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Q & A #3 to
Request for Proposals (RFP)
Audit Services for State Employee and Retiree Benefits Program,
050R7200018
August 21, 2006

Ladies and Gentleman:

The numerical sequencing begins at question # 32 because questions up to #31 were answered in Q&A #1 and #2. The procurement officer received the following questions by email, which are answered for all Offerors to the referenced RFP, below:

32. Question: Section 1: General Information. Is the RFP available as a Word document? This will enable us to complete the various Attachments and incorporate them into our technical proposal submission.

Answer: Yes, see the answer to Question #31.

33. Question: Section 1.23: Minority Business Enterprises (MBEs). Will the State provide the names of MBEs currently providing services similar in nature to those requested in the RFP?

Answer: Mercer has used two MBEs: Butler, Lochte & Company and Walker Benefit Services.

34. Question: Section 1.23: Minority Business Enterprises (MBEs). If a contractor is selected for more than one Category, may the MBE goals be met in aggregate on the basis of the total dollars in the contract, or must the contractor agree to meet the separate goals by category? For example, if the contractor is selected for Category 4 and Category 5 only and the total amount to be subcontracted on the flexible spending account exceeds the 5% target, can the balance be counted toward the 15% target on the prescription drug benefit plan audit of Category 4?

Answer: The question may be relevant for a Contractor but not for an Offeror. In a multiple award scenario, the Contractor may be allowed to meet an aggregate goal but that decision has yet to be made and will not be addressed until and unless required. However, an Offeror must submit forms that reflect the Offeror is following the direction in the RFP Section 1.23 and Attachment D. Each Offeror must make a specific MBE commitment to each MBE proposed. For example, the D-2 submitted in connection with Category No. 1 must identify the contract value percentage guaranteed to each MBE listed on Attachment D-2, with the total for all MBEs listed on D-2 adding up to the total MBE goal commitment for that Category. Ranges are not sufficient and may cause rejection of a proposal pursuant to COMAR 21.11.03.09C (4) – (6).

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35. **Question:** Section 3.1.1: Background. Does the State anticipate any major changes in benefit structure or plans offered during the term of this audit contract?

Answer: The State does not anticipate any significant new initiatives or projects currently but the State reviews options or initiatives during each rate renewal process. New initiatives may result from these annual rate renewals or through legislation.

36. **Question:** Section 3.1.9: Flexible Spending Accounts. What are the current contribution limitations/maximums for the Health Care Spending Account and the Dependent Care Spending Account?

Answer: Annually, \$120 to \$3,000 for the Health Care FSA and \$120 to \$5,000 for the Dependent Care or \$2,500 maximum if married and filing separately.

37. **Question:** Attachment L (dental performance guarantees) includes Financial Accuracy, Payment Accuracy, and Processing Time. Since the RFP does not call for the performance of a claims audit of the dental plans, does the State intend for these three guarantees to be excluded from the review, or does the State require a review of the TPA's self-reported results with comments as appropriate?

Answer: The State is requiring a review and verification of the TPA's self-reported results.

38. **Question:** Sections 3.5.2.B and 3.8.1.3: Labor Requirements for Optional Services and Staffing. Section 3.5.2.B requires the contractor to use designated labor categories, including Principal/Partner, Senior Auditor, and Junior Auditor, with minimums of 10, 5, and 1 year(s) of experience respectively. Section 3.8.1.3 indicates the contractor shall also designate additional key personnel, such as Audit Manager and Lead Auditor, with minimums of 5 and 3 years of experience, respectively. Please relate the additional key personnel in 3.8.1.3 to the labor categories in 3.5.2.B.

Answer: The two requirements are mutually exclusive. Section 3.5.2.B refers to Optional Services the State may request during the contract do perform additional auditing services beyond the scope of the fixed fees for the annual audits. Such Optional Services will be billed on a labor hour basis, using the quoted rates for the three labor categories identified in the RFP. Section 3.8.1.3 is Staffing Requirements and Categories for the Primary Audit Services under the annual fixed fee Audit services. Offerors are not limited in the staffing for the fixed fee Audit Services except that the key personnel identified in Section 3.8.1.3 must be proposed and used during the contract term. The RFP does not include an experience requirement for audit staff that are not key personnel.

Date Issued: August 21, 2006

By <signed> .
Michael Howard
Procurement Officer