



CITY OF HOUSTON
FINANCE DEPARTMENT
 Strategic Procurement Division

Annise D. Parker

Mayor

Carolyn Hanahan,
 Acting Chief Procurement Officer
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September 24, 2015

SUBJECT: Letter of Clarification No. 7

REFERENCE: RFP: S69-T25540 Dental – DHMO and Indemnity/DPPO

TO: All Prospective Proposers

CLARIFICATION NO. 7

FOR

**REFERENCE: SOLICITATION: S69-T25540
 REQUEST FOR PROPOSAL (RFP) FOR Dental – DHMO AND INDENMITY/DPPO**

For which responses for clarification are scheduled to be received to the Finance Department Strategic Procurement Division, 2:00 p.m., Central Time on September 18, 2015.

The following changes and/or revisions are incorporated into the above referenced RFP Document a noted. All other provisions and requirements as originally set forth remain enforce and are binding.

1. The following questions and requests for clarification were submitted in accordance with the instructions provided, Communications between the City and Respondents. The City's response (**in bold italics**) follows each question or request for clarification in the table below:

CLARIFICATIONS TO QUESTIONS

Question 1:	Does the City absolutely require a reinsurance arrangement for any portion of the contract? If yes, how much reinsurance is required?
COH Response:	<i>Since the dental plan designs provide a relatively low maximum annual benefit per participant (the City is requesting options up to \$2,500), the Human Resources and Legal Departments agree it is not necessary for dental insurers to purchase re-insurance on their program(s) so long as their AM Best financial rating is B+ or better (or an equivalent rating with</i>

	<i>another accepted financial rating company). However, if the proposing company has a financial rating less than a B+, or equivalent rating, and they are selected as the vendor of choice, a re-insurance agreement with a direct access clause with a company that has a financial rating of B+ or better is required.</i>
Question 2:	Although the rates remained the same throughout the 36 month time frame, except for the increase on 5/1/2015 of 5%, the PEPM continues to decrease although the enrollment increases.
COH Response:	<i>Per the incumbent: Premium is a function of employees and enrollment by tier. During the 36-month period, the average contract size changed, which can cause fluctuations in PEPM / PMPM calculations. Higher / lower enrollment doesn't always correlate to a corresponding change in PEPM / PMPM premiums.</i>
Question 3:	Updated Exhibits 2A and 2B still do not show actives versus retirees. Has this information been released?
COH Response:	<i>Per the response to Question #2, Letter of Clarification #4, the monthly claims experience provided in Exhibit 2A – Updated DHMO Experience (3 years) and Exhibit 2B – Updated DPPO Experience (3 years) includes data for active employees and their covered dependents, as well as retirees and their covered dependents.</i> <i>However, a separate breakout of retiree claims information has been requested from the incumbent and will be posted under the ProposalTech - Manage Documents section when it is received.</i>

END OF CLARIFICATION NO. 7

Should you have any additional questions or request further clarification regarding this proposal, please contact Regina Spencer at regina.spencer@houstontx.gov or at (832) 393-8707.

Sincerely,

Regina Spencer

Regina Spencer
Sr. Procurement Specialist

CH/rrs

cc: File

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