

State of Arkansas
OFFICE OF STATE PROCUREMENT
1509 West Seventh Street, Room 300
Little Rock, Arkansas 72201-4222

ADDENDUM 2

TO: Vendors Addressed
FROM: Jessica Lowder, Buyer
DATE: 06/1/2015
SUBJECT: **SP-15-0105 HSA, FSA, Cafeteria 125**

The following change(s) to the above-referenced RFP have been made as designated below:

- Change of specification(s)**
- Additional specification(s)**
- Change of bid opening time and date
- Cancellation of bid
- Other

CHANGE OF SPECIFICATIONS

Delete 1.1.C and replace with the following:

- C. Public School Employees (PSE): All ASE and PSE employees are benefit eligible. Currently the Cafeteria Plan is only offered to ASE; however, EBD **shall** have the right to add the Cafeteria Plan to Public School Employees (PSE) at a future date during this contract. Should EBD elect to add PSE, contractor **must** provide services as described in this RFP. The Arkansas State and Public School Life and Health Insurance Board **shall** have full policy-making authority for the health and life insurance programs. See Table 4 on the Official Price Sheet.

Delete 1.12 (NOTE) and replace with the following:

Note: The accompanying Attachment E contains the Proposed Subcontractor's List.

Delete 1.2.C and replace with the following:

- C. Throughout the term of this contract, as requested by EBD or as required by law, the State shall have the right to add or remove any services offered by the vendor under the scope of this contract. These services may be existing optional services as offered in the vendor's proposal, or they may be newly created services based on improving technology or Federal or State mandates which fall under the scope of work. The Arkansas State and Public School Life and Health Insurance Board **shall** have full policy-making authority for the health and life insurance programs. Pricing for these services **shall** be negotiated if/when the services are added; **shall** be consistent with current contract pricing for similar services; and **shall** be agreed upon in writing between agency and vendor prior to implementation of the service.

Delete 2.2 and replace with the following:

- A. Currently, the administration services for these are provided through two (2) separate contracts. To increase efficiency, EBD has decided to combine all of the services together into one contract. Current vendor information is as follows:
 - FSA administration services are provided by Fringe Benefits Management/Wage Works.
 - HSA administration services are provided by DataPath.

Current employer contributions are as follows:

- ASE: \$300/year individual
\$600/year family
- PSE: no employer contribution

Delete 2.3 and replace with the following:

As established in accordance with Internal Revenue Code Section 125, the Arkansas State Employee Cafeteria Plan “ARCap” **shall** allow qualified benefits to be paid for on a pre-tax basis. Vendor **shall** be responsible for creating and modifying as necessary, as well as maintaining compliance of, all appropriate documents. At minimum, those benefits available for pre-tax payments/contributions **shall** include certain employee-paid insurance premiums, Health Savings Accounts, as well as general and limited purpose medical and dependent care Flexible Spending Accounts and COBRA participants. This plan **must** adhere to all federal laws.

Note: It should be assumed that minimal information will be provided by the current administrators in order for the Vendor to assume full administrative and reporting responsibilities in order to continue the compliance of the Plan.

Delete 2.5.D.4 and replace with the following:

4. Processing claims to allow for reimbursement options via check and/or direct deposit.

Delete 2.5(C) and replace with the following:

C. Per Act 1135 of the Regular Session of 2015, any ASE or PSE employee who elects coverage on one of the Consumer Driven Health Plan (CDHP) is recommended to open an HSA account. The intent of the law was to allow for employer as well as employee contributions to the employees HSA account. As of the issuance of this RFP, only the employees of the ASE plan **shall** receive any employer contribution. In the future employees on the PSE plan may receive employer contributions to their HSA accounts.

Delete 2.5(G) and replace with the following:

G. EBD, the employer, or the State shall not make any contributions to previously established accounts nor will they pay any administrative fees associated with those accounts. Fees and contributions are only paid to the State contracted vendor for new accounts or for those who transfer to the new custodian.

Delete 2.6 and replace with the following:

2.6 COBRA ADMINISTRATION

As outlined in Title XXII of the Public Health Service (PHS) Act, 42 U.S.C. §§ 300bb-1 through 300bb-8, employees who terminate employment may be eligible to continue coverage of certain eligible products for a period of time. Vendor **shall** provide COBRA Administration for Active and Retired (under age 65) members for the following products:

1. Dental.
2. Vision.

Delete 2.9 and replace with the following:

	Contract Implementation	Beginning Plan Date	Enrollment & Education Activities
PSE	July 1, 2015	January 1, 2016	September 2015
ASE	July 1, 2015	January 1, 2016	October 2015

Delete 2.11(A) and replace with the following:

A. If any part of the work is to be outsourced and/or subcontracted (including such entities as the HSA custodian, debit card processor and debit card issuing bank), vendor’s technical proposal **must** include a list of subcontractors. See Attachment E/Proposed Subcontractor’s List. EBD **shall** have the right to refuse the choice of any subcontractor that the vendor proposes. The following information should be provided for each proposed subcontractor.

Delete 2.13.C. and replace with the following:

C. Vendor **shall** allow EBD to test website organizational structure, pages, and review content for ease of use as determined by EBD; usability concerns **must** be resolved within two (2) business days.

Delete 2.14.F and replace with the following:

- F. Call Center **must** have the ability to record, retrieve, and archive telephone calls, including calls regarding enrollment and change in status applications. The Call Center **must** record 100% of calls and maintain them for 90 days after the plan year.

Delete 2.14.H.2 and replace with the following:

2. **Shall** undergo a background check before providing services under this contract and before gaining access to member data. Vendor **shall** be responsible for the cost of background check and **must** provide a copy of the report to EBD. EBD **shall** have the right to require vendor to replace representatives based on the information contained in the report.
- a. Vendor **must** utilize Arkansas State Police to provide the required reports.
 - b. All Criminal Background Check Reports **shall** be provided at no cost to the State.
 - c. Online reports **shall not** be accepted.

Delete 2.15(B) and replace with the following:

- A. There **shall** be an approximated twenty (20) open enrollment meetings scheduled over a sixty (60) day period. Vendor **must** be prepared to attend multiple meetings in various regions of the State during the open enrollment period of each year to assist the enrollment representatives in member education.

For example: In 2014, September was the open enrollment period for ASE and October was the open enrollment period for PSE. Meetings were held at the request of the agencies and school districts with either a presentation style meeting or benefit fair style being used as determined most appropriate by the State.

Delete 2.15(D) and replace with the following:

D. Information may include payroll stuffers, pre-enrollment newsletters, and an enrollment booklet. Material **must** be available and provided to members no later than one (1) week prior to Open Enrollment. If requested by EBD, the Vendor **must** provide materials in Spanish. The quantities **shall** be subject to the request of agencies and school districts with both paper and electronic copies required.

Delete 2.16.B and replace with the following:

- A. For all ineligible, suspended, or pended claims which are not processed, communication to the member **shall** be within three (3) business days of receipt by the Vendor.

Delete 2.22.C and replace with the following:

- B. Vendor and any subcontractor(s) it uses **shall** provide evidence that the data systems it utilizes to transmit and warehouse any member information is SAS-70 level ii and/or SSAE-16 compliant.

Note: Vendor **shall** provide this evidence with the bid submission in either hardcopy or electronic format.

Delete 2.23. and replace with the following:

- A. Vendor **must** comply with performance standards. Examples provided in Performance Standards (Attachment C) are provided for illustrative purposes only and may be expanded or negotiated at EBD's discretion prior to contract award or when adding or removing services.
- B. Attachment C is provided as an **example only** and **must not** be construed as limiting EBD to only the areas listed. It represents the types of deliverables, indicators, and acceptable performance that **shall** be included in a resultant contract and performance standards that may be expanded or negotiated upon during final negotiations. The contractor may provide input in developing mutually agreeable standards and damages, but the final determination **shall** be made by EBD.
- C. The Performance Standard requirements are areas where the Vendor **shall** guarantee performance. Failure to meet the final negotiated required standards **shall** result in the damages. Prompt resolution of problems or issues is required but **shall not** reduce or eliminate any damages imposed due to failure to

meet the performance standards. Performance Reports **shall** be due no later than thirty days after the end of the quarter. All deadlines assume normal business hours at Central time.

- D. Excessive occurrences **shall** result in damages. These damages **shall** be credited back to EBD per the monthly invoice.

Delete 2.24.1 and replace with the following:

1. Insurance Premiums in regards to the plan document; including health, life, and qualified supplemental products.

Delete 2.32.E and replace with the following:

- E. Vendor **must** ensure that all member FSA and HSA account funds are held in a bank which is FDIC insured.

Delete 2.32.F and replace with the following:

- F. The Vendor **shall** provide Eligibility and Testing processes. Vendor **must** process enrollment additions, changes, and deletions correctly and in accordance with applicable law as they relate to the qualified or non-qualified benefits administered under this account. Additions, changes, and deletions **shall** be submitted by employees directly to the vendor.

Delete 2.32.H and replace with the following:

- H. Vendor **must** establish, with EBD's assistance, procedures for submitting documentation and change requests to the vendor for approval. Procedures **must** be provided to individual agency representatives along with eligible changes allowed by applicable law. Currently the State of Arkansas consists of 238 agencies with approximately 216 Health Insurance Representatives for these agencies.

Delete 2.32.K and replace with the following:

- K. The vendor **shall** provide a copy of its most recent IT Audit with an auditor opinion, auditor testing and results. The copy may be supplied in either hardcopy or electronic format.

Delete 3.3.E and replace with the following:

- E. Provide a copy of your most recent IT Audit with an auditor opinion, auditor testing and results. The copy may be supplied in either hardcopy or electronic format.

Delete 3.10 heading and replace with the following:

3.10 HSA ADMINISTRATION

Delete Attachment C- Performance Standards and replace with the following:

Attachment C - Performance standards Revised 5-20-2015

Delete Official Price Sheet and replace with the following:

Official Price Sheet Revised 5-20-2015

ADDITIONAL SPECIFICATIONS

Add the following to 1.1

E. The State's main objectives regarding the FSA and HSA programs are to continue providing services to its employees, cost reduction, and overall program enhancement with increased participation and improved communication.

Add the following to 2.2

C. The pricing for the FSA and HSA **shall** include all printing for member outreach, mailing expenses and open enrollment sessions with agencies.

Add the following to 2.27.A

4. FSC requests **shall** be submitted from employees directly to the vendor.

Add the following attachments to the RFP.

Attachment D-Communications PDF

Attachment E –Proposed Subcontractor’s List

The specifications by virtue of this addendum become a permanent addition to the above referenced RFP. FAILURE TO RETURN THIS SIGNED ADDENDUM MAY RESULT IN REJECTION OF YOUR PROPOSAL.

PROPOSALS WILL BE ACCEPTED UNTIL THE TIME AND DATE SPECIFIED. THE PROPOSAL ENVELOPE MUST BE SEALED AND SHOULD BE PROPERLY MARKED WITH THE PROPOSAL NUMBER, DATE AND HOUR OF BID OPENING AND BIDDER'S RETURN ADDRESS. IT IS NOT NECESSARY TO RETURN "NO BIDS" TO THE OFFICE OF STATE PROCUREMENT.

If you have any questions please contact Jessica Lowder at jessica.lowder@dfa.arkansas.gov or (501) 324-9316.

Company: _____

Signature: _____

Date: _____