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Q&A #1
REQUEST FOR PROPOSALS (RFP)
Third Party Administrator Services for Flexible
Spending Accounts —Healthcare and Dependent Daycare
PROJECT NO. F10B6400004
December 18, 2015

Ladies/Gentlemen:

This List of Questions and Answers #1, questions #1 through #36, 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: Would you please provide the number of FSA benefit eligible employees of the State? The RFP includes the current participants and we need eligible employees to complete our cost analysis.

Answer: Unfortunately, the State's personnel and benefits systems are not linked and we do not have the ability to provide a count of "all eligibles." We are working toward implementation of single system, but that will not be complete until late 2017.

~Effective Resource Management~

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2. Question: MBE & VSBE requirements - will proposers who request waivers for these subcontracting goals be eliminated from consideration or evaluated less favorably than vendors who can meet these requirements?

Answer: No. Offerors will not be eliminated from consideration or evaluated less favorably than Offerors who can meet these requirements. However, a potential Offeror should pay close attention to the guidance provided within Attachment D-Minority Business Enterprise Forms (in particular, Attachments D-1 A through D-1C). An Offeror must clearly be able to document (i.e. letters and or emails) to the satisfaction of the Department, their efforts pertaining to any and all attempts in meeting these goals prior to the proposal submission due date listed in RFP Section 1.11 in order for a Waiver to be considered or granted. An Offeror's waiver request must also clearly demonstrate their good faith effort and intent in meeting this requirement of the RFP.

3. Question: In the Technical Prop Attachment Q packet, page 22, Q-33 references website design and complying with Section 3.2.7 of the RFP. However, there is no Section 3.2.7 in this RFP. The RFP goes from 3.2.2 to 3.3. Please provide this missing section so we can ensure that our website design is compliant with it and so we understand how we must respond to Q-33.

Answer: The information on Website requirements are outlined in RFP Section 3.2.1.6 Website and Online Access for Participants, not in Section 3.2.7. This item will be added to Amendment #1 to be issued shortly.

4. Question: Please clarify the run out period:

a) Is the six (6) month run out period (until June 30th) only for the final year of the contract?

Answer: Yes, that is correct. The six month run out period applies to final year of the Contract.

b) Is the regular run out period for each prior plan year end date April 15th?

Answer: April 15th of the year following the Plan Year represents the deadline for participants to submit all eligible claims incurred through the Plan Year and Grace Period.

c) We understand the Grace Period goes until March 15th. Please clarify this sentence as it relates to the run out period: On page 3 of the RFP, #45, Run-Out Period definition - last sentence states: The Run-out Period followed both the two month and 15 day Grace Period following the end of the preceding calendar year as well as the three month and 15 day period that follow the Grace Period.

Answer: This means the run out period that follows the final year of the Contract begins after the Grace Period and submission deadlines. In other words the run out period begins April 16th and extends for six and a half months, or through October 31. This item will be added to Amendment #1 to be issued shortly.

5. Question: For account balance reminder notices and quarterly statements would the State allow these to be sent to participants via e-mail or are they required to be sent via U.S. Mail to participants? Would real-time, 24/7 account balance access via web and texting be an acceptable alternative?

Answer: We find that hard copy reminders work well with our enrolled population. Therefore, 24/7 real time account access is not a suitable alternative. However, if agreed to by the participant, email notifications may be sent in place of hard copy mailers.

6. Question: For EOBs, does the State require paper EOBs to be issued with each claim reimbursement and/or each debit card transaction?

a) Would an e-mail with link to the participant's account be an acceptable alternative?

Answer: EOBs may be provided via email with a link to the participant's account only if agreed to by the participant.

b) Does the State require a description of the expense on each EOB?

Answer: Your question is unclear. Please clarify.

7. Question: Please clarify: in the Technical Prop Attachment Q packet, page 14, CC-40 - Unique Identifiers. It states that the Contractor agrees to accept and assign a unique identification number...

a) Please confirm if the vendor is to accept these numbers from the State or if the State expects the vendor to create and assign these numbers for participants.

Answer: The Contractor will be responsible for creating, and maintaining, a unique identifier that can be traced back to the identification number provided on the State's eligibility file.

b) Does the State require that the State of MD employee ID appear on all communications or is it acceptable for us to assign a P&A Member ID for communications?

Answer: The Contractor will need to include the unique identifier produced by its internal system on all member communications. Please see the above response on the creating this unique identifier. This should not be the participant's SSN.

8. Question: On page 11 of the Technical Prop Attachment Q packet, CC-7.d, please elaborate on what "full-service phone access" for the blind would entail.

Answer: "Full-service phone access" ensures that a phone option is available for those with sight impairment and who are unable to use an online website as an access point for member services.

9. Question: Is there any flexibility in the acceptance of file layouts?

Answer: The required file layout is as stated. The vendor will be required to accept the format provided by the State.

10. Question: How frequently will the State audit the performance of the plan and services provided (as referenced in item CC-21 of the Technical Prop Attachment Q packet)?

Answer: The State will conduct an annual audit, but retains the right to audit more frequently as it deems necessary.

11. Question: On page 18 of the Technical Prop Attachment Q packet, Attachment Q-5: Questionnaire, item Q-1: Please clarify this question - does the State expect the Contractor to determine which employees are eligible to participate in the FSA plan and inform the State of this eligibility?

Answer: No, the State will inform the Contractor of those who have enrolled for FSA services. The State will send eligibility files to the Contractor including enrolled members and the deduction election. This question is referring to the capabilities of the Offeror's internal systems to accept and process eligibility files received throughout the year that may include newly enrolled members.

12. Question: Please specifically clarify the legal document filings the State requires as referenced on page 13 of the Technical Prop Attachment Q packet, item CC-32

Answer: Each Offeror will need to review the RFP to determine what State filings it may need to complete in order to satisfy the RFP and be capable of performance pursuant to the Contract, should it be awarded to the Offeror. See, e.g., Section 25 of Attachment A - Contract, providing that the Contractor warrants that it shall comply with all federal, State and local laws, regulations and ordinances applicable to its activities and obligations under the Contract.

13. Question: For the pre-funding of claims, would the State accept independent tracking & recordkeeping of the pre-funding into a Trust Account (tracking/records of claims funding and corresponding claims reimbursement)?

Answer: Yes.

14. Question: For the Economic Benefit Factors, can an out-of-state Contractor fulfill this by hiring 1 employee, onsite in MD to carry out contractual work for these services?

Answer: Yes. However, please keep in mind that the Economic Benefit Factor is part of the evaluation criteria. Please see RFP Section 5.2-Technical Proposal Evaluation Criteria of the RFP, where the criteria are listed in descending order of importance. Additionally, the State would suggest any Offeror consider the current competitive and economic environment within the marketplace when proposing to meet this as well as any other State requirement(s).

15. Question: On p.51 of the RFP, Section 4.4.3 - Additional Required Technical Submissions. It states we are to "Submit under TAB M" however, just below in item #4.4.3.1 it references that the completed documents be submitted "under TAB O". Please confirm which TAB we are to submit these required documents under - M or O?

Answer: TAB M. This item will be added to Amendment #1 to be issued shortly.

16. Question: In the FSA Technical Prop Attachment Q, p.14, item CC-39 - it states "The Contractor agrees to accept daily eligibility feeds in a format provided by the State." Please confirm if these daily eligibility file feeds are full files or change files only.

Answer: This question is asking about the Offeror's capability in this area. The files would likely be changes only, but no definitive decision has been made at this time to proceed with daily eligibility feeds.

17. Question: In the RFP, p.48 Section 4.4.2.6.g makes reference to the HIPAA/HITECH requirements located in Section 3.2.1.5 of the RFP. However, Section 3.2.1.5 of the RFP on page 27 is a section on Participant Communication whereas the prior Section (3.2.1.4) is titled HIPAA Privacy and Security Provision. Please confirm that when we respond to Section 4.4.2.6.g (p.48) that we are referring to Section 3.2.1.4 and NOT 3.2.1.5.

Answer: Yes, the correct Section reference should be Section 3.2.1.4 and not, 3.2.1.5. This item will be added to Amendment #1 to be issued shortly.

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

Answer: The training events and benefit fairs cover the entire State of Maryland. We schedule them by region - Central, Eastern Shore, Southern and Western. The Training events take place in August and the benefit fairs run from the middle to end of September through mid-November.

19. Question: Can you confirm that there will be three separate payroll files per month - a Bi-weekly file, monthly and a separate file for 10 month employees?

Answer: We send a “central payroll” and a “university” file twice a month. There may be an additional file for contractual employees meeting the PPACA definition of full-time at some point in the future.

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

Answer: For participants enrolled in both types of accounts a single administrative fee is charged; not one fee for HCFSA and another for DCFSA.

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

Answer: The current claim forms can be found on the State of Maryland Department of Budget and Management’s Health Benefits website. The link to the FSA section of the website is provided below:

<http://dbm.maryland.gov/benefits/Pages/FlexibleSpending.aspx>

The current account summary reports will not be provided at this time. Information on the deposits, reimbursements, and number of claims processed for the most recent calendar year (2014) can be found in section 3.1 “Background and Purpose” of the RFP.

22. Question: Can you further clarify what you mean by data comingling under 3.3.3.1 - 3.h (pg. 34) of the RFP? Can the State data be under the same database with other clients data as long as there is proper application of compartmentalization?

Answer: The provision speaks for itself. The Offeror will bear responsibility for protecting the security of State data as set forth in section 3.3.3.1 and should evaluate its security measures to ensure compliance with applicable laws as referenced in the RFP.

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

Answer: The administrative fees will be paid on a self-administered basis indicating number of participants enrolled each month. Claims invoices must adhere to the parameters set forth in Section 4 Consideration and Payment.

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

Answer: Yes, the State can do prefunding and do it on the basis of expected claims.

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

Answer: No, funding for Active and Satellite participants is not provided by two separate bank accounts.

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

Answer: Note that an Offeror/Contractor's specific pricing information is considered to be confidential, and would be redacted as part of any PIA/FOIA request. The State will not disclose detailed Offeror/Contractor pricing information beyond the bottom-line total evaluated price(s). The State must protect the confidentiality of certain information it receives from vendors so that there is no hesitance on the vendors’ part when deciding to submit proposals in response to solicitations issued by the State. If the State were to disclose such information, it would deter

vendors from submitting proposals for fear that the proposals would be disclosed to competitors. Further, the disclosure of certain confidential commercial or pricing information that is not generally released by the contractor to its competitors or the public will cause substantial harm to the contractor's competitive position in the marketplace.

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

Answer: Award notification is tentatively scheduled for the 2nd Quarter of 2016.

28. Question: Is the State open to accepting our standard file layout for eligibility and payroll files? If not can you provide your preferred file layouts?

Answer: The required file layout is as stated. The vendor will be required to accept the format provided by the State. Please see response to question 9, above.

29. Question: Q-1: Section III, #4. Please advise: the question asks about full-time staff as of 12/31/2014. Is that date correct? Our staffing model has changed considerably since that time. The RFP from March asks for the staffing model as of 3/2/2015.

Answer: Please respond with your full-time staffing model as of the time provided in the RFP. If your staffing model has experienced significant changes (greater/less than 10%) since that time, please provide those updated numbers and an explanation for this change. This item will be added to Amendment #1 to be issued shortly.

30. Question: Attachment Q, on page 2, Section II. Plan Design, #2 - if we have reviewed the proposed plan design and do NOT have any deviations to list, should we respond here with "completed" or "not completed"? At first I was thinking we'd respond "not completed" because we wouldn't be detailing deviations if we have none to list. However, I was concerned that response might imply we haven't completed the action that #2 is stating we take. If we respond "completed" I was concerned it would imply we reviewed and detailed deviations when really we have NO deviations to list. Please advise.

Answer: Within Attachment Q-1, Section II Plan Design, #2, it is only requesting confirmation that an Offeror "reviewed and detailed deviations from the proposed plan design shown in the worksheet, Attachment Q-3: Plan Design." The response should be "completed" if you did, "not completed" if you did not. Moreover, on Attachment Q-3: Plan Design, on page 7, that is the section where the State is asking for Offerors to note any deviations between the State's proposed plan design and the proposed plan design of the Offeror, and is the appropriate section to list an Offeror's deviation(s) or if none, state as much by listing, "no deviations". Please see the instructions listed on the top of Attachment Q-3: Plan Design for further clarification.

31. Question: Attachment Q, on page 11, #CC-8 - The response field doesn't have the option to "choose" from the Yes or No drop down. We also can't type in Yes or No here because of the protection in the response field. Because of this, we can't answer this question.

Answer: Noted. Please provide the answer to this question with a reference to the question number, in the Section Q-2: Explanations and Deviations of the Technical Proposal.

32. Question: Attachment Q, on page 15, #CC-58 - the same issue as in my question above - the option to choose from the Yes or No drop down is not there. We can't type in Yes or No because of how the response field is protected - therefore we can't respond to this question

Answer: Please see the above response to question 31.

33. Question: Attachment Q, on page 40, PG-12, Implementation: All administration functions completed for a successful open enrollment and program implementation as of the effective date of the contract. Overall rating of 4.5 or greater on a scale of 1 to 5 must be received. Please clarify the metric/standard used to measure the success of enrollment and implementation. Is it an overall subjective rating, or a list of criteria to meet?

Answer: While this is a subjective rating, the criteria to meet include, but are not limited to, full and appropriate attendance at all Open Enrollment health fairs, well-run implementation, accurate upload of eligibility files, proper invoicing and banking set up, timely issuance of ID cards/payment cards, and all deadlines met.

34. Question: With the tax on high-value health plans (aka "Cadillac tax") starting 1/1/2018, does the State of Maryland expect to have financial room to continue the medical FSA program in 2018 (to be enrolled in Fall 2017)? If part or all of the current \$2,550 annual limit on medical FSAs would place the State above the limit, would the State continue the medical FSA program in 2018? If a tax were due, would this be paid by the State?

Answer: No determination has been made at this time with regard to the continuation of the FSA plans in order to avoid the Excise Tax under PPACA. The State will comply with PPACA in regard to the Excise Tax as appropriate.

35. Question: Section 1.39, Nonvisual Access. Maryland DOIT says "Nonvisual Access Regulation .11" that the State must furnish one copy of a nonvisual item to a requestor. May we interpret this to mean that we would support the State's conversion of our communications material to Braille?

Answer: No, the State would not require conversion of your communications materials to Braille.

36. Question: What is the current price per participant per month?

Answer: Please see response to question #26.

By: <signed>

**Mike Yeager
Procurement Officer**