



December 21, 2007

Flexible Spending Account Administrator

RE: Request for Proposal to Provide Flexible Benefits Claims Administrative Services

**EMPLOYEES
RETIREMENT
SYSTEM OF TEXAS**

ANN S. FUELBERG
EXECUTIVE DIRECTOR

BILL CEVERHA
CHAIR
YOLANDA GRIEGO
VICE-CHAIR
CYNDNEY C. DONNELL
DON GREEN
CRAIG HESTER
OWEN WHITWORTH
BOARD OF TRUSTEES

Dear CEO:

The Employees Retirement System of Texas ("ERS") is the plan administrator of the Flexible Benefits Program of the Texas Employees Group Benefits Program ("GBP") under the authority of Chapter 1551 of the Texas Insurance Code. This program provides for a Health Care Reimbursement Account and a Dependent Care Reimbursement Account. ERS is responsible for contracting with qualified vendors to provide claims administrative services for flexible benefits program for GBP participants throughout Texas.

ERS is preparing a Request for Proposal ("RFP") seeking a qualified vendor to provide flexible benefits claims administrative services to GBP participants beginning September 1, 2008 through August 31, 2011. The RFP will be available from ERS' web site on or after December 21, 2007. All submissions must be received by ERS no later than 12:00 Noon, (CST) on February 8, 2008.

An FSA Administrator wishing to respond to the RFP shall submit a response in accordance with the requirements of the RFP and shall at least meet all of the following minimum requirements: 1) provide electronic debit card services to at least one (1) client for a minimum of three (3) years to a minimum of 15,000 active debit card participants; 2) provide claims administrative services to a flexible benefits program for at least three (3) years; 3) have a current net worth of \$10 million dollars with \$5 million in cash and cash equivalents as evidenced by a 2006 audited financial statement; and 4) maintain its principal place of business in the United States of America and have a current valid certificate of authority to transact business in the state of Texas from the Secretary of State since at least January 31, 2008.

To access the secured portion of the RFP web site, interested FSA administrators must fax (512-867-3380) or email their request to: ivendorquestions@ers.state.tx.us. Upon receipt of your request, a user ID and password will be issued to the requesting organization that will permit access to the secured RFP. An FSA administrator proposal must submit the information exactly as prescribed in ERS' format.

On January 23, 2008, at 2:00 p.m., (CST), the RFP will be reviewed at a mandatory Flexible Spending Account web conference. The registration deadline for conference participation is required by close of business on January 18, 2008.

Interested FSA administrators should acquaint themselves with the RFP and the RFP home page which contains links to extensive background information concerning the GBP. General questions concerning the RFP should be sent via email to: ivendorquestions@ers.state.tx.us. Inquiries and responses, if applicable, are frequently updated.

Evaluation criteria will include, but not necessarily be limited to the following, which are not listed in order of priority: compliance with the RFP, ability to meet minimum requirements and preferred standards, operating requirements, references, experience serving large group programs, past experience, administrative quality, program fees, and amount allocated for performance guarantees, and other relevant criteria. Each proposal will be evaluated both individually and relative to the proposal of other qualified FSA administrators. Complete specifications will be included with the RFP.

ERS reserves the right to reject any and/or all proposals and/or call for new proposals if deemed by ERS to be in the best interest of ERS, the GBP, its participants or the state of Texas. ERS also reserves the right to reject any or all proposals and call for new proposals if deemed by ERS to be in the interests of the GBP, its participants or the state of Texas. ERS also reserves the right to reject any proposal submitted that does not fully comply with the RFP's instructions and criteria. ERS is under no legal requirement to execute a Contract on the basis of this notice or upon issuance of the RFP and will not pay any costs incurred by any entity in responding to this notice or the RFP or in connection with the preparation thereof. ERS specifically reserves the right to vary all provisions set forth in the RFP and/or contract at any time prior to execution of a contract where ERS deems it to be in the best interest of the GBP, its participants or the state of Texas.

Thank you for your interest in the GBP.

Sincerely,
ROBERT P. KUKLA, ChFC
Director of Benefit Contracts

**THE
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
TEXAS EMPLOYEES GROUP BENEFITS PROGRAM
REQUEST FOR PROPOSAL
TO PROVIDE FLEXIBLE BENEFITS CLAIMS ADMINISTRATIVE SERVICES**

DECEMBER 21, 2007

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Flexible Spending Account RFP Deliverables CHECK LIST

Order of Return: The FSA Administrator is required to submit a total of five (5) copies and one (1) “Original” of the FSA Administrator’s proposal in the following formats: One (1) printed “Original” and two (2) additional printed copies. The “Original” copy should contain the fully executed Contractual Agreement and Business Associate Agreement (“BAA”), both *signed in blue ink* and without amendment or revision with all the required and completed exhibits attached. The additional two (2) printed copies referenced above, should be exact replicas of the materials submitted in the “Original” binder, to include all required exhibits. The remaining three (3) complete copies shall be submitted on a CD-ROM in Excel or Word format. **No PDF documents may be reflected on the CD-ROM.**

All binders must contain:

<u>PAPER FORMAT</u>	<u>RFP REFERENCE</u>
FSA RFP FEEDBACK FORM	Located on top of Table of Contents
TAB I General Information	I.
<input type="checkbox"/> Executed RFP Signature Page signed in <i>blue ink</i> (Appendix A)	I.B.7.
<input type="checkbox"/> Executed Contractual Agreement signed in <i>blue ink</i> (Appendix B)	I.B.11.
<input type="checkbox"/> Executed Business Associate Agreement signed in <i>blue ink</i> (Appendix C)	I.B.12.a.
<input type="checkbox"/> Detailed Implementation Plan	I.B.18.
<input type="checkbox"/> Confidential and Proprietary schedule	I.B.21.
<input type="checkbox"/> Minimum Requirements	I.E.
<input type="checkbox"/> Preferred Standards	I.F.
TAB V Communication Requirements	V.
<input type="checkbox"/> Provide samples of communication materials	V.C.1.
<input type="checkbox"/> Provide a format of the web site and screenshots	V.C.1. & V.C.4.b.
<input type="checkbox"/> Provide evidence of 508 compliance	V.C.5.c.
TAB VII FSA Administrative Price Proposal	VII.
<input type="checkbox"/> FSA Administrator Price Proposal Responses	VII.
TAB VIII FSA Administrator Organizational Information	VIII.
<input type="checkbox"/> FSA Administrator’s Organizational Information Responses	VIII.1. - VIII.27.
TAB IX Deviations	IX.
<input type="checkbox"/> Deviation Responses	IX.1.-IX.9.
TAB X Interrogatories	X.
<input type="checkbox"/> Interrogatory Responses	X.A. - X.G.
<u>CD FORMAT</u>	<u>REFERENCE</u>
<input type="checkbox"/> All materials described above shall be received in CD-ROM (Word or Excel format. No PDF documents will be accepted.)	I.B.4.

NOTE: Keep this Check List for your records. Do not return with your submission.



Request for Feedback

Employees Retirement System of Texas

The Employees Retirement System of Texas, Benefit Contracts Division, periodically publishes requests for proposals, applications or information and is interested in your organization's feedback regarding our request. To assist the Benefit Contracts Division in creating future requests, we would be interested in knowing what we could do differently or how we could make our request more user-friendly. Please take a moment to answer the following questions and return it at your earliest convenience.

1. Did your organization submit a bid?
 Yes
 No
2. If No, why did your organization elect not to bid? (Check all that apply)
 Timing, not enough time to complete bid
 Contract Provisions/Parts of the Contract
 Complexity of RFP
 Other:

3. Please elaborate on question #2 or provide other reasons for not submitting a bid.

4. Please provide any suggestions that might improve our process.

Additional Comments

About Your Organization

Name _____ Contact _____
Address _____ E-mail _____
City, State, _____ Phone _____
ZIP Code _____

We may, if necessary, contact you by email or telephone for further clarification of your responses.

Thank you for your participation!

I. Instructions to Proposers

A. Request for Proposal (“RFP”) Summary

A.1. **Introduction.** In accordance with Texas Insurance Code, Chapter 1551, The Board of Trustees (“Board”) of the Employees Retirement System of Texas (“ERS”) is issuing a Request for Proposals (“RFP”) seeking a qualified Flexible Spending Account Administrator (“FSA Administrator”) to provide flexible benefits claims administrative services (IRS Section 125 HCRA and DCRA) to the flexible benefits program (“TexFlex Program”) under the Texas Employees Group Benefits Program (“GBP”), for the three (3) year period, September 1, 2008 through August 31, 2011, with an option for ERS to renew for additional periods, not to exceed three (3) years, subject to terms and conditions acceptable to ERS. The solicitation of proposals is conducted in accordance with the document titled “Employees Retirement System of Texas Request for Proposal to Provide Administrative Services for a Flexible Benefits Program.”

A.1.a. The selected administrative vendor shall provide the level of benefits required in the RFP and meet other requirements that are in the best interests of the GBP participants and ERS, and shall be required to execute a Contractual Agreement (“Contract”) provided by and satisfactory to ERS relating to the services to be provided. Services shall begin following the Board’s selection of a qualified FSA Administrator and upon ERS’ execution of the Contract. Proposals will be accepted for the products and services identified in the RFP download located on ERS’ web site.

FAILURE TO PROVIDE RESPONSES IN THE FORMAT REQUESTED MAY RESULT IN FSA ADMINISTRATOR BEING ELIMINATED FROM FURTHER CONSIDERATION. ALL PROPOSALS SHALL BE VALID THROUGHOUT THE ENTIRE RFP PROCESS AND ANY RESULTING CONTRACT TERM.

A.2. **Schedule of the FSA RFP Process.** The RFP process and Contract award shall be conducted in accordance with the following schedule, unless notified otherwise by ERS:

On or after 12/21/2007		RFP is available on ERS' Vendor Web site. To access the RFP, interested FSA Administrators shall e-mail their request to Ivendorquestions@ers.state.tx.us. A USERID and a Password will be provided to access the secured section of the FSA Administrator RFP.
01/18/08	4:00 p.m. (CST)	To register for the Mandatory Bidders Conference, send requests to: Ivendorquestions@ers.state.tx.us . Please provide the following information in FSA's e-mail: Name of FSA, Contact name and confirm e-mail address.
01/23/08	2:00 p.m. (CST)	FSA Administrator Mandatory Bidders Conference. Failure to participate will result in disqualification from the RFP process. This conference will be a live, interactive presentation with remote participants using only a web browser and a telephone. Participation will require a PC with high-speed internet connection and a telephone. FSA Administrators may participate and attend the web conference by accessing information at: http://www.ers.state.tx.us/vendorbid/proposals/webconference.aspx .
01/28/2008	4:00 p.m. (CST)	E-mail FSA Administrators Intent to Submit a Proposal to Ivendorquestions@ers.state.tx.us.
02/08/08	12:00 Noon (CST)	The FSA Administrator is required to submit a total of five (5) copies and one (1) "Original" of the FSA Administrator's proposal in the following formats: One (1) printed "Original" and two (2) additional printed copies. The "Original" copy should contain the fully executed Contractual Agreement and Business Associate Agreement ("BAA"), both <i>signed in blue ink</i> and without amendment or revision with all the required and completed exhibits attached. The additional two (2) printed copies referenced above, should be exact replicas of the materials submitted in the "Original" binder, to include all required exhibits. The remaining three (3) complete copies shall be submitted on a CD-ROM in Excel or Word format. No PDF documents may be reflected on the CD-ROM. All materials shall be sent to the attention of: Ann S. Fuelberg, Executive Director Employees Retirement System of Texas 18 th & Brazos Streets; Post Office Box 13207 Austin, Texas 78711-3207 Note: ERS may request that respondents attend a final interview session at an ERS designated location.
05/21/08		ERS' Board selects FSA Administrator for TexFlex Program
July/August 2008		Annual Summer Enrollment ("SE") Period
09/01/2008		Fiscal Year ("FY") 2009 Contract Begins

A.3. FSA Administrator is responsible for reviewing and responding to the RFP materials available on the ERS Vendor web site (<http://www.ers.state.tx.us/vendorbid/proposals/default.aspx>). ERS' Vendor web site provides interested parties with GBP background information, and online versions of each article located in the RFP document. The information contained in this offering provides the instructions for the FSA Administrator to submit a response to ERS' RFP.

B. General Information

B.1. **Agent of Record.** ERS shall not designate an Agent of Record or any other such company employee or commissioned representative to act on behalf of either ERS or FSA Administrator. Any requests for ERS to provide such designation shall be rejected. FSA Administrators are specifically instructed to submit proposals directly to ERS as specified in Paragraph A.2. above, and Paragraph B.4. below.

B.2. **News Release.** Prior written approval by ERS shall be required for any news releases regarding a Contract awarded to an FSA Administrator.

- B.3. **Inquiries.** Questions and clarifications about the RFP may be submitted up to the close of business on January 21, 2008, in writing, e-mail, regular mail or facsimile. In its sole discretion, ERS shall post the question and response it deems appropriate on ERS' Vendor web site in a timely manner. Such inquiries should be directed to:

Robert P. Kukla, ChFC
Director of Benefit Contracts
Employees Retirement System of Texas
Post Office Box 13207
Austin, Texas 78711-3207
FAX (512) 867-3380
Email: ivendorquestions@ers.state.tx.us

- B.4. **Proposal Submission.** All proposals submitted to ERS shall be sealed. ERS shall not consider a proposal unless the "Original" and a total of five (5) copies are received by ERS at the appropriate address no later than 12:00 Noon, CST on February 8, 2008. The mailing label for the proposal shall be clearly marked as an FSA Administrator's Request for Proposal Response. The one (1) printed "Original" and two (2) additional printed copies shall be submitted with all requested supporting documentation, including, but not limited to, both the fully executed Contractual Agreement, (see Article I.B.11.) and the executed Business Associate Agreement ("BAA"), (see Article I.B.12.a.) in printed formats. The remaining three (3) copies shall be submitted on a CD-ROM in Excel or Word format. **No PDF documents may be reflected on the CD-ROM.** The FSA Administrator shall mail or deliver its' response to ERS at the following address:

Ann S. Fuelberg, Executive Director
Employees Retirement System of Texas
18th & Brazos Streets; Post Office Box 13207
Austin, Texas 78711-3207

- B.5. **Retention of Proposals.** All proposals submitted become the sole property of ERS. During the evaluation process, ERS shall make reasonable efforts as allowed by law to maintain proposals in confidence, and shall release proposals only to personnel involved with the evaluation of the proposals and implementation of the Contract unless otherwise required by law.
- B.6. **Order of Response Documents.** The FSA Administrator shall submit its Proposal and signed RFP Signature page in the order prescribed in the *Deliverables Check List* located behind the *Table of Contents* contained in this RFP.
- B.7. **Signature Page.** The Chief Executive Officer or other authorized officer who is at least a vice president or higher level of the FSA Administrator shall execute, in **blue ink**, the Signature Page referenced as Appendix A, which is a part of this RFP. The individual executing the Contractual Agreement and Signature Page should be the same authorized person reflected in Article VIII.7, and must have full legal authority, on behalf of FSA Administrator, to execute a Contract that constitutes a valid, binding and legally enforceable agreement.
- B.8. **Supplements to RFP.** In the event that it becomes necessary, at ERS' discretion*, to revise any part of this RFP, or if ERS determines that any additional information is needed to clarify the provisions of this RFP, supplemental information shall be provided to each FSA Administrator that has indicated interest in this RFP. However, ERS shall not be bound by any deviations from or to this RFP unless ERS specifically agrees in writing to the specific deviation.

* All references in this RFP to matters within ERS' discretion mean ERS' sole discretion.

- B.9. **Reserved Rights.** Section 1551.212, Tex. Ins. Code (“TIC”), specifies that ERS may contract with one or more qualified and experienced administering firms to administer certain statutorily authorized coverage plans, deemed to be in the best interests of the employees and their dependents covered under the Texas Employees Group Benefits Act, Chapter 1551, TIC (“the Act”), and further that ERS is not required to approve a proposal solely because it includes the lowest bid, but shall approve proposals taking into account the other factors such as quality, the ability to provide the service, past experience, financial stability, references, and other relevant criteria. Evaluation criteria are described elsewhere in this document.
- B.9.a. ERS reserves the right to reject any and all proposals and call for new proposals if deemed by ERS to be in the best interest of the GBP and its participants. ERS is under no legal requirement to execute a Contract on the basis of this RFP.
- B.9.b. The Contract may be awarded to the FSA Administrator, that in the opinion of the Board is best qualified on the basis of offering to perform the services for a fair and reasonable price, and based upon the FSA Administrator’s demonstrated competence and qualifications.
- B.9.c. This RFP does not commit ERS to pay any costs incurred prior to execution of a Contract. Issuance of this RFP in no way obligates ERS to award a Contract or to pay any costs incurred in the preparation of a proposal or response. ERS specifically reserves the right to vary all provisions set forth at any time prior to execution of a Contract where ERS deems it to be in the best interest of ERS, the GBP, its participants or the state of Texas.
- B.9.d. The selected FSA Administrator agrees to act in good faith and to cooperate with ERS in the execution of any document necessary to effect a change to the RFP or Contract, following execution of the Contract by ERS, if ERS reasonably deems it to be in the best interest of ERS, the GBP and its participants or the state of Texas.
- B.9.e. ERS and the selected FSA Administrator shall enter into a Contract acceptable to ERS and which shall include, but not be limited to the Contract identified in Appendix B.
- B.9.f. The experience and professional qualifications of the FSA Administrator account team members are critical elements to the awarding of the Contract; therefore, substitutions of or other changes in assigned personnel shall require the prior approval of ERS’ Executive Director. In any event, ERS may, at any time, reasonably request the removal or reassignment of the FSA Administrator’s staff in connection with the FSA Administrator’s performance under this Contract.
- B.9.g. The FSA Administrator acknowledges that it is impossible or impractical to estimate certain damages with any degree of certainty. Therefore, the FSA Administrator agrees that its failure to comply with these requirements may subject the FSA Administrator to the liquidated damages provisions of the Contract.
- B.9.h. ERS reserves the right to modify the performance requirements and summary plan provisions during this RFP process and/or Contract term as well as for subsequent fiscal years.
- B.9.i. ERS reserves the exclusive right to determine major changes to the TexFlex Program; FSA Administrator compensation arrangements; or other major areas likely to impact the TexFlex Program or that may impact TexFlex participants, and if so, when the changes may apply.
- B.10. **Prohibited Interest.** Except as a participant in the GBP, a member, Board member, or employee of ERS may not have a direct interest in the gains or profits of any Contract executed by ERS pursuant to this RFP, and may not receive any pay or emolument for any service performed for the FSA Administrator.

In the case where a member, Board member or employee of ERS receives any payment from the FSA Administrator for any services performed for the FSA Administrator or for any gains or profits of any Contract executed by ERS pursuant to this RFP, ERS may terminate its relationship with the FSA Administrator immediately, and ERS reserves the right to seek any

legal, equitable or contractual relief to which it may be entitled. Under such circumstances, the FSA Administrator shall complete any outstanding transactions and provide transition data and any other information as required by ERS to a new administrator as soon as possible. At its discretion, ERS may choose not to consider any future proposals from the FSA Administrator concerning any plan or program in the GBP.

By submitting its Proposal, the FSA Administrator warrants and represents that it does not have, nor shall it permit, any conflicts of interest that would impair its ability to perform the services required by the Contract in the best interests of the GBP, the TexFlex participants, ERS and the state of Texas. The Contract shall have additional requirements in this regard.

- B.11. **Execution of Contractual Agreement.** As noted in paragraph A.1.a. above, the FSA Administrator shall be required to sign a Contractual Agreement with ERS relating to the services described in this RFP. The FSA Administrator is here by notified that the execution of the Contractual Agreement (“Contract”), attached as Appendix B, pursuant to and in accordance with this RFP, is a condition precedent to eligibility for selection by the ERS Board of Trustees. ERS requires that the Contractual Agreement be fully executed in *blue ink* by a duly authorized officer of the FSA Administrator and returned without amendment or revision with the appropriate exhibits attached as part of the FSA Administrator’s response submission. ERS reserves the right to reject any Proposal if the Contract is revised or returned unsigned, and ERS further, retains the right to modify Contractual Agreement terms and to add additional terms at its discretion. Additional related agreements may also be required. The entire Contract is comprised of the Contractual Agreement with all related exhibits, the RFP, FSA Administrator’s Proposal, Clarifications, if applicable, the BAA, and any other information, duties or obligations the FSA Administrator may be required to provide or perform.
- B.11.a. The Contract includes important requirements that may not be expressly referenced in this RFP. By submitting a Proposal, the FSA Administrator acknowledges and affirms it has reviewed, understood and accepted all terms stated in the Contract, and that the FSA Administrator has submitted its Proposal after taking into account the Contract’s terms. The FSA Administrator accepts that ERS will not pay any costs incurred by any entity in responding to the RFP, or in connection with the preparation thereof for the term of the Contract. Upon approval of the Proposal, notification to the FSA Administrator of its selection by the Board and any Clarifications to be required in the Proposal, and upon execution of the Contract by ERS, it is ERS’ intent that the written Contract shall be in force.
- B.12. **HIPAA.** As a business associate of ERS, the FSA Administrator shall comply with the privacy, and the electronic data interchange (“EDI”) requirements of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), as required in the BAA, and the federal regulations implementing HIPAA.
- B.12.a. **Execution of Business Associate Agreement.** The FSA Administrator is hereby notified that the execution of the BAA is a submission requirement of this RFP. The BAA as referenced in Appendix C, which is part of the proposal packet, includes other information, duties or obligations the FSA Administrator may be required to provide or perform. The BAA shall be signed by a duly authorized officer of the FSA Administrator, in *blue ink*, and returned without amendments or revisions with the response submission. ERS reserves the right to reject any Proposal if the BAA is revised or returned unsigned. Upon approval of the Proposal and notification to the FSA Administrator of its selection by the Board including any and all clarifications to be required in the Proposal, and upon ERS’ execution of the Contract, as referenced in B.11., B.11.a., B.13., B.13.a., and BAA, it is ERS’ intent that the BAA shall be in force.
- B.13. **Contract Term and Chronology of Responsibility.** The Contract and all its aspects shall be for a term beginning after the Board has accepted the FSA Administrator’s Response and has notified the FSA Administrator of its selection and immediately upon the execution of the Contract by ERS, and extending through the 31st day of August 2011, unless terminated, renewed or extended.

- B.13.a. The FSA Administrator services to be provided under the Contract shall occur between September 1, 2008 and August 31, 2011. ERS and the FSA Administrator also agree and acknowledge that there are duties and obligations specified by the Agreement to be performed prior to September 1, 2008 and following August 31, 2011, and the parties each agree to perform all such duties and obligations, and all damage provisions included herein and in the Agreement shall thereby be in effect. Such prerequisites, duties and obligations include, but are not limited to, the following:
- Selection by the Board of Trustees at the May 2008 meeting;
 - Execution of the Contract by ERS' Executive Director after all clarifications have been agreed to and accepted or rejected by ERS;
 - The parties each agree to perform all such duties and obligations, and all damage provisions included in the Contract shall be in effect;
 - The Contract includes the RFP, the FSA Administrator's response thereto as accepted by ERS and the BAA;
 - ERS reserves the right to renew the Contract for additional periods, not to exceed three (3) years, subject to terms and conditions acceptable to ERS, unless ERS determines that rebidding is in the best interests of ERS, the GBP, and its participants;
 - The FSA Administrator shall act in utmost good faith in connection with such Contract renewal process and shall provide all information requested by ERS in order to facilitate such negotiation of an extended agreement; and
 - Any and all activities required by the FSA Administrator to effectively implement the requirements of this Contract.
- B.14. **Fiscal Year.** The GBP Fiscal/Plan year ("FY or PY") begins each September 1st, and ends each August 31st. The GBP fiscal year shall be determinative for all Contract reporting requirements. The Contract expands upon this provision.
- B.15. **Grace Period.** An additional two (2) months and fifteen (15) calendar days following the plan year, for submitting eligible flexible benefit claims incurred through November 15th.
- B.16. **Run-Out.** The period of time from September 1 through December 31st of the current year in which eligible flexible benefit claims may be submitted for reimbursement from the previous plan year.
- B.17. **Termination of Contract.** In the event the FSA Administrator fails or refuses to perform any of its duties or obligations as provided by the Contract, which includes this RFP, the FSA Administrator's Response, to the extent accepted by ERS, and the signed Contract, ERS, without limiting any other rights or remedies it may have by law, equity or under contract, shall have the right to terminate the Contract immediately. The FSA Administrator understands and acknowledges that, notwithstanding any termination of the Contract, certain obligations of the FSA Administrator shall survive the termination of the Contract. The Contract expands upon this provision.
- B.18. **Contract Implementation.** The FSA Administrator shall submit with its response to the RFP, for review and approval by ERS, a detailed Implementation Plan, which shall include, without limitation, the following:
- A detailed description and manner in which all work is to be performed;
 - A list of sample reports relevant to FSA Administrator reporting – specific GBP reports will be determined following contract award;
 - A detailed description of all activities FSA Administrator expects ERS to perform related to the implementation plan;
 - Schedules of meetings between FSA Administrator and ERS to facilitate the transition;
 - Schedules of meetings between other contracted GBP vendors and ERS to facilitate transition; and
 - Scheduled updates and/or amendments to the Implementation Plan, submitted weekly, to reflect mutually agreed-upon changes as additional work is defined.

Following selection of the FSA Administrator by the Board at its May 2008 meeting, and upon ERS' notification to FSA Administrator that it has executed this Contract, the FSA

Administrator shall immediately staff an implementation team and name an implementation manager. The names, positions and qualifications of the FSA Administrator's implementation team shall be communicated to ERS no later than fifteen (15) calendar days following Board selection. The period of time beginning with the selection of the FSA Administrator by the Board and upon ERS' execution of the Contract to August 1, 2008, shall be known as the "Implementation Period." The implementation manager shall serve as ERS' primary contact throughout the Implementation Period, shall have the authority to make binding decisions for the FSA Administrator, and be accessible to ERS seven (7) days a week and twenty-four (24) hours per day during the Implementation Period.

- B.18.a. During the Implementation Period, the FSA Administrator warrants and represents the following:
- It shall maintain appropriate, sufficient and qualified staff, technical capabilities and resources that are fully and solely devoted to the TexFlex Program Implementation;
 - ERS reserves the right to require FSA Administrator to add additional staff or remove staff from the Implementation team;
 - It shall not permit any current or prospective business, projects or other matters to interfere in any manner with the smooth and timely implementation of the TexFlex Program;
 - The FSA Administrator understands and agrees that time is of the essence in the performance of this Contract and in the implementation of the TexFlex Program;
 - To the extent the Liquidated Damages and/or Performance Guarantee provisions of the Contract require prior notice, the FSA Administrator hereby waives such prior notice during the Implementation Period;
 - ERS may immediately assess against the FSA Administrator the agreed upon Liquidated Damages and/or Performance Guarantees, without prior notice, in the event the FSA Administrator fails, refuses or if it reasonably appears that it will fail or refuse to complete or perform any aspect of this Contract in connection with the timely and smooth implementation of the TexFlex Program;
 - All communication materials dealing with the implementation, including participant communication materials, call center staff training materials, IVR System, and web site design are subject to ERS' review and approval before implementation;
 - The FSA Administrator shall successfully complete and/or implement all critical components identified in the selected FSA Administrator's implementation plan as required by ERS no later than August 1, 2008;
 - The FSA Administrator acknowledges and agrees that the GBP, its participants and ERS shall suffer irreparable harm if the critical components of the TexFlex Program, are not fully and completely implemented on or before August 1, 2008; and
 - The FSA Administrator may be required to provide Run-In services under the following examples:
 - FSA Administrator's immediate assumption of TexFlex Program accounts including managing the FY 2008 Grace Period and Run-Out.
 - FSA Administrator's assumption of the TexFlex Program at September 1, 2008, including managing the Grace Period through Run-Out from September 1, 2008 until December 31, 2008.
- B.19. **Payment Methodology.** The methodology to be used in paying the FSA Administrator is specifically outlined in Article III, B, *Financial Requirements*.
- B.20. **Finalist Interview.** Following ERS' initial review of the RFP Proposals, and if the FSA Administrator is selected as a finalist in the selection process, ERS may request that personnel from the FSA Administrator, at the FSA Administrator's expense, attend a meeting at an ERS designated location to clarify responses and to answer questions regarding the FSA Administrator's Proposal. If ERS deems necessary, a site visit to the FSA Administrator may be conducted during the RFP review period at ERS' expense.
- B.21. **Disclosure of Information.** ERS is required to provide access to certain records in accordance with the provisions of Chapter 552, Tex. Gov't Code, the Texas Public Information Act ("PIA"), formerly known as the Open Records Act. In order to protect and prevent inadvertent access to confidential information submitted in support of its Proposal, the

FSA Administrator is required to supply a separate schedule of all pages that the FSA Administrator in good faith, and with legally sufficient due diligence, considers to contain any confidential and/or FSA Administrator proprietary information. By submitting a Proposal, the FSA Administrator acknowledges and agrees that ERS shall have no liability to the FSA Administrator or to any other person or entity for disclosing information in accordance with the PIA. ERS shall not have any obligation or duty to advocate the confidentiality of the FSA Administrator's material to the Texas Attorney General or to any other person or entity. The FSA Administrator further understands and agrees that upon ERS' receipt of a PIA request for a copy of the FSA Administrator contract, including the Proposal and any exhibits to the Contract and Proposal, the only documents that ERS shall treat as the FSA Administrator's confidential and proprietary information shall be the documents the FSA Administrator identifies as required above. It is the FSA Administrator's sole obligation to advocate in good faith the confidential or proprietary nature of any information it provides in its Proposal, and the FSA Administrator understands that the Texas Attorney General may nonetheless determine that all or part of the claimed confidential or proprietary information shall be publicly disclosed.

In addition, the FSA Administrator specifically agrees that ERS may release the FSA Administrator's entire Proposal, including alleged confidential or proprietary information, upon request from individual members, agencies or committees of the Texas Legislature where needed for legislative purposes, as provided for in the PIA or to any other person or entity as otherwise required by law.

- B.22. **Historically Underutilized Businesses.** ERS encourages utilization of historically underutilized businesses ("HUB") that are qualified to provide services required by the Contract. If HUBs are not appropriate, please so indicate in the FSA Administrator's response to this RFP. If HUBs are utilized by the FSA Administrator in the performance of the Contract, then the requirements applicable to subcontractors shall apply.
- B.23. **Subcontractors.** Any planned or proposed use of subcontractors by the FSA Administrator shall be clearly disclosed and documented in the Proposal and agreed to by ERS. The FSA Administrator shall be completely responsible for all services performed and for fulfillment of its obligations under the Contract, even if such services are delegated to a subcontractor.
- B.24. **Board Rules.** The Board has sole rulemaking authority in connection with the GBP pursuant to Chapter 1551, TIC, except where the Board Rules may conflict with state laws. In accordance with Texas law, the Board Rules, located at Title 34, Part IV, Tex. Admin. Code, and any amendments adopted by the Board of Trustees to said Board Rules and duly enacted state statutes, are a part of any Contract executed in accordance with this RFP process for all purposes as if they were contained verbatim therein. The FSA Administrator agrees to comply with all such Board Rules and applicable Texas law.
- B.25. **No Solicitation.** The FSA Administrator shall not use, or otherwise disseminate, sell, copy, or make available to any person or entity, lists of flexible spending account participants or employees, or any other participant data for any purpose other than what is necessary in order to perform the services required under the Contract, including, but not limited to marketing purposes, solicitation of any other insurance coverage, annuity products, or any other service or product, unless specifically approved in writing by ERS' authorized representatives. This requirement shall survive the termination of the Contract. The Contract has additional requirements in this regard.

C. **General Specifications**

- C.1. **Changes Required by Statute, Regulation, Court Orders, or Program Funding.** ERS acknowledges that certain factors may change conditions with regard to the TexFlex Program benefits and administration. Some factors that may affect the TexFlex Program include, but are not limited to:
- Changes in federal and state statutes, regulations, and new court decisions and administrative rulings;

- Changes in anticipated funding by the Texas Legislature; and
- Changes in TexFlex Program plan design.

- C.1.a. The FSA Administrator agrees to make a good faith effort to comply with any additional responsibilities or changes to the TexFlex Program imposed as a result of the above factors, and other similar factors that may arise, requiring plan design changes and/or an increase or decrease of TexFlex administrative fees, and to cooperate with ERS to effect any such changes and to execute any agreements that may be required as a result. However, should a mandated change materially affect the FSA Administrator's obligations under the Contract, ERS reserves the right to negotiate with the FSA Administrator regarding any fee increase (or decrease), that may be appropriate under the circumstances, as provided in the Contract.
- C.2. The following considerations should be kept in mind when responding to ERS' RFP:
- No commissions will be paid;
 - The GBP is exempt from premium and maintenance taxes;
 - The current FSA Administrator shall process all claims incurred up to November 15, 2008 and filed through December 31, 2008; and
 - The FSA Administrator shall process all claims incurred while the Contract between ERS and the FSA Administrator is in effect, see Articles I.B.13.a. and III.C. This includes runoff claims incurred, but paid after the Contract has been terminated for any reason, with or without cause.
- C.3. **Materials.** A copy of all materials to be used by the FSA Administrator in administering the TexFlex Program benefits shall be provided as requested in Article V, *Communication Requirements*. The FSA Administrator is required to submit proposed marketing and other informational materials in ERS' required format according to deadlines established by ERS. In addition to the marketing materials, this also includes, but is not limited to, all scripts to be used by FSA Administrator customer service representatives, all necessary forms and informative materials, in addition to the TexFlex Program description of benefits as administered by the FSA Administrator. The cost for preparation of these materials for the term of the Contract, see Articles I.B.11.a. and IV, shall be included in the administrative fee quoted by the FSA Administrator. ERS shall retain the right to review and approve all such documents prior to distribution.
- C.4. **Service-Oriented Architecture.** ERS is moving toward a service-oriented architecture ("SOA"), which will combine a number of technologies to provide comprehensive and cost-effective technical solutions that will integrate our front-end information ("web site") and processes ("ERS OnLine") with our back-end information systems. SOA deployment at ERS will be incremental and scaled as business processes, opportunities, and capabilities require. An example of such technology would include ERS' ability to extract XML-tagged content from a FSA Administrator's web site through the use of "data feeds". Throughout ERS SOA evolutionary processes, the GBP FSA Administrator shall provide compliant information in a timely manner and afford all necessary technological support as required by ERS' staff and its designated representatives.
- C.5. **Enrollment and Coverage.** ERS provides a 100% weekly enrollment file via **file transfer protocol ("FTP")**. Participants and new hires utilize ERS OnLine, accessed through ERS' Web site (www.ers.state.tx.us), to enroll in or change their coverage during the annual Summer Enrollment ("SE") period and throughout the plan year. SE is generally held in July and August of each year. **Note: ERS OnLine is the system of record for eligibility and enrollment.** The FSA Administrator shall be fully capable of accepting and implementing all TexFlex Program-related information via FTP on or before August 1, 2008.
- C.6. **Employee Identification ("ID") Number.** Current employee and dependent (collectively referred to as participants) enrollment reporting is based on their ERS Employee eleven (11) digit Identification Number. The FSA Administrator's system shall have the capability to manage an eleven (11) digit number and cross reference the employee's social security number in their reporting system. All employees reporting is based on the ERS employee eleven (11) digit Identification number and the employee's social security number. The FSA

Administrator for the TexFlex Program shall be required to utilize the ERS system-generated ID number. ERS collects Social Security Numbers for dependents over the age of one (1) year.

- C.7. **Online Access.** The FSA Administrator shall provide to ERS and its designated representatives online access to any information reasonably related to the TexFlex Program, and the services, coverages, benefits, supplies and products specified hereunder. Such online access, at a minimum, shall give ERS the ability to view, download and print such information. Thus, any information regarding the services, coverage, benefits, supplies or products that the FSA Administrator is required to perform, deliver or provide in connection with the TexFlex Program shall be fully secured, accessible and available to ERS via online access.

D. Alternative Benefit Design or Financial Arrangements

- D.1. Alternative benefit design or financial arrangements, other than as requested herein, shall not be considered in selecting a FSA Administrator. However, ERS reserves the right to revise the benefits and/or financial arrangements should that become necessary due to legislative, budgetary, or other factors. The purpose of this RFP and the subsequent review process is to select the FSA Administrator that ERS considers to be most qualified to provide the most effective, efficient and high-quality services, supplies and products to the TexFlex participants, ERS and the state of Texas. ERS views the relationship with the FSA Administrator as a cooperative one, and nothing contained in this RFP, nor any action taken in the review and approval process, shall prevent ERS from continuing negotiations with the selected FSA Administrator after the selection is made.
- D.2. The FSA Administrator agrees to act utmost in good faith in connection with all such negotiations and in performing all of its services, duties, and provisions of coverage related to the TexFlex Program.

E. Minimum Requirements

FSA Administrators wishing to respond to this RFP shall demonstrate their competence to perform the services required by ERS, and shall evidence the ability to satisfy each of the following minimum requirements by specifically identifying supporting documentation contained in FSA Administrator's response. ***If the FSA Administrator fails to reflect the ability to meet the following minimum requirements, their proposal will not be considered.***

- E.1. The FSA Administrator shall maintain its principal place of business in the United States of America and have a current valid certificate of authority to transact business in the state of Texas from the Secretary of State since at least January 31, 2008.
- E.2. The FSA Administrator shall have been providing electronic debit card services to at least one (1) client for a minimum of three (3) years to a minimum of 15,000 active debit card participants.
- E.3. The FSA Administrator shall provide claims administrative services to a flexible benefits program for at least three (3) years to organizations with no less than 75,000 eligible employees, or in aggregate, 1,000,000 participants for three (3) years.

Note: The FSA Administrator's response to this requirement officially authorizes ERS to contact these organizations or any other entity to discuss the services and other considerations which the FSA Administrator has provided to such organizations and entities and authorizes the organizations or any other entities to provide such information to ERS, and FSA Administrator shall and hereby does release and hold harmless ERS, the state of Texas, and the organization/other entity of any and all liability whatsoever, in connection with providing and receiving all such information. **The FSA Administrator may not provide sponsoring, or parent organizations, subsidiaries, or subcontractors as references.**

- E.4. The FSA Administrator shall have a current net worth of \$10 million dollars with \$5 million in cash and cash equivalents as evidenced by a 2006 audited financial statement.

F. Preferred Standards

Those FSA Administrators wishing to respond to this RFP shall demonstrate their competence to perform the services required by ERS, and shall evidence the ability to satisfy (or not), each of the following preferred requirements by specifically identifying supporting documentation contained in the FSA Administrator's response.

- F.1. The FSA Administrator should have experience working with and/or extensive knowledge of applicable Texas laws and regulations.
- F.2. The FSA Administrator shall have experience working with and/or extensive knowledge of public or governmental benefit plans that are not subject to ERISA.

II. Proposal Evaluation Criteria

Proposals submitted in response to this RFP shall be evaluated on the basis of the criteria listed below. The criteria are not listed in order of importance. While the criteria shall provide the basis for an objective evaluation of each proposal, the experience and judgment of ERS' staff, Board and their advisors shall also be important in the selection process. The criteria include the FSA Administrator's:

- Compliance with, and adherence to, the specifications of all terms contained in the RFP and Contractual Agreement;
- Debit Card System;
- Minimum requirements;
- Preferred standards;
- Administrative and Technological Capabilities;
- Price Proposal Response;
- Financial Strength and Stability;
- References;
- Ability to service large group programs and past experience;
- Site Visit; and
- Other Factors, as determined during evaluation review process.

ERS reserves the right to reject any and/or all proposals and/or call for new proposals if ERS deems it to be in the best interests of the GBP and its participants, ERS and the TexFlex Program. ERS also reserves the right to reject any proposal submitted that does not fully comply with the RFP's instructions and criteria. ERS is under no legal requirement to execute a Contract on the basis of this notice or upon issuance of the RFP or receipt of a Proposal.

III. Financial Requirements

- A. **FSA Administrator's Financial Strength.** To be eligible for consideration, the FSA Administrator shall have a net worth of at least \$10 million, with a minimum of \$5 million dollars in cash and cash equivalents as demonstrated by a 2006 audited financial statement. To affirm financial capability, the FSA Administrator shall submit all documentation as requested in the *FSA Administrator Organizational Information*, Article VIII. FSA Administrator must also demonstrate that it has fidelity and liability insurance coverage for FSA Administrator, its officers, directors, employees and any subcontractors at least in the amount of \$1,000,000, per occurrence and in aggregate with excess liability coverage in an amount not less than \$5,000,000 million per policy year.
- B. **Administrative Fee - Payment Methodology.** FSA Administrator shall submit an invoice for the administrative fee to ERS based on the current enrollment count for only those accounts with a balance as of the current month end. A hard copy detail of the participants being billed shall accompany the invoice. ERS and FSA Administrator will agree upon the prescribed format of the monthly billing. The payment to FSA Administrator shall be made within fifteen (15) calendar days after ERS' receipt for the billing invoice for the previous month for which such fee is applicable. FSA Administrator agrees not to submit billings to state agencies or institutions, or to individual participants, except in the case of account overpayments.
- B.1. **Inactive Account Billing.** Standard services provided to all participants regardless of their account balance status shall be provided by the FSA Administrator and may only be recovered through the administrative fees quoted in Article VII.
- C. **Funding (Reimbursement) Methodology.** If FSA Administrator does not utilize its own funds to pay claim reimbursements, and is conditional on the assumption that debit card charges will be incurred on business Day 1, FSA Administrator then will electronically provide to ERS, early on business Day 2, in such detail and format that is mutually agreed upon, the total debit card charges that were incurred on business Day 1 and which funds would be available to FSA Administrator by close of business, on business Day 3.. FSA Administrator will also electronically provide to ERS on a daily basis, in such detail and format as is mutually agreed upon, the total amount of non-debit card claims reimbursements processed and scheduled to be released to participants that same day. ERS will use reasonable efforts to arrange through the Texas Comptroller of Public Accounts or through its own banking arrangements to have sufficient funds in the bank account through which claims will be paid or charged. ERS will rely on the daily electronic claims information provided by FSA Administrator when determining the amount of funds to have placed in the bank account.
- C.1. The FSA Administrator shall provide ERS an electronic media file in the format specified by ERS, in alpha order of all claims paid each day by FSA Administrator, at the time FSA Administrator requests reimbursement from ERS.
- C.2. ERS expects the FSA Administrator to fund eligible FSA Administrator expenses during all state and federal holidays. The FSA Administrator may be required to fund up to four (4) days of FSA Administrator expenses which may exceed \$1 million dollars before being reimbursed by ERS. Any costs associated with this requirement shall only be recovered through the proposed administration fees.
- D. **Administrative Fee.** FSA Administrator shall provide an administrative fee guaranteed for the next three years. To the extent FSA Administrator intends to recover start-up costs through the administrative fee, such recovery should be amortized over the three-year period and specifically described to ERS in Article VII, *FSA Administrative Price Proposal*.

- E. **Runoff.** Following expiration or termination of the Contract for any reason, the FSA Administrator shall continue to be responsible for processing and paying flexible benefit claims incurred during the term of the Contract. The cost of such runoff administration shall be reflected in Article VII, *FSA Administrative Price Proposal* section of this RFP.
- F. **Audits.** Pursuant to Sections 1551.055 and 1551.062, TIC, ERS shall commission an annual audit of the FSA Administrator's flexible spending account ("FSA") claims administration by an independent auditor to determine the adequacy, timeliness, and accuracy of the FSA Administrator's procedures and performance for the prior plan year. ERS may, at its discretion, conduct other audits of FSA Administrator, when and in the manner it deems necessary.
- F.1. ERS shall determine the scope of the audit, and the FSA Administrator shall fully support the activities of and in good faith cooperate with the auditor. FSA Administrator support shall include maintaining readily available data that is accessible electronically, as well as through hard copy. FSA Administrator shall not designate any "black out" periods of time when any audit may be conducted on behalf of ERS. Neither ERS nor the Auditor shall reimburse or indemnify the FSA Administrator for any cost incurred or any claim that may arise in connection with or relating to these audits.
- F.2. FSA Administrator shall make available at ERS' request, all transaction records and files to an independent auditing firm and to those entities designated by ERS to audit the operations of FSA Administrator. To this end, FSA Administrator agrees that it shall in all respects cooperate with ERS and any auditor retained by ERS to review and to audit FSA Administrator and/or the TexFlex program.
- F.3. In addition, ERS or any of its duly authorized representatives or designees shall, during the term of the Contract, and until the expiration of seven (7) years after the final payment is made under the Contract, have access to and the right to examine any and all pertinent books, documents, papers and records involving transactions relating to the Contract. In the event there arises any claim, dispute or litigation concerning the Contract, the period of access and examination described above shall continue until the disposition of such claim, dispute, or litigation is final. The Contract has additional requirements regarding audits.
- G. **FSA Administrator Annual Experience Accounting.** On the first business day of February after each Fiscal Year, FSA Administrator shall:
- Provide an executive review of the utilization and performance of the ERS flexible benefits program;
 - Provide ERS with an accounting of the monthly enrollment, paid claims, administrative fees, annual forfeiture and performance guarantees; and
 - Provide ERS with such other experience data and accounting information, as ERS shall reasonably require.

IV. Summary of Plan Provisions

A. Plan Provisions.

A.1. Health Care Reimbursement Accounts.

A.1.a. Maximum on health care reimbursement - \$5,000 per year.

A.1.b. Minimum on health care reimbursement - \$180 per year.

A.2. Dependent Care Reimbursement Accounts.

A.2.a. Maximum on dependent care reimbursement - \$5,000 per year; if married and filing separate returns, maximum is \$2,500 per year.

A.2.b. Minimum on dependent care reimbursement - \$180 per year.

A.2.c. Dependent care reimbursement claims paid may be paid to the employee or service provider.

A.3. **Internal Revenue Code Grace Period:** Two (2) months and (15) calendar days.

B. **Debit Card.** FSA Administrator shall provide debit card services, which allow participants to pay eligible expenses through a debit card arrangement. ERS requires an adequate number of toll-free facsimile lines for participants to submit receipts to FSA Administrator upon request. Accurate and timely adjudication and follow-up of these claims is required to be performed by FSA Administrator as reflected in Appendix D, *Performance Guarantees*.

B.1. Flexible benefit debit cards shall be mailed to those TexFlex Program participants requesting debit cards within fourteen (14) business days of the FSA Administrator's receipt of program enrollment information from ERS.

B.2. Employee Identification Number. All employees reporting is based on the ERS employee eleven (11) digit Identification Number and the employee's social security number.

B.3. Debit cards created for accessing TexFlex program benefits shall meet those design and informational requirements as determined appropriate by ERS prior to production. The FSA Administrator shall work with ERS to develop a customized debit card. The card will contain the ERS Logo, TexFlex and standard information as required by the card issuing company. All expenses associated with the card must be included in the charges for the card.

C. **Tax Analysis.** Tax analysis is offered to eligible participants in the form of a tax savings comparison analysis that is provided to the participant by the FSA Administrator upon request. It is an informal analysis of the estimated tax savings that may result from enrolling in either the DCRA or HCRA account. The estimated tax savings are based on customer-provided personal information; i.e., total annual income, tax filing status, number of dependents and anticipated pre-tax contributions. The FSA Administrator's tax analysis should include a comparison of the DCRA to the tax credit as allowed on a personal tax return. The comparison report shall be available at any time upon the request of participants by e-mail, telephone or facsimile to FSA Administrator's customer service department.

V. Communication Requirements

This Article describes the FSA Administrator's requirements in communicating with TexFlex participants and potential participants, agency Benefits Coordinators ("BC") and ERS staff as further described in this Article. The FSA Administrator shall administer the TexFlex program in a manner consistent with applicable state and federal statutory law, regulations and rules of ERS and the direction of the ERS Board, its Executive Director, and ERS' staff.

The FSA Administrator's communication materials designed for GBP participants cannot, and FSA Administrator represents and warrants that it shall not, advertise or promote coverage, services, products or materials, other than those relating to the FSA Administrator's participation in the GBP. Prior approval of all communication material's design and content shall follow a formal process that requires ERS' documented authorization. In all cases, the FSA Administrator is not allowed to disseminate materials or information relating to the TexFlex program, without prior written ERS approval. The final materials used by the FSA Administrator must not differ in form or utility from those approved by ERS.

A. General Information.

- A.1. Costs associated with required communication functions described in this RFP, including start-up costs, may be recovered only by making provision for such costs in the proposed administrative fee.
- A.2. **FSA Administrator's Contacts.** No later than the fifteenth (15) business day following Board selection, the FSA Administrator shall provide to ERS' Communications Manager and the Benefit Contracts Division, a thorough listing of FSA Administrator's account team contacts assigned to support the TexFlex Contract. The list shall identify an account "key point of contact" responsible for the coordination and maintenance of the continuity pertaining to all business matters in support of the TexFlex Contractual Agreement.
- A.2.a. The FSA Administrator's account team contact list should reflect key contact information (office, fax and cell phone numbers, email, and physical mailing addresses) for each FSA Administrator account team representative. The FSA Administrator shall ensure complete continuity, without exception, of all ERS communication processes and requirements as follows:
- The FSA Administrator shall inform the ERS Communications and Benefit Contracts divisions in advance of any planned periods of unavailability by the account team's key point of contact.
 - In any instance where an account team key point of contact is not available to ERS, FSA Administrator shall immediately secure, and provide details of alternate coverage sufficient to meet ERS expectations.
- A.3. **FSA Administrator Training Requirements.** The FSA Administrative account team shall be responsible for providing training to ERS staff and to BC explaining plan operations as necessary and at ERS' request. Initially, the FSA Administrator shall be required to provide a series of training sessions for ERS staff not to exceed fifteen (15) two-hour (2) sessions. Training related to FSA Administrator's internal operations shall also be provided to ERS Customer Benefits and Benefit Contracts staff upon ERS' request. Staff training shall occur randomly throughout the year based on changes to operations or plan design and as ERS determines to be necessary.
- A.3.a. The FSA Administrator shall participate in a two (2) hour web cast training on an announced date in late August of each year, to cover any topics as deemed relevant by ERS. The FSA Administrator is required to at least have a client services participant and a supervisory level trainer available for attendance during the web cast.

- A.4. **Plain Language Requirement.** ERS requires the FSA Administrator to comply with TDI's plain language requirements as outlined in the Texas Administrative Code, Title 28 Part I Chapter 3 subchapter G § 3.602, and as it may be amended in the future for all communication materials related to the TexFlex program. Communication to participants in the TexFlex program shall be clear and understandable, using terminology familiar to participants, customized, as required by ERS, to comport with the benefit plan design and approved by ERS prior to dissemination. All printed material shall be available electronically. All of the FSA Administrator's communication materials related to the TexFlex program shall meet ADA requirements for accessibility.
- A.4.a. Communication materials shall include, but are not limited to:
- Flexible benefits program plan description;
 - FSA Administrator's web site;
 - Debit card and electronic transaction information;
 - Form requests used to obtain additional claim support information;
 - Withholding Calculation worksheet;
 - Related IRS information regarding flexible benefits;
 - Claim forms;
 - Scripted responses used by customer service representatives;
 - Presentations to Benefits Coordinators and participants;
 - TexFlex advertising materials;
 - Summer Enrollment and Welcome Letters;
 - Participant welcome packets;
 - *Ad hoc* publications;
 - *Newsletters*;
 - Token giveaways for enrollment fairs, events; and
 - News releases, contract award announcements and other TexFlex-related statements.
- A.5. **Communication Material Management Protocols:** Prior approval of any and all materials shall follow a formal ERS written approval process. The FSA Administrator shall provide the material to ERS and requires at least thirty (30) calendar days before approval is required to allow sufficient time for this review and approval process. The FSA Administrator shall not disseminate material without prior ERS approval or pressure ERS to advance the timeline as provided herein, other than at ERS' discretion.
- A.5.a. The FSA Administrator shall provide to an authorized representative of ERS, for ERS' approval, a template or form letter or other means of standardized communication prior to sending, disseminating or otherwise providing such written or oral communications to any person or entity reasonably connected to or involved in the flexible benefits program. The FSA Administrator shall regularly review, revise and update, where necessary, all information contained on its web site that relates to or may be utilized by any TexFlex participants.
- A.6. **Request for Information from FSA Administrator.** As the Administrator for the flexible benefits program, vendor may receive numerous inquiries from interested third parties relating to TexFlex and the FSA Administrator's program administration. The FSA Administrator shall notify the ERS Benefit Contracts Division immediately in writing of any such inquiries. Any response or material responding to such an inquiry shall be submitted to ERS for approval prior to its dissemination by the FSA Administrator. The Contract contains additional requirements in this regard.
- A.7. **Quality Control.** The FSA Administrator will ensure that all communication materials submitted to ERS will reflect quality production, timeliness, and thorough review. All TexFlex-approved benefit documents, legal documents, required reports (to include *ad hoc* reports), and dated materials shall reflect those appropriate for the specified Plan Year and contain TexFlex-specific language and accurate data related exclusively to TexFlex. The FSA Administrator's failure to adhere to quality production standards may result in ERS levying performance assessments.

- A.8. **Dissemination of Communication Materials.** Communication materials may be considered “published” when a final electronic copy is delivered to ERS or is accessible on the FSA Administrator’s GBP-specific web site. However, the FSA Administrator shall respond to all participant requests for mailed materials as required by ERS and at FSA Administrator’s expense.

As appropriate, certain materials shall also be available in printed copies including, but not limited to:

- Flexible benefit program plan description;
- Marketing/informative brochures;
- Debit card and electronic transaction information;
- Form requests used to obtain supplemental claim support information;
- Related IRS information regarding flexible benefits;
- Claim forms; and
- Direct Deposit.

B. Benefits Coordinator Conference and Summer Enrollment Fairs

- B.1. **GBP Primary Contacts.** The primary contact for actively, employed GBP participants is through a Benefits Coordinator (“BC”) who is a staff member of an individual agency or higher education institution. There are approximately 226 agencies of the state and institutions of higher education. Currently the BC’s primary responsibilities include program information distribution, enrollment and change activity, payroll interface, and reconciliation.

- B.2. **Benefits Coordinator Conference.** Training for BCs shall be provided at an annual conference which may include a presentation by the flexible benefits program Administrator. The FSA Administrator may be asked to staff a booth providing approved communication materials and individualized customer service as necessary. The FSA Administrator shall provide a minimum of one (1) representative to participate for a three (3) day period during this event, which is generally held in July of each year prior to the Summer Enrollment period. The FSA Administrator acknowledges and accepts that additional obligations and enhancements to this requirement may become necessary should benefit plan changes warrant. Preparations for the conference and the upcoming SE period will be discussed at a meeting that the flexible benefits program Administrator shall be required to attend.

- B.3. **Summer Enrollment Fairs.** During the annual SE period, ERS hosts approximately fifty (50) enrollment fairs/meetings throughout the state of Texas, the majority of which are located in Austin, Texas. These fairs are voluntary for employees. Should the FSA Administrator be awarded this contract, one (1) representative from the flexible benefits program Administrator’s organization who has knowledge of the products to be offered to GBP participants may be required to attend each fair and provide representation at a flexible benefits program booth to offer approved communication materials and individualized customer service as necessary. ERS’ Communications Manager shall designate those fairs for which the FSA Administrator’s attendance may be waived. The FSA Administrator acknowledges and accepts that additional obligations and enhancements to this requirement may become necessary should benefit plan changes warrant and as expressed by ERS.

C. Communication Materials

- C.1. **Printed and Web-Accessed Materials.** Sample copies of all proposed communication materials, including the HCRA and DCRA claim forms program brochures, member communication and specific IRS information pieces, and consumer-targeted educational materials (in both print and electronic format), along with draft copies of the web site screenshots as outlined in Sections C.5.a-c. of this Article; shall be included in one packet of materials in response to this RFP. Any cost for these forms should be included as a part of the FSA Administrator’s proposed fees. ERS shall retain the right to change or modify such material to accommodate ERS’ specific needs.

- C.1.a. The FSA Administrator shall provide web-based member decision support tools. These tools shall include at least the following: FSA tutorial, eligible expense listing and savings calculator.
- C.2. **Participant Communication Materials.**
- C.2.a. **Existing FSA Administrator.** FSA Administrator shall produce a SE letter announcing any plan changes from the previous year to be mailed to the current TexFlex membership one week prior to the onset of SE. New enrollment packets shall be required throughout all plan years for new hires.
- C.2.b. **Selected FSA Administrator.** FSA Administrator enrollment packets shall be produced for FY 2009 by the selected FSA Administrator and mailed to approximately 42,000 TexFlex participants during SE. New enrollment packets shall be mailed by FSA Administrator throughout all plan years to new hires. A proposed sample of an FSA enrollment packet used to identify the selected FSA Administrator to TexFlex Program participants shall be included in FSA Administrator's response to this RFP. This packet should contain, but not be limited to the following materials:
- Welcome letter;
 - Brochure that provides the TexFlex benefits plan description;
 - Withholding/savings calculations form;
 - Debit card and electronic transaction information;
 - Claims reimbursement acknowledgment letter;
 - Sample request forms used by the FSA Administrator in obtaining supplemental claim support information from participant;
 - Related IRS information regarding flexible spending accounts;
 - Enrollment and claim forms; and
 - Direct Deposit authorization forms.
- C.3. **Summer Enrollment Welcome Letter.** This communication piece should contain information about the FSA Administrator, how to access information and forms through the web, including customer service address, phone numbers, and hours of operation. The FSA Administrator's SE Welcome Letter should be available during the BC conference and for use throughout SE. The letter should specifically contain information explaining to participants the use of the TexFlex debit card, if participant enrolled in the debit card program.
- C.4. **FSA Administrator's Web Site.** The FSA Administrator web site shall be in final form and linked as required by ERS no later than the first business day of June 2008.
- C.4.a. The web site should provide access to real-time data related to TexFlex Program participant's HCRA and DCRA information. FSA participants should be able to get the same information using the web site as they would if they were to contact an FSA Administrator customer service representative.
- C.4.b. The FSA Administrator shall submit an electronic draft copy of all screen shots on a CD-ROM of FSA Administrator's proposed GBP-specific web site as described below in Section C.5.b. (PDF documents will not be accepted).
- C.4.c. The FSA Administrator's web site shall provide but not be limited to self-service transactions for FSA participants to include the ability to:
- Easily access participant and dependent HCRA and/or DCRA account information;
 - Identify HCRA and DCRA and debit card (if applicable) status;
 - Access an FSA tutorial;
 - Research eligible FSA expenses;
 - Print enrollment and claim forms;
 - Process On-line claims through an expedited servicing/direct deposit;
 - Utilize an FSA savings and withholding calculator;
 - View, and print all FSA participant claim submissions;
 - Access current IRS information affecting FSAs;

- Lodge a service complaint, and escalate unresolved complaints and to request a telephone call back within 24 hours;
- Communicate with an FSA customer service representatives using live chat;
- Search the FSA Administrator’s GBP-specific site using a key word and/or phrase; and
- Review TexFlex Frequently Asked Questions and Answers.

C.5. **FSA Administrator’s Web Site Technical Specifications.** Providing information to state and higher education employees, and their dependents is ERS’ primary focus in its web page design. The FSA Administrator shall adhere to all web site access, format, content, and technical requirements outlined in both the Americans with Disabilities Act (“ADA”), and Section 508 of the Workforce Rehabilitation Act of 1973 (“Section 508”) in order to accommodate the needs of all individuals accessing FSA information.

C.5.a. **Accessibility:** The FSA Administrator shall comply with Section 508 accessibility standards. Section 508 requires that when state agencies develop, procure, maintain, or use electronic and information technology, they shall ensure that their information technology allows state employees and members of the public with disabilities to have access to and use of information and data that is comparable to the access to and use of information and data by state employees and members of the public who are not individuals with disabilities, unless an undue burden would be imposed on the state agency. In other words, all visitors to the ERS web site should get a full and complete understanding of the information contained on the site, as well as the full and complete ability to interact with the site. Exceptions to this rule are only acceptable on a case-by-case basis and must be prior approved by ERS.

C.5.b. In addition to ADA and Section 508 requirements, the FSA Administrator shall adhere to the following web site guidelines:

- The FSA Administrator’s web page must be compatible with a wide spectrum of web browsers, including, but not limited to: Microsoft Internet Explorer IE 6 SP 1 (“Service Pack”), Netscape 7.0, WebTV, and Mozilla Firefox 2.0, Safari 1.2;
- If providing a PDF document, assure ADA and Section 508 compliance;
- Warn user if “cookies” are used; however, do not use permanent “cookies”;
- When linking to an external file (i.e., PDF, Word, etc...), reflect the file size and type;
- List security and privacy policies on the FSA Administrator’s GBP-specific TexFlex Home page;
- Reflect the ERS logo or appropriate branding on the FSA Administrator’s GBP-specific Home page as specified by ERS for each plan year;
- Create text for all links used that makes sense when read out of context. For example, avoid “click here”;
- Each section of the FSA Administrator’s web site must have a link back to the GBP-specific ERS’ TexFlex Home page.

C.5.c. To validate the FSA Administrator’s Section 508 compliance, the FSA Administrator shall provide a report in responding to this RFP evidencing its organization’s Section 508, Level 1, compliance.

VI. Operational Specifications

This Article describes operational specifications, including administrative requirements and functions, customer service, data processing interface requirements and the statistical reporting requirements as mandated by ERS. The FSA Administrator shall administer the TexFlex Program in a manner consistent with all applicable state and federal laws and regulations, as well as ERS' administrative rules and the direction of the ERS Board, its Executive Director, and ERS staff. The cost of the requirements described in this article shall be recovered by the FSA Administrator only by making provision for such expenses in the FSA Administrator's Price Proposal.

Following the ERS Board's selection of an FSA Administrator, the FSA Administrator shall submit its "group number" and a list of lead contacts to both ERS Communications and Benefit Contracts divisions no later than fifteen (15) calendar days following Board selection. The FSA Administrator agrees that it shall cooperate with ERS and be flexible in working with ERS to ensure a smooth program implementation.

The FSA Administrator is required to administer the TexFlex Program consistent with and in support of the directions of the Board, Executive Director, and the staff of ERS. Through their respective sections, ERS Benefit Contracts, Benefit Operations, and Customer Benefits divisions provide administrative support in the areas described below. A copy of the ERS organizational chart for these divisions is attached hereto as Appendix E.

A. ERS Background Information

A.1. Benefit Contracts Division

- A.1.a. The Contract Development Section conducts research, prepares Requests for Proposals, reviews the proposals, makes recommendations to the Board of Trustees, implements coverage plans, and manages the grievance process.
- A.1.b. The Contract Compliance Section verifies all payments to the health and welfare vendors, acts as the coordinator and researches plan coverages related to complaints and appeals, conducts audits of vendors, coordinates the activities of all health and welfare vendors participating in the GBP and monitors vendor operations for statutory, regulatory, Board Rules, and Contract compliance.
- A.1.c. The Underwriting Section monitors GBP plan data; performs statistical analyses, and manages reporting needs related to the GBP.

A.2. Customer Benefits Division

- A.2.a. The Customer Relations Section assists participants, Benefits Coordinators, and GBP vendors representatives with enrollment and eligibility issues and in verifying coverage.
- A.2.b. The Communications and Training Section produces and distributes information regarding ERS programs for employees and benefits coordinators, via web and print publications. Staff also conducts presentations, fairs, web casts, training sessions, and other events for employees and benefits coordinators.

A.3. Benefit Operations Division

- A.3.a. Using forms designed and developed by ERS, the Benefit Operations Division's Eligibility and Enrollment Section maintains all membership information for participants in the TexFlex Program. The Eligibility and Enrollment Section administers the enrollment and eligibility functions in accordance with Chapter 1551, TIC, and ERS Trustees Rules. Enrollment is reported weekly to the FSA Administrator via FTP. Oral verification of a TexFlex participant's coverage by an authorized representative of ERS or verification through

utilization of electronic access of ERS OnLine shall be accepted by the FSA Administrator prior to receipt of ERS' weekly enrollment information.

- A.3.b. Benefit Operations also functions as the Benefits Coordinator for ERS retirees who participate in the GBP.
- A.3.c. The Direct Pay Unit of this section enrolls, bills, and coordinates functions for those individuals who pay premiums directly to ERS (primarily COBRA participants), as well as surviving dependents and Optional Retirement Program retirees who participate in the GBP.

B. FSA Administrator Operational Requirements

B.1. Account Management

- B.1.a. The FSA Administrator shall provide an Account Executive Team and make staffing adjustments, as required by, and acceptable to, ERS. An ERS Account Executive Team shall be established no later than fifteen (15) calendar days, following Board selection, and be available Monday through Friday from 8:00 a.m. to 6:00 p.m., Central Time, excluding national holidays.
- B.1.b. The FSA Administrator will provide a minimum of two (2), per fiscal year, face-to-face Account Executive reviews to ERS on the utilization and performance of the TexFlex Program. The reviews will include program enhancement recommendations, industry best practices discussion and projections of upcoming IRS regulatory changes.
- B.1.c. ERS strongly believes that the account service relationship is the critical link in developing and maintaining a strong working relationship dedicated towards the achievement of plan objectives. As such, the FSA Administrator shall be committed to providing ERS with service attention that is at the highest levels in the industry, and fully consistent with ERS' expectations. ERS shall define the criteria for measurement and evaluation of service performance.
- B.1.d. The FSA Administrator shall notify the ERS Executive Director immediately, and in writing, upon reaching any form of binding agreement in connection with any reorganization of its management or ownership, sale, or merger, or acquisition-related changes. This notification requirement shall also include changes affecting the relationship of the FSA Administrator subcontractors.
- B.1.e. The FSA Administrator shall notify ERS' Executive Director, in writing no less than thirty (30) calendar days prior to anticipated major changes to its organization, sub-contractors, or other areas likely to impact the TexFlex Program. The FSA Administrator must receive prior written approval from ERS' authorized representative prior to making any changes as addressed in this section.
- B.1.f. The FSA Administrator shall notify ERS' Executive Director and Benefit Contracts Division in writing, thirty (30) calendar days prior to implementing material changes in policies, business, and key personnel connected with the TexFlex Program.
- B.1.g. The FSA Administrator shall provide general administrative, legal and statistical support to assist ERS in the operation of the TexFlex Program.
- B.1.h. The FSA Administrator shall provide ERS with priority positioning for delivery of *ad hoc* system service requests and/or issue resolutions. As reflected in Article VIII, *FSA Administrator Organizational Information* Section 8.d., the FSA Administrator shall designate a Technical Consultant ("TC") to lead the management of all technical issues, including, but not limited to system service requests. The TC shall ensure that all ERS system requests and issues are thoroughly analyzed and given priority positioning to ensure prompt resolution. The FSA Administrator shall provide competent, focused attention to ERS' system requests/issues. The FSA Administrator shall use its best efforts to implement all ERS system requests and to

correct all ERS system issues within thirty (30) calendar days or sooner from receipt of ERS' written notification to the FSA Administrator of the request/issue. ERS shall fully supply any and all information reasonably necessary for the FSA Administrator to complete the requested services as outlined herein. If a thirty (30) calendar day resolution is not reasonably possible, then the FSA Administrator shall provide ERS with a written plan for implementation, to include a timeline for resolution within five (5) business days from receipt of the FSA Administrator's written notification as noted above.

B.2. **Customer Service**

B.2.a. The FSA Administrator shall provide all services specified in this RFP, including, but not limited to, the following:

- The establishment and staffing for one (1) customer service unit dedicated exclusively to ERS' TexFlex Program. The unit shall be staffed to handle the TexFlex Program-related benefit questions, resolution of complaints, program clarification, and to assist in claims submissions. The FSA Administrator's customer service hours shall be, at a minimum, six (6) days per week from 7:00 a.m. to 7:00 p.m., Central Time, Monday through Friday and on Saturdays from 9:00 a.m. to 2:00 p.m., Central Time, excluding national holidays.
- The FSA Administrator shall designate at least two (2) FSA Administrator customer service employees whose first and primary responsibilities shall be to respond to and resolve, within a reasonable timeframe determined by ERS, TexFlex Program-related customer service needs. ERS and the FSA Administrator shall jointly monitor and adjust staffing levels to ERS' sole satisfaction as work and service requirements demand. The FSA Administrator warrants and represents that it shall provide thorough training of additional team members in support of the TexFlex Program. Any training deficiencies noted by ERS shall be immediately rectified by FSA Administrator to ERS' satisfaction.
- The FSA Administrator shall dedicate additional staff members as needed to update TexFlex Program-related records and accounts and to provide additional help for the FSA Administrator customer service team during and following ERS SE.
- The establishment of independent client dedicated toll free line(s) (telephone and facsimile) and appropriate customer service staff shall be adequate at a minimum to maintain *Performance Guarantees* for answer time, and blockage rate as referenced in the Appendix D of the RFP. Customer Service call centers shall be located within the United States.
- The FSA Administrator shall provide a toll free interactive voice response (IVR) system number for participant account inquiry at all times when live customer service agents are not available.
- The FSA Administrator shall make available to ERS staff the ability to listen to and monitor calls to and from the FSA Administrator's call center(s).
- The FSA Administrator shall conduct an ongoing quality assurance review each Fiscal Year to be monitored via participant surveys and other reporting mechanisms.
- The FSA Administrator shall use commercially reasonable efforts to contact and notify a TexFlex Program participant when such participant's flexible benefit claim requires further documentation or is not a covered benefit for any reason.

C. **Claims Processing.** Throughout the contract period, the FSA Administrator will provide ongoing support and technical assistance to ERS in the maintenance of the TexFlex benefit claim administrative services for the state and institution of higher education employees. The ongoing support and technical assistance will include, but not be limited to:

- C.1. Receiving, processing, and paying all documented eligible participant claims from FSA Administrator's resources, following which FSA Administrator may seek reimbursement from ERS.
- C.1.a. Provide appropriate software which is compatible with ERS' flexible benefit software programs to enable FSA Administrator to develop and maintain individual flexible benefit accounts, and have the ability to transmit the information to ERS via file transfer protocol ("FTP"). The reporting record layout will be provided to FSA Administrator following Board selection.
- C.1.b. Developing and maintaining individual account files, records, and balances.
- C.1.c. Providing participants and ERS, as the plan administrator, with reports as required on an as needed basis as specified by ERS.
- C.1.d. Providing a toll free number for participants' convenience in seeking general assistance such as claims and account status, information regarding eligible expenses, and account balances.
- C.1.e. Providing a toll free number for participants' use in faxing debit card and paper claim receipts to FSA Administrator for processing of eligible expense as requested. Facsimile number shall be available twenty-four (24) hours a day, seven (7) days a week, for 365 days a year.
- C.2. Processing participant claim requests for the Fiscal Year, including the claim filing grace period at the close of each Fiscal Year (Sept. 1 through Nov. 15) as follows:
 - C.2.a. Claims are to be processed daily and payments released to participants no less frequently than daily;
 - C.2.b. Claims payment information is to be provided electronically (FTP) to ERS;
 - C.2.c. Minimum claim payment amount is five dollars (\$5);
 - C.2.d. Reimbursement account claim totals for amounts less than five dollars (\$5) are to be reimbursed at the end of the Fiscal Year, if the claim would pay out the final account balance for the Fiscal Year, or as determined by ERS and FSA Administrator;
 - C.2.e. Direct deposit capabilities and scripted instructions for FSA Administrator customer service representatives to assist TexFlex participants in receiving claim reimbursement to respective TexFlex Program participant bank accounts;
 - C.2.f. Forfeited year-end balances are to remain in the TexFlex Program. FSA Administrator agrees that it shall reconcile all participant accounts at the end of the run-out period and provide a detailed consolidated forfeiture report to ERS each year; and
 - C.2.g. FSA Administrator shall notify TexFlex participants by letter or email, if available, when paper receipts are received for ineligible expenses.
- C.3. FSA Administrator shall establish participant accounts at the beginning of and during each Fiscal Year, or as required by ERS.

D. Claims Administration

- D.1. The FSA Administrator shall be responsible for ensuring that claims are processed in compliance with all applicable federal and state laws, including, but not limited to Internal Revenue Code Section 125, and in compliance with all applicable state and federal regulations related to HCRA and DCRA accounts.

- D.2. The FSA Administrator shall have the ability to process claims during the grace period in the last year of a three (3) year contract. For example, grace period claims processing for Fiscal Year 2011 claims will begin September 1, 2011, and end with the December 31, 2011 run-out period.
- D.2.a. The FSA Administrator shall be responsible for ensuring that the administration of the grace period will provide separate accounts for the current plan period and a second account for the next plan year. Each account balance shall be accounted for separately. Each account with a deferral balance will have eligible expenses applied until that balance is exhausted.
- D.3. ERS has elected to automatically re-enroll participants at their current elected deferral for the subsequent year. ERS expects the selected FSA Administrator to accept and load full year deferral balances as of September 1, 2008. ERS will maintain this re-enrollment process for subsequent years and will expect the FSA to load annual balances in subsequent years.
- D.4. The FSA Administrator shall be able to immediately modify addresses and enrollment effective dates and pay claims based on weekly enrollment updates provided by ERS.
- D.5. All eligible claims received by FSA Administrator by 5:00 P.M., Central Time, on each Friday shall be paid by FSA Administrator no later than the third (3rd) business day of the following week.
- D.6. The FSA Administrator shall reconcile monthly with its records the data file it receives via FTP from ERS.
- D.7. The FSA Administrator shall be prepared to work with ERS and its participants' health care providers to accept explanation of benefits ("EOB") and other billing and payment information electronically to process claims through the HCRA. This could include direct reimbursements to health providers, utilizing the debit card or other technology or using merchant category codes ("MCC") and plan design information from ERS' contractors to electronically adjudicate claims using the debit card in order to simplify claims administration. Exact format specifications will be determined by ERS with input from FSA Administrator.
- D.8. The FSA Administrator shall be responsible for all stop payment charges and any other related costs or expenses in connection with the payment or reimbursement of claims.
- D.9. The FSA Administrator will ensure that the participants' reimbursement checks include a validation date of not more than 180-days after the date of issue. To the extent that ERS and FSA Administrator utilize a funding arrangement in which ERS or FSA Administrator fund claim reimbursement payments before the reimbursement checks are presented for payment to the bank, then within thirty (30) days after the end of each fiscal year, FSA Administrator will account for, reimburse, and pay to ERS all sums for which checks were not issued.
- D.10. The FSA Administrator shall reimburse ERS within sixty (60) days following the end of each of ERS' fiscal year run-out periods for all stale checks not re-issued. After the initial three year term, all stale checks will be reimbursed to ERS within sixty (60) days following the run-out period.
- D.11. The FSA Administrator shall provide ERS with a copy of a finalized independent audit report on an annual basis as required by Statement on Accounting Standards ("SAS") 70, Type II no later than two (2) months after completion of the audit report.
- D.12. The FSA Administrator shall use automated systems to detect any form of fraud, abuse, misuse of the program, overpayments, and wrongful or incorrect payments. The FSA Administrator shall also conduct investigations with regard to fraudulent or suspicious claims. ERS may develop further policies in connection with the detection and prevention of fraud or abuse, as such, the FSA Administrator shall comply with all such policies and is encouraged to develop additional safeguards. The FSA Administrator shall report the total number of dollars recovered through fraud investigation activity.

E. Data Processing Interface

E.1. Enrollment/Eligibility: ERS is responsible for determining the eligibility of its participants to participate in the TexFlex Program and in reporting HCRA and DCRA deductions to the approved FSA Administrator. The participating FSA Administrator receives a Weekly Enrollment Interface File via FTP and updates its records. The ERS report provides the FSA Administrator with the HCRA and DCRA additions, changes and terminations of participants. The FSA Administrator's corresponding enrollment records shall be updated within twenty-four (24) hours of receipt of the FTP file to reflect any adjustments based on the data provided by ERS inclusive of terminations reported in arrears as required in Appendix D, *Performance Guarantees*.

E.1.a. TexFlex Program participants are responsible for their own SE choices. The participants' selections shall be processed and reported to the FSA Administrator in ERS OnLine format in the 100% Weekly Enrollment Interface file. The FSA Administrator shall implement automated enrollment (i.e., via telephone and Internet) and accept enrollment via verbal instruction from an ERS authorized representative to allow the participant immediate access to benefits. The FSA Administrator shall adjust appropriate information in its enrollment system immediately upon receiving updated participant eligibility information from an ERS representative. The FSA Administrator is required to accept enrollment via FTP on a daily basis and, therefore, shall be capable of accepting enrollment via FTP. Enhancements for future plan years during the initial term of the Contract are likely to require the FSA Administrator to accept enrollment on a real-time basis.

E.1.b. ERS also provides the FSA Administrator with the opportunity to view ERS' enrollment system through Web access. ERS shall determine the appropriate security and encryption to be used in the delivery of data to the FSA Administrator. The FSA Administrator is required to utilize the enrollment information to assist in the verification of coverage. The FSA Administrator shall be prepared to access ERS OnLine via Web access ten (10) business days prior to the start of SE. The FSA Administrator shall provide Customer Service staff proficient with the ERS OnLine system during all ERS designated customer service hours. The FSA Administrator shall expend the necessary funds to provide electronic access to ERS' enrollment system by all departments involved in customer service, claims adjudication, and eligibility and enrollment administration.

E.1.c. ERS shall report future effective dates for changes during SE. The FSA Administrator shall be required to accept data via FTP, and shall be prepared to accept reporting of future effective dates by August 1st of each plan year.

For the purpose of responding to this RFP, the FSA Administrator shall recover any costs involved in the adaptation of its system requirements to those set forth by ERS only through the *FSA Administrator Price Proposal*, referenced in Article VII.

The file layouts that ERS uses to report to the FSA Administrator on a weekly and monthly basis are included as Appendix F.

E.2. In the event the FSA Administrator issues excess payments or payments for ineligible claims or participants, it shall:

- Take all steps necessary to recover the overpayment, including recoupment from participants.
- Refrain from initiating litigation to recover such overpayment unless authorized by ERS.

F. Reporting

F.1. Administrative Reporting Requirements

ERS shall utilize information reported by the FSA Administrator to proactively monitor trends and to identify/address variances on targeted FSA Administrator performance requirements. ERS shall specify the reporting timelines, quality standards and formats. Some formats shall include a column indicating a performance standard for the item being reported, that ERS shall use as a benchmark to monitor compliance and to analyze the reported statistics. A sample of the minimum required reporting will be provide following Board selection. Reporting requirements shall include, but not be limited to, the following:

- Performance Guarantees;
- Customer Service Standards;
- Statistical information; and
- *Ad Hoc* Reports at ERS' Request.

F.1.a. Reports shall vary in frequency and scope based on ERS' designation after selection of the FSA Administrator and execution of the Contract as reflected herein. However, all reports provided by the FSA Administrator shall reflect quality production with attention to detail, accurate data, and meet additional requirements as specified by ERS. Costs associated with reporting shall be included in the FSA Administrator's Price Proposal.

G. FSA Administrator Coordination with Other GBP Vendors. The FSA Administrator shall coordinate with all other GBP vendors as required by ERS, including, but not limited to:

G.1. The selected FSA Administrator shall have the capability to have an electronic interface function in place (transmit and receive eligibility/claims data) as appropriate, with the HealthSelect TPA and PBM to allow adjudication of medical and pharmacy claims automatically on a real-time basis. As required in Appendix D, *Performance Guarantees*, this capability shall be established no later than August 1, 2008.

H. Site Visits

H.1. At ERS' discretion, ERS may conduct site visits at ERS' expense.

VII. FSA Administrative Price Proposal

The FSA Administrator shall include provision for ALL services and/or programs as referenced in the RFP and contained in the FSA Administrative Price Proposal. All service prices must be quoted on a monthly, per-participant basis and as an annual cost. Include all services on this form for which you expect compensation. ERS will not pay for services you omitted yet which are required to be performed by FSA Administrator in accordance with the RFP, Contractual Agreement and your response to the RFP. Errors in pricing are at the risk of the firm.

The fees quoted are firm and are guaranteed for the three (3) year contract period. The fees quoted below will be for claims on or after September 1, 2008. All run-offs will be completed by the existing FSA Administrator.

- A. **Eligibility and Participation.** Approximately 42,000 (or 20%) state and higher education employees statewide are enrolled in the TexFlex benefits plan, with a total eligible population of approximately 207,000. Enrollment in the health care reimbursement accounts (“HCRA”) is 38,240; dependent care reimbursement account (“DCRA”) enrollment is 3,391. Employees eligible for the GBP are eligible to participate. Health insurance coverage is not required to participate in HCRA or DCRA accounts. Certain changes in salary redirection levels are allowed prospectively, consistent with a qualifying life event, as defined in the rules of the Board of Trustees. Changes to a participant’s HCRA and/or DCRA during the plan year will be allowed only if a qualifying life event occurs. Effective September 1, 1999, all eligible participants were enrolled in a premium conversion program.
- B. **Annual Summer Enrollment.** An annual enrollment is required to participate in the HCRA/DCRA if the employee was not enrolled in the TexFlex Program during the previous year. ERS has elected to automatically re-enroll participants at their current elected deferral for subsequent years. Participants may make changes to their election through the end of the Summer Enrollment period. This enrollment period usually occurs during the months of July through August with an effective date of September 1.
- C. **Plan Administration.** The selected FSA Administrator is required to administer the plan consistent with, in the best interest of and in support of the directions of the Board, Executive Director, and the staff of ERS.
- D. **Grace Period.** The selected FSA Administrator shall provide services for the extended grace period of two (2) months and fifteen (15) days allowed by the Internal Revenue Code.
- E. **Program Administration.** The selected FSA Administrator shall be capable of charging the TexFlex program administration fees to participants on a monthly basis.
- F. **Debit Card Services.** The selected FSA Administrator shall be capable of pro-rating any card expenses on a monthly basis as opposed to an annual charge.

G. Rate Response - FSA Administrator's Service Price Response

	Total Participants	Cost Per Participant	Annual Cost
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1. Claim Administration Services
2. Debit Card Services
3. Tax Analysis

Total Annual Cost _____

4. Amount allocated for FSA Administrator's Performance Guarantees: _____
Note: The FSA Administrator shall reflect a total aggregate dollar amount equal to, but no less than, 15% of the total Administrative Fees paid by ERS to the FSA Administrator for the full Contract period attributable to the administration of the TexFlex program.

H. Optional Services Form

Products, services, or facilities which may further enhance the flexible benefits claims administrative services but are not essential in providing the required services may be shown on this form. FSA Administrator shall provide an accurate and detailed description of any additional enhancements to services offered by FSA Administrator, the implementation history, and the expense associated for each service. ERS is not obligated to select any of the options provided. If any option is selected by ERS, it will be specifically stated in writing which option(s) are selected.

Please describe in detail any products, services or ideas which may enhance ERS' TexFlex Program which have not been previously identified.

Service	Date of Implementation	Cost Savings	Other Benefits To System	Additional Cost (if applicable) Per Participant

- H.1. Expense for full Run-Out – Selected FSA Administrator's immediate assumption of TexFlex Program accounts including managing the FY 2008 Grace Period and Run-Out: _____
- H.2. Expense for TexFlex assumption at September 1, 2008 including managing the Grace Period through Run-Out from September 1, 2008 until December 31, 2008: _____

VIII. FSA Administrator Organizational Information

Provide the following information (Proceed to next field by pressing F11 on the keyboard):

1. What is the full legal name, address, and telephone number of the FSA Administrator?
Full Legal Name:
Address:
Telephone Number:
2. Provide FSA Administrator's Tax Identification Number.
3. What is the FSA Administrator's incorporation status?
 For profit Not-for-profit / Non-profit
 Publicly owned Privately owned
- 3.a. In which state was the FSA Administrator's incorporation or formation?
- 3.b. What is the date of the FSA Administrator's state of Texas Certificate of Authority?
- 3.c. Has the FSA Administrator ever been denied a state license, qualification, or Certificate of Authority? Yes No

If yes, explain.
- 3.d. Date FSA Administrator received a Certificate of Authority from the Secretary of State.
4. Date flexible benefit administration services first provided.
- 4.a. Date debit card services first provided.
- 4.b. Number of debit cards used by the largest client.
- 4.c. Total number of debit cards presently in use.
5. Date of your fiscal year end.
6. Date direct deposit of reimbursements first provided.
7. What is the name, title, mailing address, e-mail address, telephone number, and facsimile number of *the person authorized to execute this proposal* and any subsequent contract, which may be awarded? **This person must be at least a company vice president or higher level in authority.**

Name:
Title:
Mailing Address:
E-mail Address:
Telephone Number:
Facsimile Number:
8. What are the names, titles, physical and, e-mail addresses, telephone and facsimile numbers of the **professional contacts** for the data submitted within this RFP?
 - 8.a. ***Person responsible for RFP compilation***

Name:
Title:
Mailing Address:
E-mail Address:
Telephone Number:
Facsimile Number:

8.b. ***Customer Service Manager***

Name: [Redacted]
Title:
Mailing Address: [Redacted]
E-Mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

8.c. ***HIPAA Officer***

Name: [Redacted]
Title:
Mailing Address: [Redacted]
E-Mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

8.d. ***Technology (IS)/Security***

Name: [Redacted]
Title:
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

8.e. ***Eligibility File Management***

Name: [Redacted]
Title:
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

8.f. ***Claims***

Name: [Redacted]
Title:
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

8.g. ***Financials***

Name: [Redacted]
Title:
Mailing Address: [Redacted]
E-mail Address: [Redacted]
Telephone Number: [Redacted]
Facsimile Number: [Redacted]

8.h. **Web site development and content**

Name: [redacted]
Title:
Mailing Address: [redacted]
E-mail Address:
Telephone Number:
Facsimile Number:

8.i. **Marketing Materials/Communications**

Name: [redacted]
Title:
Mailing Address: [redacted]
E-mail Address:
Telephone Number:
Facsimile Number:

8.j. **ERS Account Liaison**

Name: [redacted]
Title:
Mailing Address: [redacted]
E-mail Address:
Telephone Number:
Facsimile Number:

8.k. **Call Center Operations Manager**

Name: [redacted]
Title:
Mailing Address: [redacted]
E-mail Address:
Telephone Number:
Facsimile Number:

9. What is the name, mailing address, e-mail address, telephone number, and facsimile number of the person who shall serve as **FSA Administrator's legal counsel** and/or all such information as it relates to any outside law firm retained by FSA Administrator for purposes of FSA Administrator's proposal or contract performance?

Firm Name: [redacted]
Attorney Name:
Mailing Address: [redacted]
E-mail Address:
Telephone Number:
Facsimile Number:

10. What is the name, title, mailing address, e-mail address, telephone number, and facsimile number of the **officer** responsible for preparation of the FSA Administrator fees submitted in Article VII, G?

Name: [redacted]
Title:
Mailing Address: [redacted]
E-mail Address:
Telephone Number:
Facsimile Number:

11. What are the names, titles, and corporate affiliation to FSA Administrator of *ALL officers and all directors*?
- Name of Officer(s): [REDACTED]
 Title: [REDACTED]
 Corporate Affiliation: [REDACTED]
- 11.a. Name of Director(s): [REDACTED]
 Title: [REDACTED]
 Corporate Affiliation: [REDACTED]
12. Is FSA Administrator actively considering mergers with and/or acquisitions of or by other entities? If so, provide specifics. If not, please confirm that FSA Administrator shall notify the ERS Executive Director immediately upon reaching any form of binding agreement in connection with any merger, acquisition or reorganization of FSA Administrator's management or those related to any subcontractor.
13. Does FSA Administrator propose to utilize subcontractors in the performance, delivery and provision of services, coverages, benefits, equipment, supplies and products requested hereunder?
 Yes No
14. If yes, provide the information below for each subcontractor and specify what services may be performed by each subcontractor.
- 14.a. Name: [REDACTED]
 Mailing Address: [REDACTED]
 E-mail Address: [REDACTED]
 Telephone Number: [REDACTED]
 Facsimile Number: [REDACTED]
 Services Performed: [REDACTED]
15. Provide a company-wide organizational chart reflecting employee names and titles for the FSA Administrator and any subcontractors (if applicable). Identify those positions open but not yet filled by organizational staff. [REDACTED]
16. Provide a brief resume(s) identifying the personnel who shall be responsible for the administration and management of the contract. (FSA Administrator and subcontractors).
17. Provide the total current enrollment of all your flexible benefits claims administration services and the states in which they are located.
- 17.a. Given the preceding information, are there any limits on FSA Administrator's ability to provide services to the TexFlex Program participants? If so, please describe any such limitations.
18. What are the names of five (5) of the largest employers for which FSA Administrator currently provides FSA services to its employees? What is the name, title and telephone number of the employers' representative who is familiar with the services FSA Administrator provides? How many employees and dependents are served? What percent of FSA Administrator's total business do these employers represent?

Note: FSA Administrator's response to this request officially authorizes ERS to contact these employers to discuss the services which FSA Administrator has provided and authorizes the employers to provide such information to ERS, and shall relieve ERS and the employer of all liability in connection with providing and receiving all such information. **FSA Administrator may not provide sponsoring organizations, subsidiaries, or subcontractors as references.**

- 18.a. Company Name: [REDACTED]
Representative Name: [REDACTED]
Title: [REDACTED]
Telephone Number: [REDACTED]
Employees: [REDACTED]
Dependents: [REDACTED]
% of Business Employers represents: [REDACTED]
19. Provide an outline for proposed client-based expansion for the FSA Administrator within the next three (3) years to include company name and anticipated enrollment. If expansion is anticipated, what steps will FSA Administrator take to maintain quality service to the ERS TexFlex membership? [REDACTED]
20. State the name and address of the sponsoring or parent corporation or others who provide financial support to the FSA Administrator. Provide an indication of the type of such support, i.e., guarantees, letters of credit, etc. Of those that are applicable from above, what are the maximum limits of additional financial support?
- 20.a. Name: [REDACTED]
Mailing Address: [REDACTED]
Type of Support: [REDACTED]
Maximum limitation: [REDACTED]
- 20.b. Provide a copy of the sponsoring organization's most recent audited financial statement.
i. Identify and describe all fidelity, errors and omissions, general liability or similar insurance policies;
ii. Identify the amounts of such coverage and
iii. Explain how it will provide coverage to ERS, TexFlex participants and the State of Texas in the event any claim is made.
21. FSA Administrator shall identify applicable errors and omissions policies and professional liability coverage, by providing copies of applicable declaration pages reflecting policy limits.

Policy Number:
Insurer's Name:
Policy Expiration Date:
Policy Limit Allocations:
22. Provide copies of ratings and reports on FSA Administrator issued by independent rating organizations or similar entities.
23. Provide a copy of the FSA Administrator's most recent audited financial statement.
24. Provide a copy of the FSA Administrator's 2007 audited financial statement by June 30, 2008.
25. Provide a copy of the FSA Administrator's most recent SAS 70 report or other outside auditor results pertaining to the accuracy/validity of FSA Administrator's internal operational controls, if available, or explain why such report is not available.
26. Confirm that FSA Administrator has a current disaster recovery plan in effect for its computer systems and equipment and that of any subcontractor upon whom the firm relies in performing or providing any services, supplies or products to or on behalf of ERS?
- 26.a. Describe the specifics of FSA Administrator's disaster recovery plan.

27. Describe any litigation, regulatory proceedings and/or investigations completed, pending or threatened against the FSA Administrator and/or any of its related affiliates, officers, directors or parent companies performing any part of the services in connection with the Contract during the past five (5) years from date of application submission. Identify the case number, date filed, full style of each suit, proceeding or investigation including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution, if any.

Case Number:

Date Filed:

County, State:

Regulatory Body:

Brief Summary:

Current Status:



IX. Deviations

Although deviations to the RFP and Contractual Agreement are strongly discouraged, if applicable, the FSA Administrator shall enumerate and provide a detailed description of any deviations to provisions contained in the Contractual Agreement and/or RFP as provided below. ERS shall interpret any lack of deviation as FSA Administrator's full agreement to the provisions of the Contract and RFP requirements unless specifically noted. In the event of any conflict between the two, the terms of the Contractual Agreement shall prevail.

1. Affirm that FSA Administrator shall comply with all of the **Instructions to Proposers** and be bound to provide all services and adhere to all requirements as described in **Article I**, of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between FSA Administrator proposal and these specifications.

FSA Administrator Requested Deviation Detail:

2. Affirm that FSA Administrator shall comply with all of the **Financial Requirements** and be bound to provide all services and adhere to all requirements as described in **Article III**, of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between FSA Administrator proposal and these specifications.

FSA Administrator Requested Deviation Detail:

3. Affirm that FSA Administrator shall comply with all of the **Summary of Plan Provisions** and be bound to provide all services and adhere to all requirements as described in **Article IV**, of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between FSA Administrator proposal and these specifications.

FSA Administrator Requested Deviation Detail:

4. Affirm that FSA Administrator shall comply with all of the **Communication Requirements** and be bound to provide all services and adhere to all requirements as described in **Article V**, of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between FSA Administrator proposal and these specifications.

FSA Administrator Requested Deviation Detail:

5. Affirm that FSA Administrator shall comply with all of the **Operational Specifications** and be bound to provide all services and adhere to all requirements as described in **Article VI**, of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between FSA Administrator proposal and these specifications.

FSA Administrator Requested Deviation Detail:

6. Affirm that FSA Administrator shall comply with all of the *FSA Administrator Price Proposal* described in **Article VII**, of this RFP and be bound to all fees and services the FSA Administrator provides in response to this section of this RFP.

Affirm

Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between FSA Administrator proposal and these specifications.

FSA Administrator Requested Deviation Detail:

7. Affirm that the FSA Administrator has accurately reflected all of the *Organizational Information* requested and shall adhere to, and be bound by, all requirements as described in **Article VIII**, of this RFP.

Affirm

Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between FSA Administrator proposal and these specifications.

FSA Administrator Requested Deviation Detail:

8. Affirm that FSA Administrator has accurately reflected all of the *Interrogatory* information requested and shall adhere to, and be bound by, all requirements as described in **Article X**, of this RFP.

Affirm

Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between FSA Administrator proposal and these specifications.

FSA Administrator Requested Deviation Detail:

9. Affirm that FSA Administrator shall comply with all of the provisions in the *Contractual Agreement* provided in Appendix B of this RFP.

Affirm

Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between FSA Administrator proposal and these specifications.

FSA Administrator Requested Contractual Agreement Deviation Detail:

X. Interrogatories

Instructions: In order for the FSA Administrator’s proposal to be considered and accepted, the FSA Administrator shall provide true and correct answers to all of the questions presented in this Article. In all cases, each question shall be answered thoroughly, in detail, and preceded by the question to which the response pertains. Reference should not be made to a prior response, or to another document, unless the question involved specifically provides such an option. To ensure that the FSA Administrator has a complete understanding of all ERS requirements with respect to the TexFlex Program, **carefully read the earlier articles of this RFP** before responding to any of the following questions. For purposes of the Contract and this RFP, “FSA Administrator” necessarily includes the FSA Administrator, its officers, directors, employees, representatives, agents, subsidiaries, affiliates and any subcontractors and independent contractors.

Answers to the questions included in this article should be detailed enough to satisfactorily explain the FSA Administrator’s position on each particular topic. It is the FSA Administrator’s responsibility to respond to these questions in such a way that ERS has a full and complete understanding of the FSA Administrator’s intent. **It is important that the FSA Administrator clearly define all key words and phrases used in answering these questions.** The FSA Administrator’s proposal shall use the terms defined in the Contract and this RFP only as they are so defined.

In addition, the FSA Administrator shall provide individualized responses to any other questions for which the FSA Administrator believes such responses are necessary in order to fully disclose differences in processes or procedures which may exist among different products and services, if any, included in the FSA Administrator’s proposal.

A. General Information

- A.1. Discuss the key advantages of contracting with the FSA Administrator and describe particular differentiators that set your organization apart from other industry competitors. [REDACTED]
- A.2. Describe what position and actions the FSA Administrator took during the past year on the following market industry events:
 - A.2.a. Auto re-enrollment;
 - A.2.b. Electronic adjudication of pharmacy and medical claims;
 - A.2.c. Internal Revenue Code extended claim period for two (2) months and fifteen (15) days; and
 - A.2.d. IIAS Internal Revenue Code requirements.
- A.3. Describe fully any recommendations the FSA Administrator has to improve the cost efficiency of the TexFlex Program.

B. Account Management

- B.1. Provide the following information related to Administration and Customer Service Issues related to FSA Administrator’s administrative or management processes.
- B.2. Describe the organization and structure of the proposed FSA Administrator’s account team that shall provide ongoing program support for the TexFlex Program. [REDACTED]
 - B.2.a. Briefly outline the FSA Administrator’s account team management philosophy.
 - B.2.b. Where would the person responsible for the proposed FSA Administrator’s account team be located? [REDACTED]
 - B.2.c. Provide the location of the proposed FSA Administrator’s account team’s main office and identify the names and contact information of its related support staff. [REDACTED]
 - B.2.d. How many other clients are, and/or will be in the future, assigned to the proposed FSA Administrator’s account team?
 - B.2.e. Regarding the clients managed by the proposed FSA Administrator’s account team, how many participants does that represent?

- B.2.f. What is the FSA Administrator's account manager/executive turn-over rate for the past three (3) years?
- B.3. Provide a list of individuals who shall comprise the FSA Administrator's proposed implementation team and submit brief resumes for each team member.

C. Administrative and Customer Service

- C.1. Are all administrative services performed internally? Yes No
- C.1.a. If not, where is the administrative facility located?
- C.1.b. If the FSA Administrator contracts with a management company for some or all of its administrative services, please specify:
 Company Name:
 Services Provided:
 Length of Time:
- C.2. Provide the names and positions of the FSA Administrator's administrative service staff (including numbers of full-time equivalent employees), which shall administer the TexFlex Program.
 Names of Support Staff:
 Positions of Support Staff:
 Number of FTEs:
- C.2.a. Indicate which of these employees are located in Texas.
- C.2.b. What is the turnover rate among this administrative service staff for the past three (3) years?
- C.3. Describe the FSA Administrator's Customer Service unit by reflecting the following:
- C.3.a. The manner in which the customer service unit is accessed (i.e., web chat, phone, email);
- C.3.b. The Customer Service unit's hours of operation;
- C.3.c. The Customer Service unit's handling of complaints; and
- C.3.d. The Customer Service unit's procedures for issue escalation.
- C.4. How will the FSA Administrator's customer service unit be staffed?
- C.4.a. What is the turnover rate for the FSA Administrator's non-management call center staff?
- C.5. How are after-hours customer service calls handled? [REDACTED]
- C.5.a. Does the FSA Administrator have the ability to monitor live customer service calls? [REDACTED]
- C.6. How does the FSA Administrator ensure that its customer service representatives are providing timely and accurate information?
- C.6.a. How does the FSA Administrator monitor first call resolution and member inquiries that do not get resolved?
- C.7. Does the FSA Administrator record all a) phone calls and b) notify all parties that their conversations are being electronically recorded and stored? Yes No
- C.7.a. If all calls are not recorded, how many are recorded and what criteria is used for selecting the calls for recording? [REDACTED]
- C.8. Does the FSA Administrator's customer service inquiry system allow representatives to record comments so other customer service representatives can review previous notes to assist members? [REDACTED]
- C.9. Describe the FSA Administrator's call center telecommunications system. [REDACTED]
- C.9.a. Identify and describe the various reporting capabilities of the call center system. [REDACTED]
- C.9.b. Describe the FSA Administrator's calculation methodology applicable to the proposed call center metrics requirements referenced in Appendix G. [REDACTED]

- C.10. Describe the FSA Administrator’s procedure for managing written inquiries. [REDACTED]
- C.11. What is the FSA Administrator’s current response time standard with respect to questions requiring written communication?
- C.12. Does the FSA Administrator’s Customer Service system support TTY, also known as a Telecommunications Device for the Deaf (“TDD”), technologies? [REDACTED]
- C.13. Does the FSA Administrator’s Customer Service system support Spanish-speaking participants? Yes No
- C.14. Does the FSA Administrator currently perform participant satisfaction surveys?
 Yes No
- C.14.a. If yes, provide a copy of the FSA Administrator’s latest survey and its results.
- C.14.b. Does an outside organization perform the survey? Yes No
- C.15. Does the FSA Administrator expect to make major changes to its customer service organization or facilities within the next four (4) years (e.g., moving to a different location, reorganizing or merging units)? If so, please describe.
- C.16. Does the FSA Administrator provide access to automated, interactive data systems that would provide participants with information regarding their TexFlex Program benefits?
 Yes No
- C.17. How many telephone lines and support staff would be dedicated to customer service and claims processing for the TexFlex Program?
- C.17.a. Will the FSA Administrator provide a separate toll free and facsimile number for ERS members? Yes No
- C.18. Does the FSA Administrator maintain an Internet Web site? Yes No
 If yes, provide the Internet address.
- C.19. Briefly describe the training that each FSA Administrator employee or representative receives to provide the FSA Administrator TexFlex customer services. Include length of time it takes to go from training to a qualified Customer Service Representative (“CSR”). [REDACTED]
- C.20. Describe any planned or scheduled system changes within the next thirty-six (36) months, including projected implementation dates.

D. Communications

- D.1. Provide a copy of all written materials to be used in administering flexible benefits coverage for TexFlex participants. As a minimum, the FSA Administrator’s response should include the following: Summer Enrollment/Marketing Packets, and ID Card Information.
- D.2. Describe the process (e.g., regular mail, e-mail, newsletters, etc.) for notifying TexFlex participants of:
- D.2.a. Need for receipts;
- D.2.b. Need for debit card de-activation;
- D.2.c. Need for supplemental information; and
- D.2.d. Change in IRS regulations and/or TexFlex Program changes.
- D.3. Describe the FSA Administrator’s personalization messaging capabilities.
- D.3.a. How do these capabilities impact cost or quality for the FSA Administrator’s clients?

E. Claims, Complaints, Anti-Fraud, and Disaster Recovery Processes

Claims

- E.1. Provide a detailed description of the FSA Administrator's claims processing procedures.
- E.2. What safeguards exist to prevent one participant's claims experience from being charged to another?
- E.3. Discuss the measures FSA Administrator employs to protect participant identity information (i.e., drivers license, social security number, credit card information, etc.)
- E.4. What is the FSA Administrator's average system down time for its claims processing system?

Customer Complaint Processes

- E.5. Describe the procedure for handling customer service complaints.
 - E.5.a. What customer complaint tracking system does the FSA Administrator utilize? [REDACTED]
 - E.5.b. How long has this system been operational? [REDACTED]
- E.6. Describe the FSA Administrator's problem resolution policies.

Anti-Fraud and Abuse Processes

- E.7. Explain the procedures and systems the FSA Administrator uses to prevent, deter, detect and investigate fraud and related issues, and how such processes shall be utilized in connection with the TexFlex Program.
 - E.7.a. Discuss how the FSA Administrator would communicate with the participant once a fraud or abuse problem is suspected or identified.
 - E.7.b. How will the information be reported to ERS?
- E.8. Discuss what measures the FSA Administrator employs to prevent and detect employee fraud (i.e., background checks, confidentiality agreements, security monitoring equipment, etc.)
 - E.8.a. FSA Administrator shall submit its fraud plan with FSA Administrator's response to this RFP.

Disaster Recovery/Business Continuity Plan

- E.9. Related to FSA Administrator's administrative and customer service support functions, what are the FSA Administrator's contingency plans and procedures for providing back-up service in the event of strike, natural disaster, act of God, backlog, or other events that might interrupt, delay or shut-down service?
- E.10. Provide a copy of the FSA Administrator's disaster recovery plan and/or business resumption plan including the results of the FSA Administrator's most recent test of the plan. [REDACTED]

FSA Administrative Audits

- E.11. Are internal audits performed on the FSA Administrator's operation?
 - E.11.a. Describe the frequency, types of audits and who performs.
 - E.11.b. The FSA Administrator shall provide a copy of its most recent internal audit(s). If not available, please explain.

F. Information Systems and Data Reporting

Systems

- F.1. Provide the names and a description of the hardware and software systems that the FSA Administrator is currently using.
- F.2. For each system, provide the following information:
- F.2.a. When was this system implemented?
- F.2.b. When was the system last updated?
- F.2.c. Is there a future update being considered? Yes No
- F.2.d. If so, when is the update anticipated?
- F.3. What quality assurance processes are provided in the FSA Administrator's system to ensure accurate claims administration?
- F.4. Describe the FSA Administrator's process for implementing plan design changes.
- F.4.a. How much advance notice is required for a change to be placed in the system?

Data Reporting

- F.5. Provide a listing of all reports currently available with FSA Administrator's proposal response.
- F.6. Describe reports provided on a regular basis at no cost.
- F.6.a. Describe how the reports can be utilized to identify problems and monitor performance.
- F.6.b. At what frequency are the reports provided by the FSA Administrator?
- F.7. Describe typically requested *ad hoc* reports, including turn-around time.
- F.8. Describe any unique reporting capabilities that differentiate FSA Administrator from its competitors.

G. Debit Card Administrative Capabilities

- G.1. Provide the name and contact information for FSA Administrator's current debit card issuing company.
- G.2. Fully describe the services offered for debit card services.
- G.2.a. Have you had any legal, logistical or practical problems associated with the debit card services? If so, please explain.
- G.2.b. Describe how you adjudicate claims paid through the debit card.

XI. Appendices

- A. Signature Page
- B. Contractual Agreement
- C. Business Associates Agreement
- D. Performance Guarantees
- E. Organizational Chart
- F. Weekly/Monthly File Layouts
- G. Call Center Metrics