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An Aetna Group Disability  
Insurance Proposal for  
State of Wisconsin March 2008

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I. Section D – Cost Proposal

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**SECTION D – COST PROPOSAL**

The vendor's response to Section D must detail all proposed costs to administer the ICI and LTDI Plans as described in this RFP as well as any additional services the vendor may elect to offer. The vendor is responsible for any inaccuracies in the vendor's response, including mathematical error or incorrect extension of any calculations leading to the vendor's cost quote.

The Board prefers a fixed price for all required services as described in other sections of this RFP. Vendors should provide a price for each optional service separately.

All fees or potential fees for extra or elective services must be disclosed in the vendor's response to the RFP.

The vendor must respond to this section by completing Table A. If assumptions are necessary, please fully explain the assumptions used and quote the related fees on a unit cost basis, if possible. Table A must be completed to reflect total vendor's costs for a five-year contract term. One-time start-up costs, if any, should be listed for each separate cost sheet item.

<b>Part 1.0 Administrative Fee Proposal</b>	2006 - \$2,659,962
	2007 - \$2,745,081
	2008 - \$2,821,943

1.1 Provide the cost associated with operations.

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The cost associated with operations is \$3,081,900.

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1.2 Provide the cost associated with one time start-up and transition.

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As the incumbent, we have \$0 associated with start-up and transition costs.

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1.3 Provide the cost associated with elective services as proposed by the vendor as separate items on the cost proposal tables.

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All third party vendor expenses are approved in advance by WPS and/or the Department prior to being requested by Aetna. Costs vary by vendor and service.

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- 1.4 For any of the services requested, the submitter may propose an alternative approach to providing the services other than the approach described in the RFP. Any alternative must be fully described and clearly identified as an alternative. The description must clearly state any exceptions to this document and describe how the alternative would provide better overall services to ICI and LTDI participants.
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If selected as the vendor for your plan, we would welcome an open dialogue to discuss the potential for efficiencies or improvements to the administration.

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- 1.5 Include in your cost proposal the cost for ETF staff to travel to the vendor (3 times a year) to provide or receive training. (No more than 2 or 3 staff per time)
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We include up to \$10,000 annually.



**Part 2.0 One-Time Start Up and Transition Costs**

In addition to the proposed costs for administering the ICI and LTDI Plans provided in Part 1.0, the vendor must also detail any one-time start up and transition costs anticipated. Indicate these costs on separate lines on Table A.

- 2.1 Describe how the vendor intends to recover transition costs, i.e. will costs be added to the total administrative costs proposed for the first year or spread out over the contract period. Provide detail if recommending an alternative arrangement.
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As the incumbent start-up and transition costs would not apply.

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- 2.2 Describe how the vendor intends to provide a service guarantee related to the successful transition of the ICI and LTDI Plans if the transition is not completed on a timely and accurate basis. This must include transition costs associated with both the beginning and the termination of any contract.
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As the incumbent we are able to continue administration without any service interruption or associated transition costs.

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<b>2.</b>	<b>One Time Start-up and Transition Cost</b>				
	<b>Personnel</b>				
	FTEs _____	<b>Management and Administration</b>			
	_____	<b>Systems Engineers/Analysts</b>			
		<b>Clerical</b>			
	<b>ETF Staff Travel Expenses</b>				
	<b>Facilities</b>				
	<b>Software</b>				
	<b>CPU</b>				
	<b>Equipment</b>				
	<b>Supplies</b>				
	<b>Other Direct</b>				
	<b>Indirect</b>				
	<b>Profit</b>				
<b>2.a</b>	<b>Total</b>	0			
	<b>Grand Total (line 1a + 2a)</b>	3,081,900			

<b>3. Elective Services Proposed by Vendor</b>						
(describe each on a separate page attached to Section C and cross reference to this document)						
Printing, storage and distribution of Plan forms ordered by WRS employers	Varies	Varies	Varies	Varies	Varies	Varies
Functional Capacity Evaluations (FCE) as approved in advance by the DEPARTMENT	Varies	Varies	Varies	Varies	Varies	Varies
Independent Medical Examinations/Evaluations (IME) as approved in advance by the DEPARTMENT	Varies	Varies	Varies	Varies	Varies	Varies
Social Security Advocate/Facilitator as approved in advance by the DEPARTMENT	Varies	Varies	Varies	Varies	Varies	Varies
Rehabilitation Services (Vocational Evaluations, Labor Market Survey, Job Placement, etc.) as approved in advance by the DEPARTMENT	Varies	Varies	Varies	Varies	Varies	Varies
Other miscellaneous claim or other program-related services as approved in writing in advance by the DEPARTMENT	Varies	Varies	Varies	Varies	Varies	Varies
Investigation services as approved by the DEPARTMENT	Varies	Varies	Varies	Varies	Varies	Varies
Any expenses for actuarial and audit services requested by the DEPARTMENT and performed by a third party which are not otherwise required by the CONTRACT	Varies	Varies	Varies	Varies	Varies	Varies



**Proposed Disability Rates**

**ADMINISTRATIVE SERVICE CONTRACT**

Coverage	Monthly Fees
Disability  Full Services	\$256,825

Self-Funded (ASC)	Short Term Disability	Long Term Disability
Core Services and Programs included in Administrative Fees		
Eligibility Verification	Included	Included
Clinical Model: Physician Review, Senior Nurse Review, Intake (3 point contact)	Included	Included
Claim Determination	Included	Included
Contract Issuance	Included	Included
W2s and/or 1099s (included if Aetna pays benefit)	Included	Included
Standard Reporting	Included	Included
Standard Portal	Included	Included
Standard Communications	Included	Included
Standard Correspondence	Included	Included
Independent Medical Examination	Fee Based	Fee Based
Vocational Rehabilitation (fee for external services per event)	Fee Based	Fee Based
Social Security Disability (fee for external services per event)	Fee Based	Fee Based
Physician Peer Review	Fee Based	Fee Based
Special Investigations Unit (fee for external services per event)	Fee Based	Fee Based
Optional Enhanced Services		
Custom Intake	\$ -	\$ -
Clinical Model w/higher intensity (frequency/skill level)	\$ -	\$ -
Voluntary Administration	\$ -	\$ -
Drafting of Plan Documents	\$ -	\$ -
ERISA - Aetna as Claim Fiduciary (includes appeals)	\$ -	\$ -
Non-ERISA – Appeals *	\$ -	\$ -
Takeover Claims	\$ -	\$ -
Evidence of Insurability	\$ -	\$ -
Custom Reporting	\$ -	\$ -
Portal Customization	\$ -	\$ -
Customized Communications	\$ -	\$ -
Customized Correspondence	\$ -	\$ -
*Aetna will not be fiduciary on non-ERISA plans		