



DEPARTMENT OF  
BUDGET & MANAGEMENT

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Deputy Secretary

April 18, 2005

**Request for Proposals (RFP)**  
**Third Party Administration for**  
**Flexible Spending Account - Health Care and Dependent Care #F10R5200126**  
**Addendum #3**

Ladies/Gentlemen:

This Addendum is being issued to amend and clarify certain information contained in the above named RFP. All information contained herein is binding on all offerors who respond to this RFP. Specific parts of the RFP have been amended. The following changes/additions are listed below; new language has been double underlined and marked in bold (i.e., **word**) and language deleted has been marked with a strikeout (i.e., ~~word~~).

1. Revise, Section 1.5, Contract Duration:

The contract resulting from this RFP shall be for a period of about ~~three (3) years with two additional 1-year options at the State's sole discretion~~ **five years** beginning upon award of the contract (approximately ~~March~~ **May** 2005). Services required include the administration of runout claims incurred prior to last date of the last plan year covered by the contract. The base term of the contract shall include ~~3~~ **5** plan years and end with the plan year ending June 30, ~~2008~~ **2010**. ~~Option years begin with the next plan year.~~

2. Revise, Attachment A, Section 3, Time for Performance:

The Contractor shall begin providing services under this Contract upon the later of execution by the Department or May 1, 2005. Unless terminated earlier as provided in this Contract, the Contractor shall provide administration services for the Health Care and Dependent Care Flexible Spending Account benefits plan through June 30, ~~2008~~ **2010**. ~~The State, at its discretion, has the unilateral right to extend the term of the Contract for up to two (2) additional, successive one-year terms beyond the initial term.~~ The Contractor shall provide run-out administration of reimbursement requests for expenses incurred prior to the end of the last plan year for which services are provided by the Contractor, including the provision of annual settlement reports for the last plan year of the Contract, immediately following the termination of the Contract. The provisions of this Contract relating to such run-out administration services survive termination of the Contract pending complete performance of the run-out administration services.

3. Revise Attachment H-3 to add the following at the end of the second paragraph:

**“This page may also be used for explanations to H-4.”**

4. Revise Attachment H-4 by moving the last table immediately after the first table and then numbering the five tables as Table 1 through Table 5.

5. Offerors shall propose a per enrollee per month fee for flexcard administration services provided in accordance with the RFP as revised. Revise, Attachment H-4 (Table 3):

~Effective Resource Management~

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(a) Delete Cafeteria Plan Non-Discrimination Testing and (Other (please specify)) from the original second table.

(c) The remaining line shall read as follows:

“ Flexcard Administration (Per Enrollee)”

6. Offerors shall propose an annual flat, fixed fee for Cafeteria Plan Non-Discrimination Testing, regardless of cafeteria plan enrollment. Please see RFP, Section 3.2 for a description of the State cafeteria plan.

Insert, Attachment H-4 Table 4, an additional chart for proposing an annual flat, fixed fee for Cafeteria Plan Non-Discrimination Testing.

7. Revise, Attachment H-4, originally the last table (now Table 2), line 4 to reflect that this value in column FY09-10 will be the cumulative cost for all services for the five years of the contract:

“4. Total Cumulative Cost (of line 3)”

Shade out the FY07-08, leaving only the FY09-10 column to reflect the cumulative total of the annualized cost for the entire period of the contract.

8. Revise, Section 5.3, Financial Criteria:

All qualified Offerors will be ranked from the lowest to the highest price based on the “Cumulative Cost for Plan Years FY05-06 through FY ~~07-08~~ 09-10” as quoted by the offeror on Line ~~4~~ 6 of Table 2 of the Financial Proposal Attachment H-4.

Should you require clarification of the information provided in this addendum, please contact me at (410) 260-7662 as soon as possible.

Date Issued: April 18, 2005

By \_\_\_\_\_

Edward Bannat  
Procurement Officer