



## REQUEST FOR BEST AND FINAL OFFER

ASRS Group Dental Services  
Solicitation Code: BPM001922

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**ARIZONA STATE  
RETIREMENT SYSTEM**  
3300 N Central Ave  
14<sup>th</sup> Floor  
Phoenix, AZ 85012

March 2, 2020

Veronica Lee, Sr. Client Relationship Executive  
Sun Life Assurance Company of Canada  
One Sun Life Executive Park  
Wellesley Hills, MA 02481  
Veronica.lee@sunlife.com

Pursuant to A.A.C. R2-7-C315, the Arizona State Retirement System (ASRS) hereby requests a Best and Final Offer (BAFO) from your company. This represents an opportunity to officially amend your original Offer with changes that would make the Offer more competitive. The intent of the ASRS is to award a contract(s) to a company(s) that can provide a robust dental plan at cost that is beneficial to the ASRS and the ASRS Group Dental Program Participants.

A new round will be created in APP for the submission of the BAFO. The new round must be acknowledged and the following steps must be completed:

1. Using Attachment B: Exceptions, which is included in this document, indicate the negotiated exceptions that will replace the language in the original Solicitation documents, as amended.
2. Using Attachment E: Pricing Schedule, which is included in this document, and the attached workbooks, present your company's best and final pricing for any and all items.

**Important Note:** Carefully read each section of Attachment E: Pricing Schedule in this document prior to completing the workbooks.

3. Submit **all** other attachments and documents originally requested in Section F of the Special Instructions to Offerors in the Solicitation, with the following changes:
  - a. If you wish to make any other revisions to your original Offer, please include such changes in your response to this request, and complete page 2 of this request, identifying any documents/response sections that have been revised. You do not need to include the original versions of any revised documents; attach only the revised versions.
  - b. As a follow up to the ASRS Determination on Confidential Information dated 2/6/2020, to ensure items determined to be confidential or not confidential are appropriately uploaded in the APP system, please take the following actions in APP:
    - Documents that have been determined to be not confidential should be uploaded separately to APP again and the "Confidential" box should not be checked.
    - Documents that have been determined to be confidential should be uploaded to APP again and the "Confidential" box should be checked.

**Important Notes:**

- Any revised Exceptions or Pricing documents submitted will be determined to be not confidential. Therefore, do not check the "Confidential" box.
- All Attachments should be uploaded in the APP system via the **Your Offer Infos & Docs** tab by going to the *Supplier Documents* section and selecting "Add Document". Always select document type "Supplier Technical Document."

4. In APP, on the Items(F) tab, a Unit price of \$1.00 must be entered and saved for one row.

Your response to this request will be considered as superseding any previous Offers or discussions. If you do not respond or change any items, your original Offer will be considered your final Offer.



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**All Offerors must select one of the following:**

- ☐ Offeror is not submitting any revisions. Offeror understands that the original response will be considered the final Offer.
- ☒ Offeror is submitting the following revised attachment(s), in its entirety, with this form as part of the Best and Final Offer. (*List all documents, identifying the revised sections, in the space below*)

Attachment C has been revised

Attachment E1 Pricing Schedule for DPPO and AZ Heritage  
DHMO

Sun Life Assurance Company of Canada  
Company Name


March 6, 2020  
Date

Stacia Almquist  
Stacia Almquist, Vice President  
Signature of Person Authorized to Sign  
Dianna D. Duvall  
Dianna D. Duvall, Vice President  
Printed Name

***This document must be completed and submitted, along with any other Best and Final documents, in APP.***

In order to ensure your Best and Final Offer will be considered, please attach and submit all documents in the APP system **no later than 1:00 P.M. (Arizona Time), March 6, 2020**. After a final Offer is received, it is extremely difficult to change it; therefore, if you need clarification on any item, please do not hesitate to send a message to us through the **Discussions with buyer** tab in APP before submitting the Offer.

Instructions for submitting a revision in the APP system can be found at <https://spo.az.gov/app/supplier/QRG>. For technical questions regarding APP, please contact the APP helpdesk staff by telephone at 602-542-7600 or by email at [app@azdoa.gov](mailto:app@azdoa.gov).

	<b>BEST AND FINAL OFFER</b> <b>ATTACHMENT B: Exceptions</b>		<b>ARIZONA STATE RETIREMENT SYSTEM</b> 3300 N Central Ave 14 <sup>th</sup> Floor Phoenix, AZ 85012
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Indicate below any exceptions taken to the terms contained in this Solicitation. Provide Offeror's recommended alternative language.

Certain exceptions may have a negative impact on the evaluation of the Offeror's proposal. As stated in the Uniform Instructions to Offerors, Section C(3) (Exceptions to Terms and Conditions): "All exceptions that are contained in the Offer may negatively impact an Offeror's susceptibility for award. An Offer that takes exception to any material requirement of the solicitation may be rejected."

Indicate as appropriate:

☐ **TAKES NO EXCEPTIONS**

☒ **TAKES EXCEPTIONS TO THE FOLLOWING:**

*Identify the section, identify the clause name and number (where applicable) and propose requested alternative language by restating and redlining the clause.*

### Scope of Work

#### **2.3 Network/Provider Management**

2.3.5 Upon request, Contractor will provide access to the DHA Dentist Guide and/or a template DHA Provider Agreement. Contractor may also provide reports, upon request, regarding average in network discount levels by area and/or for highly utilized procedure codes.

**Reason for exception:** Sun Life views contracts and fee schedules as proprietary, and is willing to provide samples and reports as requested and described above.

#### **2.9. Financial Management**

2.9.1. Contractor shall perform any and all administrative functions necessary to ensure appropriate financial control.


2.9.2. Contractor shall provide for monthly billing for, and premium collection of, direct pay Participants. ASRS shall not be responsible for any direct pay shortfall.

2.9.2.1. No direct pay Participant should have an outstanding balance greater than three (3) months

2.9.2.2. Contractor shall notify ASRS of terminations by the 20th of the month following the termination effective date of a direct pay Participant (i.e.: 1/1/21 termination date, notify ASRS by 2/20/21).

2.9.3. The Contractor agrees that ASRS will pay premiums on a self-billed basis.

**Reason for exception:** Sun Life's current process for direct pay participants includes delinquency letters for individuals terminating for non-payment of premium, and after 45 days of nonpayment the direct billed members will be terminated in the system. We do not currently have the ability to notify the ASRS in advance of the direct pay member termination. We can notify ASRS of terminations by the 20th of the month following the termination date (ie: 1/1/21 term date, 2/20/21 notification to ASRS).

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## 2.11. Performance Guarantees

Fully Insured Plan Performance Guarantees					
Service Performance Standards	Measurement	Performance Guarantee	Frequency of Measurement	Weight	Frequency of Assessment
Eligibility Processing	% of updates to eligibility or enrollment records made within three (3) business days after receiving the file.	100%	Quarterly	0.1%	Annually
	% eligibility determinations processed accurately	98%	Quarterly	0.1%	Annually

### Reason for exception:

**Eligibility Processing:** Our premium administration system currently has a 2 business day batch cycle, which makes a 3 business day turnaround unrealistic due to the size of the file we receive for ASRS. We cannot guarantee 100% of the eligibility updates will be complete within a two (2) business day turnaround for these reasons.


Sun Life can guarantee 100% of the eligibility updates within three (3) business days for the portion of the group received on the electronic file feed, other than during Open Enrollment periods. The Public Safety Division is not received on the file feed, and will be updated within five (5) business days. Also, with the increased volumes during Open Enrollment, that time period will have eligibility updates guaranteed within five (5) business days.

### Special Terms & Conditions

#### **13. Performance of Contract Following Termination or Expiration**

In the event the Contract expires or is terminated for any reason, and provided any insurance policy or dental service agreement remains in force, Contractor agrees to continue performance of its duties, if so requested by the ASRS, as though no expiration or termination had occurred for a period not to exceed twelve (12) months from the first day of the month following termination. Contractor shall cooperate fully with the ASRS and a replacement service contractor ("Replacement Contractor") who assumes the duties under this Contract. In such event, Contractor shall continue to receive compensation set forth in the Contract unless modified by Contract Amendment to address unforeseen agreed upon transition costs.

13.1 Contractor shall perform the following at no additional cost to the ASRS:

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13.1.1 Contractor, ASRS and Replacement Contractor will meet and confer about the scope, format, timing and transmission method for any claims and utilization data that data that Contractor is permitted to share under applicable law.

13.1.2 Provide quarterly reports for up to 12 months.

**Reason for exception:** Sun Life regrets it cannot agree to the provision as written. Sun Life can only provide coverage while the relevant policy or dental service agreement remains in force. With regard to sharing information following termination, due to applicable privacy laws, Sun Life is limited regarding what claims and utilization information it is able to provide. Sun Life proposes alternative language that would provide that within 30 days following termination, Sun Life, ASRS and Replacement Contractor will meet and confer about the scope, format, timing and transmission method for any claims and utilization data that data that Sun Life is permitted to share under applicable law.

## 15. Data and Records Relating to Contract

15.1 In the event of the expiration, termination or non-renewal of the Contract by either party, Contractor, at its own expense, is obligated to return all data and records relating to the acquisition and performance of the Contract

(“Data”) to the ASRS and to provide such Data to the Replacement Contractor in a format acceptable to the Replacement Contractor and that will ensure no loss of crucial data is incurred and no services are interrupted. The ASRS does not expect Contractor to release any proprietary, trade secret information or other information protected by applicable privacy laws to ASRS or the Replacement Contractor. Notwithstanding the foregoing, Contractor may keep one copy of such Data as required by this Agreement, applicable law, or Contractor’s internal records retention program.


**Reason for exception:** Sun Life regrets it cannot agree to this provision as written. This requirement is inconsistent with six (6) year retention requirement in Section 15.3 as well as privacy laws that restrict our ability to share information with the Plan. Sun Life has a comprehensive document retention program designed to comply with applicable regulatory requirements and we will keep all documents related to the Contract consistent with that program. Sun Life would agree to provide the ASRS and Replacement Contractor copies of any data permitted by applicable law.

15.2 As permitted by applicable law, Contractor shall make any claim information available to ASRS upon request.

**Reason for exception:** Sun Life regrets it cannot agree to this provision as written. This requirement is inconsistent with retention requirements in Section 15.3 as well as privacy laws that restrict our ability to share insured claim information with the Plan. Sun Life has a comprehensive document retention program designed to comply with applicable regulatory requirements and we will keep all documents related to the Contract consistent with that program. Sun Life would agree to provide the ASRS data permitted by applicable law.

15.3 Contractor shall retain and shall contractually require each subcontractor to retain all claims data and other records relating to the performance of the Contract for a period of six years after the completion of the Contract. Subject to applicable law, all records shall be subject to inspection and audit by ASRS at reasonable times. Upon request, Contractor shall produce a legible copy of any or all such records as permitted by applicable law.

**Reason for exception:** Sun Life regrets it cannot agree to this provision as written. We have a comprehensive document retention program designed to comply with applicable regulatory requirements and we will keep all documents related to the Contract consistent with that program. That retention program meets

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or exceeds the requirements required by the Section. However, Sun Life would only agree to provide the ASRS claims data as permitted by applicable law.

### III. Information Security and Data Privacy

#### 2. Contractor's Obligation as Business Associate

2.1. Contractor shall enter into a Business Associate Agreement ("Agreement"), with any of its Business Associates, as required by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") Administrative Simplification Rules.

**Reason for exception:** Not applicable. A Business Associate Agreement would not be proper since we are not quoting on services where we would engage in work as a Business Associate. With respect to the quote, Sun Life is only bidding on business for which Sun Life would be considered a covered entity under HIPAA. Sun Life would have its own Business Associate Agreements in place to the extent required by HIPAA.

#### 3. Contractor's Obligation Regarding Information Security and Data Privacy


3.3. Contractor shall abide by and secure data related to the performance of this Contract in a manner consistent with the State of Arizona's policy or its corresponding standards for data classification (<https://aset.az.gov/resources/policies-standards-and-procedures>). Subject to applicable law, all proprietary, confidential or sensitive information and all copies thereof shall be returned to the ASRS upon completion of the work for which they were obtained or developed. Notwithstanding the foregoing, Contractor may keep one copy of such Data as required by this Agreement, applicable law, or Contractor's internal records retention program.

**Reason for exception:** Sun Life regrets it cannot agree to this provision as written. While Sun Life would agree to handle data in a manner that materially aligns with the State of Arizona's standards, we would not agree to return all confidential information at the completion of the Agreement. This requirement is inconsistent with 6 year retention requirement in Section 15.3 as well as privacy laws that restrict our ability to share information with the Plan. Sun Life has a comprehensive document retention program designed to comply with applicable regulatory requirements and we will keep all documents related to the Contract consistent with that program. Sun Life would agree to provide the ASRS and Replacement Contractor copies of any data permitted by applicable law.

3.5. Subject to applicable law, the ASRS shall have the right to assess, inspect, review, monitor and validate compliance with information and data requirements of the Contract. Confidential and proprietary information, including information related to other customers of Contractor shall not be subject to inspection or review. The ASRS's right to inspect shall apply to all physical locations (other than data centers) where performance of this Contract occurs, to personnel performing work authorized by this Contract, to any records (as defined by A.R.S. §41-151.18) or devices used in performance of this Contract, and to documented policies and procedures, including but not limited to information security and privacy controls. The right to inspect shall apply to all subcontractors or other agents who perform under the Contract. Onsite assessments or inspections shall occur no more frequently than once every two years. Assessments and reviews of compliance through the use of questionnaires shall occur no more frequently than once annually.

**Reason for exception:** Sun Life regrets it cannot agree to this provision as written. It would be willing to agree to allow ASRS the right to audit, but the frequency, nature and the scope of the audit would have be negotiated. Audits would not include reviews of certain proprietary information that includes information relating to other Sun Life customers, information we are not permitted to share based on applicable privacy laws, and physical inspection of any data centers.



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The frequency of onsite assessments or inspections is limited to once every two years due to the time consuming nature of technological audits. Sun Life is structured in a way that services are provided in multiple locations which requires coordination for a subject matter expert to be available and additional resources and time demands. Discussions that can take place and the evidence provided as part of the questionnaire should mitigate any concerns about the every two year requested limitation for onsite inspections.

## 5. Unauthorized Access Mitigation

5.2. Mitigation will include Contractor's cooperation with the ASRS to investigate the unauthorized access, use or disclosure, identify the individuals and their contact information for purposes of breach notification and other collaboration as may be reasonably requested to notify, respond to inquiries and remediate the risk associated with the unauthorized access, including credit protection or other information theft prevention services. Cooperation will not include the right of ASRS to review certain proprietary information of Contractor or information relating to other of Contractor's customers. The ASRS at its sole discretion may request Contractor to pay for or reimburse the ASRS for reasonable expenses and costs associated with unauthorized access and risk mitigation.

**Reason for exception:** Sun Life regrets it cannot agree to this provision as written. In the unlikely event of unauthorized access to Sun Life data, that data may include confidential information of other Sun Life customers. While Sun Life would cooperate to the extent possible, ultimately Sun Life may not be allowed to provide ASRS access to all information relating to the unauthorized disclosure.

## 6. Secure Facilities

6.2. Upon termination of the Contract, all goods, materials, documents, data and reports prepared by Contractor under the Contract shall become the property of and be delivered to the ASRS upon request. Contractor must ensure that all digital storage devices containing ASRS data, including data storage at the native file level, are sanitized, and electronic media have been cleared, purged, or destroyed consistent with NIST Special Publication 800-88, Guidelines for Media Sanitization, 6 such that the information or data cannot be retrieved. (see <https://www.nist.gov/publications/nist-special-publication-800-88-revision-1-guidelines-media-sanitization>). Notwithstanding the foregoing, Contractor may keep one copy of such documents, data and reports as required by this Agreement, applicable law, or Contractor's internal records retention program.


**Reason for exception:** Sun Life regrets it cannot agree to this provision as written. This requirement is inconsistent with 6 year retention requirement in Section 15.3 as well as privacy laws that restrict our ability to share information with the Plan. Sun Life has a comprehensive document retention program designed to comply with applicable regulatory requirements and we will keep all documents related to the Contract consistent with that program, which does include destruction consistent with the NIST standards when applicable requirements are met for the device.

6.3. Contractor must provide the ASRS with Contractor's Safeguarding Client Information package annually unless requested sooner. The ASRS must be notified in writing of any changes in operations or this plan

**Reason for exception:** Sun Life regrets it cannot agree to the provision as worded. While Sun Life can provide its plan regarding safeguarding client information, and would agree to provide ASRS a copy of that document when it is updated annually, Sun Life cannot agree to share the level of detail requested. We have enclosed a copy of that document dated October 2019.

## 8. Personal Security and Background Checks

8.1 Contractor's current and subsequent personnel and all tiers of subcontractors shall comply with information security and data privacy requirements that are consistent with the security and privacy requirements of this contract.

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**Reason for exception:** Sun Life regrets it cannot agree to the terms of this provision as written. Our staff will comply with our internal guidelines and policies regarding data security and privacy, which are consistent with the requirements of this contract, except where noted in these exceptions.

8.2 Notwithstanding any additional security requirements in the Scope of Work, as mutually agreed upon by ASRS and the Contractor, Contractor's personnel or subcontractors with access to confidential information or sensitive data and/or infrastructure may be subject to background checks at Contractor's expense, including but not limited to fingerprint criminal background clearance prior to beginning performance of the Contract and periodically thereafter as may be required by the ASRS to comply with law or agency policy, standard or procedure.

**Reason for exception:** Sun Life regrets it cannot agree to the terms of this provision as written. Sun Life will determine when background checks are performed based on the nature of the employee's duties as well as applicable law.

#### **9. Remote Access**

To the extent Contractor or any subcontractors to and must perform work that requires remote access to a network containing ASRS information or data, Contractor shall ensure that such remote access (i) is obtained through a secure connection, (ii) is restricted to authorized users, (iii) is used solely for the purposes of fulfilling Contractor's obligations, (iv) shall not permit access to Contractor's computer system or browser capabilities, and (v) shall not permit printing/faxing/copying or other reproduction or the ability to retain data or application software data on Contractor's computer or network.

#### **Reason for exception:**

Sun Life performs due diligence practices on all subcontractors that we utilize. We are not able to obtain approval from clients regarding subcontractors used as it could impact our ability to serve our clients needs in a timely manner.

#### **11. Subcontracts and Agents**

Contractor shall require all tiers of subcontractors or agents who perform work under this Contract to provide a written and signed assurance to abide by and comply with the information security and data privacy provisions that are consistent with the security and privacy requirements of this Contract.

**Reason for exception:** Sun Life regrets it cannot agree to the provision as written. Although it is Sun Life's custom and practice to include security and privacy provisions in all of its agreements with its service providers, those agreements would not specifically reference the Agreement with ASRS. However, any such agreements would have security and privacy provisions that are consistent with the requirements of the Agreement with ASRS.

#### **Uniform Terms and Conditions**


##### **2. Contract Interpretation**

2.3. Contract Order of Precedence. The terms of any insurance policy or dental service agreement issued by Contractor shall govern the scope of the coverage provided. However, in the event of a conflict in the provisions of the Contract, as accepted by the State and as they may be amended, the following shall prevail in the order set forth below:

2.3.1. Special Terms and Conditions

2.3.2. Uniform Terms and Conditions



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2.3.3. Statement or Scope of Work

2.3.4. Specifications

2.3.5. Attachments

2.3.6. Exhibits

2.3.7. Documents referenced or included in the Solicitation.

**Reason for exception:** Because the coverage that would be issued as a result of this Contract are described in documents which are filed with and approved by the Department of Insurance, we are limited in the types of changes that can be added to those documents. We would be happy to work with the ASRS to make sure the coverage documents reflect our agreement. However, those coverage documents would control the terms of the coverage provided. To the extent the Contract has provisions that are supplemental to those coverage documents, the order of precedence would control with respect to those supplemental provisions.

### 3. Contract Administration and Operation

3.7. Property of the State. Any materials, other than eligibility and claim data, including reports, computer programs and other deliverables, created under this Contract are the sole property of the State. The Contractor is not entitled to a patent or copyright on any deliverables created under this Contract and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the State

**Reason for exception:** Sun Life regrets it cannot agree to this provision as written. To the extent it applies to “any materials” related to the services, certain eligibility and claim information would remain the property of Sun Life rather than the State.

### 4. Costs and Payments

4.3.4. DELETED

**Reason for exception:** We received your request to complete and return to you IRS Form W-9. Because Sun Life Financial is a Canadian corporation, we are required to provide you IRS Form W-8 ECI rather than IRS Form W-9. IRS Form W-9 is used by U.S. domestic companies and IRS Form W-8 ECI is used by foreign companies, such as Sun Life Financial. Both forms, however, serve the same purpose. If you have any questions, please contact us at 1-800-432-1102.

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### 1. PRICING

The ASRS reserves the right to select the plan option(s), plan design, and pricing that is most advantageous to the ASRS.

- 1.1 Actual pricing must be provided as requested by completing workbooks BAFO Request - Attachment E1: Pricing Schedule DHMO and BAFO Request - Attachment E2: Pricing Schedule DPPO.
  - Offeror must review and complete information on all applicable tabs in the workbooks.
  - The actuarial value for each plan offered must be provided.
  - Tabs intentionally left blank should include a statement explaining why the information was omitted in the comments section of that tab.
- 1.2 Pricing should be submitted under the following assumptions:
  - Offeror is the single provider for the DPPO plan for the ASRS Group Dental Program, or
  - Offeror is the single provider for the DHMO for the ASRS Group Dental Program, and
  - Offeror is the single provider for all plan types for the ASRS Group Dental Program.
- 1.3 Pricing that is included in attachments E1 and E2 must be all inclusive for the services described in the Scope of Work.
  - For fully-insured premium rates quoted, no additional fees beyond premium rates will be accepted.
  - For Administrative Services Organization (ASO), the rate quoted must include the full list of core services described in the Scope of Work.

Offeror is deemed to have allowed in each firm-fixed price correct and sufficient amounts to cover all its obligations under or arising from the Contract and applicable laws and regulation and to have allowed the necessary resources to enable it to carry out the relevant Scope of Work.

### 2. OPTIONAL/ALTERNATIVE PRICING (HIGHLY ENCOURAGED)

The ASRS strives to provide value based plan options to our members. We strongly encourage Offeror provide alternative plan design modifications and/or options for our review and consideration. We are interested in both changes for individual coverage/benefit elements as well as entire alternative plan designs.

The Offeror may propose alternative pricing structures provided it has submitted pricing information under items 1 and 2 above. For each alternative option provided, provide both a pricing schedule – including any proposed changes to the Enrollment Assumptions on the rates/fees/premiums tabs that could result in more favorable pricing to the ASRS - and a plan design page in the same format as provide in attachments E1 and E2 by copying those tabs. Label each submission with a clear description that the submission is an “Optional/Alternate” submission. The Offeror has full discretion in what it may propose, however, the ASRS is under no obligation to accept such proposals.

### 3. OFFER

Indicate any/all product(s) for which Offeror is submitting pricing:

DHMO	DPPO	ASO Only	Optional/Alternative (add brief description)
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> PPO Options - 1. Current Plan Designs, 2. Option with Preventive at 100% on the High Plan (x-rays to basic) and moving Endo and Perio to Major, and 3. An option to include Implants and move Endo to Major Prepaid – Option offered to include Lab Fees in member Copay. Plan would need to be filed and approved.