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Q&A #1
REQUEST FOR PROPOSALS (RFP)
Third Party Administrator Services for Flexible
Spending Accounts —Healthcare and Dependent Care
PROJECT NO. F10B5400007
March 17, 2015

Ladies/Gentlemen:

This List of Questions and Answers #1, questions #1 through #29, is being issued to clarify certain information contained in the above named RFP.

In most instances the submitted questions and the Department's responses merely serve to clarify the existing requirements of the RFP. Sometimes, however, in submitting questions potential Offerors may make statements or express interpretations of contract requirements that may be inconsistent with the Department's intent. To the extent that the Department recognizes such an incorrect interpretation, the provided answer will note that the interpretation is erroneous and either state that the question is moot once the correct interpretation is explained or provide the answer based upon the correct interpretation.

No provided answer to a question may in and of itself change any requirement of the RFP. If based upon a submitted question it is determined that any portion of the RFP should be changed, the actual change may only be implemented via a formal amendment to the RFP. In this situation the answer provided will reference the amendment which contains the RFP change.

1. **Question:** *What is the primary motivation for the State of MD going to bid this year for spending accounts?*

Answer: The expiration of the current contract as of December 31, 2015 is the primary reason for the RFP.

2. **Question:** *Is participation at the 140-160 Benefits Fairs a condition of your contract? If so, please provide the most recent Benefits Fair schedule and an estimate of the number of representatives that will be needed for attendance.*

~Effective Resource Management~

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Answer: Yes, attendance at the approximately 140-160 Open Enrollment fairs is a scope of work requirement (see RFP Section 3.2.1.3 (8th bullet) and condition of the contract. The fairs are generally scheduled in September and October to coincide with Open Enrollment activities and are arranged according to geography which includes approximately 300 sites.

3. **Question:** *Please confirm that the annual SOC2 Type II audit is a condition of your contract. If so, would the independent auditor be the Contractor's preferred auditor or one chosen by the State?*

Answer: Yes, the annual SOC 2 Type II Audit Report is a scope of work requirement (see RFP Section 3.9) and condition of the contract. It is the responsibility of the Contractor to select the independent audit firm who will perform the annual audit, however as stated in RFP Section 3.9 (ix) if the Contractor and/or Subcontractor fails during the Contract term to obtain an annual SOC 2 Report by the date specified in RFP Section 3.9.1, the Department shall have the right to retain an independent audit firm to perform the audit at the Contractor's expense.

4. **Question:** *Regarding the Third Amendment to the contract with your current vendor, dated October 15, 2013, was there a public breach of PHI or any other type of issue that led to this Amendment?*

Answer: There was no breach. The third modification was to update the contract for the new HITECH Act provisions of HIPAA.

5. **Question:** *Please confirm that your current spending account administrator will be responsible for your current benefit plan year spending account run out.*

Answer: Yes, the current Contractor is responsible for the current benefit plan year spending account run out period.

6. **Question:** *Do you now offer or plan to offer any of the following Spending Account Programs to your employees in the next 24 months?*
- a. *Health Reimbursement Arrangement (HRA)*
 - b. *Health Savings Account (HSA)*
 - c. *Limited Purpose FSA (only with HSA's)*
 - d. *Commuter Spending Accounts*

Answer: The Department does not offer or plan to offer any of the programs referenced in a. through d. above.

7. **Question:** *Do your participants enroll through your new hire/annual benefits enrollment system...or some other method*

Answer: Past enrollment has been conducted via IVR and paper forms. Fall 2015 Open Enrollment will be conducted via the web. The Department will provide additional detail to the recommended Awardee.

8. **Question:** *Are you desiring to increase spending account enrollment? If so, what are you doing to help drive increases?*

Answer: The Department is neutral in the enrollment of any of its available employee benefit options.

9. **Question:** *What has been most effective method to date of communicating the benefits of your spending accounts?*

Answer: The annual Benefits Guide which is located on the Department's website and the Open Enrollment health fairs afford the Department its ability to communicate all available employee benefit options.

10. **Question:** *What employee communications do your employees receive today concerning your spending account program and what is the communication medium (print, mail, email, online, other)?*

Answer: Please see the response to question #9.

11. **Question:** *Do you currently offer any tools, calculators or modeling software to identify the benefits of FSA to your employees?*

Answer: Any tools, calculators or modeling software to identify the benefits of FSA currently offered to employees by the incumbent administrator may be classified as confidential and/or proprietary commercial information or trade secrets and may not be disclosed by the State under the Public Information Act.

12. **Question:** *Concerning your current claim substantiation process.....*
a. do you provide a co-pay/deductible file to your spending account administrator?
b. does your administrator receive claim files from your health care providers? If so who are your current medical, dental and vision providers?

Answer: The Department's current claim substantiation process does not include any of the concepts referenced in a. or b. above.

13. **Question:** *Do you pay a separate monthly administrative fee for each account an employee participates in? (i. e. If an employee contributes to an HCFSA and DCFSA is there a fee for each account)?*

Answer: As stated in the Financial Proposal Instructions (RFP Attachment F, specifically tab F-1, line 3 for Attachment F-4: Administration and Network Access Fees), the two choices for the administration fees are the Healthcare *or* Dependent Care Participant Fee, and the combination of both the Healthcare FSA *and* Dependent Care FSA enrollment Participant Fees.

14. **Question:** *Do you pay a separate debit card activation or monthly fee currently?*

Answer: The Department does not pay either a separate debit card activation fee or monthly fee.

15. **Question:** *What managerial reporting are you receiving today from your current administrator and expecting from a new vendor?*

Answer: Any managerial reporting the Department is receiving from the current administrator may be classified as confidential and/or proprietary commercial information or trade secrets and may not be disclosed by the State under the Public Information Act. Current reporting requirements are stated in Section 3.2.2.

16. **Question:** *What would you like to see improved in your spending account program and administration?*

Answer: There are no specific improvements for which we are seeking through this RFP.

17. **Question:** *Can you define the scope of the non-discrimination testing that you require for the FSA Plans, Cafeteria Plans and Other Self-Funded Group Plans?*

Answer: Details on the scope are provided in the RFP. Please refer to RFP Section 3.2.1.9.

18. **Question:** *Can you provide the number of total days and locations involved in the 140–160 benefit fair events?*

Answer: Health fairs during Open Enrollment span approximately six to eight weeks and generally include all five week days with a few scheduled fairs during evenings and Saturdays. Please also see the response to question #2.

19. **Question:** *Can you confirm that there will be two payroll files per month – a Bi-weekly file and a monthly file?*

Answer: As stated in RFP Section 3.1 (next to last paragraph) and 3.2.1.3 (4th bullet) there are a variety of payroll schedules including bi-weekly, monthly and certain employees for which salary reductions are taken from 19 of the 21 pay periods during the school year.

20. **Question:** *For participants in both the HCFSA and DCFSA, are the administrative fees currently applied to both plans?*

Answer: Please see the response to question #14.

21. **Question:** *If a provider has an existing process to survey participant satisfaction multiple times a year, will the State consider the existing process in lieu of the State's annual survey?*

Answer: No, the State will not consider an existing process to survey participant satisfaction multiple times a year in lieu of the State's annual survey.

22. **Question:** *Can you provide samples of your current claims form and account summary statements?*

Answer: Samples of current claims forms and account summary statements may be found on the Department's website using the following link:
www.dbm.maryland.gov/benefits.

23. **Question:** *Can you further clarify what you mean by data comingling under Section 3.3.1.h (pg. 35) of the RFP?*

Answer: Regarding this RFP, data comingling refers to mixing the data files of different hosted clients on one database. This can create exposures in information security when the data of one security level is inadvertently or purposely mixed with data of a lower or higher security level on the same database. Therefore, we require that the Contractor employ system controls to keep the State data logically isolated from other client data. For example, all Operating Systems, application, and/or database engine access controls must be configured to prevent clients from accessing one another's data.

24. **Question:** *Can you provide samples of the invoices expected under the plan?*

Answer: Sample invoices are not available. The procedure for submission of invoices is described in RFP Section 3.6.

25. **Question:** *Does the State provide funding based on Payroll Contributions or claim activity?*

Answer: The Department will pre-fund the Contractor for the payment of debit and paper claims reimbursements. The initial amount of the pre-fund at the start of the Plan Year shall be determined during implementation based upon actual enrollment. Please see Section 3.6.2

26. **Question:** *Will funding for the Active and Satellite participants be provided from two separate bank accounts?*

Answer: No, funding will not be provided from two separate bank accounts.

27. **Question:** *Can you disclose the current per participant per month fee that the state is paying today?*

Answer: No. The per participant per month fees under the current contract are not being disclosed. The Maryland Public Information Act (Md. Ann. Code, State Gov't Art., Title 10, subtitle 6, Part III) governs the production of records and information by the Department. The disclosure of confidential information is prohibited and

willful violation of that prohibition is punishable by criminal penalty. State Gov't Sections 10-617(d) and 10-627. This level of detailed pricing information is confidential commercial information which, if disclosed, would damage the competitive position in the marketplace of the current contractor.

28. **Question:** *What is the estimated date for the award of the RFP?*

Answer: The “award date” is estimated to be around July 1, 2016.

29. **Question:** *Can you please clarify the website design requirements. Q-39 of the technical proposal, Attachment Q, asks that offerors describe their website capabilities and provide a sample of our website design to comply with section 3.2.7 of the RFP. Please indicate if the reference pertains to section 3.2.1.6, 3.2.1.7, 3.3.3 or none of these sections. If none, can you please provide the appropriate section number?*

Answer: The sample website design should comply with Section 3.2.1.6 of the RFP.

By: <signed>

Mike Yeager

Procurement Officer