

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

**ADDENDUM 5**

TO: Vendors Addressed  
FROM: Jessica Lowder, Buyer  
DATE: 06/22/2015  
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

**ADDITIONAL SPECIFICATIONS**

- **Add the following to 2.32.**
  - M. EBD **shall** have final determination regarding the use of payroll adjustments as a method of last resort collection.

**CHANGE OF SPECIFICATIONS**

- **Delete 2.20 (B) and replace with the following:**
  - B. EBD may require vendor to provide adhoc reporting at any time during the contract period. Requirements for reports **shall** be established based on the needs of EBD, and/or according to requirements placed on EBD by various State or Legislative entities. Vendor **must** provide pricing for adhoc reporting on Table 2 of Official Pricing Sheet.
- **Delete Section 3-Information for Evaluation and replace with Section 3-Information for Evaluation Revised 6/22/2015.**
- **Delete Section 4-Criteria for Selection and replace with Section 4-Criteria for Selection Revised 6/22/2015.**
- **Delete Official Price Sheet Revised 5-29-2015 and replace with Official Price Sheet Revised 6-22-2015.**

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](mailto:jessica.lowder@dfa.arkansas.gov) or (501) 324-9316.

Company: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

### SECTION 3 - INFORMATION FOR EVALUATION REVISED 6/22/2015

- **Do not** edit this document to include vendor's response.
- Address each item listed in this Section.
- Answer each question in the order it was written.
- Label responses in a manner so as to reference the numbering system of this section.

**Maximum  
RAW  
Score  
Available**

#### **3.1 CORPORATE BACKGROUND / GENERAL INFORMATION, STAFFING AND QUALIFICATIONS, DISASTER RECOVERY AND SECURITY**

A. Corporate Background:

- |    |   |   |
|----|---|---|
| 1. | Provide the following information:  |   |
| a. | Address of Corporate Office.  |   |
| b. | Address of Sales/Support office that will be responsible for working with EBD.  |   |
| c. | Organizational Chart.   | 5 |
| d. | Number of years in this type of business.   |   |
| e. | Corporate Structure and ownership.  |   |
| f. | Information regarding professional/industry association memberships.  |   |
| g. | Audited financial statements for the past three (3) years or if unable to submit audited financial statements, submit other financial documentation that reflects the financial condition of the vendor. Financial statements should be submitted in electronic format. |   |
| 2. | What is your overall client retention rate? Over the past two years, what percentage of your total book of business have you lost?  | 5 |
| 3. | Provide a statement of differentiation that distinguishes both the product and services you provide from other companies providing the same.  | 5 |
| 4. | Provide a separate table listing all fees incurred by members for FSA/HSA and Cafeteria, including fees for cardholders, debit card fees, bank fees, etc. This table should include fees incurred by members ONLY. Pricing to the State <b>must not</b> be included.    | 5 |
| 5. | Provide a detailed implementation plan. At minimum, include the following information:  |   |
| a. | List of employees to be involved;   |   |
| b. | Data requirements;  | 5 |
| c. | Suggested methods for data migration;   |   |
| d. | Timelines for implementation; and   |   |
| e. | Member education plan.  |   |

B. Staffing and Qualifications

- |    |  |   |
|----|--|---|
| 1. | How many staff will be assigned to handle this account?  | 5 |
| 2. | How many years of experience does your senior staff have in working with accounts similar to this plan?      | 5 |
| 3. | Provide a detailed explanation of your capability of servicing a geographically diverse employer population. | 5 |

4. Provide a description of your experience coordinating the development, implementation, and management of a plan that is comparable in size and scope as defined within this RFP. 5

C. Disaster Recovery and Security

1. Provide a detailed copy of your emergency operations plan. This information should be submitted in electronic format. At minimum include: 5
- a. A detailed disaster recovery plan.
- b. A detailed business continuity plan.
2. Provide copies of your Privacy, Security, and Breach Notification Policies and Procedures. This information may be provided in electronic format. 5
3. Provide a detailed explanation of insurance, bonding, and guarantees offered in the event of issues caused by loss of operations due to an emergency or disaster. This information should be submitted in electronic format. 5
4. Provide a detailed description of any breaches, complaints or grievances with regards to protected health information (e.g., security or privacy) for your complete book of business. At minimum include: 5
- a. Event date and description.
- b. Resolution or ongoing details.
5. Provide a copy of your most recent IT Audit with an auditor opinion, auditor testing and results. Include any information regarding Cyber Liability Insurance. 5
6. Provide a detailed description of your HIPAA policies, procedures, and training. 5
7. Provide a detailed description of internal security policies, procedures, practices and system utilities to protect plan members' Social Security Numbers and other elements of personal information from Vendor's employees who do not have a valid "need to know". 5
8. Provide a detailed description of training provided to your staff pertaining to Internal Revenue Code Sections, ADA, HIPAA and other regulatory issues/laws. 5

### **3.2 SECTION 125 CAFETERIA PLAN AND CORESPONDING DOCUMENTS**

- A. Provide a sample Summary Plan Description, Plan Document and other similar documentation. This information should be submitted electronically. 5
- B. How often do you update the documents? 5

### **3.3 MEMBER COMMUNICATIONS AND REPORTS**

- A. Provide electronic samples of Plan members' communication pieces (in addition to enrollment material) used to communicate the benefits of the Program, to include a video (one minute or less) explanation for each product included in this RFP. 5
- B. Provide a detailed description and recent samples of any communication provided to employer plan sponsors to educate them on regulatory changes. This information should be provided in electronic format. 5
- C. Report Samples
1. Provide examples and descriptions of all available reports. This information should be provided in electronic format. 5
2. Provide a specific list, frequency of report generation and a sample package of your standard reports that will be provided at no additional charge. 5

3. Provide a detailed description of the process to request ad hoc reports including an estimated timeline for delivery. Submit cost on optional table located on official Price Sheet Revised. Do not include the cost as pricing. 5
4. Provide a description of the different options members will have for the delivery of end-of-year statements showing member's account balance. 5
5. Provide an example of a member's monthly and year-end statement. 5

### **3.4 CLAIMS ADMINISTRATION -- CAFETERIA PLAN**

- A. Provide a detailed description of your claims adjudication, customer service, call tracking, software systems. In particular, address automated and manual checks for non-eligible expenses. 5
- B. Describe your system for monitoring claims administration performance. 5
- C. Provide the percentage of claims related member complaints received, at minimum include:
  1. Average length of time for your response. 5
  2. Types of complaints.
  3. Steps taken for resolution.
- D. Provide the percentage of claims that were suspended for any reason in 2013 or 2014? Provide the top three reasons for suspension of claims. (Formula: total number of suspended claims divided by total number of claims in sample) 5
- E. Provide a detailed description of the methods used to process pending claims, including the following:
  1. Follow-up with members, in order to obtain information applicable to claims. 5
  2. Screening of claims to avoid duplicate payments.
  3. Procedures to assure consistency of claims payment in accordance with the Plan.
- F. What will be your method to facilitate the collection of funds from a large employer in order for you to pay claims? 5
- G. Provide a detailed description of how deductions are managed for members who are on FMLA and/or LWOP. 5
- H. Describe in detail, the claims denial and grievance procedures. Provide a sample claims denial statement/letter. 5
- I. Describe your capabilities of processing a large number of claims in a timely manner. Include a description of any time-saving technological approaches. 5
- J. How many claims did your company process during 2014? 5
- K. Describe how you administer a Claims Grace Period. 5
- L. Provide a detailed description of how claims are submitted using the following methods:
  1. Mobile application (i.e., iPhone or Android application), 5
  2. Uploaded to a website, and 5
  3. FAX and/or paper 5
  4. Other (Does your company provide other ways to submit a claim?) 5

- M. Describe in detail your preferred approach to request supporting documentation from a member for unsubstantiated claims at year end. Include suggestions for final collection from employee payroll. 5

### **3.5 COBRA ADMINISTRATION**

- A. Explain your process for providing “comprehensive COBRA administrative services”. 5
- B. Provide a sample COBRA letter and any other relevant information. 5

### **3.6 PAYROLL PROCESSING / RECONCILIATION / STATUS CHANGES**

- A. Provide a detailed description of the methods used to process various and multiple payroll files to reconcile established deductions/elections in a timely manner, including processes used for files received electronically or in paper format. 5
- B. Provide a detailed description of your proposed methods for submission of documentation and change requests by members for approval. 5

### **3.7 CUSTOMER SERVICE**

- A. Provide a sample login for evaluation or detailed color printed screenshots and a description of layout and purpose of single secure website/portal. 5
- B. Describe your capability to track and report on customer service calls including information regarding the following: 5
1. Are customer service calls recorded? 5
  2. Average hold time.
  3. Average abandonment rates.
- C. Describe in detail your customer service call issue escalation procedure. 5
- D. What is the average tenure of your customer service staff? 5
- E. Provide a detailed description of pre-employment screening for your customer service staff, including information on if and when criminal background checks are performed. 5
- F. Describe the training procedure for your customer service staff. 5
- G. How do you provide customer service to Spanish speaking members? 5
- H. Describe the type of training and credentials required by your customer service staff that have direct contact with members. 5
- I. Describe in detail the assistance and forms that are provided to an account holder specifically relating to end-of-year tax filing. Include information regarding Tax Forms 8889, 1099-SA, 5498-SA. 5
- J. Provide a detailed description of member’s access to an on-line account to view transactions, claims status, allocate investments, or initiate a withdrawal for HSA, FSA, and Cafeteria 125. 5

### **3.8 HSA ADMINISTRATION**

- A. Describe in detail the contractual relationship with your Custodian/Trustee. 5
- B. Provide a sample of the following documents. This should be submitted in electronic format. 5
1. Account application.
  2. Agreement.
  3. Beneficiary designation form.

4. Debit card application.
  5. Marketing / educational material.
  6. All other information currently provided to prospective account holders.
- C. What is the current interest rate paid on your HSA account? Is this rate determined by the activity of a specific mutual fund/money market account or established solely by the custodian/trustee? 5
- D. Are all HSA bank accounts FDIC insured? If they are not FDIC insured, describe any issues that could arise from not being FDIC insured. 5
- E. Can the membership select multiple custodians and still maintain the services of the Vendor for comprehensive HSA administration? 5
- F. Provide details on the different fund investments that your plan offers. Include information regarding the following: 5
1. Investment options.
  2. Limitations.
  3. Restrictions.
  4. Communication material and all other relevant information.
  5. Custom investment options, pre-established investment models, or other.
- G. Do you receive any compensation from your custodian/trustee? If so, detail the amount of the compensation. 5
- H. How many active accounts do you currently support? Indicate only actively managed accounts, do not include the account total for the custodian or other administrators using the same HSA administration system. 5
- I. Describe the method of handling liability for individual account holder for miscommunication or erroneous information dealing with the individual HSA. 5
- J. Describe any major systems conversion that has occurred within the past two (2) years or any plans for future major system conversions. 5
- K. Describe the process to request enhancements to your administration system and or website based on non-standard benefit design. What is the average turn-around for system / web changes? 5
- L. What steps do you follow to ensure proper implementation of system/web changes? 5

### **3.9 CLAIMS ADMINISTRATION -- HSA**

- A. Provide a detailed description of your claims submission process, particularly addressing automated and manual checks for non-eligible expenses. 5
- B. Provide a detailed description of how members may electronically store receipts and supporting documentation on-line to support distributions from the HSA. Include the following information: 5
1. The length of time images are stored in your system.
  2. A description of how and when images are archived.
- C. Provide the percentage of claims related member complaints received. At minimum, include the following information: 5
1. Average length of time for your response.

2. Types of complaints.
3. Steps taken for resolution.
- D. Provide a detailed description of how members may view claims information and an accurate account balance using methods such as:
  1. Member website. 5
  2. Automated phone system/IVR.
  3. By contacting the customer service representative.
- E. Provide a detailed description of how claims may be submitted using the following methods:
  1. Mobile application (i.e., iPhone, iPad, or Android application). 5
  2. Uploaded to a website. 5
  3. FAX and/or paper. 5
  4. Other (Does your company provide other ways to submit claims?) 5

### 3.10 DEBIT CARD ADMINISTRATION

- A. Provide a detailed description of the connection between your card administration platform and claims administration software. 5
- B. Provide a detailed description of how your debit card administration system utilizes e-mail for efficient and cost effective member communication. 5
- C. Provide a detailed description how e-mail notifications are provided to the members regarding the following:
  1. Status of debit card transactions. 5
  2. With specific identification dealing with auto-substantiation.
  3. Claims submission requirements.
  4. Card status.
- D. Describe in detail your method to communicate to the membership the following:
  1. Process of using the card. 5
  2. Receiving and understanding e-mail notifications.
  3. How to contact customer service.
- E. Describe in detail the process for contacting the vendor to handle questions regarding the following:
  1. Charge-back. 5
  2. Stolen cards.
  3. Unauthorized transactions.
  4. Other non-typical debit card customer service issues.
- F. Provide information on how the debit card may be customized for employer, including Plan branding. 5
- G. Provide a detailed description of all auto-substantiation parameters available to the Plan. 5
- H. Describe your process of taking an electronic claims import for medical or pharmacy claims to substantiate debit card transactions or for automatic reimbursement of non-debit card 5

transactions. Include the following information:

1. Data file specifications.
  2. Timing issues.
  3. Eligibility concerns.
  4. Other relevant information.
- M. Describe the recommended process to facilitate claims offset for non-substantiated debit card transactions during the year. What options are available within your administration system to deviate from your recommended process? 5
- N. How many times have your card system been offline in the past two years? How quickly was the system brought back online? 5
- O. Provide a detailed description of any restrictions or limitations that may be placed on the distribution of the money at risk. 5
- P. Can you offer a “one card solution” for multiple accounts? If so how does your card facilitate multiple accounts? 5

## SECTION 4 – CRITERIA FOR SELECTION REVISED 6/22/2015

- *Do not provide responses for items in this section.*

### 4.1 GENERAL INFORMATION

- A. After initial qualification of proposals for requirements, technical responses will be evaluated and scored by a committee appointed by the Agency.
- B. Submission of a proposal implies vendor acceptance of the evaluation technique and vendor recognition that subjective judgments **must** be made by the evaluation committee during the assignment of rating points.
- C. Other agencies, consultants, and experts may also examine documents at the discretion of the Agency.

### 4.2 TECHNICAL PROPOSAL SCORE

- A. Proposals which meet requirements will be scored for technical content.
  1. The Raw Score for the Technical Proposals will be established by using the criteria and scoring specified in Section 3.
  2. Each sub-section in Section 3 has been weighted as shown in the following table. The vendor’s weighted score for each sub-section will be determined using the following formula:

$$(A/B)*C =D$$

- A = Actual raw score for sub-section
  - B = Maximum raw score possible for sub-section
  - C = Maximum weighted score possible for sub-section
  - D = Weighted score received for technical proposal
3. Weighted scores for sub-sections in Section 3 will be totaled together to determine the overall score for the technical proposal.

4. Technical Proposals that do not receive a minimum score of 264 **shall not** move forward in the solicitation process and pricing **shall** remain sealed and **shall not** be scored.

Section	B. Maximum Raw Score Possible	Weighted Percentage	C. Maximum Weighted Score Possible*
3.1 Corporate Background/General Information, Staffing and Qualifications, Disaster Recovery and Security	85	10%	80
3.2 Section 125 Cafeteria Plan and Corresponding Documents	10	10%	80
3.3 Member Communications and Reports	35	10%	80
3.4 Claims Administration—Cafeteria Plan	80	15%	120
3.5 COBRA Administration	10	5%	40
3.6 Payroll Processing/Reconciliation/Status Changes	10	10%	80
3.7 Customer Service	50	10%	80
3.8 HSA Administration	60	10%	80
3.9 Claims Administration--HSA	40	10%	80
3.10 Debit Card Administration	60	10%	80
<b>Totals</b>	<b>440</b>	<b>100.0%</b>	<b>800</b>

\*Note: The maximum weighted score for each sub-section was determined using the following formula:

“Total maximum weighted score possible” (800 pts) x “weighted percentage”.

**4.3 COST PROPOSAL SCORE**

- A. The maximum amount of cost points will be awarded to the vendor with the lowest three year grand total as shown on the official price sheet.
- B. The amount of cost points awarded to the remaining vendors will be allocated by using the following formula:

$$(A/B)*(C) =D$$

- A = Lowest Total Cost
- B = Second (third, fourth, etc.) Lowest Total Cost
- C = Maximum Points for Lowest Total Cost
- D = Number cost points scored

**4.4 GRAND TOTAL SCORE**

After the Technical Proposal and Cost Proposal scoring has been completed, the two scores will be added together to determine the Grand Total Score for each vendor. The vendor with the highest Grand Total Score will be selected as the apparent successful vendor. See *Award Criteria*.

	Maximum Points Possible
Technical Proposal	800
Cost Evaluation	200
<b>Maximum Possible Grand Total Score</b>	<b>1000</b>