, #1 ___, and # 4 ___ for Part 1 and Part 2, the first step was to complete the ranking of offeror # 2 ___ for Part 1 and Part 2. The Team members completed Exhibit B Part 1 and Part 2 score sheets for # 2 ___ and the Hay Group representatives entered the scores for the fourth offeror into a single computer Excel program, contained on the Hay Computer.

The scoring of offers for Part 3, as provided in the RFP, is determined and decided by comparing the rates of the various offers and scoring the offers based upon lowest to highest rates being offered. Therefore, the scoring of offers initially completed by the Team for only three offers was irrelevant. It was necessary for the team to re-score every offer for Part 3. As before, the rates of the four offerors were presented by the Hay Group for the eleven options being scored. The Team completed Exhibit B Part 3, Evaluation of Costs for the four offerors. Each individual member of the Team worked with the Hay Group representative to enter their own scores for Part 3 into a single computer Excel program, contained on the Hay Computer.

Subsequent to the entry of all Team scores for Part 3, a separate cross check of all entered data was conducted by representative of DOA. The data previously entered for Parts 1 and 2, for offerors #1 ___, #3 ___, and #4___ had been cross checked previously. The data entered for Parts 1 and 2 for offeror # 2 and the data entered for Part 3, for all four offerors was checked and confirmed.

The results of the evaluation of Exclusive offers, based upon the scoring of Part 1, Part 2, and Part 3[1] are:

- # 1 679.9 (ranked first)
- # 2 604.3 (ranked second)
- # 3 ___ 566.5 (ranked fourth)
- # 4 568.5 (ranked third)

The result of the evaluation of Non-exclusive offers, based upon the scoring of Part 1, Part2, and Part 3 are:

- #1 ___ 696.2 (ranked first)
- #2 597.6 (ranked second)
- #3 526.7 (ranked fourth)
- #4 583.4 (ranked third)

On August 2, 2012, the Team gathered to review the results of the evaluation scoring of the four offers. As to the Exclusive offers, there was a discussion about the 'virtual tie' between the third and fourth ranked offeror Legal counsel distributed copies of relevant law and information about the intent of the legislature to increase competitiveness in the acquisition of health insurance. Ultimately, legal counsel advised the Team that the group health insurance law was clear that negotiations could be conducted with up to three offerors only.

[1] One Team member had transposed results for one of its scores in Part 3 incorrectly and corrected this on August 2, 2012. One Team member had misunderstood the directions for scoring Part 3, and had given some offerors identical scores even though the quoted rates for certain options were different among the four offerors. This Team member rescored Part 3, following the direction given in the RFP, scoring the offers consistent with the quoted rates and the rule that the lowest quote received the highest score, etc

VI. Recommendations.

Based upon the evaluation process and results reported above:

It is recommended that, as to Exclusive offers, the Director of Administration invite #1 ___, the highest ranked offer, # 2 the 2nd highest ranked offeror, and #4___, the 3rd highest ranked offeror to negotiate a best and final offer for an exclusive contract, in the order in which each is ranked.

It is recommended that, as to Exclusive offers, the Director of Administration advise #3 ___, the 4th ranked offeror of its ranking, and request that it remain available to negotiate for a possible Exclusive contract in the event that the government is not able to agree upon a best and final offer with one of the top three ranked offerors.

It is recommended that, as to Non-exclusive offers, the Director of Administration invite #1__, the highest ranked offer, # 2 , the 2nd highest ranked offeror, and #4___, the 3rd highest ranked offeror to negotiate a best and final offer for a Non-exclusive contract, in the order in which each is ranked.

It is recommended that, as to Non-exclusive offers, the Director of Administration advise #3 , the 4th ranked offeror of its ranking, and request that it remain available to negotiate for a possible Non-exclusive contract in the event that the government is not able to agree upon a best and final offer with one of the top three ranked offerors.

Signed [To Be Executed by Team Members once assembled and approved]

Exhibit 4

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

GOVERNMENT OF GUÅHAN
(GUBETNAMENTON GUÅHAN)

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)

DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

HRD No: OG- 12-0674B

September 10, 2012

Frank J. Campillo
Selectcare Health Plan
Health Plan Administrator
P.O. Box FJ
Hagatna, Guam 96932

Subject: Rejection of All Offers and Notice of Cancellation.
Request for Proposals No. DOA/HRD-RFP-GHI-13-001

Dear Mr. Campillo:

Please Take Notice that the solicitation referenced above has been cancelled and all offers are rejected pursuant to 5 GCA §5225 and 2 GAR, Div. 4 §3115(d) (2), and the Request for Proposals No. DOA/HRD-RFP-GHI-13-001, page 19, Section III. D. This cancellation is consistent with the Notice of Decision of September 7, 2012 issued in response to three protests received by the Department of Administration in this solicitation and is made for the reasons stated in the Notice of Decision of September 7, 2012. Please refer to the Notice of Decision for further particulars.

You will be given an opportunity to compete in future solicitations for the Group Health Insurance Program of the Government of Guam. It is anticipated that a new solicitation will be published in the immediate future.

Benita Manglona, Chairperson
Government of Guam Negotiating Team

PRELIMINARY EVALUATION FORM

/ / Exclusive Contract Combined / / Non-Exclusive

Insurance Company: _____

Rater: Ann C. Pitts

YES	NO	Description
✓		1. Was proposal received within the timeframe? 6/27/2012 3:42pm.
✓		2) Disclosure Affidavits with original seal: * Disclosing Ownership & Commissions. The affidavit must be made between the date of issuance of this RFP and the date that proposals are due. * Non-Collusion * No Gratuities and Kickbacks * Ethical Standards * Contingent Fees * Declaration for Compliance with US DOL Wage Determination
✓		3) Acknowledgement of Amendments issued, if any.
✓		4) Cover letter w/authorized signature, name of offeror location, type of business, and designated person with contact information.
✓		5) Business License. If no, then cover letter must explain that they do not have one at time of submission. See COA
✓		6) Cost Proposal Fixed. 6
✓		7) Original with 14 copies.
✓		8) Description of company, capabilities, level of expertise the company can provide.
✓		9) Items marked as proprietary? If government does not agree, government must issue written determination explaining why.
✓		10) Signed Administrative and Marketing Guidelines.
✓		11) Signed Reporting Guidelines.
✓		12) Provided exclusive and non-exclusive proposals. Combined.
✓		13) Current Certificate of Authority for insurer.
?		14) Current Certificate of Authority for reinsurer. Peter. DRT

✓ IS Errors and Omissions. Can't locate

#2

EXHIBIT B

PRELIMINARY EVALUATION FORM

/ / Exclusive Contract (Combined) / / Non-Exclusive

Insurance Company: _____

Rater: Teresa Delos Reyes

YES	NO	Description
✓		1. Was proposal received within the timeframe? 6/27/2012 3:42pm
✓		2) Disclosure Affidavits with original seal: * Disclosing Ownership & Commissions. The affidavit must be made between the date of issuance of this RFP and the date that proposals are due. * Non-Collusion * No Gratuities and Kickbacks * Ethical Standards * Contingent Fees * Declaration for Compliance with US DOL Wage Determination - Seal of Wage not attached dated 6/21/2012
✓		3) Acknowledgement of Amendments issued, if any.
✓		4) Cover letter w/authorized signature, name of offeror location, type of business, and designated person with contact information.
✓	See COA	5) Business License. If no, then cover letter must explain that they do not have one at time of submission.
✓		6) Cost Proposal.
✓		7) Original with 14 copies.
✓	See Executive Summary	8) Description of company, capabilities, level of expertise the company can provide.
✓		9) Items marked as proprietary? If government does not agree, government must issue written determination explaining why. all documents per binder
✓		10) Signed Administrative and Marketing Guidelines. dtd 6/21/2012
✓		11) Signed Reporting Guidelines.
✓		12) Provided exclusive and non-exclusive proposals. (Tab A) (Tab B) binders Financial Info
✓		13) Current Certificate of Authority for insurer. - Expires 7/2012
		14) Current Certificate of Authority for reinsurer. Verify

✓ 15) Errors & Omission

PRELIMINARY EVALUATION FORM

combined into 1 binder

/ / Exclusive Contract / / Non-Exclusive

Insurance Company: _____

Rater: Linda

YES	NO	Description
✓		1. Was proposal received within the timeframe? 3:42 pm 6/27/12
✓		2) Disclosure Affidavits with original seal: * Disclosing Ownership & Commissions. The affidavit must be made between the date of issuance of this RFP and the date that proposals are due. * Non-Collusion * No Gratuities and Kickbacks * Ethical Standards * Contingent Fees * Declaration for Compliance with US DOL Wage Determination
✓		3) Acknowledgement of Amendments issued, if any.
✓		4) Cover letter w/authorized signature, name of offeror location, type and designated person with contact information.
✓		5) Business License. If no, then cover letter must explain that they d at time of submission. Insured License
✓		6) Cost Proposal.
✓		7) Original with 14 copies.
✓		8) Description of company, capabilities, level of expertise the company
✓		9) Items marked as proprietary? If government does not agree, government must issue written determination explaining why. (entire proposal indicated as pro
✓		10) Signed Administrative and Marketing Guidelines.
✓		11) Signed Reporting Guidelines.
✓		12) Provided exclusive and non-exclusive proposals.
✓		13) Current Certificate of Authority for insurer.
	✓	14) Current Certificate of Authority for reinsurer. (DRT refers to 15) Gross or Impressions

proprietary

Note proprietary indicated on proposal Linda need to verify w/ AG if acceptable.

Notice of Decision

Request for Proposal DOA/HRD-RFP-GHI-13-001 Protests

EXHIBIT B

Evaluation Memorandum

Department of Administration
FY 2013 Group Health Insurance Request for Proposals
DOA/HRD-RFP-GHI-13-001

SUBJECT: Evaluation Memorandum

The evaluation of proposals for the solicitation of group health insurance for employees and retirees was conducted by the Negotiating Team (Team) as required by statute. The members of the Team are #1 Benita Manglona, Director of Administration, #2 Barbara Jean Perez, Judiciary of Guam, #3 Chris Budasi, Legislature, #4 John Rios, Bureau of Budget and Management Research, #5 Rosalie Bordallo, Retirement Fund, #6 Annie B. Cruz, Department of Education, #7 Benito Servino, Department of Integrated Services for Individuals with Disability, # 8 Michael Carlson, Government of Guam Retirees, and #9 Jadeen Tuncap, community of Guam.

During the evaluation process several members designated alternative representatives if the member was not able to be present. Zenaida Natividad served as alternate for Benito Servino, and Stephen Guerrero and Matthew Quinata served as alternates for John Rios, as required.

Also in attendance during a part, or all, of the evaluation process were non-voting members of the Team. Alicia Cruz attended all evaluation meetings on behalf of the Department of Revenue and Taxation. John Carlos was present for the Department of Revenue and Taxation. Dr. Larry Lizama was present for the Guam Memorial Hospital Authority. Senator Dennis Rodriguez was present. Ron Teehan was present for Senator Dennis Rodriguez.

The Hay Group, retained by the Department of Administration (DOA) on behalf of the Team to provide actuary and other training and advice in the solicitation of group health insurance was represented at different times by Bob Russell, Justin Caruthers and Marie Dufresne. DOA staff from the Human Resource Division assisted with the evaluation process, to include Leonora Candaso, Adrian Peregrino, Shane Ngata and Teresita Delos Reyes. Assistant Attorney General John Weisenberger was legal counsel to the Team.

On the first day of the evaluation process there was a written record of the proceedings kept. On the remaining days of the process, there was an attempt to keep both a written record and an audio record of the proceedings. The audio record is understandable and believed to be complete after July 18, 2012.

The evaluation of proposals began on July 18, 2012 and concluded on August 2, 2012. The Team met on July 18, July 19, July 23, July 24, July 25, July 26, July 27, July 30, July 31, August 1, and August 2, 2012.

I. Evaluation and Scoring of Parts I and II.

There were four offers received and evaluated, from #1 #2), #3 and # 4 . On July 18 and 19, 2012, the Team, in a discussion led by the Hay Group, reviewed and considered responses by the four offerors to the questions asked in Exhibit B, Part I and Exhibit B, Part II of the RFP. There were a total of 40 different responses to be discussed and considered. At the conclusion of the discussion on these Part 1 and Part 2 questions, Team members scored each answer by each offeror to complete the Exhibit B, Part 1 and Part 2 Evaluation Form.

II. Initial Responsiveness Considerations and Decisions.

On July 23, 2012, the Team was apprised by legal counsel that one proposal, by #2 , appeared not to meet the minimum requirements of the Request for Proposals (RFP) in that it 1) did not contain a proposed contract, and 2) the deductible for both the 1500 Plan and the 2000 Plan were not those requested by the RFP (# proposal had a 1500 Plan deductible of 1500/4500, and a 2000 Plan deductible of 2000/6000).

A discussion ensued about this revelation. Legal counsel advised that the proposals were intended to be reviewed during Phase I of the process for a determination of responsiveness to the RFP. The apparent failure of # 2 to meet minimum requirements was not recognized by the consultants, DOA representatives or Team members prior to this time.

During a break for lunch on July 23, 2012, the Hay Group was requested to make a review of proposals and determine whether additional discrepancies from the announced requirements of the RFP could be identified within any of the four proposals being evaluated. When the Team reconvened, the Hay Group presented a listing of discrepancies identified to that point. After a discussion by the Team of all of the discrepancies identified by Hay Group within the four proposals, and a consideration of which of these deviations from the RFP would be considered a failure to meet the requirements of the RFP in a material respect, it was decided by consensus that many of the matters discussed were minor and could be resolved during negotiations with an offeror. There were three discrepancies of # 2 that were considered serious enough to rise to the level of material omissions from the RFP. These were: 1) the RFP did not contain a proposed contract, 2) the deductible for both the 1500 Plan and the 2000 Plan were not those requested by the RFP (# proposal had a 1500 Plan deductible of 1500/4500, 2000 Plan deductible of 2000/6000), and 3) the calculation for the Out of Pocket Maximum did not include the deductible.

Legal counsel advised the Team that procurement law and regulations provides that a non-responsive offer, that is, one that offers to sell to the government a supply or service that is materially different from the supply or service that the government is

soliciting, may be rejected as non-responsive. In addition, in the case of a solicitation concerning proposals (as opposed to bids), a non-responsive offeror may be given an opportunity to correct the offer if it is in the interest of the Territory to do so. A discussion ensued among the Team members with regard to the failure of # 2 to make an offer that met the minimum requirements of the RFP in the three ways set out above. A motion was made, and seconded, to grant to # 2 an opportunity to amend or correct its proposal and bring it in line with the RFP. The motion failed by a 4-5 vote. The meeting of July 23, 2012 ended with the decision of the Team being to reject the # 2 proposal.

On July 24, 2012, the Team again took up the question of # 2's non-responsiveness. Senator Rodriguez, through his representative, provided a letter to the Team seeking information about the decision to reject one offeror. In addition, members of the Team again discussed the propriety of the rejection of one proposal as opposed to the option of allowing a correction of the items cited. One member of the Team considered placing into the record of the procurement a letter that was in draft form that was very critical of the decision and the process. A motion was made, and seconded, to provide that, 1) in exchange for a decision not to place a letter critical of the Team decision in the record, that 2) the Hay Group would prepare an economic impact review if # 2's proposal is considered nonresponsive and rejected, and 3) after considering the Hay Group report, the Team would take up again the question of granting # 2 an opportunity to amend its proposal. This motion passed by a 8-1 vote.

On July 25, 2012, the Hay Group presented its Memo titled "Analysis Requested by the Negotiating Team." After a discussion about the memorandum from the Hay Group and the merits of either rejecting the #2 proposal or allowing the proposal to be amended, a motion was made and seconded to send a letter to #2 requesting that it clarify its proposal with regard to the three items found to be non-responsive. The motion failed by a 5-2 vote with two abstentions.

III. Complete Evaluation of Three Offerors.

At the conclusion of the decision to reject #2 on the basis of non-responsiveness, each individual member of the Team worked with the Hay Group representatives to enter their own scores for each of the three remaining offerors into a single computer Excel program, contained on the Hay Computer. The result was a compilation of all nine Team members scores of Part 1 and Part 2. These results were checked and confirmed by DOA representatives for completeness and accuracy. Totals of these cumulative results of Part 1 and Part 2 were not compiled by Hay Group, nor were the cumulative results provided to the Team members.

The scoring of offers for Part 3, as provided in the RFP, is determined and decided by comparing the rates of the various offers and scoring the offers based upon lowest to highest rates being offered. The Team then proceeded to complete Exhibit B, Part 3 of the RFP, the evaluation of proposed rates of the three remaining offerors, #1, #3,

and #4 for health insurance. As with Parts 1 and 2, the Hay Group provided information about the rates proposed from three offerors. There was a discussion about various rates and alternative proposal rates among the Team and with the Hay Group. Each team member proceeded to score the rates and complete Exhibit B, Part 3 for the three offerors.

Each individual member of the Team worked with the Hay Group representatives to enter their own scores for the three remaining offerors for Part 3 into a single computer Excel program, contained on the Hay Computer. The result was a compilation of all nine Team members for Part 1, Part 2, and Part 3. These results were checked and confirmed by DOA representatives for completeness and accuracy.

On July 26, 2012, the Hay Group presented the results of the compiled cumulative totals for Parts 1, 2 and 3. These results showed that, for the Exclusive offers, # 1 was ranked number 1, # 3 was ranked number 2, and # 4 was ranked number 3. These results showed that for the Non-exclusive offers # 1 was ranked number 1, # 4 was ranked number 2, and # 3 was ranked number 3. A discussion ensued about the need to immediately schedule negotiations for Exclusive offers with the offerors, to begin on Friday June 27. The Team was advised that the highest ranked offeror, # 1 was not available on July 27 (and would not be available until Tuesday, July 31). Further, the Team was advised that Marie Dufresne of the Hay Group would not arrive on Guam until August 1st. A motion to send each offeror the ranking of all offerors in the event that the Team decided to go out of order failed to gain a second. A motion to begin negotiations with the #2 ranked offeror # 3 was seconded and passed, 8 in favor and 1 against. The Director of Administration was advised to send a letter to # 2 that its offer was being rejected as non-responsive, and to send a letter to # 3 inviting it to begin negotiations on July 27, 2012.

IV. Additional Offer Found Non-Responsive.

After extending an invitation to negotiate, but prior to initiating negotiations with # 3 on July 27, 2012, it was determined by legal counsel that there was at least one provision of the #3 offer that was non-responsive for a provision that was exactly the same as a provision from #4 and for which the offer of #4 had been rejected as non-responsive. The #3 offer was found to have, as a provision in its offer, that the calculation for the Out of Pocket Maximum did not include the deductible amount. Legal counsel advised the Negotiating Team that it would be improper to initiate negotiations with an offeror who may be considered non-responsive when another offeror was already rejected for this same reason. It was determined by legal counsel that both the letter to #3 , extending an offer to negotiate, and the letter to # 2 advising that its offer had been rejected, were to be withdrawn, and that a thorough review of all four offers for responsiveness was to be completed prior to any further action, or completion of the evaluation process.

On Monday, July 30, 2012, the Hay Group presented the Team a revised listing of all discrepancies from the RFP by any of the four offerors. It was determined, as follows:

Offeror # 3 had the following material omissions in its offer:

1. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
2. The Medical Policy provided with the proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
3. The proposal placed a co-payment on services that were to be covered 100% by the plans

Offeror # 2 had the following material omissions in its offer:

1. The proposal lacked a copy of a proposed contract.
2. The proposal was for a plan with a $1500 annual deductible/$4500 annual family deductible, and an HSA plan with a $2000 annual deductible/$6000 annual family deductible.
3. The proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
4. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
5. The proposal specifically listed airfare as an exclusion.
6. The proposal would raise mail-order co-pay to $15.00.
7. The proposal lists chiropractic care as excluded.
8. The proposal fails to list exclusions consistent with the RFP.
9. The proposal listed policy assumptions concerning #s of employees required to participate in the plan; conditions for re-rating the plan after a contract is executed; and assumption about exclusion of retirees, among other ineligible assumptions.
10. The proposal is unclear or fails to confirm that it is intended for a fully participating contract.

Offeror # 4 and offeror # 1 proposals were determined to be in conformance with the RFP in all material respects. A motion was made, and seconded, to allow #3 ; and #2 an opportunity to amend their respective proposals to conform to the RFP, with the clarification that no further amendments to the submitted proposal would be considered. These offerors were to be given until 9:00 a.m. August 1, 2012 to respond. After discussion, the motion passed, 4 in favor, 3 opposed, 1 abstaining and 1 absent. Letters to # 3 . and # 2 were delivered at 10:45 a.m. on July 31, 2012.

On August 1, 2012, by 9:00 a.m. both #3 and # 2 had responded in writing that their respective offers were amended as requested, with the result that the proposals would be in all material respects consistent with the RFP.

V. Evaluation Process Completed for Four Responsive Offers.

On August 1, 2012, the Team completed the evaluation and ranking of four offers. As the Team had already completed the ranking of three offerors, #3 , #1 and # 4 for Part 1 and Part 2, the first step was to complete the ranking of offeror # 2 for Part 1 and Part 2. The Team members completed Exhibit B Part 1 and Part 2 score sheets for # 2 and the Hay Group representatives entered the scores for the fourth offeror into a single computer Excel program, contained on the Hay Computer.

The scoring of offers for Part 3, as provided in the RFP, is determined and decided by comparing the rates of the various offers and scoring the offers based upon lowest to highest rates being offered. Therefore, the scoring of offers initially completed by the Team for only three offers was irrelevant. It was necessary for the team to re-score every offer for Part 3. As before, the rates of the four offerors were presented by the Hay Group for the eleven options being scored. The Team completed Exhibit B Part 3, Evaluation of Costs for the four offerors. Each individual member of the Team worked with the Hay Group representative to enter their own scores for Part 3 into a single computer Excel program, contained on the Hay Computer.

Subsequent to the entry of all Team scores for Part 3, a separate cross check of all entered data was conducted by representative of DOA. The data previously entered for Parts 1 and 2, for offerors #1, #3, and #4 had been cross checked previously. The data entered for Parts 1 and 2 for offeror # 2, and the data entered for Part 3, for all four offerors was checked and confirmed.

The results of the evaluation of Exclusive offers, based upon the scoring of Part 1, Part 2, and Part 3[1] are:

- # 1 679.9 (ranked first)
- #2 604.3 (ranked second)
- #3 566.5 (ranked fourth)
- #4 568.5 (ranked third)

///

[1] One Team member had transposed results for one of its scores in Part 3 incorrectly and corrected this on August 2, 2012. One Team member had misunderstood the directions for scoring Part 3, and had given some offerors identical scores even though the quoted rates for certain options were different among the four offerors. This Team member rescored Part 3, following the direction given in the RFP, scoring the offers consistent with the quoted rates and the rule that the lowest quote received the highest score, etc.

The result of the evaluation of Non-exclusive offers, based upon the scoring of Part 1, Part2, and Part 3 are:

- #1 696.2 (ranked first)
- #2 597.6 (ranked second)
- #3 526.7 (ranked fourth)
- #4 583.4 (ranked third)

On August 2, 2012, the Team gathered to review the results of the evaluation scoring of the four offers. As to the Exclusive offers, there was a discussion about the 'virtual tie' between the third and fourth ranked offeror. Legal counsel distributed copies of relevant law and information about the intent of the legislature to increase competitiveness in the acquisition of health insurance. Ultimately, legal counsel advised the Team that the group health insurance law was clear that negotiations could be conducted with up to three offerors only.

VI. Recommendations.

Based upon the evaluation process and results reported above:

It is recommended that, as to Exclusive offers, the Director of Administration invite #1 the highest ranked offer, # 2 the 2nd highest ranked offeror, and #4 the 3rd highest ranked offeror to negotiate a best and final offer for anexclusive contract, in the order in which each is ranked.

It is recommended that, as to Exclusive offers, the Director of Administration advise #3 the 4th ranked offeror of its ranking, and request that it remain available to negotiate for a possible Exclusive contract in the event that the government is not able to agree upon a best and final offer with one of the top three ranked offerors.

It is recommended that, as to Non-exclusive offers, the Director of Administration invite #1 , the highest ranked offer, # 2 the 2nd highest ranked offeror, and #4 the 3rd highest ranked offeror to negotiate a best and final offer for a Non-exclusive contract, in the order in which each is ranked.

///

///

///

//

Notice of Decision

Request for Proposal DOA/HRD-RFP-GHI-13-001 Protests

EXHIBIT B

Evaluation Memorandum

Notice of Decision

Request for Proposal DOA/HRD-RFP-GHI-13-001 Protests

EXHIBIT C

Evaluation Memorandum to Offeror #3

SUBJECT: Evaluation Memorandum

The evaluation of proposals for the solicitation of group health insurance for employees and retirees was conducted by the Negotiating Team (Team) as required by statute. The members of the Team are #1 ___, #2 ___, #3___, #4___, #5___, #6___, #7___, # 8___, and #9 ___.

During the evaluation process several members designated alternative representatives if the member was not able to be present. ___served as alternate for___, and ___and ___served as alternates for ___.

Also in attendance during a part, or all, of the evaluation process were non-voting members of the Team. Alicia Cruz attended all evaluation meetings on behalf of the Department of Revenue and Taxation. John Carlos was present for the Department of Revenue and Taxation. Dr. Larry Lizama was present for the Guam Memorial Hospital Authority. Senator Dennis Rodriguez was present. Ron Teehan was present for Senator Dennis Rodriguez.

The Hay Group, retained by the Department of Administration (DOA) on behalf of the Team to provide actuary and other training and advice in the solicitation of group health insurance was represented at different times by Bob Russell, Justin Caruthers and Marie Dufresne. DOA staff from the Human Resource Division assisted with the evaluation process, to include Leonora Candaso, Adrian Peregrino, Shane Ngata and Teresita Delos Reyes. Assistant Attorney General John Weisenberger was legal counsel to the Team.

On the first day of the evaluation process there was a written record of the proceedings kept. On the remaining days of the process, there was an attempt to keep both a written record and an audio record of the proceedings. The audio record is understandable and believed to be complete after July 18, 2012.

The evaluation of proposals began on July 18, 2012 and concluded on August 2, 2012. The Team met on July 18, July 19, July 23, July 24, July 25, July 26, July 27, July 30, July 31, August 1, and August 2, 2012.

I. Evaluation and Scoring of Parts I and II.

There were four offers received and evaluated, from #1 ___, #2 ___,#3), and # 4 ___. On July 18 and 19, 2012, the Team, in a discussion led by the Hay Group, reviewed and considered responses by the four offerors to the questions asked in Exhibit B, Part I and Exhibit B, Part II of the RFP. There were a total of 40 different responses to be discussed and considered. At the conclusion of the discussion on these Part 1 and Part 2 questions, Team members scored each answer by each offeror to complete the Exhibit B, Part 1 and Part 2 Evaluation Form.

II. Initial Responsiveness Considerations and Decisions.

On July 23, 2012, the Team was apprised by legal counsel that one proposal, by #2 ___, appeared not to meet the minimum requirements of the Request for Proposals (RFP) in that it 1) did not contain a proposed contract, and 2) the deductible for both the 1500 Plan and the 2000 Plan were not those requested by the RFP (#2 ___ proposal had a 1500 Plan deductible of 1500/4500, and a 2000 Plan deductible of 2000/6000).

A discussion ensued about this revelation. Legal counsel advised that the proposals were intended to be reviewed during Phase I of the process for a determination of responsiveness to the RFP. The apparent failure of # 2 ___to meet minimum requirements was not recognized by the consultants, DOA representatives or Team members prior to this time.

During a break for lunch on July 23, 2012, the Hay Group was requested to make a review of proposals and determine whether additional discrepancies from the announced requirements of the RFP could be identified within any of the four proposals being evaluated. When the Team reconvened, the Hay Group presented a listing of discrepancies identified to that point. After a discussion by the Team of all of the discrepancies identified by Hay Group within the four proposals, and a consideration of which of these deviations from the RFP would be considered a failure to meet the requirements of the RFP in a material respect, it was decided by consensus that many of the matters discussed were minor and could be resolved during negotiations with an offeror. There were three discrepancies of # 2 ___that were considered serious enough to rise to the level of material omissions from the RFP. These were: 1) the RFP did not contain a proposed contract, 2) the deductible for both the 1500 Plan and the 2000 Plan were not those requested by the RFP (# 2 ___ proposal had a 1500 Plan deductible of 1500/4500, 2000 Plan deductible of 2000/6000), and 3) the calculation for the Out of Pocket Maximum did not include the deductible.

Legal counsel advised the Team that procurement law and regulations provides that a non-responsive offer,that is, one that offers to sell to the government a supply or service that is materially different from the supply or service that the government is soliciting, may be rejected as non-responsive. In addition, in the case of a solicitation concerning proposals (as opposed to bids), a non-responsive offeror may be given an opportunity to correct the offer if it is in the interest of the Territory to do so. A discussion ensued among the Team members with regard to the failure of # 2 ___to make an offer that met the minimum requirements of the RFP in the three ways set out above. A motion was made, and seconded, to grant to # 2 ___ an opportunity to amend or correct its proposal and bring it in line with the RFP. The motion failed by a 4-5 vote. The meeting of July 23, 2012 ended with the decision of the Team being to reject the # 2 ___ proposal as non-responsive.

On July 24, 2012, the Team again took up the question of # 2's ___ non-responsiveness. Senator Rodriguez, through his representative, provided a letter to the Team seeking information about the decision to reject one offeror. In addition, members of the Team again discussed the propriety of the rejection of one proposal as opposed to

the option of allowing a correction of the items cited. One member of the Team considered placing into the record of the procurement a letter that was in draft form that was very critical of the decision and the process. A motion was made, and seconded, to provide that, 1) in exchange for a decision not to place a letter critical of the Team decision in the record, that 2) the Hay Group would prepare an economic impact review if # 2's ____ proposal is considered nonresponsive and rejected, and 3) after considering the Hay Group report, the Team would take up again the question of granting # 2 ___ an opportunity to amend its proposal. This motion passed by a 8-1 vote.

On July 25, 2012, the Hay Group presented its Memo titled "Analysis Requested by the Negotiating Team." After a discussion about the memorandum from the Hay Group and the merits of either rejecting the #2 ___ proposal or allowing the proposal to be amended, a motion was made and seconded to send a letter to #2 ___ requesting that it clarify its proposal with regard to the three items found to be non-responsive. The motion failed by a 5-2 vote with two abstentions.

III. Complete Evaluation of Three Offerors.

At the conclusion of the decision to reject #2 ___ on the basis of non-responsiveness, each individual member of the Team worked with the Hay Group representatives to enter their own scores for each of the three remaining offerors into a single computer Excel program, contained on the Hay Computer. The result was a compilation of all nine Team members scores of Part 1 and Part 2. These results were checked and confirmed by DOA representatives for completeness and accuracy. Totals of these cumulative results of Part 1 and Part 2 were not compiled by Hay Group, nor were the cumulative results provided to the Team members.

The scoring of offers for Part 3, as provided in the RFP, is determined and decided by comparing the rates of the various offers and scoring the offers based upon lowest to highest rates being offered. The Team then proceeded to complete Exhibit B, Part 3 of the RFP, the evaluation of proposed rates of the three remaining offerors, #1 ___, #3 and #4___ . As with Parts 1 and 2, the Hay Group provided information about the rates proposed from three offerors. There was a discussion about various rates and alternative proposal rates among the Team and with the Hay Group. Each team member proceeded to score the rates and complete Exhibit B, Part 3 for the three offerors.

Each individual member of the Team worked with the Hay Group representatives to enter their own scores for the three offerors for Part 3 into a single computer Excel program, contained on the Hay Computer. The result was a compilation of all nine Team members for Part 1, Part 2, and Part 3. These results were checked and confirmed by DOA representatives for completeness and accuracy.

On July 26, 2012, the Hay Group presented the results of the compiled cumulative totals for Parts 1, 2 and 3. These results showed that, for the Exclusive offers, # 1 ____ was ranked number 1, # 3 was ranked number 2, and # 4 ___ was ranked

number 3. These results showed that for the Non-exclusive offers # 1 ___ was ranked number 1, # 3 was ranked number 2, and # 4 ___ was ranked number 3. A discussion ensued about the need to immediately schedule negotiations for Exclusive offers with the offerors, to begin on Friday June 27. The Team was advised that the highest ranked offeror, # 1___, was not available on July 27 (and would not be available until Tuesday, July 31). Further, the Team was advised that Marie Dufresne of the Hay Group would not arrive on Guam until August 1st. A motion to send each offeror the ranking of all offerors in the event that the Team decided to go out of order failed to gain a second. A motion to begin negotiations with the #2 ranked offeror, # 3 was seconded and passed, 8 in favor and 1 against. The Director of Administration was advised to send a letter to # 2 ___ that its offer was being rejected as non-responsive, and to send a letter to # 3 inviting it to begin negotiations on July 27, 2012.

IV. Additional Offer Found Non-Responsive.

After extending an invitation to negotiate, but prior to initiating negotiations with # 3 on July 27, 2012, it was determined by legal counsel that there was at least one provision of the #3 offer that was non-responsive for a provision that was exactly the same as a provision from #2___, and for which the offer of #2___had been rejected as non-responsive. The #3 offer was found to have, as a provision in its offer, that the calculation for the Out of Pocket Maximum did not include the deductible amount. Legal counsel advised the Negotiating Team that it would be improper to initiate negotiations with an offeror who may be considered non-responsive when another offeror was already rejected for this same reason. It was determined by legal counsel that both the letter to #3 , extending an offer to negotiate, and the letter to # 2 , advising that its offer had been rejected, were to be withdrawn, and that a thorough review of all four offers for responsiveness was to be completed prior to any further action, or completion of the evaluation process.

On Monday, July 30, 2012, the Hay Group presented the Team a revised listing of all discrepancies from the RFP by any of the four offerors. It was determined, as follows:

Offeror # 3 had the following material omissions in its offer:

1. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
2. The Medical Policy provided with the proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
3. The proposal placed a co-payment on services that were to be covered 100% by the plans

Offeror # 2 ___had the following material omissions in its offer:

1. The proposal lacked a copy of a proposed contract.

2. The proposal was for a plan with a $1500 annual deductible/$4500 annual family deductible, and an HSA plan with a $2000 annual deductible/$6000 annual family deductible.
3. The proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
4. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
5. The proposal specifically listed airfare as an exclusion.
6. The proposal would raise mail-order co-pay to $15.00.
7. The proposal lists chiropractic care as excluded.
8. The proposal fails to list exclusions consistent with the RFP.
9. The proposal listed policy assumptions concerning #s of employees required to participate in the plan; conditions for re-rating the plan after a contract is executed; and assumption about exclusion of retirees, among other ineligible assumptions.
10. The proposal is unclear or fails to confirm that it is intended for a fully participating contract.

Offeror # 4 ___and offeror # 1 ___ proposals were determined to be in conformance with the RFP in all material respects. A motion was made, and seconded, to allow #3 and #2 __ an opportunity to amend their respective proposals to conform to the RFP, with the clarification that no further amendments to the submitted proposal would be considered. These offerors were to be given until 9:00 a.m. August 1, 2012 to respond. After discussion, the motion passed, 4 in favor, 3 opposed, 1 abstaining and 1 absent. Letters to # 3 and # 2 were delivered at 10:45 a.m. on July 31, 2012.

On August 1, 2012, by 9:00 a.m. both #3 and # 2 ___ had responded in writing that their respective offers were amended as requested, with the result that the proposals would be in all material respects consistent with the RFP.

V. Evaluation Process Completed for Four Responsive Offers.

On August 1, 2012, the Team completed the evaluation and ranking of four offers. As the Team had already completed the ranking of three offerors, #3 #1___, and # 4 ___ for Part 1 and Part 2, the first step was to complete the ranking of offeror # 2 . for Part 1 and Part 2. The Team members completed Exhibit B Part 1 and Part 2 score sheets for # 2___, and the Hay Group representatives entered the scores for the fourth offeror into a single computer Excel program, contained on the Hay Computer.

The scoring of offers for Part 3, as provided in the RFP, is determined and decided by comparing the rates of the various offers and scoring the offers based upon lowest to highest rates being offered. Therefore, the scoring of offers initially completed by the Team for only three offers was irrelevant. It was necessary for the team to re-score every offer for Part 3. As before, the rates of the four offerors were presented by

the Hay Group for the eleven options being scored. The Team completed Exhibit B Part 3, Evaluation of Costs for the four offerors. Each individual member of the Team worked with the Hay Group representative to enter their own scores for Part 3 into a single computer Excel program, contained on the Hay Computer.

Subsequent to the entry of all Team scores for Part 3, a separate cross check of all entered data was conducted by representative of DOA. The data previously entered for Parts 1 and 2, for offerors #1 __, #3 __, and #4___ had been cross checked previously. The data entered for Parts 1 and 2 for offeror # 2 ____, and the data entered for Part 3, for all four offerors was checked and confirmed.

The results of the evaluation of Exclusive offers, based upon the scoring of Part 1, Part 2, and Part 3[1] are:

- # 1 _ 679.9 (ranked first)
- # 2 ___ 604.3 (ranked second)
- # 3 566.5 (ranked fourth)
- # 4 ___ 568.5 (ranked third)

The result of the evaluation of Non-exclusive offers, based upon the scoring of Part 1, Part2, and Part 3 are:

- #1 _ 696.2 (ranked first)
- #2 ___ 597.6 (ranked second)
- #3 526.7 (ranked fourth)
- #4 ____ 583.4 (ranked third)

On August 2, 2012, the Team gathered to review the results of the evaluation scoring of the four offers. As to the Exclusive offers, there was a discussion about the 'virtual tie' between the third and fourth ranked offeror. Legal counsel distributed copies of relevant law and information about the intent of the legislature to increase competitiveness in the acquisition of health insurance. Ultimately, legal counsel advised the Team that the group health insurance law was clear that negotiations could be conducted with up to three offerors only

VI. Recommendations.

Based upon the evaluation process and results reported above:

[1] One Team member had transposed results for one of its scores in Part 3 incorrectly and corrected this on August 2, 2012. One Team member had misunderstood the directions for scoring Part 3, and had given some offerors identical scores even though the quoted rates for certain options were different among the four offerors. This Team member rescored Part 3, following the direction given in the RFP, scoring the offers consistent with the quoted rates and the rule that the lowest quote received the highest score, etc.

It is recommended that, as to Exclusive offers, the Director of Administration invite #1 ___, the highest ranked offer, # 2___, the 2nd highest ranked offeror, and #4___, the 3rd highest ranked offeror to negotiate a best and final offer for anexclusive contract, in the order in which each is ranked.

It is recommended that, as to Exclusive offers, the Director of Administration advise #3 the 4th ranked offeror of its ranking, and request that it remain available to negotiate for a possible Exclusive contract in the event that the government is not able to agree upon a best and final offer with one of the top three ranked offerors.

It is recommended that, as to Non-exclusive offers, the Director of Administration invite #1___, the highest ranked offer, # 2___, the 2nd highest ranked offeror, and #4___, the 3rd highest ranked offeror to negotiate a best and final offer for a Non-exclusive contract, in the order in which each is ranked.

It is recommended that, as to Non-exclusive offers, the Director of Administration advise #3 , the 4th ranked offeror of its ranking, and request that it remain available to negotiate for a possible Non-exclusive contract in the event that the government is not able to agree upon a best and final offer with one of the top three ranked offerors.

Signed: [To Be Executed by Team Members once assembled and approved]

Notice of Decision

Request for Proposal DOA/HRD-RFP-GHI-13-001 Protests

EXHIBIT D

Evaluation Memorandum to Offeror #2

SUBJECT: Evaluation Memorandum

The evaluation of proposals for the solicitation of group health insurance for employees and retirees was conducted by the Negotiating Team (Team) as required by statute. The members of the Team are #1 __, #2 ___, #3___, #4___, #5___, #6___, #7___, # 8___, and #9 ___.

During the evaluation process several members designated alternative representatives if the member was not able to be present. ___served as alternate for___, and ___and ___served as alternates for ___.

Also in attendance during a part, or all, of the evaluation process were non-voting members of the Team. Alicia Cruz attended all evaluation meetings on behalf of the Department of Revenue and Taxation. John Carlos was present for the Department of Revenue and Taxation. Dr. Larry Lizama was present for the Guam Memorial Hospital Authority. Senator Dennis Rodriguez was present. Ron Teehan was present for Senator Dennis Rodriguez.

The Hay Group, retained by the Department of Administration (DOA) on behalf of the Team to provide actuary and other training and advice in the solicitation of group health insurance was represented at different times by Bob Russell, Justin Caruthers and Marie Dufresne. DOA staff from the Human Resource Division assisted with the evaluation process, to include Leonora Candaso, Adrian Peregrino, Shane Ngata and Teresita Delos Reyes. Assistant Attorney General John Weisenberger was legal counsel to the Team.

On the first day of the evaluation process there was a written record of the proceedings kept. On the remaining days of the process, there was an attempt to keep both a written record and an audio record of the proceedings. The audio record is understandable and believed to be complete after July 18, 2012.

The evaluation of proposals began on July 18, 2012 and concluded on August 2, 2012. The Team met on July 18, July 19, July 23, July 24, July 25, July 26, July 27, July 30, July 31, August 1, and August 2, 2012.

I. Evaluation and Scoring of Parts I and II.

There were four offers received and evaluated, from #1 ___, #2 , #3___ and # 4 ___. On July 18 and 19, 2012, the Team, in a discussion led by the Hay Group, reviewed and considered responses by the four offerors to the questions asked in Exhibit B, Part I and Exhibit B, Part II of the RFP. There were a total of 40 different responses to be discussed and considered. At the conclusion of the discussion on these Part 1 and Part 2 questions, Team members scored each answer by each offeror to complete the Exhibit B, Part 1 and Part 2 Evaluation Form.

II. Initial Responsiveness Considerations and Decisions.

On July 23, 2012, the Team was apprised by legal counsel that one proposal, by #2 appeared not to meet the minimum requirements of the Request for Proposals (RFP) in that it 1) did not contain a proposed contract, and 2) the deductible for both the 1500 Plan and the 2000 Plan were not those requested by the RFP (#2 proposal had a 1500 Plan deductible of 1500/4500, and a 2000 Plan deductible of 2000/6000).

A discussion ensued about this revelation. Legal counsel advised that the proposals were intended to be reviewed during Phase I of the process for a determination of responsiveness to the RFP. The apparent failure of # 2 to meet minimum requirements was not recognized by the consultants, DOA representatives or Team members prior to this time.

During a break for lunch on July 23, 2012, the Hay Group was requested to make a review of proposals and determine whether additional discrepancies from the announced requirements of the RFP could be identified within any of the four proposals being evaluated. When the Team reconvened, the Hay Group presented a listing of discrepancies identified to that point. After a discussion by the Team of all of the discrepancies identified by Hay Group within the four proposals, and a consideration of which of these deviations from the RFP would be considered a failure to meet the requirements of the RFP in a material respect, it was decided by consensus that many of the matters discussed were minor and could be resolved during negotiations with an offeror. There were three discrepancies of # 2 that were considered serious enough to rise to the level of material omissions from the RFP. These were: 1) the RFP did not contain a proposed contract, 2) the deductible for both the 1500 Plan and the 2000 Plan were not those requested by the RFP (# 2 proposal had a 1500 Plan deductible of 1500/4500, 2000 Plan deductible of 2000/6000), and 3) the calculation for the Out of Pocket Maximum did not include the deductible.

Legal counsel advised the Team that procurement law and regulations provides that a non-responsive offer, that is, one that offers to sell to the government a supply or service that is materially different from the supply or service that the government is soliciting, may be rejected as non-responsive. In addition, in the case of a solicitation concerning proposals (as opposed to bids), a non-responsive offeror may be given an opportunity to correct the offer if it is in the interest of the Territory to do so. A discussion ensued among the Team members with regard to the failure of # 2 to make an offer that met the minimum requirements of the RFP in the three ways set out above. A motion was made, and seconded, to grant to # 2 an opportunity to amend or correct its proposal and bring it in line with the RFP. The motion failed by a 4-5 vote. The meeting of July 23, 2012 ended with the decision of the Team being to reject the # 2 proposal as non-responsive.

On July 24, 2012, the Team again took up the question of # 2's non-responsiveness. Senator Rodriguez, through his representative, provided a letter to the Team seeking information about the decision to reject one offeror. In addition, members

of the Team again discussed the propriety of the rejection of one proposal as opposed to the option of allowing a correction of the items cited. One member of the Team considered placing into the record of the procurement a letter that was in draft form that was very critical of the decision and the process. A motion was made, and seconded, to provide that, 1) in exchange for a decision not to place a letter critical of the Team decision in the record, that 2) the Hay Group would prepare an economic impact review if # 2's proposal is considered nonresponsive and rejected, and 3) after considering the Hay Group report, the Team would take up again the question of granting # 2 an opportunity to amend its proposal. This motion passed by an 8-1 vote.

On July 25, 2012, the Hay Group presented its Memo titled "Analysis Requested by the Negotiating Team." After a discussion about the memorandum from the Hay Group and the merits of either rejecting the #2 proposal or allowing the proposal to be amended, a motion was made and seconded to send a letter to #2 requesting that it clarify its proposal with regard to the three items found to be non-responsive. The motion failed by a 5-2 vote with two abstentions.

III. Complete Evaluation of Three Offerors.

At the conclusion of the decision to reject #2 on the basis of non-responsiveness, each individual member of the Team worked with the Hay Group representatives to enter their own scores for each of the three remaining offerors into a single computer Excel program, contained on the Hay Computer. The result was a compilation of all nine Team members scores of Part 1 and Part 2. These results were checked and confirmed by DOA representatives for completeness and accuracy. Totals of these cumulative results of Part 1 and Part 2 were not compiled by Hay Group, nor were the cumulative results provided to the Team members.

The scoring of offers for Part 3, as provided in the RFP, is determined and decided by comparing the rates of the various offers and scoring the offers based upon lowest to highest rates being offered. The Team then proceeded to complete Exhibit B, Part 3 of the RFP, the evaluation of proposed rates of the three remaining offerors, #1 ___, #3 __, and #4 . As with Parts 1 and 2, the Hay Group provided information about the rates proposed from three offerors. There was a discussion about various rates and alternative proposal rates among the Team and with the Hay Group. Each team member proceeded to score the rates and complete Exhibit B, Part 3 for the three offerors.

Each individual member of the Team worked with the Hay Group representatives to enter their own scores for the three offerors for Part 3 into a single computer Excel program, contained on the Hay Computer. The result was a compilation of all nine Team members for Part 1, Part 2, and Part 3. These results were checked and confirmed by DOA representatives for completeness and accuracy.

On July 26, 2012, the Hay Group presented the results of the compiled cumulative totals for Parts 1, 2 and 3. These results showed that, for the Exclusive offers, # 1 ____

was ranked number 1, # 3 ___ was ranked number 2, and # 4 ___ was ranked number 3. These results showed that for the Non-exclusive offers # 1 __ was ranked number 1, # 4 ___ was ranked number 2, and # 3 __ was ranked number 3. A discussion ensued about the need to immediately schedule negotiations for Exclusive offers with the offerors, to begin on Friday June 27. The Team was advised that the highest ranked offeror, # 1___, was not available on July 27 (and would not be available until Tuesday, July 31). Further, the Team was advised that Marie Dufresne of the Hay Group would not arrive on Guam until August 1st. A motion to send each offeror the ranking of all offerors in the event that the Team decided to go out of order failed to gain a second. A motion to begin negotiations with the 2nd ranked offeror, # 3 __ was seconded and passed, 8 in favor and 1 against. The Director of Administration was advised to send a letter to # 2 that its offer was being rejected as non-responsive, and to send a letter to # 3 ___ inviting it to begin negotiations on July 27, 2012.

IV. Additional Offer Found Non-Responsive.

After extending an invitation to negotiate, but prior to initiating negotiations with # 3___, on July 27, 2012, it was determined by legal counsel that there was at least one provision of the #3 ___offer that was non-responsive for a provision that was exactly the same as a provision from #2 and for which the offer of #2 had been rejected as non-responsive. The #3 __offer was found to have, as a provision in its offer, that the calculation for the Out of Pocket Maximum did not include the deductible amount. Legal counsel advised the Negotiating Team that it would be improper to initiate negotiations with an offeror who may be considered non-responsive when another offeror was already rejected for this same reason. It was determined by legal counsel that both the letter to #3 __ , extending an offer to negotiate, and the letter to # 2. , advising that its offer had been rejected, were to be withdrawn, and that a thorough review of all four offers for responsiveness was to be completed prior to any further action, or completion of the evaluation process.

On Monday, July 30, 2012, the Hay Group presented the Team a revised listing of all discrepancies from the RFP by any of the four offerors. It was determined, as follows:

Offeror # 3 had the following material omissions in its offer:

1. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
2. The Medical Policy provided with the proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
3. The proposal placed a co-payment on services that were to be covered 100% by the plans

Offeror # 2 had the following material omissions in its offer:

1. The proposal lacked a copy of a proposed contract.
2. The proposal was for a plan with a $1500 annual deductible/$4500 annual family deductible, and an HSA plan with a $2000 annual deductible/$6000 annual family deductible.
3. The proposal states that the Out of Pockets Maximum excluded the paid deductible in its calculation.
4. The proposal does not provide detail regarding the types of benefits subject to the deductible. These benefits are different as to the 2000 Plan and the 1500 plan. The 1500 Plan is intended to be a traditional deductible plan.
5. The proposal specifically listed airfare as an exclusion.
6. The proposal would raise mail-order co-pay to $15.00.
7. The proposal lists chiropractic care as excluded.
8. The proposal fails to list exclusions consistent with the RFP.
9. The proposal listed policy assumptions concerning #s of employees required to participate in the plan; conditions for re-rating the plan after a contract is executed; and assumption about exclusion of retirees, among other ineligible assumptions.
10. The proposal is unclear or fails to confirm that it is intended for a fully participating contract.

Offeror # 4 ___ and offeror # 1 ___ proposals were determined to be in conformance with the RFP in all material respects. A motion was made, and seconded, to allow #3 ___ and #2 ___ an opportunity to amend their respective proposals to conform to the RFP, with the clarification that no further amendments to the submitted proposal would be considered. These offerors were to be given until 9:00 a.m. August 1, 2012 to respond. After discussion, the motion passed, 4 in favor, 3 opposed, 1 abstaining and 1 absent. Letters to # 3 ___ and # 2 ___ were delivered at 10:45 a.m. on July 31 2012.

On August 1, 2012, by 9:00 a.m. both #3 ___ and # 2 ___ had responded in writing that their respective offers were amended as requested, with the result that the proposals would be in all material respects consistent with the RFP.

V. Evaluation Process Completed for Four Responsive Offers.

On August 1, 2012, the Team completed the evaluation and ranking of four offers. As the Team had already completed the ranking of three offerors, #3 ___, #1 ___, and # 4 ___ for Part 1 and Part 2, the first step was to complete the ranking of offeror # 2 ___ for Part 1 and Part 2. The Team members completed Exhibit B Part 1 and Part 2 score sheets for # 2 ___ and the Hay Group representatives entered the scores for the fourth offeror into a single computer Excel program, contained on the Hay Computer.

The scoring of offers for Part 3, as provided in the RFP, is determined and decided by comparing the rates of the various offers and scoring the offers based upon lowest to highest rates being offered. Therefore, the scoring of offers initially completed by the Team for only three offers was irrelevant. It was necessary for the team to re-score every offer for Part 3. As before, the rates of the four offerors were presented by the Hay Group for the eleven options being scored. The Team completed Exhibit B Part 3, Evaluation of Costs for the four offerors. Each individual member of the Team worked with the Hay Group representative to enter their own scores for Part 3 into a single computer Excel program, contained on the Hay Computer.

Subsequent to the entry of all Team scores for Part 3, a separate cross check of all entered data was conducted by representative of DOA. The data previously entered for Parts 1 and 2, for offerors #1 ___, #3 ___, and #4___ had been cross checked previously. The data entered for Parts 1 and 2 for offeror # 2 and the data entered for Part 3, for all four offerors was checked and confirmed.

The results of the evaluation of Exclusive offers, based upon the scoring of Part 1, Part 2, and Part 3[1] are:

- # 1 679.9 (ranked first)
- # 2 604.3 (ranked second)
- # 3 ___ 566.5 (ranked fourth)
- # 4 568.5 (ranked third)

The result of the evaluation of Non-exclusive offers, based upon the scoring of Part 1, Part2, and Part 3 are:

- #1 ___ 696.2 (ranked first)
- #2 597.6 (ranked second)
- #3 526.7 (ranked fourth)
- #4 583.4 (ranked third)

On August 2, 2012, the Team gathered to review the results of the evaluation scoring of the four offers. As to the Exclusive offers, there was a discussion about the 'virtual tie' between the third and fourth ranked offeror. Legal counsel distributed copies of relevant law and information about the intent of the legislature to increase competitiveness in the acquisition of health insurance. Ultimately, legal counsel advised the Team that the group health insurance law was clear that negotiations could be conducted with up to three offerors only.

[1] One Team member had transposed results for one of its scores in Part 3 incorrectly and corrected this on August 2, 2012. One Team member had misunderstood the directions for scoring Part 3, and had given some offerors identical scores even though the quoted rates for certain options were different among the four offerors. This Team member rescored Part 3, following the direction given in the RFP, scoring the offers consistent with the quoted rates and the rule that the lowest quote received the highest score, etc

VI. Recommendations.

Based upon the evaluation process and results reported above:

It is recommended that, as to Exclusive offers, the Director of Administration invite #1 ___, the highest ranked offer, # 2 the 2nd highest ranked offeror, and #4___, the 3rd highest ranked offeror to negotiate a best and final offer for an exclusive contract, in the order in which each is ranked.

It is recommended that, as to Exclusive offers, the Director of Administration advise #3 ___, the 4th ranked offeror of its ranking, and request that it remain available to negotiate for a possible Exclusive contract in the event that the government is not able to agree upon a best and final offer with one of the top three ranked offerors.

It is recommended that, as to Non-exclusive offers, the Director of Administration invite #1__, the highest ranked offer, # 2 , the 2nd highest ranked offeror, and #4___, the 3rd highest ranked offeror to negotiate a best and final offer for a Non-exclusive contract, in the order in which each is ranked.

It is recommended that, as to Non-exclusive offers, the Director of Administration advise #3 , the 4th ranked offeror of its ranking, and request that it remain available to negotiate for a possible Non-exclusive contract in the event that the government is not able to agree upon a best and final offer with one of the top three ranked offerors.

Signed [To Be Executed by Team Members once assembled and approved]

Exhibit 4

Eddie Baza Calvo
Governor
Ray Tenorio
Lieutenant Governor

GOVERNMENT OF GUÅHAN
(GUBETNAMENTON GUÅHAN)

DEPARTMENT OF ADMINISTRATION
(DIPATTAMENTON ATMENESTRASION)

DIRECTOR'S OFFICE
(Ufisinan Direktot)
Post Office Box 884 * Hagåtña, Guam 96932
TEL: (671) 475-1101/1250 * FAX: (671) 477-6788

Benita A. Manglona
Director
Anthony C. Blaz
Deputy Director

HRD No: OG- 12-0674B

September 10, 2012

Frank J. Campillo
Selectcare Health Plan
Health Plan Administrator
P.O. Box FJ
Hagatna, Guam 96932

Subject: Rejection of All Offers and Notice of Cancellation.
Request for Proposals No. DOA/HRD-RFP-GHI-13-001

Dear Mr. Campillo:

Please Take Notice that the solicitation referenced above has been cancelled and all offers are rejected pursuant to 5 GCA §5225 and 2 GAR, Div. 4 §3115(d) (2), and the Request for Proposals No. DOA/HRD-RFP-GHI-13-001, page 19, Section III. D. This cancellation is consistent with the Notice of Decision of September 7, 2012 issued in response to three protests received by the Department of Administration in this solicitation and is made for the reasons stated in the Notice of Decision of September 7, 2012. Please refer to the Notice of Decision for further particulars.

You will be given an opportunity to compete in future solicitations for the Group Health Insurance Program of the Government of Guam. It is anticipated that a new solicitation will be published in the immediate future.

Benita Manglona, Chairperson
Government of Guam Negotiating Team