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Deputy Secretary

QUESTIONS AND RESPONSES # 3
PROJECT NO. F10B9200027

**Third Party Administrative (TPA) Services for Flexible Spending Accounts (FSAs)-
Healthcare and Dependent Care**
August 10, 2009

Ladies/Gentlemen:

This List of Questions and Responses #3 is being issued to clarify certain information contained in the above named RFP. The statements and interpretations of contract requirements, which are stated in the following questions of potential offerors, are not binding on the State, unless the State expressly amends the RFP. Nothing in the State's responses to these questions is to be construed as agreement to or acceptance by the State of any statement or interpretation on the part of the vendor asking the question as to what the contract does or does not require.

60. **QUESTION:** *Reference: Page 15, Account Management Services, 3.2.4 and Page 7, Attachment G - CC-49:* In the RFP it says that "generally enrollment information is sent weekly in electronic format and payroll deduction information is sent bi-weekly . . .". Attachment G asks whether Offerors are capable of providing or receiving *daily* eligibility feeds. Will the Offeror receive eligibility data weekly or daily?

RESPONSE:

Eligibility feeds are currently provided weekly, but the State is asking if the Offeror has the capability to receive daily feeds if daily feeds were to be provided.

61. **QUESTION:** *Reference: Page 9-10, Living Wage Requirements:* Is it possible to ascertain *before* bid submission whether we are a Tier 1 or Tier 2 employer? Per the RFP, it appears we are Tier 1. But, according to the State's living wage website and an individual with whom we spoke in that office, a procurement officer will be assigned to determine the tier of the winner. Because of significant costs differences between the two tiers, it is important that we are certain of our Tier designation in order to bid appropriately.

RESPONSE:

Please see RFP, Attachment A, Section 29 and RFP §1.31. The categorization depends on where the offeror proposed to perform the work if awarded the Contract. The Tier determination is made prior to the award based on the information in the proposal about where work will be

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performed. RFP Section 1.31 requires the Offeror to identify in its Offer the location(s) from which services will be provided.

The Contract will be a Tier 1 contract for any out of state contractor (i.e. a Contractor who performs more than 50% of the work from a location outside of the State of Maryland). If the Contractor conducts more than 50% of the services in a location within the State of Maryland which falls into the Tier 2 category, then the Tier 2 rates will apply. If the Contractor performs 50% or more of the work from a location within the State of Maryland which falls into the Tier 1 category, then the Tier 1 rates will apply.

62. **QUESTION:** *Reference: Page 69-70 Living Wage Requirements for Service Contracts:* What are the criteria for determining whether or not the employer's health deductions are appropriate? Will the selected vendor be required to submit documentation for employees' insurance election and proof of payment with each payroll?

RESPONSE:

Please refer to the Department of Labor and Licensing website www.dllr.state.md.us for answers to frequently asked questions on the Living Wage Requirements.

Pursuant to FAQ #22: The Commissioner of Labor and Industry will require that an employer who deducts the hourly cost of the employer's share of an employee's health insurance premium from an employee to submit documentation of the employer's cost and proof of payment for each employee under the health insurance plan, the methodology that the employer uses to determine the hourly amount of health insurance deduction for each employee, documentation of the employee's insurance election, and copies of payroll records. From this information, the Commissioner will first determine the cost per employee for health insurance, and then audit the payroll records to verify that the deductions are appropriate.

63. **QUESTION:** *Reference Page 5, Attachment G-2; Section III; #19:* This refers to the G-17 worksheet as "Internal Audit Results". *Reference Page 6, Attachment G-2; Section IV; #2:* This also references the G-17 worksheet but calls it "Appeals Protocols". Would the State allow Offerors to prepare two separate G-17 worksheets and label the "Internal Audit Results" as (A) and label the "Appeals Protocols" as (B)?

RESPONSE:

The State will allow the Offerors to prepare two separate G-17 worksheets and label the "Internal Audit Results" as (A) and label the "Appeals Protocols" as (B).

Amendment #3 will be issued to clarify the response instructions.

64. **QUESTION:** *Reference Page 5, Attachment G-2, #21:* Refers to an Attachment G-19, "Website Design" but there is no G-19 in the G Attachment Excel worksheets. Should Offerors create an Attachment G-19, in accordance with Section 3.2.7 (Page 17) of the RFP?

RESPONSE:

Yes. Offerors should create an Attachment G-19 to respond to Attachment G-2, #21.

65. **QUESTION:** *Reference Page 8, Attachment G-5, CC-68:* The State refers to a file record example provided on Attachment J. Attachment J however, is the Central Payroll Bureau's Electronic Data Transmission Policy and the links listed on Attachment J don't provide an example of a 100-character file record. Could the State please provide this example?

RESPONSE:

Please refer to the attachment to Q&A #1 which provides the current file layout in response to question #12. Amendment #3 will be issued to correct Attachment G-5, CC-68.

66. **QUESTION:** *Reference Questions and Responses #1, Page 2, #3 B:* The State indicated that it "will not reflect calendar year dependent care reimbursement benefits paid through the FSA benefit on participating employee's year-end IFS W-1 or 1099-MISC reporting forms. This information needs to be prepared and distributed by the administrator." What is an IFS W-1? Is the Offeror's role to supply the State with the information required for completion of W-2s?

RESPONSE:

There was a typo in the response to Q&A #1, Page 2, #3B. The correct form is an IRS W-2 form. The contractor will be required to supply the State with the information required for completion of the W-2s.

Remember offers are due on August 18, 2009 no later than 2:00 p.m. If there are questions concerning this solicitation, please contact me via e-mail at jepstein@dbm.state.md.us or call me at (410) 260-7570 as soon as possible.

Date Issued: August 10, 2009

By

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Procurement Officer